

# Interim Financial Report 2003

## 2003 年中期財務報告

### 摘要

- 本集團業績顯著受「沙士」(嚴重急性呼吸道綜合症)影響
- 資訊系統營業額大升
- 致力未來策劃性市場推廣，把握CEPA (內地與香港關於建立更緊密經貿關係的安排)所帶來的中國商機

### 綜覽

由於「沙士」(嚴重急性呼吸道綜合症)疫情影響引致產品銷情放緩，存貨過剩，加上沙士過後各品牌產品均出現割喉減價戰，使本集團之收入與盈利受到影響。此外，本集團給予客戶之補貼撥備及滯銷存貨，引致回顧期內出現虧損。

回顧期內，集團營業額因「沙士」疫情影响而錄得約26%下降，本集團的菲林和沖印服務則面對水貨進口及不同品牌產品的割價戰所帶來的激烈競爭，於「沙士」肆虐期間的影響尤為顯著。雖然7月及8月的銷售額穩步增長，但仍未能彌補因「沙士」疫情衝擊所導致的虧損。

然而，由於中國市場增長潛力巨大，我們對集團在國內的長遠發展前景仍然充滿信心。

### 管理層討論及分析

本集團截至2003年9月30日止6個月的綜合營業額為港幣6.78億元，股東應佔虧損淨額為港幣7.2千萬元。每股虧損為6.19港仙，並宣派中期特別股息每股1港仙。

### 影像系統

影像系統業務類別包括攝影菲林、電影菲林、數碼相機、電子影像器材及磁性影音媒體產品相關業務，佔回顧期間本集團總營業額42%。

### HIGHLIGHTS

- Group results significantly impacted by SARS (Severe Acute Respiratory Syndrome).
- Steady growth in information systems turnover
- Future Strategic marketing efforts to capitalize on opportunities in China arising from CEPA (Closer Economic Partnership Arrangement)

### OVERVIEW

As a result of over stock caused by SARS (Severe Acute Respiratory Syndrome) and the cut-throat price competition after SARS, the Group's revenue and profitability were impacted. Coupled with grant for subsidies to customers and the obsolete inventories incurred by the Group, a loss was recorded for the period under review.

During the period under review, the Group recorded a decrease of approximately 26% in turnover due to SARS. Our film and D&P service businesses were also affected by the fierce competition resulting from price cuts by parallel imports and different branded products, particularly during the SARS period. Despite a steady sales growth in July and August, the loss caused by SARS could not be recovered.

However, given the enormous growth potential of the China market, we remain confident in the long-term prospects of the Group there.

### MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated turnover for the six months ended 30 September 2003 was HK\$678 million, and net loss attributable to shareholders was HK\$72 million. Loss per share was HK6.19 cents, with an interim special dividend of HK1 cent declared.

### Imaging Systems

The imaging systems segment includes businesses related to photographic films, motion picture films, digital cameras, electronic imaging equipment, magnetic audiovisual media products, and accounted for 42% of the Group's total turnover during the period under review.

受到「沙士」疫情影響，該類業務的總營業額減少了39%。照相菲林銷售量受數碼化潮流影響而大幅下滑，數碼相機項目也因為日本富士延遲推出新數碼相機，以及不同品牌產品間在沙士後的割喉式減價戰影響而導致銷量大跌。

在中國電影及廣告業蓬勃帶動下，越來越多台灣和香港製片公司到內地取景拍攝，使到期內於中國之專業電影菲林銷售額增長達15%。隨著《內地與香港關於建立更緊密經貿關係的安排》(CEPA)明年落實，本集團相信電影菲林的需求將繼續穩定增長。

#### **沖印系統**

此分類包括相紙、沖印藥液及沖印器材產品等，佔本集團總營業額19%。此類別業務的總銷售額較去年同期下跌38%。

雖然「沙士」疫症爆發對本集團銷售額主要來源的旅遊業造成衝擊，但是富士數碼激光沖印系統(Frontier)仍維持其擴展計劃的進度。受數碼化潮流帶動下，本集團的影像及資訊類別業務呈現增長。富士數碼激光沖印系統(Frontier)已遍設於中國50多個城市及港澳兩地。

