

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

#### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company and the activities of its subsidiaries are set out in note 35 to the financial statements.

#### **SUBSIDIARIES**

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

#### **RESULTS**

The results of the Group for the year ended 31st December, 2000 are set out in the consolidated income statement on page 22.

No interim dividend was paid during the year. The directors do not recommend the payment of a final dividend.

#### **RESERVES**

Movements during the year in the reserves of the Group and the Company are set out in note 23 to the financial statements.

#### **FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 59.

#### **INVESTMENT PROPERTIES**

At 31st December, 2000, the investment properties of the Group were revalued by an independent firm of professional property valuer on an open market value existing use basis at HK\$60,000,000. There was no surplus or deficit arising on the revaluation. Details are set out in note 11 to the financial statements.

Particulars of investment properties of the Group at 31st December, 2000 are set out on page 60.

#### **PROPERTY, PLANT AND EQUIPMENT**

During the year, the Group acquired property, plant and equipment of HK\$12,229,000 for the purpose of expanding the Group's business.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

## SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company are set out in notes 21 and 22 to the financial statements, respectively.

## BORROWINGS

Bank and other borrowings repayable within one year or on demand are classified as current liabilities and the repayment terms are set out in note 20 to the financial statements.

No interest was capitalised by the Group during the year.

## DIRECTORS

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

### *Executive Directors*

Yim Yuk Lun, Stanley  
Chau Ding Kong, Alan  
Ng Sai Ping, Dominic  
Choi Chor Chi, George (resigned on 11th July, 2000)

### *Non-Executive Director*

Dr. Chang Chu Cheng

### *Independent Non-Executive Directors*

Dr. Lui Ming Wah, J.P.  
Li Seung, Sammy  
Chang Ping Kin  
Wong Tak Yuen, Adrian

In accordance with Clauses 87(1) and 87(2) of the Company's Bye-Laws, Mr. Chau Ding Kong, Alan and Dr. Chang Chu Cheng retire and, being eligible, offer themselves for re-election.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the above Bye-Laws.

No director 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).

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES**

At 31st December, 2000, the interests of the directors and chief executives and their associates in the share capital of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the 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 were as follows:

Name	Number of ordinary shares	
	Personal interests	Family interests
Yim Yuk Lun, Stanley	5,490,000	44,367,400 (note)
Chau Ding Kong, Alan	8,300,000	—

Note: These shares are held by a unit trust whose trustee is Unimicro Limited, a company incorporated in the British Virgin Islands and of which Mr. Yim Yuk Lun, Stanley is also a director. All units in the unit trust are beneficially owned by a discretionary trust established by Mr. Yim Yuk Lun, Stanley, the beneficiaries of which include the spouse and issue of Mr. Yim Yuk Lun, Stanley.

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

**SUBSTANTIAL SHAREHOLDERS**

At 31st December, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following persons, in addition to the director as stated under "Directors' and chief executives' interests in shares", are interested in 10% or more of the issued share capital of the Company.

Name of shareholder	Number of ordinary shares beneficially held
Hon Hai Precision Industry Co., Ltd. ("Hon Hai") (Note)	46,000,000
Foxconn Holding Limited ("Foxconn")	46,000,000

Note: Hon Hai owns 100% interest in Foxconn and is accordingly deemed by the SDI Ordinance to be interested in those ordinary shares of the Company beneficially owned by Foxconn.

Save as disclosed above, the Company has not been notified of any other interests as at 31st December, 2000 representing 10% or more of the issued share capital of the Company.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the movements in the share options granted to the Company's directors during the year to subscribe for shares in the Company are as follows:

Name	Exercise price per share HK\$	Exercisable period	Number of share options			Outstanding at 31.12.2000
			Outstanding at 1.1.2000	Granted during the year	Exercised during the year	
Yim Yuk Lun, Stanley	3.80	29.9.1997 to 16.9.2004	1,000,000	—	—	1,000,000
	0.48	24.1.2000 to 23.1.2001	—	2,200,000	(900,000)	1,300,000
	0.57	20.6.2000 to 19.6.2002	—	1,600,000	—	1,600,000
Chau Ding Kong, Alan	3.80	29.9.1997 to 16.9.2004	1,000,000	—	—	1,000,000
	0.47	21.1.2000 to 20.1.2001	—	2,200,000	—	2,200,000
	0.57	20.6.2000 to 19.6.2002	—	1,600,000	—	1,600,000
Ng Sai Ping, Dominic	0.48	4.6.1999 to 3.6.2001	200,000	—	—	200,000
	0.61	1.2.2000 to 31.1.2001	—	2,500,000	—	2,500,000
Choi Chor Chi, George (note)	3.80	29.9.1997 to 16.9.2004	500,000	—	—	500,000
	0.54	1.2.2000 to 31.1.2001	—	2,500,000	(2,500,000)	—
	0.57	22.6.2000 to 21.6.2002	—	2,000,000	—	2,000,000

Note: No share option was granted to or exercised by Mr. Choi Chor Chi, George during the period from his resignation as a director of the Company on 31st December, 2000.

Details of the Company's share option scheme are set out in note 22 to the financial statements.

Save as 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 or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

### CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Save as those discloseable connected transactions for the year disclosed in note 34 to the financial statements,

- (i) no contracts of significance subsisted at any time during the year 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; and
- (ii) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In accordance with the conditions agreed with the Stock Exchange with respect to the connected transactions, the independent non-executive directors have reviewed the connected transactions set out in note 34 to the financial statements and in their opinion, these transactions entered into by the Group were:

- (i) in the ordinary course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) on terms that are fair and reasonable so far as the shareholders of the Company are concerned.

### 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.

### 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.

### 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

**YIM YUK LUN, STANLEY**  
CHAIRMAN AND MANAGING DIRECTOR  
Hong Kong, 20th April, 2001