

FINANCIAL PERFORMANCE

Group turnover for the year was HK\$2.3 million, representing an increase of 29% from the previous year. Turnover for the year under review represents mostly rental income from investment properties. The property market in Hong Kong particularly in the commercial sector however deteriorated in the second half of the year with lower rental rate and higher vacancy rate recorded.

During the year, the Group reported a loss before taxation and loss attributable to shareholders of approximately HK\$26.34 million and HK\$26.33 million respectively compared to a loss before taxation of approximately HK\$12.52 million and loss attributable to shareholders of approximately HK\$12.45 million in the preceding year. This is primarily due to the write-down in value of other unlisted investments of HK\$11.20 million, write-off of amounts due from related companies of HK\$2.55 million and the revaluation deficit on investment properties, leasehold land and building and land pending development of HK\$4.20 million, HK\$0.16 million and HK\$3.61 million respectively.

WORKING CAPITAL AND CASH REQUIREMENTS

The Management believes that the Company will continue to have an adequate working capital. There is no significant cash requirement in 2002.

INVESTMENT PROPERTIES

The value of investment properties represented a decline in value from the previous year of HK\$4.23 million. However, a higher rental income was generated from investment properties and the average occupancy rate was slightly increased to 92.41% from 89.54% in the previous year. We expect no major changes in the rental income in the coming year.

CAPITAL AND DEBT STRUCTURE

The Company has not issued any additional shares in the current year. There is no present requirement or plan to raise additional fund through the issuance of equity or debt.

As of April 30, 2002, the Group has outstanding bank loan of approximately HK\$17 million (2001 - HK\$18 million). Such bank loan was secured by certain of the investment properties and leasehold land and building of the Group located in Hong Kong with a net book value of approximately HK\$39 million (2001 - HK\$44 million).

There is no significant change in the gearing ratio for the Group. As of April 30, 2002, the gearing ratio is 25% (2001 - 19%). The ratio has been calculated based on the total bank loan to the total shareholder's equity of the Group.

FUTURE PROSPECT

The Group will continue to focus on its core business and has no present plan to diversify or invest into other business activities. There are also no material capital commitments which would require a substantial use of the Group's present cash resources or external funding.