

Turnover of the Group comprises proceeds from sale of properties and rental income. During the period under review, as the Group did not sell any of its properties and, for minimizing costs, discontinued its building management services, no proceeds from sale of properties and building management fee were recorded during the period. Rental income, while accounting for 100% of the turnover during the period, was approximately HK\$4.9 million, fell approximately 12% as compared with the figure in the last corresponding period as rentable areas dropped.

Last year, a subsidiary of the Group entered into a settlement agreement with one of the Group's banks under which the bank had agreed, conditional upon certain conditions in the settlement agreement being fulfilled, to deem the repayment obligation of the outstanding debt owing by the subsidiary to have been fully discharged and released. During the period under review, as all conditions of the settlement agreement had been fulfilled and satisfied, the repayment obligation of the outstanding debt amounting to approximately HK\$22 million and its related accrued interest amounting to approximately HK\$14 million were deemed to have been fully discharged and released. Accordingly, an aggregate amount of HK\$36 million was accounted for as income during the period.

PROSPECTS

Recently, the prices of and demand for properties have seen resurgence since the end of last year against a backdrop of significant improvement in the overall economic situation and investment sentiments of the Territory. The value and rent-rate of buildings take a favorable turn as a result of such recovery of investment sentiments and business activities, which benefit the Group's business as well. As such, though the future interest rates tend to climb, it is expected that negative impacts on the Group would be offset.

The Directors think it difficult to generate stable return of revenue for the Group in light of its existing business and scale. To improve this, the Directors will continue endeavoring to seek investment opportunities with an aim to guide the Group to new business development, and to bring about long-term and considerable income sources for the Group.