

# DIRECTORS' REPORT

## 董事會報告

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2006.

董事會同寅謹提呈截至二零零六年六月三十日止年度之年報及經審核綜合財務報告。

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in sales of general systems products, provision of services (including software customisation and provision of e-lottery services) and software licensing, leasing of systems products, investments in telecommunications networks and projects and e-commerce projects and holding strategic investments in advanced technology product development companies.

### 主要業務

本公司乃一間投資控股公司。其附屬公司主要從事銷售一般系統產品、提供服務（包括訂製軟件及提供電子博彩服務）及軟件特許權、租賃系統產品、投資電訊網絡及項目以及電子商貿項目，並於高科技產品開發公司持有策略性投資。

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2006 are set out in the consolidated income statement on page 31 and in the accompanying notes to the consolidated financial statements. An interim dividend in scrip form equivalent to HK2.2 cents per share, with a cash option, was distributed to the shareholders during the year. A final dividend in scrip form equivalent to HK3.3 cents per share, with a cash option, is proposed by the directors.

### 業績及分配

本集團截至二零零六年六月三十日止年度之業績載於第31頁之綜合損益表以及綜合財務報告附註內。相等於每股2.2港仙之中期股息（可選擇現金）已於本年度內按以股代息方式派發予股東。董事會建議按以股代息方式派發相等於每股3.3港仙之末期股息（可選擇現金）。

### SHARE CAPITAL AND WARRANTS

Details of movements in the share capital and warrants of the Company during the year are set out in note 35 to the consolidated financial statements.

### 股本及認股權證

本公司於本年度內之股本及認股權證變動詳情載於綜合財務報告附註35。

### DISTRIBUTABLE RESERVE OF THE COMPANY

The Company's reserves available for distribution represent the aggregate of dividend reserve, general reserve, special reserve and the retained profits of HK\$1,507,945,000.

### 本公司之可分派儲備

本公司可供分派之儲備為股息儲備、一般儲備、特別儲備及保留溢利之總和15億零7百9拾4萬5千港元。

### PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred an aggregate of approximately HK\$8 million mainly in the acquisition of additional plant and machinery and telecommunications networks. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

### 物業、廠房及設備

於本年度內，本集團添置約共值8,000,000港元之廠房、機器及電訊網絡。本集團於本年度內有關物業、廠房及設備之該等及其他變動詳情載於綜合財務報告附註15。

## ASSOCIATES

Particulars of the Group's associates at 30 June 2006 are set out in note 23 to the consolidated financial statements.

## DIRECTORS AND SERVICE CONTRACTS

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

### EXECUTIVE DIRECTORS:

Mr. Paul Kan Man Lok  
Mr. Leo Kan Kin Leung  
Mr. Lai Yat Kwong

### NON-EXECUTIVE DIRECTOR:

Ms. Shirley Ha Suk Ling

### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Terry John Miller  
Mr. Francis Gilbert Knight  
Mr. Frank Bleackley  
Prof. Liang Xiong Jian  
Prof. Ye Pei Da

In accordance with section 87(1) of the Company's Bye-laws, Mr. Paul Kan Man Lok, Mr. Lai Yat Kwong and Mr. Frank Bleackley will retire at the forthcoming annual general meeting and, being eligible, have offered themselves for re-election.

No directors being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The non-executive directors have been appointed for a term of one year subject to retirement by rotation as required by the Company's Bye-laws. There is no service contract between any of the executive directors and the Company.

## CONFIRMATION OF INDEPENDENCE

The Company confirms it has received from each of its independent non-executive directors an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules, and it still considers that the independent non-executive directors are independent.

## SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company, Kantone Holdings Limited ("Kantone"), a 51% owned subsidiary of the Company, and DIGITALHONGKONG.COM ("Digital HK"), a 78% owned subsidiary of the Company, each has a share option scheme under which eligible persons, including directors of the Company, Kantone, Digital HK or any of their respective subsidiaries, may be granted options to subscribe for shares in the Company, Kantone and Digital HK respectively.

Details of the share option schemes of the Company, Kantone and Digital HK are set out in note 36 to the consolidated financial statements.

