

**REVIEW OF OPERATIONS**

The Group has recorded profit attributable to shareholders of HK\$6,182,847 for the year ended 31st December 2000, 286% higher than that for the period from 5th March to 31st December 1999.

As an investment company, the Group has derived its revenue from the sale of trading securities, dividend and interest income in 2000. Income from these 3 items represents 86.4%, 1.4% and 12.2% respectively of the total revenue of HK\$39,437,864, and, the Group has recorded realised gain of HK\$4,445,073 from revenue of sale of trading securities of HK\$34,058,900 in the year.

The net asset value (the "NAV") of the Group, including unrealised gain in value of investment securities of HK\$8,100,000, is HK\$108,917,170 as at 31st December 2000, which was 13.9% higher than the NAV of HK\$95,634,323 as at 31st December 1999 and 0.78% slightly lower than the NAV of HK\$109,772,483 as at 30th June 2000. The change of the NAV per share is the same as the change of the NAV of the Group.

The Hang Seng Index closed at 15,095.53 on 31st December 2000, 11% lower than the beginning of the year and 18% lower than the peak record of 18,397.57 in 2000. For the widely watched Nasdaq Composite Index, it closed 39% lower at 2,470.52, which is 52% lower from the peak of 5,132.52 recorded in the year.

Technology, media and telecommunications ("TMT") stocks were the focus of investment during the year. Ample liquidity in early 2000 stretched the valuation of TMT stocks to unrealistic high levels, followed by a plunge in stock values amid tightening interest rates, spiking energy prices and uncertain presidential election in the U.S. TMT stocks in Hong Kong followed the boom and bust pattern in the U.S., and failures of dot-com have been prevalent.

Facing the above market environment, the Group pursued conservative investment policy during the year. In the first half of 2000, the Group mainly dealt in marketable securities in order to give the Group better flexibility to cope with market changes and to preserve liquidity. The Group started to invest in unlisted technology companies in the second half of the year when valuation was becoming favourable to investors.

The breakdown of the Group's portfolio of investment assets as at 31st December 2000 is as follows:

Item	Book value <i>HK\$</i>	Percentage of consolidated NAV
Cash and deposit with bank	72,148,500	66.2%
Listed equity securities in Hong Kong	34,508,400	31.7%
Unlisted investments	2,737,420	2.5%

Out of the Group's investments in listed equity securities in Hong Kong, the market value of the Group's investments in Universe International Holdings Limited ("UIH") of HK\$16,500,000 represents 15.1% of the NAV of the Group as at 31st December 2000. UIH is in the business of distribution of films in various formats, sub-



licensing of film rights, film exhibition and replication of optical disc. Since the Group acquired the investments in UIH, a revaluation surplus in value of HK\$8,100,000, based on market price as at 31st December 2000, for investments in UIH has been recorded in investment revaluation reserve.

The Group has entered into two contracts for investing in unlisted technology companies. The first one is a company engaged in web-based freight/logistics market place business. The second one is in the commercialization of technology in IC production for 3G mobile communication. As these two technology companies operate outside Hong Kong, the management of the Group will closely monitor the foreign exchange fluctuations in the respective jurisdictions.

The Group did not have any borrowings as at the end of December 2000.

LOOKING FORWARD

The management of the Group believes that the long-term development prospect in technology will remain intact. Businesses will be more efficient with full integration of technological advances. Nascent economic recovery in Hong Kong, accretion of China to the WTO, and the reversion of valuation of TMT stocks offer good investment opportunities to the Group. The cash position of the Group will be reduced to build a portfolio of diversified TMT startups.

The Group will continue to invest in equity of small to medium size listed companies with good growth potential. Inevitably, investments performance will be impacted by the performance of the stock market.

COMPLIMENT

The Group has been operating for one full year on 27th October 2000. On behalf of the Board of Directors, I would like to express our thanks to all parties contributed to the development of the Group.

NGAN Man Kit

Chairman

Hong Kong, 11th April 2001