
RESULTS

The directors announced that the audited loss attributable to shareholders of the Group for the year ended 31st March, 2001 amounted to HK\$44.0 million (2000: profit of HK\$141.6 million). Loss per share was 5.16 HK cents (2000: earnings per share of 20.88 HK cents).

MANAGEMENT DISCUSSIONS ON RESULTS

Turnover of the Group decreased from HK\$173.2 million last year to HK\$130.4 million this year, representing a decrease of approximately 24.7%. This decrease was mainly attributable to the reduction in turnover from securities investments by about HK\$59.4 million as the Group has reduced its securities investments due to weak market sentiment during the year. Turnover from Property Division and Manufacturing Division was about HK\$36.0 million and HK\$40.1 million respectively, representing an increase of about 67.3% and decrease of about 3.3% respectively when compared with the last corresponding year.

During the year under review, gross profit decreased by 64.6% to HK\$32.1 million (2000: HK\$90.5 million), which was mainly due to the reduction in profits from securities investments. Other income of HK\$39.0 million (2000: HK\$127.9 million) was recorded for the year which was principally resulted from the forfeiture of proceeds received from warrants upon their expiration and deemed profit from issue of new shares by a subsidiary. However, the Group had incurred other operating expenses of about HK\$44.3 million (2000: HK\$6.2 million), which were mainly related to the provision for diminution in value of investments, as well as loss on deemed disposal from issue of new shares by an associate. As a result, loss from operations for the year was about HK\$29.7 million when compared with a profit of HK\$165.7 million in the last corresponding year. Loss attributable to shareholders for the year amounted to HK\$44.0 million (2000: profit of HK\$141.6 million).

DIVIDENDS

The directors propose to declare a final dividend of 1.0 HK cent per share (2000: 1.0 HK cent per share) payable on or before 14th September, 2001 to shareholders whose names appear on the Company's register of members on 24th August, 2001. No interim dividend has been declared in respect of the current financial year (2000: 1.0 HK cent per share). Total dividend for the year amounted to 1.0 HK cent per share (2000: 2.0 HK cents per share) .

REVIEW OF OPERATIONS

During the year under review, the Group experienced a volatile and turbulent operating environment in the Internet industry that prevailed throughout the period, whilst the Property Division and the Manufacturing Division achieved steady progress. With prudent management and cost control, we have secured a strong liquidity position allowing the Group to pursue business development with readily accessible working capital. An update of the current progress of the Group's businesses is given below.

1. PROPERTY DIVISION

(a) *Property interests in the People's Republic of China (the "PRC")*

The Group's land banks in the PRC, which are mainly located in Huiyang, Dongguan, Guangzhou and Chengdu comprising a total attributable gross floor area of approximately 40 million sq. ft., are situated in prosperous areas and are easily accessible by public transportation. The Group will continue to adopt a prudent approach in planning the development of its property projects in the PRC. During the year, the PRC property market continued to show signs of improvement.

(i) **Chuang's New Town, Danshui, Huiyang, Huizhou, Guangdong (100% owned)**

Chuang's New Town is located in the centre of Danshui, Huiyang, a transportation hub of the southern part of the PRC. It is a comprehensive new township development that can be developed for residential, commercial, office, hotel and other non-residential ancillary usage with a total gross floor area of approximately 15.7 million sq. ft.. Phases I to III of Chuang's Garden, Chuang's New Town having an aggregate gross floor area of 748,234 sq. ft. of residential and commercial spaces were completed. A portion of the residential units and all the commercial spaces have been sold. Lambda Building and Yuen Sang Building having an aggregate gross floor area of 378,650 sq. ft. were also completed and are held for investment purpose generating recurrent rental income.

(ii) **Chuang's New City, Shatian, Dongguan, Guangdong (100% owned)**

Chuang's New City is located at Humen Dukoa of Shatian, Dongguan and contiguous to the Taiping Terminal of Dongguan and Nansha of Panyu (a strategic development zone in the Guangdong Province). It is a comprehensive new township development that can be developed for industrial, residential, commercial, office, hotel and other ancillary usage with a total gross floor area of approximately 15.5 million sq. ft..

Phases I and II of Chuang's Shatian Garden, Chuang's New City, comprising 224 residential units with a total gross floor area of 176,512 sq. ft. were completed and majority of which were sold. In view of the favourable demand, Phase III of Chuang's Shatian Garden, comprising a total gross floor area of approximately 690,000 sq. ft., is now in the final planning stage.

(iii) Chuang's Metropolis, Shilou, Panyu, Guangzhou, Guangdong (85% owned)

Chuang's Metropolis, located in Shilou, Lianhuashan-Gang Terminal, Panyu and contiguous to the Nansha Terminal, is strategically located within the transportation hub of economically prosperous Guangdong Province. It is a comprehensive new township development that can be developed for residential, commercial, office, hotel and other ancillary usage with a total gross floor area of approximately 11.3 million sq. ft.. Phase I (having an aggregate gross floor area of 61,812 sq. ft.) has been completed with all of the residential units being sold.

(iv) Chengdu Chuang's Centre, Chengdu, Sichuan (51% owned)

Chengdu Chuang's Centre is located at Renmin South Road. During the year, the development of Chengdu Chuang's Centre has been progressing satisfactorily. The superstructure of the 7-storey podium, with a gross floor area of about 440,000 sq. ft., has been completed and internal decoration works are in



*Chengdu Chuang's Centre, Chengdu, Sichuan
(perspective of completed building)*



*Chengdu Chuang's Centre, Chengdu, Sichuan
(construction in progress)*

progress. Marketing campaign for the commercial podium has commenced. Five floors of the commercial podium have been pre-leased for a term of ten years, with an annual rental of RMB10 million in the first year and escalating rent thereafter. Total rental income for the ten years' period amounts to RMB142 million. Development rights of the two tower blocks on top of the podium have been sold to an independent third party for a consideration of RMB16 million.

(b) Property interests in Hong Kong

Chuang's Tower, located at the heart of Central District and next to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line to the Hong Kong International Airport at Chek Lap Kok, has a total area of 60,587 sq. ft. of commercial and office spaces. The occupancy rate of the property is approximately 72%.

2. INFORMATION TECHNOLOGY DIVISION

During the year under review, the Information Technology Division of the Group had undergone consolidation as experienced in its industry. To reflect existing market conditions, the Group has made one-off non-recurring provision for decline in value of certain of our investments in this division. Under such unfavorable market conditions, the Group has been cautious with progress of the Internet industry and had implemented rationalization program with a view to remain lean and competitive in the industry.



Chuang's Tower, Central

In early April 2000, the Group's 56% owned subsidiary, Internet PRO Limited ("iPRO"), had completed the subscription of 15% new shares by a wholly-owned subsidiary of China.com Corporation. The business of iPRO as solution provider and system integration for e-commerce was badly affected by the significant shrink in demand for building of portals whilst the Internet industry was facing severe shake-outs. In early