

## Results

For the year ended 31st December, 2001, the Group recorded a loss of HK\$40,621,000 that was principally the result of further impairment loss recognised in respect of a convertible loan note investment and the realization of cumulative losses from the disposal of certain listed securities.

## Business Review and Prospects

During the year under review, steps had been taken by the management in restructuring the Group's investment portfolio. Financial resources available from disposing certain listed securities investments had been directed to new investments in three convertible loan notes that are expected to bring favorable return to the Group. The issuers of the three convertible loan notes are respectively engaged in the business of property development in Hong Kong; biotechnological production in Mainland China; and web-based information services in the area of public relation, financial intelligence, investment and entertainment.

At 31st December, 2001, about 50% of the Group's investment portfolio was constituted by the three convertible loan notes mentioned, 40% represented by the equity interests in a building materials manufacturing plant in Mainland China, with the remaining 10%, equivalent to HK\$4,638,000, being bank balances and cash. The Group had no bank borrowing and was wholly financed by shareholders' funds. At the balance sheet date, net asset value per share of the Group was HK\$0.44. A detailed description of the Group's investment portfolio is on pages 39 to 43.

In March 2002, the Company successfully raised net proceeds of approximately HK\$6,600,000 through a shares placing and subscription arrangement in respect of the issue of 20,000,000 Company's new shares at a price of HK\$0.35 per share. The Company's capital base has been significantly strengthened as a result and the proceeds raised are for making investments and working capital purposes.

For the current financial year, the Directors will continue to take a prudent approach in managing the Group's existing investment portfolio in view of the present uncertain investment environment in Hong Kong. Nevertheless, the Directors will remain open to any attractive investment opportunities that will add substantial value to the Group, in particular those that are Mainland-related which take advantage of China's strong economic growth.

## Appreciation

On behalf of the Board of Directors, I like to thank the Investment Manager and staff for their dedicated efforts during the past year, and look forward to their continue support in the years ahead.

**Wong Fong Kim**

*Chairman*

Hong Kong, 22nd April, 2002