

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wireless Technology Investments

NESS Display Corporation Limited

NESS Display Corporation Limited was established in 1998 as a research and development organisation in Korea specialising in the development of Organic Light-Emitting Displays (OLED) technologies.

IP Infusion Inc.

IP Infusion Inc. was established in 1999 as a provider of advanced network software for the support of Internet core, edge, and access equipment.

InfoTalk Corporation Limited

InfoTalk Corporation Limited was established in 1996 as a supplier of speech recognition technology in Asia.

China Greens Limited

China Greens Limited was established in 2000 as a provider of information technology (IT) security and intrusion detection solutions.

iSilk.com, Inc.

iSilk.com, Inc. was established in 2000 as a provider of natural language processing and knowledge management products.

The Board announced on 17 February 2003 that the Company elected to exercise its rights under a put option agreement entered into with Investor imGO whereby the Company was conferred rights to require Investor imGO to purchase all of the Company's interests in the above wireless technology related minority investments in NESS Display Corporation Limited, IP Infusion Inc., InfoTalk Corporation Limited, iSilk.com, Inc., and China Greens Limited (collectively, "Investments"), at an aggregate amount of US\$13,037,500 (equivalent to approximately HK\$101,692,500).

The exercise of the Put Option is subject to the approval of independent shareholders of the Company at an extraordinary general meeting of the Company to be held on 25 March 2003.

Property Investments

Jun Ling Plaza

In November 2002, the Group acquired a company which owns 15 office units on various levels and 45 carpark spaces on basement level in Jun Ling Plaza at a consideration of approximately HK\$33.3 million for rental purposes. Jun Ling Plaza is a 38-storey office building located at No. 500 Cheng Du Bei Road, Shanghai, the PRC. The gross floor area of the property occupied by the Group in Jun Ling Plaza is approximately 4,465.21 square meters. Jun Ling Plaza is located within Huang Pu District in Shanghai, accessibility to Jun Ling Plaza is convenient as Cheng Du Bei Road acts as a main artery in this area, connecting the property to the other parts of the city.

Wu Zhong Lu

In February 2003, the Group acquired a company which owns a parcel of land located at Wu Zhong Road, Hong Qiao Town in Shanghai, the PRC, at a consideration of approximately HK\$330.8 million for development purposes. This parcel of land is located at one of the prime locations in Shanghai with a site area of approximately 96,317 square metres. With a plot ratio of 1.1 times, it is expected that the building to be constructed would have a buildable gross floor area of approximately 105,950 square metres for high class residential and commercial purposes. The building complex is expected to be completed in 2005 and sales are expected to commence in 2004.

Hotel Investment

Hotel Longbai Shanghai

In January 2003, the Group announced the proposed acquisition of a company which owns Hotel Yihe Longbai Shanghai ("Hotel Longbai"), a four star hotel in Shanghai at a consideration of approximately HK\$381 million. Hotel Longbai is situated at Hong Qiao Road within Hong Qiao District, Shanghai, the PRC. It takes approximately 5 minutes to drive to Hong Qiao Airport and approximately 40 minutes to Shanghai Putong International Airport. It is erected on a site with an area of approximately 21,992 square metres with a total gross floor area of approximately 31,365 square metres. Hotel Longbai comprises six buildings, one of which is the main building that is occupied as a hotel with the other five buildings housing ancillary facilities. The main building is a 11-storey four-star hotel with 385 rooms of a total gross floor area of approximately 31,214 square metres. Hotel Longbai also has various other facilities including banquet halls, fitness centre, tennis courts, swimming pool, golf range and business centre, etc. Hotel Longbai has been granted the Certificate of Four Star Hotel issued by the National Tourism Administration of the PRC in February 1991. The acquisition of Longbai Hotel was completed in early March 2003.