

CIVIL ENGINEERING WORKS

The majority of construction activities of the Group are mostly awarded by the Hong Kong Special Administrative Region ("Hong Kong SAR") and they are civil engineering contracts which relate to roads and highways formation and extension, drainage and sewage works, watercourse desilting works, construction and maintenance of drainage channels.

As of the financial yearend, all contracts on hand amounted to approximately HK\$1.1 billion, of which HK\$400 million value of contracts are still outstanding.

Construction of Main Drainage Channels for Yuen Long and Kam Tin Stage II

This is a major drainage contract awarded from the Hong Kong SAR Government. The works were commenced in August of 1999 and scheduled

BUSINESS REVIEW



North West Kowloon Sewerage Stage III Phase II and West Kowloon Storm Water Drainage Improvement Stage I Lai Chi Kok, Cheung Sha Wan & Sham Shui Po Areas



Construction of Main Drainage Channels for Yuen Long and Kam Tin Stage II – Kam Tin San Tsuen to Wang Toi Shan Section



Watercourse Desilting Works in the Territory and Auxillary Works under the Drainage Ordinance

to be completed by April 2002. The construction for these drainage channels is to assist and further improve the environment and flooding hazard problems in the Northwest New Territories areas and to deliver a pleasant and safe environment for the residing households.

Drainage Maintenance and Construction in Mainland North Districts

This contract works were commenced in January 2000 and will be completed in early 2002. It involves the maintenance and repair of drainage and sewage systems, the construction of improvement and minor works and drainage connections for private and public developments. The works site stretches from within the northern part of the New Territories which include Yuen Long, Tuen Mun, Fanling, Tai Po and Tin Shui Wai.

New Guangzhou Baiyun Airport

GZTF Engineering Consulting Co. Limited was set up in October 1999 in which the Group holds 33% and the remaining shareholders are the 廣州交通投資有限公司 and the 中國航空港建設第二工程總隊. This joint venture involves consultation service and building works to the new Guangzhou Baiyun Airport and its infrastructure projects. The estimated value of this entire project is around RMB20 billion.

RECREATIONAL HEALTHCARE – THE EVERGREEN CLUB

Due to the increased growth of the aging population, health awareness, the pursuit of quality lifestyle, recreational and healthcare services for the elderly become a demand in the society. The Group recognizes these needs for the retirees and thus creates the EVERGREEN CLUB (the “CLUB”). Its mission is to serve the retirees a healthy and worry-free environment, giving them another dimensions to enjoy their golden age. The CLUB not only serves as a permanent home or a holiday center, but



*Drainage Maintenance & Construction
in Mainland North District (2000 - 2002)*



*Ma On Shan Development Phase 3
(Completion Contract for Contract S) –
Formation, Roads, and Drains in Areas 77 and 86*

it also provides daily and social facilities keeping the members intact with the rest of the world.

The CLUB comprises of the following sites and they are as follows:

Shunde Residential Clubhouse

The resident clubhouse is at this vicinity and there are around 250 residential units ready to be taken up by the members. A permanent room will be assigned to each individual member and daily meals, recreation and periodic health check are available. Shuttle buses are there to facilitate members to travel from here to other locations.

Gaoming Silver Ocean Golf Resort

An eighteen hole golf resort situated in the center of the Pearl River Delta. The golf course is adjacent to a reservoir and with a beautiful landscape and challenging course. The resort has a clubhouse, guestrooms, swimming pool, tennis court, conference facility and many more recreational services specially designed for the members.

廣州市紫霞山莊 (formerly known as 萬福山莊)

This park is built for the rejuvenation of the mind, soul and body. Acres of hills and forestland with trailwalk, hiking, animal feeding, fishing and so on provide something which cityfolks are missing. Around thirty rooms are available for members who are in search of a simple outdoor living.

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紫霞山莊



Gaoming Silver Ocean Golf Resort



Guangdong Concord Medical Centre

Guangdong Concord Medical Centre

A private state-of-the-art medical centre with qualified medical professionals ready to assist our members in medical consultations, periodic examinations and emergency needs.

Besides, the CLUB also provides the following services:

Evergreen Travel Agency Limited

A travel agency which provides travel arrangement and ticketing services for inbound and outbound members.

www.evergreen-club.com

An internet website in which all members could access to obtain newsletter, monthly pamphlets, health knowledge, world events so that our members although retire could still be astute to the happenings in around the world.

