

The directors have pleasure in submitting their report and the financial statements for the year ended 31 March 2004.

FINANCIAL STATEMENTS

The results for the year are set out in the consolidated income statement on page 14.

The state of affairs of the Group and the Company as at 31 March 2004 are set out in the balance sheets on pages 16 to 18.

The cash flows of the Group are set out in the statement on pages 19 to 21.

PRINCIPAL SEGMENT ACTIVITIES AND INFORMATION

The Group is principally engaged in property development and investment, securities broking and investment and general trading. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments.

Details of the segment information are set out in note 3 of the statement on pages 34 to 36.

MAJOR CUSTOMERS

The five largest customers of the group accounted for less than 30% of the total turnover of the Group for the year.

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in note 32 on pages 55 to 56.

DIVIDENDS

The directors do not recommend payment of any dividend in respect of the year ended 31 March 2004.

RESERVES

The amounts and particulars of material transfers to and from reserves of the Company and of the Group during the year are set out in note 33 on pages 57 to 59 and in the consolidated statement of changes in equity.

DONATIONS

There was no donation made by the Group during the year.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the year are set out in note 15 on page 43.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company, or any of its subsidiaries during the year.

DIRECTORS

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

Mr. WONG Kwong Yu

Ms. DU Juan

Mr. LAM Pang

Mr. NG Kin Wah

Mr. SZE Tsai Ping, Michael**

Mr. CHAN Yuk Sang** (appointed on 20 May 2004)

Mr. CHEN Huai** (appointed on 20 May 2004)

Mr. PENG Chengzhi** (resigned on 20 May 2004)

** *independent non-executive directors*

In accordance with Clause 102 of the Company's Bye-laws, all directors appointed during the year retires at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its holding company, its subsidiaries was a party, and in which any director had a material interest directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

None of the directors of the Company had an interest in a business which competes or may compete with the business of the Group.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 March 2004, the interest of directors and the chief executive of the Company and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Number of ordinary shares held		Total
	Personal interests	Corporate interests	
WONG Kwong Yu	36,003,500	1,170,000,000	1,206,003,500
		(See Note 1 on next page)	

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004, according to the register of substantial shareholders kept by the Company under section 336 of the SFO and so far as was known to the directors, the following persons were interested or taken or deemed to be interested in 5% or more of the nominal value of the issued share capital of the Company:

Name of shareholder	Number of ordinary shares	Shareholding percentage
Wong Kwong Yu (Note 1)	1,206,003,500	42.48%
Shinning Crown Holdings Inc.	1,170,000,000	41.21%
Han Yue Jun (Note 2)	425,000,000	14.97%
Link Zone International Limited	425,000,000	14.97%

REPORT OF THE DIRECTORS

Note 1: The shares are held as to 36,003,500 personally by Mr. Wong Kwong Yu and as to 1,170,000,000 shares by Shinning Crown Holdings Inc., which is 100% beneficially owned by Mr. Wong.

Note 2: Mr. Han Yue Jun beneficially holds 100% shareholding of Link Zone International Limited.

INVESTMENT PROPERTIES

During the year, a property previously classified under property, plant and equipment is transferred to investment property.

The movements in investment properties during the year are set out in note 18 on page 46.

MAJOR PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Details of the major properties and properties under development held by the Group at 31 March 2004 are set out on page 68.

SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2004 are set out in note 21 on pages 48 to 51.

CONVERTIBLE NOTES

Details of the convertible notes of the Group in issue during the year are set out in note 27 and 34 on pages 53 and 59 respectively.

EXCHANGE RATES EXPOSURE

Details of the exchange rates exposure are set out in note 36(d) on page 63.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out on page 67.

CONNECTED TRANSACTIONS

Details of material connected transactions are set out in note 38 on pages 65 to 66.

COMMITMENTS

Details of commitments are set out in note 37 on page 64.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2004, the Group employed a total of 21 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. There is no share option scheme established for employee by the Group.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the annual report, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited except that independent non-executive directors are not appointed for a specific term as they are subject to rotation at Annual General Meetings in accordance with the Bye-laws of the Company.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in note 39 on page 66.

AUDITORS

KPMG were first appointed as auditors of the company in 2004 upon the retirement of Louis Leung & Partners CPA Limited.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

NG Kin Wah

Director

Hong Kong, 20 May 2004