

Management Discussion and Analysis

BUSINESS REVIEW

Floatation

The Company was incorporated in the Cayman Islands on 14 September 2001 and was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 February 2002 following an issue of 100,000,000 new shares at an issue price of HK\$1.00 per share. The net proceeds arising from the new issue amounted to approximately HK\$93 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 the Greater China region.

Investment Management

China Core Capital Management Limited will be responsible for the provision of investment management services to the Company upon registration as an investment adviser under the Securities Ordinance. Pending the registration of China Core Capital Management Limited as an investment adviser under the Securities Ordinance, AsiaVest Investment Advisory Limited is responsible for the provision of interim investment management services to the Company.

Investment portfolios and business review

During the period from its date of incorporation to 31 December 2001, the Company had not conducted any business transactions other than the changes in share capital.

PROSPECT

Despite the adverse economic condition, the Company will continue to seek potential investments in both listed and unlisted companies in the Greater China region to achieve medium to long-term capital appreciation.

In addition, the Board believes that the People's Republic of China's imminent entry of the World Trade Organisation 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 People's Republic of China in future.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2001, the Company had cash and bank balances of HK\$709,911 which were mainly placed in HKD account with a bank in Hong Kong.

FOREIGN CURRENCY FLUCTUATION

Since the Company mainly uses Hong Kong dollars to carry out its business transactions, the Company believes that the foreign exchange risk is minimal. No foreign exchange forward contract was outstanding as at 31 December 2001.

STAFF

As at 31 December 2001, the Company had not commenced business and no employee was employed during the reporting period.

APPRECIATION

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

On behalf of the Board
Chan Yan Ming, Michael
Managing Director

Hong Kong, 16 April 2002