

## BUSINESS REVIEW

### Share Trading

During the period under review, the global investment market was highly volatile. Under such market volatility, your Group's investment policy was cautious during the period. Nevertheless, your Group recorded an unrealized paper loss of HK\$94.3 million (1999: HK\$5.7 million) for the period.

### Property interests in Hong Kong

During the period under review, rental income from investment properties provided a steady source of income for the Group and operating profit from property rental activities before borrowing costs amounted to HK\$4.2 million (1999: HK\$5.1 million) during the period.

## FINANCING

As at 31 December 2000, the Group had a net current asset balance of HK\$130,632,000 (1999: HK\$124,206,000) and a current ratio of 2.12 (1999: 1.91). The Group's bank balances, cash and other short term investments as at 31 December 2000 amounted to HK\$229.3 million (1999: HK\$154.9 million). Bank borrowings of the Group as at the same date amounted to HK\$102.4 million (1999: HK\$47.2 million). The gearing ratio, as a ratio of total liabilities to shareholders' funds, was 0.84 (1999: 0.40).

Finance costs for the period amounted to HK\$6.4 million, a decrease of HK\$3.2 million over the corresponding period in 1999 resulting partly from the adoption of better cash management controls during the year.

## PROSPECTS

With recession looming in the U.S. and stock markets tumbling across the board, the Group's results from securities trading have further deteriorated after 31 December 2000. The realized profits from securities trading estimated by the Group for the period from 1 January 2000 to 12 March 2001 dropped to HK\$6.5 million and the estimated unrealized loss from securities trading as at 12 March 2001 was HK\$171.9 million. As at 12 March 2001, the estimated gearing ratio after taking into account a further loan of US\$2 million from a director deteriorated to approximately 1.4, and the estimated current ratio was approximately 1.4.

Global stock markets are expected to continue to be volatile. However, the recent reversal of the interest rate cycle is a hopeful signal to the markets.

## INTERIM DIVIDEND

The Board of Directors do not recommend any payment of interim dividend (1999: NIL per share) for the year ending 31 March 2001.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the twelve months ended 31 December 2000, the Company repurchased 142,000 shares of the Company on The Stock Exchange of Hong Kong Limited at a total consideration of HK\$394,191, all of which were cancelled subsequently. Particulars of the shares repurchased are as follows:

Month	No. of Shares	Price per share		Aggregate Price Paid
		Highest HK\$	Lowest HK\$	
January 2000	46,000	2.8543	2.5237	122,327
February 2000	12,000	2.9543	2.8376	34,452
March 2000	13,000	3.0043	2.8543	38,455
April 2000	40,000	2.9112	2.9112	116,448
May 2000	11,000	3.0373	2.9538	32,993
September 2000	1,000	2.5042	2.5042	2,504
October 2000	8,000	2.4907	2.4032	19,676
November 2000	6,000	2.4782	2.4532	14,819
December 2000	5,000	2.5042	2.5032	12,517
	<u>142,000</u>			<u>394,191</u>

## **CODE OF BEST PRACTICE**

None of the directors is aware of information that would reasonably indicate that the Company was not during the twelve months ended 31 December 2000 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

By Order of the Board

**Wong Leung Wai**

*Secretary*

Hong Kong, 23 March 2001