

Management Discussion and Analysis

RESULTS

During the current year under review, the Group achieved a turnover of HK\$2,258,000 and profit attributable to shareholders of HK\$506,000, compared with the turnover of HK\$6,656,000 and profit attributable to shareholders of HK\$9,959,000 recorded in last year. Interest income from bank deposits amounted to HK\$34,403,000 for the year ended 31st March, 2001 which was previously included in turnover, has been reclassified as other revenue to conform with the current year's presentation. The substantial cut in interest rate during the year has caused a significant drop in the relevant income earned by the Group. Further, the progress of the Group's property projects in the PRC was slow during the year.

SEGMENT INFORMATION

The turnover and contribution to profit of the Group is analysed as follows:

	Turnover		Contribution to profit before taxation	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Property development and investment				
Sale of completed properties	627	4,761	77	1,131
Property letting	1,631	1,895	1,032	1,271
Disposal of land	–	–	(2,855)	–
	2,258	6,656		
Segment results			(1,746)	2,402
Other activities			19,292	36,263
Less: Unallocated administrative and other expenses			(17,040)	(29,519)
Finance costs			–	(4)
			506	9,142

Notes:

- (i) The Group's property development and investment activities were carried out in the PRC.
- (ii) Other activities comprise mainly of treasury activities, including investments in debt securities and money market funds operating in the United States of America and European countries and placement of bank deposits in Hong Kong.

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LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2002, the Group was cash-rich and has no bank borrowing and no material capital expenditure commitment or financial obligations.

Cash and cash equivalents amounted to HK\$539,534,000 and accounted for 73% of total current assets.

Exchange risk of the Group is minimal as the assets of the Group comprised substantially of cash or money market funds denominated in United States currency which is officially pegged to the Hong Kong currency.

CAPITAL STRUCTURE

As at 31st March, 2002, the Group had no long term borrowings and its operations were financed entirely by shareholders' funds:



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MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 28% and 51% respectively of the Group's turnover for the year. The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

During the year, the Group has not made any purchases other than incurring rental outgoings and overhead expenses.

None of the Company's directors, their associates or any shareholders of the Company (who to the best of the knowledge of the Company's directors owned more than 5% of the Company's issued shares) had a beneficial interest in any of the Group's five largest customers and the five largest suppliers.

STAFF

As at 31st March, 2002, the Group employed 56 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.