

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

Principal Activities

The principal activity of the Company continues to be investment holding while the principal activities of its subsidiaries are property development and investment, securities trading and investment, the development and management of business parks, investment in information-technology projects, and infra-structure investment.

The Group's associates are principally engaged in property investment and investment in information-technology projects.

The Group's interest in a jointly controlled entity is principally engaged in the business of power generation.

Segmental Information

The Group's turnover and contribution to operating loss for the year by principal activities and geographical locations are as follows:

By principal activities:

	Property development, investment & management HK\$'000	Securities trading & investment HK\$'000	Infrastructure – Power plant HK\$'000	Others HK\$'000	Total HK\$'000
Turnover	523,846	41,179	–	–	565,025
(Loss)/Profit from Operations	(55,938)	17,252	(439)	(37,166)	(76,291)
Finance Costs	(10,803)	(1)	(2)	(13,221)	(24,027)
Non-operating Provision Made	–	(40,277)	–	(215,103)	(255,380)
Share of Results of Associates	(27,471)	(2)	–	(685)	(28,158)
Share of Results of a Jointly Controlled Entity	–	–	708	–	708
(Loss)/Profit before Taxation	(94,212)	(23,028)	267	(266,175)	(383,148)

Segmental Information (Cont'd)

By geographical locations:

	Hong Kong HK\$'000	Other regions in the PRC HK\$'000	Total HK\$'000
Turnover	565,025	–	565,025
Loss from Operations	(69,696)	(6,595)	(76,291)
Finance Costs	(22,653)	(1,374)	(24,027)
Non-operating Provision Made	(255,380)	–	(255,380)
Share of Results of Associates	(28,158)	–	(28,158)
Share of Results of a Jointly Controlled Entity	–	708	708
Loss before Taxation	(375,887)	(7,261)	(383,148)

Subsidiaries, Associates and a Jointly Controlled Entity

Details of the Company's subsidiaries, associates and a jointly controlled entity as at 31st December, 2000 are set out in notes 20, 21 and 22 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 35 of the annual report.

In order to preserve the Group's cashflow, the Board decided not to propose any final dividend for 2000.

Financial Summary

A summary of the results and assets and liabilities of the Group for the past five financial periods is set out on page 86 of the annual report.

Fixed assets

Details of movements in fixed assets of the Group during the year are set out in note 18 to the financial statements.

Major Interests in Properties

Particulars of major interests in properties held by the Group as at 31st December, 2000 are set out on pages 87 to 90 of the annual report.

Borrowings and Interest Capitalised

The Group's bank and other borrowings as at 31st December, 2000 and the amount of interest capitalised by the Group during the year are set out in notes 27 and 7 to the financial statements respectively.

Share Capital

Details of movements in the issued share capital of the Company during the year are set out in note 28 to the financial statements.

Convertible Bonds

Details of the convertible bonds issued during the year are set out in note 32 to the financial statements.

Reserves

Details of movements in reserves during the year are set out in note 31 to the financial statements.

Warrants, Options or Similar Rights

Other than the warrants and employee share option scheme of the Company as explained in notes 29 and 30 to the financial statements respectively, the Company had no outstanding warrants, options or similar rights as at 31st December, 2000.

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption of the Company's listed securities during the year ended 31st December, 2000.

Directors

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

Dr. Jiang Xiaoming, Simon ¹	<i>(Chairman)</i>
Mr. Chow Nin Mow, Albert	<i>(Managing Director)</i>
Mr. Chan Wing Ming, Charles ²	<i>(Deputy Managing Director)</i>
Mr. Kuan Chao, Michael ²	<i>(Executive Director)</i>
Ms. Chong Siak Ching ²	<i>(Non-Executive Director – Deputy Chairman)</i>
Mr. Lai Seck Khui ²	<i>(Non-Executive Director – Deputy Chairman)</i>
Mr. Goh Tien Jin ²	<i>(Non-Executive Director)</i>
Dr. Han Cheng Fong ²	<i>(Non-Executive Director)</i>
Mr. Zheng Hongqing	<i>(Non-Executive Director)</i>
Mr. Chua Tiow Chye ²	<i>(Alternate Director to Ms. Chong Siak Ching)</i>
Mr. Ng Chi Man, Michael ^{3, 4, 5}	<i>(Alternate Director to Mr. Zheng Hongqing)</i>
Mr. Ronald Joseph Arculli O.B.E., J.P.	<i>(Independent Non-Executive Director)</i>
Dr. Chow Ming Kuen, Joseph O.B.E., J.P.	<i>(Independent Non-Executive Director)</i>
Mr. Alan Howard Smith J.P. ⁶	<i>(Independent Non-Executive Director – Deputy Chairman)</i>
Mr. Zhu Yuening ⁵	
Mr. Qiu Yiyong ⁵	
Mr. Xu Shiquan ⁵	
Ms. Wu Yingqiu ⁷	

