

Executive Directors' Statement

Income of the Group for the year continued to derive mainly from sale of the Group's properties in Hong Kong and the United Kingdom and rental income from the properties located in the United Kingdom. During the year, the Group sold the last premium investment property in the United Kingdom for GBP12.1 million. Subsequent to the year end, the Group disposed of its financial service business to an independent third party for a consideration of HK\$4. Subsequent to the year end, the Receivers and Managers of the project Aegean sold the entire project to an independent third party for HK\$205 million.

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") since 19th May 2003.

During the year ended 31 March 2005, the Group continued to sell its stock of properties and disposed of portions of assets to maintain its operation and to reduce debt. The scale of operations of the Group remained low throughout the year.

The management had been working very hard to maintain the Group's operation and to look for new investors to rescue the Company and proposal for debt restructuring and the application of resumption of trading of its shares had been submitted to the Stock Exchange of Hong Kong for their consideration. Should the debt restructuring and resumption proposal be successful, the Company would grip the chance and operate carefully, and should gradually become profitable in the near future.

MANAGEMENT DISCUSSION AND REVIEW

Business Review

Group turnover in 2005 amounted to HK\$143 million, representing an increase of 9.2% when compared to HK\$131 million recorded last year. All turnover were derived from its continuing operations for the year.

The Group recorded HK\$23 million gross profit for the year compared to gross profit of HK\$64 million last year. The gross profit was mainly due to profit from sale of properties of HK\$9 million, rental income of HK\$8 million and income from financial services of HK\$6 million.

The overall performance of the Group for the year ended 31 March 2005 showed a net profit of HK\$25 million. It was mainly due to realization of the investment properties revaluation reserve upon disposal of the investment properties in the United Kingdom of HK\$60.6 million. There had been write back of impairment losses previously provided for properties held for future development, properties held for sale and properties under development totaled to approximately HK\$9.3 million. Allowances for bad and doubtful debt amounted to HK\$3 million. Finance costs and operating expenses had been cut to HK\$37 million and HK\$29 million compared to HK\$66 million and HK\$67 million in last year respectively.

Executive Directors' Statement (Continued)

MANAGEMENT DISCUSSION AND REVIEW (continued)

Business Update

As at the balance sheet date, the Group had property portfolio valued at HK\$86 million excluding the assets under receivership. All of these assets are situated in Hong Kong.

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 been well benefited from the recovery as most property assets were sold to repay bank loans during the period from April 2003 to December 2003. Gold-Face Finance Limited was successfully released from receivership during the year and subsequent to year end, Gold-Face Finance was disposed of at a consideration of HK\$4. Also, the Receivers and Managers of the project Aegean sold the entire project to an independent third party for HK\$205 million subsequent to the year end.

Analysis of property portfolio of the Group:

Classified under Balance Sheet	As at 31 March 2005 HK\$ million
Investment property	9
Land and building	1
Properties under development	33
Properties held for future development	16
Properties held for sale	27
	86

Financial Resources and Liquidity

Aggregate bank and other borrowings further decreased from HK\$476 million in 2004 to HK\$275 million in 2005 due to repayment by disposals of properties. Trade and other payables were increased slightly to HK\$397 million from HK\$369 million as recorded last year mainly due to accrual of professional fees and interest.

As at 31 March 2005, total shareholders' funds of the Group was a deficits of HK\$492 million compared to last year's figure of HK\$457 million, representing a further drop of 7.6%.

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 further reduced from approximately 32 at the end of last year to 20 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 paid for the year were HK\$7.5 million compared to HK\$13.8 million last year representing a decrease of 46%.

Current number of employee has reduced to less than 15.

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 also meet at least annually with the 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

Ng Yat Cheung

Executive Director

Hong Kong, 20th July, 2006