

MANAGEMENT DISCUSSIONS ON RESULTS

For the six months ended 30th September, 2001, turnover of the Group amounted to HK\$271.7 million (2000: HK\$169.9 million), representing an increase of 60.0% when compared with that of last corresponding period. Turnover derived from property investment and development activities amounted to HK\$203.6 million (2000: HK\$62.2 million), representing an increase of approximately 2.3 times over that of last corresponding period. The increase in turnover was mainly attributable to the increase in disposal of properties by about HK\$146.7 million during the period under review. Manufacturing and trading businesses recorded a turnover of about HK\$51.3 million (2000: HK\$60.6 million), representing a decrease of 15.4% when compared with last year. Turnover from securities investment activities decreased 60.1% to HK\$15.4 million (2000: HK\$38.6 million) as the Group has reduced its securities investment activities due to weak market sentiment during the period under review.

Gross profit amounted to HK\$65.9 million (2000: HK\$61.0 million), representing an increase of 8.0% from that of last corresponding period. The increase in gross profit was principally attributable to an increase in profit from disposal of properties. Included in current period's other operating expenses of HK\$31.7 million was an one-off non-cash loss of HK\$24.2 million, being loss on deemed disposal of shares in a listed subsidiary as the subsidiary issued new shares to third parties during the period under review resulting in the Group's interest in the subsidiary being diluted. As a result, operating profit amounted to HK\$6.3 million (2000: HK\$10.8 million), representing a decrease of 41.7% when compared with that of last corresponding period. Loss attributable to shareholders for the six months ended 30th September, 2001 amounted to HK\$26.7 million (2000: HK\$26.1 million).