Notes:

1. Appointed on 9th February, 2000.
2. Appointed on 10th February, 2001.
3. Appointed on 29th November, 2000.
4. Appointed as Alternate Director to Mr. Zheng Hongqing and Mr. Qiu Yiyong on 8th January, 2001.
5. Resigned on 6th March, 2001.
6. Appointed on 15th March, 2001.
7. Resigned on 29th November, 2000.

Directors (Cont'd)

In accordance with the Company's bye-law 100, Mr. Chan Wing Ming, Charles, Mr. Kuan Chao, Michael, Ms. Chong Siak Ching, Mr. Lai Seck Khui, Mr. Goh Tien Jin, Dr. Han Cheng Fong and Mr. Alan Howard Smith, J.P. shall retire at the forthcoming annual general meeting. In accordance with the Company's bye-law 109(A), Mr. Zheng Hongqing, Mr. Ronald Joseph Arculli and Dr. Chow Ming Kuen, Joseph shall retire by rotation at the forthcoming annual general meeting. All the retiring directors, except for Mr. Ronald Joseph Arculli and Dr. Chow Ming Kuen, Joseph who do not wish to seek for re-election, will be eligible, offer themselves for re-election.

Note: After the approval of this report of directors, Mr. Chow Nin Mow, Albert resigned as managing director with effect from the close of business on 18th April, 2001 and Mr. Chua Tiow Chye resigned as alternate director to Ms. Chong Siak Ching and was appointed as managing director of the Company with effect from 19th April, 2001. In accordance with the Company's bye-law 109 (A). Mr. Chua Tiow Chye shall retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Directors' Interest In Securities

(a) Interests in securities of the Company

The interests of the Directors in the securities of the Company at 31st December, 2000 as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance ("the SDI Ordinance") or as notified to the Company were as follows:—

Name of Director	Nature of interest	Number of shares in the Company	Number of unlisted warrants in the Company
Chow Nin Mow, Albert ("Mr. Chow")	Personal	46,245,000	120,000,000 (note 1)
	Corporate	66,919,487 (note 2)	

Directors' Interest In Securities (Cont'd)

Notes:

1. Pursuant to the agreement relating to special warrants entered into between the Company and Mr. Chow (the "Warrant Agreement") on 22nd July, 1997, the Company granted and issued to Mr. Chow:
 - (i) 60,000,000 unlisted warrants to subscribe for 60,000,000 shares in the Company at a price of HK\$2.88 per share (subject to adjustment) exercisable from 23rd July, 1999 to 22nd July, 2005 (both dates inclusive) save for certain circumstances as specified in the Warrant Agreement; and
 - (ii) 60,000,000 unlisted warrants to subscribe for 60,000,000 shares in the Company at a price of HK\$2.88 per share (subject to adjustment) exercisable from 23rd July, 2001 to 22nd July, 2005 (both dates inclusive) save for certain circumstances as specified in the Warrant Agreement.
2. The 66,919,487 shares are held by Champion Glorious Limited, a company wholly owned by Mr. Chow.

(b) Interests in options to subscribe for the Company's shares

A share option scheme for employees (including executive directors) of the Company and its subsidiaries was adopted by the Company on 10th January, 2000 ("the Share Option Scheme"). During the year, no option was granted, exercised or remained outstanding under the Share Option Scheme.

Save for the Share Option Scheme and as disclosed above for that of Mr. Chow, 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 nor chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

Director's Interests in Contracts and Connected Transactions

Save as disclosed hereunder and the Director's service contract with Mr. Chow as explained on page 30 of this report, there were no connected transaction or contract 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 subsisting at 31st December, 2000 or at any time during the year ended 31st December, 2000.

