Management Discussion and Analysis

BUSINESS REVIEW

Operating Results

For the year under review, loss attributable to shareholders was approximately HK$130 million, caused mainly by the diminution in value of properties held by the Group. The narrow down of losses from last year of approximately HK$174 million was mainly due to the reduction of bank loan and finance cost as a result of disposal of properties during the year and successful implementation of debt restructuring exercise at the end of financial year 2002.

During the year under review, turnover of the Group was approximately HK$84 million, an increase of 45% as compared with the corresponding figure last year. Sales of properties, amounted to HK$62 million for the year ended March 31, 2003, accounting for 74% of the total turnover of the Group and continued to be the major source of income for the Group. The Group recorded an increase in sales of properties by 73% as compared with the last year figure and it was attributed to the management in its effort to reduce the debts of the Group by disposing the heavy debt laden properties.

Income derived from rental, building management and agency fee were approximately HK$18 million and HK$4 million, accounting for approximately 21% and 5% of the total turnover of the Group respectively. They continued to provide steady income for the Group's operation.

During the year under review, no income had been derived from the Group's investment securities which carried at the book value of approximately HK$140 million as at March 31, 2003.

Significant events or transactions during the year

In April 2002, the Company entered into two conditional placing agreements with two independent third parties to place an aggregate of 487,500,000 new shares at a price of HK$0.40 per share in the issued share capital of the Company. As the placees were unable to make available the funds required for completion of the placing, the placing agreements had been rescinded accordingly.

The Company had in April 2002 entered into a conditional subscription agreement with Hong Kong Satellite Technology Holdings Limited ("Hong Kong Satellite"), a company in which Mr. Chu Yu Lin, David, the chairman of the Company, has an interest, to subscribe for 200 new shares in Hong Kong Satellite at a consideration of USD20 million. As the funds required for the completion of the agreement were not available, by a mutual agreement between the Company and Hong Kong Satellite, the subscription agreement was terminated and of no further force and effect.

In May 2002, an agreement was entered into by the Company to acquire 80% interest in the issued share capital of a company, which had acquired a site at Tai Po Industrial Estate proposed to be used by the Group after completion for providing satellite related communication services. The completion of the agreement was conditional upon certain conditions being satisfied before the completion date. As certain conditions were not satisfied by the deadline for the fulfillment of those conditions, the agreement was finally terminated and of no further force and effect.

In September 2002, a subsidiary of the Company signed a sale and purchase agreement with an independent third party whereby the subsidiary had agreed to sell the whole of Workingmond Commercial Building in Tsimshatsui at a total consideration of HK$55 million. The transaction was completed in December 2002 and the proceeds arising from such disposal was used to apply towards discharging the relevant bank loan of the Group.

Liquidity and financial conditions

Due to the further decline in the prices of the Group's commercial buildings after the debt restructuring exercise implemented by the Group in March 2002, the Group has now again experienced liquidity difficulties. As at the year end date, the total outstanding bank borrowings amounted to approximately HK$187 million, become all repayable on demand. The Group is currently actively in discussion with its bankers with a view to reach agreements on the rescheduling and/or refinancing of these borrowings. The gearing ratio, defined as the total bank borrowings over total assets of the Group, was 56% as at March 31, 2003.

FUTURES AND PROSPECTS

Clouded by the bleak global economic condition and local investment sentiments last year, the Group's acquisition had inevitably met with setbacks, impeding the Group's efforts on diversification of its investments. In view of the business uncertainty and turbulence in the region, the Directors decide to exercise extreme caution before any decision regarding business development and investment is made. However, the Group will continue to strive for development in technology related industries at the opportune moment for a considerable, long-term and stable return in the future.

By Order of the Board
Chu Yu Lin, David
Chairman

Hong Kong, July 25, 2003