

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

### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company and the activities of its principal subsidiaries are set out in note 36 to the financial statements.

### **RESULTS**

The results of the Group for the year ended 31st December 2002 are set out in the consolidated income statement on page 23.

No dividend was paid during the year.

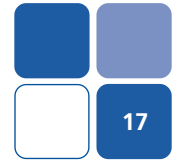
### **INVESTMENT PROPERTIES**

At 31st December 2002, the investment properties of the Group were revalued by an independent firm of professional property valuers on an open market value basis at HK\$57,000,000. Details are set out in note 12 to the financial statements.

Particulars of investment properties of the Group at 31st December 2002 are set out on page 71.

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

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



## DIRECTORS

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

### *Executive Directors*

Yim Yuk Lun, Stanley

Wong Sui Chuen (appointed on 2nd January 2003)

Ng Sai Ping, Dominic (resigned on 26th February 2003)

### *Non-Executive Director*

Dr. Chang Chu Cheng

### *Independent Non-Executive Directors*

Dr. Lui Ming Wah, J.P.

Chang Ping Kin

Wong Tak Yuen, Adrian

Liu Chun Ning, Wilfred

Li Seung, Sammy (resigned on 27th January 2003)

In accordance with Clauses 86(2), 87(1) and 87(2) of the Company's Bye-Laws, Messrs. Wong Sui Chuen and Chang Ping Kin retire and, being eligible, offer themselves for re-election.

The term of office for the non-executive director and each independent 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 2002, 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:

<b>Name</b>	<b>Number of ordinary shares</b>	
	<b>Personal interests</b>	<b>Family interests</b>
Yim Yuk Lun, Stanley	5,490,000	55,533,400 <i>(Note)</i>

*Note:* These shares are held by a unit trust whose trustee is Unimicro Limited, a company incorporated in the British Virgin Islands, 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.

## SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 26 to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Date of grant	Exercise price per share	Exercisable period	Outstanding at 1.1.2002	Cancelled during the year	Lapsed during the year	Outstanding at 31.12.2002
HK\$							
<b>Directors</b>							
Yim Yuk Lun, Stanley	29.9.1997	3.80	29.9.1997 – 16.9.2004	1,000,000	–	–	1,000,000
	19.6.2000	0.57	20.6.2000 – 19.6.2002	1,600,000	–	(1,600,000)	–
	2.5.2001	0.39	2.5.2001 – 1.5.2002	1,250,000	–	(1,250,000)	–
Ng Sai Ping, Dominic	2.5.2001	0.39	2.5.2001 – 1.5.2002	2,500,000	–	(2,500,000)	–
	12.6.2001	0.49	12.6.2001 – 11.6.2002	200,000	–	(200,000)	–
Total Directors				6,550,000	–	(5,550,000)	1,000,000
<b>Employees</b>							
	4.3.1997	2.50	5.3.1999 – 4.3.2002	40,000	–	(40,000)	–
	4.5.2000	0.59	4.5.2002 – 3.5.2004	200,000	–	–	200,000
	17.6.2000	0.57	17.6.2002 – 16.6.2004	400,000	(200,000)	–	200,000
	2.5.2001	0.39	2.5.2001 – 1.5.2002	360,000	–	(360,000)	–
	12.6.2001	0.49	12.6.2001 – 11.6.2002	200,000	–	(200,000)	–
	14.6.2001	0.49	14.6.2001 – 13.6.2003	800,000	–	–	800,000
Total Employees				2,000,000	(200,000)	(600,000)	1,200,000
Grand Total				8,550,000	(200,000)	(6,150,000)	2,200,000

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.

## SUBSTANTIAL SHAREHOLDERS

At 31st December 2002, 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 2002 representing 10% or more of the issued share capital of the Company.

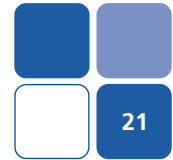
## CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Save for those connected transactions for the year disclosed in note 35 to the financial statements,

- (i) there were 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 35 to the financial statements and, in their opinion, these transactions were entered into by the Group:

- (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.



## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **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.

## **DONATIONS**

During the year, the Group made charitable and other donations amounting to HK\$25,000.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31st December 2002 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, 23rd April 2003