

CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the first annual report of the Company for the period from 18th September, 2001 (date of incorporation) to 31st December, 2001 (the "period").

INITIAL PUBLIC OFFERING

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 18th September, 2001. It was successfully listed on the Stock Exchange on 2nd January, 2002 following an issue of 60,000,000 new shares at an issue price of HK\$0.5 per share. The net proceeds arising from the initial public offering, after deduction of related expenses, amounted to approximately HK\$26,007,000. The listing exercise not only increased the Company's shareholder bases, but also significantly strengthened its capital to capture any investment opportunities arisen in the forthcoming years.

BUSINESS REVIEW

No turnover was recognised by the Company during the period. As the Company was in the early stage of investment and development, a net loss of approximately HK\$309,000 was incurred for the period. So far, the Company had not identified any attractive investment opportunity. The net proceeds from the share offer not deployed were placed on deposits with financial institutions in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2001, the Company was cash-rich and has no long-term borrowing and no material capital expenditure commitment.

Cash and bank balances amounted to approximately HK\$36,765,000 and accounted for 99.6% of total current assets.

Exchange risk of the Company is minimal as the assets of the Company comprised substantially of bank deposits denominated in Hong Kong currency.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2001, the Company had 3 employees. The Company remunerates its employees based on their performance, experience and prevailing industry practice. Employee benefits provided by the Company include a mandatory provident fund scheme, medical scheme, discretionary performance-related bonus and a share option scheme.

PROSPECT

With the substantial cash on hand, the Company is actively seeking for investment opportunities that will bring a steady long-term growth in the Company's performance. China's accession to the World Trade Organisation and preferential policies for foreign investment in Western China leave huge and far-reaching influences on all industries in the People's Republic of China (the "PRC") and Hong Kong. In the long run, economic activities will be boosted up and attractive investment opportunities will be brought about.

The Company is open-minded on what areas to be invested. The Directors of the Company will always take a cautious and prudent approach in formulating the Company's overall investment strategies and making investment decisions. With the extensive investment experience of the Directors, the Company has confidence and determination to meet challenges in the new era, with a view to maximize returns for our shareholders.

APPRECIATION

Finally, I would like to take this opportunity to express my most sincere appreciation for the valuable efforts and supports of our Shareholders, Directors and employees during the period.

Hung Fung, Terry

Chairman

Hong Kong, 24th April, 2002