I-CHINA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 240)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2004

RESULTS

The board of directors (the "Board") of I-China Holdings Limited (the " Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2004 together with the comparative figures as follows:

	Notes	**2004** **HK$'000**	2003 *HK$'000*
Turnover		**359**	2,544
Direct operating expenses		**(543)**	(2,012)
Other operating income		**513**	198
Selling and administrative expenses		**(957)**	(10,007)
Other operating expenses	*5*	**—**	(148,900)
Loss from operations	*6*	**(628)**	(158,177)
Finance costs		**(47,212)**	(23,723)
Loss before taxation		**(47,840)**	(181,900)
Taxation	*7*	**—**	(1,825)
Net loss for the year		**(47,840)**	(183,725)
Loss per share — basic	*8*	**HK$(0.38)**	HK$(1.45)

Notes:

1. General

The trading of the shares in the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 15th January, 2002 and was resumed on 27th April, 2004.

On 5th December, 2002, Messrs. Cosimo Borrelli and Fan Wai Kuen, of RSM Nelson Wheeler Corporate Advisory Services Limited were appointed by the High Court of Hong Kong (the "High Court") as joint and several provisional liquidators of the Company (the "Former Provisional Liquidators") to, amongst other things, protect the assets of the Company and to facilitate a restructuring of the Company.

On 20th November, 2003, the Company, acting through the Former Provisional Liquidators, entered into an agreement for the implementation of a restructuring proposal (the "Restructuring Agreement"), amongst others, with Wai Kee Holdings Limited ("Wai Kee", a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange). The restructuring involves, amongst other things, the capital restructuring, the debt restructuring, the subscription, the Group reorganisation and the injection of assets by Wai Kee (the "Restructuring"). Details of the Restructuring are set out in a document jointly issued by the Company and Wai Kee dated 24th February, 2004 (the "Document").

A special general meeting has been held by the shareholders of the Company on 18th March, 2004 pursuant to which all necessary resolutions relating to the Restructuring has been passed by the independent shareholders of the Company.

On 23rd April, 2004, the Restructuring Agreement has been completed and, thereafter, Wai Kee became the ultimate holding company of the Company. Each of the Former Provisional Liquidators were released and discharged as joint and several provisional liquidators of the Company pursuant to the order of the Supreme Court of Bermuda and the Court of First Instance of the High Court (the "Courts").

2. Basis of preparation of financial statements

(a) In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in the light of the Group's net liabilities of HK$729,233,000 (2003: HK$681,393,000) as at 31st March, 2004. Following the completion of the Restructuring Agreement, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

(b) These financial statements were prepared based on the limited books and records and other latest information provided by the Provisional Liquidators to the directors after their appointment on 23rd April, 2004. The directors have used their reasonable endeavour to assess all the available financial and business records of the Group. The information available to the directors is limited. As a result, the directors are unable to represent that all transactions entered into by the Company and its subsidiaries are reflected in the books and records and in the financial statements. Accordingly, the directors were unable to satisfy themselves as to the completeness of identification and the appropriateness of disclosure in respect of the potential claims, the commitments, the contingent liabilities and the pledge of assets in the financial statements as at 31st March, 2004. In addition, the directors were unable to obtain sufficient documentary information to satisfy themselves regarding the matters described below.

(i) There is insufficient information for the directors to satisfy themselves that all the amounts included in the consolidated income statement for the year ended 31st March, 2004 were free from material misstatement. As a result, the directors were unable to satisfy themselves as to the reliability of the related disclosure in the financial statements.

(ii) The directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of the movement of property, plant and equipment as disclosed in note 14 to the financial statements. Accordingly, the directors were unable to satisfy themselves as to whether the carrying amounts of property, plant and equipment as at 31st March, 2004 were free from material misstatement.

(iii) The directors were unable to assess whether any allowance for doubtful debt is required in respect of short-term receivables of HK$6,483,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the consolidated balance sheet as at 31st March, 2004 were free from material misstatement.

(iv) The directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of trade and other receivables of the Group and the Company of HK$2,885,000 and HK$53,000 respectively nor to assess whether any allowance for doubtful debt is required to be made in respect of these receivables. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

(v) The directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of the amounts due from former associates/associates of the Group of HK$31,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the consolidated balance sheet as at 31st March, 2004 were free from material misstatement.

