

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 15 to the financial statements. There were no changes in the nature of the Group's principal activities during the year.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area for the year ended 31 December 2000 is as follows:

	Turnover		Contribution to profit/(loss)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
By principal activity:				
Sale of properties	31,260	113,305	3,361	41,304
Rental income	467	322	405	299
Management income	836	1,050	(90)	111
	32,563	114,677	3,676	41,714
Operating expenses, net			(64,242)	(14,880)
			(60,566)	26,834
By geographical area:				
Mainland, The People's Republic of China (the "PRC")	32,111	114,470	3,284	41,530
Hong Kong	452	207	392	184
	32,563	114,677	3,676	41,714
Operating expenses, net			(64,242)	(14,880)
			(60,566)	26,834

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2000 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 28 to 60.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated/pro forma combined results and of the assets and liabilities of the Group for prior years, as extracted from the audited financial statements:

	Year ended 31 December				
	2000	1999	1998	1997	1996
	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(note 1)</i>	<i>(note 1)</i>	<i>(note 1)</i>
TURNOVER	32,563	114,677	117,891	105,116	78,951
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	(60,566)	26,834	51,224	34,257	23,810
Finance costs	(3,887)	(233)	–	–	–
(LOSS)/PROFIT BEFORE TAX	(64,453)	26,601	51,224	34,257	23,810
Tax	–	(10,459)	(10,000)	(5,811)	–
NET (LOSS)/PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(64,453)	16,142	41,224	28,446	23,810

ASSETS AND LIABILITIES

	Year ended 31 December			
	2000	1999	1998	1997
	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(note 1)</i>	<i>(note 1)</i>
FIXED ASSETS	49,560	53,120	60,709	11,967
INVESTMENT PROPERTIES	8,177	8,547	3,475	10,790
PROPERTIES UNDER DEVELOPMENT	135,505	113,290	119,060	91,542
CURRENT ASSETS	241,708	298,013	263,073	233,010
TOTAL ASSETS	434,950	472,970	446,317	347,309
CURRENT LIABILITIES	227,045	216,742	198,570	194,979
LONG TERM BANK LOANS, SECURED	11,056	20,306	30,567	–
LONG TERM OTHER LOANS, UNSECURED	21,809	20,370	20,370	20,370
TOTAL LIABILITIES	259,910	257,418	249,507	215,349
NET ASSETS	175,040	215,552	196,810	131,960

Notes:

1. The summary of the pro forma combined results of the Group for the three years ended 31 December 1998 have been extracted from the Company's prospectus dated 30 June 1998 and the published financial statements for the year ended 31 December 1998, respectively. Such summaries were prepared from the audited financial statements of the companies now comprising the Group, after appropriate adjustments and reclassifications, as if the current structure of the Group had been in existence throughout these financial years. The results of the Group for the two years ended 31 December 2000 are those set out on page 28 of the financial statements.
2. To date, the only published audited consolidated balance sheets of the Group prepared are those as at 31 December 1998, 1999 and 2000. The Group's pro forma combined balance sheet as at 31 December 1997 has been extracted from the published financial statements for the year ended 31 December 1998, prepared on the basis as if the Group had been in existence as at 31 December 1997. The Group's consolidated balance sheets as at 31 December 1999 and 2000 are those set out on page 30 of the financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in fixed assets and investment properties of the Group are set out in notes 12 and 13 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT/PROPERTIES FOR SALE

Details of the Group's properties under development/properties for sale are set out in note 14 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 15 to the financial statements.

BORROWINGS

Details of the Group's borrowings at the balance sheet date are set out in notes 17 and 19 to the financial statements.

INTEREST CAPITALISED

Interest of approximately HK\$9,003,000 (1999:HK\$14,445,000) was capitalised during the year in respect of the Group's properties under development.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year and thereafter, together with the reasons therefor, are set out in note 20 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 21 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2000, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK\$117,311,000, as computed in accordance with the Companies Act 1981 of Bermuda. In addition, under the laws of Bermuda, the Company's share premium account, with a balance of approximately HK\$31,860,000 as at 31 December 2000, may be distributed in the form of fully paid bonus shares.

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.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the sales to the Group's five largest customers accounted for 71% of the total sales for the year and the sales to the largest customer included therein amounted to 52%.

Purchases from the Group's five largest suppliers accounted for 80% of the total purchases for the year and the purchases from the largest supplier included therein amounted to 53%.

None of the directors of the Company, any of their associates, or any shareholders which, to the best knowledge of the directors own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

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

Executive directors:

Mr. Ngai Hor Ying
Mr. Ngai Man Sang

Non-executive directors:

Mr. Cheung Hing Sau*
Mr. Huang Jui Hsing *(appointed on 20 January 2000)*
Mr. Lam Ming Sum*
Mr. Ngai Man Hing
Mr. Chen Jian Wen* *(appointed on 23 March 2001)*

* *Independent non-executive directors*

In accordance with clauses 86(2) and 87(1) of the Company's bye-laws, Mr. Ngai Man Sang and Mr. Chen Jian Wen will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The directors of the Company, including the non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's bye-laws.

