

FINANCING

As at 30th June, 2001, the Group had a net current assets balance of HK\$82,420,000 (31st December 2000: HK\$60,156,000) and a current ratio of 7.7 (31st December 2000: 13.3). The Group's bank balances, cash and other short-term investments as at 30th June, 2001 amounted to HK\$3,852,000 (31st December 2000: HK\$8,772,000). As at 30th June, 2001, the Group has pledged the property investments in Hong Kong (31st December 2000: Nil) as securities for the bank loans and overdraft amounted to HK\$14,475,000. The gearing ratio, as a ratio of total liabilities to shareholders' funds, was 7.5% (31st December 2000: 1.9%).

As most of the cash reserves were placed in HK dollars short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is minimal.

HUMAN RESOURCES

Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. The Group has participated in the Mandatory Provident Fund scheme since December 2000.

PROSPECTS

With the appointments of new directors last year, we have strong confidence to bring in new insight and energy to the Group, and to formulate and implement new direction and strategies to cope with the New Economy. It is the intention of the Board to diversify its business out of the property field and to migrate into biotechnology business and the acquisition of CTTC symbolize our first move under this direction.

In particular, to provide better service of CTTC, we have plans to establish a new service centre for CTTC in the Hong Kong Island and a bigger new Service Centre in Kowloon side. On the other hand, having considered the demographic characteristics under the "one-child" policy, the Board expects that the market potential for CTTC's business in PRC is enormous. Hence, the management of CTTC, with the support and assistance by the excellent connections of the Board, has actively explored the opportunities in establishing strategic partnership or joint-ventures in major cities in Mainland China and the progress is more than satisfactory. Looking ahead, it is anticipated that the revenue and profit from CTTC will benefit from its aggressive and marketing campaign to be launched this year and its geographic diversification strategies.

By a special resolution passed on 6th July 2001, the authorised share capital of the Company was increased from HK\$80,000,000 to HK\$200,000,000 by the creation of 1,200,000,000 shares of HK\$0.10 each. The increase in the authorized share capital could facilitate future possible fund raising and acquisition of business.

In general, the Group will actively identify opportunities in investing biotechnology area so as to bring in significant improved returns and contribute long-term enhanced value to our shareholders

DIRECTORS' INTERESTS

As at 30th June 2001, none of the Directors and their associates had any interests in the share capital of the Company or any of its associated corporation as defined in Section 29 of the Securities (Disclosure of Interest) Ordinance (the "SDI Ordinance").

SHARE OPTIONS

Under the terms of the Company's share option scheme (the "Scheme") approved by the shareholders on 11th March 1997, the Directors of the Company may, at their discretion, offer any employees (including any Directors) of the Company or of any of its subsidiary companies options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme. During the period under review, no options have been granted to any of the Directors under the Scheme. As at 30th June 2001, none of the directors nor their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.