

RESULTS

The Group's turnover for the year ended 31 March 2001 amounted to HK\$212 million (2000: HK\$342.6 million). Net loss attributable to shareholders amounted to HK\$47.5 million (2000: profit of HK\$21.1 million).

DIVIDENDS

No interim dividend was paid during the year under review (2000: Nil). The directors do not recommend the payment of a final dividend (2000: 1 cent per share).

REVIEW OF OPERATIONS

The year under review was a year of changes, restructuring and consolidation for the Company and its subsidiaries (the "Group"). The drop in turnover was mainly due to the further slow down of the Group's property investment and contracting businesses as a result of the sluggish property market, while the loss was mainly attributable to the write-off of investment in the Group's technology-related business and the provisions on contracting business, investments and certain onerous contracts relating to the Group's commercial management business.

With the "burst" of the "technology bubble" during the year, after due and careful review of the future possible profitability and cash flow of the Group's technology-related business, the board of directors (the "Board") decided not to continue with the China Culture Information Net project and the co-operation with Institute of Computing Technology of the Chinese Academy of Sciences.

Sub-licensing and Management of Chinese Wet Markets

The Group currently operates 11 Chinese wet markets in Hong Kong with a total area of over 215,000 sq. ft.. I am also pleased to announce that the Hong Kong Housing Authority has recently granted to the Group the lease for the Chinese wet market at Tin Chak Shopping Centre, Tin Shui Wai, with a floor area of over 38,000 sq. ft.. Being the largest single private operator of Chinese wet markets in Hong Kong, the Group's business in this area continues to grow and provide steady profit contribution to the Group.

Sub-licensing and Management of Shopping Centres

The Group currently manages and operates 10 shopping centres with a total floor area of over 1.7 million sq. ft. which provide steady profit contribution to the Group. However, the Group's loss reported for the year under review was mainly attributable to the provision for an onerous contract in relation to a shopping centre.



Car Park Management

The car park occupancy rate at the car parks operated by the Group recorded a decline due to the sluggish economy. In accordance with the Group's accounting policy, appropriate provisions for certain onerous contracts were made during the year under review. Barring unforeseen circumstances, a positive contribution to Group result is expected in the coming years.

Pharmaceutical Business

With a view to securing the Group's long-term profit base, apart from the continued expansion of the Group's commercial management business, the Board had decided to diversify into the pharmaceutical business.

The Group's efforts to diversify into the pharmaceutical business were rewarded by the acquisition of the controlling interest in Wai Yuen Tong Medicine Company Limited ("WYT Medicine"), which was completed in February 2001. With its reputable and long-established business, the directors are confident that WYT Medicine will generate a steady and stable income for the Group.

Since the acquisition of WYT Medicine, the Group has taken further steps in its strategy to diversify into the pharmaceutical business. In April 2001, the Group acquired an approximately 19% interest in Luxembourg Medicine Company Limited, which is principally engaged in the manufacturing and sale of medical products under the brand name of "Madam Pearl". More recently, as detailed in the announcement made by the Group on 18 June 2001, the Group has entered into an agreement under which it would subscribe for a 22% interest in a company which will hold a 80% equity interest in Hunan Xiangya Pharmaceutical Company Limited, a joint venture in Hunan Province with an affiliate of Hunan Medical University.

Investments

Due to the change in market conditions and in accordance with the Group's accounting policy, certain investments (including the Group's shareholding in Town Health International Holdings Company Limited and investment in Whampoa Gourmet Place at Hunghom) were written down to their market/recoverable value.

Building Related Contracting Business

The falling property market had caused this area of business to slow down further. Due to some unexpected claims on certain projects, further provisions were made during the year.

Financial Resources and Liquidity

The audited consolidated balance sheet shows net current assets of over HK\$122.9 million as at 31 March 2001 and the Group currently maintains bank deposits of over HK\$189 million and long-term financial investments of approximately US\$1.6 million. The Group's gearing ratio as at 31 March 2001 was approximately 0.28 (based on the Group's total borrowings and total capital and reserves of approximately HK\$44.4 million and HK\$159.9 million, respectively, as at 31 March 2001).

PROSPECTS

With the strong financial resources available, the Group continues actively to seek further high quality investments which the Board believes will enhance the Group's financial position and return.

AUDIT COMMITTEE

Pursuant to the requirements of the revised Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company set up an audit committee with written terms of reference, comprising two independent non-executive directors of the Company. A meeting of the audit committee was held to review the Group's annual results for the year ended 31 March 2001 before they were presented to the Board for approval.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude and appreciation to all shareholders, fellow directors, members of the management and staff of the Group for their support, loyalty and dedication. I believe that, with our continuing efforts, the Group will enjoy further growth and bright prospects.

By Order of the Board

Tang Ching Ho

Chairman and Managing Director

Hong Kong

6 July 2001