

## BUSINESS REVIEW

### Use of proceeds from placement

The net proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 June 2001 amounted to approximately HK\$26.44 million. The use of proceeds from the placement generally reflects the expectations as stated in the Company's prospectus dated 31 May 2001.

Since the listing of the Company's shares, the Group had invested in four unlisted companies which amounted to HK\$20 million. In addition, a deposit of HK\$5 million was made by the Group on 20 August 2001 to acquire the interest in an unlisted equity investment. Apart from the above, the balance of proceeds were used in investing in trading securities in Hong Kong SAR and deposits with banks in Hong Kong SAR.

### Investment management

Pursuant to the Investment Management Agreement dated 24 May 2001 entered into between Glory Investment Assets Limited and the Company, Glory Investment Assets Limited was appointed as the investment manager of the Group who provides investment management services and general administrative services to the Group.

### Investment portfolios

For the year under review, apart from a deposit of HK\$5 million made by the Group in August 2001 to acquire the interests in an unlisted equity investment which engaged in the development of medical products in the People's Republic of China (the "PRC"), the Group has invested in four unlisted companies which are respectively engaged in (1) development of a website providing legal information in the PRC, (2) development of a website providing on line professional consultancy services in the PRC, (3) production and distribution of window frames in the PRC, and (4) development and installation of household automated surveillance systems in Hong Kong SAR and the PRC. These investments are expected to bring to the Group steady returns and possible capital appreciation.

### Prospect

Despite the PRC's entry into WTO and the consecutive rounds of interest rate cuts in USA by the Fed, the Hong Kong economy has shown little signs of recovery. In anticipation of a possible war in the Middle East and the prolonged sluggishness in the global economy, the directors are cautiously optimistic in the stock markets in Hong Kong and the PRC. The Group will continue to look for suitable investment projects with satisfactory returns when such opportunity arises.

### Liquidity and financial position

As at 30 June 2002, the Group had cash and bank balances of HK\$3,491,172. Most of the cash and bank balances were placed in Hong Kong dollar short term deposits with banks in Hong Kong SAR.

### 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 2002.

## STAFF

As at 30 June 2002, the Group employed three employees. Total staff cost of the Group, excluding directors' remuneration, for the year under review amounted to HK\$426,744. Staff remuneration packages are normally reviewed annually.

## **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.

## **DIVIDEND**

The Board of Directors does not recommend the payment of any dividend for the year ended 30 June 2002.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of members of the Company will be closed from Friday, 22 November 2002 to Thursday, 28 November 2002, 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, 21 November 2002.

## **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 year covered by the annual report, except that the 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. Leo Lee Tung Hai, was established on 24 May 2001. The primary duties 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 year ended 30 June 2002.

## **DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE**

The annual report of the Group for the year ended 30 June 2002 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 Thursday, 31 October 2002.

## **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 year.

On Behalf of the Board  
**Chiu Kam Hing, Kathy**  
Chairman

Hong Kong SAR, 17 October 2002