

FINANCIAL PERFORMANCE

Group turnover for the year was HK\$1.8 million, representing a decrease of 8% from the previous year. Turnover for the year under review represents mostly rental income from investment properties. The improved sentiment in the property sector as a result of the lower interest rate contributed to a better occupancy rate as well as the improved rental income in the second half of the year.

During the year, the Group reported a loss before taxation and loss attributable to shareholders of approximately HK\$12.5 million and HK\$12.4 million respectively compared to a loss before taxation of approximately HK\$3.7 million and loss attributable to shareholders of approximately HK\$4.1 million in the preceding year. This is primarily due to the provision for unrealised loss on listed investments of HK\$2.8 million and the provision for impairment in the value of an associate of HK\$3 million.

WORKING CAPITAL AND CASH REQUIREMENTS

The Management believes that the Company will continue to have an adequate working capital. There is no significant cash requirement in 2001.

INVESTMENT PROPERTIES

The value of investment properties represented no significant change from the previous year with a decline in value of HK\$93,000. A lower rental income was generated from investment properties and the average occupancy rate was slightly reduced to 89.54% from 91.87% in the previous year. We expect the rental income to improve in the coming year.

CAPITAL AND DEBT STRUCTURE

The Company has not issued any additional shares in the current year. There is no present requirement or plan to raise additional fund through the issuance of equity or debt.

As of April 30, 2001, the Group has outstanding bank loan of approximately HK\$18 million (2000 – HK\$19 million). Such bank loan was secured by certain of the investment properties and leasehold land and building of the Group located in Hong Kong with a net book value of approximately HK\$44 million (2000 - HK\$44 million).

There is no significant change in the gearing ratio of the Group. As of April 30, 2001, the gearing ratio is 19% (2000 – 18%). The ratio has been calculated based on the total bank loan to the total shareholders' equity of the Group.

FUTURE PROSPECT

The Group will continue to focus on its core business and has no present plan to diversify or invest into other business activities. There are also no material capital commitments which would require a substantial use of the Group's present cash resources or external funding.