

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of liquid crystal display products and electronic consumer products including calculators, pagers, MP3 players and electronic components.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2002 are set out in the consolidated income statement on page 17.

An interim dividend of 5 HK cents per share, amounting to approximately HK\$22,213,000, was paid to the shareholders of the Company in October 2002.

The directors now recommend the payment of a final dividend of 7 HK cents per share to the shareholders of the Company whose names appear on the register of members on 20 May 2003, amounting to approximately HK\$31,098,000, and the retention of the remaining profit for the year.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 24 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 20 and note 25 to the financial statements respectively.

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of the Company's Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired plant and machinery amounting to approximately HK\$44,329,000 and properties under development amounting to approximately HK\$15,396,000 for the purpose of expanding its manufacturing capacity in Shan Wei City, Guangdong Province in the People's Republic of China.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

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DIRECTORS

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

Executive directors:

Lam Wai Wah, Steven
Wong Pong Chun, James
Cheung Tat Sang, James

Non-executive director:

Chung Kam Kwong

Independent non-executive directors:

Ip Cho Ting, Spencer
Heung Kai Sing

In accordance with Articles 100 and 120 of the Company's Articles of Association, Wong Pong Chun, James and Cheung Tat Sang, James retire and, being eligible, offer themselves for re-election.

The non-executive director and independent non-executive directors are subject to retirement by rotation in accordance with the above articles.

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 determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

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.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2002, the interests of the directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

<u>Name of director</u>	<u>Personal interests</u> <u>Number of shares</u>
Lam Wai Wah, Steven	211,238,000
Wong Pong Chun, James	12,000
Cheung Tat Sang, James	282,000

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Save as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Company or its subsidiaries, at 31 December 2002, none of the directors or any of their associates had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTION SCHEME

The Company has a share option scheme under which the directors and employees of the Company and any of its subsidiaries may be granted options to subscribe for shares in the Company. Particulars of the Company's share option scheme are set out in note 30 to the financial statements.

Details of the options granted to certain directors and employees to subscribe for share options in the Company are as follows:

Name	Number of options outstanding at beginning and at end of year
Lam Wai Wah, Steven	6,900,000
Wong Pong Chun, James	6,900,000
Cheung Tat Sang, James	<u>6,900,000</u>
	20,700,000
Others	<u>7,300,000</u>
	<u>28,000,000</u>

No share option was cancelled, lapsed or exercised by the directors and employees during the year.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme disclosed above, 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 the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company at 31 December 2002, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that, other than the directors' interests in shares disclosed above, the Company has not been notified of any interests representing 10% or more of the issued share capital of the Company.

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PRE-EMPTIVE RIGHTS

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

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2002 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.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$6,589,000.

AUDITORS

A resolution will be submitted to the Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

LAM WAI WAH, STEVEN

CHAIRMAN

Hong Kong, 11 April 2003