

## OTHER CORPORATE INFORMATION

### 1. CUSTOMERS AND SUPPLIERS

The information in respect of the Group's turnover and purchases attributable to the major customers and suppliers during the financial year ended 31 December 2002 is as follows:

#### (a) Major customers

	<b>Percentage of the Group's total turnover</b>
The largest customer	7%
Five largest customers in aggregate	24%

#### (b) Major suppliers

	<b>Percentage of the Group's total purchases</b>
The largest supplier	8%
Five largest suppliers in aggregate	32%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) any beneficial interests in these major customers and suppliers.

### 2. FINANCIAL REVIEW

The principal income of the Group for the year ended 31 December 2002 is derived mainly from sales of Liquid Crystal Displays and Liquid Crystal Display Modules. Turnover for the year was HK\$1,085,558,000 which is an increase of 4.2% over the previous year. The operating profit was HK\$140,838,000. The profit attributable to shareholders amounted to HK\$111,378,000, which represents an increase of 157.3% over the previous year.

There was a net cash inflow during 2002. Cash and deposits with banks and other financial institutions less bank overdrafts at 31 December 2002 totalled HK\$460,875,000.

### 3. DETAILS OF DIRECTORS

**Dr Chang Chu Cheng**, 59, is the Chairman of the Group. He gained his doctorate in Solid State Electronics from the University of Manchester Institute of Science & Technology in 1969 and lectured in Physics and Electronics at the Chinese University of Hong Kong prior to co-founding Varitronix in 1978 with other fellow directors. He presently serves as a Non-Executive Director of SAS Dragon Holdings Limited and Fujikon Industrial Holdings Limited which are both listed on The Hong Kong Stock Exchange Limited. He is also currently a member of TDC Electronics/Electrical Appliances Industry Advisory Committee, an Honorary Advisor of Hong Kong Critical Components Manufacturers Association and an honorary Chairman of Hong Kong Photographic and Optics Manufacturers Association.

### 3. DETAILS OF DIRECTORS (continued)

**Dr Yan Sze Kwan**, 59, is a Director of the Company with responsibility for overlooking operations and plant expansion. He has a Ph.D. in Physics from Massachusetts Institute of Technology and a postdoctoral from Wesleyan University, USA. From 1978 to 1987 he lectured firstly at Baptist College and subsequently at Hong Kong Polytechnic. Dr. Yan has been a Director since 1978 and subsequently became an Operations Manager of Varitronix in 1987.

**Chung Shun Ming**, 56, is a Director of the Company and Varitronix Limited, the main production arm of the Group, responsible for production planning and marketing. He holds a B.Sc. in Electrical Engineering from the University of California, Berkeley. From 1970 to 1978 he worked for Tai Wo Electronics Co. before joining Varitronix in 1978.

**Kwok Siu Kwan**, 51, is a Director of the Company responsible for technical development. He graduated from Hong Kong University and subsequently gained an M.Phil in Electronics at the Chinese University of Hong Kong and worked for Microelectronics Ltd. and Ampex Ferrotec Ltd. before joining Varitronix in 1979.

**James Lee Goon Nam**, 62, was an Executive Director of the Company and had primary responsibility for project development. He holds an M.Sc.Eng. from the University of New South Wales and from 1966 to 1974 was with AWA Limited in Australia. He subsequently lectured in Electronics at the Chinese University of Hong Kong before joining Varitronix full time in 1986 but has been a Director of Varitronix since its establishment and a non-executive director since beginning of 2001.

**Professor Charles Kao Kuen**, 69, has been an independent Non-Executive Director of the Company since 1991. He is a member of the Audit Committee of the Company. He was the former Vice-Chancellor of the Chinese University of Hong Kong (October 87 – July 96). He gained a Ph.D. from the University of London and is a world renowned expert in telecommunications and fibre optics. Since his retirement from the University in 1996, he has become a consultant. He is the Chairman and CEO of his consulting company, ITX Services Limited.

**Anthony Lui Chi Shing**, 57, has been an independent Non-Executive Director of the Company since 1991. He is the Chairman of the Audit Committee of the Company. He is a Fellow of the Institute of Chartered Accountants in England and Wales, an Associate Member of the Chartered Institute of Taxation and an Associate Member of the Hong Kong Society of Accountants. He has been practising as an accountant in Hong Kong for 24 years and is the sole proprietor of the firm Milne Ross (Certified Public Accountants).

### 4. SENIOR MANAGEMENT'S PROFILES

The management executives of the Company during the financial year were as follows:

#### Hong Kong and China

Craig Masterton	Deputy Operations Officer
Patrick Pun	Financial Controller
Dr Y.K. Fung	Project Manager
K.P. Ho	Technical Manager/LCM R&D
Amy Hsu	Human Resources Manager

#### Malaysia

Dr Tom S.K. Seah	Chief Executive Officer, Varitronix (Malaysia) Sdn. Bhd.
Peter T.H. Chang	General Manager, Varitronix (Malaysia) Sdn. Bhd.

