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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New Century Group Hong Kong Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities in the Company.

NEW CENTURY GROUP HONG KONG LIMITED
新世紀集團香港有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 234)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF A FURTHER 20% INTEREST IN THE VESSELS

REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

Financial adviser to New Century Group Hong Kong Limited

SOMERLEY LIMITED

Independent financial adviser
to the independent board committee and the independent shareholders
of New Century Group Hong Kong Limited

道亨證券有限公司
DaoHengSecurities Ltd.

A letter from the board of directors of the Company is set out on pages 7 to 28 of this circular. A letter from the independent board committee of the Company containing its recommendation to the independent shareholders of the Company in connection with the Acquisition (as defined herein) is set out on page 29 of this circular. A letter from Dao Heng Securities Limited, the independent financial adviser to the independent board committee and the independent shareholders of the Company, containing its advice in connection with the Acquisition (as defined herein) is set out on pages 30 to 50 of this circular.

A notice convening a special general meeting of the Company to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 25th February, 2005 at 10:00 a.m., is set out on pages 198 to 200 of this circular. If you are not able to attend the meeting of the Company, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the meeting of the Company. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting of the Company or any adjournment of it, if you so wish.

* *For identification only*

31st January, 2005

CONTENTS

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Acquisition"	the acquisition of (i) 2,000 shares in NCML, representing 20% of its entire issued share capital; and (ii) the rights of and benefits in the Sale Loan pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 23rd November, 2004 (as supplemented on 7th January, 2005) entered into between the Vendor, the Purchaser and NCML in relation to the Acquisition
"Announcement"	the announcement of the Company dated 26th November, 2004 in relation to the Acquisition
"associates"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Charter Agreements"	two agreements both dated 17th October, 2002 entered into between the Previous Owners and the Charterer for the chartering of the Vessels, details of which were set out in the announcement and the circular of the Company dated 17th October, 2002 and 5th November, 2002, respectively
"Charterer"	Balance Profits Limited, a wholly-owned subsidiary of the Company and the existing charterer of the Vessels by virtue of the Charter Agreements
"Charterparty Novation Deeds"	the charterparty novation deeds dated 15th July, 2004 relating to the Vessels entered between the Previous Owners, the Charterer, Queenston and Jackston whereby, among other things, the Vessels will continue to be chartered by Queenston and Jackston to the Charterer, details of which were set out in the announcement and the circular of the Company dated 1st April, 2004 and 3rd May, 2004, respectively
"Company"	New Century Group Hong Kong Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition
"Completion Date"	the date being the 7 business day after the fulfillment of all the conditions precedent to the Agreement

"Consideration"	consideration of US$9,219,586.30 (equivalent to HK$71,912,773.14) (subject to adjustment) payable for the Acquisition pursuant to the Agreement
"Conversion Shares"	106,308,401 new Shares which will be issued upon full conversion of the Second Convertible Bond at the conversion price of HK$0.62 per Share (subject to adjustment)
"Dao Heng Securities"	Dao Heng Securities Limited, independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, a corporation deemed licensed under the SFO to conduct type 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance), 7 (providing automated trading services) and 9 (asset management) regulated activities
"Directors"	directors of the Company
"Discretionary Trust"	the discretionary trust of which Mr. Kan Ka Chong, Frederick is the trustee and Mr. Huang, his family members and unspecified charities are the discretionary beneficiaries
"Eligible Participant(s)"	any person or organisation who/which satisfies the eligibility criteria under the Share Option Scheme
"Enlarged Group"	the Group as enlarged by the Acquisition
"Evervalue"	Evervalue Profits Limited, a company incorporated in the BVI and the existing sub-charterer of the Vessels
"First Acquisition"	the acquisition of a 25% interest in NCML by the Purchaser from the Vendor which was completed in July 2004, details of which were set out in the announcement and the circular of the Company dated 1st April, 2004 and 3rd May, 2004, respectively
"First Convertible Bond"	the convertible bond in the principal amount of US$10,565,193.75 (equivalent to HK$82,408,511.25) issued in the name of the Vendor entitling it to convert the outstanding principal amount into new Shares at an exercise price of HK$0.61 per Share (subject to adjustment) at any time on or before the maturity date of 19th July, 2006
"Group"	the Company and its subsidiaries
"Huang Group"	Huang Group (BVI) Limited, a company incorporated in the BVI and held by Mr. Kan Ka Chong, Frederick, as trustee of the Discretionary Trust