(vi) The directors were unable to obtain bank statements or other documentary evidence in respect of bank balances and cash of the Group and the Company of HK$1,021,000 and HK$5,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

(vii) The directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of other payables of the Group and the Company of HK$172,865,000 and HK$167,087,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

(viii) The directors were unable to obtain sufficient documentary evidence in respect of amounts due to former associates/associates of the Group and the Company of HK$10,350,000 and HK$5,401,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 and the related interest expenses of the Group of HK$66,000 for the year ended 31st March, 2004 were free from material misstatement.

(ix) The directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of amounts due to subsidiaries of the Company of HK$9,347,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheet of the Company as at 31st March, 2004 were free from material misstatement.

(x) The directors were unable to obtain sufficient documentary evidence in respect of amounts due to former directors of the Group and the Company of HK$7,663,000 and HK$7,361,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

(xi) The directors were unable to obtain sufficient evidence to satisfy themselves as to the validity of taxation payables of the Group and the Company of HK$1,142,000 and HK$383,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

(xii) The directors were unable to obtain sufficient documentary evidence in respect of bank and other borrowings of the Group and the Company of HK$552,613,000 and HK$411,383,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 and the related interest expenses of the Group of HK$47,146,000 for the year ended 31st March, 2004 were free from material misstatement.

(xiii) The directors were unable to determine the appropriate amount to be transferred from the asset revaluation reserve account to deficit account as a result of the realisation of asset revaluation reserve upon disposal of the properties held by associates during the year ended 31st March, 2002. Accordingly, the directors were unable to satisfy themselves as to whether the asset revaluation reserve of the group of HK$223,734,000 and the deficit of the group of HK$1,181,104,000 as at 31st March, 2004 in the consolidated balance sheet were free from material misstatement.

(xiv) The directors were unable to obtain sufficient documentary evidence to determine whether the Group and the Company have any deferred tax assets and liabilities that should be recognised in the financial statements following the adoption of Statement of Standard Accounting Practice ("SSAP") 12 (Revised) "Income taxes" issued by the Hong Kong Society of Accountants ("HKSA"). Accordingly, the directors were unable to satisfy themselves as to the completeness of deferred tax assets and liabilities that should be recognised in the financial statements as at 31st March, 2004 and whether prior period adjustment is required.

(xv) Due to the limited books and records available to the directors, the following disclosures have not been made in the financial statements:

— Details of reconciliation between taxation for the year and taxation calculated based on the accounting loss per the income statement as well as the amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset or liability is recognised in the balance sheet as required by SSAP 12 (Revised);

— Details of operating lease commitments as required by SSAP 14 "Leases";

— The carrying amount of land and buildings had the land and buildings are carried at cost less accumulated depreciation as required by SSAP 17 "Property, plant and equipment;

— Details of related party disclosures as required by SSAP 20 "Related party disclosures";

— Details of the retirement benefits scheme as required by SSAP 34 "Employee benefits";

— Details of the aged analysis of trade receivables as required by Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange; and

— Details of analysis of secured borrowings, pledge of assets, contingencies and commitments as required by the Hong Kong Companies Ordinance.

3. Adoption of Hong Kong financial reporting standards

In the current year, the Group is required to adopt the following Hong Kong Financial Reporting Standards ("HKFRSs") newly issued by the HKSA. The term of HKFRS is inclusive of SSAPs and Interpretations approved by the HKSA.

Income taxes

In current year, the Group is required to adopt SSAP 12 (Revised) "Income taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision should be made for deferred tax using the income statement liability method, i.e. a liability should be recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax should be recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has to be applied retrospectively. As explained in note 2(b)(xiv), the directors were unable to obtain sufficient documentary evidence to determine whether the Group and the Company have any deferred tax assets and liabilities that should be recognised in the financial statements following the adoption of SSAP 12 (Revised) and no deferred tax has been recognised for the years ended 31st March, 2004 and 2003.

4. Segmental information

The sole principal activity of the Group for the years ended 31st March, 2004 and 2003 is the hiring of motor vehicles in Hong Kong and accordingly, no analyses of business and geographical segment are presented.