The details of the management executives are as follows:

**Craig Masterton**, 55, is the Deputy Operations Officer of the Company. His primary responsibility for Manufacturing, Quality, Production and Material Control, Design Development, Process Engineering, and Purchasing. He has a M.Sc in Organizational Effectiveness from the University of New Haven and continued postgraduate studies in Organizational Effectiveness at Yale University. He has over 30 years of experience in various industries and was a consultant to companies in the international business environment for nine of those years.

**Patrick Pun**, 42, is the Financial Controller responsible for overall finance matters of the Group. Mr. Pun is a Chartered Management Accountant in U.K. and a Fellow of the Hong Kong Society of Accountants. Mr. Pun has over 15 years working experience with several multinational companies before joining the Group in 1997. Presently he is the Chairman of Industry and Technology Committee of the Hong Kong General Chamber of Commerce, a member of the Hong Kong Productivity Council and a member of Committee on Technologist Training of the Vocational Training Council.

**Dr Y.K. Fung**, 48, is a Project Manager of Varitronix Limited. After graduating from Ottawa University with a B.A.Sc. in Electrical Engineering in 1981, he worked for many years in the LCD industry both in this region and in the U.S.. Before joining the Group in 1995, he was with Kent States University from 1989 to 1994 working for his master and doctorate degrees in Physics.

**K.P. Ho**, 56, graduated from Hong Kong Polytechnic in 1973 with a Higher Certificate in Electrical Engineering and joined the Group in 1982. He is responsible for research and development of LCM products.

**Amy Hsu**, 48, is a Human Resources Manager of Varitronix Limited. She has over 20 years of extensive experience in all aspects of human resources management from diversified fields and with several multi-national companies working in HK, PRC, Canada & Taiwan before joining the Group in 2000. She graduated from Kingston University in UK and has been certified as HR Professional of Ontario (CHRP), MIPM in UK, and also members of various distinguished professional bodies such as Business British Graduate Society (UK), HK Society of Training & Development and Institute of Human Resources Management in HK.

### 4. SENIOR MANAGEMENT'S PROFILES *(continued)*

**Dr Tom S.K. Seah**, 53, is the Chief Executive Officer and a Director of Varitronix (Malaysia) Sdn. Bhd.. Immediately after he gained his doctorate in Theoretical Physics from University of North Carolina in 1975, he did his military service as an Artillery Officer in the Singapore Armed Forces until 1978. He then joined Printed Circuits International Ltd. (Singapore) as Project Engineer and left in 1981 as Product Director responsible for the entire LCD Division. From 1981 till 1996, he held various positions in Donnelly Corporation (USA) as Applied Research Manager, Technical Director and finally General Manager of a subsidiary of Donnelly in Yantai of China. He joined Varitronix (Malaysia) Sdn. Bhd. in July 1996.

**Peter T.H. Chang**, 53, is the General Manager of Varitronix (Malaysia) Sdn. Bhd.. He graduated from the University of Birmingham in 1975 with an M.Sc. and worked for National Semiconductor Corp. for three years as a QA Engineering Manager followed by working as General Manager in several other corporations in Malaysia. He joined Varitronix in 1992.

### 5. STAFF RETIREMENT SCHEMES

A subsidiary of the Company, Varitronix Limited, operates a defined contribution retirement scheme, whose assets are separate from the Group. The scheme is formally established under trust and is approved by the Inland Revenue Department under Section 87A of the Inland Revenue Ordinance. Both the employer and the employee are required to contribute 5% of the employee's basic monthly salary to the scheme.

The total retirement scheme cost charged to the Income Statement for the year was HK\$5,879,000 (2001: HK\$6,188,000). Charges to administer the scheme are deducted from the employer's contributions. Forfeited contributions are used by the employer to offset against future contributions. The amount so utilised during the year was HK\$201,000 (2001: HK1,552,000) and no balance (2001: Nil) was available for such use at 31 December 2002.

With effect from 1 December 2000, the Group also operates a MPF Scheme which was compulsory as enforced by The Mandatory Provident Fund Schemes Authority of Hong Kong. The existing retirement scheme will be a Top-Up ORSO scheme. The MPF Scheme is a defined contribution retirement benefit scheme administrated by independent trustees. The employer and the employee have to contribute in total an amount equal to 10% of the relevant income of the employee to the MPF Scheme. Contributions from employer are 100% vested in the employees accounts as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions. The vesting for retirement scheme will remain unchanged.

Varitronix (Malaysia) Sdn. Bhd. operates a staff provident fund scheme under the Employees Provident Fund Act 1951. The employer and employee are required to contribute a certain percentage of the employee's basic monthly salary according to the Act. The total employer's contributions charged to the Income Statement for the year was HK\$1,877,000 (2001: HK\$2,193,000).