

REPORT OF THE DIRECTORS

董事會報告

The directors of the Company have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The Company is an investment holding company. Its principal subsidiaries are engaged principally in the distribution of information technology products, provision of systems integration services, and development and distribution of networking products.

Details of the principal subsidiaries of the Company at 31 March 2004 are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's revenue and results for the year by business and geographical segments is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The results for the year ended 31 March 2004 and the state of affairs at that date of the Company and the Group are set out in the financial statements on pages 54 to 122 of this annual report.

No quarterly or interim dividend was declared in the year (2003: Nil). The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2004 (2003: 7.38 HK cents).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years is set out on page 123 of this annual report. The five year financial summary does not form part of the audited financial statements.

本公司董事欣然提呈彼等之報告連同本公司及其附屬公司（「本集團」）截至二零零四年三月三十一日止年度之經審核財務報表。

主要業務及分部資料

本公司乃一家投資控股公司。其主要附屬公司主要從事分銷資訊科技產品、提供系統集成服務及開發與分銷網絡產品。

本公司各主要附屬公司於二零零四年三月三十一日之詳情載於財務報表附註18。本集團之主要業務性質於本年度內並無任何重大變動。

按業務及地域分部作分析之本集團本年度收入及業績載於財務報表附註4。

業績及股息

本公司及本集團於截至二零零四年三月三十一日止年度之業績及於該日之具體情況載於本年報第54頁至第122頁之財務報表內。

於本年度內並無宣派季度或中期股息（二零零三年：無）。本公司董事並不建議就截至二零零四年三月三十一日止年度派發末期股息（二零零三年：港幣7.38仙）。

五年財務概要

本集團於過去五個財政年度之業績，以及資產、負債與少數股東權益概要載於本年報第123頁。五年財務概要並不構成經審核財務報表的一部份。

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FIXED ASSETS

Details of movements in the fixed assets of the Group and the Company during the year are set out in note 14 to the financial statements.

固定資產

本集團及本公司於本年度內之固定資產變動詳情載於財務報表附註14。

SHARE CAPITAL

Details of movements, together with the reasons therefor, in the share capital of the Company during the year are set out in note 27 to the financial statements.

股本

於本年度內本公司股本之變動詳情連同有關理由載於財務報表附註27。

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity set out on pages 56 and 57 of this annual report.

儲備

於本年度內本公司及本集團儲備之變動詳情載於財務報表附註29及本年報第56頁及第57頁之綜合權益變動表內。

DISTRIBUTABLE RESERVES

At 31 March 2004, the Company's reserves available for distribution, calculated in accordance with the Companies Act of Bermuda, amounted to HK\$689,794,000. In addition, the Company's share premium account, in the amount of HK\$291,850,000, may be distributed in the form of fully paid bonus shares.

可分派儲備

於二零零四年三月三十一日，根據百慕達公司法計算，本公司之可分派儲備金額為港幣689,794,000元。此外，本公司之股份溢價帳為港幣291,850,000元，可供以繳足紅利股份之方式分派。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda although there are no restrictions against such rights under the laws of Bermuda.

優先購股權

本公司公司細則或百慕達法例並無有關優先購股權之條文，惟百慕達法例並無對該等權利有所限制。

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DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. LI Qin (*Chairman*)
Mr. GUO Wei (*Vice Chairman, President and Chief Executive Officer*)
Mr. ZENG Maochao
Mr. LIN Yang
Mr. YU Lishan (retired on 8 August 2003)
Mr. HUA Zhinian

Non-executive Director

Mr. William O. GRABE

Independent Non-executive Directors

Mr. LEUNG Pak To, Francis
Prof. WU Jinglian

At the forthcoming annual general meeting of the Company, Mr. LIN Yang and Mr. LEUNG Pak To, Francis will retire from office by rotation in accordance with Bye-Law 99 of the Company's Bye-Laws. Being eligible, both of them will offer themselves for re-election.

The terms of office of the non-executive director and the independent non-executive directors of the Company are subject to retirement by rotation in accordance with the Company's Bye-Laws.

