

Chairman's Statement

On behalf of the Board of Directors ("Board"), I present to you the Group's annual report for the year ended 31st December 2000.

RESULTS

For the year ended 31st December 2000, the Group's operating loss amounted to HK\$59,701,000 as compared with a profit of HK\$24,798,000 recorded in 1999.

DIVIDENDS

The Board does not recommend the payment of a dividend in respect of the year ended 31st December 2000.

REVIEW OF OPERATIONS

The Group is currently engaged principally in the property investment and management businesses. Following the change of a single substantial shareholder in March 1999, the new Board has redefined the business directions of the Group into high-tech area.

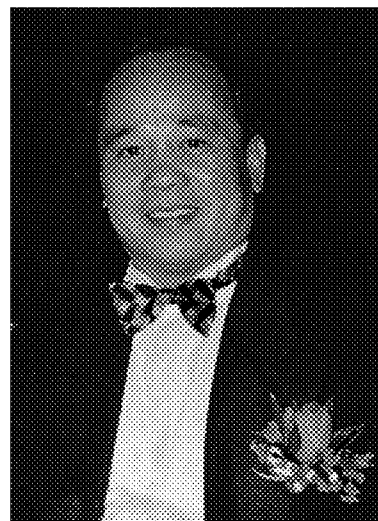
High-tech business

The Company has previously announced that the Group intends to reduce gradually the concentration of its businesses in the property-related sector and to diversify by investing in high-technology businesses. Reflecting this change of emphasis, the Company then changed its name to U-Cyber Technology Holdings Limited on 31st May 2000.

The Professional Service Subcontract ("PSS") entered into with Cisco System, Inc. ("Cisco") represents one of the Group's major commitments in the high-tech field with strategic importance to the Group and the Board is confident that this new direction will bring improved returns and long-term enhanced value for the Company's shareholders.

PSS with Cisco

In October 2000, Ever Global Technology (Beijing) Limited ("EGTB"), a company incorporated in the People's Republic of China (the "PRC") which is a wholly-owned subsidiary company of the Company, has entered into a PSS with Cisco setting out the terms and conditions which will govern the provision by EGTB of professional services to Cisco and/or Cisco customers in respect of specific projects on which EGTB commits to provide such services from time to time. The Board believes that, EGTB shall have a promising market share in the System Integration Business.



Tong Nai Kan

Chairman and Managing Director

Chairman's Statement (Continued)

EGTB has already set up a permanent office of approximately 4,000 square feet in the Central Business District of Beijing with the support of about 30 technical staffs, which includes a group of qualified CCIE, CCNP and CCNA. In anticipation of the huge market size of System Integration Business, EGTB is still expanding and strengthening its technical workforce and will set up a number of branch offices in strategic location of different major cities of the PRC. The Board is confident that EGTB can provide the highest quality services to Cisco and their customers in the PRC.

Pursuant to the PSS, EGTB will provide the following services to Cisco and/or their customers in the PRC:

- Provide networking solutions to Cisco customers (include network design and hardware recommendations but exclusive of hardware procurement)
- Perform pre-installation testing of Cisco equipment
- Liaise with Cisco or its appointed representative and Cisco's customers for site inspection
- Install and commission Cisco equipment at customer sites
- Perform network acceptance test together with Cisco and/or their customers

Cooperative agreement with China Great Wall International Technical and Economic Company Limited

On 23rd March 2000, the Board announced that the Company has entered into a cooperative agreement (the "Agreement") with China Great Wall International Technical and Economic Company Limited ("CGWITEC"), a subsidiary of China National Aerospace Administration, to acquire 50% equity interest from a joint venture company in Hong Kong, Zhong Hang Yu (H.K.) Limited (the "JV"), to develop businesses in the areas of internet, software development, high-tech products development and international technology projects, both in the PRC and Hong Kong.

Pursuant to the terms of the Agreement, the Company will have a shareholding of 50% of the JV and CGWITEC will provide all the technology required for the development of the businesses of the JV.

Biotechnology Businesses

On 9th May 2000, the Group had successfully acquired 32.09% of the issued share capital of INNOMAXX Biotechnology Group Limited ("INNOMAXX") (then known as GITIC Enterprises Limited), the shares of which are listed on The Stock Exchange of Hong Kong Limited. The Board intends to acquire INNOMAXX to act as the investment vehicle of the Group in biotechnology field.

On 22nd January 2001, a wholly-owned subsidiary company of INNOMAXX had acquired all the issued share capital of Cell Therapy Technologies Centre Limited ("CTTC"), a private Hong Kong biotechnology company established in 1996. The consideration of HK\$30,000,000 was settled by the allotment and issue of 100,000,000 new shares of HK\$0.10 each by INNOMAXX at an issue price of \$0.30 per share.

CTTC principally involves in the analysis, storage, matching and use of umbilical cord blood stem cells and the research and commercial development of stem cell therapeutic and scientific applications, including the treatment of leukemia, lymphoma, myeloma, gynaecological cancers, genetic diseases and blood and immune system disorders.

Chairman's Statement (Continued)

CTTC is the owner of the trademark "cryoLIFE", which offers expectant parents once-in-a-lifetime opportunity to collect and store their newborns' umbilical cord blood stem cells for potential life-saving use. CTTC is presently the largest and most successful privately-owned cord blood banking centre in Hong Kong. It achieved ISO9002 certification since 1999, ensuring its top quality in processing and storage of the clients' cord blood sample.

Property Investment

During the year under review, the Group sold one town house with carparking spaces at Las Pinadas, 33 Shouson Hill Road, Hong Kong and the bare land situated at 222 Hennessy Road, Wanchai, Hong Kong.

