Chairman's Statement

RESULTS

The Group recorded a turnover of HK$188 million for the year, compared to last year's HK$187 million. Operating profits rose to HK$5 million this year compared to HK$4 million last year. Net loss for the year was HK$82 million against last year's HK$37 million. The higher losses this year was mainly due to disposals of and provisions and write offs on the carrying values of the discontinued [electronics] operation.

BUSINESS REVIEW AND PROSPECTS

The Group made sweeping moves towards another milestone last year. While on one hand efforts were made to boost the ostrich business and pursue market expansion in the wine venture, on the other hand the Group has concentrated on clearing up discontinued businesses and non performing assets and has initiated investment in the technology and communication industry.

PROSPECTS

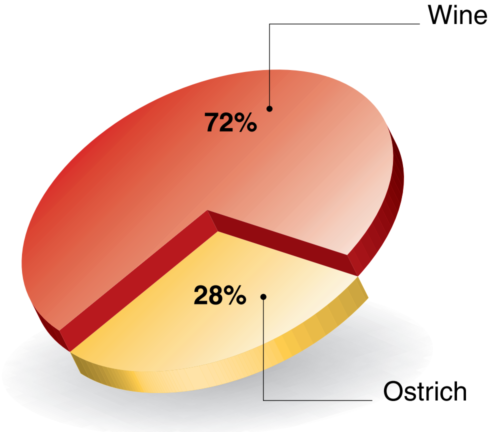
In spite of the outlook of the slowdown in the general business and economic situation, the Group's core businesses are expected to remain resilient being the major players in their respective industries. The Group's ostrich business in South Africa should be able to take advantage of the opportunities in the European market and leverage its foreign currency earnings against possible devaluation of the local currency. Furthermore, with their streamlined operations, the Group's ostrich business units are now more agile in any changes in market conditions. On the other hand, the Group's wine venture should be able to solidify its foothold in the industry with the projected increase in export sales to Japan and expansion of its distribution networks in key cities in the PRC.

The Ostrich Business

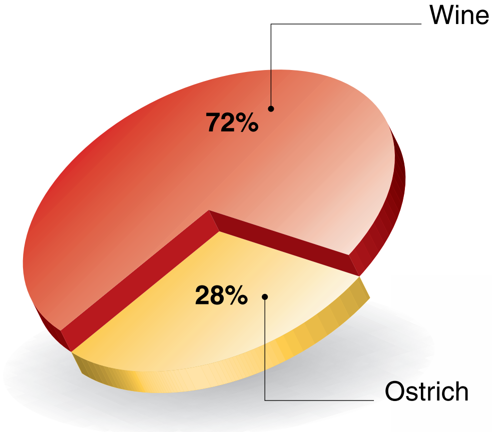
During the year, the Group's leather and meat processing and distribution unit, Oryx Tanning (Proprietary) Limited ("Oryx") and its farming operation unit, Ken-Well Farms (Proprietary) Limited ("Ken-Well") completed their full operational integration. This move will strategically isolate the Group's ostrich business from being vulnerable to supply and price fluctuations. Furthermore, this also allows Oryx and Ken-Well to delve into more research and experimentation of farming and processing techniques that will have a tremendous impact on future operations. The cost of farms start up, and research and experimentations have been charged to current year's operating results.