#### **資訊系統**

此類別業務包括醫療影像系統、印刷器材及數據儲存媒體。此類別佔本集團總營業額之26%。

回顧期內，資訊系統類別營業額較去年同期上升27%，主要因「沙士」疫症爆發所致。X光菲林需求劇增，加上銷售額較去年同期增加逾25%的數碼化醫療系統設備帶動下，使到此類別業務錄得良好表現，需求與日俱增。

本集團附屬公司富士醫療產品有限公司也透過與中港澳業界中具領導地位的公司訂立策略發展而提供增值服務，配合業務發展。

Affected by SARS, the total segment turnover decreased by 39%. Sales of photographic films and digital cameras dropped, due to the digitalization trend and the delayed launch of new digital camera models by Fujifilm Japan, coupled with severe price cuts of different branded products subsequent to the outbreak of SARS.

Led by the booming film and advertising industry in China, an increased number of Taiwan and Hong Kong production companies filmed on the mainland. This helped drive sales growth in professional movie films in China by 15% during the period. With the commencement of CEPA (Closer Economic Partnership Arrangement) next year, we believe this steady growth in demand for movie films will continue.

#### **Photofinishing Systems**

This segment includes products such as photographic paper, chemicals and photo-finishing equipment, and accounted for 19% of the Group's total turnover. Total sales of this segment recorded a decrease of 38%, compared to the corresponding period last year.

The outbreak of SARS impacted tourism which is key to our sales, despite this, Fujifilm Digital Minilab Frontier continued its expansion pace. Given the prevailing digitalization trends, our businesses in imaging and information sectors are in a growth situation. The Frontier system has been installed in more than 50 cities in China, Hong Kong and Macau.

#### **Information Systems**

Activities in this segment include medical imaging systems, graphic art products and data storage media. This segment accounted for 26% of the Group's total turnover.

During the period under review, turnover for the information systems segment was up 27% compared to the same period last year, primarily as a result of the SARS outbreak. The surging demand for X-ray films, together with the digitalization of medical systems whose sales increased by over 25% versus the corresponding period last year, have created a strong demand in this sector of business.

Fuji Medical Products Ltd., a subsidiary of the Group, has sought business expansion to provide value-added services through strategic development with leading market players in China, Hong Kong and Macau.

引入富士乾式打印技術，以取代傳統具X光功能之醫療產品，取得科技上提升之重大突破。此項技術既環保又具成本效益，影像品質超卓及穩定，且無化學或固體廢料，應有助市場對有關醫療產品的需求。

此外，富士印刷器材產品於期內錄得29%銷售增長。鑑於優質印刷器材的需求不斷增加，本集團將進一步拓展中國市場。

集團於上海成立全資附屬公司中商中港(上海)國際貿易有限公司，為中港澳市場提供印刷器材的推廣、分銷及售後服務。本集團已於上海設立展銷廳及售後服務中心，並計劃陸續於各大城市開設更多分公司。

#### **零售業務**

零售類別佔本集團總營業額13%。

快圖美連鎖店憑藉其優質相片及數碼影像零售連鎖店的清晰定位享有卓越優勢。回顧期內，快圖美按照策略於香港地區的店鋪數目由63間擴充至76間。在香港地區以外，本集團亦善用香港快圖美的強大品牌效應及良好聲譽進一步拓展中國市場。本集團於中國主要城市已形成強大網絡，店鋪遍設北京、上海、廣州及深圳等地。

快圖美在數碼相機銷售項目方面佔營業額的增長比重甚大。數碼相機普及化後，選用富士數碼激光沖印服務(FDi)的數碼相機用戶日益增加。當中惠顧數碼相片輸出之平均需求較去年同期由只佔總相片沖印量的10%增加至超過40%。

#### **股東應佔虧損**

本集團於期內的股東應佔虧損淨額為港幣7.2千萬元，綜合營業額則為港幣6.78億元。

The introduction of Fujifilm's dry imaging technology as a replacement for the conventional X-ray function is also a major breakthrough in terms of technology advancement. This environmentally friendly and cost effective technology delivers superb image quality and stability with no chemical or solid waste, it will further accelerate the market demand of the relevant medical products.

In addition, Fuji graphic art products recorded a 29% growth in sales during the period. Given the continued demand for quality graphic art products, the Group will further expand into the China market.