5. Other operating expenses

	2004	2003
	HK$'000	*HK$'000*
Loss on disposal of investment properties	**—**	1,100
Investment properties in the People's Republic of China (the "PRC") written off	**—**	147,800
	—	148,900

6. Loss from operations

	2004	2003
	HK$'000	*HK$'000*
Loss from operations has been arrived at after charging:		
Depreciation and amortisation:		
Owned assets	**260**	560
Assets held under finance leases	**—**	372
Loss on disposal of property, plant and equipment	**—**	678
and after crediting:		
Gain on disposal of property, plant and equipment	**509**	—

7. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries did not have any estimated assessable profit for both years. The amount in prior year represented an underprovision of Hong Kong Profits Tax in respect of previous years.

8. Loss per share

The calculation of the basic loss per share is based on the net loss for the year of HK$47,840,000 (2003: HK$183,725,000) and on 127,084,941 (2003: 127,084,941) shares in issue during the year, which has been adjusted for the share consolidation taken place on 23rd April, 2004.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31st March, 2004 (2003: Nil).

SUMMARY OF AUDITORS' REPORT

In the auditors' report, the auditors have included the following paragraphs regarding their basis of opinion, qualified opinions and disclaimer of opinion:

"Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by HKSA except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and of the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to us was limited as set out below.

1. Our report on the financial statements of the Group for the year ended 31st March, 2003 was disclaimed in view of the pervasive nature of the limitations on the scope of our audit as explained in our audit report dated 29th January, 2004.

   The Provisional Liquidators were unable to obtain sufficient documentary information to satisfy themselves that the following balances as at 31st March, 2003 included in the balance sheets of the Group and the Company were free from material misstatement:

   The Group

   — Short-term receivables of HK$6,483,000;
   — Other receivables of HK$2,861,000;
   — Bank balances and cash of HK$931,000;
   — Bank and other borrowings of HK$141,231,000;
   — Amounts due to associates of HK$1,513,000; and
   — Amounts due to directors of HK$7,663,000.

   The Company

   — Other receivables of HK$53,000;
   — Bank balances and cash of HK$5,000; and
   — Amounts due to directors of HK$7,361,000.

   Any adjustments found to be necessary to the opening net liabilities of the Group and the Company would have a consequential effect on the opening reserves of the Group and the Company as at 1st April, 2003 and on the loss of the Group for the year ended 31st March, 2004. Also the comparative figures to the balance sheets of the Group and the Company as at 31st March, 2003 respectively may not be comparable with the figures as at 31st March, 2004. Similarly, the comparative figures to the consolidated income statement for the year ended 31st March, 2003 may not be comparable with the figures for the year ended 31st March, 2004.

2. As explained in note 2(b) to the Results, the financial statements were prepared based on the limited books and records and the latest information provided by the Provisional Liquidators to the directors after their appointment on 23rd April, 2004. The directors have used their reasonable endeavour to assess all the available financial and business records of the Group. The information available to the directors was limited. As a result, the directors are unable to represent that all transactions entered into by the Company and its subsidiaries are reflected in the books and records and in the financial statements. Accordingly, the directors were unable to satisfy themselves as to the completeness of identification and the appropriateness of disclosure in respect of the potential claims, the commitments, the contingent liabilities and the pledge of assets in the financial statements as at 31st March, 2004.

3. As explained in note 2(b)(i) to the Results, there is insufficient information for the directors to satisfy themselves that all the amounts included in the consolidated income statement for the year ended 31st March, 2004 were free from material misstatement. As a result, the directors were unable to satisfy themselves as to the reliability of the related disclosure in the financial statements.

4. As explained in note 2(b)(ii) to the Results, the directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of the movement of property, plant and equipment as disclosed in note 14 to the financial statements. Accordingly, the directors were unable to satisfy themselves as to whether the carrying amounts of property, plant and equipment as at 31st March, 2004 were free from material misstatement.

5. As explained in note 2(b)(iii) to the Results, the directors were unable to assess whether any allowance for doubtful debt is required in respect of short-term receivables of HK$6,483,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the consolidated balance sheet as at 31st March, 2004 were free from material misstatement.

6. As explained in note 2(b)(v) to the Results, the directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of the amounts due from former associates/associates of the Group of HK$31,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the consolidated balance sheet as at 31st March, 2004 were free from material misstatement.

7. As explained in note 2(b)(vi) to the Results, the directors were unable to obtain bank statements or other documentary evidence in respect of bank balances and cash of the Group and the Company of HK$1,021,000 and HK$5,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

8. As explained in note 2(b)(vii) to the Results, the directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of other payables of the Group and the Company of HK$172,865,000 and HK$167,087,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

9. As explained in note 2(b)(viii) to the Results, the directors were unable to obtain sufficient documentary evidence in respect amounts due to former associates/associates of the Group and the Company of HK$10,350,000 and HK$5,401,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 and the related interest expenses of the Group of HK$66,000 for the year ended 31st March, 2004 were free from material misstatement.

