

BUSINESS OUTLOOK

During the period the heat on global internet related businesses have cooled down substantially and it seriously affected the return on investments of this regard. The Group has therefore decided to change the pace of the investment strategy in telecommunication and internet related businesses and has already divested part of the resources to bio-technology related business. The Group has since then brought in a new health product known as Qilisheng Immunity Adjusted Oral Liquid (“Qilisheng”) which is particularly useful for terminally ill patient to adjust immunity and assist the inhibit tumor growth. A new concept of treatment by MAB (Micro-Alternating-Field Biotechnology) is added to various ingredients such as radix ginseng, semen ziziphi spinosae, fructus schisandrac chinensis, fructus crataegi and soybean which are essences of Qilisheng. It is a good supplementary agent for chemotherapy and radiotherapy by cancer patient and it also helps to increase amounts of red blood cells, white blood cells and platelet. Qilisheng is manufactured by a renowned medicine manufacturer in the PRC and is supervised by the China Cancer Research Foundation. Various Chinese cancer professors and medical specialists have accredited this health product. The Group is confident that with the widely recognition and acceptance of MAB technology which is the major ingredient of Qilisheng, it will increase the turnover and profit margin for the Group. A detail plan has been undertaken to launch the introduction of this product and a health club in the name of “Ha Ha Ha Club” is established in early March 2001 to implement the marketing and recognition of this product. The Group is satisfied with the results from the massive feedback as in this early stage.

Another investment that the Group has been developing is an environmental project for which a wholly-owned subsidiary has already been set up in February, 2001 in Shenzhen, the PRC. As the environmental issues are increasingly well aware, the Group sees the potential and investment opportunity in this respect. This subsidiary is used to set up a laboratory which will be developing a water treatment plant to purify water for light domestic consumption. The management is confident this project will bring a good turnover for the Group and for the long term interest of shareholders.

With the imminent entry of the World Trade Organization by the PRC, the economy of Hong Kong will be benefiting from the trade opportunity upcoming. Financial information will be one of the important factor to enhance the world economic recovery. There will be an increase in the number of subscription on instant financial information through pagers, mobile phones or internet. With the booming in financial market the Group is expecting good results in year 2001 from Starstruck whose business is the provision of financial information. Furthermore, the management believes that business and trading by means of internet and telecommunication after all will be playing an important role to implement the booming of economy.