DIRECTORS' SERVICE AGREEMENTS

Each of the executive directors of the Company has entered into a service agreement with the Company for an initial term of two years commencing on 21 February 2001 and shall thereafter continue in force unless and until terminated by either party serving to the other not less than three months' prior written notice of termination or three months' salary in lieu of such notice provided that the right of termination can only be exercised by either party after the expiry of the first year of service.

董事

本年度內及截至本報告日期止之董事為：

執行董事

李勤先生(主席)
郭為先生(副主席、總裁及首席執行官)
曾茂朝先生
林楊先生
于立山先生 (於二零零三年八月八日退任)
華祉年先生

非執行董事

William O. GRABE 先生

獨立非執行董事

梁伯韜先生
吳敬璉教授

於本公司應屆股東週年大會上，林楊先生及梁伯韜先生將根據本公司公司細則第99條輪值告退，惟彼等均合資格並願意膺選連任。

本公司之非執行董事及獨立非執行董事之任期均受制於本公司公司細則之規定須依章輪值告退。

董事之服務協議

本公司每位執行董事均有與本公司訂立一份服務協議，訂定自二零零一年二月二十一日起計最初年期為兩年，及隨後繼續維持有效直至任何一方向對方發出不少於三個月之書面通知予以終止或以三個月之薪酬代替該通知，惟任何一方僅可於協議首年服務年期屆滿後方可行使該終止協議之權利。

REPORT OF THE DIRECTORS

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DIRECTORS' SERVICE AGREEMENTS (cont'd)

Save as disclosed above, none of the directors of the Company proposed for re-election at the forthcoming annual general meeting of the Company has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTIONS

The Company has two share option schemes. The old share option scheme was adopted on 14 May 2001 (the "2001 Share Option Scheme") and terminated on 18 July 2002. Despite termination and no further options can be granted under the 2001 Share Option Scheme, the provisions of the 2001 Share Option Scheme remain in full force and effect in all other respects to govern all outstanding options granted prior to termination. The new share option scheme was adopted on 18 July 2002 (the "2002 Share Option Scheme"). Details of movements in the share options during the year and the options outstanding at the beginning and end of the year of both the 2001 Share Options Scheme and the 2002 Share Option Scheme are set out in note 28 to the financial statements.

No charge was recognised in the consolidated income statement of the Group in respect of share options granted. Share options granted are not recognised in the financial statements until such options are exercised. Upon exercise of the share options, the shares issued by the Company are recorded as additional share capital at nominal value of such shares and the excess of the subscription price over the nominal value of the shares issued is recorded in the Company's share premium account.

董事之服務協議(續)

除上文所披露者外，擬於本公司應屆股東週年大會上膺選連任之本公司董事概無與本公司訂立不可於一年內終止而毋須支付賠償(法定賠償除外)之服務協議。

董事於合約之權益

本公司或其任何附屬公司於年末或本年度之任何時間內，概無訂立任何重大合約，致令本公司之董事直接或間接獲得重大利益。

購股權

本公司擁有兩項購股權計劃。舊有之購股權計劃(「二零零一年購股權計劃」)於二零零一年五月十四日獲採納，並已於二零零二年七月十八日予以終止。於終止後，雖然在二零零一年購股權計劃下不得再進一步授出購股權，惟二零零一年購股權計劃之條文在所有其他方面仍然具有十足效力及作用，以監管所有在該計劃終止前已授出而尚未獲行使之購股權。新購股權計劃(「二零零二年購股權計劃」)於二零零二年七月十八日獲採納。於二零零一年購股權計劃及二零零二年購股權計劃下購股權於本年度內之變動詳情及於年初及年末尚未行使之購股權載於財務報表附註28。

於本集團之綜合收益表內概無就授出購股權確認費用。授出之購股權在直至獲行使前一概不會在財務報表內予以確認。於購股權獲行使時，本公司發行之股份乃按該等股份之面值列作額外股本，而認購價高於該等股份面值之溢價則計入本公司之股份溢價帳內。

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SHARE OPTIONS (cont'd)

The directors of the Company do not consider it appropriate to disclose a theoretical value of the share options granted during the year because the value of share options calculated using theoretical models is subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of expected future performance input to the models and certain inherent limitations of the models.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2004, the interests and short positions of the directors of the Company and their associates in the shares and underlying shares of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Shares of HK\$0.10 each of the Company

