

CHAIRMAN'S STATEMENT

THE YEAR ENDED 31 DECEMBER 2000

The year ended 31 December 2000 was a difficult year for the Group. Even though the underlying core operating results of both the steel trading and electronic divisions were very pleasing, the profits generated were badly affected by the results of the joint venture steel manufacturing plants in China. Due to the inherent volatility of the steel prices and surging costs of fuel and electricity, the joint venture steel mills in China were not performing well for the last few years. Although the operation of the steel mills in China is predominantly financed by the China joint venture partners and has not created any cash drain to the head office, however, their results of operation have to be consolidated into the Group at the end of each year. Considering the unsatisfactory performance of the China joint ventures, task group has already been set up and active steps have been undertaken to restructure and rationalize the operation structure of the China steel manufacturing division and dispose of all the unprofitable steel mills. In line with this direction, Tianjin Shunfeng, one of the joint venture steel mills, which incurred substantial losses in the past few years, was disposed of at a profit of HK\$3.6 million.

In April 2000, the Company changed its name from Linkful International Holdings Limited to Oriental Explorer Holdings Limited to reflect the Group's intention to diversify into other lines of business including but not limited to IT related business. Critical assessment and evaluation of various business opportunities have been carried out from time to time and extreme caution has been taken to make sure the business which we decide to diversify could suit our business direction and philosophy. We are of a strong view that we are fully equipped with the necessary skills and expertise to broaden our business focus into areas which could generate the desired return to our shareholders.

Whilst 2001 will be no less challenging than 2000, the Group is well placed to go forward after the rationalization of the operation structure of the joint venture steel mills in China, which is expected to be completed by the second half of 2001. As we look to the future, we will continue to concentrate on the development of our core business areas, but will also investigate appropriate acquisition opportunities as and when they arise.

Looking ahead, We will endeavour to restore shareholders' confidence and value and achieve capital growth for our investors in the long run.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 20 April 2001