

Report of the Directors

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its subsidiaries are set out in note 15 to the accounts on pages 29 and 30.

During the year, more than 90% of the business of the Company and its subsidiaries in terms of both turnover and operating profit were carried on in Hong Kong. Given below is an analysis of the principal activities of the Company and its subsidiaries during the year:

	Turnover HK\$million	Operating profit HK\$million
Principal activities		
Investment and interest income	30.3	5.0
Property	11.4	11.4
Others	—	7.0
	<u>41.7</u>	<u>23.4</u>

SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2000 are set out in note 15 to the accounts on pages 29 and 30.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2000:

- (i) the Group has no major suppliers, as defined under the Listing Rules of The Stock Exchange of Hong Kong Limited ;
- (ii) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30 per cent of the Group's total turnover; and
- (iii) the Directors did not have any interest in the major customers of the Group.

Report of the Directors (Continued)

ACCOUNTS

The profit of the Group for the year ended 31 December 2000 and the state of the Company's and the Group's affairs as at that date are set out in the accounts on pages 13 to 31.

Movements in reserves during the year are set out in note 14 to the accounts on pages 27 to 29.

DIVIDENDS

An interim dividend of 25 cents per share was paid on 9 October 2000. The directors do not recommend any final dividend to be paid in respect of the year ended 31 December 2000.

DIRECTORS

The directors during the year were:

Mr. Chiu Tao - Chairman	<i>(appointed on 24 November 2000)</i>
Mr. Tsui Ching Hung	<i>(appointed on 24 November 2000)</i>
Mr. Chung Nai Ting	<i>(appointed on 24 November 2000)</i>
Mr. Tong Wui Tung	<i>(appointed on 24 November 2000)</i>
Mr. Chan Sze Hung	<i>(appointed on 24 November 2000)</i>
Mr. Gonzaga Wei-Jen Li	<i>(resigned on 24 November 2000)</i>
Mr. William John Lees	<i>(resigned on 24 November 2000)</i>
Mr. Paul Yiu-Cheung Tsui	<i>(resigned on 24 November 2000)</i>
Mr. Ng Tze-Yuen	<i>(resigned on 24 November 2000)</i>
Mr. Huang Chun-Chien	<i>(resigned on 24 November 2000)</i>

With the exception of the Chairman of the Company (who is not subject to retirement by rotation under the provisions of the Company's articles of association), all the present directors, having been appointed to the Board since the date of the last annual general meeting, retire at the forthcoming annual general meeting in accordance with Article 94 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

Report of the Directors (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out below:

Executive Directors

Mr. Chiu Tao, aged 45, is the Chairman of the Company. Mr. Chiu is currently a member of the Chinese People's Political Consultative Committee of Henan Province. He has over 20 years' experience in the metals business in China and Hong Kong.

Mr. Tsui Ching Hung, aged 47, holds a Master of Science degree in Polymer Science and a Master of Business Administration degree obtained from the University of Aston and the University of Warwick, the United Kingdom respectively. He has over 10 years' experience in senior management positions of several multinational corporations in Hong Kong.

Mr. Chung Nai Ting, aged 45, has over 20 year's experience in trading business .

The above executive directors are also directors of E-Tech Pacific Limited and Wonson International Holdings Limited which are both deemed under the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") to have an interest in the share capital of the Company disclosable to the Company under the provisions of Part II of the SDI Ordinance.

Independent Non-executive Directors

Mr. Tong Wui Tung, aged 50, is a partner of Messrs. Cheung, Tong & Rosa and has been practising as a solicitor in Hong Kong for over 20 years.

Mr. Chan Sze Hung, aged 48, is a solicitor practising in Hong Kong. He joined a legal firm for approximately three years prior to becoming a principal partner in the law firm of Chan, Lau & Wai.

The above independent non-executive directors are also independent non-executive directors of Wonson International Holdings Limited which is deemed under the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") to have an interest in the share capital of the Company disclosable to the Company under the provisions of Part II of the SDI Ordinance.

Senior Management

During the year to 24 November 2000, the senior management responsibilities of the Group were vested with the General Manager of the Company, namely, Wheelock Pacific Limited (as referred to in the Report of the Directors under the section headed "Management Contract" on page 8). Since 24 November 2000, the Group's senior management responsibilities have been assumed by the executive directors of the Company.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN SHARES

There were:

- (i) no interests held as at 31 December 2000 by the directors and chief executive of the Company in, and
- (ii) no exercises during the year, by the directors or chief executive of the Company or any of their spouses or children under eighteen years of age, of right to subscribe for,

securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register kept by the Company under section 29 of the SDI Ordinance or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 10% or more of the nominal value of the share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 December 2000 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

Names	No. of ordinary shares
(i) E-Tech Pacific Limited	10,210,000
(ii) Wonson International Holdings Limited	10,210,000

Note: For the avoidance of doubt, it should be noted that duplication occurs in respect of the above-stated shareholdings to the extent that the shareholdings stated against party (i) above are entirely duplicated or included in the shareholdings stated against party (ii) above; the above named parties were deemed to be interested in the relevant shareholdings under the SDI Ordinance as at 31 December 2000.

MANAGEMENT CONTRACT

There was in existence during the year an agreement dated 31 March 1992 (the "Agreement") between the Company and Wheelock Pacific Limited ("WPL") whereby WPL was appointed the Company's general manager. Mr. GWJ Li and Mr. WJ Lees are directors of WPL and are accordingly regarded as interested in the Agreement. The Agreement was terminated with effect from 24 November 2000.

Report of the Directors (Continued)

INTERESTS IN CONTRACTS

Except for the above, no contract 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The Group and Company has no bank loans, overdrafts and/or other borrowings at 31 December 2000.

INTEREST CAPITALISED

No interest was capitalised by the Group during the financial year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 32 of the annual report.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The independent non-executive directors were not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting, as specified by the Company's Memorandum and Articles of Association. In the opinion of the Directors, this meets the same objective as the Code of Best Practice set out in the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Save as aforesaid, throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules.

Report of the Directors (Continued)

PENSION SCHEME

There was no retirement scheme operated by the Group during the year.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

(I) Emoluments of Directors

Details of emoluments of the directors of the Company are set out in Note 4(b) to the Accounts on page 23.

The aggregate emoluments paid or payable by the Company and/or its subsidiaries for the year ended 31 December 2000 in respect of each of the persons who was a director of the Company at any time during the financial year amounted to less than HK\$1,000,000.

(II) Five Highest Paid Employees

During the financial year, the Group had no employees and the Group's management services were provided by the General Manager in accordance with a General Manager's Agreement mentioned in the section headed "Management Contract" in the Report of the Directors on page 8 or by the executive directors.

AUDITORS

The accounts now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for reappointment.

By order of the board

Chiu Tao

Chairman

Hong Kong,

2 March 2001