

I am pleased to present to the shareholders the first annual report of First Asia Capital Investment Limited (hereinafter referred to as the "Company") for the period from 28 June 2002 (date of incorporation) to 31 December 2002.

INITIAL PUBLIC OFFERING

The Company is an investment holding company incorporated in the Cayman Islands on 28 June 2002 as an exempted company with limited liability under the laws of the Cayman Islands.

Following the successful placing and public offer of 44,000,000 new shares of the Company, the shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 September 2002. The net proceeds arising from the initial public offering, after deduction of related expenses, amounted to approximately HK\$18,000,000 and have been applied in investment in listed securities. There were no unused proceeds from the initial public offering as at 31 December 2002.

BUSINESS REVIEW

As at 31 December 2002, investment portfolio of the Company consisted mainly of listed securities in Hong Kong with a total market value of HK\$19,753,000.

The Board considers it appropriate for the Company to retain financial resources at present to enable it to seize new and attractive investment opportunities as and when they arise. Therefore, the Board has resolved not to recommend a dividend.

For the financial period under review, the Company recorded a net profit of HK\$1,662,000 and this was mainly attributable to the net unrealised holding gains on the Company's investment in listed securities of HK\$3,027,000.

Against the above background, nevertheless, the Company is managing a portfolio of good-quality listed company securities covering a range of industry sectors to achieve risk diversification. The portfolio consisted of Changchun Da Xing Pharmaceutical Company Limited, Global Link Communications Holdings Limited, Hua Lien International (Holding) Company Limited, Thiz Technology Group Limited, WLS Holdings Limited and Warderly International Holdings Limited. Dividend income totalling HK\$131,000 was received by the Company during the period under review. The Board is optimistic as to the future prospects of these companies in their respective lines of businesses, and expect attractive return on investments and medium-term capital appreciation. Further details on the Company's listed investment portfolio are set out in the audited financial statements.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Company had retained cash of HK\$3,569,000 as at 31 December 2002. As all the retained cash was placed in Hong Kong Dollars short-term deposits with a major bank in Hong Kong, exposure to exchange fluctuation is considered minimal. It is intended that future investments will be funded through the Company's retained cash resources.

The Company had net current assets of HK\$23,253,000 and no borrowings or long term liabilities as at 31 December 2002, which positions the Company advantageously to pursue its investment strategies and new investment opportunities. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 December 2002, was 0.025.

EMPLOYEES

As at 31 December 2002, the Company had 7 employees, including executive and independent non-executive directors of the Company. Total staff costs for the period under review amounted to HK\$485,000. The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

During the period under review, no option has been granted or agreed to be granted under the share option scheme.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Company's assets or any significant contingent liabilities as at 31 December 2002.

PROSPECTS

In 2003, the Company will continue to identify and pursue investment opportunities in Hong Kong and the PRC in accordance with the Company's investment objectives and policies which continue to work satisfactorily.

The Board considers that the Company is well positioned to benefit from the vast opportunities brought by the continual growth in the PRC economy and China's imminent accession to the World Trade Organisation. The Company will undertake further investments in this region when attractive investment opportunities arise, along with the ultimate goal of maximising returns to shareholders.

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to the shareholders for their continued support and the Investment Manager for their dedicated efforts since the Company's listing on the Stock Exchange.

On behalf of the Board

Li Sze Tang
Chairman

Hong Kong, 22 April 2003