

STATEMENT OF CHAIRMAN AND MANAGING DIRECTOR

On behalf of the board of directors of the Company (the "Board"), we hereby present the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2003.

Business Review

The Group has made tremendous efforts in improving its performance and financial position throughout the past year. Non-performing operations were either ceased or disposed of during the year. Together with the effective cost control measures, the Group's loss attributable to shareholders decreased significantly from approximately HK\$101 million in 2002 to approximately HK\$57 million in 2003 albeit there was a substantial reduction in turnover of approximately HK\$16 million in the year. The significant plunge in turnover was mainly attributable to the fall in revenue from sale of properties. As the market sentiment in property market was unfavorable during the period under review, no property sales were concluded during the year.

The freight forwarding and logistics business of the Group was also adversely impacted by the unfavorable market condition. Sales volume and gross profit margin both decreased significantly during the year. In order to improve the cost effectiveness of the operations and keep the business risk of the Group at a level that better suit the current status of the Group, some of the services originally carried out by the Group were outsourced to third parties.

Prospects

The Group has been taking active measures in expediting the debt restructuring process in an attempt to relieve the liabilities of the Group and to build a solid foundation for ongoing future developments. Further details of the restructuring plan will be announced to all shareholders once the restructuring proposal is finalized.

After the capital and debt restructuring, logistics and property agency will remain as the core businesses of the Group. With the additional funding to the Group and extensive client base that would be brought into the Group by the new management, the Group will expand its freight forwarding and logistics arm and position itself to deliver total logistics services, which include procurement, transportation and fulfillment services, to customers. In particular, with the lessening of regulations on establishing foreign owned companies for logistics and freight forwarding services resulted from the signing of the CEPA, the Group plans to strengthen its presence in China by merging, acquiring or cooperating with some local partners in China.

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By taking advantage of the solid foundation of freight forwarding services that it has long been providing, the Group will be in an advantageous position in developing its procurement and trading business, especially in Greater China region and Thailand, where the new management has extensive and solid business network. With the competitive edge of effective inventory control and transportation management, the Group will tentatively focus on cross-border trading of high-volume and time sensitive consumer goods such as stationery, toys, consumables, premium products, laboratory equipment, car accessories and teak wood, etc between China and Thailand.

The Directors expect that the exponential growth in the consumer market in Asia, especially China, will provide great business opportunities for the Group. Moreover, the signing of the CEPA and trading treaties between the PRC and ASEAN countries may further reduce the import/export duties and thus the trading cost in the region in the near future. Therefore, the Directors are optimistic towards the Group's logistics business.

With the expectation of recovery of the property market in Hong Kong and management's extensive experience in property investment and agency business, the Group will revitalize its property agency business by establishing several flagship agency shops in the coming year. After establishing a steadfast hold in the market, the Group will develop the agency franchising business in Hong Kong, China and Thailand by offering franchisees sources of properties for sales in the first-hand market, deal referrals, management & training support, market analysis and information, technical and system support as well as data management. Trainings and other value-added services will also be provided to franchisees so as to increase their competitiveness, ability to conclude sale of properties and profitability. In return, the Company will charge the franchisees initial joining fee, monthly franchising fee and share of sale commissions.

Small to medium-sized property agencies are the target franchisees of the Group as they have adequate industry experience but no access to the first-hand market. The franchising model is expected to bring in mutual benefits to the Group and the franchisees. The Directors consider that the franchising model is viable and suitable for the Group as it enables the Group to develop the agency network and business in the shortest period of time with minimal capital investment. The Group will also maintain its property investment business and continue to seek for prospective investment properties so as to replenish the Group's investment properties portfolio.

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Appreciation

On behalf of the Board, we want to thank our shareholders for their confidence and continuous support to the Group. We would also like to extend our sincerest thanks to our staff for their commitment and hard work through these challenging times.

Wong Chong Kwong, Derek

Chairman

Leung Tze Hang, David

Managing Director

Hong Kong, 22 December 2003