DIRECTORS' REMUNERATION AND THE SIX HIGHEST PAID EMPLOYEES

Details of the director's remuneration and that of the six highest paid employees in the Group are set out in notes 5 and 6 to the financial statements, respectively.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Group and the employer's costs charged to the profit and loss account for the year are set out in notes 2 and 4 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company for a term of three years commencing from 1 July 1998, which is subject to termination by either party giving not less than three month's notice in writing.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

At 31 December 2000, the interests of the directors in the share capital and warrants of the Company or its associated corporations, 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:

(a) Interest in the Company

Ordinary shares

Name of director		Nature of interest	Number of shares held
Mr. Ngai Hor Ying	<i>Note 1</i>	Corporate	141,104,000
Mr. Ngai Man Hing		Personal	3,000,000
Mr. Huang Jui Hsing	<i>Note 2</i>	Corporate	20,000,000
		Personal	5,448,000

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

(a) Interest in the Company *(continued)*

Warrants

Name of director		Nature of interest	Number of warrants held
Mr. Ngai Hor Ying	<i>Note 1</i>	Corporate	23,760,000
Mr. Huang Jui Hsing	<i>Note 2</i>	Corporate Personal	4,000,000 759,600

Notes:

1. These shares and warrants are owned by Jian Min Associates Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Jian Min Associates Limited is owned by Mr. Ngai Hor Ying.
2. These shares and warrants are owned by Golden Star Investments Limited, a company incorporated in Samoa. The entire issued share capital of Golden Star Investments Limited is owned by Mr. Huang Jui Hsing.

(b) Interest in an associated corporation

As mentioned above, Mr. Ngai Hor Ying beneficially owns the sole ordinary share in the share capital of Jian Min Associates Limited, the Company's holding company.

Save as disclosed above, none of the directors, chief executives or their associates had any interests in the share capital of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Under the terms of a share option scheme (the "Scheme") adopted by the Company on 15 July 1998, the board of directors of the Company may, at its discretion, grant options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company. Further details of the Scheme are set out in note 20 to the financial statements. During the year, the Company granted share options to certain directors of the Company to subscribe for ordinary shares in the share capital of the Company. Further details of the movements in the share options granted to the directors of the Company during the year are set out below. All of the share options are exercisable in the period from 4 January 2000 to 3 January 2003 at an exercise price of HK\$0.46 each:

Name of director	Number of options outstanding as at 31 December 1999	Number of options granted during the year	Number of options exercised during the year	Number of options outstanding as at 31 December 2000
Mr. Ngai Hor Ying	–	5,500,000	–	5,500,000
Mr. Ngai Man Sang	–	5,300,000	–	5,300,000
Mr. Ngai Man Hing	–	5,300,000	(5,000,000)	300,000
Mr. Lam Ming Sum	–	1,000,000	–	1,000,000
Mr. Cheung Hing Sau	–	1,000,000	–	1,000,000
	–	18,100,000	(5,000,000)	13,100,000

Save as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Details of the directors' interests in the Company's warrants are set out in the section "Directors' interests in shares and warrants" on pages 19 and 20.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

Executive directors

Mr. Ngai Hor Ying, aged 59, is the founder, Chairman and Managing Director of the Group. He is responsible for the corporate development and the direction of the Group's business. He is a member of the Chinese People's Political Consultative Conference of Fujian province, the Deputy Chairman of the Foochow Association Limited, a consultant of the Fujian General Chamber of Commerce, the Deputy Chairman of the Fujian Foreign Enterprises Friendship Federation, the Deputy Director of the Education Fund Federation of Fujian Minjiang University and the Honorary Chairman of the Fujian Association for the Handicapped. He has more than 18 years experience in property development and interior decoration.

Mr. Ngai Man Sang, aged 37, is responsible for the marketing and overall management of the Group. He holds a bachelor's degree in Economics from the Ritsumeikem University of Japan. He is a member of the Chinese People's Political Consultative Conference of Fuzhou City and is a standing member of the 8th Youth Federation of Fujian and the Hong Kong Fujian Charitable Education Fund. He is also the council member of Hong Kong Innovation and Technology Association. He joined the Group in 1993 and has more than 8 years experience in property development. He is the son of Mr. Ngai Hor Ying.

Non-executive directors

Mr. Cheung Hing Sau, aged 66, is an independent Non-Executive Director of the Company. Mr. Cheung is the Chairman of Beijing Hua Yin International Merchants Corporation. He has more than 24 years' experience in banking. He is the Vice-President of the Industrial and Commercial Bank of China, Head Office and the President of the Industrial and Commercial Bank of China, Sichuan province. He was also the Vice-President of the People's Bank of China, in Chongqing City and the People's Bank of China, in the Sichuan province.

Mr. Lam Ming Sum, aged 57, is an independent Non-Executive Director of the Company. He is a member of the Chinese People's Political Consultative Conference of Fujian province, a director of the Chinese General Chamber of Commerce, the Chairman of the Foochow Association Ltd., the President of the Lion Club of Hong Kong East and has more than 22 years' experience in the toy industry.

