

MANAGEMENT'S STATEMENT

RESULTS

The Group recorded a net profit for the year ended 31 March 2005 of HK\$17,447,000 (2004: HK\$52,662,000) while profit per share was HK3.28 cents compared with HK11.9 cents for the year ended 31 March 2004. The decrease in the net profit for this year were mainly due to the timely disposals of certain investment properties last year at its records high amount of disposal gains of HK\$64,241,000 compared to HK\$28,742,000 of this year.

DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year (2004: Nil).

BUSINESS REVIEW

General

The Group's cash position remained relatively strong, which enables the Group to capture future favorable investment opportunities and to minimise finance costs effectively. The Management will take precautionary measures in selecting and examining investment opportunities arise from time to time.

The administrative expenses were kept at a reasonable low level as a result of our stringent control over administration costs. An increase was caused by expansion of the information technology businesses in the PRC which has a 28% increase in turnover.

Property Investment

During the year, the Group has disposed its investment properties with carrying value of approximately HK\$30,800,000 (2004: HK\$105,531,000) during the year resulting in a gain of approximately HK\$28,742,000 (2004: HK\$64,241,000). At the same time, the Group has repaid all the bank facilities in relation to the investment properties, therefore no finance cost was recorded for the year.

As mentioned in the interim report 2004, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement to acquire the entire issued share capital of a company, the major asset of which is a piece of land in Hong Kong at a consideration of US\$2,700,000 (equivalent to HK\$21,060,000). A down payment of US\$2,450,000 (equivalent to HK\$19,110,000) has been paid and the balance of the consideration amounted to US\$250,000 (equivalent to HK\$1,950,000) will be settled upon completion of the acquisition. The directors considered that the terms of the acquisition are fair and reasonable and in the interest of the Group and the shareholders of the Company as a whole since it will strengthen the land reserve for future development of the Group's property business. For details, please refer to the circular of discloseable transaction dated 18 October 2004.

Securities Investments

The Group has made certain securities investments in both listed and unlisted companies in Hong Kong and overseas in order to capitalise on the recovery of these economies in general. The Group increased its investment portfolio from HK \$ 35.83 million to HK \$ 49.13 million.

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Information Technology

The Group has two investments brought forward from last year, namely Property Management Systems ("PMS") and wired or wireless high-speed Internet access solution which have contributed HK\$2.76 million of revenue to the Group.

The Directors consider that diversifying the business into the investments with more stable revenue generating power is beneficial to the Group. The Group has acquired a new software during the year. Advant Grade Software ("AGS") is a fully-integrated solution to serve as a property management system for hotel and/or hospitality industries. AGS provides powerful and user-friendly management access, empowering hospitality management and operators to better serve its customers and to increase its efficiency, in order to achieve higher returns on their investment. Although AGS is new to the market and is still in its developmental stage, this implies an explicit business expansion opportunity for the Group in the hospitality industry, particularly hotels in the PRC. In view of the growing PRC nationwide tourist industry, we expect that steady growth of the business together with a fruitful return will be achieved in the future.

LIQUIDITY AND FINANCING

The Group's operating activities was resulted in net cash outflow of approximately HK\$32,292,000 (2004: HK\$28,570,000). The major cash inflow of the Group during the year was resulted from the net cash inflow from investing activities of approximately HK\$32,877,000 (2004: HK\$77,476,000) which was mainly derived from the proceeds on disposal of investment properties.

As at 31 March 2005, the Group had no unsecured convertible note outstanding. The unsecured convertible note of approximately HK\$7.25 million as at 31 March 2004 was fully repaid during the year.

The Group's exposure to fluctuation in exchange rates was minor and immaterial.

As at 31 March 2005, the Group did not have any charge on the assets of the Group nor any significant contingent liabilities.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited and there has been no change in the capital structure of the Company for the year under review.

HUMAN RESOURCES

As at 31 March 2005, in Hong Kong the Group has 2 executive directors and 3 independent non-executive directors. There are 18 full time employees working in the PRC and the Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

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PROSPECTS

Looking ahead to the year of 2005, Hong Kong is facing many uncertainties involving interest rates hike, rising oil prices, and appreciation of the RMB. We are optimistic in the local economy which will continue to grow steadily along with the China's economy.

The year 2005 offers opportunities as well as challenges for the Group, by strengthening the financial position, enhancing future development and competitiveness to seize the greatest benefit from the economy growth. Based on the strength of our diversified businesses and strong management team, we are confident that the Group has ample human and financial resources in our businesses and are ready to meet the opportunities and challenges ahead.

Williamson Lam

Executive Director

Hong Kong, 25 July 2005