

REVIEW OF OPERATIONS

Business Outlook

Following the disposal of Group's unprofitable businesses in prior financial year, the Group shifted its business focus 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.

Financial Resources And Liquidity

The Group principally finances its operations by funding provided by previous share capital subscription and placement, proceeds from previous disposals of businesses, and internally generated cashflows.

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As at 31 March 2005, shareholders' funds of the Group amounted to approximately HK\$177.8 million. Current assets amounted to approximately HK\$187.3 million, of which approximately HK\$138.7 million were cash and bank deposits, among which a time deposit of approximately HK\$4.5 million was pledged to a bank the detail of which is to be set out in note 15 to the financial statements. The Group's current liabilities amounted to approximately HK\$10.5 million.

As at 31 March 2005, the Group did not have any bank overdrafts or bank borrowings, and had no significant foreign currency exposure.

Contingent Liability

As at 31 March 2005, the Group did not have any significant commitments or contingent liability.

Staff Remuneration Policy And Share Option Scheme

As at 31 March 2005, the Group maintained a staff team of 34 full time employees. Employees are paid at salaries comparable to market rates, and free medical insurance coverage is provided for permanent staff. The Group continues to investigate the possibility of introducing other benefits that would help retain current experienced staff and attract new employees so that the Company can maintain a capable workforce to meet present and future requirements.

As to be set out in note 17 to the financial statements, a new share option scheme was adopted by the Company during the year. No new share option was granted under the new share option scheme.