

## FINANCIAL OPERATION REVIEW

### RESULTS

During the nine months ended 31st December, 2003 (the “Period”), the Group was in financial distress and mainly concentrated in the capital reorganisation and debt restructuring and business activities were reduced to a minimal level. Turnover for the Period amounted to HK\$3.3 million, a 63.3% decrease from the previous twelve months ended 31st March, 2003. This was mainly due to the suspension of energy saving machine business in April 2003. The Group’s turnover for the Period represents mainly gross property rental income of HK\$2.2 million contributed from Chung Kiu Godown Building and Yuen Long New Place.

Loss from operations amounted to HK\$37.3 million, a decrease of 72.2% as compared with previous year’s loss of HK\$134.1 million. The loss from operations for the Period was mainly due to deficit arising on revaluation of investment properties of HK\$28.3 million and unrealised holding loss on other investments of HK\$5.1 million. The loss from operations for the previous year was mainly due to deficit arising on revaluation of investment properties of HK\$42.5 million, impairment loss recognised in respect of intangible asset of HK\$24.6 million, allowance for bad and doubtful debts of HK\$15.7 million and unrealised holding loss on other investments of HK\$14.4 million.

Profit for the Period was HK\$439.9 million as compared to loss of HK\$245.3 million for the previous year. The profit for the Period was mainly due to the gain on debt restructuring of HK\$498.2 million.

Capital reorganisation was completed in November 2003 and debt restructuring was effective in November 2003 and completed in January 2004.

### NET ASSET VALUE

As at 31st December, 2003, the Group’s total net asset amounted to approximately HK\$87.0 million (31st March, 2003: negative net asset of HK\$375.9 million). With the total number of ordinary shares in issue of 182,641,386 as at 31st December, 2003 and adjusted for the 508,616,414 ordinary shares to be issued upon the completion of the debt restructuring in January 2004, the net asset value per share was HK\$0.126 (31st March, 2003: negative net asset value per share of HK\$29.7 on total number of ordinary shares in issue of 12,641,386 as adjusted for the share consolidation during the Period). The increase in total net asset was mainly due to the waiver of indebtedness amounted to HK\$498.2 million in accordance with the restructuring arrangement.

## 財務業務回顧

### 業績

截至二零零三年十二月三十一日止九個月期間（「期間」），本集團出現財政困難，主要集中於股本及債務重組，業務活動減至最低程度。期間營業額為3,300,000港元，較截至二零零三年三月三十一日止十二個月減少63.3%，主要與能源節省器業務在二零零三年四月暫停營運有關。期間本集團之營業額主要為中僑貨倉大廈及元朗新地帶帶來的物業租金收入總額2,200,000港元。

經營虧損為37,300,000港元，較上年度虧損134,100,000港元減少72.2%。期間之經營虧損主要與重估投資物業虧絀28,300,000港元及其他投資之未變現持有虧損5,100,000港元有關。上年度之經營虧損主要與重估投資物業虧絀42,500,000港元、已確認之無形資產折損24,600,000港元、呆壞賬準備15,700,000港元及其他投資之未變現持有虧損14,400,000港元有關。

期間溢利為439,900,000港元，而上年度則為虧損245,300,000港元。期間溢利主要與債務重組收益498,200,000港元有關。

股本重組已於二零零三年十一月完成，而債務重組於二零零三年十一月生效，並已於二零零四年一月完成。

### 資產淨值

於二零零三年十二月三十一日，本集團淨資產總值約為87,000,000港元（二零零三年三月三十一日：負資產淨值375,900,000港元）。按二零零三年十二月三十一日之已發行普通股總數182,641,386股計算且就二零零四年一月債務重組完成後而發行之508,616,414股普通股作出調整，每股資產淨值為0.126港元（二零零三年三月三十一日：按已發行普通股，就期間之股份合併作出調整後總數12,641,386股計算，每股負資產淨值為29.7港元）。淨資產總值之增加主要與根據重組安排豁免債務498,200,000港元有關。

## FINANCIAL OPERATION REVIEW

### DEBT AND GEARING

As at 31st December, 2003, the Group's bank and other borrowings amounted to HK\$25.0 million (31st March, 2003: HK\$522.0 million). Cash and deposits at bank amounted to HK\$7.1 million (31st March, 2003: HK\$0.3 million) and net borrowing amounted to HK\$17.9 million (31st March, 2003: HK\$521.7 million).

Total debt to equity ratio was 28.7% and net debt to equity ratio was 20.6%, which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net asset of HK\$87.0 million. The turnaround in total net asset base together with a decrease in bank and other borrowings is closely related to the debt restructuring. Of the Group's bank and other borrowings of HK\$25.0 million, 7.6%, 3.9%, 12.8%, 75.7% are repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. As at 31st December, 2003, the Group's borrowings were wholly denominated in Hong Kong dollars and carried at interest rate calculated with reference to prime rate. The Group did not have any financial instruments used for hedging purpose. Nearly all assets and investments of the Group were denominated in Hong Kong dollars.

### PLEDGE OF ASSETS

As at 31st December, 2003, the Group's investment property with a book value of HK\$70.8 million was pledged to secure loan facilities of the Group. The Group did not have any contingent liabilities as at 31st December, 2003.

### FINANCIAL AND INTEREST INCOME/EXPENSES

Interest income was included in turnover and other operating income. Finance costs included interest expenses on bank and other borrowings, finance lease charges and amortisation and written off on settlement or conversion of issue costs and discount of convertible bonds.

