

FINANCIAL OPERATION REVIEW

OPERATION

Gross rental income for the year ended 31 March 2001 amounted to HK\$31.4 million (2000: HK\$33.3 million), representing a decrease of 5.6% over that of the previous year. The decrease was due to the expiry of some major shop leases secured at the peak of the market a few years before. These shops are now leased at a comparatively lower rate in the current market. The Group's share of gross rental income from an associate amounted to HK\$9.0 million (2000: HK\$8.5 million), representing an increase of 5.9% over that of the previous year.

RESULTS

The Group's profit for the year ended 31 March 2001 amounted to HK\$14.5 million (2000: HK\$14.0 million), representing an increase of 3.6% over that of the previous year. The increase was due to the higher interest income and the unrealised holding gain on the bond investments partially offset by lower rental income, higher commission and administrative expenses during the year. The Group's share of results of associates after taxation amounted to HK\$6.3 million (2000: HK\$6.9 million), representing a decrease of 7.6% over that of the previous year.

Earnings per share for the year were 4.7 cents (2000: 4.5 cents), representing an increase of 0.2 cent over that of the previous year. The proposed final dividend of 1.5 cents per share will make a total distribution of 2.5 cents per share for the full year, which is the same as that of the previous year.

FINANCE, NET ASSETS AND CAPITAL

At 31 March 2001, the total amount of outstanding bank borrowings net of cash and time deposits were HK\$133.8 million (2000: HK\$120.7 million), an increase of HK\$13.1 million over that of the previous year. The increase was due to the purchase of bond investments during the year. The ratio of net bank borrowing to total net assets remained at a low level of 19.1% (2000: 17.7%).

At 31 March 2001, the Group's total net assets amounted to HK\$701.5 million (2000: HK\$683.2 million), representing an increase of HK\$18.3 million over that of the previous year. The net asset value per share was HK\$2.28 (2000: HK\$2.22), representing an increase of 2.8% over that of the previous year. The increase was due to slight appreciation of the Group's shops portfolio upon revaluation at the balance sheet date and profit retained for the year.

During the year, the Company repurchased 326,000 shares of the issued share capital at a total consideration of HK\$456,400. The shares were repurchased at HK\$1.40 per share which was a discount to the net asset value per share.