## 聯營公司

於二零零六年六月三十日有關本集團聯營公司之詳細資料載於綜合財務報告附註23。

## 董事及服務合約

本年度及截至本報告刊發日期止，本公司之董事為：

### 執行董事：

簡文樂先生  
簡堅良先生  
黎日光先生

### 非執行董事：

夏淑玲女士

### 獨立非執行董事：

苗禮先生  
Francis Gilbert Knight先生  
Frank Bleackley先生  
梁雄健教授  
葉培大教授

根據本公司公司細則第87(1)條之規定，簡文樂先生、黎日光先生及Frank Bleackley先生將於應屆股東週年大會退任，且合資格及願膺選連任。

擬於應屆股東週年大會膺選連任之董事概無訂立任何本集團不能於一年內毋須補償（法定補償除外）而終止之服務合約。

獲委任之非執行董事須根據本公司之公司細則規定輪值退任。執行董事與本公司間並無訂立服務合約。

## 獨立性確認

本公司確認，其已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立性確性函，且仍然認為獨立非執行董事為獨立人士。

## 購股權及董事購買股份或債券之權利

本公司、本公司擁有51%股權之附屬公司看通集團有限公司（「看通」）及本公司擁有78%股權之附屬公司數碼香港（「數碼香港」）均設有購股權計劃，據此，合資格人士（包括本公司、看通及數碼香港或其各自之任何附屬公司之董事）可獲授購股權以分別認購本公司、看通及數碼香港之股份。

本公司、看通及數碼香港之購股權計劃詳情載於綜合財務報告附註36。

## SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

Other than the share option schemes described in note 36 to the consolidated 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 acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2006, the interests and short positions of the directors of the Company in the shares underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were recorded in the register required to be kept by the Company pursuant to Section 352 of 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 Issuers were as follows:

	Name of director	Capacity	Number of shares	Percentage of the issued share capital	Number of warrants
	董事姓名	身份	股份數目	佔已發行股本之百分比	認股權證數目
Securities of the Company 本公司證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 1 附註1	28.49%	Note 1 附註1
Securities of Kantone 看通證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 2 附註2	65.99%	—
Securities of Digital HK 數碼香港證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 3 附註3	79.98%	—

Notes:

- 374,479,439 shares and 72,276,861 units of warrants (approximately 5.5% of issued capital as at 30 June 2006 when exercised) were held by Lawnside International Limited ("Lawnside"). Lawnside is beneficially wholly owned by Mr. Paul Kan Man Lok. As at 30 June 2006, Lawnside held interests in approximately 28.49% of the entire interest of the Company and Mr. Paul Kan Man Lok was deemed to have corporate interest in the shares which were owned by Lawnside. The warrants were issued by the Company pursuant to a bonus issue effected in February 2006, all of which will expire on 26 February 2007. Lawnside's interests in the shares and underlying shares of the Company are required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr. Paul Kan Man Lok and Mr. Leo Kan Kin Leung are directors of Lawnside.
- 1,493,700,388 shares were held by the Company and 428,156,578 shares were held by Lawnside.
- 117,300,000 shares were held by the Company and 2,669,171 shares were held by Lawnside.

## 購股權及董事購買股份或債券之權利 (續)

除綜合財務報告附註36所述之購股權計劃外，本公司或其任何附屬公司於年內任何時間概無參與任何安排，以致本公司董事可透過購入本公司或任何其他法人團體之股份或債券而獲益。

## 董事之證券權益及淡倉

於二零零六年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置之股東名冊記錄所示，或根據《上市公司董事進行證券交易的標準守則》向本公司及香港聯合交易所有限公司（「聯交所」）另行作出之通知，本公司董事在本公司或其任何相關法團（定義見證券及期貨條例第XIV部）之股份、相關股份或債券中擁有之權益及淡倉如下：

	Name of director	Capacity	Number of shares	Percentage of the issued share capital	Number of warrants
	董事姓名	身份	股份數目	佔已發行股本之百分比	認股權證數目
Securities of the Company 本公司證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 1 附註1	28.49%	Note 1 附註1
Securities of Kantone 看通證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 2 附註2	65.99%	—
Securities of Digital HK 數碼香港證券	Mr. Paul Kan Man Lok 簡文樂先生	Corporate interest 公司權益	Note 3 附註3	79.98%	—