1. Billion Property Limited ("Billion"), a wholly-owned subsidiary of the Company, and China Travel Service (Holdings) Hong Kong Limited ("CTSH") entered into an agreement on 19th August, 1997 and a supplemental agreement on 10th September, 1997 (collectively as "1997 Tycoon Place Agreements"), pursuant to which Billion acquired from CTSH a 90% interest in Ideal Investment Holdings Limited ("Ideal") and the remaining 10% interest in Ideal is owned by CTSH^(a). Ideal had an one-third interest in the development known as Tycoon Place at Wong Yue Tang, Tai Po ("Tycoon Place"). According to the 1997 Tycoon Place Agreement, CTSH undertook to finance and bear all costs attributable to Ideal in connection with the completion of Tycoon Place and if any disposal proceeds of Tycoon Place attributable to Ideal were used to discharge any liabilities of those companies which hold Tycoon Place, CTSH would pay to Billion an amount equivalent to 90% of such disposal proceeds to which Ideal would be entitled. As at 31st December, 2000, a principal sum of approximately HK\$103.6 million (1999: HK\$103.6 million) was due and owing by CTSH to Billion pursuant to the 1997 Tycoon Place Agreements.

Notes:

- (a) On 4th June, 1999, Billion entered into a conditional agreement (the "1999 Tycoon Place Agreement") with CTSH pursuant to which Billion acquired from CTSH of its 10% remaining equity interest in Ideal and the related loan outstanding and owing by Ideal to CTSH. Upon completion of the 1999 Tycoon Place Agreement, Ideal had become a wholly-owned subsidiary of Billion.

Director's Interests in Contracts and Connected Transactions (Cont'd)

2. On 25th August, 1998, the Company entered into a conditional agreement with China Travel Hip Kee Godown Hong Kong Limited ("CTHKG"). Pursuant to that agreement (the "538/539 Agreement") between the Company and CTHKG, the parties concerned would jointly develop the property at Hung Hom Inland Lot No.538 (No.1 Cheong Hang Road, Hung Hom, Kowloon) and Hung Hom Inland Lot No.539 (No.20 Winslow Street, Hung Hom, Kowloon) (together the "538/539 Property").

CTHKG is the owner of the 538/539 Property. In accordance with the terms of the 538/539 Agreement, the Company shall jointly develop the 538/539 Property with CTHKG on the basis that all development expenses will be contributed and all net proceeds of sales (if any) and all unsold units (if any) will be shared in ratio of 40% for the Company and 60% for CTHKG. Also, the Company shall pay 40% of the land cost of the 538/539 Property to CTHKG.

The Group's participation in the development of the 538/539 Property is conditional on the granting of Government's approval to the change of land usage and the modification of the Government lease regarding the 538/539 Property so as to enable its redevelopment into commercial and/or other purposes as the parties may agree. Furthermore, the 538/539 Agreement is also subject to the compliance of such conditions as may be required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and/or by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

3. On 4th June, 1999, the Company entered into a conditional agreement (the "10663 Agreement") with Hing Kong Properties (Hong Kong) Limited (the "Developer"), a wholly-owned subsidiary of the Company, and China Travel Service (Hong Kong) Limited ("CTSHK"), a subsidiary of CTSH, pursuant to which the Developer has the exclusive right to develop the property at Kowloon Inland Lot No.10663 at Cheong Tung Road, Hung Hom, Kowloon (the "10663 Property") and shall be entitled to all proceeds of sale or letting (if any) in respect of the development of the 10663 Property and the right to assign the 10663 Property to it if there is no disposal of units of the developed 10663 Property. Part of the total consideration payable by the Developer of HK\$62 million had been paid upon completion of the 10663 Agreement in

Director's Interests in Contracts and Connected Transactions (Cont'd)

July 1999 by the Developer to Billion at the direction of CTSHK in partial settlement of the sum being due and owing by CTSH to Billion at that time pursuant to the 1997 Tycoon Place Agreements. The remaining balance of the consideration in the sum of HK\$30 million will be paid within 7 business days of the execution documents giving effect to the lease modification of the lease of the 10663 Property. The Company and CTSHK also agreed to cancel the original development agreement dated 25th August, 1998 between them regarding the 10663 Property.

