

Business Review

For the year ended 31 December 2000, the Group recorded a turnover of approximate HK\$39,430,000, represented 138% growth comparing with last year. The Group's profit attributable to shareholders is HK\$7,024,000 (1999: loss HK\$4,491,000), Earnings per share is 1.32 cents.

The principal activity of the Company is investment holding while its subsidiaries are engaged in finance, information technology development, property development and investment, as well as investment activities.

The Group has a work force of 69 staff. The Group employs and remunerates its staff based on their performance and experiences.

Finance

The finance arm of the Group recorded a fruitful result during the year. For the year ended 31 December 2000, the division's profit had surged by 133% and turnover was risen by 64%. Because of the economic recovery and reduction of interest rate, the stock market had been being more active. With the continuous growth, the division had moved to a large premise for increasing efficiencies. In this sense, the Group will launch on-line securities trading in the forthcoming future in order to provide value-added services to its customers, enlarge its client bases and expand its presence in the market.

Subsequent to the year end, the Company has acquired an indirect 50% equity interest in Genesis Strategic (Holdings) Limited, at a consideration of HK\$4 million. It engages in a wide range of fund management, securities dealing, investment advisory, corporate finance and undertaking business. The Group is striving to become a "One-Stop" financial institution and will make their best efforts to broaden its asset and income base as well as strengthen its existing core business.

Information Technology

Owing to the fierce competition and increasing costs, the information technology arm generated a loss of HK\$5,027,000 for the year ended 31 December 2000. It mainly concentrates on educational software development, provision of multimedia training and trading of computer products and related accessories in Singapore, Hong Kong and the PRC. As the Government of Singapore advocates the IT, participants have continuously penetrated in the market thus accelerating the competition and diminishing the profit margin.

The Group has set up a training centre at the prime area in July 2000. It has provided a prestigious environment for the local educational institutions to launch information technology training programs. Since its opening, the Group recorded a full booking rate. Taking into account the generation of information era and the huge demand for e-learning, it is believed that the Group can secure more business opportunities with the public and private organizations in this respect.

Property

The property investment profile of the Group generated a fruitful and recurrent rental income during the year. It includes the investments in the different commercial, industrial and residential areas in Hong Kong, the PRC and Malaysia. Because of the economic rebound in the regions, demand for the first class offices in Hong Kong increases, the Group benefits from the rising rental accordingly. In addition, the Group holds eight office units and five car parking spaces in Hanzhong Guangchang located at the commercial district of Zhabei District, Shanghai. As at the year end, the occupancy rate of the leased properties is over 90%.

The Hypermarket situated at Johor Bahru, Malaysia has approximately 200,000 square feet. It is strategically located within a walking distance to most of the housing estates. With the phenomenal concept of hypermarket retailing in Malaysia and attractive rental rates, the retail shoplots are nearly fully occupied and contributes promising income to the Group.

The progress of the residential housing project in Melaka, Malaysia is undertaken on schedule. It comprises four contiguous plots of approved housing development land that have been converted and subdivided into eleven units of bungalow lots, fifteen units of double-storey shoplots and three hundred and sixteen units of double-storey terrace housing lots.

Financial Review

The financial position of the Group remains healthy and liquid. As at 31 December 2000, the total shareholders' fund of the Group amounted to HK\$189,250,000, compared to HK\$125,651,000 as at 31 December 1999. The debt ratio (based on the sum of current debt and long-term debt over the equity) and current ratio of the Group as at 31 December 2000 were 0.24 and 1.47 respectively while that ratio as at 31 December 1999 were 0.19 and 0.99.

The bank and other borrowings of the Group were about HK\$46,235,000 of which HK\$26,004,000 (equivalent to MYR12,500,000) was denominated in Malaysian Ringgit. The bank and other borrowings bore interest at prime rate plus 1% to 3% while the borrowing of MYR12,500,000 bore interest at 1% above the banker's base lending rate in Malaysia. The Group's bank loans and other borrowings are secured by mortgages over the Group's land and buildings, investments properties and time deposits. Further details of these charges are set out in note 28 to the financial statements.

The Group's business operation and investment of Group are transacted in Hong Kong, the PRC, Singapore and Malaysia, and its revenue and expenditure mainly denominated in HKD, RMB, SGD and MYR. Since the recovery from the Asian financial turmoil, it is expected the fluctuation of foreign rate is minimal.

Prospects

During the year, the economic environment has been improving and the real GDP has been grown. Looking ahead, the Group will streamline its business and focus mainly on the sectors of finance, information technology development, property development and environmental issues.

The Hong Kong SAR is a financial hub with healthy structure and strict governance systems, which is evidenced by the establishment of regional offices by foreign investors, the Directors believe that the Group will capture more business opportunities in the finance section. Furthermore, Singapore and the countries in the Asian region are knowledge-driven and these Governments encourage IT industry so the Group will expand its existing IT business and implement effective strategies to seek for strategic alliances in this area. Environmental issue is a main concern for the world including China, with the strategic location of Hong Kong, the Group will actively be looking for investment opportunities in this sector to broaden the Group's income and asset base.

Besides, the Management will look for strategic partners and recruit talents to strengthen the Management team and also launch prudent policies to minimize costs. With the energized management and the competitive advantages, the Directors are optimistic about the future of the Group.

We would like to take this opportunity to express my gratitude to my fellow Directors and all staff for their dedication and hard work over the past year.

Kong Look Sen

Chairman and Managing Director

Hong Kong, 12 April 2001