

PROPERTY

The Group's property business comprises mainly of investment properties in China and Hong Kong and property development projects in Shenzhen City. The Group's property development strategy is that projects are developed one by one with new project starts only after the old one is finished. With this prudent policy, the Group's property development projects, overall the years resulted in satisfactory return and had not bring in too much pressure on the Group's cash flow.

During the year, the Group's development project, "Imperial Palace", in Shenzhen City recorded satisfactory sales. Construction of the building was completed in May 2001. The Group will retain most part of the shopping mall of Imperial Palace for lease so as to bring in long-term and stable income.

"Carrianna Friendship Square", a property held by the Group's associated company, Carrianna Holdings Limited, is one of the most famous building in Shenzhen City. Most commercial and residential apartment have been sold in prior years. The remaining part, mainly the 5-storey shopping mall, recorded improvement in occupancy rate as well as rental income during the year.

For the coming year, rental income from investment properties in China and Hong Kong as well as sales revenue from development property will continue to bring in regular and stable income to the Group.

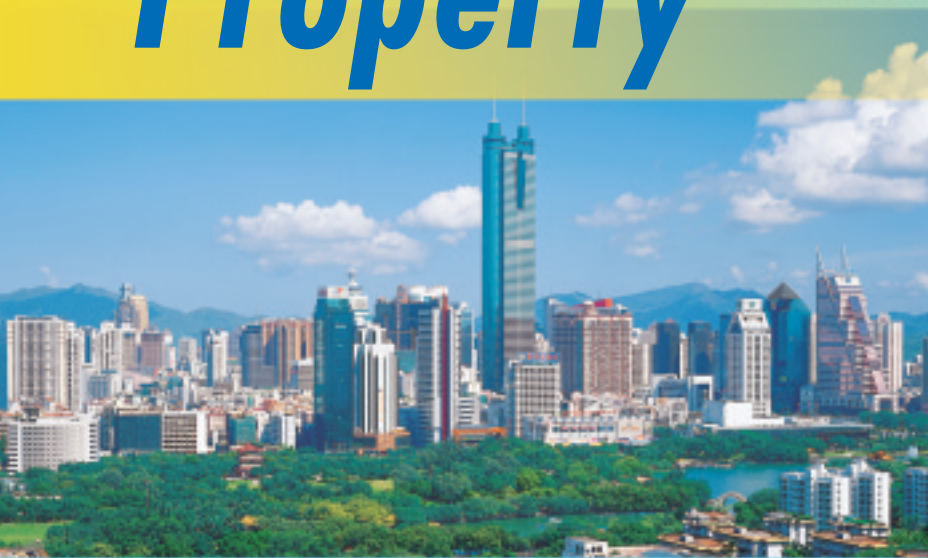
Carrianna Friendship Square, a Landmark in Shenzhen City.



A spacious unit in Imperial Palace.



Property



Imperial Palace located in the heart of Shenzhen City.



Imperial Palace completed in May 2001.

Business Review



OTHER INVESTMENT

In addition to develop the above three major businesses, the Group also carefully invests in other higher return businesses. Key focus are technology and software companies in China.

During the year, the Group reached agreement with the Changfeng Group, a subsidiary of China Aerospace Technology Group, to restructure a joint venture company owned by both parties, Beijing Aerospace GVnet Information Technologies Co. Ltd.. The result of the restructure, which aimed at facilitate future possible listing in China, is that the Group's shareholding reduced from 60% to 24%, the decrease in 36% shares were sold to other Chinese party at a small premium.

LIQUIDITY AND FINANCIAL CONDITION

As at 31 March 2001, the Group's total borrowings was HK\$231,046,000, reduction of 31% from last year. Netting off time deposits pledged for bank borrowings amounting to HK\$76,625,000, net borrowings was HK\$154,421,000, a reduction of 40% from last year. Net borrowings as a ratio to the Group's net asset value was 22%, significantly reduced from last year ratio of 37%.

As at 31 March 2001, the Group had usable cash and bank balances of HK\$69,843,000, increased by 29% from last year.

For the coming financial year, the Group's borrowings will continue to reduce as a result of further sales proceeds from property and balance of proceeds from disposal of Maran, Inc. to be received. Following the reduction in interest rate, interest expense will be reduced correspondingly. The low gearing ratio will also enable the Group to raise fund for business development.