4. On 16th November, 1999, Longbarn International Limited ("Longbarn"), a wholly-owned subsidiary of the Company, entered into a conditional joint development agreement ("Fanling Agreement") with Common Well Limited ("Common Well"), a wholly-owned subsidiary of China Travel International Investment Hong Kong Limited ("CTII"), pursuant to which Common Well as the owner of a site known as Lot Nos. 2836 R.P., 2837, 2838, 2840, 2846 and 2847 in the Demarcation District No.51, Fanling, New Territories ("Fanling Property") agreed to jointly develop the Fanling Property with Longbarn for residential and/or such other purposes as the parties may agree. Each of Common Well and Longbarn (through its subsidiaries acting as the developer) shall bear 50% of all costs, expenses and charges in carrying out and completing the development and the sale thereof.
5. On 16th November, 1999, CPL Investments Limited ("CPL"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Shun Tak Agreement") with Goster Resources Limited ("Goster"), a wholly-owned subsidiary of CTII, whereby CPL acquired the property situate at 33rd Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong from Goster at the consideration of HK\$106 million of which HK\$40 million was satisfied in cash and HK\$66 million was satisfied by the issue of convertible bonds ("Bonds") by the Company to CTII. The Bonds were issued upon the completion of the Shun Tak Agreement in early 2000 pursuant to a subscription agreement which was entered into on the same date of the Shun Tak Agreement between the Company and CTII. According to the terms of the Bonds, the holder of such Bonds has the right to convert into an aggregate number of 66,937,120 new shares of the Company. None of the Bonds were converted during the year.

Director's Interests in Contracts and Connected Transactions (Cont'd)

CTHKG, CTSHK and CTII are subsidiaries of CTSH. As both CTII and CTSH had been substantial shareholders of the Company during the year as well as the time when the above agreements were entered into, under the Listing Rules, the entering into of all the above-mentioned agreements constituted connected transactions of the Company. Save for the 538/539 Agreement regarding the 538/539 Property and the Fanling Agreement as described above whose values have not yet been determined, all connected transactions mentioned herein had obtained the approval of independent shareholders of the Company.

6. On 24th February, 2000, the Company provided a guarantee (the "Guarantee") to The Bank of East Asia, Limited ("BEA") for 65% of a standby letter of credit ("Standby L/C") in the amount of Renminbi ("RMB") 30 million to be given by BEA to China Construction Bank, Beijing Branch ("CCB"). Upon the receipt of the Standby L/C, CCB granted to Beijing Gang Lu Real Estate Development Co. Ltd. ("Beijing Gang Lu") a loan in the amount of RMB 30 million.

Beijing Gang Lu is beneficially owned by the Company as to 50% and 15% by Tenways Investments Limited ("Tenways") through Great Project Property Limited ("GPP"). Tenways was owned by an independent third party not connected with the substantial shareholders, directors and chief executive of the Company or any of its subsidiaries or their respective associates. GPP is a company which wholly owns Beijing Gang Lu.

By granting a guarantee of 65% (which was in excess of the Company's proportional equity interest of 50% in GPP) of the Standby L/C, which additional portion should be the obligation of Tenways, it amounted to a connected transaction of the Company. However, in return for the provision of this additional portion of guarantee, the Company was able to be secured by a sum of HK\$4,290,000 which was advanced by the holding company of Tenways to the Company for fulfilling Tenways' obligation to advance shareholder's loans to GPP. As a result, the Company's liabilities under the Guarantee would not be worse off.

A waiver from strict compliance with the shareholders' approval requirement under Rule 14.26(6) of the Listing Rules in respect of the Guarantee had been obtained from the Stock Exchange.

Director's Interests in Contracts and Connected Transactions (Cont'd)

7. On 20th November, 1999, the Company and its wholly-owned subsidiary, Tinet Limited ("Tinet") entered into a conditional sale and purchase agreement with CyberCity Holdings Limited ("CCH") and CyberCity International Limited ("CCI") whereby Tinet agreed to acquire (directly or indirectly) from CCH or CCI 80% equity interest in Shenzhen CyberCity International Co., Ltd. ("SCCIL"), a sino-foreign equity joint venture enterprises established in Shenzhen, the PRC for a total consideration of HK\$500,000,000, which was satisfied by the allotment and issue of 500,000,000 new shares of the Company at the issue price of HK\$1.00 per share. SCCIL was granted the right to develop a hi-tech park known as CyberCity Shenzhen in the PRC.

