

## Chief Executive Officer's Review

Mr. Savio Kwong Chi Shing  
Chief Executive Officer



### FINANCIAL REVIEW

For the financial year ended 31 March 2001, the Group has recorded a turnover from continuing operations of HK\$63.3 million as compared to HK\$51.9 million for the year ended 31 March 2000. The Group had reported a loss from operating activities of HK\$104.9 million as compared to a loss of HK\$836.3 million for the year ended 31 March 2000. The loss for the year ended 31 March 2001 was mainly due to unrealised losses on other investments of HK\$51.0 million, provision for amounts due from jointly-controlled entities of HK\$16.3 million and write-off of goodwill reserve of HK\$21.1 million because of the market downturn against the information technology stocks and investments. The loss for the year ended 31 March 2000 was mainly due to write off of goodwill reserve of HK\$884.6 million mainly relating to the discontinued operations.

For the year ended 31 March 2001, the Group recorded share of profits from jointly-controlled entities and associates of HK\$20.0 million as compared to share of losses of HK\$61.8 million from jointly-controlled entities and associates for the year ended 31 March 2000. The major profit contributor for the year ended 31 March 2001 was "Jilian" which has recorded an operating profit before taxation of HK\$58.3 million of which the Group's share was HK\$20.4 million. Other jointly-controlled entities and associates are in more or less break-even situation.

**Chief Executive Officer's Review** (cont'd)

The Group reported a net loss attributable to shareholders of HK\$75.5 million for the year ended 31 March 2001 as compared to a net loss of HK\$897.5 million for the year ended 31 March 2000.

**OPERATION REVIEW**

The strategy of the Group is to focus on developing our business in technology related business and healthcare technology services. We will continue to explore other potential investment opportunities which will generate long-term benefits for the shareholders. In the meantime, the Group has implemented strategy to streamline its administrative expenses. For the year ended 31 March 2001, the administrative expenses were HK\$24.4 million as compared to HK\$33.5 million for the year ended 31 March 2000.

The Group has invested in some Internet related business in the Asia Pacific. Owing to the market downturn against the information technology stocks, the Group is extremely cautious about the investment in information technology projects and evaluates the economic prospect of these projects on an ongoing basis. The Group has scaled down the investment in Internet related business. Accordingly, for the year ended 31 March 2001, the Group recorded unrealised losses on unlisted other investments of HK\$19.4 million and provision for amounts due from jointly-controlled entities of HK\$16.3 million. Because of the market downturn, the Group recorded unrealised losses from listed other investments in technology sector of HK\$31.6 million. In addition, the Group wrote off goodwill reserve of HK\$21.1 million to the consolidated profit and loss account for the year ended 31 March 2001.

Jilian has reported continuous improvement. For the year ended 31 December 2000, Jilian has recorded an operating profit before taxation of HK\$58.3 million, of which the Group's share is HK\$20.4 million. Increased productivity, effective cost control measures and market-oriented strategies are the main attributes for the improved results. The management believes that continuous improvement in the coming year is anticipated.

The Group continued its divestment of its property investment. The remaining property in Hong Kong had been disposed of subsequent to year-end date. The property market in Beijing is expecting to be active because of the hosting of the 2008 Olympic Games. The Group's intention is to divest its property investment there as the appropriate opportunity arises.

## Chief Executive Officer's Review (cont'd)

The financial position of the Group is healthy. The Group is debt free. As at 31 March 2001, cash and cash equivalent (including marketable securities) amounted to HK\$47.1 million. A 60% owned jointly-controlled entity has approximately HK\$15.0 million free cash designated for investment opportunities in PRC.

The Group will continue to divest its non-core investment to fund acquisition and expansion of its core business.

### STAFF BENEFIT

The Company reviews remuneration packages on an annual basis. Apart from salary, other benefits include contribution to an Employee Provident Fund or Mandatory Provident Fund, medical subsidies and a discretionary bonus. Company share options are also available to staff members as incentives.

### BUSINESS OUTLOOK

As the management focused on the core competencies of the Group, it is expected that the long-term projects will generate good return for the Group and to the shareholders ultimately. These long-term projects include investment in companies that deal in technology services and products, and healthcare technology services. The Group is also preparing to invest in companies that will benefit from PRC's entry to the WTO and Beijing's hosting of the 2008 Olympic Games.

**Savio Kwong Chi Shing**

*Chief Executive Officer*

Hong Kong, 26 July 2001