Aiming to provide marketing, distribution and after-sales services of the graphic art products in China, Hong Kong and Macau, we established a wholly-owned subsidiary called 中商中港(上海)國際貿易有限公司 in Shanghai. Showrooms and an after-sales service centre have also been set up in Shanghai, with more branches to be opened later in key cities.

#### **Retail Operations**

The retail front accounted for 13% of the Group's total turnover.

The Fotomax chain benefits from a clear position as the premium, high-quality photo and digital imaging retail chain. During the period under review, Fotomax expanded strategically from 63 shops to 76 in the Hong Kong region. In addition to Hong Kong, the Group has also leveraged Fotomax's strong brand and reputation in the China market. The Group is well-covered in key cities in China, including Beijing, Shanghai, Guangzhou and Shenzhen.

Sales of digital cameras contributed significantly to the growth in turnover. With the popularity of digital cameras, an increased number of digital camera users will employ our FDi service. As a result, this raised the demand for digital output from 10% to over 40% compared to the same period last year.

#### **Loss Attributable to Shareholders**

During the period, the Group's net loss attributable to shareholders was HK\$72 million with a consolidated turnover of HK\$678 million.

### 市場推廣

截至2003年9月30日止6個月，本集團落實其建立品牌的策略以配合業務擴充。為保持其品牌的知名度，本集團繼續贊助及參與形形色色的公開活動，包括攝影比賽、球賽、座談會、展覽會、貿易展、電視節目及聯合推廣，藉以接觸我們位於中港澳三地的目標客戶。

### 財政資源

本集團於2003年9月30日之現金及銀行結餘約為港幣3.76億元，而本集團並無負債。

期內錄得貿易應收賬項港幣3.71億元，存貨共值港幣2.22億元。

### 展望

中國的平均年增長率超過7%，是世界經濟的新火車頭。本集團對中國市場的長遠發展前景仍具信心及抱有樂觀態度。

中國和香港兩地新近簽定的CEPA，為我們帶來無限商機，讓我們可大展拳腳。在專注現有業務策略的同時，本集團將繼續物色其他投資選擇以及策略夥伴，加快集團在中國的發展步伐。

本集團業務將受惠於強勁的中國旅遊業增長及准許內地旅客自由訪港的「個人遊計劃」等正面因素。我們的業務將延續增長勢頭，特別是資訊系統、數碼產品及服務類別和零售業務的表現，誓必再創佳績。

### 股息

董事建議向於2004年2月6日(星期五)已名列股東名冊之股東派發截至2003年9月30日止期內之中期特別股息每普通股1港仙。股息將於2004年2月24日(星期二)或之前派發。該項建議已載於財務報表內。

### Marketing

For the six months ended 30 September 2003, the Group has engaged its brand building strategy to support business expansion. Aiming to sustain its brand awareness, the Group has continued to sponsor and participate in different kinds of public activities, including photo contest, tournaments, seminars, exhibitions, trade shows, TV programs and joint promotions to reach our target customers in China, Hong Kong and Macau.

### Financial Resources

The Group's cash and bank balances as at 30 September 2003 were approximately HK\$376 million with a zero gearing ratio.

Trade receivables of HK\$371 million were recorded for the period, while inventory was HK\$222 million.

### OUTLOOK

With an average annual growth of over 7%, China is the new engine for the world's economy. The Group remains confident and optimistic about the long-term growth potential of the China market.

The recently signed CEPA between Hong Kong and China provides us with tremendous opportunities that we can capitalize on. While focusing on our existing business strategy, the Group will continue to identify investment options and strategic partnerships to accelerate our development in China.

The strong tourism growth in China and the "Individual Visit Scheme" which allows individual mainland visitors to flock to Hong Kong are positive factors for the Group. Our businesses will continue to ride on the growth momentum, particularly the information systems, digital products and services sectors and retail operations, and achieve promising results in future.

### DIVIDENDS

The directors recommend the payment of an interim special dividend of HK1 cent per ordinary share in respect of the period ended 30 September 2003 to shareholders on the register of members on 6 February 2004 (Friday). The dividend will be payable on or before 24 February 2004 (Tuesday). This recommendation has been incorporated in the financial statements.

