



# GOLD-FACE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 396)

## ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2004

### RESULTS

The board of directors (the "Directors") of Gold-Face Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March, 2004 together with comparative figures for the previous year as follows:-

### CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2004

	Note	Continuing operations		Discontinuing operations		Total	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	3	<b>128,413</b>	365,561	<b>2,734</b>	3,722	<b>131,147</b>	369,283
Cost of sales		<b>(67,192)</b>	(391,441)	-	(1,260)	<b>(67,192)</b>	(392,701)
Gross profit/(loss)		<b>61,221</b>	(25,880)	<b>2,734</b>	2,462	<b>63,955</b>	(23,418)
Allowances for arbitration		<b>(2,192)</b>	(105,343)	-	-	<b>(2,192)</b>	(105,343)
Allowances for bad and doubtful debts		<b>(36,696)</b>	(99,423)	<b>(4)</b>	-	<b>(36,700)</b>	(99,423)
Deficit on revaluation of leasehold land and buildings		<b>(611)</b>	(3,597)	-	-	<b>(611)</b>	(3,597)
Deficit on revaluation of investment properties		<b>(6,470)</b>	-	-	-	<b>(6,470)</b>	-
Impairment loss recognised in respect of property, plant and equipment		-	(14,920)	-	-	-	(14,920)
Write back of impairment loss/(impairment loss) recognised in respect of properties under development		<b>61,216</b>	(439,615)	-	-	<b>61,216</b>	(439,615)
Impairment loss recognised in respect of properties held for future development		<b>(11,488)</b>	(54,634)	-	-	<b>(11,488)</b>	(54,634)
Impairment loss recognised in respect of investments in securities		<b>(1,425)</b>	(600)	-	-	<b>(1,425)</b>	(600)
Impairment loss recognised in respect of properties held for sale		<b>(3,010)</b>	(66,076)	-	-	<b>(3,010)</b>	(66,076)

Loss on disposal of investments in associates	(797)	–	–	–	(797)	–
Gain on disposal of investments in securities	80	–	–	–	80	–
Loss on disposal of investments in subsidiaries	(39,289)	–	–	–	(39,289)	–
Gain on disposal of property, plant and equipment	1,527	–	–	–	1,527	–
Property, plant and equipment written off	(2,824)	–	–	–	(2,824)	–
Loss on disposal of investment properties	(78,089)	–	–	–	(78,089)	–
Write off of long outstanding payables	–	4,940	–	–	–	4,940
Other operating income	5,045	9,442	459	–	5,504	9,442
Operating expenses	(65,648)	(106,188)	(1,372)	(7,998)	(67,020)	(114,186)
Write off of goodwill reserve	–	(6,595)	–	–	–	(6,595)
(Loss)/profit from operations	(119,450)	(908,489)	1,817	(5,536)	(117,633)	(914,025)
Finance costs	4 (65,762)	(68,606)	–	(276)	(65,762)	(68,882)
	(185,212)	(977,095)	1,817	(5,812)	(183,395)	(982,907)
Share of results of associates	–	(727)	–	–	–	(727)
Allowances for amounts due from associates	(6,070)	(32,448)	–	–	(6,070)	(32,448)
(Loss)/profit before taxation	(191,282)	(1,010,270)	1,817	(5,812)	(189,465)	(1,016,082)
Taxation (charge)/credit	5 (27,703)	21,178	–	–	(27,703)	21,178
(Loss)/profit before minority interests	(218,985)	(989,092)	1,817	(5,812)	(217,168)	(994,904)
Minority interests	(1,425)	(160)	–	–	(1,425)	(160)
Net (loss)/profit for the year	<u>(220,410)</u>	<u>(989,252)</u>	<u>1,817</u>	<u>(5,812)</u>	<u>(218,593)</u>	<u>(995,064)</u>
Loss per share						
Basic	6				<u>(23.25€)</u>	<u>(105.77€)</u>

