RESULTS AND DIVIDEND

Turnover of the Group for the year ended 31 March 2004 was approximately HK$23,392,000 (2003: HK$23,175,000). The Group recorded a profit attributable to shareholders of approximately HK$32,501,000 (2003: loss of HK$72,162,000), which was mainly contributed by the reversal of the deficit on revaluation of the Group's investment properties and operating profit from leasing of the investment properties.

The Board did not recommend the payment of a dividend in respect of the year ended 31 March 2004 (2003: HK$ nil).

BUSINESS REVIEW

The principal business of the Group is property development and investment and other investments in Hong Kong and the People's Republic of China (the "PRC").

Golden Plaza, Hong Kong

During the year under review, the turnover of the Group was mainly contributed by the rental income derived from the Golden Plaza, No. 745-747 Nathan Road, Kowloon. As at 31 March 2004, approximately 77% of the total gross floor area of Golden Plaza has been rented, while the remaining 23% was vacant due to planned renovation programme scheduled to be completed by the end of 2004. The Board expects that the renovation will create a new and modernized outlook and thus increase the rental yield in the coming years.

With the gradual increasing consuming power in Hong Kong and the Individual Visit Scheme implemented by the PRC, Golden Plaza, being an established niche market for wedding and auxiliary businesses, is expected to contribute a satisfactory return to the Group.

Nanjing International Center

In December 2003, the Group entered into a conditional agreement (as supplemented) for the acquisition of a 25% equity interest in Nanjing City Plaza Construction Co., Ltd. at a consideration of HK$91,000,000, of which HK$90,000,000 was settled in cash and HK$1,000,000 was settled by the issue of 5,000,000 new ordinary shares of the Company at HK$0.20 each (the "Consideration Shares"). The Group also provided a shareholder's loan of HK$10,000,000 to Nanjing City Plaza Construction Co., Ltd. Its principal asset is a 66.96% equity interest in Nanjing International Group Ltd ("Nanjing International"), a joint stock limited liability company incorporated in the PRC, which holds and develops Nanjing International Center. The Nanjing International Center is planned to be developed in two phases. Phase I is under construction and is expected to be completed by 2006, comprising a shopping mall, a hotel, serviced apartments, residential units and office premises with a total gross floor area of approximately 228,000 square meters. Phase II is at planning stage, and will be built into a 73-storey building with a total gross floor area of approximately 218,000 square meters, comprising a hotel, serviced apartments and office premises. The acquisition was completed in February 2004. The superstructure work of the shopping mall of Phase I was already completed in early June 2004. The pre-sale/ lease of Phase I is scheduled to begin in the second half of 2004 while the shopping mall will commence operation in the last quarter of 2005. The Board believes that the investment in the Nanjing International Center will improve the Group's financial performance and broaden its earning bases. The Group is expected to be benefited in terms of dividend income in 2007.

Gobi Fund

In December 2003, the Group entered into a subscription agreement to subscribe for 12 units of the Gobi Fund at a consideration of US$6,000,000. The target capitalization of the Gobi Fund is US$75,000,000 divided into 150 units. Gobi Fund, sponsored and managed by Gobi Partners, Inc., is a venture capital fund focusing on early investments in the PRC's digital media business, such as telecommunications, internet and broadcasting. The other strategic subscribers of the Gobi Fund include NTT DoCoMo, Inc., IBM World Trade Corporation and Gobi Partners, Inc.. As at 31 March 2004, the Group has already paid US$1,500,000 while the balance of consideration will be payable over a period of five years.

The Board believes that the subscription of the Gobi Fund provides an opportunity for the Group to participate in the investments in the fast growing digital media field in the PRC.

Rongzhong

In March 2004, the Group entered into a conditional agreement (as supplemented) for the subscription of 3,725 new shares of Rongzhong Group Limited, representing 37.25% of its issued share capital at a consideration of RMB62,000,000. The Rongzhong companies currently consist of five companies located in Wuhan, Guangzhou, Chongqing, Changsha and Chengdu, which provide loan guarantee services for individuals mainly in relation to six types of products: (1) consumables; (2) educational funds; (3) residential renovations; (4) travels and wedding functions; (5) new and second hand cars; and (6) new and second hand properties. Shareholders approved the subscription and related agreements at the extraordinary general meeting held on 2 June 2004. The completion of the transaction is subject to the fulfillment or, as the case may be, waiver of all conditions precedent as set out in the circular dated 14 May 2004.

The Board considers that the entering into of the subscription agreement as a strategic move for the Group to venture into the PRC loan guarantee industry. In particular the Rongzhong companies mainly engage in the provision of loan guarantee services for consumables. As consumption in the PRC is expected to increase, it will provide an opportunity for the Group to capture the potential growth in this market and therefore the Board considers it to be beneficial to the Group and the shareholders as a whole.

