

# Report of the Directors

The Directors have pleasure in submitting their annual report and the audited consolidated financial statements for the year ended 31 December 2001.

## 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 financial statements on pages 33 to 35.

During the year, all of the business of the Company and its subsidiaries in terms of both turnover and operating profit were carried on in Hong Kong. Turnover and operating profit for the year were all derived from the Group's treasury and investment activities.

## SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2001 are set out in note 15 to the financial statements on pages 33 to 35.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2001:

- (i) the Group had no major suppliers, as defined under the Listing Rules of the 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.

## FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2001 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 12 to 35.

Movements in reserves during the year are set out in note 14 to the financial statements on pages 30 to 32.

# Report of the Directors (Continued)

## DIVIDENDS

The Directors do not recommend any final dividend to be paid in respect of the year ended 31 December 2001.

## DIRECTORS

The Directors during the year were:

Mr. Chiu Tao - Chairman

Mr. Tsui Ching Hung

Mr. Chung Nai Ting

Mr. Tong Wui Tung

Mr. Chan Sze Hung

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Tsui Ching Hung retires at the forthcoming annual general meeting and, being eligible, offers himself 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.

## 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 46, 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 48, 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 in 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 46, has over 20 years' 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.

# Report of the Directors (Continued)

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

### Independent Non-executive Directors

**Mr. Tong Wui Tung**, aged 51, 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 49, is a solicitor practising in Hong Kong. He has over 20 years of experience in the legal profession and is a consultant of Messrs. Chan, Lau & Wai, a firm of solicitors in Hong Kong.

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

The Group’s Senior Management responsibilities are assumed by the Executive Directors of the Company.

## DIRECTORS’ INTERESTS IN SHARES

There were:

- (i) no interests held as at 31 December 2001 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 rights 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.

# Report of the Directors (Continued)

## 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 2001 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

Names	No. of ordinary shares	Percentage of interest
(i) E-Tech Pacific Limited	10,210,000	34.87%
(ii) Wonson International Holdings Limited	10,210,000	34.87%

*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 2001.

## INTERESTS IN CONTRACTS

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 had no bank loans, overdrafts and/or other borrowings at 31 December 2001.

# Report of the Directors (Continued)

## 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 36 of the annual report.

## COMPLIANCE WITH 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 by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules.

## 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 financial statements on page 25.

The aggregate emoluments paid or payable by the Company and/or its subsidiaries for the year ended 31 December 2001 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 daily management was handled by Executive Directors, who have not received any emoluments from the Group for the services.

## **Report of the Directors** (Continued)

### **AUDITORS**

The financial statements 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, 12 April 2002