

# REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31st March 2001.

## **Principal Activities**

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are the manufacturing and selling of consumer electronic products and printed circuit boards, and trading of semiconductors.

## **Results and Appropriations**

The results for the year are set out in the consolidated profit and loss account on page 15.

The directors do not recommend the payment of a dividend.

## **Reserves**

Movements in the reserves of the Group and the Company during the year are set out in note 20 to the accounts.

## **Fixed Assets**

Details of the movements in fixed assets of the Group are set out in note 10 to the accounts.

## **Share Capital**

Details of the movements in share capital of the Company are set out in notes 18 to the accounts.

## **Five 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 44.

## **Purchase, Sale or Redemption of Shares**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## Directors

The directors during the year were:

Mr YIP Sum Yin

Mr YIP How Yin, Maurice

Madam YU Hung Min

Mr LAI Wing Leung, Peter \*

Mr LAM Kwok Cheong \*

In accordance with Sections 99 and 182 (vi) of the Company's Bye-laws, Mr LAI Wing Leung, Peter retire by rotation and, being eligible, offer himself for re-election.

\* *independent non-executive directors*

## Directors' Service Contracts

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## Biographical Details of Directors

Brief biographical details of directors are set out as follows:

### Executive directors

**Mr YIP Sum Yin**, aged 52, is the Chairman and Managing Director of the Group. He is one of the co-founders of the Group, which was founded in 1982. He graduated from Taiwan Provincial College of Marine & Oceanic Technology with a Bachelor of Science degree in Electronic Engineering. He has over 27 years of experience in the electronics industry and is responsible for the Group's overall policy decisions as well as product research and development.

**Mr YIP How Yin, Maurice**, aged 45, is a brother of Mr YIP Sum Yin and the Chief Executive of the Group. He is responsible for the Group's overall corporate planning and management. He obtained a Master of Science degree in Transportation Planning and Engineering from the University of Leeds, the United Kingdom. Prior to joining the Group in 1984, he served as a consulting transportation engineer to the Hong Kong Government for three years and was also an assistant lecturer in the Centre of Urban Studies and Urban Planning, University of Hong Kong. He has over 17 years of experience in the consumer electronics industry.

**Madam YU Hung Min**, aged 47, is the wife of Mr YIP Sum Yin and an executive director of the Group. She is one of the co-founders of the Group. She worked for a semi-conductor manufacturing company for more than six years and a LCD watch manufacturing company for another four years before founding the Group in 1982. She is responsible for Group's administration.

## **Biographical Details of Directors (continued)**

### **Independent non-executive directors**

**Mr LAI Wing Leung, Peter**, aged 44, was appointed as an independent non-executive director of the Company in 1997. He is a holder of a Bachelor of Science degree from the University of Hong Kong and is an Associate of the Hong Kong Institute of Bankers. He was also a registered representative of various stock exchanges in Canada and the USA. He has over 22 years' experience in banking and securities industries.

**Mr LAM Kwok Cheong**, aged 47, was appointed as an independent non-executive director of the Company in 1997. He is a holder of a Bachelor of Law degree from the University of Hong Kong. He is a member of The Law Society of Hong Kong. He has over 22 years' experience as a Solicitor.

### **Senior Management**

**Mr LI Kam Tong**, aged 42, is a Chief Operation Officer of the Group. He obtained a Master of Science degree from the City University of Hong Kong. He joined the Group in 1996 and is responsible for the electronic plant operation.

**Madam HO Heung Ming**, aged 47, is the Financial Controller of the Group. She holds a Bachelor of Social Science degree from the Chinese University of Hong Kong. She joined the Group in 1991 and is responsible for the Group's accounting and financial control.

### **Directors' Interests in Contracts**

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company 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 Equity or Debt Securities**

At 31st March 2001, the interests of the directors and chief executives in the shares and options of the Company and its associated corporations (within the meaning of Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company, were as follows:

- (a) 138,583,000 shares of the Company are beneficially owned by Sum Tai Holdings Limited which is in turn wholly owned by a discretionary trust established for the benefit of Mr YIP Sum Yin, Madam YU Hung Min and their family.
- (b) 47,980,000 shares of the Company are beneficially owned by Maroc Ventures Inc. which is in turn wholly owned by a discretionary trust established for the benefit of Mr YIP How Yin, Maurice and his family.

## Directors' Interests in Equity or Debt Securities (continued)

Save as disclosed above and other than certain non-beneficial ordinary shares in subsidiaries held in trust for the Group by Mr YIP Sum Yin, none of the directors, chief executives or their associates have any beneficial or non-beneficial interests in the share capital of the Company or associated corporations which are required to be disclosed or notified pursuant to the SDI Ordinance.

Apart from the interests mentioned above, at no time during the year was the Company, its subsidiaries or its holding company a party to any arrangements to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial Shareholders

At 31st March 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of the directors and chief executives as disclosed above.

## Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## Major Customers and Suppliers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

	2001	2000
	%	%
Purchases		
– the largest supplier	14	12
– the five largest suppliers combined	40	40
Sales		
– the largest customer	20	13
– the five largest customers combined	41	37

None of the directors, their associates or shareholders (who to the knowledge of the directors own more than 5% of the Company's issued share capital) were interested at any time in the year in the above suppliers and customers.

### **Pre-emptive Rights**

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

### **Compliance with the Code of Best Practice of the Listing Rules**

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") except that non-executive directors are not appointed for a specified term as recommended in Paragraph 7 of Appendix 14 "Code of Best Practice" of the Listing Rules. According to the Bye-laws of the Company, non-executive directors of the Company will retire by rotation and their appointments will be reviewed when they are due for re-election. In the opinion of the directors, this meets the same objective as the Code of Best Practice.

### **Audit Committee**

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness both the external and internal audit and of internal controls and risk evaluation. The Committee comprises two independent non-executive directors, namely Mr LAI Wing Leung, Peter and Mr LAM Kwok Cheong.

### **Auditors**

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Yip Sum Yin**

*Chairman*

Hong Kong, 23rd July 2001