10. As explained in note 2(b)(ix) to the Results, the directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of amounts due to subsidiaries of the Company of HK$9,347,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheet of the Company as at 31st March, 2004 were free from material misstatement.

11. As explained in note 2(b)(x) to the Results, the directors were unable to obtain sufficient documentary evidence in respect of amounts due to former directors of the Group and the Company of HK$7,663,000 and HK$7,361,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

12. As explained in note 2(b)(xi) to the Results, the directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of taxation payable of the Group and the Company of HK$1,142,000 and HK$383,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 were free from material misstatement.

13. As explained in note 2(b)(xii) to the Results, the directors were unable to obtain sufficient documentary evidence in respect of bank and other borrowings of the Group and the Company of HK$552,613,000 and HK$411,383,000 respectively. Accordingly, the directors were unable to satisfy themselves as to whether these amounts in the balance sheets of the Group and the Company as at 31st March, 2004 and the related interest expenses of the Group of HK$47,146,000 for the year ended 31st March, 2004 were free from material misstatement.

14. As explained in note 2(b)(xiii) to the Results, the directors were unable to determine the appropriate amount to be transferred from the asset revaluation reserve account to deficit account as a result of the realisation of asset revaluation reserve upon disposal of the properties held by associates during the year ended 31st March, 2002. Accordingly, the directors were unable to satisfy themselves as to whether the asset revaluation reserve of the Group of HK$223,734,000 and the deficit of the Group of HK$1,181,104,000 as at 31st March, 2004 in the consolidated balance sheet were free from material misstatement.

15. As explained in note 2(b)(xiv) to the Results, the directors were unable to obtain sufficient documentary evidence to determine whether the Group and the Company have any deferred tax assets and liabilities that should be recognised in the financial statements following the adoption of SSAP 12 (Revised) "Income taxes" issued by the HKSA. Accordingly, the directors were unable to satisfy themselves as to the completeness of deferred tax assets and liabilities that should be recognised in the financial statements as at 31st March, 2004 and whether prior period adjustment is required.

There were no other satisfactory audit procedures that we could adopt to satisfy ourselves as to the matters set out in paragraphs 1 to 15 above. Any adjustments to the above figures would as appropriate affect the net liabilities of the Group and of the Company as at 31st March, 2004 and the loss and cash flows of the Group for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Qualifications arising from disagreement about the accounting treatment and about the extent of disclosure

(1) The Group has the policy of including land and buildings in the balance sheet at valuation. However, as explained in note 14 to the financial statements, no valuation was performed as at 31st March, 2004, and the Directors have not assessed whether the carrying amount differs materially from that which would be determined using fair value at the balance sheet date. This is not in accordance with the Group's accounting policy and SSAP 17 "Property, plant and equipment" issued by the HKSA which requires that when the item of property, plant and equipment is stated at valuation, revaluations should be made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. In the absence of a valuation being made of the Group's land and buildings, it is not practicable to quantify the effect of this departure on the amounts shown in the consolidated balance sheet for land and buildings.

(2) The Group has the policy of providing depreciation and amortisation to write off the valuation of leasehold land over the terms of the relevant leases and buildings over the shorter of the terms of the relevant leases or 50 years. However, no depreciation and amortisation was provided during the year. This is not in accordance with the Group's accounting policy and SSAP 17. If depreciation and amortisation were to be provided, the loss for the year and the net liabilities of the Group as at 31st March, 2004 would be increased by approximately HK$111,000.

(3) As explained in note 2(b)(iv) to the Results, the directors were unable to obtain sufficient documentary evidence to satisfy themselves as to the validity of trade and other receivables of the Group and the Company of HK$2,885,000 and HK$53,000 respectively nor to assess whether any allowance for doubtful debt is required to be made in respect of these receivables. In any case, in our opinion, these amounts are long outstanding and full allowance should be made against such receivables as at 31st March, 2004.