Financial Summary

Turnover by Activity

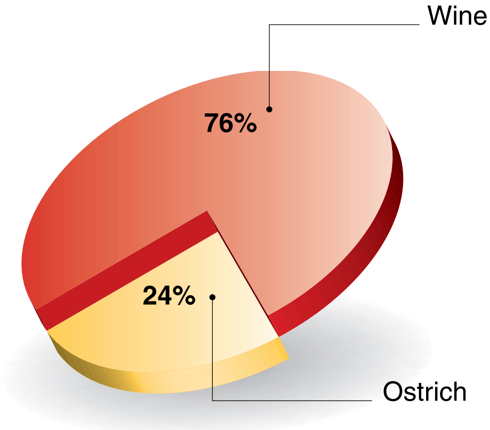


For the year ended 31 December 2000

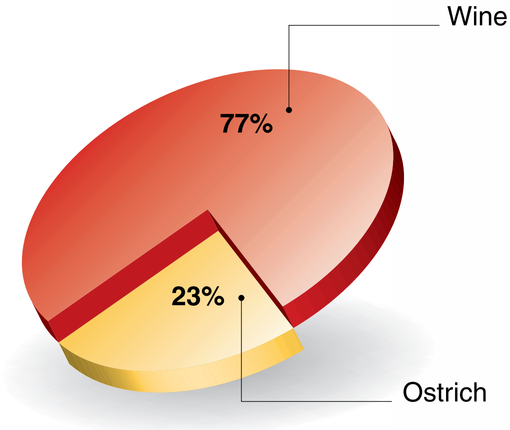


For the year ended 31 December 1999

Gross Profit Contribution by Activity



For the year ended 31 December 2000



For the year ended 31 December 1999

The occurrence of livestock diseases in Europe is fuelling an increased demand for ostrich meat. Since the last quarter of 2000, export prices have risen by about 15% and export orders are doubling up since then. The present situation will further enhance the acceptance and awareness of ostrich meat products in the vast European market.

Although the Ostrich leather market in Asia has slightly weakened, Oryx was able to maintain its sales volume by concentrating in the more stable US and European markets.

The Wine Business

The wine business remains as the major contributor to the Group's turnover. The turnover saw a steady growth, amounting to HK$136 million this year, contributing 72% of the total turnover. The operating profit margin dipped slightly to 43% this year from 45% last year. This was mainly attributable to aggressive pricing in order to capture new markets.

In the year 2000, The Group's subsidiary, Dong Feng Shao Xing Wine Co. ("Dong Feng") strived to improve the quality and packaging of its wine products. It has also extended its sales network to new territories such as Beijing, Shanghai and Central China region. At the same time, Dong Feng has kicked off new market penetration strategies and launched active advertising and various promotion campaigns to push its products across the country.

Apart from the China market, Dong Feng has been pursuing market potential of its Shao Xing wine in Japan. In cooperation with its Japanese distributor, Dong Feng offered a number of its rice wine products, which are gaining increasing acceptance as alternatives to the Japanese traditional wines.

Pan Asia Sat Media

The Group has diversified into the technology and communication business in 2000. In August 2000, Fortuna signed a subscription agreement with Pan Asia Sat Media Ltd. ("PASM"), a joint venture company, for approximately 11.14% of the enlarged issued share capital of PASM, upon completion, valued at approximately US$20,065,846 (approximately HK$156.5 million). PASM will provide integrated communication services across Asia, especially targeting countries with less sophisticated telephony structures. PASM is focusing its operations initially in Indonesia, followed by other Asian countries.

Chairman's Statement

In late 2000, PASM, through its subsidiaries, was granted several licenses by the Department of Communications of Indonesia to initiate the operation of various communication services. The licences grant rights to provide Internet services, calling card services, VSAT telecommunication services and multimedia services, including ISP, ICP and ASP services to various key cities in Indonesia. Among the above services, the ISP service commenced has already and has been generating revenue for PASM. The strong government support, the vast geographical territories, the huge population and the current communication development status in Indonesia all translate into favourable prospects for the PASM's communication business. Recognising the huge potential of its target markets, PASM intends to continue to expand the range of its ISP business and eventually expand yet further into the provision of multimedia and VoIP services.

FINANCIAL INFORMATION

For the year under review, the Group managed to secure a firm financial position and liquidity. As at 31 December 2000, the Group's gearing ratio strengthened to 0.49 from last year's 0.53. The current ratio is 1.65 against the 1.66 of last year.

In February 2000, the Group raised approximately HK$41.7 million, before expenses, by way of placement to independent investors of 521,806,000 new shares at HK$0.08 per share. The net proceeds of HK$40 million was used mainly to augment the working capital and investment requirements of its ostrich business.

In line with our trusts towards more liquidity and our focus on the core businesses, the Group entered into an agreement in January 2000 for the sale of our entire interest in subsidiaries involved in the electronics components business for a consideration of about RMB22 million.

On behalf of the Board

Kwee, Cahyadi Kumala
Chairman

Hong Kong, 23 April 2001