

The directors present their annual report and the audited financial statements of the Company and of the Group for the year ended 31st December, 2000.

### Principal Activities

The Company is an investment holding company. Its major subsidiaries are engaged in commercial printing, books printing and packaging printing. Details of the principal activities of the principal subsidiaries are set out in note 35 to the financial statements.

### Subsidiaries

Particulars of the Company's principal subsidiaries at 31st December, 2000 are set out in note 35 to the financial statements.

### Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31st December, 2000 are set out in the consolidated income statement on page 23 of the annual report and in the accompanying notes to the financial statements.

An interim dividend of HK2 cents per share, amounting to approximately HK\$7,284,000 in aggregate, was paid during the year.

The directors do not recommend the payment of a final dividend for the year.

### Reserves

Details of the movements in the reserves of the Group and of the Company during the year are set out in note 21 to the financial statements.

### Financial Summary

A summary of the results and of the assets and liabilities of Group for the past five financial years is set out on page 62 of the annual report.

### Major Customers and Suppliers

During the year, the five largest suppliers and customers of the Group accounted for approximately 29% and 35% of the Group's purchases and sales, respectively. The largest customer accounted for approximately 12% of the sales of the Group.

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

### Property, Plant and Equipment

During the year, the Group spent approximately HK\$43 million in aggregate on factory premises and plant and machinery to expand and upgrade its production capacity.

Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

### Share Capital and Share Options

Details of movements in the share capital and share options of the Company during the year are set out in notes 19 and 20 to the financial statements, respectively.

### Purchase, Sale or Redemption of the Company's Listed Securities

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

### Directors

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

Executive directors:

Mr. CHAN Sheung Chiu (Chairman)	(appointed on 7th March, 2000)
Mr. KWONG Tin Lap (Managing Director)	(appointed on 7th March, 2000)
Mr. KWOK Chi Fai	(appointed on 4th January, 2001)
Ms. LI Mee Sum, Ann	(appointed on 7th March, 2000)
Mr. TANG Chow Ming, Paul	(appointed on 4th January, 2001)
Mr. NG Chun Kit	(ceased to act on 7th March, 2000)
Mr. WAN Siu Kau	(ceased to act on 7th March, 2000)
Mr. CHIU Yat Kong, John	(ceased to act on 13th October, 2000)
Ms. KAN Yin Ping, Gloria	(ceased to act on 4th January, 2001)
Mr. TSOI Chit Shun	(appointed on 28th January, 2000 and ceased to act on 20th March, 2001)
Mr. LAU Chuk Kin	(ceased to act on 2nd April, 2001)
Ms. LAM Mei Lan	(ceased to act on 2nd April, 2001)

Non-executive directors:

Mr. LEE Sai Wai (note)	(appointed on 7th April, 2000)
Mr. TANG Yue-Nien, Martin	(ceased to act on 7th March, 2000)

Independent non-executive directors:

Mr. Dominic LAI	(appointed on 20th March, 2000)
Mr. TANG Wei, Donald	(appointed on 20th March, 2000)
Professor WOO Chia-Wei	(ceased to act on 7th March, 2000)
Mr. WONG Antony	(ceased to act on 25th March, 2000)
Mr. YEUNG Ka Sing	(ceased to act on 25th March, 2000)

In accordance with article 119 of the Company's Articles of Association, Mr. KWOK Chi Fai and Mr. TANG Chow Ming, Paul retire and, being eligible, offer themselves for re-election.

In accordance with article 116 of the Company's Articles of Association, Ms. LI Mee Sum, Ann and Mr. Dominic LAI retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

Note: Mr. LEE Sai Wai, who was appointed on 7th March, 2000 as an executive director of the Company, became a non-executive director on 7th April, 2000.

### **Directors' Service Contracts**

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

### Directors' Interests in Shares and Share Options

At 31st December, 2000, the interests of the directors and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), 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 in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### (i) Shares

Name of director	Nature of interest	Number of shares of the Company held
Mr. LAU Chuk Kin	Corporate interests (note)	22,735,000
Ms. LAM Mei Lan	Personal interests	1,000,000
Ms. KAN Yin Ping, Gloria	Personal interests	2,500,000

Note: 22,735,000 shares are beneficially held by ERI Holdings Limited, which is beneficially owned as to 58 per cent. by Mr. LAU Chuk Kin.

#### (ii) Share options

At 1st January, 2000, Ms. KAN Yin Ping, Gloria, Ms. LAM Mei Lan and Mr. TSOI Chit Shun had personal interests in 3,000,000, 1,500,000 and 2,250,000 share options granted on 5th November, 1997 to subscribe for shares in the Company at an exercise price of HK\$0.385 per share, respectively. During the year, they exercised all of these share options and no further options were granted to them since then.

Details of the share option scheme of the Company are set out in note 20 to the financial statements.

Other than as disclosed above and nominee shares in certain subsidiaries held by a director in trust for the Group, at 31st December, 2000, none of the directors or chief executives of the Company, or their associates, had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives, nor their spouses or their children under the age of 18, had any rights to subscribe for the securities of the Company or had exercised any such rights during the year.

### Directors' Interests in Contracts of Significance

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

### Connected Transactions

Details of a connected transaction entered into by the Group subsequent to 31st December, 2000 are set out in note 33(a) to the financial statements.

### Substantial Shareholders

At 31st December, 2000, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following shareholders as having an interest of 10 per cent. or more in the Company's issued share capital:

<b>Name of shareholder</b>	<b>Number of shares held</b>
Gold Throne Finance Limited	60,000,000
China Cyberworld Limited ("China Cyberworld")	60,000,000 (note)
Profit Stability Investments Limited ("PSI")	60,000,000 (note)
Chuang's Consortium International Limited ("CCIL")	60,000,000 (note)

Note:

Such interests arose through the ownership of relevant shares by Gold Throne Finance Limited, a wholly owned subsidiary of China Cyberworld in which CCIL is entitled to exercise or control the exercise of one third or more of the voting power in general meetings through its wholly-owned subsidiary, PSI.

Other than as disclosed above, the Company has not been notified of any other interests representing 10 per cent. or more of the Company's issued share capital at 31st December, 2000.

### Pre-Emptive Rights

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

### Post Balance Sheet Events

Details of significant post balance sheet events are set out in note 33 to the financial statements.

### Corporate Governance

The Company has complied throughout the year ended 31st December, 2000 with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules.

In 1999, the Company established an audit committee to review and supervise the Company's financial reporting process and internal controls. The current members of the Audit Committee are the two independent non-executive directors Messrs. Dominic LAI and TANG Wei, Donald and the non-executive director Mr. LEE Sai Wai.

### Auditors

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

On behalf of the board of

**Midas Printing Group Limited**

**CHAN Sheung Chiu**

*Chairman*

Hong Kong, 12th April, 2001