

Chairman's Statement

BUSINESS REVIEW

Flotation

The Company was incorporated on 12 July 2000. The Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") following an issue of 31,500,000 new shares at an issue price of HK\$1.00 per share. The net proceeds arising from the placing amounted to approximately HK\$26.44 million. The listing of the shares has broadened the shareholder bases of the Company which enables the Company to raise fund in the future as investment opportunities arise in Hong Kong, the PRC and Taiwan.

Investment Management

Glory Investment Assets Limited has obtained the approval from the Securities and Futures Commission in June 2001 to register as an investment adviser under the Securities Ordinance and has assumed the duties as Investment Manager of the Company commencing on 5 July 2001. Pegasus Fund Managers Limited resigned on 4 July 2001 in accordance with the Interim Investment Management Agreement.

Investment portfolios and business review

As at 30 June 2001, apart from a deposit of HK\$1,000,000 for an investment in an unlisted company, all of the Company's investment funds were in bank deposits. Subsequent to the balance sheet date, the Company has also invested in various companies details of which have been disclosed in the Company's audited financial statements. In addition, the Company is in negotiation with various unlisted companies in Hong Kong/PRC which the Board considers have great potential to be listed on the Stock Exchange or possibly the PRC Stock Exchanges. The Company will disclose to the shareholders details of these investments promptly once these investments are materialised.

Prospect

Despite the adverse economic condition, the Company will continue to seek potential investments in both listed and unlisted companies in the PRC, Hong Kong and other Asian countries in accordance with the objectives to optimise the equity return.

In addition, the Board believes that the PRC's imminent entry of WTO will bring about vast investment opportunities to both foreign and local investors and the Board believes that the Company is well positioned to take advantage of the growth in the PRC in future.

Liquidity and Financial Position

As at 30 June 2001, the Group had cash and bank balances of HK\$33,732,061. Most of the cash and bank balances were placed in HKD short term deposits with banks in Hong Kong.

Foreign Currency Fluctuation

Since the Group mainly uses Hong Kong dollars to carry out its business transactions, the Group believes that the foreign exchange risk is minimal. No foreign exchange forward contract was outstanding as at 30 June 2001.

STAFF

As at 30 June 2001, the Group employed three employees. Total staff cost of the Group, excluding directors' remuneration, for the period under review amounted to HK\$30,586. Staff remuneration packages are normally reviewed annually.

Chairman's Statement (Continued)

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the listing of the shares on the Stock Exchange, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of members of the Company will be closed from Friday, 16 November 2001 to Thursday, 22 November 2001, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, 4/F Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Thursday, 15 November 2001.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the annual report, except that independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's articles of association.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an audit committee, comprising two independent non-executive directors, namely Dr. Cheung Wai Bun, Charles and Dr. Lee Tung Hai, was established on 24 May 2001. The principal activities of the audit committee include the review and supervision of the Company's financial reporting process and internal controls. The audit committee of the Company has reviewed the audited financial statements for the period ended 30 June 2001.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Group for the period ended 30 June 2001 containing all the information required by the paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website at <http://www.hkex.com.hk> on or before Wednesday, 31 October 2001.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my gratitude to all of our business partners, shareholders, directors, and staff for their support and dedicated work during the period.

On Behalf of the Board
Chiu Kam Hing, Kathy
Chairman

Hong Kong, 16 October 2001