MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

The Group's turnover was HK$58.9 million (2006: HK$99.2 million), representing an decrease of 40.6% from the same period of last year and loss per share was HK5.10 cents (2006: HK10.80 cents). During the year, the Group has ceased its consumer electronic and snap off blade cutters businesses and will focus on the properties investment business.

BUSINESS REVIEW AND PROSPECTS

Continuing operation

Properties investment business

The turnover of the Group's properties investment business was HK$5.7 million (2006: HK$2.9 million), a 92.6% increase over last year. The results of this business segment enhanced to HK$15.1 million (2006: HK$2.9 million). The increase was mainly due to the acquisition of properties in Shanghai through the acquisition of Luck Grow Group Limited, gain on disposal and fair value adjustments of investment properties in Shanghai during the year. The properties in Shanghai are properties with aggregate gross floor area of approximately 5,621.69 square meters, located in fast developing area or city centre of Shanghai. For details, please refer to the circular dated 31 October 2006. The Group also disposed of all of its interest in the property in Panyu in the PRC, resulting a gain of HK$9.1 million attributable to the Group. The Group will concentrate on the properties investment business and will actively explore other investment opportunities.

Discontinued operation

Electronic consumer products business

The turnover of the Group's electronic consumer products business was HK$7.2 million (2006: HK$52.5 million) and recorded negative contribution to HK$19.5 million (2006: HK$20.9 million). Considering continuously underperformance of consumer electronic business, the Group terminated it in June 2006.

Snap off blade cutters business

The turnover of the Group's snap off blade cutters business was HK$46.0 million (2006: HK$43.7 million). Adversely affected by an overall increase in material prices and production costs, the negative results of this business segment enhanced to HK$9.6 million (2006: HK$2.4 million). Having considered the loss making track record for the past years, the Group decided to exit the snap off blade cutters business and dispose it. For details, please refer to the circular dated 6 March 2007.

Geographical segment analysis

All of the Group's client base for continuing operations are in the PRC. The Group's client base for discontinued operations is quite well diversified in terms of geographical locations. There was a high concentration in the Hong Kong market since sales were classified according to the location of direct clients. Most of the goods sold to our clients in Hong Kong were in fact exported to other countries.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, the current and non-current liabilities of the Group amounted to HK$5.9 million (2006: HK$84.5 million) and HK$225.8 million (2006: HK$1.5 million), respectively. The previous year's net current liabilities position of HK$60.8 million was changed to net current asset position of HK$2.0 million, which was mainly due to the disposal of discontinued operations which had net current liabilities and subscription of new shares during the year. For details please refer to note 32 to the financial statements.

The Group did not have any bank borrowing as at 31 March 2007 and therefore, the gearing ratio, defined as the percentage of total bank borrowings to shareholders' funds, is nil (2006: 299%). According to the sale and purchase agreement as disclosed in the circular dated 31 October 2006, the promissory notes of HK$157.7 million were not yet issued and are expected to be issued in July 2007 and June 2009.

Most of the Group's continuing business transactions, assets and liabilities are denominated in either Hong Kong dollars and Renminbi. The risk of foreign exchange fluctuation was not significant to the Group as at 31 March 2007.

INVESTMENT POSITION AND PLANNING

The Group acquired the entire issued share capital of Luck Grow Group Limited in November 2006, whose principal assets are properties in Shanghai. Details of such acquisition are set out in the circular dated 31 October 2006.

The Group does not have any significant investment position in stocks, bonds and other financial derivatives. The Group's exposure to fluctuations in exchange rates is very limited because its assets and liabilities have been well matched in terms of denominations.

SHARE CAPITAL

During the year, the share capital of the Company have the following changes:

Subscription of new shares

(i) On 18 May 2006, the Company entered into a conditional subscription agreement with a subscriber, a third party independent of and not connected with the Company or its connected persons (as defined in the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), for the subscription of 58 million new shares at a price of HK$0.23 per new share under the general mandate granted to the directors of the Company pursuant to the resolutions of the shareholders of the Company passed at its annual general meeting held on 29 September 2005.

All conditions of the subscription agreement were fulfilled and the 58 million new shares were issued on 20 June 2006.

(ii) On 1 December 2006, the Company entered into a conditional subscription agreement with ten subscribers, third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules), for the subscription of approximately 69.9 million New Shares at a price of HK$0.38 per new share under the general mandate granted to the directors of the Company pursuant to the resolutions of the shareholders of the Company passed at its annual general meeting held on 30 August 2006.

All conditions of the subscription agreement were fulfilled and the approximately 69.9 million New Shares were issued on 29 December 2006.

POST BALANCE SHEET EVENT

Capital reorganisation

On 12 April 2007, the Company proposed to effect the capital reorganisation (the "Capital Reorganisation") which involves capital reduction and the share premium reduction. The capital reduction involves a reduction in the nominal value of each existing share, in issue of HK$0.20 by HK$0.19 to HK$0.01. Pursuant to the share premium reduction, the entire amount standing to the credit of the share premium account of the Company will be cancelled. The amount arising from the capital reorganisation will be credited to the contributed surplus account of the Company and part of which will be used to fully eliminate the accumulated deficits of the Company as of 31 December 2006. The Capital Reorganisation was approved by the shareholders at special general meeting on 21 May 2007.

CHARGES ON GROUP'S ASSETS

As at 31 March 2007, the investment properties of the Group (being the properties in Shanghai acquired during the year) were pledged to banks to secure credit facilities to the extent of approximately HK$162 million, guarantee to certain independent third parties for working capital funding purpose. No recognition was made because the fair value of such guarantee was insignificant.

CONTINGENT LIABILITIES

The Group

As at 31 March 2007, the Group does not have any contingent liability. As at 31 March 2006, the Group had a contingent liabilities in respect of possible future long services payments to employees of HK$338,000.

The Company

As at 31 March 2007, the Company does not have any contingent liabilities. As at 31 March 2006, the Company had given guarantees to banks in connection with banking facilities granted to certain subsidiaries amounting to HK$57,469,794.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Acquisition of subsidiaries

During the year, the Group acquired all the interest in Luck Grow Group Limited and the sales loan from an independent third party at a consideration of approximately HK$182.5 million. For details, please refer to the circular dated 31 October 2006.

Disposal of subsidiaries

During the year, the Group disposed of all its interest in Asian Field Holdings Corp., a wholly owned subsidiary of the Company, to Mr Chong Sing Yuen, a connected person, at a consideration of approximately HK$1. For details, please refer to the circular dated 6 March 2007.

Apart from the above, there were no acquisition and disposal of subsidiaries and associated companies during the year.

EMPLOYEES

At 31 March 2007, the Group had approximately 10 and 21 employees in Hong Kong and the PRC, respectively. The remuneration was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The Group provides contributory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.