

BUSINESS REVIEW

For the period under review, the Group has turnover of HK\$13.9 million in which HK\$9.8 million was from the Hi-tech Division and HK\$4.1 million was from the Food and Beverage Division. The current period's total turnover shows an increase of 153% when compared to the same period of last year. However, turnover from the Food and Beverage Division has declined by almost 20% from last year's result. Since the change of major shareholder of the Group in June 2000, the core business has already been divested to hi-tech and bio-technology related businesses yet maintaining a small operation in food and beverage business in the PRC.

During the period the Group has involved in investment projects of telecommunication and internet business. Nevertheless, the worldwide sentiment in these two industries has been cooled down. The Group has shared the same view that the Group has decided to slow down the pace of investments of this regard. A number of internet related or software development projects have been modified or postponed in order to match with the global economic climate on this kind of business. As such, business development in projects which the Group had signed the cooperative agreements with other investment partners before, will be slowed down until situation permits. Nevertheless the Group will not rule out any future hi-tech investment opportunities should it within the Group's long term interest and this is in line with the Group's overall investment strategies that opportunities in hi-tech or bio-technology business will be carefully assessed.

The Group has in August, 2000 acquired 70% equity interest in Thinking Group Holdings Limited ("TGL") which is the distributor of a pen size dictionary and translator for markets in Hong Kong, Singapore and Taiwan. This subsidiary has already contributed HK\$7 million turnover for the Group and resulted in HK\$0.9 million in operating profit. A wholly-owned subsidiary Starstruck Limited ("Starstruck") which was acquired in September 2000 has had turnover of HK\$2.5 million and operating loss of HK\$0.4 million.