

Commentary on Financial Results

The following comments should be read in conjunction with the Audited Consolidated Financial Statements of the Company and the related notes on the accounts.

RESULTS OF OPERATIONS

Total turnover of the Group for the year amounted to HK\$1,403 million, showing an increase of 80% as compared to that recorded in the previous year. The increase in total turnover was mainly attributed to the disposal of the rights to 50% of the sales proceeds of the domestic portion (the "Proceeds") and the pre-sale of 855 residential units of Phase I (the "Pre-sale") of Metro Harbour View.

Profit from operation, which increased by 130% to HK\$296.7 million comparing to that recorded in the previous year, was mainly attributed to the profit realized of HK\$296.0 million from the Proceeds and HK\$56.9 million from the Pre-sale. A deficit of HK\$29.0 million on revaluation of investment properties and a total impairment in value of HK\$44.4 million on the shipyard property and other asset were recorded during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2001, shareholders' funds of the Group showed a decrease of 3.4% from that recorded in 2000 and amounted to HK\$2,912 million. Such decrease was mainly attributed to the revaluation of investment properties and the shipyard property.

Funding for the Group's activities in the year under review was mainly generated from proceeds received from the Proceeds and the Pre-sale. Bank borrowings of HK\$600 million were fully repaid on 28 September 2001.

Current assets of the Group were recorded at HK\$2,042 million as compared to the current liabilities of HK\$229 million as of 31 December 2001. Current ratio of the Group significantly improved from 3.6 (restated) as of 31 December 2000 to 8.9 as of 31 December 2001.