

REVIEW OF OPERATIONS

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 30 September 2000 are approximately HK\$87.6 million (1999: approximately HK\$160.2 million) and approximately HK\$2.3 million (1999: approximately HK\$6.8 million), respectively.

The drop in turnover as compared with the last corresponding period was mainly attributable to the reduction in the Group's properties activities-related and contracting business. The decrease in net profit attributable to shareholders was mainly due to the relevant expenditures incurred in the exploration and development of the Chinese Cultural Information Website, with which the board decided during the period not to proceed further and in respect of which no further costs are expected to be incurred.

Sub-licensing and Management of Chinese Wet Markets

The acquisition of the remaining 51% shareholding interest in Majorluck Limited (a Chinese wet market operator which had formerly been a 49% owned associated company of the Group) was completed. The Group is now the single largest private operator of Chinese wet markets in Hong Kong and currently operates 10 Chinese wet markets with a total floor area of 210,000 sq. ft.. This area of business has become the principal business of the Group accounting for over 44% and 66% of the Group's turnover and positive profit contribution during the period.

Sub-licensing and Management of Shopping Centres

This area of business continues to grow and provides steady contributions to the Group's profit. The Group has recently been awarded the management contracts of Chun Shek Shopping Centre at Chun Shek Estate, Shatin and Wo Che Shopping Centre at Wo Che Estate, Shatin, and currently manages 8 shopping centres with a total floor area of over 1,200,000 sq. ft..

Car Park Management

The Group currently manages over 3,500 car bays for private owners and the Housing Authority which continues to provide positive profit contribution to the Group.

Proposed acquisition of Wai Yuen Tong Medicine Company Limited (“WYT”)

As detailed in the announcement made by the Group on 22 December 2000, the Group has entered into an agreement under which it would acquire WYT, a traditional Chinese medicine business, at approximately HK\$126.8 million. This represents a major step by the Group to diversify into the traditional Chinese medicine business with a good and reputable brand name, which is expected to generate steady and stable income for the Group with tremendous growth potential. The acquisition is subject to shareholders’ approval and a special general meeting is expected to be held in January 2001 for this purpose.

Other Long-term Investment

During this interim period, the Group entered into a joint venture project with the Hutchison Whampoa Group for the operation of the “Whampoa Gourmet Place” at Whampoa Garden, Hunghom, which commenced its soft opening in November 2000 and expects to celebrate its grand opening in January 2001.

Investments

During the period, with a view to enhancing the return of the financial resources held by the Group, approximately US\$8.7 million was invested in marketable bonds and short-term credit-linked notes (“Financial Investments”) which are low-risk investments but with relatively higher return than bank deposits. Approximately US\$3.7 million has been redeemed during and subsequent to the period and the Group currently holds approximately US\$5 million of Financial Investments.

Through the conversion of certain convertible notes of Town Health International Company Limited (“Town Health”) which the Group purchased before its initial public offer in October 2000 on the Growth Enterprises Market, the Group currently holds approximately 10.8 million shares of Town Health, representing approximately a 3% of the total issued shareholding in this company.

Financial Resources and Liquidity

In July 2000, the Company raised approximately HK\$38 million through the placement of 135 million ordinary shares with independent investors.

The Group currently maintains bank deposits of over HK\$70 million and short term Financial Investments of approximately US\$2 million (after the payment of the HK\$126.8 million deposit for the proposed acquisition of WYT). With its low level of borrowing, the Group maintains high liquidity with strong financial resources.