Name of director 董事姓名	Capacity 身份	Interests in shares 於股份 擁有之權益 (Note 1) (附註1)	Interests in underlying shares 於相關股份 擁有之權益 (Note 1) (附註1)	Percentages of aggregate holding (%) 合共持股量之 百分比 (%) (Note 3) (附註3)
LI Qin 李勤	Beneficial owner 實益擁有人	1,016,000	—	0.12
GUO Wei 郭為	Beneficial owner 實益擁有人	904,000	10,600,000	1.34
ZENG Maochao 曾茂朝	Beneficial owner 實益擁有人	808,000	—	0.09
	Interest of spouse 配偶之權益	60,000 (Note 2) (附註2)	—	0.01
LIN Yang 林楊	Beneficial owner 實益擁有人	220,000	5,500,000	0.67
HUA Zhinian 華祉年	Beneficial owner 實益擁有人	80,000	4,200,000	0.50

購股權(續)

本公司董事認為不宜就本年度內授出之購股權披露理論價值，因為透過理論模式之購股權價值受若干基本因素限制，概因該等模式所使用之若干有關預期未來營運表現之假設純屬主觀性質，附有諸多不明朗因素，且該等模式本身亦存在若干固有限制。

董事於股份、相關股份及債權證之權益及淡倉

於二零零四年三月三十一日，本公司之董事及彼等之聯繫人於本公司之股份及相關股份中擁有根據證券及期貨條例(「證券及期貨條例」)第XV部第7及第8分部，須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括於證券及期貨條例下彼等擁有或被視作擁有之權益及淡倉)，或須記入本公司根據證券及期貨條例第352條存置之登記冊內，或根據香港聯合交易所有限公司證券上市規則(「上市規則」)所載之上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及淡倉如下：

本公司每股面值港幣0.10元之股份

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

Notes:

1. All the above interests in the shares and underlying shares of the Company were long positions. None of the directors of the Company or their associates held any short positions in the shares or underlying shares of the Company at 31 March 2004. Interests in underlying shares of the Company represented share options granted to such directors, further details of which are set out in the note 28 to the financial statements.
2. The 60,000 shares were owned by the wife of Mr. ZENG Maochao.
3. The percentages of aggregate holding were calculated on the basis of 859,746,331 shares of the Company in issue at 31 March 2004.

Save as disclosed above, at 31 March 2004, none of the directors and chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sub-paragraph headed "Directors' interests and short positions in shares, underlying shares and debentures" above and details of share options set out in note 28 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

董事於股份、相關股份及債權證之權益及淡倉(續)

附註：

1. 上述於本公司股份及相關股份中擁有之權益均為好倉。於二零零四年三月三十一日，本公司之董事或彼等之聯繫人概無於本公司股份或相關股份中擁有淡倉。於本公司相關股份中擁有之權益乃指授予該等董事之購股權，有關詳情已載列於財務報表附註28內。
2. 該60,000股股份為曾茂朝先生之妻子所擁有。
3. 合共持股量之百分比乃按本公司於二零零四年三月三十一日之已發行股份859,746,331股為基準計算。

除上文所披露者外，於二零零四年三月三十一日，本公司之董事及最高行政人員或彼等之聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例)之股份、相關股份或債權證中擁有須記入本公司根據證券及期貨條例第352條存置之登記冊或根據標準守則須知會本公司及聯交所之權益或淡倉。

董事購買股份或債權證之權利

除於上述「董事於股份、相關股份及債權證之權益及淡倉」分段所披露者，及於財務報表附註28所列之購股權詳情外，本公司或其任何附屬公司於本年度內之任何時間概無作出任何安排，致使本公司董事可藉購買本公司或任何其他法人團體之股份或債權證而從中獲得利益。

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SUBSTANTIAL SHAREHOLDERS

At 31 March 2004, the following persons, not being a director or chief executive of the Company, had the following interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

主要股東

於二零零四年三月三十一日，根據本公司在證券及期貨條例第336條下存置之登記冊所記錄，下列人士（非本公司之董事或最高行政人員）於本公司之股份及相關股份中擁有下列之權益及淡倉：

