



CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The Board of Directors of the Company (the "Directors") announces that the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2000 recording a loss of approximately HK\$299.5 million (1999: HK\$608 million).

BUSINESS REVIEW

During the year ended 30 June 2000, the Group continued its core businesses as contractors in interior decoration and renovation, building construction, electrical and mechanical engineering and trading of building and interior decoration materials. Due to the tight cash position, the Group had not won any new contract but concentrated its available revenue resources in completing the works in hand; this accounts for a drastic drop in turnover to HK\$196.4 million which representing a 68.1% decrease from corresponding last year. The Group had also relied on very high financing costs in the construction projects, which resulted in delays and subsequently led to disputes with sub-traders, suppliers and employees. These also account for a triple increase in the provision for bad and doubtful debts. All the above factors attributed to the Group loss for the year amounting to HK\$299.5 million, which representing a 50.7% decrease from corresponding last year.

During the year, the Company made several placements of totally 776 million ordinary shares at a price of HK\$0.10 each. The proceeds were used for repayment of the Group's borrowings and interest and as the Group's additional working capital.

The net liabilities of the Group as at 30 June 2000 is approximately HK\$291.2 million, the management intends to meet the shortfall by long term equity finance and restructuring of existing borrowings of the Group.

PROSPECTS

During the year under review, the Group saw the uncertainties in the future profitability of its core businesses, and had therefore taken steps in diversifying into other businesses and had acquired through equity finance a number of new businesses with minimum cash outlays but with a guarantee profit. Such measures taken were to strengthen the Group's assets and income base. The Group will actively and prudently pursue other potential business opportunities and is currently formulating plans for the reorganization and future development of the Group and restructuring of existing borrowings of the Group. On behalf of the Board, I would like to take this opportunity to thank our shareholders for their continuous support and wish to extend my sincere appreciation to all management and staff members for their efforts and dedication throughout the year.



CHAIRMAN'S STATEMENT

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 30 June 2000, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company had complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year covered by the Annual Report, except that the independent non-executive directors are not appointed for a specific term and that Mr. Chan Chi Kwong resigned on 11 June 2001 and there is insufficient members to form an audit committee to review these financial statements for the year ended 30 June 2000. These directors are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Company's Bye-laws. In the opinion of the directors, this meets the same objective of the Code of Best Practice.

By order of the Board

Joseph Szeto

Chairman

Hong Kong, 20 July 2001