**暫停辦理股份過戶登記**

本公司將於2004年2月3日(星期二)至2004年2月6日(星期五)(首尾兩天包括在內)暫停辦理股份過戶登記手續。為確保享有擬派中期特別股息，所有股份過戶文件連同有關股票須於2004年2月2日(星期一)下午4時30分前送達本公司之香港股份過戶登記分處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

**董事及主要行政人員於股份、相關股份或債權證之權益及淡倉**

於2003年9月30日，各董事及主要行政人員於本公司及其任何相關法團之股份、相關股份或債權證所持有並須記入本公司遵照證券及期貨條例(「證券及期貨條例」)第352條存置之登記冊內或根據上市公司董事進行證券交易的標準守則須知會本公司與香港聯合交易所有限公司(「聯交所」)之權益如下：

(1) 於本公司股份所持之好倉

Name of director 董事姓名	Nature of interest 權益性質	Notes 附註	Capacity 身份	Number of Shares 股份數目	Percentage of shareholding in the Company 佔本公司股權之百分比	
Sun Tai Lun	Personal	(i) & (vi)	Beneficial owner	2,000,000	713,276,214	61.28
Dennis	Corporate and others	(ii) & (iii)	Beneficiary of a trust Founder	11,242,000 700,034,214		
孫大倫	個人 公司及其他		實益擁有人 信託受益人 創辦人			
Ng Yuk Wah						
Eileen	Personal	(iv) & (vi)	Beneficial owner	500,000		0.04
吳玉華	個人		實益擁有人			
Tang Kwok Tong						
Simon	Personal	(v) & (vi)	Beneficial owner	800,000		0.06
鄧國棠	個人		實益擁有人			

**CLOSURE OF SHARE REGISTER**

The register of members will be closed from 3 February 2004 (Tuesday) to 6 February 2004 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim special dividend, all transfers accompanied by the relevant share certificates must be lodged with Tengis Limited, the Hong Kong Branch Registrars of the Company, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 pm on 2 February 2004 (Monday).

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES**

As at 30 September 2003, the interests of the directors and chief executive in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(1) Long positions in shares of the Company

## (2) 於相聯法團股份所持之好倉

## (2) Long position in shares of the Associated Corporations

Name of director 董事姓名	Name of Associated Corporation 相聯法團名稱	Notes 附註	Capacity 身份	Number of Shares 股份數目	Percentage of shareholding in the Associated Corporations 佔相聯法團股權之百分比	
Sun Tai Lun Dennis 孫大倫	Searich Group Limited -do-	(ii)	Beneficiary of a trust 信託受益人	25	} 100	100%
		(iii)	Founder of a trust 信託創辦人	75		
Sun Tai Lun Dennis 孫大倫	Fine Products Limited	(iii)	Founder of a trust 信託創辦人	103,000,000		100%

附註：

Notes:

(i) 股份數目包括 1,000,000 股股份及可購入 1,000,000 股本公司股份之購股權。

(i) The number of shares includes 1,000,000 shares and the options to acquire 1,000,000 shares in the Company.

(ii) 孫大倫合共擁有 11,242,000 股股份之權益。該等股份由 Dago Corporation 直接擁有。Dago Corporation 於英屬處女群島註冊成立，為 Ansbacher (BVI) Limited (作為代表孫大倫若干家族成員利益而設立之 The Dennis Family Trust 之受託人身份) 所擁有。Dago Corporation 亦擁有 Searich Group Limited 已發行股本 25%。

(ii) Sun Tai Lun Dennis was interested in a total of 11,242,000 shares directly held by Dago Corporation, which was incorporated in the British Virgin Islands and was owned by Ansbacher (BVI) Limited in its capacity as the trustee of The Dennis Family Trust, a trust established for the benefit of Sun Tai Lun Dennis and his family members. Dago Corporation also held 25% of the share capital of Searich Group Limited.

(iii) 再者，由於孫大倫是 The Sun Family Trust 之創辦人，該信託持有 Fine Products Limited 之全部已發行股本，而 Searich Group Limited 之 75% 由 Fine Products Limited 持有，故孫大倫被視為擁有 Fine Products Limited 持有的 700,034,214 股股份之權益。Fine Products Limited 及 Searich Group Limited 所持權益資料詳見下文「主要股東」一節。

(iii) In addition, Sun Tai Lun Dennis was deemed to be interested in 700,034,214 shares held by Fine Products Limited by virtue of his being the founder of The Sun Family Trust which held the entire issued share capital of Fine Products Limited, 75% of Searich Group Limited was held by Fine Products Limited. Details of the interest of Fine Products Limited and Searich Group Limited can be found in the section of "Substantial Shareholders" below.

