

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW AND OUTLOOK

### *Business Review*

The Group recorded a net loss of about HK\$7.2 million for the year under review as compared to the net loss of about HK\$14.2 million in last year. The results improved substantially because the realized gain on disposal of investment in securities and the unrealized gain on holding investments in securities amounted to about HK\$3.6 million. Besides, office units at Chaoyang District of Beijing acquired in June 2001 brought a rental income of about HK\$1.8 million to the Group.

The sale of computer-aided design (CAD) systems and machinery dropped from last year's around HK\$13 million to current year's around HK\$2 million. The fierce competition in the trade accounted for this decrease in sale of CAD systems and machinery. To diversify the activities, the Group acquired the office units at Chaoyang District mentioned above. The consideration for the acquisition was about HK\$25.68 million. Amongst this, HK\$12 million was satisfied by cash. The cash was funded from placing 31 million shares of the Company in September 2000. The remaining balance was satisfied by issue of approximately 36 million shares of the Company. The property has been leased out and brought a monthly rental income of approximately HK\$0.2 million to the Group.

### *Liquidity and Financial Resources*

At 31 March 2002, the Group had cash at bank of approximately HK\$150 million. The Group fully repaid the bank loans during the year.

To strengthen the Group's cash flow position and to make funds available for investment opportunities in the future, the Company raised fund of about HK\$7.7 million from the stock market by placing 44.3 million of the Company's shares to independent third parties in October 2001. To reorganize the Group's property structure, one of the properties in Hong Kong was disposed in January 2002 at a consideration of HK\$6.8 million. In addition, 1,350 million shares of the Company was issued in March 2002 to Shining Crown Holdings Inc. at a subscription price of HK\$0.1 each that the Group had a cash inflow of HK\$135 million.

The Group completed acquisition of a land at Chaoyang District, Beijing in April 2002 at a consideration of HK\$195 million, of which HK\$120 million was settled by cash and the balance, HK\$75 million was settled by convertible notes issued.

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(Cont'd)

## *Prospect*

The land at Chaoyang District is of area 35,300 square meter. It is situated in a good position, near the 2008 Olympic Stadium. It is planned to building a storey of multi-purposes, including an accommodation building, an office building and commercial units with car parks. With the accession of PRC into the World Trade Organisation and Beijing's 2008, PRC's prospering economy will be further boosted. There will then be a greater demand of property in Beijing and China.

In addition, the Group will also capture market opportunities to endeavour to develop businesses other than property development, the retail business in PRC and Hong Kong would be a project the Group places effort to study in the future.

As the Board is of high reputation and experience in China market, the Board is optimistic to build up profit foundation and achieve satisfactory returns to our shareholders.

**WONG Kwong Yu**

*Chairman*

Hong Kong, 10 July 2002