After allotment of the said new shares, CCH became a substantial shareholder of the Company. Dr. Jiang Xiaoming, Simon, who was the single largest shareholder of CCH, was also appointed a director of the Company on 9th February, 2000.

On 1st June, 2000, SCCIL, an indirect non-wholly owned subsidiary of the Company, and CyberCity IT (Shenzhen) Co. Ltd. ("CCIT") entered into an installation agreement ("Installation Agreement") whereby CCIT agreed to procure the installation of a wiring network for SCCIL's Towers A and B in Phase I of CyberCity Shenzhen for a consideration of RMB3,200,000 (approximately HK\$3,018,000). The Installation Agreement had never been performed and was terminated on 5th January, 2001.

CCIT is a connected person of the Company by virtue of the fact that it is an indirect wholly-owned subsidiary of CCH, who at the time of contract was a substantial shareholder of the Company. Accordingly, the entering into of the Installation Agreement had constituted a connected transaction for the Company. CCH is currently a substantial shareholder of the controlling shareholder of the Company.

Director's Interests in Contracts and Connected Transactions (Cont'd)

8. During the year of 2000, the Company through its wholly owned subsidiaries, advanced a total sum of HK\$21,176,087.17 as shareholders' loans to SCCIL. SCCIL is beneficially owned as to 95% by the Company and 5% by 3-9 Project Development Co., Ltd. (三九工程開發總公司). The latter is an independent third party not connected with the substantial shareholders, directors and chief executives of the Company or any of its subsidiaries or their respective associates. Such shareholders' loans are for SCCIL's working capital requirement. With an interest charging rate of 5% per annum, the shareholders' loans are repayable on demand on or before 15th July, 2003.

Directors' Interests in Competing Business

The interest of Directors of the Company in competing businesses required to be disclosed pursuant to the Listing Rules were as follows:—

1. Dr. Jiang Xiaoming, Simon is a Director of CCH which is engaged in the businesses of investment holding and investments in information-technology projects which competes or is likely to compete with business of the Company.
2. Ms. Chong Siak Ching is a Director of Ascendas Land Investment Pte. Ltd., Ascendas Land International Pte. Ltd., Ascendas Land (Singapore) Pte. Ltd., Information Technology Park Limited, Carmelray-JTCI Corporation, Ascendas (China) Pte. Ltd., Singapore Suzhou Industrial Holdings Pte. Ltd. and CCH which are engaged in businesses of investment holding, real estate development and consultancy service provider.
3. Mr. Lai Seck Khui is a Director and Chief Executive Officer of Times Publishing Limited ("TPL") which is in the communications business involved in print and electronic publishing, commercial printing, distribution, direct sales and retailing of books, partworks, directories and magazines, the distribution of recorded music, audio and video tapes and hi-fi accessories, the provision of educational programmes and the organisation of conferences and exhibitions. Headquartered in Singapore, the TPL's global network of subsidiaries and associated companies are located in key centres in Southeast Asia, Hong Kong, the PRC, Japan, Australia, Europe and the United States of America. TPL is also involved in the development and sale of educational software such as CD ROMs, as well as online educational services.

Director's Interests in Competing Business (Cont'd)