(iv) 股份數目包括 250,000 股股份及可購入 250,000 股本公司股份之購股權。

(iv) The number of shares includes 250,000 shares and the options to acquire 250,000 shares in the Company.



(v) 股份數目包括 400,000 股股份及可購入 400,000 股本公司股份之購股權。

(vi) 董事於本公司購股權之權益詳情另載於下文「購股權計劃」一節。

(v) The number of shares includes 400,000 shares and the options to acquire 400,000 shares in the Company.

(vi) Details of the directors' interests in the share options of the Company are separately disclosed in the section "Share Option Scheme" below.

除上文所披露者外，於 2003 年 9 月 30 日，概無董事及主要行政人員以及彼等各自之聯繫人士於本公司或其任何相聯法團（定義見證券及期貨條例第 XV 部）之股份、相關股份或債權證持有任何權益或淡倉而須根據證券及期貨條例第 XV 部第 7 及 8 分部知會本公司及聯交所（包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益或淡倉）或須根據證券及期貨條例第 352 條須予備存於該條所指之登記冊內或根據上市規則所載之標準守則須知會本公司與聯交所。

Save as disclosed above, as at 30 September 2003, none of the Directors and the chief executive of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified of the Company and the Stock Exchange.

#### 主要股東

於 2003 年 9 月 30 日，根據證券及期貨條例第 336 條規定須予備存之權益登記冊所載，下列人士持有本公司股份及相關股份之權益或淡倉：

#### SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the following persons had interests or short positions in the shares and the underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

(1) 有權行使或控制行使本公司任何股東大會上之投票權達10%或以上之主要股東之好倉

(1) Long position of substantial shareholders who were entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company

Name of shareholder 股東名稱	Notes 附註	Capacity 身份		Number of Shares 股份數目	Percentage of Shareholding in the Company 佔本公司股權之百分比	
Sun Tai Lun Dennis 孫大倫		Beneficial owner Beneficiary of a trust Founder 實益擁有人 信託受益人 創辦人	2,000,000 11,242,000 700,034,214	713,276,214	61.28	
Fine Products Limited	1 & 2	Beneficial owner & interest of controlled corporation 實益擁有人及受控制法團權益	700,034,214			60.15
Searich Group Limited	1 & 2	Interest of controlled corporation 受控制法團權益	600,034,214			51.56
Ansbacher (BVI) Limited	1 & 2	Trustee 信託人		711,276,214	61.12	
Tang Sau Ying Betty 鄧秀英	2 & 3	Interest of spouse 配偶權益		713,276,214	61.28	



(2) 有權行使或控制行使本公司任何股東大會上之投票權達5%或以上之其他人士之好倉

(2) Long position of other persons who were entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company

Name of shareholder 股東名稱	Notes 附註	Capacity 身份	Number of Shares 股份數目	Percentage of Shareholding in the Company 佔本公司股權之百分比
The China Retail Fund, LDC		Beneficial owner 實益擁有人	101,802,632	8.74
Fung Kwok Lun William 馮國倫	4	Interest of controlled corporation 受控制法團權益	70,000,000	6.01
Li Fung (Retailing) Limited 利豐(零售)有限公司		Beneficial owner 實益擁有人	70,000,000	6.01
Li Fung (1937) Limited 利豐(1937)有限公司		Interest of controlled corporation 受控制法團權益	70,000,000	6.01
King Lun Holdings Limited		Interest of controlled corporation 受控制法團權益	70,000,000	6.01
J.P. Morgan Trust Company (Jersey) Limited	5	Trustee 信託人	70,000,000	6.01

附註：

Notes:

1 本公司已發行股份的100,000,000股股份即8.59%由Fine Products Limited直接擁有，其餘600,034,214股股份由Searich Group Limited擁有，而Fine Products Limited則擁有該公司已發行股本75%。Fine Products Limited於英屬處女群島註冊成立，為Ansbacher (BVI) Limited以The Sun Family Trust之信託人身份所擁有。

1 100,000,000 shares representing 8.59% of the Company's shares in issue were directly owned by Fine Products Limited. The remaining 600,034,214 shares were owned by Searich Group Limited, in which Fine Products Limited held 75% of its issued share capital. Fine Products Limited was incorporated in the British Virgin Islands and was owned by Ansbacher (BVI) Limited in its capacity as the trustee of The Sun Family Trust.

