

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of the subsidiaries and an associate are set out in notes 42 and 18 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2000 are set out in the consolidated income statement on page 25.

An interim dividend of HK2.2 cents per share amounting to HK\$7,889,000 was paid to the shareholders during the year. The Directors do not recommend the payment of a final dividend and propose that the profit for the year be retained.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out note 25 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 70.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 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 23 and 24 to the financial statements respectively.

During the year, the Company repurchased certain of its own shares through The Stock Exchange of Hong Kong Limited, details of which are set out in note 23 to the financial statements.

RETIREMENT AND PENSION PLAN

No formal retirement or pension plan for employees has been established by the Group. Retirement benefits are payable at the discretion of management based on the merit of individual employees. No retirement or pension charges were paid or are payable by the Group in respect of the year ended 31 December 2000.

With effect from 1 December 2000, the Group has joined a Mandatory Provident Fund scheme ("MPF Scheme") for all employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made no retirement benefits scheme contributions.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2000, turnover attributable to the Group's largest customer accounted for approximately 30% of the Group's consolidated turnover and aggregate turnover attributable to the five largest customers of the Group accounted for approximately 77% of the Group's consolidated turnover.

For the year ended 31 December 2000, purchases attributable to the Group's largest supplier accounted for approximately 45% of the Group's total purchases and aggregate purchases attributable to the five largest suppliers of the Group accounted for approximately 60% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors, or their respective associates, or shareholders owning more than 5% of the Company's issued share capital had any beneficial interests in any of the five largest customers or suppliers.

DIRECTORS

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

Executive Directors

Ms. Ho Yin King, Helena	<i>(Chairman and Managing Director)</i>
Ms. Ho Yat Wah, Hermia	<i>(Joint Deputy Chairman)</i>
Mr. Ho Fai Keung, Jacky	<i>(Joint Deputy Chairman)</i>
Mr. Yung Kwok Wah	<i>(resigned on 1 March 2001)</i>

Non-executive Directors

Ms. Lau Law Siu Hung, Monique	
Mr. Li Sau Hung, Eddy*	
Mr. Leung Ka Kui, Johnny*	<i>(appointed on 28 January 2000)</i>

*Independent non-executive directors

In accordance with Clauses 86 and 87 of the Company's Bye-laws, Mr. Li Sau Hung, Eddy retires, and Ms. Ho Yat Wah, Hermia retires by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Other than Mr. Yung Kwok Wah, who has entered into a service agreement with the Company for a term of three years, each of the other Executive Directors has entered into a service agreement with the Company for a term of one year commencing on 1 January 2000, which expired on 31 December 2000.

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).

Other than the Chairman of the Board and the Managing Director of the Company, all of the other Directors are subject to retirement by rotation at the annual general meeting in accordance with the Company's Bye-laws.

The term of office of each Non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN SHARES

(i) Shares

As at 31 December 2000, the interests of the Directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interest) Ordinance ("SDI Ordinance") were as follows:

Name of Directors	Number of shares held		
	Personal interests	Family interests (Note 2)	Corporate interests (Note 1)
Ms. Ho Yin King, Helena	6,074,000	–	174,094,000
Ms. Ho Yat Wah, Hermia	4,416,000	–	–
Mr. Ho Fai Keung, Jacky	6,216,000	–	174,094,000
Mr. Yung Kwok Wah	–	180,168,000	–

Notes:

- (1) The 174,094,000 shares are directly owned by Sun Union Enterprises Limited which is beneficially owned as to approximately 62.6% by Complete Associates Limited (which is, in turn, beneficially owned as to approximately 61.8% by Ms. Ho Yin King, Helena and as to approximately 38.2% by Mr. Ho Fai Keung, Jacky), as to approximately 23.9% by Ms. Ho Yat Wah, Hermia and as to approximately 13.5% by other family members of the Executive Directors.
- (2) Mr. Yung Kwok Wah is the husband of Ms. Ho Yin King, Helena. Accordingly, the family interests of Mr. Yung Kwok Wah in the Company duplicate the interests of Ms. Ho Yin King, Helena.

(ii) Share options

Certain Directors had personal interests in the share options granted on 24 December 1996 to subscribe for shares in the Company at an exercise price of HK\$1.0336 per share, and the details were as follows:

Name of Directors	Period during which share options are exercisable	Number of share options granted and exercised during the year	Number of share options at 31 December 2000
Ms. Ho Yin King, Helena	8 January 1997 to 7 January 2007	Nil	3,750,000
Ms. Ho Yat Wah, Hermia	24 January 1997 to 23 January 2007	Nil	1,475,000
Mr. Ho Fai Keung, Jacky	8 January 1997 to 7 January 2007	Nil	2,537,000

(iii) Shares in a subsidiary

As at 31 December 2000, the following Directors and their associates held interests in the shares of Jackin Video Cassette (Taiwan) Limited, a 99.9% owned subsidiary of the Company as follows:

	Number of ordinary shares of NT\$10 each
Ms. Ho Yin King, Helena	4
Mr. Yung Kwok Wah	4
Ms. Ho Yat Wah, Hermia	4
Mr. Ho Fai Keung, Jacky	4
Ms. Lo Suk King (the wife of Mr. Ho Fai Keung, Jacky)	4
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In addition to the above, the following Directors held interests in the non-voting deferred shares of wholly owned subsidiaries of the Company as at 31 December 2000 as follows:

Name of subsidiary	Name of Directors	Number of non-voting deferred shares held
Jackin Magnetic Company Limited	Ms. Ho Yin King, Helena	3,600 shares of HK\$100 each
	Ms. Ho Yat Wah, Hermia	3,200 shares of HK\$100 each
	Mr. Ho Fai Keung, Jacky	3,200 shares of HK\$100 each
Jackin Video Cassette Co. Limited	Ms. Ho Yin King Helena	330,000 shares of HK\$1 each
	Ms. Ho Yat Wah, Hermia	330,000 shares of HK\$1 each
	Mr. Ho Fai Keung, Jacky	340,000 shares of HK\$1 each

Other than as disclosed above and certain nominee shares in subsidiaries held by the Directors in trust for the Group, 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, and none of the Directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

The Company adopted a share option scheme for employees in 1996. There was no movement of share options during the year.

Other than the share option scheme for employees of the Company or any of its subsidiaries 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.

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 had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Other than as disclosed above, at no time during the year, did the Company or any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the Directors, the Company was not notified of any other interests representing 10% or more of the Company's issued share capital.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, being the jurisdiction in which the Company was incorporated.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2000 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.

AUDITORS

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

On behalf of the Board

HO YIN KING, HELENA
CHAIRMAN

Hong Kong, 23 April 2001