Mr. Ngai Man Hing, aged 35, is a Non-Executive Director of the Company. He graduated from the Umeda Post-Secondary School of Japan. He joined the Group in October 1989 and has 11 years' experience of interior decorating the properties developed by the Group. He is the son of Mr. Ngai Hor Ying.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Non-executive directors *(continued)*

Mr. Huang Jui Hsing, aged 41, is a Non-Executive Director of the Company. He has extensive experience in computer software packaging and investment in computer technology related businesses in Taiwan, Shanghai and Dong Guan, the PRC.

Mr. Chen Jian Wen, aged 40, was appointed as an Independent Non-Executive Director of the Company in March 2001. He graduated from Nanjing Technical Institute with a master's degree in Computer Science and has more than 18 years experience in the computer industry in the PRC. Before joining the Group, he was the Executive Director and Chief Executive Officer of Start Technology Company Limited where he was responsible for administration and management affairs.

Company consultant

Mr. Huang Han Min, aged 57, is a consultant of the Group. He is the Dean and the Chief Architect of the Fujian Architectural Graduate School, which he joined in September 1982. Mr. Huang is the Chairman of the Architect Sub-branch of the Fujian Civil Engineering Society. He graduated from Qinghua University with a bachelor's degree in architectural studies in 1967 and a master's degree in 1982. Mr. Huang is also the Deputy Chief Architect of the Fujian Architecture and Engineering Corporation and a part-time professor at the National Overseas Chinese University.

Mr. Han Ying Duo, aged 62, is a Professor of Electrical Engineering faculty, Tsinghua University, and a member of the Chinese Academy of Engineering. From 1989, he has been the Head of the Power Electronic Research Center of Tsinghua University. He is also a member of the Standing Council of the Chinese Society of Electrical Engineering, a member of the Standing Council of the Chinese Promotion Union for Electrical Power Development, assistant editor of the journal Electric Power System and Automation and Senior Member of Institute of Electrical and Electronics Engineers. In recent years, he has been engaged in Flexible Alternative Current Transmission Systems, intelligent control, regional stability control, new dynamic security estimation and control based on Global Position Systems.

Senior management

Mr. Chen Xi Guang, aged 68, is the Assistant Chief Engineer of the Group. He assists the chief engineer to ensure quality control on properties under development. He is a qualified engineer. Before joining the Group in August 1994, he worked for various engineering authorities in the PRC.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP *(continued)*

Senior management *(continued)*

Mr. Wong Cheuk Him, aged 35, is the Financial Controller and the Company Secretary of the Group. He holds a bachelor's degree in Social Sciences from the University of Hong Kong. He is a fellow member of The Association of Chartered Certified Accountants and an associate member, of The Hong Kong Society of Accountants. He joined the Group in 2000 and has over 13 years' experience in auditing and accounting.

Ms. Gu Li Li, aged 52, is the Financial Controller of Fujian Dongjian Real Estate Co., Ltd., the Group's major operating subsidiary in the PRC. She holds a degree in Political and Economic Sciences from the University of Xiamen, the PRC. She joined the Group in 1999 and has over 34 years' experience in accounting and financial matters.

Mr. Yang Yuan Xin, aged 34, is the Business Development Manager of Fujian Dongjian Real Estate Co., Ltd., the Group's major operating subsidiary in the PRC. He is responsible for the Group's marketing promotion and business development. Before joining the Group in 1999, he had over 11 years' experience in property marketing.

Mr. Gao Feng Nong, Hero, aged 21, is an experienced computer software designer. He graduated with a bachelor of Science Degree from Pennsylvania State University, USA and he also holds a master of Computing Science degree from Nanjing University. Mr. Gao has over ten years' experience of software design and he has extensive experience in Artificial Intelligence software design. He joined the Group in February 2001 and is currently responsible for technological research and development.

Mr. Xu Jin Hua, aged 32, is the Vice General Manager of Fuzhon CHIP Planning and Management Co., Ltd. He holds a master of Business Administrative from Xiamen University. He is responsible for the corporate development and marketing and promotion of Cangshan Hightect Industrial Park, Fuzhou. Before joining the Group, he worked for various national companies as Vice General Manager.

Mr. Wu Zhi Tan, aged 56, is the Chief Engineer of the Group. He graduated with a bachelor degree from Water Conservancy Department, Geology University of Beijing, China. Before joining the Group, he worked for Fujian Base Engineering Company of Metallurgy Ministry as a general engineer and various engineering authorities in the PRC. He has 30 years' experience in property development.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2000, the following interests of 10% or more in the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of holding
Jian Min Associates Limited	141,104,000	54.5%

Save as disclosed above, no persons, other than a director of the Company, whose interests are set out above in the section “Directors’ interests in shares and warrants”, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES

Save for the 470,000 shares repurchased as disclosed in note 20 to the financial statements, neither the Company, its holding company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet event of the Group are set out in note 25 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company 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 accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms. The Company established an audit committee in 1999 in accordance with the Code.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Ngai Hor Ying
Chairman

Hong Kong
26 April 2001