2 該等權益已包括在孫大倫之權益之內。

2 Such interest has been included as the interest of Sun Tai Lun Dennis.

3 鄧秀英被視為透過配偶孫大倫之權益而擁有713,276,214股公司股份權益。

3 Tang Sau Ying was deemed to be interested in 713,276,214 shares of the Company through the interests of her spouse, Sun Tai Lun Dennis.

- 4 馮國倫之權益乃透過一系列受控制法團而持有，即利豐(零售)有限公司、利豐(1937)有限公司及King Lun Holdings Limited。
- 5 J.P. Morgan Trust Company (Jersey) Limited之權益乃透過一系列受控制法團而持有，即利豐(零售)有限公司、利豐(1937)有限公司及King Lun Holdings Limited。

除上文所披露者外，於2003年9月30日，本公司備存之權益登記冊內並無記有任何其他人士於本公司股份或相關股份中擁有權益或淡倉而須根據證券及期貨條例第XV部第2及3分部向本公司披露或須列入本公司遵照證券及期貨條例第336條而須予備存之登記冊內。

#### 購股權計劃

本公司為獎勵及酬報曾對本集團業務成功作出貢獻之合資格參與者而設立購股權計劃(「計劃」)。

在本公司於2002年8月30日舉行之股東週年大會上，本公司股東通過一項普通決議案，以採納遵循經修訂之上市規則第17章規定之新購股權計劃(「新計劃」)，以及終止本公司於1994年8月31日採納之購股權計劃(「舊計劃」)。舊計劃終止後，本公司不得再據此授出任何購股權，惟於舊計劃終止前授出之所有購股權繼續有效，並可根據舊計劃條文予以行使。

計劃之合資格參與者，包括本公司之董事(包括獨立非執行董事)、本集團其他僱員、本集團貨品及服務供應商、本集團客戶、本集團持有股權之公司、任何向本集團提供研究、開發或其他技術支持的代理商、諮詢人、顧問、策略員、承包商、分包商、專家，或由本集團任何成員公司所發行之證券之持有人、本集團任何成員公司之股東或本集團持有股權之公司。

- 4 The interests of Fung Kwok Lun William are held via a chain of controlled corporations, namely Li Fung (Retailing) Limited, Li Fung (1937) Limited and King Lun Holdings Limited.
- 5 The interests of J.P. Morgan Trust Company (Jersey) Limited are held via a chain of controlled corporations, namely Li Fung (Retailing) Limited, Li Fung (1937) Limited and King Lun Holdings Limited.

Saved as disclosed above, as at 30 September 2003, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

#### SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

In the Company’s annual general meeting held on 30 August 2002, an ordinary resolution was passed by the Company’s shareholders for the adoption of a new share option scheme (the “New Scheme”) in compliance with the amended Chapter 17 of the Listing Rules and the termination of the Company’s share option scheme (the “Old Scheme”) adopted on 31 August 1994. Upon termination of the Old Scheme, no further options can be granted thereunder but all options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Old Scheme.

Eligible participants of the Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods and services to the Group, customers of the Group, any entity in which the Group holds any equity interest, any agent, advisors, consultant, strategist, contractor, sub-contractor, expert that provides research, development or other technological support to the Group or any holder of any securities issued by any member of the Group any shareholder of any member of the Group, and any entity in which the Group holds any equity interest.

### 購股權計劃 (續)

期內並無根據新計劃授出購股權。新計劃於2002年8月30日生效，而除非被註銷或經修改，否則自該日起10年內仍然有效。

根據新計劃，現時容許授出而尚未行使之最高數目購股權乃指於行使時佔本公司不時已發行股份之10%。

於2003年9月30日，根據舊計劃授出之購股權可予發行之股份數目為2,110,000股，佔本公司當日已發行股份約0.18%。於任何十二個月期間，根據授予各合資格參與者之購股權可發行股份之最高數目均限於本公司當時已發行股本之1%。在此限制之外授出購股權須在股東大會上獲得股東批准。

