

Management Discussion and Analysis

Financial Results

Turnover of the Group for the year ended 31 March 2003 was approximately HK\$6.9 million, representing a decrease of approximately 70% as compared to that of the financial year of 2002. The Group's turnover was mainly attributable to the rental income generated from investment properties and revenue from logistics services and consultancy services. As the property market experienced a downturn during the year under review, no property sales were concluded and thus a substantial decrease in turnover was recorded when compared with the results of the previous year.

The net loss attributable to shareholders for the year ended 31 March 2003 decreased significantly from approximately HK\$101.20 million in 2002 to approximately HK\$57.4 million, which represents a reduction of loss of approximately 43%. The Directors consider that the implementation of effective cost control measures is the major attribute for the improvement in the results of the Group.

Financing, Liquidity and Financial resources

As at 31 March 2003, the net current liabilities and net liabilities of the Group were approximately HK\$79.0 million (2002: HK\$48.4 million) and HK\$92.8 million (2002: HK\$50.3 million) respectively. The secured bank and other loans and convertible bonds amounted to approximately HK\$20.3 million (2002: HK\$15.0 million) and HK\$39.3 million (2002: HK\$19.7 million) respectively. Approximately HK\$45.7 million (2002: HK\$30.0 million) of debt was repayable within one year while the balance of the debt had maturity exceeding one year. As at 31 March 2003, approximately HK\$14.7 million (2002: HK\$13.2 million) of the borrowings of the Group were charged with fixed interest rate. The interests of the remaining borrowings were calculated on prevailing prime rates plus basis. No gearing ratio was provided as the Group had no positive shareholders' funds as at 31 March 2003 and 2002.

During the year under review, the Group's bank balances and borrowings and their respective interests were mainly denominated in Hong Kong dollars. The Group did not hold any financial instrument or foreign currency net investment for hedging purposes. The Group's exposure to exchange fluctuation is considered minimal.

Capital Commitments

As at 31 March 2003, the Group's capital expenditure commitment amounted to approximately HK\$1.8 million.

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Capital Structure

Details of movements in capital structure during the year ended 31 March 2003 are set out in note 25 to the accounts.

Contingent Liabilities

Details of contingent liabilities are set out in note 33 to the accounts.

Properties

The Group's properties were carried at approximately HK\$42.0 million (2002: HK\$29.8 million) at the year end date. Details of the properties portfolio of the Group are set out on page 77 of this report.

As at 31 March 2003, the Group's properties held for sale with aggregate carrying value of approximately HK\$41.5 million, were pledged to secure facilities of approximately HK\$20.5 million.

Pledge of Assets

Save as disclosed above under the heading "Properties", the Group did not have any pledged assets as at 31 March 2003.