FINANCIAL REVIEW

For the year under review, the Group recorded a profit attributable to shareholders of approximately HK$32,501,000, which was mainly contributed by the reversal of the deficit on revaluation of the Group's investment properties of HK$34,650,000 and operating profit from leasing of the investment properties of approximately HK$4,000,000. As at 31 March 2004, the Group had net assets value of approximately HK$298,109,000 which represented an increase of approximately HK$165,086,000 over last year end. Such increase was mainly contributed by the completion of the Open Offer in January 2004, of which the Group raised net proceeds (after deducting expenses) of approximately HK$131,585,000 and the profit attributable to the shareholders of approximately HK$32,501,000.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2004, the Group had outstanding borrowings of HK$202,461,000 comprising secured bank borrowings of HK$190,765,000 and unsecured loan due to a related company of HK$11,696,000. The secured bank borrowings bear interest with reference to HIBOR (Hong Kong Interbank Offered Rate) and will be repayable by instalments till 2013. The unsecured loan due to a related company bears interest at 3% and will be repayable within one year. The Group also has a new banking facility of HK$36,000,000 granted by a bank in Hong Kong which is secured by the pledged deposits of HK$20,000,000. Such banking facility was not utilized during the year. All of the Group's borrowings are denominated in Hong Kong dollars. The Group maintained an adequate liquidity cash and bank balances of HK$9,583,000 as at the year end date.

In December 2003, the Company completed an open offer by issuing 1,325,952,000 offer shares at a price of HK$0.10 per share (the "Offer Shares") on the basis of four Offer Shares for every one ordinary share held by the shareholders of the Company (the "Open Offer"). The net proceeds of approximately of HK$131,585,000 had been used as to HK$100,000,000 for the acquisition of 25% equity interest in Nanjing City Plaza Construction Co., Ltd. and the shareholder's loan and the remaining balance as general working capital purposes.

Details of the Open Offer are set on in the circular dated 12 November 2003, the prospectus dated 28 November 2003 and the supplemental prospectus dated 8 December 2003.

The gearing ratio, measured as total liabilities to total assets, decreased from 63.11% (restated) for the year ended 31 March 2003 to 42.62% for the year ended 31 March 2004.

CAPITAL STRUCTURE

As at 31 March 2004, the numbers of issued ordinary shares and preference shares of the Company were 1,662,440,000 and 68,400,000 respectively.

In April 2003, special resolutions were passed at an extraordinary general meeting of the Company to implement a capital reorganisation (the "Capital Reorganisation") which, in summary, involved the following:

(a) a reduction of (i) the issued ordinary share capital of the Company of HK$828,720,000 divided into 3,314,880,000 shares of HK$0.25 each to HK$33,148,800 divided into 3,314,880,000 shares of HK$0.01 each and (ii) the issued preference share capital of HK$171,000,000 divided into 684,000,000 preference shares of HK$0.25 each to HK$6,840,000 divided into 684,000,000 preference shares of HK$0.01 each (the "Capital Reduction").

The credit of HK$959,731,000 resulting from the Capital Reduction of the Company would be set off, to the extent permitted and subject to the conditions imposed by the High Court of Hong Kong Special Administration Region (the "Court"), against the accumulated losses of the Company;

(b) a sub-division of the authorised but unissued ordinary share of HK$0.25 each into 25 ordinary shares of HK$0.01 each (the "Share Sub-division");

(c) an increase of the authorised ordinary share capital of the Company to the original amount of HK$2,500,000,000, by the creation of not less than 79,557,120,000 new ordinary shares of HK$0.01 each (the "Capital Increase"); and

(d) the consolidation of 10 ordinary shares of HK$0.01 each and 10 preference shares of HK$0.01 each after such Capital Reduction into one new consolidated share of HK$0.10 (the "Consolidated Shares") and one new consolidated preference share of HK$0.10 (the "Consolidated Preference Shares") respectively (the "Share Consolidation").

Further details of the Capital Reorganisation are also set out in the circular of the Company dated 19 March 2003.

In June 2003, by an order of the Court (the "Court Order"), the Capital Reduction was confirmed, the Capital Reorganization became effective on 26 June 2003.

During the year, the Company issued and allotted 1,330,952,000 Consolidated Shares, which were attributed to:

1. issuance and allotment of 1,325,952,000 Consolidated Shares pursuant to the Open Offer in December 2003;

2. issuance of 5,000,000 Consolidated Shares being partial consideration for acquisition of the 25% equity interest in Nanjing City Plaza Construction Co., Ltd. in February 2004.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2004, the general credit banking facilities granted to the Group were secured by:

(i) a legal charge over the investment properties with an aggregate carrying value of HK$370,000,000 (2003: HK$335,000,000);

(ii) the assignment of the rental income derived therefrom;

(iii) a share charge of a subsidiary, Perfect Manor Limited;

(iv) a fixed deposit of HK$20,000,000 plus accrued interest; and

(v) subordination of shareholder's loan of Perfect Manor Limited.

CONTINGENT LIABILITY

At the balance sheet date, there was a contingent liability of the Group's jointly controlled entity in respect of a counter guarantee for banking facilities drawn by the Group's jointly controlled entity amounted to RMB118,000,000.

EMPLOYMENT AND REMUNERATION POLICY

At 31 March 2004, the Group's total number of staff was 20 (2003:12). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The Group has set up the share option scheme for the purpose of providing incentives to executive directors and employees. There was no share options granted to or exercised by eligible persons during the year under review.

The Group also operates a defined contribution mandatory provident fund retirement benefits scheme in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group including the review of the financial statements.

By Order of the Board

Loh Jiah Yee, Katherine
Director

Hong Kong, 8 July 2004