

I present the results and operations of the Group for the year ended 31 December 2005.

本人謹提交截至二零零五年十二月三十一日止年度之業務報告。

RESULTS

業績

The audited consolidated profit of the Group for the year ended 31 December 2005 was HK\$328,527,000 and the profit per share was HK24.16 cents, as compared to the consolidated restated loss of HK\$31,958,000 and restated loss per share of HK2.35 cents for 2004.

本集團截至二零零五年十二月三十一日止年度之經審核綜合營利約為328,527,000港元，每股營利為24.16港仙，而二零零四年之綜合重列虧損為31,958,000港元及每股重列虧損為2.35港仙。

DIVIDENDS

股息

The directors do not recommend payment of dividend for the year (2004: Nil).

董事會建議本年度不派發股息(二零零四年：無)。

NET ASSET VALUE

資產淨值

The consolidated net asset value per share of the Group as at 31 December 2005 was HK\$0.24 based on 1,360,000,000 shares in issue, as compared to HK\$0.034 per share for 2004.

於二零零五年十二月三十一日，以已發行1,360,000,000股股數計算，本集團之綜合資產淨值每股為0.24港元，而二零零四年為0.034港元。

BUSINESS REVIEW

業務回顧

Property Investment

物業投資

The Group's major property investment remained at Liwan Plaza, with a gross floor area of 56,708 square meter, which is located at Shang Xia Jiu Road, Liwan District, Guangzhou, the People's Republic of China (the "PRC"). During the year ended 31 December 2005, the net proceeds from the sale of investment properties at Liwan Plaza amounted to approximately HK\$77,221,000.

本集團主要的物業投資保留於中國廣州市上下九路荔灣廣場商場樓面面積56,708平方米。截至二零零五年十二月三十一日止年度，出售荔灣廣場之投資物業淨收入約為77,221,000港元。

Property Development

The Group currently has interests in two property development projects and owns a land bank of approximately 198,468 square meter. The construction works of Yue Xiu Plaza project, one of Group's properties under development (PUD), has commenced with full speed, progressing to the tenth floor of the commercial arcade. According to the ever-changing market demands, the Group has slightly modified the design of the project. It's expected that satisfactory sales may be achieved from the project.

Another PUD project, Phase II of Jiangnan Nam Fong Garden which is located at Chang Gang Road, has completed all the documentation procedures required by the local authority. In order to capitalise from the project as quickly as possible, the Group intends to commence it by a way of cooperative development as soon as possible. Currently, the basic consensus of intent for the cooperation has been reached, it's expected the construction of the project will be commenced by the end of September, 2006 and the principal construction work will be completed and thus the presale of it will be commenced by the mid of 2007.

The management of the Group intends to sell part of its properties in exchange for other projects that can be completed and sold for profits in short terms. At present, we have moved to a stage of project screening. It's expected all the projects of the Group will step into a fully active stage in the near future.

物業發展

本集團擁有二個主要物業發展項目，土地儲備約198,468平方米，其中發展中物業越秀廣場已全面開工，工程進度已到第十層。根據目前日益變化的市場需求，本集團小幅調整了該項目設計，預計該項目將可實現比較理想的銷售。

另一發展中物業位於昌崗路江南南方花園第二期，已辦完當局要求的所有文件手續。為儘快從該項目發展中取得收益，本集團擬採用合作開發的方式儘快啟動該項目，目前基本合作意向已經達成，預計該項目二零零六年九月底前將可開工建設，二零零七年中前可完成主體建設，並進行預售。

管理層擬出售部份物業以換取可以儘快獲益的短快項目，目前已進入篩選階段，預計本集團所有項目將可在短期內全面進入活躍階段。

Prospect

During 2005, the land value and the trading price of real estate in Guangzhou and its peripheral regions increased over 30% due to the continuous impact of the new land policies on the real estate market. The value of the land and the projects under development held by the Group rose even more than 40% given their prominently prime locations. The Group anticipates the profit potential of its projects to be increasing with their relatively lower costs.

Recently, the Phase II of Jiangnan Nam Fong Garden of the Group has been popular in the real estate market of Guangzhou. Many powerful investors had actively showed their interests in participation, while upon selection, the Group has reached in principle a consensus of intent for cooperation with certain candidates. The project is expected to be commenced and implemented without application of any of the Group's capital, and still generate a number of high-quality properties for sale. It is expected that the Group will record additional revenue of at least HK\$500,000,000 by the end of 2007 from the pre-sale of new properties. Accordingly, the Group will obtain more than sufficient funds for its business expansion.

Having been approaching a certain fund for nearly one year, the Group has basically established the framework for cooperation between the Group and the Fund, pursuant to which the Yue Xiu Plaza and the newly solicited projects have been confirmed and will be supported by the Fund. Riding on the various strengths of the Group, the Group can implement all the projects in full and thus accelerate their progress of development.

展望

二零零五年，新的土地政策持續對房地產市場產生影響，廣州乃至周邊地區土地價值及房產交易價格不斷上升，其升幅均超過三成，本集團持有土地及發展中項目由於地段優勢明顯，其價值已上升超過四成，由於本集團項目獲得成本相對較低，故各項目可預期的利潤空間不斷加大。

本集團江南南方花園第二期項目近期來一直備受廣州地產界關注，眾多有實力投資者均主動表示了合作意向，經本集團篩選，目前已基本達成合作意向，本項目的順利實施將可在不動用集團資金的情況下，獲得相當數量的、優良的可出售物業，預測在二零零七年底以前，本集團將可通過前新物業的預售獲得超過五億港元的新增收入，集團也將因此獲得更加充足的業務擴展資金。

經過近一年與基金的接觸，本集團與基金的合作框架已基本完成，越秀廣場以及本集團新拓展之項目已確定，可獲得基金的支持，本集團借助各方面優勢，可全面實施加快項目發展進度。

Capitalizing on the prime opportunities arising from the ever-booming real estate market, the management team of the Group is now seeking every opportunity for more extensive cooperation. It is expected that the Group will soon stride into a stage of rapid development. The year of 2006 will be critical for our development. It is confident that the Group can fully complete all of its project funding and development during 2006.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders for their continued support to the Group and the dedicated management and staff for their valuable contributions during the year.

Tong Shi Jun
Chairman

Hong Kong, 26 August 2006

不斷上升的房地產市場為本集團提供了良好的發展契機，本集團管理團隊正借機不斷尋求更廣泛的合作，預期本集團儘快進入高速發展軌道。二零零六年將是本集團發展的關鍵性階段，本集團有信心在二零零六年全面完成所有項目資金及發展安排。

感謝

本人謹代表董事會對一直支持本集團之股東及於本年度盡心作出寶貴貢獻之管理人員與員工，衷心致謝。

主席
佟世均

香港，二零零六年八月二十六日