



Chairperson's Statement

The Company and its subsidiaries (collectively referred to as the "Group") recorded a turnover of HK\$652 million for this year, representing an increase of 22% from HK\$536 million for the previous year. The increase in turnover was mainly attributable to the increase in proceeds from sale of properties from HK\$77 million to HK\$279 million for this year.

Results attributable to shareholders, however, turned from a restated profit of HK\$87 million to a loss of HK\$255 million mainly due to the devaluation of properties.

DIVIDEND

The board of directors of the Company (the "Board") did not recommend the payment of a dividend for the year ended 31st March, 2002.

OPERATION REVIEW

Property Development and Investment

Property development and investment continued to contribute significant and steady income to the Group. All the houses of Little Palm Villa, the Group's renovation project at Sai Kung and Green Cove at Ting Kok Road, Tai Po, a low-density residential project comprising 6 garden houses, had been sold out. Besides, the majority of the apartments of Tower II of South Bay Palace, a luxurious residential development had been sold, bringing in a profit of over HK\$40 million to the Group during the year. The progress of the construction works of two other residential developments at Chung Hom Kok and Tai Po had been satisfactory.

Securities and Financial Services

During the year, the securities and futures brokerage and advisory business contributed HK\$39 million to the Group's results. The decrease in contribution as compared with last year was due to the less active financial market during the year.

Hotel and Furniture

The results of both the hotel and the furniture business received setbacks during the year due to the continued economic depression. The results of The Emperor (Happy Valley) Hotel turned from a profit of HK\$0.2 million in last year to a loss of HK\$5 million in this year. During the year, the furniture business of Ulferts recorded a slight profit of HK\$2 million.

Emperor (China Concept) Investments Limited (“ECC”)

ECC is a Hong Kong listed company and is held as to 49.11% by the Company. ECC is mainly engaged in property investment and development in the People’s Republic of China (“PRC”). During the year, a loss of HK\$33 million was recorded. The construction work of Tower 1 and Tower 2, Phase I of Riverside Garden, Xiamen had been completed. The turnover arising from the sale of Tower 1 and Tower 2 for the year had been increased by about 21% as compared with last year. Sale of residential units of Tower 2 was launched during the year, and about 66.8% of the residential units of Phase I had been sold as at 31st March, 2002.

Emperor Technology Venture Limited (“ETV”)

ETV is a Hong Kong listed company and is held as to 34.94% by the Company as at the date of this report. During the year, ETV and its subsidiaries recorded a loss attributable to the Group of HK\$42 million, mainly due to the poor performance of the publishing and printing business.

POST BALANCE SHEET EVENTS

On 10th June, 2002, the Group entered into a conditional agreement (the “ETV Agreement”) with Jade Forest Limited (“Jade Forest”) to dispose of the Group’s entire interest in ETV at a cash consideration of approximately HK\$51.5 million. The ETV Agreement was conditional upon, inter alia, the Island Gold Agreement (as defined below) becoming unconditional.

On 10th June, 2002, the Company also entered into an agreement (the “Island Gold Agreement”) with ETV pursuant to which the Company agreed to acquire from ETV its publishing and printing arm, being the entire issued share capital of Island Gold Developments Limited (“Island Gold”) and the shareholder’s loan (“Loan”) outstanding from Island Gold and its subsidiaries (collectively “Island Gold Group”) to ETV, at a cash consideration equivalent to the face value of the Loan after netting off the consolidated net liabilities of the Island Gold Group at the date of completion.

The completion of the two agreements are conditional upon, inter alia, the approval of the Island Gold Agreement by the independent shareholders of ETV at the extraordinary general meeting of ETV scheduled to be held on 22nd July, 2002.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31st March, 2002, the Group had been funding its operation and capital expenditure through bank balances and cash on hand, cash from operations, bank borrowings and unsecured loans from a shareholder and related companies.

As at 31st March, 2002, total external borrowings (excluding intra-group liabilities, normal trade payables and accruals, and tax liabilities) amounted to approximately HK\$1,109 million, when compared with that for the last corresponding year of approximately HK\$1,413 million, was decreased by about 21.5%. Debt to equity ratio (measured by total external borrowings as a percentage to the shareholders' fund of the Group) decreased from 45% as at 31st March, 2001 to 40% as at 31st March, 2002.

The Group's external bank borrowings (mainly secured by the Group's leasehold land and buildings, investment properties, hotel properties and properties under development) and bank balances and cash were mainly denominated in Hong Kong dollars and no significant exposure to foreign exchange rate fluctuation is expected. External borrowings bear interest at prevailing market rates. The Group had contingent liabilities in respect of the guarantees given by the Group to banks as security for banking facilities granted to associates and as at 31st March, 2002, the total amount of facilities utilized was HK\$36 million.

With the cashflow generated from the operations of the Group in its ordinary course of business, its existing loan facilities and unsecured loan from a shareholder, the Board expect sufficient working capital for the Group's operation.

STAFF COSTS

The total cost incurred for staff including directors' emoluments amounted to HK\$114 million. The number of staff was approximately 390 as at the date of this report.

ASSETS PLEDGED

Assets with carrying value of HK\$2,504 million were pledged as security for banking facilities.

PROSPECTS

Facing the continuing unfavorable economic conditions, the Group had taken steps to cut costs while, at the same time, continued to look for suitable investment opportunities in a prudent manner.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all staff as well as our business partners and shareholders of the Group for their continued efforts and support towards the business of the Group.

Luk Siu Man, Semon
Chairperson

Hong Kong, 19th July, 2002