



**REVIEW OF OPERATIONS**

The Company and its subsidiaries (the "Group") has reported a net profit of HKD1,114,065 for the year ended 31st December 2001, 82.0% lower than that recorded in the year ended 31st December 2000.

As an investment company, revenue of the Group mainly comes from sale and holding gain of trading securities, interest income and dividend, which respectively represents 93.2%, 5.6% and 1.2% of the total revenue of HKD49,837,761, and the Group has realised profit of HKD4,231,922 from revenue of trading of securities of HKD46,446,974 in the year. There is an unrealised gain of HKD1,231,144 in the holding of trading securities of HKD15,464,850 of the Group.

The Group has booked most of the assets with listed equitable securities in Hong Kong and deposit with bank, which respectively represents 30.7% and 65.1% of the total assets of the Group as at 31st December 2001. In 2001, the Hang Seng Index closed 24.5% lower at 11,397.21 and the prime lending rate in the US and Hong Kong was 4.75% and 4.375% lower than year beginning. They underlie the 22.0% reduction of trading profit and holding gain of marketable securities to HKD5,463,066 and the 37.0% drop of other income, which was mainly derived from interest income from deposit with bank, to HKD3,390,787.

The net asset value per ordinary share of the Group increased 2.6% to HKD1.13 at the end of 2001 mainly due to the increase of unrealized holding gain in value of long term investments in listed equity securities of HKD2,700,000 at 31st December 2001.

The breakdown of the Group's portfolio of investment assets as at 31st December 2001 is as follows:

<b>Item</b>	<b>Book value</b>	<b>Percentage of consolidated net asset value</b>
	<i>HKD '000</i>	
Cash and deposit with bank	73,576	65.3%
Listed equity securities in Hong Kong	34,665	30.7%
Unlisted investments	4,000	3.5%

Out of the Group's investments in listed equity securities in Hong Kong, the market value of the Group's investments of HKD19,200,000 in Universe International Holdings Limited ("UIH") and HKD12,600,000 in Moulin International Holdings Limited ("MIH") respectively represents 17.0% and 11.2% of the consolidated net asset value of the Group. UIH is in the business of distribution of films in various formats, sub-licensing of film rights, film exhibition and replication of optical disc. MIH is engaged in the design, manufacture, distribution and retailing of optical products.

In respect of the Group's unlisted investments, the Company completed the sale of the project company in web-based freight / logistics market place business with a small profit. The Group is still keeping the investment in the project of commercialization of technology in IC production for 3G mobile communication. This investment operates outside Hong Kong that the management of the Group keeps a close watch on the foreign exchange fluctuation in its jurisdiction.

The Group did not have any borrowings during the year and there are no charges on the Group's assets and there is no material contingent liability as at 31st December 2001.

**PROSPECTS**

With the release of more stable economic figures in the US and the bottoming of the interest rates cycle, recovery is expected in the US, albeit intensity may not be strong. A slow and sustainable recovery provides good opportunities for long term investment. With better business outlook and more attractive valuations in listed companies, the Company intends to increase investment in listed equities.

The Group's current financial resources will be sufficient to meet the foreseeable investment requirement.

**EMPLOYEES**

Currently, the Group has 6 employees, who are remunerated in line with industry practice. For the year ended 31st December 2001, the total staff costs incurred by the Group was approximately HKD2,068,000 and there has been no significant change in the Group's remuneration policy.

**NGAN Man Kit**

*Chairman*

Hong Kong, 19th April 2002