

BUSINESS REVIEW AND PROSPECTS

During the Period, the Group incurred a net loss from ordinary activities attributable to shareholders of approximately HK\$3.3 million due to the continuing increase in the difficulty of the business operating environment (2003: a profit of approximately HK\$1.7 million).

Following the disposal of Group's construction related businesses in prior financial year, and the continued difficult operating environment for internet businesses, the Group shifted its business focus away from high-technology e-commerce related business to sectors such as communications, media and financial services where the Group has significant core competency.

With this new business focus, the Group has been actively evaluating potential investment projects that fall within these areas. While some of these project evaluations are only at their preliminary stages, some have progressed to more advanced stages.

If the Group proceeds with any of these investments, the Group's strategy is to either acquire interest in companies that operate the relevant businesses, or acquire businesses from the relevant companies. The acquisition of these businesses will form the basis for building a major operating business in these areas for the Group. Also, if the Group proceeds with these projects, the Company's current approach is to acquire these investments in stages so as to facilitate an orderly integration of each of these businesses into the Group. Over time, the Group intends to build a portfolio of operating entities and a major business franchise in these business sectors.

However, the Board believes that, under current tough investment environment, the Company should be making prudent management and investment decisions in order to protect shareholder value. It is the intention of the Board to continue such cautious approach in applying the Group's managerial and financial resources in implementing any of the Group's proposed investment projects. To-date, the Group has not entered into any agreement in relation to any potential investment projects at this time.

Looking forward, the Board is still optimistic about the future of our business. The Board is of the view that by focusing on the above business sectors, the Group can best leverage its experience and network, and thus best realize its potential to improve Group's profits and enhance long-term shareholder value.

STAFF REMUNERATION POLICY AND SHARE OPTION SCHEMES

The Group maintained a team of 25 staff as at 30 September 2004.

Employees are paid at salaries comparable to market rates. The Group provides free medical insurance coverage for permanent staff and continues to investigate the possibility of introducing other benefits which would help retain current experienced staff and attract new employees so that the Group can maintain a capable workforce to meet present and future requirements.

As stated in note 10 above, a new share option scheme was adopted by the Company during the Period. No new share option was granted under the Scheme.

During the Period, the movements of the share options which were granted under the Old Scheme were as follows:

Name or category of participant	Number of share options			Date of grant of share options *	Exercise period of share options	Exercise price of share options** HK\$	Price of Company's share at grant date of options *** HK\$
	At 1 April 2004	Lapsed during the Period	At 30 September 2004				
Director:							
Henry Hung CHEN	30,000,000	(30,000,000)	-	26-03-2001	27-09-2001 to 26-09-2004	0.32	0.395
Other employees:							
In aggregate	81,500,000	(81,500,000)	-	26-03-2001	27-09-2001 to 26-09-2004	0.32	0.395
	<u>111,500,000</u>	<u>(111,500,000)</u>	<u>-</u>				

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of share options is the SEHK closing price on the trading day immediately prior to the date of grant of the options.