

Executive Directors' Statement

EXECUTIVE DIRECTOR'S STATEMENT

Income of the Group for the year was derived mainly from sale of the Group's properties in Hong Kong and PRC and rental income from the properties located in the United Kingdom. Subsequent to the balance sheet date, the Group sold a property in the United Kingdom for GBP12.1 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") on 19th May 2003.

During the year, the Group was forced to dispose of substantial amount of assets to reduce debt. The scale of operations of the Group has been reduced significantly.

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 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 2004 amounted to HK\$131 million, representing a decline of 64% when compared to HK\$369 million recorded last year. Out of the total turnover for this year, continuing operations contributed HK\$128 million compared with last year's amount of HK\$365 million, or a drop of 65%. The Group's property management and the operation of the power plant business were dis-continued during the financial year.

The Group recorded HK\$64 million gross profit for the year compared to gross loss of HK\$23 million last year. The gross profit was mainly due to rental income of HK\$25 million, income from financial services of HK\$ 5.4 million and a gross profit in respect of property dealing activities amounted to HK\$30.7 million. The sales prices for those trading properties sold during the year were higher due to the fact that most trading properties were valued using forced sale assumption at 31 March 2003. The overall performance of the Group for the year ended 31 March 2004 showed a net loss of HK\$220 million. It was due to realization of the investment properties revaluation reserve upon disposal of the investment properties of the Group of HK\$78 million, allowances for loans receivable of HK\$37 million; loss on disposal of subsidiaries of HK\$39 million, finance costs of HK\$66 million and operating expenses of HK\$67 million.

Business Update

As at the balance sheet date, the Group had property portfolio valued at HK\$391 million can be analyzed as follows:

Property Portfolio by location	As at 31 March 2004 (HK\$ million)
United Kingdom	174
Hong Kong	217
Total portfolio	391

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.

Executive Directors' Statement (Continued)

MANAGEMENT DISCUSSION AND REVIEW (continued)

Business Update (continued)

Classified under Balance Sheet	As at 31 March 2004 HK\$ million
Investment property	184
Land and building	5
Properties under development	150
Properties held for future development	19
Properties held for sale	33
	391

Financial Resources and Liquidity

Aggregate bank and other borrowings decreased from HK\$1,277 million in 2003 to HK\$476 million due to repayment by disposals of properties and as a result of the application of the revaluated amounts of the Vila Pinada and Agean projects against the relevant loan borrowings which totalled approximately HK\$368 million. Excluding the said application effect, the amount of loan repaid during the year was HK\$432 million. Trade and other payables were increased slightly to HK\$369 million from HK\$337 million as recorded last year mainly due to accrual of professional fees and interest.

As at 31 March 2004, total shareholders' funds of the Group was a deficits of HK\$457 million compared to last year's figure of HK\$223 million, representing a further drop of 105%.

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.

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 40 at the end of last year to 32 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\$13.8 million compared to HK\$16.8 million last year representing a decrease of 18%.

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 also meet at least annually with the auditors to discuss issues on accounting and internal controls.

Executive Directors' Statement (Continued)

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