

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st March, 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of property development and investment, money lending business and property management in Hong Kong, other regions in the People's Republic of China (the "PRC") and the United Kingdom. During the year, the Group ceased its operation of a power plant in the PRC and the property management business in Hong Kong.

The Group's turnover and loss from operations for the year ended 31st March, 2004 analyzed by principal activity and geographical market were set out in note 5 to the financial statements.

The Company's shares have been suspended for trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19th May, 2003.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31st March, 2004 is set out in Note 5 on the financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and principal associates at 31st March, 2004 are set out in notes 40 and 18 on the financial statements, respectively.

RESULTS

The results of the Group for the year ended 31st March, 2004 are set out in the consolidated income statement on page 18.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 22 and note 30 to the financial statements, respectively.

Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31st March, 2004, the Company had no reserve available for distribution in accordance with The Companies Act 1981 of Bermuda (as amended).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 64 of the annual report.

Directors' Report (Continued)

INVESTMENT PROPERTIES

The Group's investment properties were revalued at the year end date. The deficit of HK\$6,470,000 arising on the revaluation has been dealt with in the consolidated income statement.

Details of these and other movements during the year in investment properties of the Group are set out in note 12 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold land and buildings were revalued at the year end date. The net deficit of HK\$939,000 arising on the revaluation has been dealt with in reserves and the income statement. Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st March, 2004 are set out on pages 65 to 68 of the annual report.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 on the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Madam Tai Seow Yoke Peng	
Mr. Ng Yat Cheung J.P.	(appointed on 4th January, 2004)
Mr. Poon Chi Fai, J.P.	(resigned on 4th January, 2004)
Mr. Tai Kuen, S.B.S., J.P. (<i>Chairman</i>)	(resigned on 1st October, 2003)
Mr. Tai Chi Wah (<i>Managing Director</i>)	(resigned on 1st October, 2003)
Mr. Tai Yiu Wah, Robert	(resigned on 1st April, 2003)

Non-executive directors:

Mr. Wong Po Lung, John	(resigned on 20th May, 2003)
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Directors' Report (Continued)

DIRECTORS (continued)

Independent non-executive directors:

Mr. Wan Tai Min, Tommy	
Mr. Leung Shu Yin, William	(appointed on 1st October, 2003)
Mr. Liu Chun Ning, Wilfred	(resigned on 21st May, 2003)

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Ng Yat Cheung retire and, being eligible, offer himself for re-election. All remaining directors continue in office.

The terms of office of independent non-executive directors are subject to retirement by rotation in accordance with the Company's Bye-laws.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SECURITIES

As at 31st March, 2004, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") were as follows:

Name of director	Personal interests	Number of shares held		Other interests
		Family interests	Corporate interests	
Mr. Tai Kuen,, S.B.S., J.P	1,518,000	–	–	–
Mr. Tai Chi Wah (<i>Note i & ii</i>)	27,586,000	–	322,863,556	–
Mr. Poon Chi Fai, J.P.	120,000	–	–	–
Madam Tai Seow Yoke Peng (<i>Notes i, iii & iv</i>)	1,490,000	264,673,556	–	–
Mr. Wong Po Lung, John	100,000	–	–	–
Mr. Wan Tai Min, Tommy	120,000	–	–	–

Notes:

- (i) 154,427,556 shares are held through Questrole Profits Limited ("Questrole Profits"), a company incorporated in the British Virgin Islands. Questrole Profits is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and the spouse of Madam Tai Seow Yoke Peng and their respective family members.
- (ii) 168,436,000 shares are held through Propertyline Properties Limited ("Propertyline"), a company incorporated in the British Virgin Islands. Propertyline is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and his family members.

Directors' Report (continued)

DIRECTORS' INTERESTS IN SECURITIES (continued)

Notes: (continued)

- (iii) 108,856,000 shares are held by Oodless Investment Limited, a company incorporated in Hong Kong and beneficially owned by the spouse of Madam Tai Seow Yoke Peng as to 99.99% and by her as to 0.01%.
- (iv) 1,390,000 shares are held by the spouse of Madam Tai Seow Yoke Peng.

Other than as disclosed above and certain nominee shares in subsidiaries held by certain directors in trust for the Company or its subsidiaries, none of the directors, or their associates, had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTION SCHEME

Details of the share option scheme are set out in note 29 on the financial statements.

No option was granted under the Company's Share Option Scheme since its adoption. The above scheme lapsed on 22nd September, 2003 and no new share option scheme has been adopted as at 31st March, 2004.

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2004, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the following shareholder had an interest of 10% or more in the share capital of the Company:

Name of shareholder	Number of shares	%
Value Consultants Limited	131,697,600	14

Other than as disclosed above and under "Directors' Interests in Securities", the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st March, 2004.

Directors' Report (Continued)

DONATIONS

During the year, the Group did not made any charitable donations.

INTEREST CAPITALISED

No interest was capitalised for the year ended 31st March, 2004.

BANK BORROWINGS

Particulars of bank and other borrowings as at 31st March, 2004 are set out in Note 25 on the financial statements.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes are set out in Note 37 on the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, approximately 55% of the costs incurred on properties under development, properties held for future development and properties held for sale were attributable to the Group's five largest suppliers. Costs incurred comprised the cost of land, together with direct costs attributable to the development of the properties, professional fees and interest charges capitalized during the period of development. The Group's largest supplier accounted for approximately 20% of the costs incurred. None of the directors, their associates or any shareholders (which to the knowledge of the directors) owning more than 5% of the Company's share capital had any beneficial interest in transactions with the major suppliers.

The aggregate sales attributable to the Group's five largest customers were approximately 68% of the Group's total turnover for the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st March, 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the Company had one independent non-executive director for the period from 21st May 2003 to 30th September, 2003 and that the Company had two independent non-executive directors for the period from 1st April 2004 up to the date of this report.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in Note 38 on the financial statements.

OUTSTANDING LITIGATIONS/SUBSEQUENT EVENTS

Details of outstanding litigations and subsequent events are set out in note 39 on the financial statements.

Directors' Report (Continued)

AUDITORS

Subsequent to the year end, Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company and Messrs. Li, Tang, Chen & Co. was appointed auditors of the Company to fill the casual vacancy. Apart from the forgoing, there were no other changes in auditors of the Company in any of the preceding three years. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Li, Tang, Chen & Co. as auditors of the Company.

On behalf of the Board

Ng Yat Cheung

Director

20th July, 2006