Name 名稱	Notes 附註	Capacity 身份	Long position held in shares 於股份擁有之好倉	Short position held in shares 於股份擁有之淡倉	Percentages of aggregate holding of long/ short positions in shares (%) 好倉／淡倉合共 持股量之百分比 (%) (Note 6) (附註6)
Legend Holdings Limited 聯想控股有限公司	1, 2	Beneficial owner/ Interest of a controlled corporation 實益擁有人／ 受控法團之權益	283,201,872/ 140,232,042	8,568,800	49.25/0.997
Employees' Shareholding Society of Legend Holdings Limited 聯想控股有限公司職工持股會	1, 3	Interest of controlled corporations 受控法團之權益	423,433,914	8,568,800	49.25/0.997
General Atlantic Partners (Bermuda), L.P.	4	Beneficial owner/ Interests of persons acting in concert 實益擁有人／ 一致行動人士之權益	92,037,409/ 19,736,591	—	13.00/—
GAP Coinvestment Partners II, L.P.	4	Beneficial owner/ Interests of persons acting in concert 實益擁有人／ 一致行動人士之權益	12,748,289/ 99,025,711	—	13.00/—
GapStar, LLC	4	Beneficial owner/ Interests of persons acting in concert 實益擁有人／ 一致行動人士之權益	6,988,302/ 104,785,698	—	13.00/—
GAP (Bermuda) Limited	4	Interest of a controlled corporation/Interests of persons acting in concert 受控法團之權益／ 一致行動人士之權益	92,037,409/ 19,736,591	—	13.00/—
General Atlantic Partners, LLC	4	Interest of a controlled corporation/Interests of persons acting in concert 受控法團權益／ 一致行動人士之權益	6,988,302/ 104,785,698	—	13.00/—
J.P. Morgan Chase & Co.	5	Beneficial owner/Investment manager/Approved leading agent 實益擁有人／投資經理／ 核准借出代理人	15,600/ 83,574,200/ 12,397,900	—	11.16/—

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SUBSTANTIAL SHAREHOLDERS (cont'd)

Notes:

1. The English names "Legend Holdings Limited" and "Employees' Shareholding Society of Legend Holdings Limited" are direct transliterations of their Chinese registered names "聯想控股有限公司" and "聯想控股有限公司職工持股會" respectively.
2. 140,232,042 shares were held by Right Lane Limited, a wholly owned subsidiary and a controlled corporation of Legend Holdings Limited, and therefore Legend Holdings Limited was deemed to be interested in such shares by virtue of the SFO.
3. Employees' Shareholding Society of Legend Holdings Limited was the controlling shareholder of Legend Holdings Limited and was therefore deemed to be interested in the 423,433,914 shares in which Legend Holdings Limited was interested.
4. GAP (Bermuda) Limited is the general partner of General Atlantic Partners (Bermuda), L.P., and General Atlantic Partners, LLC ("GAP LLC") is the sole member of GapStar, LLC. The individuals who are the managing members of GAP LLC are also the executive officers and directors of GAP (Bermuda) Limited. In addition, the general partners of GAP Coinvestment Partners II, L.P. are also the managing members of GAP LLC.
5. J.P. Morgan Chase & Co. was deemed to be interested in an aggregate of 95,987,700 shares by virtue of the SFO. Those interests comprised direct interests in 81,870,200 shares and 1,704,000 shares held by JF Asset Management Limited and JF International Management Inc. respectively, both of which were subsidiaries and controlled corporations of J.P. Morgan Fleming Asset Management (Asia) Inc. which itself was a subsidiary and a controlled corporation of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management Holdings Inc. was then a subsidiary and a controlled corporation of J.P. Morgan Chase & Co.. Also, direct interest in 15,600 shares was held by J.P. Morgan Whitefriars Inc., which was a subsidiary controlled in turn by J.P. Morgan Overseas Capital Corporation, J.P. Morgan International Finance Limited, J.P. Morgan International Inc. and JPMorgan Chase Bank, all of which were subsidiaries and controlled corporations of J.P. Morgan Chase & Co. In addition, JPMorgan Chase Bank also had a direct interest in 12,397,900 shares of the Company.
6. The percentages of aggregate holding of long/short positions in shares were calculated on the basis of 859,746,331 shares of the Company in issue at 31 March 2004.

