

I am pleased to present to the shareholders the Annual Report of the Group for the year ended 31st January, 2005.

In respect of the results of the Group for the year ended 31st January, 2005, the Group's audited profit attributable to the shareholders is HK\$3,300,743 (2004: HK\$14,538,519). Basic earnings per share for the year is HK\$0.0383 (2004: HK\$0.1688).

The financial resources of the Group are derived from the disposing of and renting of properties in Hong Kong and the People's Republic of China ("PRC").

The property (known as "GENTLEFOLK", situated at No. 53 Wenquan Park Road, Gulou District, Fuzhou, PRC, and consisting of 51 residential units and 15 car parking spaces) owned by Keen Luck (China) Limited ("Keen Luck"), a wholly owned subsidiary of the Company, has been completed in September 2004. Upon checking with the developer, Exceland (Fuzhou) Real Estate Co., Ltd. ("Exceland"), it was noted that as Exceland had not yet finished the general registration of the right of the whole project, certificate of right of the individual units cannot be applied for until late August this year. The prices of residential properties in Fuzhou have dropped recently due to the new policy proposed jointly by the seven ministries of the Central Government for stabilizing the prices of residential properties. This has also affected adversely the negotiations which Keen Luck has with certain potential purchasers. To facilitate the sale of all the said residential units and car parking spaces by Keen Luck at fair and reasonable prices before the implementation of the said new policy so as to save the relevant tax and expenses, upon due and careful consideration by the committee, comprising myself and Mr. Lo Cheung Kin, formed pursuant to a resolution passed by the Board on 24th May, 2004 (the "Committee"), Keen Luck has on 10th May, 2005 entered into an underwriting agreement with Exceland, being an independent third party. The major terms of the said agreement include: the basic underwriting price will be on average not less than HK\$4,895 per square metre for the residential units and not less than HK\$218,000 per car parking space and irrespective of the situation of the sale, Exceland will pay the total underwriting amount into the bank account designated by Keen Luck before 20th December, 2005.

The Court of Final Appeal of Macau had given out its decision on 15th December, 2004 that the Joint Venture Agreement between Ka Fai Land Investment Company Limited ("Ka Fai"), of which the Company's 36.74% owned associate, Gladiolus Trading Limited, possesses 81.65% shareholding, and Lune Kin Investment and Development Company Limited ("Lune Kin"), the joint-venture partner of Ka Fai to develop Phase II to V of Lisboa Gardens, was rescinded. Ka Fai would be able to continue the development of the remaining project of Lisboa Gardens without any commitment to Lune Kin. Ka Fai has been liaising with the Macau Government regarding the resumption of construction works within Lisboa Gardens.

The investment property of the Company with a book value of HK\$4,800,000 (2004: two investment properties of HK\$8,500,000) was pledged to secure banking facilities to the Group.

As at 31st January, 2005, the Group had an utilizable fund in cash of HK\$3,261 (2004: HK\$1,191) representing a liquidity ratio of 0.00197 (2004: 0.00024). The Group trusts that the sale of the "Gentlefolk" property can provide the Group with financial resources. So, the Group is in a liquid position to meet its loan repayment schedule.

The gearing ratio of the Group is 0.063 (2004: 0.196). This gearing ratio is calculated by dividing total external borrowings over shareholders' equity.

The Group is not subject to fluctuations in exchange rates as its investment portfolio is based in Hong Kong and PRC only.

For the year ended 31st January, 2005, the total emoluments paid by the Group amount to HK\$192,000 (2004: HK\$120,000), of which HK\$160,000 was paid to two independent non-executive directors and HK\$32,000 was paid to the qualified accountant.

Save as disclosed above, there has been no material change to information disclosed in the Company's annual report for the year ended 31st January, 2004.

JONG KONG KI

CHAIRMAN

Hong Kong, 23rd May, 2005