

FINAL RESULTS

For the year ended 31st December, 2004, the Group incurred a loss of HK\$7,171,000 (2003: profit of HK\$13,644,000) and loss per share was HK0.59 cent (2003: earnings per share of HK1.12 cents).

The overall loss incurred by the Group was primarily attributable to the downward performance of the Group's power generation, trading and securities investment operations after partially offset by the profit derived from the Group's property operation.

BUSINESS REVIEW AND PROSPECTS

In 2004, the continuous economic growth in China and the strong recovery of the Hong Kong economy posed diverse impact to the Group's businesses.

For the year under review, the power generation and trading operations of the Group both showed downward performance. Operating profit of the power generation business decreased to HK\$353,000 (2003: HK\$3,585,000), mainly because coal prices were on the up trend throughout 2004 resulting from strong domestic demand. The sales of the iron ore trading operation reduced to HK\$64,734,000 (2003: HK\$117,307,000), as there was a general decline in demand of iron ore in China following the government imposition of macro-control measures over the Chinese steel industry. Nevertheless, the Group's 30% owned jointly controlled entity, Shanghai Hong Qiao Friendship Shopping Center Co., Ltd., ("Shanghai Hong Qiao") continued to perform well during the year. The turnover of Shanghai Hong Qiao increased by about 11% reaching approximately HK\$445 million, primarily as a result of strong consumer spending growth in Shanghai and its successful marketing and branding strategies. The financial results of the effectively 37% owned associate, Xi'an Gaoxin Hospital Co., Ltd., has also improved. The turnover of the hospital increased by about 22% to approximately HK\$94 million, mainly as a result of the recovery of demand for the hospital's medical and health care services after the SARS effect was under control in late 2003.

As a result of the recovery of the Hong Kong economy and strong rebound of the local property market in 2004, the property operation recorded a profit of HK\$7,296,000 which mainly represented the revaluation surplus of the Group's property holdings in Yuen Long. The Group was less active in its financing and securities investment operations during the year. The operating loss incurred by the financing operation mainly related to a provision of HK\$3,000,000 made against an overdue loan whereas loss of the securities investment operation was primarily attributable to the unrealized holding loss of Hong Kong listed securities of about HK\$8,281,000.

The Group has completed the construction of the second power plant in Sanmenxia City with an installed capacity of 50 megawatts. Commercial production of this power plant is scheduled to commence before June 2005 and there will be significant contributions to the Group's results in terms of revenue and recurring cash inflow. The sales activity of the iron ore trading operation has also increased in recent months following the stabilization of iron ore market in China since late 2004, it is expected that the trading operations will contribute positively to the Group's results in 2005. In view of the foregoing and against the backdrop that the growth of China's economy will remain strong and that the local economy will grow steadily in the coming years, the Group is optimistic about its performance in 2005.

Chairman's Statement

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our special thanks to all our shareholders, bankers, suppliers and customers for their loyal support to the Group and all staff members for their hard work and contributions during the year.

Suen Cho Hung, Paul

Chairman

Hong Kong, 25th April, 2005