

Management Discussion and Analysis

The Group's turnover for the year 2003 increased by HK\$13.6 million to HK\$35.4 million. The investment property in Jinan City which was purchased during the second half of the year 2002 has contributed significantly to the Group's turnover in the year 2003, and accounted for HK\$29.5 million of the Group's turnover. During the year, the Group has further invested in the PRC's property market, and has acquired two investment properties in Shanghai (as disclosed in the notes to the financial statements). The Group expects further contribution to the turnover from the investment properties in the PRC. Turnover from treasury and securities investments has declined during the year as a result of the reallocation of investment portfolio. Net realised loss on disposal of non-trading securities amounted to HK\$44.6 million. Overall, net loss for the year increased by HK\$15.8 million to HK\$21.2 million.

As at 31 December 2003, the Group had cash and bank balances of HK\$29.2 million with no borrowings, and investments in securities amounted to HK\$59.0 million. During the year, in addition to the acquisition of investment properties in Shanghai, the Group acquired an equity interest in an associate in Zhejiang and a company holding machinery and equipment intended for forming a joint venture in the PRC (as disclosed in the notes to the financial statements) relating to paper manufacturing. These represent further diversification of the Group's investment portfolio.

As at 31 December 2003, the Group employed three staff. Staff remuneration packages are normally reviewed annually. The Group operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The Group does not have any share option scheme. Employees' remuneration during the year amounted to about HK\$0.1 million.