FINANCIAL SERVICES

Another wholly-owned subsidiary, Fitzroya Finance Company Limited (“Fitzroya”) offers a range of services as a financial agent to undertake and execute different kinds of financial and monetary operations. Business of Fitzroya includes financial funding not limited to other operations of the Group, but also to the suppliers and subcontractors of the Group. A credit committee consists of experienced senior management has established policy and procedure to control and approve all credit applications.



The Regal Garden



The Regal Garden

OTHER INVESTMENT

As at 31st July, 2001, the Group continues to hold 38% of GreaterChina Technology Group Limited (“GreaterChina”), which was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The mission of GreaterChina is to provide the most comprehensive and useful interactive contents on the internet within the health and lifestyle industry focusing on a balanced portfolio of online and offline technology related ventures that promote a premium quality lifestyle for the community. The mission is carried out through the following websites: www.greaterchinaherbs.com, www.ladiesasia.com and www.senseshop.com. GreaterChina offers web solutions and consultation, e-commerce platform, traditional Chinese medicine consultation, nutraceutical and herbal products and an online education program on traditional Chinese medicine through the collaboration with The Chinese University of Hong Kong.

FINANCIAL REVIEW

During the financial year under review, the turnover of the Group was amounted to HK\$316 million, representing HK\$280 million from the civil engineering works, HK\$17.6 million from the sale of properties in the People's Republic of China ("PRC") and HK\$17.7 million from the medical and health services in the PRC. Overall, there was an increase of approximately HK\$7 million in the turnover in the property and medical health services sectors. Due to the contractual obligations from our civil engineering contracts, operating expenses have increased HK\$9 million, amounting to HK\$29 million. Our share of results from our associates was amounted to a loss of HK\$28 million. The Directors decided to provide a fair picture on the overall performance of the Group, hence provision of HK\$53 million was provided on investment properties. Therefore, a net loss of HK\$117 million was recorded for the period, representing 5.5 cents per share.

BUSINESS REVIEW



www.greaterchinaherbs.com

www.ladiesasia.com

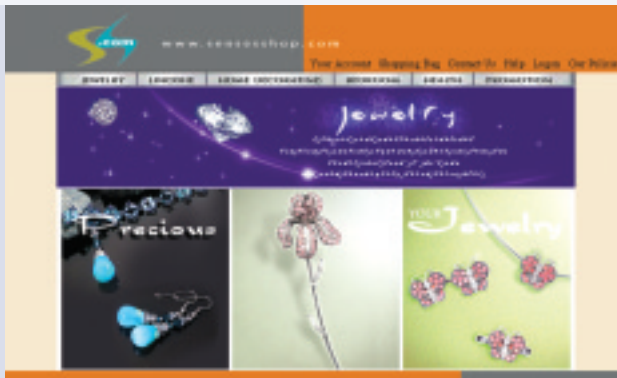
Except for the investment in GreaterChina, there was no other significant investment held by the Group nor material acquisition and disposal of any subsidiaries or any affiliated companies during the period.

The current ratio of the Group was 1.17 as at yearend compared to 1.63 at the end of the last financial period. The gearing ratio, defined as the ratio of total bank borrowings to total assets, was 36.0% as compared to 21.7% as at last financial period. The increase was mainly due to the provision provided on investment properties for the year, the share of the results of the associate, GreaterChina and the increase on administrative and operating expenses incurred mainly by the construction contracts. However, as for the Group's borrowings, they are mainly bank overdrafts and mortgage loans which amounted to HK\$465 million as at yearend and they are wholly secured by bank deposits of

HK\$413 million, leasehold land and buildings of HK\$41 million and investment properties of HK\$33 million, certain trade receivable from customers and certain completed properties for sales. As most of the bank borrowings are secured by bank deposits, effective gearing ratio of the Group to total capital and reserve is insignificant. The Directors are of the view that the Group has sufficient current assets to maintain the daily operations of the Group.

Most of the Group's transactions were in Hong Kong Dollar and Renminbi. As the exchange rate of Renminbi against Hong Kong Dollar was relatively stable during the period, the Group was not exposed to any significant risk in this area. Moreover, as the interest charged on the Group's borrowings were based on the interest rate of the Company's deposit, there was no significant interest exposure of the Group.

As at the balance sheet date, the Group did not have any significant contingent liabilities. As for the Group's capital commitment, a total committed amount was approximately HK\$10.5 million.



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HERBSnSENSES

The number of staff as at the end of the period was over 300, which is similar to the headcount as at 31st July, 2000. Remuneration of the staff comprised of monthly salary, provident fund contributions, medical claims, education allowances and discretionary options issued based on the contribution to the Group.

Overall, the net asset value of the Group was HK\$664,460,000 representing approximately HK\$0.29 per share.