



REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the year ended 31st December, 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Group are securities, futures, bullion and share trading, underwriting, fund management, share margin financing and property development.

SUBSIDIARIES

Particulars of the subsidiaries of the Company are set out in note 13 on the financial statements.

ASSOCIATES

Particulars of the associates of the Company and the Group are set out in note 14 on the financial statements.

ACCOUNTS

The results of the Group for the year ended 31st December, 2000 and the state of affairs of the Group and of the Company at that date are set out in the financial statements on pages 16 to 55.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31st December, 2000.

MAJOR CUSTOMERS

The five largest customers of the Group accounted for less than 30% of the Group's turnover of the year.

None of the above five largest customers holds more than a 5% equity interest in the Company.

Save as disclosed above, neither the directors, their associates, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital had any interest in the five largest customers.

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately HK\$5.5 million which comprised mainly computers and office equipment.

Details of the movements of fixed assets during the year are set out in note 12 on the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Details of the Group's bank borrowings are set out in note 23 on the financial statements. No interest was capitalised by the Group during the year.

PROVIDENT FUND

The Group has established a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

DIRECTORS

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

Executive directors

Mr. Evans Carrera Lowe	<i>(Chairman and Chief Executive Officer)</i>
Ms. Irene Wai Yin So	
Mr. Danny Tak Tim Chan	
Mr. Philip Tai Yip Poon	
Mr. Eric Carrera Lowe	
Mr. Chan Hing Fung, Nelson	<i>(Appointed on 3rd July, 2000)</i>
Mr. Liu Xian Yuan	<i>(Resigned on 15th May, 2000)</i>

Independent non-executive directors

Mr. Alan George Thompson	
Mr. David King Chuen Lung	
Mr. Michael Tuen Ming Hui	<i>(Resigned on 26th January, 2000)</i>

Messrs. Eric Carrera Lowe and David King Chuen Lung, retire by rotation pursuant to article 103 of the Company's articles of association and, being eligible, offer themselves for re-election.

Mr. Chan Hing Fung, Nelson, retired pursuant to article 94 of the Company's articles of association and, being eligible, offers himself for re-election.

Two independent non-executive directors, Messrs. Alan George Thompson and David King Chuen Lung, were re-appointed for a two-year term expiring on 31st December, 2002 upon the expiration of their appointments on 31st December, 2000.

SHARE CAPITAL

Movements of employee share options and share capital of the Company during the year are set out in note 27 on the financial statements.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 28 on the financial statements.

DISTRIBUTABLE RESERVES

At 31st December, 2000, the Company did not have any reserves available for cash distribution. However, the Company's share premium account may be distributed in the form of fully-paid bonus shares.

GROUP FINANCIAL SUMMARY

Results, assets and liabilities of the Group for the last five years are summarised on page 56 to 57.



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INTEREST IN CONTRACTS

No contracts of significance to which the Company or its subsidiaries were a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY AND ITS SUBSIDIARIES

As at 31st December, 2000, the interests of the directors and chief executive of the Company 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 required to be kept under section 29(1) of the SDI Ordinance were as follows:

Name of director	Number of ordinary shares held		
	Personal	Corporate	Total
	interests HK\$	interests HK\$	
Mr. Evans Carrera Lowe	27,343,027	64,205,947*	91,548,974
Ms. Irene Wai Yin So	8,809,567	–	8,809,567
Mr. Danny Tak Tim Chan	2,934,029	–	2,934,029
Mr. Philip Tai Yip Poon	3,608,163	–	3,608,163
Mr. Eric Carrera Lowe	156,218	–	156,218
Mr. Alan George Thompson	698,779	–	698,779

* These shares are held through Global Source Company Limited, Supreme Grass Limited and Lowe Holdings Company Limited Inc., all of which are companies beneficially owned by Mr. Evans Carrera Lowe.

Save as disclosed above and other than certain nominee shares in the subsidiaries held by Messrs. Evans Carrera Lowe, Philip Tai Yip Poon, Danny Tak Tim Chan and Ms. Irene Wai Yin So in trust for the Company, the directors, chief executive or any of their associates did not have other interests in any shares of the Company or any of its associated corporations as defined under the SDI Ordinance as at 31st December, 2000.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2000, the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance shows that, other than the interest disclosed above in respect of Mr. Evans Carrera Lowe, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company discloses that during the year and up to the date of this report, no directors held interests and/or directorships in companies engaged in similar business as the Group in Hong Kong and The People's Republic of China.