Interest income for the Period was HK\$0.06 million, representing a decrease of 33.3% from the previous year of HK\$0.09 million. Interest expenses for the Period amounted to HK\$2.9 million, representing a 60.8% decrease over the interest expenses of HK\$7.4 million recorded for the previous year, such decrease was due to the repayment of bank and other borrowings during the Period and the debt restructuring.

## 財務業務回顧

### 債務及資本與負債比率

於二零零三年十二月三十一日，本集團之銀行及其他借貸為 25,000,000 港元（二零零三年三月三十一日：522,000,000 港元）。現金及銀行結存為 7,100,000 港元（二零零三年三月三十一日：300,000 港元），而借貸淨額為 17,900,000 港元（二零零三年三月三十一日：521,700,000 港元）。

總債務與股本比率為 28.7%，而淨債務與股本比率為 20.6%，乃將銀行及其他借貸及借貸淨額分別除以總資產淨值 87,000,000 港元得出之百分比。淨資產總值之改善連同銀行及其他借貸之減少與債務重組有密切關係。本集團之銀行及其他借貸 25,000,000 港元中，7.6%、3.9%、12.8% 及 75.7% 須分別於一年內、一至兩年、兩至五年及五年後償還。於二零零三年十二月三十一日，本集團之借貸全部以港元計值，並參照最優惠利率計算利率。本集團並無任何金融工具用作對沖用途。本集團幾乎全部資產及投資以港元計值。

### 資產抵押

於二零零三年十二月三十一日，本集團賬面值為 70,800,000 港元之投資物業已作本集團獲批信貸之抵押。本集團於二零零三年十二月三十一日並無任何或然負債。

### 財務及利息收入／支出

營業額及其他經營收入包括利息收入。財務費用包括銀行及其他借貸之利息開支、財務租約開支及可換股債券之發行成本及折讓之攤銷及因贖回或換股時而作出之撇銷。

期間之利息收入為 60,000 港元，較上年度 90,000 港元減少 33.3%。期間之利息開支為 2,900,000 港元，較上年度錄得之利息開支 7,400,000 港元減少 60.8%。利息開支之減少與期間償還銀行及其他借貸及債務重組有關。

## FINANCIAL OPERATION REVIEW

### REMUNERATION POLICIES AND SHARE OPTION SCHEMES

During the Period under review, the Group employed a total of 9 staff. Total staff costs for the Period amounted to approximately HK\$1.0 million. Remuneration packages comprised salary and year-end bonuses based on individual merits. Details of share option schemes are set out in note 35 to the financial statements.

### PROPERTY VALUATION

A property valuation has been carried out by Norton Appraisals Limited, registered professional surveyors, in respect of the Group's investment properties held as at 31st December, 2003 and that valuation was used in preparing the financial statement for the Period. The Group's investment properties were valued at HK\$107.4 million (31st March, 2003: HK\$135.7 million) and recorded a 20.9% decrease.

### LITIGATION

The Group has the following outstanding litigations as at 31st December, 2003:

Universe Dragon Limited ("UDL"), a non wholly-owned subsidiary of the Company received writ of summons and judgments from thirteen claimants with aggregate claims of approximately HK\$1.3 million. A winding up order against UDL was issued on 14th January, 2004 and liquidation process has commenced. UDL was a single purpose company, dormant and with no material assets. Full provision of the claims has been made in the financial statements of the Group.

Universe Dragon Engineering Limited ("UDEL"), a non wholly-owned subsidiary of the Company received a writ of summons from a claimant for a claim of approximately HK\$0.2 million. On 12th March, 2004, UDEL has received leave to enter judgment from District Court of Hong Kong Special Administrative Region in respect of this claim. UDEL was a single purpose company, dormant and with no material assets. Full provision of the claim has been made in the financial statements of the Group.

## 財務業務回顧

### 酬金政策及購股權計劃

在回顧期間，本集團共有僱員 9 人。期間總職員成本約為 1,000,000 港元。酬金（包括薪金及年終花紅）乃根據個人表現釐定。有關購股權計劃之詳情載於財務報告附註 35。

### 物業估值

註冊專業測量師普敦國際評估有限公司已就本集團於二零零三年十二月三十一日持有之投資物業進行物業估值，有關估值乃用於編製期間之財務報告。本集團投資物業之估值為 107,400,000 港元（二零零三年三月三十一日：135,700,000 港元），錄得 20.9% 減幅。

### 訴訟

本集團於二零零三年十二月三十一日有下列尚未了結之訴訟：

十三名申索人向本公司之非全資附屬公司宙龍有限公司（「宙龍」）發出傳訊令狀及判決書，索償總額約為 1,300,000 港元。宙龍於二零零四年一月十四日獲發清盤令並開始進行清盤。宙龍為一間單一目的公司，無業務活動及無重大資產。本集團已就上述索償於財務報告作全數撥備。

一名申索人向本公司之非全資附屬公司宙龍工程有限公司（「宙龍工程」）發出傳訊令狀，索償約 200,000 港元。於二零零四年三月十二日，宙龍工程收到香港特別行政區區域法院發出有關上述索償之登錄判決許可。宙龍工程為一間單一目的公司，無業務活動及無重大資產。本集團已就上述索償於財務報告作全數撥備。