Save as disclosed above, at 31 March 2004, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept under Section 336 of the SFO.

主要股東(續)

附註：

1. 英文名稱「Legend Holdings Limited」及「Employees' Shareholding Society of Legend Holdings Limited」乃分別直譯自其註冊登記之中文名稱「聯想控股有限公司」及「聯想控股有限公司職工持股會」。
2. 140,232,042股股份乃由聯想控股有限公司之全資擁有附屬公司及受控法團南明有限公司持有，而根據證券及期貨條例，聯想控股有限公司被視作擁有該等股份之權益。
3. 聯想控股有限公司職工持股會乃聯想控股有限公司之控股股東，因此，其被視作擁有423,433,914股股份之權益，該等為聯想控股有限公司擁有權益之股份。
4. GAP (Bermuda) Limited 為 General Atlantic Partners (Bermuda), L.P. 之一般合夥人，及 General Atlantic Partners, LLC (「GAP LLC」) 為 GapStar, LLC 之唯一股東。屬於 GAP LLC 管理成員之人士亦為 GAP (Bermuda) Limited 之行政人員及董事。此外，GAP Coinvestment Partners II, L.P. 之一般合夥人亦為 GAP LLC 之管理成員。
5. 根據證券及期貨條例，J.P. Morgan Chase & Co. 被視作擁有合共95,987,700股股份之權益。該等權益包括由 JF Asset Management Limited 及 JF International Management Inc. 分別持有之81,870,200股及1,704,000股股份之直接權益，上述兩家公司均為 J.P. Morgan Fleming Asset Management (Asia) Inc. 之附屬公司及受控法團，而後者本身則為 J.P. Morgan Fleming Asset Management Holdings Inc. 之附屬公司及受控法團。J.P. Morgan Fleming Asset Management Holdings Inc. 則為 J.P. Morgan Chase & Co. 之附屬公司及受控法團。同時，15,600股股份之直接權益乃由 J.P. Morgan Whitefriars Inc. 持有，該公司為依序受控於 J.P. Morgan Overseas Capital Corporation、J.P. Morgan International Finance Limited、J.P. Morgan International Inc. 及 JPMorgan Chase Bank 之附屬公司，上述公司均為 J.P. Morgan Chase & Co. 之附屬公司及受控法團。此外，JPMorgan Chase Bank 亦擁有本公司12,397,900股股份之直接權益。
6. 好倉／淡倉合共持股量之百分比乃按本公司於二零零四年三月三十一日之已發行股份859,746,331股為基準計算。

除上文所披露者外，於二零零四年三月三十一日，概無於本公司股份或相關股份之其他權益或淡倉須記錄於根據證券及期貨條例第336條而存置之登記冊內。

REPORT OF THE DIRECTORS

董事會報告

CONNECTED TRANSACTIONS

(1) During the year, the Group had entered into the following connected transactions with Lenovo Group Limited (formerly known as Legend Group Limited) (“Lenovo”) and/or its subsidiaries (the “Lenovo Group”) of which the Stock Exchange had granted, subject to certain conditions, a waiver (“Waiver”) to the Company from strict compliance with the disclosure and/or shareholders’ approval requirements under the old Chapter 14 of the Listing Rules (before the amendments made on 31 March 2004):

- (a) a subsidiary of the Company sub-leased certain premises in The People’s Republic of China from a subsidiary of Lenovo as office for a term of five years commencing from 1 October 1999 to 1 October 2004 pursuant to a tenancy agreement dated 27 March 2000. An aggregate rental of HK\$740,000 was paid under the tenancy agreement for the year; and
- (b) the Group had from time to time sold (the “Group Sales”) to the Lenovo Group the Group’s information technology products and purchased (the “Group Purchases”) from the Lenovo Group computers and related products. The aggregate amounts of the Group Sales for the year were HK\$28,253,000 and no Group Purchases were carried out in the year.