附註：

- 374,479,439股股份及72,276,861份認股權證（倘若行使約佔二零零六年六月三十日之已發行股本5.5%）由Lawnside International Limited（「Lawnside」）持有。Lawnside由簡文樂先生實益全資擁有。於二零零六年六月三十日，Lawnside持有本公司全部股本約28.49%權益，而簡文樂先生則被視為擁有Lawnside所擁有該等股份之公司權益。認股權證乃由本公司根據於二零零六年二月生效之派發紅利而發行，所有該等認股權證將於二零零七年二月二十六日屆滿。Lawnside於本公司股份及相關股份之權益須根據證券及期貨條例第XIV部第2及第3分部作出披露。簡文樂先生及簡堅良先生均為Lawnside之董事。
- 1,493,700,388股股份由本公司持有，而428,156,578股股份則由Lawnside持有。
- 117,300,000股股份由本公司持有，而2,669,171股則由Lawnside持有。

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES *(Continued)*

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, none of the directors or any of their associates had any interest or short position in the securities, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as at 30 June 2006.

## DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Company and its subsidiaries other than Kantone and its subsidiaries (the "Kantone Group") and Digital HK and its subsidiaries (the "Digital HK Group") had the following transactions with the Kantone Group and the Digital HK Group:

		<b>Transactions with the Kantone Group</b> 與看通集團之交易 HK\$'000 千港元	<b>Transactions with the Digital HK Group</b> 與數碼香港集團之交易 HK\$'000 千港元
Fees received for the provision of office premises and facilities, and management services	收取提供辦公室及設施及管理服務費用	100	—
Annual fee and technical fee paid (Note 1)	支付年費及技術費用(附註1)	—	474
Administration fees received (Note 2)	收取行政費用(附註2)	—	480

### Notes:

- Digital HK group had provided e-payment platform services to a subsidiary of Champion at a fee chargeable with reference to comparable market price as agreed.
- Champion had provided administrative services to Digital HK group and charged for such services on cost basis.

In the opinion of the independent non-executive directors of the Company, the above transactions were carried out in the usual course of business and on normal commercial terms and are in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The aforesaid transactions constitute connected transactions under the Listing Rules and are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, 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.

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including for the provision of services to the Group.

## 董事之證券權益及淡倉 *(續)*

除上文所披露者及由董事以本公司或其附屬公司之受託人名義持有之附屬公司若干代理人股份外，於二零零六年六月三十日，各董事或彼等任何聯繫人士並無擁有本公司或其任何相關法團（定義見證券及期貨條例第XV部）之任何證券、相關股份或債券之權益或淡倉。

## 董事於合約及關連交易之權益

於本年度內，本公司及其附屬公司（看通及其附屬公司（「看通集團」）以及數碼香港及其附屬公司（「數碼香港集團」）除外）曾與看通集團及數碼香港集團進行下列交易：

	<b>Transactions with the Kantone Group</b> 與看通集團之交易 HK\$'000 千港元	<b>Transactions with the Digital HK Group</b> 與數碼香港集團之交易 HK\$'000 千港元
Fees received for the provision of office premises and facilities, and management services	100	—
Annual fee and technical fee paid (Note 1)	—	474
Administration fees received (Note 2)	—	480

### 附註：

- 數碼香港集團提供電子付款平台服務予冠軍一間附屬公司，協定之收費乃參考可茲比較之市場價格。
- 本集團提供行政服務予數碼香港集團，該服務之費用按成本基準收取。

本公司之獨立非執行董事認為上述交易乃按日常業務程序及一般商業條款進行，並根據約束該等交易之相關協議，按公平合理且符合本公司股東整體權益之條款進行。

前述關連交易獲豁免遵守上市規則第14A章之規定。

除上文所披露者外，本公司董事在本公司或其任何附屬公司所參與，且在本年度結束時或在本年度內任何時間仍然有效之重大合約中，概無直接或間接擁有重大權益。

除上文所披露者外，本集團及本公司控股股東（定義見上市規則）或其任何附屬公司間並無訂立任何重大合約（包括向本集團提供服務）。

## SUBSTANTIAL SHAREHOLDERS

As at the 30 June 2006, the following persons (other than a director or chief executive of the Company disclosed under the section of directors' interests and short positions in securities) had interests and short positions in the share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares	Description of equity derivatives	Number of underlying shares	Approximate percentage of issued share capital
名稱	身份	股份數目	股本衍生工具說明	相關股份數目	佔已發行股本之概約百分比
Lawnside	Beneficial owner 實益擁有人	374,479,439	—	—	28.49%
	Beneficial owner 實益擁有人	—	Warrants to subscribe for shares 認購股份之認股權證	72,276,861	5.5%

