

Executive Directors' Statement

Income of the Group for the year was derived mainly from sale of properties in its Villa Pinada and Aegean development in Hong Kong, revenues from property investments in Dongguan, PRC and rental income from Newport project located in the United Kingdom. Subsequent to the balance sheet date, the Group sold the property in Newport for GBP24 million. Unfortunately on 17th May 2003, banks appointed Receivers and Managers over various subsidiaries and assets of the Company, which include its property development projects in Villa Pinada and Aegean. Shares of the Company were suspended from trading on The Stock Exchange of Hong Kong Limited ("SEHK") on 19th May 2003.

Subsequently, the Group was forced to dispose of substantial amount of assets as stated at the balance sheet as at 31st March 2003 to reduce debt and maintain operation of the Company. The scale of operations of the Group has been reduced significantly.

As announced by the Company on 11th February 2004, the Company and a subsidiary of Wang On Group Limited ("Wang On") entered into a loan agreement on 5th February 2004 pursuant to which the Company was provided with a loan facility (with right to convert into shares of the Company) of HK\$3 million. Since then, the Company and Wang On have continued the discussion in relation to the possibility of Wang on investing in the Company. In addition, another potential investor has appointed an investment advisor to discuss a takeover proposal to rescue the Company which had been submitted to the SEHK. Up to the date when the directors approved the 2003 annual report, no conclusion has been reached from the discussions with the two aforesaid investors.

MANAGEMENT DISCUSSION AND REVIEW

Business Review

Group turnover amounted to HK\$369 million, representing a decline of 29% when compared to HK\$522 million recorded last year. Out of this total turnover, continuing operations for this year contributed HK\$365 million compared with last year's amount of HK\$493 million, or a drop of 26%. The Group's restaurant business was closed down during the financial year.

The Group recorded HK\$23 million gross loss for the year compared to gross profit of HK\$131 million last year. The decrease was mainly due to the adverse economic environment and negative property sentiment in Hong Kong during the year especially after the Iraq war followed by the outbreak of SARS. A net loss of HK\$995 million was recorded for the financial year due to an impairment loss of HK\$560 million recognized on the property interests, allowances for loans receivable of HK\$99 million; finance costs of HK\$69 million and operating expenses of HK\$114 million.

The huge impairment loss recognized on the property interest was because the Company adopted the disposal value for the properties, after the banks appointed Receivers and Managers. Most properties were disposed of after the balance sheet date by the Company in order to meet the creditor's demand for repayment of loans secured against the properties.

Executive Directors' Statement (Continued)

MANAGEMENT DISCUSSION AND REVIEW (continued)

Business Development

As at the balance sheet date, the Group had property portfolio valued at HK\$1,317 million analyzed as follows:

Property Portfolio by location	As at 31st March 2003 (HK\$ million)
United Kingdom	455
PRC	58
Hong Kong	804
Total portfolio	1,317

Major Property Projects	As at 31st March 2003 (HK\$ million)
Newport in United Kingdom (Subsequently disposed of)	295
Villa Pinada (Receivers and Managers appointed)	266
Aegean (Receivers and Managers appointed)	121
Total	682

Receivers and Managers were appointed over various assets pledged to banks and over several subsidiaries, namely True Gold Investments Limited, Profit Nations Limited and Gold-Face Finance Limited. Although a substantial surge has been seen in the Hong Kong property market recently, the Group has not benefited from the recovery as most property assets were sold to repay bank loans during the period from April 2003 to December 2003.

Classified under Balance Sheet	As at 31st March 2003 HK\$ million
Investment property	784
Land and building	37
Properties under development	376
Properties held for future development	71
Properties held for sale	49
	1,317

Financial Resources and Liquidity

Aggregate bank and other borrowings increased slightly to HK\$1,277 million (2002 HK\$1,225 million). However, trade and other payables were increased significantly to HK\$337 million from HK\$130 million as recorded last year.

As at 31 March 2003, total shareholders' funds of the Group was a deficits of HK\$223 million compared to last year's positive funds of HK\$828 million, representing a substantial drop of 127%.

The survival and continued operation of the Group depends heavily on the availability of additional and sufficient funding from new investors and the support of all trade creditors and bankers.

Executive Directors' Statement (Continued)

LATEST DEVELOPMENT

The Company is currently in negotiation with potential investors to rescue the Company and a rescue proposal had been submitted to the SEHK in late December 2004 and is currently under review by the SEHK.

PERSONNEL

The Group's employee headcount reduced from approximately 180 at the end of last year to 40 staff at the end of this year. The number of employees was further reduced after the balance sheet date. Staff costs and retirement benefits scheme contribution and other related expenses paid for the year were HK\$17 million compared to HK\$36 million last year representing a decrease of 54%.

Current number of employee has reduced to less than 20.

AUDIT COMMITTEE

The Audit Committee members hold meetings during the year to discuss the financial position and review the financial statements of the Group. The members had held numerous meetings with professionals or auditors to discuss issues on accounting and internal controls.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied throughout the year with the Code of Best Practice as set out in the Listing Rules. The annual results for the year have been reviewed by the Audit Committee of the Company.

APPRECIATION

The Company would like to take this opportunity to thank our bankers and other creditors for their continued support and all our staff for their royalty and quality work under high pressure.

On behalf of the Board

Tai Seow Yoke Peng

Executive Director

Hong Kong, 5th January, 2005