Further details of the above transactions were disclosed in the prospectus of the Company dated 23 May 2001. The independent non-executive directors of the Company have reviewed the connected transactions in (a) and (b) above and are in the opinion that:

- (i) these connected transactions were entered into in the ordinary and usual course of business of the Group, conducted on normal commercial terms and entered into in accordance with the terms of the agreements governing such transactions or on terms no less favourable than those available to or from independent third parties; and

關連交易

(1) 於本年度內，本集團曾與聯想集團有限公司（「聯想」）及／或其附屬公司（「聯想集團」）進行下列關連交易，該等關連交易獲聯交所某些條件限制下豁免（「豁免」）須嚴格遵守上市規則（在二零零四年三月三十一日修訂前）舊有第14章下有關披露及／或股東批准之規定：

- (a) 根據一份日期為二零零零年三月二十七之租約，本公司之一家附屬公司向聯想之一家附屬公司分租位於中華人民共和國之若干物業作為寫字樓用途，該租約由一九九九年十月一日起開始為期五年，至二零零四年十月一日止。本年度根據該租約繳付之租金總額為港幣740,000元；及
- (b) 本集團不時向聯想集團銷售（「集團銷售」）本集團之資訊科技產品及向聯想集團採購（「集團採購」）電腦及相關產品。本年度之集團銷售總額為港幣28,253,000元，而本年度內並無進行集團採購。

上述交易之進一步詳情已披露於本公司二零零一年五月二十三日之招股章程內。本公司之獨立非執行董事已審閱上述第(a)及(b)項下之該等關連交易，並認為：

- (i) 該等關連交易乃於本集團之一般及日常業務過程中訂立，按一般商業條款進行，並根據該等交易之協議條款或以不遜於提供予獨立第三者或由其所提供之條款而訂立；及

REPORT OF THE DIRECTORS

董事會報告

CONNECTED TRANSACTIONS (cont'd)

- (ii) the aggregate amounts of the Group Sales and the Group Purchases for the year did not exceed the respective monetary caps of HK\$46,300,000 and HK\$14,200,000 under the Waiver.

The auditors of the Company have also issued a letter to the board of directors of the Company in relation to the compliance of the conditions prescribed by the Stock Exchange in granting the Waiver in respect of the connected transactions in (a) and (b) above.

- (2) Pursuant to the sale and purchase agreement dated 17 February 2004 (the "Agreement") entered into between 神州數碼(中國)有限公司(Digital China (China) Limited) ("DC China"), an indirect wholly-owned subsidiary of the Company, and 神州數碼通用軟件(上海)有限公司(DGT Information Systems (Shanghai) Limited) ("DGT Shanghai"), a 55% indirectly owned subsidiary of the Company, DC China transferred to DGT Shanghai the offshore software development business (the "Business") operated by DC China which comprised assets (comprising mainly office equipment and work-in-progress) at 31 December 2003 as well as certain employees and outstanding contracts of the Business at a cash consideration of RMB7,833,134 (equivalent to approximately HK\$7,370,280). The transfer of the Business was completed on 1 June 2004. Pursuant to the Agreement, DGT Shanghai further undertook to pay to DC China a sum of RMB291,855 (equivalent to approximately HK\$274,610), being a sum equivalent to the liabilities incurred by DC China in respect of the Business at 31 December 2003, upon receipt of a demand notice for payment from DC China. Further details of the transfer of the Business were disclosed in the announcement dated 17 February 2004 of the Company.

DONATIONS

During the year, the Group made charitable and other donations of HK\$22,691 (2003: HK\$89,007).

關連交易(續)