## CONSOLIDATED BALANCE SHEET

As at 31st March, 2004

	Note	2004 HK\$'000	2003 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties		184,170	784,573
Property, plant and equipment		5,340	49,361
Properties under development		–	170,868
Properties held for future development		–	71,265
Loans receivable		78,415	97,749
Interests in associates		500	6,055
Investments in securities		–	2,756
		<u>268,425</u>	<u>1,182,627</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		32,898	49,297
Properties under development		149,557	204,740
Properties held for future development		19,522	–
Loans receivable		30,319	16,881
Trade, other receivables and prepayments	7	7,392	31,781
Advances to associates		–	9,806
Taxation recoverable		–	2,513
Bank balances and cash		16,523	10,864
		<u>256,211</u>	<u>325,882</u>

<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	<b>368,906</b>	336,929
Other creditors		<b>70,952</b>	70,179
Amount due to a former director		–	7,791
Amount due to a shareholder		<b>4,492</b>	–
Taxation payable		<b>36,017</b>	7,822
Bank and other borrowings		<b>476,256</b>	1,277,392
Convertible debentures		<b>10,902</b>	10,902
Advance from an associate		<b>9,000</b>	15,000
Amounts due to minority shareholders		<b>5,705</b>	4,097
		<b>982,230</b>	1,730,112
<b>NET CURRENT LIABILITIES</b>			
		<b>(726,019)</b>	(1,404,230)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>(457,594)</b>	(221,603)
Minority interests		–	1,084
<b>NET LIABILITIES</b>			
		<b>(457,594)</b>	(222,687)
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>94,001</b>	94,001
Reserves		<b>(551,595)</b>	(316,688)
		<b>(457,594)</b>	(222,687)

*Notes:*

**1. GOING CONCERN BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on the going concern basis.

For the year ended 31st March, 2004, the Group reported a loss attributable to shareholders of approximately HK\$218,593,000. As at 31st March, 2004, the Group had a net working capital deficiency of approximately HK\$726,019,000, and as at 31st March, 2004, the Group's shareholders' deficit stood at approximately HK\$457,594,000. In addition, the Group has defaulted on repayment of principal and interest on its bank and other borrowings, totalling approximately HK\$577,286,000 as at 31st March, 2004, which have been classified as current liabilities in the consolidated balance sheet as at that date. The Group's creditor banks have taken various actions including, but not limited to, the issuance of demand notices or writs of summons for immediate repayment of substantially all of the Group's bank borrowings, and the appointment of receivers and managers in some cases who have obtained possession of a substantial portion of the properties which have been mortgaged to the banks as collateral for the bank borrowings. In certain cases, the creditor banks have applied the rental receipts from the investment properties to offset part of the Group's bank borrowings which are in default.

A substantial portion of the Group's trade and other payables were due for repayment as at 31st March, 2004. Due to the lack of liquidity, the Group has delayed repayment and is currently negotiating with the creditors to agree to the debt restructuring proposals.

Substantially all of the Group's properties (including investment properties, leasehold land and buildings, properties held for sales, properties under development and properties held for future development) have been mortgaged to the banks as collateral for the Group's bank borrowings totalling approximately HK\$577,286,000. As at 31st March, 2004, these properties were stated in the consolidated balance sheet with an aggregate amount of approximately HK\$380,954,967, the majority of which were stated at open market value as determined by independent qualified valuers. The valuations were prepared on the assumption that, among others, both the buyers and the sellers would be acting without compulsion. The valuations have also been made on the assumption that the owners sell the properties on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the properties. However, if the Group is forced to dispose of any of its properties within a short period of time, the Company's directors are of the view that the ultimate amounts recoverable from these properties would be substantially less than the carrying amount as at 31st March, 2004.

The Company's directors believe that continued financial support will be forthcoming from the Group's major shareholders and they are currently concentrating their efforts on the following:

- the successful completion of a shares resumption proposal (which is to be approved by the Listing Committee of the Stock Exchange of Hong Kong Limited) and a S.166 Scheme of Arrangement (which is to be approved by the creditors and the court) whereby the indebtedness could be substantially reduced and capital injection into the Group is made by new investors;
- the successful conclusion of various initiatives to secure new sources of funding to meet its financial obligations as they fall due; and
- ways to maintain future profitable operations of the Group.

Accordingly, the financial statements have been prepared on the going concern basis.

**2. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE**

In the current year, the Group has adopted for the first time the Hong Kong Financial Reporting Standard ("HKFRS")-Statement of Standard Accounting Practice ("SSAP") No. 12 (Revised) "Income taxes" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The term of HKFRS is inclusive of SSAPs and Interpretations approved by the HKICPA. The adoption of this revised SSAP 12 has introduced a new basis of accounting for income taxes (including both current tax and deferred tax) and additional disclosure requirements. These changes have not had any significant impact on the results for the current or prior periods. Accordingly, no prior period adjustment was required.

