

Report of the Directors

The Directors submit their report together with the audited accounts for the year ended 31st December 2000.

CHANGE OF NAME

By a special resolution passed at an Extraordinary General Meeting held on 22nd May 2000, the Company changed its name from Tak Wing Investment (Holdings) Limited to U-Cyber Technology Holdings Limited. The change became effective on 31st May 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Group are currently investments, property development and management. With the changes in management, the Group has redefined its business directions into high-technology business.

RESULTS AND APPROPRIATIONS

The consolidated results for the year are set out on page 19. An analysis of the turnover and operating results by principal activities are set out in note 3 to the accounts.

The Directors do not recommend the payment of a dividend in respect of the year ended 31st December 2000.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 11 to the accounts.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 21 to the accounts.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 22 to the accounts.

DIRECTORS

The Directors of the Company during the year and at the date of this report are:

Tong Nai Kan	
Lam Cheung Shing, Richard	
Lau Park To, Patrick	(appointed on 12th April 2000)
Leung Wai Kwan	
Chow Sim Chu, Shirley	(appointed on 10th July 2000)
Ng Ge Bun *	
Tang Tin Sek *	
Ko Ming Tung, Edward *	
Chung Chun Keung	(resigned on 5th April 2000)
Fung Kit Lin, Stella	(resigned on 5th April 2000)
Tam Pui Ching, Celine	(resigned on 5th April 2000)
Siu King Nin, Peter *	(resigned on 15th June 2000)

* Independent non-executive Directors

In accordance with Article 110 of the Company's Articles of Association, Miss Chow Sim Chu, Shirley retires at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

Report of the Directors (Continued)

DIRECTORS (Continued)

In accordance with Articles 104 and 105 of the Company's Articles of Association, Messrs Lam Cheung Shing, Richard and Ng Ge Bun retire by rotation at the forthcoming Annual General Meeting 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 Company's Articles of Association.

The current Directors of the Company do not have any service contracts with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Pursuant to a sale and purchase agreement dated 5th April 2000, the Group disposed of the entire interest in a wholly-owned subsidiary company, Tak Wing Engineering (China) Limited, to Brilliant Ventures Holdings Limited, a company wholly owned by Dr Chung Chun Keung ("Dr Chung") for a cash consideration of HK\$1,125,000.

The Company entered into a consultancy agreement on 5th April 2000 with Dr Chung for the provision of general consultancy services to the Company for a period of seven years for a fee of HK\$2,376,000 payable on commencement and thereafter for a nominal fee of HK\$1 per annum.

On 5th April 2000, the Company entered into an agreement with a company controlled by Dr Chung for the transfer of all marks, logos, trade marks, service marks, domain names and business names relating to the names "Tak Wing", "Wan Hin" and "Funing" for a cash consideration of HK\$1.

On 5th April 2000, the Company disposed of a motor vehicle to Dr Chung for a cash consideration of HK\$175,000.

During the year, the Group paid interest expense to Great Opportunity Investments Limited on advances to the Company and rental expense to Lap Ho Properties Limited on leases of properties amounting to HK\$236,000 (1999: HK\$506,000) and HK\$1,777,000 (1999: HK\$1,185,000) respectively. Mr Tong Nai Kan is a substantial shareholder and director of these companies.

Save as disclosed above, there are no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies 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.

The above transactions constitute connected transactions under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). These transactions were conducted on normal commercial terms and in the normal course of the Group's business activities.

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

As at 31st December 2000, the interests of the Directors and chief executives of the Company in the equity or debt securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interest) Ordinance (the "SDI Ordinance"), which require notification to the Company pursuant to Section 28 of the SDI Ordinance, including interests which any such Director is deemed to have taken under Section 31 of, or part I of the Schedule to, the SDI Ordinance, or which are required to be entered in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Director	Nature of interest	Shares
Tong Nai Kan	Corporate	60,000,000

Note: These shares are beneficially owned by and registered in the name of Gold Blue Group Limited, which is 100% beneficially owned by Mr Tong Nai Kan.

Under the terms of the Company's share option schemes (the "Schemes") approved by the shareholders on 13th June 1996 and 22nd May 2000, the Directors of the Company may, at their discretion, offer any employees (including any Directors) of the Company or of any of its subsidiary companies options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Schemes. At 31st December 2000, the Directors of the Company, including those resigned during the year, had the following interests in options granted under the Schemes:

Name	Date granted	Period during which options are exercisable	Consideration paid for the options granted HK\$	Price per share to be paid on exercise of options HK\$	Number of options exercised during year	Number of options granted but not yet exercised
Chung Chun Keung	12th November 1996	12th February 1997 to 11th November 2000	10.00	1.00	1,000,000	–
Tam Pui Ching, Celine	4th November 1997	4th February 1998 to 3rd November 2001	10.00	1.00	100,000	–
Tong Nai Kan	11th July 2000	11th October 2000 to 10th October 2002	10.00	1.00	–	5,000,000
Lam Cheung Shing, Richard	11th July 2000	11th October 2000 to 10th October 2002	10.00	1.00	–	1,676,000
Leung Wai Kwan	11th July 2000	11th October 2000 to 10th October 2002	10.00	1.00	–	1,676,000
Lau Park To, Patrick	11th July 2000	11th October 2000 to 10th October 2002	10.00	1.00	–	1,676,000
Chow Sim Chu, Shirley	11th July 2000	11th October 2000 to 10th October 2002	10.00	1.00	–	1,676,000
					1,100,000	11,704,000

Report of the Directors (Continued)

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

Apart from the foregoing, at no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the Directors of the Company or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31st December 2000 and as far as the Directors are aware, the register of substantial shareholders of the Company maintained under Section 16(1) of the SDI Ordinance shows that the following shareholders had an interest of 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Number of shares	Percentage
Gold Blue Group Limited ("Gold Blue")	60,000,000	13.71
Tong Nai Kan (Note)	60,000,000	13.71

Note: Mr Tong Nai Kan is the beneficial owner of the entire issued share capital of Gold Blue. In accordance with the SDI Ordinance, the interests of Gold Blue are deemed to be, and have therefore been included in the interests of Mr Tong Nai Kan.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr Tong Nai Kan, Chairman and Managing Director of the Company, who owns several investment properties in Hong Kong, may compete with the Company's business. Having considering the location and nature of the properties, the portfolio of the properties owned by Mr Tong is of a different nature and category. In addition, given that the Company's new direction and strategy of migrating into high-tech business area, which are defined by the Board as a whole, there is no conflict of interest between Mr Tong's participation in his personal investment and his role as a Director of the Company.

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 subsidiary companies has purchased or sold any of the Company's shares during the year.

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

All the turnover of the Group during the year was attributable to the Group's five largest customers and 74% of the turnover was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers was 26% of the Group's total purchases of revenue and services, of which 11% was made from the largest supplier.

None of the Directors, their associates or any shareholder who to the knowledge of the Directors owns more than 5% of the Company's share capital has an interest in the suppliers or customers disclosed above.

Report of the Directors (Continued)

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange throughout the accounting period covered by this annual report, except that the audit committee was not established until 31st January 2000.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the audit committee (the "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 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 of the external and internal audit and of internal controls and risk evaluation. The Committee comprises three independent non-executive Directors, namely Mr Ng Ge Bun, Mr Tang Tin Sek and Mr Ko Ming Tung, Edward.

AUDITORS

Deloitte Touche Tohmatsu have resigned as auditors of the Company during the year and PricewaterhouseCoopers have been appointed as auditors of the Company to fill the casual vacancy.

PricewaterhouseCoopers retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the board

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 18th April 2001