

■ MANAGEMENT'S STATEMENT

"A NEW HORIZON FOR GROWTH"

OUR GOAL IS TO MAXIMISE SHAREHOLDER'S VALUES BY MAINTAINING OVERALL BUSINESS RISKS AT A LOW LEVEL AND ADOPTING PRUDENT INVESTMENT STRATEGIES.

RESULTS

The Group has significantly narrowed its loss for the year ended 31 March 2003 to HK\$546,000 (2002: HK\$45,101,000). Loss per share was HK0.42 cents compared with HK41.5 cents for the year ended 31 March 2002. The improved results were mainly due to the prudent approach adopted for securities dealing and the gain on disposals of various investment properties.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year (2002: Nil).

BUSINESS REVIEW

In March 2003, the Group issued and allotted 176,500,000 new shares of the Company, representing approximately 60% of the Group's enlarged issued share capital, to Gold Capital Investments Limited at an issue price of HK\$0.31 per new shares. Pursuant to the allotment of the shares, Gold Capital Investments Limited has become the substantial shareholder of the Group and was granted by the Securities and Futures Commission a whitewash waiver for strict compliance with the Rule 26 of the Takeovers Code to make an unconditional mandatory general offer for all the issued shares of the Company other than those already owned by it. With the new management team's extensive experience in the area of property investment, leasing and management, the Group will benefit from their significant contributions for future business growth.

Property Investment

The rental income dropped from approximately HK\$7.1 million for the year ended 31 March 2002 to HK\$6.8 million for the current financial year, representing a 4% decrease.

The sluggish local economy, high unemployment rate and large supply of residential and commercial properties still put much pressure on the property market. The sentiment in the property market in Hong Kong was further affected by the recent SARS outbreak. As a result, the Directors decided to write down the value of the Group's investment properties portfolio by HK\$45,537,000 this year (2002: HK\$24,254,000).

■ MANAGEMENT'S STATEMENT

Securities Trading

Due to the uncertain outlook of the stock market, the Group has significantly unloaded its securities holding during the year to minimize the risk of further decline in stock value. The Group recorded a loss in securities trading of HK\$0.3 million for the year (2002: HK\$39.2 million)

PROSPECTS

It is the intention of the new management to focus on a new direction for the growth of the Group. This includes the leasing up of the vacant properties of the Group and renovation of certain properties to increase their attractiveness, which will not only enable the Group to generate a higher return on the existing property investment portfolio, but also free up its resources to invest in other investment opportunities. In other words, we intend to diversify asset investments, and obtain a balance between steady rental income and capital appreciation opportunities.

The Group will, if it considers appropriate, also invest in securities in order to capitalize on any possible opportunities arising from the recovery of the stock market, especially those shares which are trading at deep discounts to their net asset values. An opportunity came when the Group entered into an agreement on 26 March 2003 with GR Investment International Limited, subscribing approximately 10.67% of its enlarged share capital. This has enabled the Group to broaden its investment portfolio and thereby reducing the overall risk of the portfolio.

The new management is confident and well-equipped to make a difference. We are enthusiastically looking forward to the Group's turnaround performance.

Finally, on behalf of the Board of Directors, we wish to take this opportunity to thank all the shareholders for their continuous support.

Ma Kwai Leung, Joseph

Hong Kong, 6 June 2003