向本公司各董事、主要行政人員或主要股東或彼等之任何聯繫人士授予購股權，須事先獲得獨立非執行董事批准。此外，倘於任何十二個月授予本公司主要股東或獨立非執行董事或彼等之任何聯繫人士之購股權超逾本公司不時已發行股份之0.1%或總值(根據授出購股權當日本公司股份價格計算)超逾港幣5,000,000元，則須事先在股東大會上獲得股東批准。

授出購股權之要約可於要約日期起計28日內接納。接納購股權要約時須支付港幣1元代價。已授出購股權之行使期由董事釐定，於若干歸屬期後開始並於購股權要約日期起計不多於十年之某個日子後終止。

購股權之行使價由董事釐定，惟不得少於以下三者之最高者：(i)本公司股份於要約授出日期(必須為交易日)在聯交所之收市價；(ii)緊接要約授出日期前五個交易日本公司股份於聯交所之平均收市價；及(iii)本公司股份面值。

購股權並不授予持有人享有股息或於股東大會上投票之權力。

### SHARE OPTION SCHEME (Continued)

During the period, no share options were granted under the New Scheme. The New Scheme became effective on 30 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the New Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time.

As at 30 September 2003, the number of shares issuable under share options granted under the Old Scheme was 2,110,000, which represented approximately 0.18% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the issued capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of grant, which must be a trading date; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

**購股權計劃 (續)**

期內舊計劃項下之未行使購股權如下：

**SHARE OPTION SCHEME (Continued)**

The following share options were outstanding under the Old Scheme during the period:

Name or category of participant 參與者姓名或類別	Number of share option 購股權數目				Date of grant of share options* 授出購股權日期*	Exercise period of share options 購股權行使期	Exercise price of share options** 購股權行使價** HK\$	Company's shares*** 本公司股價***	
	At 1 April 2003 於4月1日2003	Lapsed during the period 於期內失效	At 30 September 2003 於9月30日2003					At grant date of options 授出購股權當日價 HK\$	At exercise date of options 行使購股權日期
董事 Directors									
孫大倫 Sun Tai Lun Dennis	1,000,000	-	1,000,000	21/6/2000	21/6/2000 - 30/6/2004	0.7568	0.97	-	
吳玉華 Ng Yuk Wah Eileen	250,000	-	250,000	31/1/2000	31/1/2000 - 29/2/2004	0.8048	0.95	-	
鄧國棠 Tang Kwok Tong Simon	400,000	-	400,000	21/6/2000	21/6/2000 - 30/6/2004	0.7568	0.97	-	
其他僱員， 總額 Other employees, in aggregate	460,000	-	460,000	31/1/2000	31/1/2000 - 29/2/2004	0.8048	0.95	-	
	2,110,000	-	2,110,000						

因期內未有授出購股權，故不披露其理論價值。

No theoretical value of the share option is disclosed as no share options were granted during the period.

\* 購股權持有期由授出日開始，至行使期開始時結束。

\* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

\*\* 購股權之行使價會視乎供股或發行紅股，或本公司股本出現類似變動而調整。

\*\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

\*\*\* 上表所披露本公司於購股權授出之日之股價指授出購股權日之前一個交易日，股份於聯交所之收市價。上表所披露本公司於購股權行使之日之股價指所披露類別內全部購股權行使時聯交所收市價之加權平均價。由於期內並無購股權被行使或註銷，故不披露此等資料。

\*\*\* The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure category. As no share option was exercised or cancelled during the period, no disclosure of such information was made.

**購買、出售及贖回上市證券**

期內本公司及其任何附屬公司並無購買、贖回或出售本公司任何上市證券。

**最佳應用守則**

除本公司所委任之獨立非執行董事並無具體任期外，董事並不知悉有任何資料合理顯示本公司於截至2003年9月30日止6個月會計期間並無遵守香港聯合交易所有限公司證券上市規則附錄14所載之最佳應用守則。

董事會代表

**孫大倫**

主席兼董事總經理

香港，2003年12月10日

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

**CODE OF BEST PRACTICE**

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period for the six months ended 30 September 2003 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that the independent non-executive directors were not appointed for specific terms.

ON BEHALF OF THE BOARD

**Dennis Sun Tai Lun**

*Chairman and Managing Director*

Hong Kong, 10 December 2003