In April 2000, the Group disposed of all its shareholding in a Canadian subsidiary, of which the sole investment was an interest in a Canadian property.

The development project in the PRC, Fairview Garden, Chaoyang District, Beijing, PRC, comprising three phases, is under a jointly controlled entity, Beijing Glory Real Estate Development Co., Ltd., of which the Group owns 50% interest. The first phase of the development project has been completed in mid-1997 with current occupancy of over 68%. Development of second phase is in progress and pre-sale of units for second phase will be launched in the second half of 2001.

The Group owns 31.5% interest in Beijing Long Quan Hotel Limited, which is running smoothly and steadily.

As at 31st December 2000, the Company also held interests in the following properties and development projects:

- (1) Two units at Dynamic Cargo Centre, Tsuen Wan, New Territories;
- (2) One residential unit with carparking spaces at Wylie Court, Homantin, Kowloon; and
- (3) Thirteen houses at Lot No.242 in DD331, Cheung Sha, Lantau Island.

PROSPECTS

To cope with the New Economy, the Group has formulated its new direction to migrate into high-tech business, especially in the areas of software development, hardware trading and computer system support.

On the other hand, INNOMAXX will continue acting as an investment vehicle of the Group in biotechnology business.

We believe that the new businesses will bring improved returns to shareholders and will contribute long-term enhanced value to our shareholders.

Chairman's Statement (Continued)

FINANCING

As at 31st December, 2000, the Group had cash reserves of approximately HK\$2,114,000 and were placed in HK dollars short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is minimal.

The Group's borrowings were in Hong Kong dollars. Overdraft facilities were granted to the Group at the normal market interest rate. Bank borrowings of the Group as at 31st December 2000 amounted to HK\$44,378,000 (1999: HK\$104,421,000). The gearing ratio, as a ratio of total liabilities to shareholders' funds, was 40% (1999: 425%).

Finance costs for the year amounted to HK\$13,284,000, a decrease of HK\$16,767,000 as compared with 1999 resulting from the disposal of pledged properties and repayment of bank loans.

During the year under review, the Company had successfully procured five placements of a total of 200,290,000 new shares in January, February, April, July and September 2000 generating HK\$203 million net proceeds to the Group. Approximately 60% of the net proceeds has been used for the repayment of bank loans and other borrowings and all the remaining balance has been used for general working capital.

CHARGES ON GROUP ASSETS

As at 31st December 2000, bank loans of approximately HK\$44,378,000 were secured by the Group's investment properties and properties held for sale with a total carrying value of approximately HK\$54,780,000.

CONTINGENT LIABILITIES

- (a) The Company has provided guarantees in respect of loan facilities granted to subsidiary companies amounting to HK\$33,758,000 (1999: HK\$73,192,000).
- (b) The Company has provided guarantees to the banks in respect of mortgage loans made available to the purchasers of properties developed by a jointly controlled entity in Mainland China. At 31st December 2000, the outstanding guarantee for such mortgage loans amounted to HK\$9,123,000 (1999: HK\$11,198,000).
- (c) The Company has also provided a guarantee to a purchaser of completed properties from the Group for the due performance of tenancies by the subsidiary companies amounting to approximately HK\$5,898,000 (1999: HK\$12,727,000).
- (d) In relation to the buildings developed pursuant to the Private Sector Participation Scheme projects undertaken by the Group in previous years, the Group has provided bank guarantees in favour of the Director of Housing ("Housing Authority"), the Government of the Hong Kong Special Administrative Region, for the reimbursement of the cost of all management and/or the remedial works carried out by the Housing Authority to the extent of HK\$6,700,000 (1999: HK\$10,300,000).

In November 1998, the Housing Authority alleged that Hening Investments Limited ("Hening"), a 55% owned subsidiary company, and Funing Property Management Limited (formerly Funing Estate Management Limited), a former wholly-owned subsidiary company which was disposed of to a former director in 1999, were obliged to rectify certain defects at a residential development project, which was undertaken by Hening in previous years, pursuant to an undertaking dated 4th September 1993 and the conditions of sale in respect

Chairman's Statement (Continued)

of such development project dated 12th January 1989. Such liabilities of Hening have been covered by a bank guarantee, to which the Company has given a counter-indemnity up to HK\$1,925,000 (1999: HK\$1,925,000). Accordingly, a provision of HK\$1,925,000 (1999: HK\$1,925,000) has been made in the accounts.

- (e) In 1999, certain employees of the Group had completed the required number of years of service under the Hong Kong Employment Ordinance to be eligible for long service payments on termination of their employment. The liability of the Group at 31st December 1999 was approximately HK\$828,000. No employee of the Group is eligible for any long service payments as at 31st December 2000.

Commencing from December 2000, the Group participates in a defined contribution scheme in accordance with the requirements of the Mandatory Provident Fund Ordinance, the assets of which are held separately from the Group. The charge for the scheme in the year is immaterial.

- (f) At 31st December 2000, there were unprovided deferred taxation liabilities/(benefits) which consisted of the following timing differences:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Accelerated depreciation allowances	38	194	38	194
Taxation losses	(44,354)	(37,037)	(7,211)	(3,344)
	<u>(44,316)</u>	<u>(36,843)</u>	<u>(7,173)</u>	<u>(3,150)</u>

Future taxation benefits attributable to the taxation losses have not been accounted for due to the uncertainty as to their future utilisation. There are no other material timing differences between profit as computed for taxation purposes and profit as stated in the accounts.

HUMAN RESOURCES

Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. The Group has participated in Mandatory Provident Fund Scheme in December 2000 on schedule.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to our shareholders for their support and to our staff for their contributions and diligence during the year.

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 18th April 2001