(4) As explained by the directors in note 2(b)(xv) to the Results, due to the limited books and records available to the directors, the following required disclosures have not been made in the financial statements:

— Details of reconciliation between taxation for the year and taxation calculated based on the accounting loss per the income statement as well as the amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset or liability is recognised in the balance sheet as required by SSAP 12 (Revised);

— Details of operating lease commitments as required by SSAP 14 "Leases";

— The carrying amount of land and buildings had the land and buildings are carried at cost less accumulated depreciation as required by SSAP 17;

— Details of related party disclosures as required by SSAP 20 "Related party disclosures;

— Details of the retirement benefits scheme as required by SSAP 34 "Employee benefits";

— Details of the aged analysis of trade receivables as required by Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange; and

— Details of analysis of secured borrowings, pledge of assets, contingencies and commitments as required by the Hong Kong Companies Ordinance.

Disclaimer of opinion

Because of the significance of the possible effect of the limitations in evidence available to us as set out in the basis of opinion section of this report, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2004 or of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitations on our work set out in the basis of opinion section of the auditors' report:

— we have not obtained all the information and explanations that we considered necessary for the purpose for our audit; and

— we were unable to determine whether proper books of accounts have been kept."

RESTRUCTURING

On 20th November, 2003, the Company, acting through the Former Provisional Liquidators, entered into the Restructuring Agreement with Wai Kee in relation to a restructuring proposal, which involves, amongst others, the capital restructuring, debt restructuring involving the schemes under section 99 of the Companies Act 1981 of Bermuda and section 166 of the Hong Kong Companies Ordinance ("Schemes"), the subscription of the Company's new shares and new preference shares by Wai Kee, the injection of the entire construction business of Wai Kee to the Company, whitewash waiver and general mandate to issue new shares and repurchase shares ("Restructuring Proposal").

The Restructuring Proposal, has now been successfully implemented, and, amongst other things, has resulted in the following:

(a) A restructuring of the share capital of the Company through par reduction, share consolidation and increase in authorized share capital as contained in the capital restructuring;

(b) All the creditors of the Company discharging and waiving their claims against the Company pursuant to the Schemes;

(c) All the Company's subsidiaries prior to the completion of the restructuring with the exception of Trinity Rent A Car Limited be transferred to the Former Provisional Liquidators or scheme administrators (or their nominees) on trust for the scheme creditors of the Company;

(d) Injection of the entire construction business of Wai Kee to the Company;

(e) Wai Kee holds a controlling interest in the enlarged issued share capital of the Company; and

(f) The resumption of trading in the new shares of the Company.

The Restructuring Proposal was approved by the shareholders of the Company at the Special General Meeting on 18th March, 2004 and the Schemes were approved by the creditors of the Company on 2nd April, 2004 and sanctioned by the Hong Kong Court and Bermuda Court on 8th April, 2004 and 20th April, 2004 respectively. All the conditions precedent for the restructuring to be completed were satisfied on 23rd April, 2004 and the Schemes became effective (and the Former Provisional Liquidators were discharged) on the same day. All liabilities of the Company incurred prior to the effective date of the Schemes have been waived and discharged in full pursuant to the terms of the Schemes with the exception of the HK$50,000 advanced by Wai Kee to the Company during the Restructuring.

BUSINESS REVIEW AND OUTLOOK

This review relates to the affairs of the Group for the year ended 31st March, 2004, that is, prior to the completion of the restructuring on 23rd April, 2004 and, therefore, relates to the business of the Company before the waiver and discharge of all its liabilities (with the exception of the HK$50,000 referred to the above) and the injection of the entire construction business of Wai Kee.

The Group's car rental operation in Hong Kong leased motor vehicles to customers on a contract basis. Following the appointment of the Former Provisional Liquidators to the Company, as a result of lack of working capital, the car rental operation was maintained on a limited scale. For the year ended 31st March, 2004, the Group recorded a consolidated turnover of approximately HK$359,000 which was attributable to the car rental business. The net loss for the year was approximately HK$47,840,000. The loss from operations was approximately HK$628,000 for the year, compared with approximately HK$158,177,000 for the year ended 31st March, 2003.

With the injection of assets completed in April 2004, the core business of the Company has changed from being a car rental business to a construction related business. It is therefore important that our shareholders have a clear understanding of the nature of the business in which we are involved.

Essentially, construction is a service industry. We earn our keep by providing construction management and engineering resources as well as labour, plant and material resources to clients who wish to undertake projects.

