

Chairman's Statement

On behalf of the Board of Directors. I present the 2004/2005 Annual Report to the Shareholders.

RESULTS

The Group's audited results for the financial year ended 31st March, 2005 was a loss of HK\$21,642,239 compared to a loss of HK\$21,015,059 for the previous year.

REVIEW & OUTLOOK

The Group's main investments, which consist of property investments in China, still remained non-profit contributing in the financial year just ended. This is largely due to the fact that these investment projects were still at different stages of development as explained below. It is expected that these investments, when completed in the coming financial years, will generate satisfactory results. Meanwhile, the furniture trading and contracting business had slackened substantially, largely due to the strong property sale market thereby forsaking the serviced apartments sector which used to be our main source of business.

The Shangri-la Dingshan Nanjing Hotel has yet to complete its current phase of the 5-star hotel which is the fitting out of the balance of 309 rooms. Therefore, the hotel was still not operating at full capacity and could not generate the anticipated results to the Group. The situation that stalled the completion of the hotel was the change in strategies on the part of our China partner, a quasi-government body, towards the national properties in general which include this investment. While being in a passive position, we believe that the Group would find a satisfactory solution and reinstate this investment's anticipated contribution to the Group.

The ground breaking of the second phase of Shanghai Parkview residential development in Shanghai was formally done in September 2004, signifying the return to full cooperation with our China partner after several years of disputes. This is believed to be the beginning of a new era for our investment activity in Shanghai and we have high hope that this will bring good results to the group in the years to come in view of continuous bullish economic outlook and strong property market in Shanghai. With the anticipated resources to be realized from this development and the amicable relationship with our Shanghai partner, the Group has been on the watch for further opportunities in the city with a view to returning the Group to sustained profitability.

APPRECIATION

Lastly, I would like to express my sincere thanks to all our staff for their hard work and loyalty and to our shareholders for their continued support.

Wong Kin Wah, George

Chairman

Hong Kong, 20th July, 2005