- (ii) 本年度之集團銷售總額及集團採購總額均無超出在豁免下之各自金額上限港幣46,300,000元及港幣14,200,000元。

本公司之核數師已致函本公司董事會列明上述第(a)及(b)項下之該等關連交易已遵守聯交所給予豁免所規定之條件。

- (2) 根據由本公司間接全資擁有之附屬公司神州數碼(中國)有限公司(「神州數碼中國」)與本公司間接擁有55%股權之附屬公司神州數碼通用軟件(上海)有限公司(「神州數碼通用軟件上海」)於二零零四年二月十七日簽訂之買賣協議(「該協議」)，神州數碼中國以現金代價人民幣7,833,134元(相等於約港幣7,370,280元)轉讓其經營之離岸軟件開發業務(「該業務」)予神州數碼通用軟件上海，當中包括於二零零三年十二月三十一日之資產(主要包括辦公室設備及未完成工程)，以及關於該業務之若干僱員及未完成合約。該業務之轉讓已於二零零四年六月一日完成。根據該協議，神州數碼通用軟件上海進一步承諾繳付予神州數碼中國數額為人民幣291,855元(相等於約港幣274,610元)之款項(該款項須於收到神州數碼中國繳款通知書時予以繳付)，該數額相等於神州數碼中國於二零零三年十二月三十一日因該業務而產生之債項。有關轉讓該業務之進一步詳情已在本公司二零零四年二月十七日之公佈內披露。

捐款

本集團於本年度內之慈善及其他捐款合共港幣22,691元(二零零三年：港幣89,007元)。

REPORT OF THE DIRECTORS

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of turnover attributable to the Group's five largest customers was less than 30% (2003: less than 30%) of the Group's total turnover for the year.

The aggregate percentage of purchases attributable to the Group's five largest suppliers was approximately 61% (2003: approximately 47%) of the Group's total purchases and the percentage of purchases attributable to the Group's largest supplier was approximately 17% (2003: approximately 12%) for the year.

None of the directors, any of their associates or shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's major customers or suppliers noted above.

COMPLIANCE WITH THE CONTINUING DISCLOSURE REQUIREMENT UNDER CHAPTER 13 OF THE LISTING RULES

In compliance with the continuing disclosure requirements under Rule 13.21 of Chapter 13 of the Listing Rules (as amended on 31 March 2004), the directors of the Company reported below details of the facility agreements which included conditions relating to the specific performance of the controlling shareholder of the Company.

On 25 March 2002, the Company entered into a facility agreement (the "2002 Facility Agreement") for a 3-year transferable loan facility of up to US\$60 million and it was a condition under the 2002 Facility Agreement that Legend Holdings Limited ("LHL"), the controlling shareholder of the Company, should remain as the single largest shareholder of the Company throughout the term of the 2002 Facility Agreement, failing which it would constitute an event of default.

On 24 March 2003, the Company entered into another facility agreement (the "2003 Facility Agreement") with a syndicate of banks (the "Banks") for a 4-year transferable loan facility of up to US\$70 million. The said loan facility has been used by the Company to repay in full the outstanding amounts under the 2002 Facility Agreement and thereafter, finance its general working capital.

主要客戶及供應商

於本年度內來自本集團五大客戶合共之營業總額佔本集團總營業額之百分比少於30% (二零零三年：少於30%)。

於本年度內來自本集團五大供應商合共之採購額佔本集團採購總額之百分比約為61% (二零零三年：約47%)，及來自本集團最大供應商之採購額所佔百分比約為17% (二零零三年：約12%)。

董事、任何彼等之聯繫人或股東 (據董事所知擁有本公司已發行股本超過5%者) 概無在上述本集團之主要客戶或供應商中擁有任何實益權益。

遵守上市規則第13章下之持續披露規定

為遵守上市規則 (於二零零四年三月三十一日修訂) 第13章第13.21條下之持續披露規定，本公司董事報告下列有對本公司控股股東施加特定履行責任作為條件之融資協議詳情。

於二零零二年三月二十五日，本公司就一項金額最多為美金60,000,000元之三年期可轉讓貸款融資簽訂一份融資協議 (「二零零二年融資協議」)，而在二零零二年融資協議下附帶一項條件，訂明本公司之控股股東聯想控股有限公司 (「聯想控股」) 於二零零二年融資協議之年期內須繼續成為本公司之單一最大股東；倘違反該條件，即構成違約事項。

於二零零三年三月二十四日，本公司就一項金額最多為美金70,000,000元之四年期可轉讓貸款融資與銀團 (「銀團」) 簽訂另一份融資協議 (「二零零三年融資協議」)。上述貸款融資已由本公司用作全數償還於二零零二年融資協議下之欠款，而餘款則撥作其一般營運資金。

REPORT OF THE DIRECTORS

董事會報告

COMPLIANCE WITH THE CONTINUING DISCLOSURE REQUIREMENT UNDER CHAPTER 13 OF THE LISTING RULES (cont'd)

The 2003 Facility Agreement includes a condition to the effect that LHL is to beneficially hold not less than 40% of the issued share capital of the Company throughout the term of the 2003 Facility Agreement. A breach of such condition, if not remedied within 30 days after the agent of the Banks has given written notice to the Company, shall constitute an event of default under the 2003 Facility Agreement and, upon such occurrence, no further advances are allowed and all amounts outstanding under the 2003 Facility Agreement shall immediately become due and payable.