### 3. BUSINESS AND GEOGRAPHICAL SEGMENTS

#### Business segments

For management purposes the Group is currently organised into three (2003: five) business segments-property dealing, property leasing and financial services. During the year, the Group ceased its business of property management services and operation of a power plant. Subsequent to the balance sheet date, the Group ceased its business of financial services.

Segment information about these businesses is presented below.

#### 2004

	Continuing operations			Discontinuing operations			Total discontinuing operations HK\$'000	Consolidated HK\$'000
	Property dealing HK\$'000	Property leasing HK\$'000	Financial services HK\$'000	Total continuing operations HK\$'000	Property management HK\$'000	Power plant HK\$'000		
<b>TURNOVER</b>	<b>97,857</b>	<b>25,129</b>	<b>5,427</b>	<b>128,413</b>	<b>1,007</b>	<b>1,727</b>	<b>2,734</b>	<b>131,147</b>
<b>RESULT</b>								
Segment result	30,723	(112,213)	3,471	(78,019)	337	1,480	1,817	(76,202)
Loss on disposal of investments in subsidiaries								(39,289)
Loss on disposal of investments in associates								(797)
Gain on disposal of investments in securities								80
Impairment loss recognised in respect of investments in securities								(1,425)
Finance costs								(65,762)
								(183,395)
Allowances for amounts due from associates								(6,070)
Loss before taxation								(189,465)
Taxation charge								(27,703)
Loss before minority interests								(217,168)
Minority interests								(1,425)
Net loss for the year								(218,593)
<b>BALANCE SHEET</b>								
<b>ASSETS</b>								
Segment assets	210,055	195,706	114,599	520,360	-	471	471	520,831
Unallocated corporate assets								3,805
Consolidated total assets								524,636
<b>LIABILITIES</b>								
Segment liabilities	582,340	229,469	32,099	843,908	-	8	8	843,916
Unallocated corporate liabilities								138,314
Consolidated total liabilities								982,230
<b>OTHER INFORMATION</b>								
Additions to property, plant and equipment	5	-	-	5	154	-	154	159
Allowances for arbitration	(2,192)	-	-	(2,192)	-	-	-	(2,192)
Allowances for bad and doubtful debts	(12,756)	(22,900)	(1,040)	(36,696)	(1)	(3)	(4)	(36,700)
Deficit on revaluation of leasehold land and buildings	(611)	-	-	(611)	-	-	-	(611)
Depreciation and amortisation	(1,057)	(641)	(5)	(1,703)	-	-	-	(1,703)
Write back of impairment loss recognised in respect of properties under development	61,216	-	-	61,216	-	-	-	61,216
Impairment loss recognised in respect of properties held for future development	(11,488)	-	-	(11,488)	-	-	-	(11,488)
Impairment loss recognised in respect of properties held for sale	(3,010)	-	-	(3,010)	-	-	-	(3,010)
Gain/(loss) on disposal of property, plant and equipment	2,008	(481)	-	1,527	-	-	-	1,527
Property, plant and equipment written off	(1,071)	(1,750)	(3)	(2,824)	-	-	-	(2,824)
Deficit on revaluation of investment properties	-	(6,470)	-	(6,470)	-	-	-	(6,470)
Loss on disposal of investment properties	-	(78,089)	-	(78,089)	-	-	-	(78,089)

2003

	Property dealing HK\$ '000	Property leasing HK\$ '000	Power plant HK\$ '000	Financial services HK\$ '000	Property management HK\$ '000	Total continuing operations HK\$ '000	Discontinuing operation- restaurant HK\$ '000	Consolidated HK\$ '000
<b>TURNOVER</b>	<u>235,137</u>	<u>97,002</u>	<u>21,417</u>	<u>10,249</u>	<u>1,756</u>	<u>365,561</u>	<u>3,722</u>	<u>369,283</u>
<b>RESULT</b>								
Segment result	<u>(640,795)</u>	<u>(152,075)</u>	<u>1,885</u>	<u>(98,316)</u>	<u>(4)</u>	<u>(889,305)</u>	<u>(24,120)</u>	<u>(913,425)</u>
Impairment loss recognised in respect of investments in securities								(600)
Finance costs								(68,882)
								<u>(982,907)</u>
Share of results of associates								(727)
Allowances for amounts due from associates								<u>(32,448)</u>
Loss before taxation								(1,016,082)
Taxation credit								<u>21,178</u>
Loss before minority interests								(994,904)
Minority interests								<u>(160)</u>
Net loss for the year								<u>(995,064)</u>

