

## **BUSINESS REVIEW AND PROSPECTS**

### **Property Investment and Development**

With the slowdown of the global economy, the rent of leasing properties was still subjected to the pressure of downward adjustment. Thus, though our leasing properties could still maintain a high occupancy rate during the period, the net rental income only amounted to HK\$8.86 million, representing a slight decrease of 1.8% from the corresponding period of the last year.

At 30th September, 2001, the Group still held a total of 51 residential units of Tower 1 Residential Building, Ming Yue Hua Yuan in Futian District, Shenzhen with a gross floor area of approximately 5,237 square meters. Regarding Tianjian Yangguang Hua Yuan, Futian District, Shenzhen, the sale is still in progress.

### **Manufacturing and Distribution of Plastic Packaging Materials**

During the period, this business recorded an operating profit before finance costs of HK\$7.69 million (2000: HK\$1.63 million). Turnover amounted to HK\$64.72 million, representing a decrease of 2% from the corresponding period of last year. Sales volume also decreased by 7%.

The prominently improved results of this business were attributable to the following factors. On the one hand, we continuously expedited the improvement in production equipment and consequently, the production capacity was raised and the production costs could be effectively controlled. On the other hand, we positively explored the Japan market and adjusted our marketing strategies which led to an increase in our profit margin. During the period, resin and fuel price steadily declined and this external factor further enhanced our business. Meanwhile, the Group is now planning to expand Dongguan Nan Sing factory by developing a portion of the land adjacent to the factory so as to match with our plan to further increase the production capacity.

### **Stock Broking and Finance**

Stepping into the second quarter, the Hong Kong stock market activities were still shrinking. Moreover, owing to the forthcoming cancellation of the minimum brokerage commission rule, the brokers' firms began to reduce commission rate in order to increase their market shares as soon as possible. The banks also adopted commission rebate strategies so as to attract clients. All these unfavourable market conditions led to a drop of 37% in our trading turnover and a decrease of 19% in interest income. During the period, a brokerage income of HK\$6.85 million was recorded, representing a decrease of 44% from the corresponding period of last year.