

Report of the Directors



The directors have pleasure in presenting their report and the audited financial statements of Grand Field Group Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ended 31st December, 2000.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 14 to the financial statements.

SEGMENTAL INFORMATION

The Group’s turnover and profit from operations are substantially derived from property sale.

All of the activities of the Group are based in the People’s Republic of China (the “PRC”), excluding Hong Kong, and all of the Group’s turnover and profit from operations are derived from the PRC, excluding Hong Kong.

SUBSIDIARIES

Details of the Company’s subsidiaries at 31st December, 2000 are set out in note 14 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2000 are set out in the consolidated income statement on page 18.

No interim dividend was paid during the year. The directors do not recommend the payment of a final dividend for the year.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 24 to the financial statements.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 54.



TANGIBLE FIXED ASSETS

The Group revalued its investment properties at 31st December, 2000, resulting in a revaluation deficit of approximately HK\$1.1 million, which has been charged to the investment property revaluation reserve.

Details of these and other movements during the year in the tangible fixed assets of the Group are set out in notes 12 and 13 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st December, 2000 are set out on pages 55 to 58.

BORROWINGS AND CAPITALISATION OF INTEREST

Details of bank and other borrowings and obligations under hire purchase contracts are set out in notes 25 and 27, respectively, to the financial statements.

Interest capitalised by the Group during the year in respect of properties under development amounted to HK\$2,785,000 (1999: HK\$4,175,000).

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 22 to the financial statements.

PURCHASE, SALE AND 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.

Report of the Directors



DIRECTORS

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

Executive directors

Mr. Tsang Wai Lun, Wayland (Chairman)
Madam Kwok Wai Man, Nancy
Mr. Lau Tam Wah
Mr. Li Shu Chung

Non-executive director

Mr. Lin Yuan Chuan (resigned on 27th June, 2000)

Independent non-executive directors

Mr. Hui Pui Wai, Kimber
Mr. Ho Kwong Yue, Sidney (appointed on 5th October, 2000)
Mr. Miu Nam (resigned on 5th October, 2000)

Madam Kwok Wai Man, Nancy retire by rotation and Mr. Ho Kwong Yue, Sidney retire and, being eligible, offer themselves for re-election.

Each of the executive directors has entered into a service contract with the Company for an initial term of three years commencing from 1st October, 1999.

Save as aforesaid, 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).

Report of the Directors



DIRECTORS' INTERESTS IN SHARES AND OPTIONS

(i) Shares

At 31st December, 2000, the interests of the directors 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 Interests) Ordinance (“SDI Ordinance”) were as follows:

Directors	Number of shares held			
	Personal interests	Family interests	Corporate interests	Other Interests
Mr. Tsang Wai Lun, Wayland	25,000,000	–	620,250,000 (Note)	–
Madam Kwok Wai Man, Nancy	4,750,000	–	620,250,000 (Note)	–
Mr. Lau Tam Wah	1,000,000	–	–	–
Mr. Li Shu Chung	250,000	–	–	–

Note: These shares are held through Rhenfield Development Corp., the entire issued share capital of which is owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal shares.

(ii) Options

As is more fully explained in note 23 to the financial statements, the Company has a share option scheme under which executive directors and employees of the Company and any of its subsidiaries may be granted options to subscribe for shares in the Company.

Report of the Directors



DIRECTORS' INTERESTS IN SHARES AND OPTIONS (continued)

(ii) Options (continued)

Details of the share options granted to the directors of the Company under the share option scheme are as follows:

Name of director	Date of grant	Exercise price HK\$	Exercise period	Number of share options			Outstanding at 31/12/2000
				Granted during the year	Exercised during the year	Adjustment during the year (note)	
Mr. Tsang Wai Lun, Wayland	25/1/2000	0.1824 (note)	25/1/2000 to 24/1/2003	5,000,000	5,000,000	-	-
	16/8/2000	0.2002	16/8/2000 to 16/8/2003	4,950,000	-	-	4,950,000
Madam Kwok Wai Man, Nancy	25/1/2000	0.1824 (note)	25/1/2000 to 24/1/2003	5,000,000	5,000,000	-	-
	16/8/2000	0.2002	16/8/2000 to 16/8/2003	4,950,000	-	-	4,950,000
Mr. Lau Tam Wah	25/1/2000	0.1824 (note)	25/1/2000 to 24/1/2003	600,000	200,000	1,600,000	2,000,000
Mr. Li Shu Chung	25/1/2000	0.1824 (note)	25/1/2000 to 24/1/2003	200,000	100,000	400,000	500,000

Note: On 3rd July, 2000, the number and exercise price of the share options were adjusted as a result of the subdivision of the Company's shares from every share of HK\$0.10 each into five shares of HK\$0.02 each.

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 neither the directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

Report of the Directors



DIRECTORS' INTERESTS IN SHARES AND OPTIONS *(continued)*

(iii) Shares in subsidiaries

Each of Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy is also interested in the following number of non-voting deferred shares in the following subsidiaries of the Company:

	Grand Field Group Limited	Ka Fong Industrial Company, Limited	Kwan Cheung Holdings Limited	Shing Fat Hong Limited
Mr. Tsang Wai Lun, Wayland	1 share of HK\$100	1,000 shares of HK\$100 each	1 share of HK\$100	1 share of HK\$1
Madam Kwok Wai Man, Nancy	1 share of HK\$100	1,000 shares of HK\$100 each	1 share of HK\$100	1 share of HK\$1

Other than the share holdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, at 31st December, 2000, neither the directors nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SDI Ordinance.

DIRECTORS' INTERESTS IN CONTRACTS

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.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31st December, 2000.

RETIREMENT SCHEME

With effect from 1st December, 2000, a mandatory provident fund scheme has been set up for all the eligible employees of the Group in Hong Kong. The mandatory provident fund scheme is a defined contribution retirement scheme and the contributions to the fund by the Group and employees are calculated as a percentage of employees' basic salaries. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contribution to the retirement scheme charged to the income statement was approximately HK\$5,000 for the year.

Report of the Directors



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.

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the year.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements.

AUDITORS

During the year, Charles Chan, Ip & Fung CPA Ltd. were appointed as the Company's auditors in place of the retiring auditors, Messrs. Deloitte Touche Tohmatsu. There have been no other changes of the Company's auditors in the past three years.

A resolution for the re-appointment of Charles Chan, Ip & Fung CPA Ltd. as the auditors of the Company for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the board

Tsang Wai Lun, Wayland

Chairman

Hong Kong, 24th April, 2001