

CHAIRMAN'S STATEMENT

RESULTS

Turnover for the year amounted to HK\$749 million, representing a decrease of 47% from last year. Loss attributable to shareholders had reduced to HK\$234 million, representing a 49% decrease from HK\$461 million of last year. Net assets decrease by 7% to HK\$2,895 million, mainly due to loss sustained in the property development and sales activities.

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") was 53.4% as at 31st March 2001. The Group shared an attributable loss of HK\$192 million from Asia Standard, which incurred a loss of HK\$358 million for the year. The results of Asia Standard were adversely affected by several factors. During the financial year under review, Asia Standard had no new property projects for sale. Efforts were focused on clearing remaining inventory. About 120,000 sq. ft. of residential and commercial properties were sold in Hong Kong during the year, compared to 280,000 sq. ft. of last year. Sales prices were also pressurised by the sluggish property market during the year.

Rental income was lower this year due to a substantial renovation being carried out at Asia Standard Tower during most of the year to December 2000. Thereafter, occupancy picked up and by 31st March 2001, the building was over 90% leased. The industrial building in Yau Tong, which will be redeveloped into a residential building, was gradually vacated during the year. Leasing activities for the office building, 8 Wing Hing Street in Causeway Bay, commenced in January 2001. Currently, the building was approximately 70% let. Therefore, it is expected that rental income will significantly improve in the coming financial year.

During the year, Asia Standard acquired a 17,000 sq. ft. site in Repulse Bay, which will be developed into a 55,000 sq. ft. luxurious residential apartment building. Estimated investment is about HK\$450 million.

In July 2000, the hotel and management services businesses were spun off from Asia Standard and became separately listed as Asia Standard Hotel Group Limited ("Asia Standard Hotel"). As a result, approximately 27% of Asia Standard Hotel's enlarged share capital was held by the public. Asia Standard incurred an accounting charge of HK\$134 million from this dilution.

INVESTMENT IN TECHNOLOGY COMPANIES

During the year, the Group invested approximately HK\$100 million in technology related companies, including listed and unlisted companies in Hong Kong and overseas. Part of these investments were realised and a net gain of HK\$10 million was recorded.

In May 2001, one of the Group's technology investments, Q9 Technology Holdings Limited, was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. This company excel in Chinese characters input technology, especially through numeric keypads. The HK\$90 million net proceeds will fuel further features enhancement of its products and expansion into other non-English characters input technology like Korean, Japanese, etc. Following the floatation, the Group's equity interest in the company was diluted from 40% to 32%, with an approximate HK\$31 million gain to be reported in the next accounting period.

The Group's other 40% jointly controlled entity, China Infobank Limited, also starts to pick up its sales of Chinese information content, with over 10 universities in the PRC just included in its customer base. The company is focusing in this category on another 50 potential PRC universities, and selected universities with Asian-studies for rest of the world.

FINANCIAL POSITION

During the year, the Company issued HK\$60 million 5% convertible notes maturing in January 2003, and redeemed all the outstanding HK\$70 million exchangeable bonds.

Excluding Asia Standard group and the convertible notes mentioned above, the Group has no bank and other borrowings.

PROSPECTS

During the past financial year, there were substantial changes in the sentiment and valuation of information technology related business. As a consequence, even though our Group has been very selective and conservative in making investments, certain technology investments of our Group have also been adversely affected. Therefore, our Group will further limit our investments in this area.

After several years of adjustments, the property market in Hong Kong appears to be stabilising. With a series of sharp interest rate cuts, demands are picking up. We believe that the property market should revive in the foreseeable near future.

With our strong financial position, amidst this low interest rate environment, our Group will be actively looking at different investment opportunities in order to bring the best return to our shareholders.

Fung Siu To, Clement

Chairman

Hong Kong, 13th July 2001