

**T**he Directors have pleasure in presenting their first report and the audited financial statements of the Company for the year ended 31 March 2001.

## REORGANISATION AND LISTING ON THE STOCK EXCHANGE

The Company was incorporated in Bermuda on 29 March 2000 as an exempted company under the Companies Act 1981 of Bermuda (as amended) ("Companies Act").

Pursuant to the Reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the main board of the Stock Exchange, the Company became the holding company of the Group on 15 August 2000. The shares of the Company were listed on the Stock Exchange on 8 September 2000.

Details of the Reorganisation are set out in the prospectus dated 23 August 2000 issued by the Company and note 1 to the financial statements.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Group is the provision of financial services, including securities broking, futures and options broking and securities margin financing services. Particulars of the subsidiaries of the Company are set out in note 15 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2001 are set out in the consolidated income statement on page 20.

Certain subsidiaries of the Group declared special dividends amounting to HK\$25,000,000 to the then shareholders prior to the Reorganisation.

The Directors do not recommend the payment of a final dividend and propose that the remaining profit for the year be retained.

The Directors recommend to issue Bonus Shares of the Company to shareholders on the basis of one bonus share for every one ordinary share of the Company. Details of the proposed bonus issue are set out in note 34 to the financial statements.

## FINANCIAL SUMMARY

A summary of the results of the Group for the past four financial years ended 31 March 2001 is set out on page 45 of the annual report.

(continued)

**FIXED ASSETS**

Movements in the fixed assets of the Group during the year are set out in note 12 to the financial statements.

**SHARE CAPITAL**

Movements in the share capital of the Company during the year are set out in note 24 to the financial statements.

**RESERVES**

Movements in the reserves of the Company and of the Group during the year are set out in note 26 to the financial statements.

**DISTRIBUTABLE RESERVES**

As at 31 March 2001, the reserves of the Company available for distribution to shareholders were approximately HK\$87,568,000, being the contributed surplus of approximately HK\$89,627,000 less the accumulated losses of approximately HK\$2,059,000.

**DIRECTORS**

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

**Executive Directors:**

Mr. Lam Kwok Hing (*Chairman*)

Mr. Nam Kwok Lun (*Deputy Chairman and Managing Director*)

**Independent Non-executive Directors:**

Mr. Ng Chi Kin David (appointed on 16 August 2000)

Mr. Chen Wei-Ming Eric (appointed on 16 August 2000)

In accordance with the Company's Bye-laws, Messrs. Ng Chi Kin David and Chen Wei-Ming Eric retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

**DIRECTORS, SENIOR MANAGEMENT AND TECHNICAL TEAM BIOGRAPHIES**

Biographical details of the Directors of the Company, the senior management and technical team of the Group are set out on pages 9 to 11 of the annual report.

## DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a “three-year” term commencing from 1 September 2000 which is not determinable within one year without payment of compensation. These service contracts shall continue thereafter unless and until terminated by either party with not less than three months’ prior written notice.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service agreements with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN SHARES

At 31 March 2001, the interests of the Directors in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”)) which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including the interests which they were deemed or taken to have under section 31 or Part I of the Schedule to the SDI Ordinance) or which were required pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”), to be notified to the Company and Stock Exchange were as follows:

Name	Type of interest	Total number of Shares
Lam Kwok Hing ( <i>Note</i> )	Corporate	157,500,000
Nam Kwok Lun ( <i>Note</i> )	Corporate	157,500,000

*Note:* The shares are registered in the name of and beneficially owned by J&A Investment Limited (“J&A”). The entire issued share capital of J&A is beneficially owned as to 80% by Mr. Lam Kwok Hing and 20% by Mr. Nam Kwok Lun.

Save as disclosed above, as at 31 March 2001, 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, and none of the directors, nor their spouses or children under the age 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

## DIRECTORS' RIGHT TO ACQUIRE SHARES

The Company adopted a share option scheme (the “Option scheme”) which was approved on 16 August 2000, details of which are set out in note 25 to the financial statements. From the date on which the Option Scheme was approved of to 31 March 2001, no options were granted.

Save as the Scheme as described in note 25 to the financial statements, at no time during the year was the Company, its subsidiaries, its ultimate holding company, or any subsidiaries of its ultimate holding company 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.