



DIRECTORS' REPORT

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The Directors present their annual report and the audited financial statements for the year ended 31st December, 2000.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 28 to the financial statements.

RESULTS

The results of the Group for the year ended 31st December, 2000 are set out in the consolidated income statement on page 13.

RESERVES

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 48.

INVESTMENT PROPERTIES

The Group revalued all its investment properties at the year end date. The revaluation resulted in a deficit of HK\$4,805,000, which has been charged directly to the consolidated income statement. Details of the revaluation are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES HELD FOR DEVELOPMENT

Movements during the year in the Group's property, plant and equipment and the details of the Group's properties held for development are set out in notes 14 and 15 to the financial statements respectively.

Particulars regarding the Group's major properties are set out on pages 49 and 50.



DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

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

DIRECTORS

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

Executive Directors

Mr. Leung Siu Fai

Mr. Kam Hung Chung

Mr. Ling Weizeng

(resigned on 13th April, 2000)

Independent Non-Executive Directors

Mr. Eddie Mui Ho Chow

Mr. Peter Lee Yip Wah

In accordance with the provisions of the Company's Bye-laws, Mr. Kam Hung Chung retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

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).

The term of office of each Independent Non-Executive Director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.



DIRECTORS' REPORT (CONTINUED)

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Leung Siu Fai, aged 50, is the Chairman and Managing Director of the Company. Mr. Leung was appointed as a director of the Company in July 1995. He graduated from Guangzhou Jinan University and has extensive experience in finance and business management.

Kam Hung Chung, aged 53, joined the Company as an Assistant Managing Director in April 1998. He has extensive experience in the marketing and administration of real estate, and property development both in Hong Kong and the People's Republic of China, other than Hong Kong.

Ling Weizeng (former Director), aged 48, joined the Company as an Assistant Managing Director in August 1997. He graduated from Guangzhou Zhongshan University. He has extensive experience in finance and project funding. He resigned as a Director of the Company on 13th April, 2000.

Independent Non-Executive Directors

Eddie Mui Ho Chow, aged 44, is an Independent Non-Executive Director of the Company. Mr. Mui graduated from the University of Hong Kong. He was appointed as a Director of the Company on 1st February, 1995. He is a practising lawyer. He has 18 years of working experience, and specialises in commercial and industrial law.

Peter Lee Yip Wah, aged 59, has been an Independent Non-Executive Director of the Company since 10th April, 1995. Mr. Lee is a practising solicitor and a partner of Woo, Kwan, Lee & Lo. He is also a Non-Executive Director of Tern Properties Company Limited, Elec & Eltek International (Holdings) Limited, Yu Ming Investments Limited and Shum Yip Investment Limited.

Note: The Group's businesses are under the direct responsibility of the above executive directors who are regarded as members of the senior management of the Group.

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.



DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES

As 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 Interest) Ordinance (the "SDI Ordinance") were as follows:

Name of Director	Number of shares held Corporate interests
Leung Siu Fai	110,549,527 (note)

Note: These shares are held in the name of Mighty Management Limited which is controlled by Mr. Leung Siu Fai.

Save as disclosed above, none of the Directors, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2000, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, the shareholders who were interested in 10% or more of the issued share capital of the Company are as follows:

Name	Number of shares held	Percentage of total issued shares
Mighty Management Limited	110,549,527(note)	18.96%
San Kin Yip Holdings Company Limited	64,928,936	11.14%
Ms. Lu Biru	96,000,000	16.47%

Save as disclosed above, no other parties were recorded in the register as having an interest in 10% or more of the issued share capital of the Company.

Note: These shares are disclosed above in section under "Directors' Interests in Shares".



DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Pursuant to an ordinary resolution passed on 28th June, 1994, a Share Option Scheme was adopted whereby the Directors of the Company, at their discretion, are authorised to invite employees of any member of the Group, including directors of any member of the Group, to take up options to subscribe for shares not exceeding 10% of the issued share capital of the Company.

There were no options granted to or exercised by any Directors during the year. There were no options outstanding at the beginning and end of the year.

Details of the Share Option Scheme are set out in note 23 to the financial statements.

Except for the Share Option Scheme adopted by the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangement 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 as at 31st December, 2000, none of the Directors or chief executives, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any right under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the largest supplier accounted for 27% of the Group's purchases and the five largest suppliers accounted for 57% of the Group's total purchases. The largest customer accounted for 18% of the Group's turnover and the five largest customers accounted for 36% of the Group's total turnover.

None of the Directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has an interest in the Group's five largest suppliers and customers.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2000 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.



DIRECTORS' REPORT (CONTINUED)

EMPLOYEES

The total number of employees of the Group is approximately 400.

The remuneration of each employee of the Group is determined on the basis of his or her performance and experience. The Group provides education allowances to all the employees.

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.

AUDITORS

These financial statements were audited by Messrs. Kwan Wong Tan & Fong and they are now practising under the name of Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming annual general meeting to appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

LEUNG SIU FAI
CHAIRMAN

Hong Kong, 20th April, 2001