

Report of the Directors

The directors submit their annual report and the audited financial statements for the year ended 31 December 2003.

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

The Company will continue to identify suitable projects and investment opportunities for possible diversifications. In addition, it will continue to identify suitable properties and development opportunities for acquisition.

No segment information is presented as substantially all the Group's turnover and contribution to operating results were derived from properties investment in Hong Kong.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 15.

The directors do not recommend the payment of a dividend.

Fixed Assets

Details of movements in fixed assets of the Company and the Group are set out in Note 14 to the financial statements.

Principal Properties

Details of the principal properties held for resale are set out on page 58.

Bank and Other Borrowings

Particulars of bank and other borrowings of the Company and the Group at 31 December 2003 are set out in Notes 21 and 22 to the financial statements.

Debentures

Particulars of debentures of the Company and the Group at 31 December 2003 are set out in Note 23 to the financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in Note 24 to the financial statements.

Reserves

Movements in the reserves of the Company and the Group during the year are set out in Note 25 to the financial statements.

Distributable Reserves

Distributable reserves of the Company at 31 December 2003, calculated under section 79B of the Company Ordinance, amounted to HK\$Nil (2002: HK\$Nil).

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of Hong Kong.

Purchase, Sale or Redemption of Shares

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

Five Year Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 57.

Directors

The directors who held office during the year and to the date of this report were:

Executive Directors

Mr. Ha Shu Tong

Mr. Ng Chun Chuen, David

Mr. Cheung Chung Leung, Richard (retired on 20 June 2003)

Mr. Ni Xinguang (appointed on 12 March 2004)

Mr. Wang Zhiming (appointed on 12 March 2004)

Independent Non-executive Directors

Mr. Chan Wai Sum

Mr. Tang Chi Wing

Mr. Lee Kit Ming, Edmund (appointed on 2 October 2003)

Non-executive Directors

Mr. Tang Hung (retired on 20 June 2003)

In accordance with article 116 of the Company's articles of association, Mr. Ha Shu Tong and Mr. Ng Chun Chuen, David retire by rotation and Mr. Ni Xinguang and Mr. Wang Zhiming retired in accordance with article 99 of the Company's articles of association at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Report of the Directors

Directors' Service Contracts

The appointments of the present independent non-executive directors are not for specific terms. They are subject to retirement by rotation in accordance with the Company's articles of association.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

Directors' Interests and Short Positions

No interests and short positions were held or deemed or taken to be held as at 31 December 2003 under Part XV of the Securities and Futures Ordinance ("SFO") by any director or his associates of the Company or their respective associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and The Hong Kong Stock Exchange Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors (including their spouses and children under the age of 18) had, as at 31 December 2003, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Share Options

Pursuant to a share option scheme approved at the annual general meeting of the Company held on 28 August 1999, the directors may at their discretion grant options to purchase ordinary shares in the Company at HK\$1 per grantee to the executive directors and employees of the Company. The exercise price of the option shares shall be at a price equal to the higher of the nominal value of the shares from time to time and 80% of the average closing price of the Company's shares on the Stock Exchange on the five business days immediately preceding the date of grant of such options. Each option gives the holder the right to subscribe for one share.

No options to subscribe for shares of the Company have been granted, exercised, lapsed or cancelled during the year and up to the date of this report under the scheme.

Directors Interests in Contracts

No contract of significance to which the Company or any of its subsidiaries was a party, in which a director of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

None of the directors or the management shareholders (as defined in the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Main Board Listing Rules")) of the Company had an interest in a business which competes or may compete with the business of the Group.

Disclosable Interests and Short Positions of Shareholders under the SFO

As at 31 December 2003, Mr. Ng Tai Wai was holding 20,000,000 shares of the Company, representing approximately 5.5% of the issued share capital of the Company as recorded in the register required to be kept by the Stock Exchange under Section 336 of the SFO.

Apart from the aforesaid, no other party has an interest or a short position in the issued share capital of the Company as at 31 December 2003, as recorded in the register required to be kept by the Stock Exchange under Section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Mandatory Provident Fund

Details of the Mandatory Provident Fund are set out in Note 11 to the financial statements.

Major Customers and Suppliers

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

The largest customer	72%
Five largest customers in aggregate	99%
The largest supplier	nil
Five largest suppliers in aggregate	nil

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major customers and suppliers noted above.

Compliance with the Code of Best Practice of the Main Board Listing Rules

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Main Board Listing Rules, except that the independent non-executive directors are not appointed for a specific term.

Report of the Directors

Audit Committee

The Company has established an audit committee in September 1999 with written terms of reference based on the guidelines set out in "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has met two times during the year.

The audit committee members who held office during the year were:

Mr. Chan Wai Sum

Mr. Tang Chi Wing

Mr. Lee Kit Ming, Edmund (appointed on 12 March 2004)

Mr. Ha Shu Tong (resigned on 12 March 2004)

Events after the Balance Sheet Date

Details of the events after the balance sheet date of the Group are set out in Note 29 to the financial statements.

Auditors

A resolution to re-appoint the retiring auditors, RSM Nelson Wheeler, will be proposed at the forthcoming annual general meeting.

By order of the board

Ha Shu Tong

Managing Director

Hong Kong SAR, 29 April 2004