BUSINESS REVIEW & SEGMENTAL INFORMATION

The Group recorded a turnover of approximately HK$21.7 million for the financial year ended 31 July 2003 (2002: HK$205.5 million), a substantial decrease from the previous financial year attributable to the discontinued operations of repair and maintenance of civil engineering establishments and buildings under construction contracts in Hong Kong since April 2002. The Group incurred a net loss of HK$86.9 million for the year (2002: HK$138.6 million), representing loss per share of HK3.9 cents (2002: HK6.1 cents).

Under the economic downturn in Hong Kong during the year, the Group adopted a prudent approach in business developments in Hong Kong by focusing on its existing core businesses while exploring investment opportunities especially in the PRC. Approximately 100% of turnover for the year was generated from the business segments in mainland China (2002: 11.3%), representing a significant change of business positioning of the Group.

With the Group's successful business diversification into PRC market, the major revenue of HK$13.7 million (2002: HK$15.6 million) for the year was derived from the provision of medical and health services by Guangdong Concord Medical Centre, a private state-of-the-art medical center in Guangdong Province, which amounted to an approximately 63.1% of the Group turnover (2002: 7.6%). The provision of medical and health services in the PRC recorded a profit before taxation of HK$0.7 million (2002: 4.0 million). The Directors are of an opinion that this segment will remain as the important business of the Group in the coming years.

COMPARISON OF AUDITED AND UNAUDITED FINAL RESULTS FOR FINANCIAL YEAR 2003

Reference is made to the announcement of the Company dated 27 February 2004 in regard of the unaudited final results of the Group for financial year 2003 (the "Unaudited Results Announcement"). The audited final results show a net loss for the year of HK$86.9 million as compared to the net loss of HK$47.6 million in the Unaudited Results Announcement. The difference of approximately HK$39.3 million is mainly due to the audited final results have included the share of loss of GreaterChina of HK$42.1 million, a taxation credit of HK$45.0 million due to overprovision of profits tax in prior years and reversal of deferred taxation, and provision for impairment loss of HK$50.5 million in respect of properties for sale and under development, all of which were not fully reflected in the Unaudited Results Announcement. The turnover of HK$21.7 million as per the audited accounts is different from the turnover of HK$24.6 million in the Unaudited Results Announcement due to reclassification of part of the revenue to other operating income.

LIQUIDITY, FINANCIAL RESOURCES & GEARING

The operation of the Group was mainly financed by internal resources generated and banking facilities such as bank loans, finance leases and overdrafts. As at 31 July 2003, the total secured bank borrowings amounted to approximately HK$209.1 million, a slightly decrease of approximately HK$17.5 million as compared with the financial year ended 2002. 4.7% of the secured bank borrowings, finance leases and hire purchase contracts will be repayable within one year. Interest expenses were levied on the banks' best lending rate and in line with the interest rate of the Group's deposit.

Bank deposit of HK$172.4 million (2002: HK$195.5 million), leasehold land and buildings, certain investment properties and certain completed properties for sale amounted to a net book value of approximately HK$38.5 million (2002: HK$ 58.4 million) have been pledged to the banks to secure the banking facilities. As at the balance sheet date, the current ratio was 1.04 (2002: 1.14). In respect to the gearing ratio, defined as a ratio of total bank borrowings to net asset was 49.0% (2002: 41.0%). Shareholders' equity decreased by 22.8% to HK$428.3 million (2002: 555.1 million).

Borrowings and sales and purchases of the Group are generally transacted in Hong Kong Dollar and Renminbi. The exposure in exchange risk was minimal since the exchange rate against Hong Kong Dollar and Renminbi was relatively secured.

CAPITAL STRUCTURE

In November 2001, the Group issued 400,000,000 warrants through private placement at HK$0.10 per warrant to independent investors. The warrants carry the subscription rights of HK$0.35 per share entitling the holders thereof to subscribe for shares up to and including 11 June 2003. No registered warrant holders had exercised their rights to subscribe for shares in the Company up to the expiry date of 11 June 2003 and therefore, all the subscription rights were lapsed and the warrants ceased to be valid thereafter.

EMPLOYEES

As at the balance sheet date, the Group hired over 200 employees both in Hong Kong and China (2002: over 200). Remuneration package of the staff includes monthly salary, medical claims and share options. As to our investment on human resources, education subsidies would be granted to the staff, with a view to reinforce the competence of all levels of our employees. Share options would be granted to respective staff with outstanding performance and contributions to the Group.

MATERIAL INVESTMENT, DISPOSAL & FUTURE PLAN

The percentage of shareholding in GreaterChina Technology Group Limited ("GreaterChina"), a company listed on the Growth Enterprise Market of Stock Exchange of Hong Kong Limited held by the Group was diluted to 32% (2002: 38%) resulting from an issue of 135,616,000 ordinary shares of GreaterChina during the year. Notwithstanding the dilution of shareholding in GreaterChina, the Group remains as the largest substantial shareholder of GreaterChina.

As GZTF Engineering Consulting Company Limited ("GZTF"), an investment the Group previously holding 33% shareholding ceased its business during the year, an approximately HK$2.9 million was returned to the Group and consequently, the Company did not hold any interest in GZTF as at the balance sheet date.

In view of the depressed global economic environment, the Group grasps every opportunity to sharpen its competitive edge and to strive to further expand its strategic business developments with proactive approach. Seeking for new potential investments would continue to be one of the key objectives of the Group in 2004. The Directors believe that the Group will be able to breakthrough the challenges in the years ahead and will advance to a remarkable growth in both the turnover and profit.