\* Included in the property dealing were properties sold to certain directors, staff and other customers at discounts, which are equivalent to 30% of the selling prices plus the total repayments made or to be made by the Group on behalf of the buyers to banks of the first 48 instalments of mortgage loans borrowed by the buyers on the properties bought by them, as follows:

	HK\$ '000							
Gross sales								47,749
Discounts								<u>(24,092)</u>
Net amount								<u>23,657</u>
<b>BALANCE SHEET</b>								
<b>ASSETS</b>								
Segment assets	489,661	832,606	19,989	115,621	580	-	267	1,458,724
Unallocated corporate assets								<u>49,785</u>
Consolidated total assets								<u>1,508,509</u>
<b>LIABILITIES</b>								
Segment liabilities	243,401	169,893	5,148	17,880	192	-	5,304	441,818
Unallocated corporate liabilities								<u>1,288,294</u>
Consolidated total liabilities								<u>1,730,112</u>
<b>OTHER INFORMATION</b>								
Additions to property, plant and equipment	20	2,316	136	-	169	42	146	2,829
Allowance for arbitration	(105,343)	-	-	-	-	-	-	(105,343)
Allowances for bad and doubtful debts	-	-	-	(99,423)	-	-	-	(99,423)
Deficit on revaluation of leasehold land and buildings	-	-	-	-	-	(3,597)	-	(3,597)
Depreciation and amortisation	(5)	(1,725)	(1,830)	(2)	(79)	(282)	(1,767)	(5,690)
Impairment loss recognised in respect of property, plant and equipment	-	-	-	-	-	-	(14,920)	(14,920)
Impairment loss recognised in respect of properties under development	(439,615)	-	-	-	-	-	-	(439,615)
Impairment loss recognised in respect of properties held for future development	(54,634)	-	-	-	-	-	-	(54,634)
Impairment loss recognised in respect of investments in securities	-	-	-	-	-	(600)	-	(600)
Impairment loss recognised in respect of properties held for sale	(66,076)	-	-	-	-	-	-	(66,076)
Loss on disposal of property, plant and equipment	-	(1,245)	-	-	(2)	(1,628)	(1,433)	(4,308)
Write off of long outstanding payables	<u>4,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,940</u>

### Geographical segments

The Group's power plant business is carried out in The People's Republic of China ("PRC"). The property dealing, financial services and property management business are carried out in Hong Kong. Property leasing business are carried out in Hong Kong and the United Kingdom ("UK").

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2004 HK\$'000	2003 HK\$'000
Hong Kong	119,479	266,588
The UK	9,941	33,889
The PRC	1,727	68,806
	<u>131,147</u>	<u>369,283</u>

Revenue from the Group's discontinuing operation of the power plant of HK\$1.7 million (2003: HK\$21 million) was derived from the PRC and property management business of HK\$1 million (2003: HK\$1.8 million) was derived from Hong Kong.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	347,857	1,003,825	159	263
The UK	176,308	409,481	-	2,165
The PRC	471	95,203	-	401
	<u>524,636</u>	<u>1,508,509</u>	<u>159</u>	<u>2,829</u>

#### 4. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on:		
Bank overdrafts and borrowings wholly repayable within five years	44,610	88,546
Convertible debentures	2,252	7,529
Other borrowings	18,900	841
	<u>65,762</u>	<u>96,916</u>
Less: Amount capitalised to properties under development during the year	-	(12,749)
Amount charged to cost of sales	-	(15,285)
	<u>65,762</u>	<u>68,882</u>

#### 5. TAXATION (CHARGE)/CREDIT

	2004 HK\$'000	2003 HK\$'000
The (charge)/credit comprise:		
Hong Kong profits tax overprovision in prior years	81	21,464
Overseas taxation current year	(27,784)	(286)
	<u>(27,703)</u>	<u>21,178</u>