Save as disclosed herein and disclosed under directors' interests or short positions in securities, as at 30 June 2006, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

## 主要股東

於二零零六年六月三十日，根據證券及期貨條例第336條本公司須予保存之登記冊所記錄，下列人士（於「董事之證券權益及淡倉」一節所披露之本公司董事或行政總裁除外）於本公司股本中擁有權益及淡倉：

除本文及「董事之證券權益及淡倉」所披露者外，於二零零六年六月三十日，根據證券及期貨條例第336條本公司須予保存之權益登記冊，概無其他人士於本公司之股份或相關股份擁有任何權益或淡倉。

## CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the convertible bonds, warrants and share options as set out in notes 33, 35 and 36 respectively to the consolidated financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 June 2006 and there was no exercise of convertible securities, options, warrants or similar rights during the year. Particulars of the conversion of the convertible bonds, and the exercise of warrants or similar rights during the year are set out in the aforesaid notes.

## 可換股證券、購股、認股權證或類似權利

除可換股債券、認股權證及購股權外（分別見綜合財務報告附註33、附註35及附註36所述），於二零零六年六月三十日，本公司並無任何尚未行使之可換股證券、購股權、認股權證或其他類似權利；於本年度內亦無行使任何可換股證券、購股權、認股權證或類似權利。兌換可換股債券、及行使認股權證或類似權利於年內之行使詳情已載於前述附註。

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

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

## 購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於本年度內概無購買、出售或贖回本公司任何上市證券。

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$1,800,000.

## MAJOR CUSTOMERS AND SUPPLIERS

The Group sells its products to customers who act as its distributors, and purchases materials and components from suppliers who act as its merchandisers.

For the year ended 30 June 2006, the aggregate amount of turnover and purchases attributable to the five largest ultimate customers and suppliers through these distributors and merchandisers respectively represented less than 30% of the Group's total turnover and purchases.

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

## POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 42 to the consolidated financial statements.

## REMUNERATION POLICY

The remuneration policy of the Group for its employees takes into account of the individuals' merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Human Resources and Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the directors' emoluments for the year ended 30 June 2006 are set out in note 11 to the consolidated financial statements.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 36 to the consolidated financial statements.

## 優先購股

本公司之公司細則或百慕達法例並無載有任何優先購股權之條文，規定本公司須按比例向現有股東提呈發售新股。

## 捐款

年內，本集團捐出慈善及其他捐款達1,800,000港元。

## 主要客戶及供應商

本集團向作為其分銷商之客戶銷售貨品，並從作為其採購商之供應商購買原料及零件。

截至二零零六年六月三十日止年度，本集團五大最終客戶及供應商透過該等分銷商及採購商所佔之營業額及購貨額分別佔本集團之營業總額及購貨總額不足30%。

概無任何董事、彼等各自之聯繫人士或據董事所知擁有本公司已發行股本5%以上之股東於本公任何五大客戶或供應商之股本中擁有任何權益。

## 結算日後事項

重大結算日後事項詳情已載於綜合財務報告附註42。

## 薪酬政策

本集團僱員之薪酬政策乃根據彼等之表現、資歷及工作能力而釐定。

本公司董事之薪酬乃由人力資源薪酬委員會釐定，並已參考本公司之經營業績、個人表現及可茲比較市場數據。董事於截至二零零六年六月三十日止年度之薪酬載於綜合財務報告附註11。

本公司採納一項購股權計劃作為對董事及合資格僱員之獎勵，計劃之詳情載於綜合財務報告附註36。

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

## AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

*CHAIRMAN*

Hong Kong  
23 October 2006

## 公眾持股量

根據本公司之公開資料及據董事所知，於本報告日期，股份之公眾持股量足夠，符合上市規則不少於本公司已發行股份25%之規定。

## 核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會提呈。

承董事會命

*主席*

香港  
二零零六年十月二十三日