There are a few characteristics of construction business of which I believe you should be aware:

(a) With a few exceptions, contracting services are viewed by most clients as commodity and hence historically most contracts were awarded purely on lowest price basis. Due to the relatively low entry barrier and number of contractors in operation both here in Hong Kong as well as worldwide, contracting has always been a competitive business with relatively low profit margin on turnover. However the working capital required for construction is low. Also there is no physical inventory to take care of and normally progress payments are received monthly for work performed. As a result, the return on equity, which I believe is an important indicator of economic of any business, is very attractive, usually in the higher end of twenty plus percent.

(b) Unlike manufacturing, the workload for any contractor is never evenly distributed. At any point in time, it much depends on the availability of projects in the market and on how successful we are in tendering.

(c) Construction, by its very nature deals with physical works in the open air, and is thus vulnerable to risk, including the effects of weather and unforeseen ground conditions. With experienced and sound engineering management, construction risks can be foreseen and controlled. A key element is however a carefully managed value for money insurance programme.

(d) Changes in client requirements during the course of any contract is a norm, rendering accurate forecasting of individual project results very difficult until the final account value has been agreed between the client and the contractor. Typically this can take a year or more after project completion.

This therefore is the market we are in and the annual company results are likely to fluctuate, depending on the various stages of the contracts we have on hand. This volatility is acceptable bearing in mind our expected average 20% plus return on equity. I will therefore ask you to review our performance on a three-year average basis rather than on any single year.

In recent years, there has been a tendency for a lot of our clients to seek “value for money” and not just the lowest price. The typical example is the Works Bureau of HKSAR Government who now awards construction contracts based both on the financial offer received from a contractor as well as the individual past and present performance of that contractor on existing projects. We welcome this trend and our management continually seek to match the clients’ expectations by providing quality service on all our construction projects.

We are keenly aware that despite the fact that some clients may be willing to pay a premium price for performance, we should not bet our future on this premise. In any commodity business, the ultimate long term winner is always the lowest cost operator and we have every intention to excel in this area, provided we are not sacrificing quality in the process.

We have a strong and experienced management team together with a reasonable workload. We are looking for steady profitable growth, building upon our successful track record. We are convinced that there is always a need for good quality construction services now and in the future. With this in mind we are confident that the long term performance of the Company will prove satisfactory to all of our shareholders.

FINANCIAL REVIEW

The Group’s net liabilities approximated HK$729 million as at 31st March, 2004 (2003: HK$681 million). Increase in net liabilities was due to net loss of HK$48 million for the year. The directors have given careful consideration to the future liquidity of the Group. Following the completion of the Restructuring Agreement, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

Bank balances and cash and bank and other borrowings approximated HK$1 million (2003: HK$0.9 million) and HK$553 million (2003: HK$549 million) respectively as at 31st March, 2004. The Group’s borrowings from creditors bank were not repaid in accordance with the schedules set by the creditors bank and, became due for immediate repayment. As a result, the amounts outstanding to the creditors bank were reclassified as current liabilities.

Bank and other borrowings were principally denominated in Hong Kong and US dollars. As a result, there is minimal foreign exchange risk. Bank and other borrowings were subject to floating interest rates. The Group did not use financial instruments for hedging purposes and did not have foreign currency net investment being hedged by currency borrowing and other hedging instruments.

Due to the limited books and records available to the directors, the directors were unable to satisfy themselves as to the completeness of identification and the appropriateness of disclosure in respect of the potential claims, the commitments, the contingent liabilities and the pledge of assets in the financial statements as at 31st March, 2004.

EMPLOYEES AND REMUNERATION POLICIES

The Group had no employee as at 31st March, 2004.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any of the listed securities of the Company by the Company or any of its subsidiaries during the year. Trading in the shares of the Company has been suspended since 10:00 a.m. on 15th January, 2002.

CORPORATE GOVERNANCE

Confirmed with the Former Provisional Liquidators, the Company complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year, except (1) no audit committee meeting has been held, and (2) no full board meeting has been held since the appointment of the Former Provisional Liquidators, as the authority of all the previous directors has been suspended.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) and 45(3) of Appendix 16 to the Listing Rules will be released on the Stock Exchange's website.

As at the date of hereof, the Board comprises Messrs. Zen Wei Peu, Derek and Yu Sai Yen as executive directors and Dr. Chow Ming Kuen, Joseph and Mr. Ng Chi Ming, James as the independent non-executive directors of the Company.

By Order of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 19th May, 2004

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