At 31 March 2004, the loan facility under the 2003 Facility Agreement was fully drawn and all remained outstanding.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee comprising members of the two independent non-executive directors of the Company, namely Mr. LEUNG Pak To, Francis (chairman of the audit committee) and Professor WU Jinglian. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2004.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code of the Listing Rules.

遵守上市規則第13章下之持續披露規定 (續)

二零零三年融資協議附帶一項條件，訂明聯想控股於二零零三年融資協議之年期內須一直實益擁有不少於本公司已發行股本之40%。倘違反該條件，且於銀團代理向本公司發出書面通知後三十天內未能修正有關事項，則將構成二零零三年融資協議下之違約事項，倘出現該違約事項，銀團將不會再批出貸款，而二零零三年融資協議下之所有未償還款項將告即時到期並須予以支付。

於二零零四年三月三十一日，在二零零三年融資協議下之貸款設施已被全數提用，及全部尚未清還。

購買、出售或贖回本公司之上市證券

於截至二零零四年三月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

審核委員會

本公司已成立審核委員會，成員包括本公司之兩位獨立非執行董事梁伯韜先生(審核委員會主席)及吳敬璉教授。審核委員會已與管理層一同審閱本集團所採納之會計原則及慣例，並研討有關審核、內部監控及財務申報程序等事宜，包括審閱本集團截至二零零四年三月三十一日止年度之經審核綜合財務報表。

本公司董事進行證券交易之標準守則

本公司已就本公司董事進行證券交易訂立標準守則，其條款不低於上市規則之標準守則所規定之要求。

REPORT OF THE DIRECTORS

董事會報告

CODE OF BEST PRACTICE

So far as the directors of the Company are aware, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2004, except that the non-executive director and independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws of the Company.

AUDITORS

Messrs. Ernst & Young was appointed as the auditors of the Company in place of the then retiring auditors, Messrs. PricewaterhouseCoopers, at the annual general meeting of the Company held on 18 July 2002, and was thereafter re-appointed as the auditors at the annual general meeting of the Company held on 8 August 2003.

The consolidated financial statements for the year ended 31 March 2004 of the Group were audited by Messrs. Ernst and Young.

At the forthcoming annual general meeting of the Company, Messrs. Ernst & Young will retire but, being eligible, will offer themselves for re-appointment, and accordingly a resolution will be proposed to re-appoint Messrs. Ernst & Young as the auditors of the Company.

ON BEHALF OF THE BOARD

代表董事會



LI Qin Chairman

李勤 主席

Hong Kong, 16 June 2004

香港，二零零四年六月十六日

最佳應用守則

據本公司董事所知悉，本公司於截至二零零四年三月三十一日止年度內一直遵守上市規則附錄14所載之最佳應用守則，惟本公司之非執行董事及獨立非執行董事均無指定任期，惟須按照本公司公司細則之規定於本公司股東週年大會上輪值告退及膺選連任。

核數師

於本公司二零零二年七月十八日舉行之股東週年大會上，安永會計師事務所獲委聘為本公司之核數師，以代替當時退任之羅兵咸永道會計師事務所，及後，安永會計師事務所於本公司二零零三年八月八日舉行之股東週年大會上再獲續聘為本公司之核數師。

本集團截至二零零四年三月三十一日止年度之綜合財務報表已由安永會計師事務所審核。

安永會計師事務所之任期將於本公司應屆股東週年大會上屆滿，惟其合資格並願意膺選連任，因此，一項有關續聘安永會計師事務所為本公司之核數師之決議案將予以提呈。