The taxation (charge)/credit for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2004 HK\$'000	2003 HK\$'000
Loss before taxation	<u>(189,465)</u>	<u>(1,016,082)</u>
Tax at the statutory income tax rate of 17.5% (2003: 16%)	(33,156)	(162,573)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,178)	21
Tax effect of non-taxable income	(57,440)	(1,656)
Tax effect of non-deductible expenses	74,303	93,402
Tax effect of unrecognised temporary difference	(731)	-
Tax effect of tax losses not recognised	14,723	70,479
Tax effect of utilisation of tax losses not previously recognised	(3,406)	-
(Under)/overprovision in prior years	(20,774)	21,464
Others	956	41
Taxation (charge)/credit	<u>(27,703)</u>	<u>21,178</u>

For the year ended 31st March, 2004, no provision for Hong Kong profits tax was made as the Group had no assessable profits for the year (2003: Nil). The profits tax rate has been increased from 16% to 17.5% with effect from the 2003 year of assessment.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

The surplus or deficit arising on revaluation of the Group's investment properties and leasehold land and buildings situated in Hong Kong does not constitute a timing difference for taxation purposes as any profit realised on their subsequent disposal would not be subject to taxation. No provision is made for deferred tax on gains recognised on revaluing investment properties in the UK to their market value unless the Group has entered into a binding agreement to sell the assets concerned.

As at the balance sheet date, a potential deferred taxation asset of approximately HK\$236,018,000 (2003: HK\$82,447,000) in respect of estimated tax losses has not been recognised in the financial statements due to the unpredictability of future foreseeable profits.

#### 6. LOSS PER SHARE

The calculation of the basic loss per share is based on the following information:

	2004 HK\$'000	2003 HK\$'000
Net loss for the year and loss for the purpose of calculating basic loss per share	<u>(218,593)</u>	<u>(995,064)</u>

	Number of shares	
Weighted average number of shares for the purpose of calculating basic loss per share	<u>940,009,918</u>	<u>940,766,969</u>

No diluted loss per share was presented as the conversion of the outstanding convertible debentures at an assumed conversion price of HK\$0.85 would have had an anti-dilutive effect.

#### 7. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

The Group adopts a flexible credit policy in line with prevailing marketing strategy. The credit periods granted to customers ranged from 30 days to 90 days on average. The following is an aged analysis of trade debtors:

	The Group	
	2004 HK\$'000	2003 HK\$'000
Trade debtors		
0 – 60 days	3,338	6,842
61 – 90 days	160	434
Over 90 days	<u>618</u>	<u>4,205</u>
	4,116	11,481
Prepayments and other receivables	<u>3,276</u>	<u>20,300</u>
	<u>7,392</u>	<u>31,781</u>

#### 8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade creditors:

	The Group	
	2004 HK\$'000	2003 HK\$'000
Trade creditors		
0 – 60 days	11,776	113,641
61 – 90 days	91	1,676
Over 90 days	<u>236,452</u>	<u>73,542</u>
	248,319	188,859
Other payables	<u>120,587</u>	<u>148,070</u>
	<u>368,906</u>	<u>336,929</u>

#### DIVIDEND

The Company had no distributable reserve at 31st March, 2004 and the payment of a final dividend for the year ended 31st March, 2004 is not recommended by the Board.

#### 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 31st March, 2003. The overall performance of the Group for the year ended 31st 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:

<b>Property Portfolio by location</b>	<b>As at 31 March 2004 HK\$ million</b>
United Kingdom	174
Hong Kong	217
<b>Total portfolio</b>	<b><u>391</u></b>

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.

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

### 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 31st 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.

## **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.

## **ANNUAL REPORT**

The 2004 annual report containing all the information required by the Listing Rules of SEHK is expected to be published on the Exchange's website on or before 21st July, 2006, and printed copies will be sent to shareholders on or about 21st July, 2006.

## **PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE**

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) as soon as possible.

## **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.

*As at the date of this announcement, the Board comprises Ms. Tai Seow Yoke Peng and Mr. Ng Yat Cheung as executive directors and Mr. Wan Tai Min, Tommy and Mr. Leung Shu Yin, William as independent non-executive directors.*

Please also refer to the published version of this announcement in China Daily.