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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

The number of share options to subscribe for ordinary shares in the Company exercised by certain of the directors during the year, together with the number of outstanding share options at the balance sheet date, were as follows:

Name of director	Number of share options in the Company		
	Outstanding at beginning of year	Exercised during the year	Outstanding at end of year
Mr. Eric Carrera Lowe	500,000	200,000	300,000
Mr. Danny Tak Tim Chan	600,000	300,000	300,000
Mr. Philip Tai Yip Poon	600,000	–	600,000
Mr. Evans Carrera Lowe	3,400,000	–	3,400,000
Ms. Irene Wai Yin So	2,000,000	–	2,000,000
	<u>7,100,000</u>	<u>500,000</u>	<u>6,600,000</u>

Details of the share options granted to directors which remained outstanding at 31st December, 2000 are as follows:

Name of director	Date of options granted	Number of share options under	Subscription price per share (Subject to adjustment) HK\$	Option Exercise period
Mr. Eric Carrera Lowe	18/06/1997	100,000	1.22	18/06/1998 to 17/06/2002
	13/01/1999	200,000	0.49	13/07/2001 to 12/07/2004
Mr. Danny Tak Tim Chan	13/01/1999	300,000	0.49	13/07/2001 to 12/07/2004
Mr. Philip Tai Yip Poon	13/01/1999	300,000	0.49	13/07/1999 to 12/07/2004
	13/01/1999	300,000	0.49	13/07/2001 to 12/07/2004
Mr. Evans Carrera Lowe	13/01/1999	1,700,000	0.49	13/07/1999 to 12/07/2004
	13/01/1999	1,700,000	0.49	13/07/2001 to 12/07/2004
Ms. Irene Wai Yin So	13/01/1999	1,000,000	0.49	13/07/1999 to 12/07/2004
	13/01/1999	<u>1,000,000</u>	0.49	13/07/2001 to 12/07/2004
		<u>6,600,000</u>		

Except for the above, at no time during the year was the Company or its subsidiaries a party to any arrangements in which the directors or chief executive or their spouses or children under 18 years of age were granted any right or options to subscribe for shares or debentures in the Company or its associated corporations.



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Subsequent to the balance sheet date on 27th February and 1st March, 2001, 1,000,000 options and 2,000,000 options were granted to directors and employees of the Company respectively pursuant to the share option scheme with an exercise price of HK\$0.38 per share. The options will be exercisable during the period of 5 years commencing on the expiry of 6 months after the date upon which the options are accepted in accordance with the share options scheme and expiring on the last day of such period or 3rd February, 2008, whichever is the earlier.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details in respect of the directors of the Company are set out on pages 6 to 7.

MANAGEMENT CONTRACTS

None of the directors has a service contract with the Company or any of its subsidiaries which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CODE OF BEST PRACTICE

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 year covered by the annual report.

DISCLOSURE PURSUANT TO PRACTICE NOTE 19 OF THE LISTING RULES

As at 31st December, 2000, the Group recorded an amount after provision of HK\$17,157,746 and HK\$27,025,311 due from Dynamic Assets Limited and Noblesse Ventures Inc., which constituted approximately 28.72% and 45.24% of the Group's consolidated net assets at 31st December, 2000. The amounts due result from share margin loans. The amounts due are partly secured and interest is charged at 1% over Hong Kong prime rate.

AUDIT COMMITTEE

The Stock Exchange has revised its Code of Best Practice (Appendix 14 to the Listing Rules) to require every listed company to establish an Audit Committee with written terms of reference dealing clearly with its authority and duties. The Company has set up its Audit Committee on 18th September, 1998 with written terms of reference in accordance with the requirements of the Stock Exchange and such committee comprises of two of the Company's independent non-executive directors, Mr. David King Chuen Lung and Mr. Alan George Thompson. The Audit Committee acts in an advisory capacity and makes recommendations to the board. The Audit Committee met in mid-April 2001 to review the Group's 2000 final results before they were tabled to the Board for approval.

AUDITORS

Messrs. Li, Tang, Chen & Co. retire, and being eligible, offer themselves for re-appointment.

On behalf of the Board

Evans C Lowe
Chairman

Hong Kong, 23rd April, 2001