

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to promoting markets, conduct structural changes in business, asset restructurings and strengthening management under the harsh global deflationary market during 2002, so as to reach the target of turning loss to profits.

As at 31 December 2002, the total assets of the Group were HK\$2,880,750,000, in which the non-current portion and the current portion were HK\$1,379,675,000 and HK\$1,501,075,000 respectively. The total liabilities were HK\$1,969,910,000, of which the current and the non-current portion of bank loans were HK\$549,982,000 and HK\$253,748,000 respectively. In terms of contingent liabilities, there was about HK\$4,450,000 which was more or less the same to that of the end of last year. As at 31 December 2002, the assets/liabilities ratio was 68.4% and the current ratio was 1.12 respectively, both were similar to that of the end of last year.

The source of funding of the Group mainly comes from its internal financial resources and banking facilities. The Group's cash on hand as at 31 December 2002 was HK\$369,077,000, most of which was in HK dollars and the rest in RMB and US dollars. The remaining about HK\$ 50 million from the Group's previous placing proceeds has not yet been allocated to those planned projects.

A couple of the Group's real estates and investments have been mortgaged to banks for financing with interest calculated at prime rate, and their remaining terms by installment varies from 3 to 10 years.

The Group will further improve human resources management, enhance assessment quality and strengthen internal supervision. The Group now has more than 4,000 staff in the Mainland China and in Hong Kong.

### COMPLIMENTS

With the support of the major shareholder, China Aerospace Science & Technology Corporation, the Group will devote more resources to assets restructuring and business transformation, so as to build up a new core business of satellite and satellite applications based on consolidating its restructured businesses.

I would like to take this opportunity to express, on behalf of the Board of the Directors, my sincere gratitude to our shareholders, bankers, business partners, people from various social communities, as well as all staff of the Group for their long-time support.

By Order of the Board

**Rui Xiaowu**

*Chairman*

Hong Kong, 16 April 2003