4. Mr. Kuan Chao, Michael is a Director of CCH which is engaged in the businesses of investment holding and investments in information-technology projects which competes or is likely to compete with business of the Company.
5. Mr. Chua Tiow Chye is a Director of PT Bintan Inti Industrial Estate, Singapore Suzhou Industrial Holdings Pte. Ltd., Karimun Investment Holdings Pte. Ltd., Wuxi International Management Services Pte. Ltd., Vietnam Singapore Industrial Park Pte. Ltd., Ascendas Holdings (Manila) Pte. Ltd., JTCI Industrial Holdings (Bangkok) Pte. Ltd., Ascendas Land International Pte. Ltd., Ascendas Land Investment Pte. Ltd., Carmelray-JTCI Corporation, KK-JTCI (Thailand) Co., Ltd, Vietnam Singapore Industrial Park JV Co., Ltd, Ascendas (Philippines) Corporation, RBF Development Corporation, Century Development Corporation, JTCI Overseas Pte. Ltd., SembCorp Parks Management Pte. Ltd., Information Technology Park Limited, PT Batamindo Investment Corporation, Ascendas Utilities Pte. Ltd., CIP II Power Corporation, Ascendas Land (Singapore) Pte. Ltd. and Ascendas (China) Pte. Ltd. which are engaged in businesses which competes or is likely to compete with business of the Company.
6. Mr. Goh Tien Jin is a Director of Ascendas Land Investment Pte. Ltd., Ascendas Land International Pte. Ltd., Ascendas (China) Pte. Ltd., Xinsu Industrial Development (Suzhou) Co. Pte. Ltd., Suzhou Property Development Pte. Ltd., Gasin (Suzhou) Development Property Co., Ltd and Ascendas Shanghai Co., Ltd which are engaged in businesses of property owners and the planning, developing, marketing and management of industrial parks, science parks, business parks and related facilities, provision of development consultancy services, real estate development and investment holding.
7. Dr. Han Cheng Fong is a Director of Centrepoint Properties Ltd ("Centrepoint") which is a property investment holding and development company in Singapore listed in the Singapore Exchange Securities Trading Limited. The Centrepoint Group is engaged in the development and marketing of housing units, management of offices, shopping malls and serviced apartments both locally and abroad.
8. Mr. Chow is a Director of Wah Yip (Holdings) Limited which is engaged in business of property development and investment.

Director's Interests in Competing Business (Cont'd)

As the board of the Company is independent from the boards of the abovementioned companies and none of the above directors can control the board of the Company, the Group is capable of carrying on its business independently of, and at arms length from the businesses of such companies.

Directors' Service Contracts

The Company had entered into a service contract with Mr. Chow to appoint him as the Managing Director of the Company for an initial term of five years commencing on 22nd July, 1997 which will continue until determined by either party giving not less than six months' notice in writing to the other party at any time (including during such initial term of five years).

None of the Directors has a service contract with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Substantial Shareholders' Interest In Securities

The following corporations were recorded in the register of interests kept by the Company under section 16(1) of the SDI Ordinance or had notified the Company as having an interest of 10% or more of the issued share capital of the Company as at 31st December, 2000:-

Name	Number of Shares	Notes
Winyear Profits Limited ("Winyear")	389,283,062	
China Travel International Investment Hong Kong Limited ("CTII")	389,283,062	1
China Travel Service (Holdings) Hong Kong Limited ("CTSH")	489,464,930	2
China Travel Service Head Office of China	489,464,930	3
CyberCity Holdings Limited	500,000,000	

Substantial Shareholders' Interest In Securities (Cont'd)

Notes:

1. These shares refer to the 389,283,062 shares held by Winyear, a company wholly owned by CTII in which CTII is deemed to be interested.
2. These shares include 389,283,062 shares held by Winyear in which CTSH is deemed to be interested.
3. These shares refer to the 489,464,930 shares held through CTSH in which China Travel Service Head Office of China is deemed to be interested.

Major Customers and Suppliers

For the year ended 31st December, 2000, the five largest suppliers and the largest supplier of the Group accounted for approximately 64% and 42% of the total value of the Group's purchases respectively.

The five largest customers of the Group accounted for approximately 11% of the total turnover of the Group for the year and the largest customer accounted for 2% of the turnover of the Group.

At no time during the year did the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) have any beneficial interests in these suppliers or customers referred to above.

Retirement Benefits Scheme

Details of the Group's retirement benefits scheme are set out in note 9 to the financial statements.

Pre-Emptive Rights

There are no provision for pre-emptive rights under the Company's bye laws although there are no restrictions against such rights under the laws in Bermuda.

Code of Best Practice

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

Audit Committee

The audit committee, comprising two independent non-executive Directors, namely Mr. Ronald Joseph Arculli and Dr. Chow Ming Kuen, Joseph, was established on 22nd September, 1998 in accordance with the Code of Best Practice. Written terms of reference which describe the authority and duties of the audit committee were also adopted by the Board on the same date. The audit committee's principal duties include the review and supervision of the Group's financial reporting process and internal controls.

Auditors

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lee Yip Wah, Peter

Company Secretary

Hong Kong SAR, 18th April, 2001