

## INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2001 (2000: Nil).

## BUSINESS REVIEW

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 30 September 2001 are approximately HK\$145.9 million (2000: HK\$87.6 million) and approximately HK\$7.6 million (2000: HK\$2.3 million), respectively.

The increase in turnover as compared with the last corresponding period was mainly attributable to the increase in the Group's management and sub-licensing of Chinese wet markets business and the turnover generated by Wai Yuen Tong Medicine Company Limited ("Wai Yuen Tong"), a subsidiary of the Group acquired in February 2001.

The increase in net profit attributable to shareholders was mainly due to the profit generated from Wai Yuen Tong and the reduction in the amount of provision which had to be made for technology related and building related contracting businesses in this current period.

### **Management and Sub-licensing of Chinese Wet Markets**

After the recent successful grand opening of the Tin Chak (Allmart) Chinese Market at Tin Chak Shopping Centre, Tin Shui Wai, the Group currently operates 12 Chinese wet markets in Hong Kong with a total area of over 254,000 sq.ft. Being the largest private operator of Chinese wet markets in Hong Kong, this area of the Group's business continues to generate over 50% of the Group's turnover and revenue.

### **Management and Sub-licensing of Shopping Centres and Car Parks Management**

The Group currently manages and operates 10 shopping centres with a floor area of over 1.7 million sq.ft. and over 3,900 car parking bays which generate steady contribution to the Group.

## BUSINESS REVIEW (continued)

### **Wai Yuen Tong**

Since its acquisition in February 2001, substantial efforts were contributed by the Group to improve and modernise Wai Yuen Tong's business and these efforts have proved to be fruitful and rewarding. Whilst preserving its over 100 years' reputable brandname, new elements were injected into the business and brandname to further enhance its image and in making it more appealing to the younger generation. Product range and retail distribution were also expanded.

With the global increase in health awareness and the increasing popularity of the Chinese medicinal therapies, the directors are confident that Wai Yuen Tong will develop into one of the Group's core businesses which will provide a steady and stable income stream.

### **Other Investments in Pharmaceutical Business**

As disclosed in the Group's 2001 annual report, the Group acquired an approximately 19% equity interest in Luxembourg Medicine Company Limited ("Luxembourg Medicine") in April 2001, which is principally engaged in the manufacturing and sale of medicinal products under the brand name "Madam Pearl". With a view to strengthen its investment in Luxembourg Medicine, the Group recently acquired a further approximately 3.6% shareholding in Luxembourg Medicine in November 2001 which resulted in Luxembourg Medicine becoming an associate of the Group.

The business of Hunan Xiangya Pharmaceutical Company Limited, the Group's first investment in the PRC pharmaceutical market, remains stable. The directors believe that this investment will assist the Group to further expand into Mainland China's pharmaceutical business.

## BUSINESS REVIEW (continued)

### Investment in Dailywin Group Limited

As detailed in the announcements made by the Company on 16 and 29 August 2001, the Group has acquired an approximately 29% equity interest in Dailywin Group Limited ("Dailywin"), the holding company of a listed group which is principally engaged in the manufacturing and sale of watches and bags, at a consideration of HK\$7.7 million, and a loan of HK\$21 million was also made to Dailywin. Subsequent to the acquisition, further loans amounting to HK\$3.9 million was made to Dailywin. New directors had been appointed to Dailywin's board of directors to assist in its restructuring and re-engineering.

Dailywin has recently been involved in certain legal disputes with its convertible bondholders in United Kingdom. The Group will attempt to assist Dailywin to resolve such disputes and the directors will closely monitor the situation to protect the Group's investment in Dailywin.

## LIQUIDITY AND FINANCIAL RESOURCES

With a view to enlarge the shareholder base and strengthen the financial position of the Company, the following fund raising capital exercises were made:

- a. In July 2001, convertible bonds amounting to HK\$30,080,000, with a conversion price of HK\$0.188 per share, were issued. The bonds were subsequently fully converted into 160,000,000 ordinary shares in August 2001;
- b. In October 2001, approximately HK\$12 million was raised through a top-up placing 160 million new ordinary shares at HK\$0.08 per share;
- c. In November 2001, approximately HK\$20 million was raised through a top-up placing of 228 million new ordinary shares at HK\$0.09 per share.

The Group currently maintains bank deposits of around HK\$200 million and long-term financial investments of approximately HK\$12.8 million. The Group's gearing ratio as at 30 September 2001 was approximately 0.29 (based on the Group's total borrowings and total capital and reserves of approximately HK\$56.6 million and HK\$197.1 million, respectively, as at 30 September 2001).

## PROSPECTS

With the bright prospect in the Groups' investments in the pharmaceutical business, the steady income generated by the Group's commercial properties management business and the Group's strong liquidity and financial strength, the Board is optimistic about the Group's future and that shareholders will eventually benefit from the Group's growth.

## DIRECTORS' INTERESTS IN SHARES

At 30 September 2001, the interests of the directors and their associates in the issued share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares beneficially held and their nature of interest				
	Personal	Corporate	Family	Other	Total
Tang Ching Ho ("Mr. Tang")	9,927,645	36,314,000 (Note 1)	9,927,645 (Note 2)	117,847,827 (Note 3 and 5)	174,017,117
Yau Yuk Yin ("Ms. Yau")	9,927,645	–	46,241,645 (Note 4)	117,847,827 (Note 4)	174,017,117
Siu Yim Kwan, Sidney	100,000	–	–	–	100,000

*Note 1:* Mr. Tang was interested in these shares through Caister Limited, a company which is wholly and beneficially owned by Mr. Tang.

*Note 2:* Mr. Tang was taken to be interested under the SDI Ordinance in those shares in which his spouse, Ms. Yau, was interested.

*Note 3:* Agreements were entered into between Middlemore Limited, a company wholly and beneficially owned by Mr. Tang, and (i) Ms. Tang Mui Fong; (ii) Ms. Tang Mui Fun and (iii) Mr. Yau Yuk Tong, all being relatives of Mr. Tang, as a result of which, for the purpose of Sections 9 and 10 of the SDI Ordinance, Mr. Tang was taken (for purpose of the duty of disclosure only) to be interested in those shares owned by them.

*Note 4:* Ms. Yau was taken to be interested under the SDI Ordinance in those shares in which her spouse, Mr. Tang, was interested.