

EXECUTIVE DIRECTOR'S STATEMENT

Due to the adverse changes in the economy, the performance of the Group has been inevitably affected.

RESULTS

The Group's turnover and net loss for the year ended 30th June, 2002 were approximately HK\$6.9 million (2001: HK\$8.2 million) and HK\$450 million (2001: HK\$81 million) respectively. The Group's loss was mainly attributable to the amortisation of goodwill amounting to HK\$21.3 million (2001: HK\$1.2 million), impairment losses recognised in respect of goodwill arising on acquisition of subsidiaries and associates of HK\$187.7 million (2001: HK\$6.7 million) and impairment loss for other investment of HK\$142.1 million (2001: Nil).

REVIEW OF OPERATIONS

The management has made a review of operations regarding the Group's turnover, liquidity, financial resources and capital structure, properties portfolio, segmental operations, and human resources policies in more details at the Management Discussion and Analysis section.

FUTURE PROSPECT

Due to the depressed environment, the overall performance of the Group would be inevitably affected. Having regard to such situation, in order to improve the Group's ongoing prospect, including its financial position, immediate liquidity, cash flows, profitability and operations, the directors of the Company (the "Directors") have adopted the following measures:

- the Directors are in active negotiations with potential financiers to arrange new facilities to meet the immediate repayments of amounts demanded by its creditors;
- the Directors are considering to increase the capital base of the Group through various fund-raising exercises, including, but not limited to, private placements of the Company's new shares to potential investors; and,
- the Directors have taken action to reduce costs by re-engineering and to study any possibility on corporate reorganisation and restructuring.

Despite the prevailing recession of the economy, the Directors are confident that the Group can turn around once the above measures accomplish the expected results.

APPRECIATION

Finally, I would like to express my sincerest thanks and appreciation to all my colleagues and staff for their loyalty and full support to the Group during the year.

On behalf of the Board

Ng Yan

Executive Director

Hong Kong, 27th June, 2003