

# Management Discussion and Analysis and Business Outlook

## Overview

During the accounting year ended 31 December 2004, the Group records a loss attributable to shareholders of HK\$47,487,000 (2003: HK\$100,785,000) and net asset of HK\$9,474,000 (2003: HK\$3,960,000). The loss was mainly caused by the loss on disposal of trading securities, provisions for impairment of goodwill, investment in securities, and provision and write-offs of doubtful receivables, totaling HK\$45,336,000. The loss per share for the current year is HK\$0.76 cents. The Group is continuously reviewing its existing investment portfolio. It will exercise stringent management of the existing resources to ensure efficient use so as to enhance the quality of assets.

In 2004, the Group's revenue was mainly from the general trading and provision of financial services. Due to the very keen competition and the drastic changes in the information technology industries, the project in the on-line game has been closed down. Nonetheless, the management has also reviewed conscientiously the project in the development of broadband television broadcasting service through the renren.com media platform and alliance with some digital technology companies and had suspended the investment project pending for further feasibility study to be carried out.

## Outlook

The management is expecting a continuous, steady and strong economic growth in the mainland China. The change in management team in the end of 2004 has just about given a good opportunity for the business development in China. The new management can help the Group diversify the business with its expertise in telecommunication and property related interests.

The management will aggressively work on controlling costs as well as streamlining the capital and management structures, and is planning to enlarge the capital base of the Group to prepare for the needs of future growth. This will undoubtedly enable the Group to grasp the business opportunities that emerge in the fast growing economy in China for the satisfactory returns to the shareholders.