"Huang Shipmanagement"	Huang Shipmanagement Pte Ltd. (formerly known as "New Century Shipmanagement Pte Ltd."), which is wholly-owned by the parents of Mr. Wilson Ng, Ms. Lilian Ng, Mr. Ng Wee Keat and Ms. Ng Siew Lang, Linda, who are all executive Directors
"Huang Worldwide"	Huang Worldwide Holding Limited, a wholly-owned subsidiary of Huang Group and the immediate and sole holding company of New Century Worldwide
"Independent Board Committee"	independent board committee of the Company constituted by the three independent non-executive Directors, comprising Mr. Wong Kwok Tai, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming
"Independent Shareholders"	Shareholders other than New Century Worldwide, Mr. Huang and their respective associates
"Jackston"	Jackston Maritime Limited, a company incorporated in the BVI and a wholly-owned subsidiary of NCML
"Knight Frank"	Knight Frank Hong Kong Limited, an independent firm of professional valuers
"Latest Practicable Date"	27th January, 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Agreements"	two agreements both dated 17th October, 2002 entered into between the Charterer and Huang Shipmanagement for the management of the operations of the Vessels and were terminated in January, 2005, details of which were set out in the announcement and the circular of the Company dated 17th October, 2002 and 5th November, 2002, respectively
"Mr. Huang"	Mr. Ng (Huang) Cheow Leng, the settlor and one of the discretionary beneficiaries of the Discretionary Trust
"NCML"	New Century Maritime Limited (formerly known as "People Value Limited"), a company incorporated in the BVI which was held as to 25% by the Purchaser and as to 75% by the Vendor as at the Latest Practicable Date
"NCML Group"	NCML and its subsidiaries

"New Century Worldwide"	New Century Worldwide Capital Limited, an indirect wholly-owned subsidiary of Huang Group and the controlling Shareholder holding approximately 56.2% interest in the Company as at the Latest Practicable Date
"Previous Owners"	Queenston Investment Limited and Jackston Shipping Limited, companies incorporated in the BVI and indirectly wholly-owned by subsidiaries of Huang Group, which are the previous owners of the Vessels, details of which were out in the announcement and the circular of the Company dated 1st April, 2004 and 3rd May, 2004, respectively
"Purchaser"	Peak Ever Enterprises Limited, a wholly-owned subsidiary of the Company
"Queenston"	Queenston Maritime Limited, a company incorporated in the BVI and a wholly-owned subsidiary of NCML
"Sale Loan"	US$8,450,155.00 (equivalent to HK$65,911,209.00), representing 20% of the Shareholders' Loans, to be assigned by the Vendor to the Purchaser upon Completion
"Sale Shares"	2,000 ordinary shares of US$1.00 each in the capital of NCML beneficially owned by the Vendor, representing 20% of the entire issued shares of NCML
"Scheme Mandate Limit"	the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company, which is 10% of the total number of issued shares as at the date of adoption of the Share Option Scheme subject to any refreshment thereafter
"Second Convertible Bond"	the convertible bond in the principal amount of US$8,450,155.00 (equivalent to HK$65,911,209.00) to be issued by the Company to the Vendor or its nominees entitling the holder thereof to convert the outstanding principal amount into new Conversion Shares at an exercise price of HK$0.62 per Share (subject to adjustment) pursuant to the Agreement
"SFO"	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme adopted by an ordinary resolution passed at the annual general meeting of the Company held on 23rd September, 2002
"Shareholders"	holders of the Shares

"Shareholders' Loans"	the unsecured interest-free loans (repayable on demand) in the total principal amount of US$42,250,775.00 (equivalent to HK$329,556,045.00) advanced by the Vendor and the Purchaser to NCML pro rata to their respective shareholdings in NCML, namely 75% thereof in the amount of US$31,688,081.25 (equivalent to HK$247,167,033.75) owed by NCML to the Vendor and 25% thereof in the amount of US$10,562,693.75 (equivalent to HK$82,389,011.25) owed by NCML to the Purchaser as at the Latest Practicable Date
"Shares"	ordinary shares of HK$0.01 each in the share capital of the Company
"Somerley"	Somerley Limited, financial adviser to the Company in connection with the Acquisition, a corporation deemed licensed under the SFO to conduct type 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities
"Special General Meeting"	the special general meeting of the Company to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 25th February, 2005 at 10:00 a.m. for the purpose of considering, and if thought fit, approving (i) the Acquisition (including the issue of Second Convertible Bond and the Conversion Shares); and (ii) the refreshment of the Scheme Mandate Limit, notice of which is set out herein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sub-charter Agreements"	two agreements both dated 17th October, 2002 entered into between the Charterer and Evervalue in relation to the sub-chartering of the Vessels by the Charterer, details of which were set out in the announcement and the circular of the Company dated 17th October, 2002 and 5th November, 2002, respectively
"Vendor"	New Century Cruise Line International Limited (formerly known as "Marcus Profits Limited"), a company incorporated in the BVI which is wholly-owned by Huang Worldwide
"Vessels"	two cruise liners, namely "Leisure World" and "Amusement World"
"Vigers"	Vigers Appraisal & Consulting Limited, an independent firm of professional valuers
"HK$"	Hong Kong dollars

"S$"	Singapore dollars
"US$"	United States dollars

Throughout this circular, amounts in US$ and S$ have been translated, for illustration only, into HK$ at the exchange rates of US$1.0 = HK$7.8 and S$1.0 = HK$4.6, respectively.

NEW CENTURY GROUP HONG KONG LIMITED
新 世 紀 集 團 香 港 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 234)

Executive Directors:
Mr. Wilson Ng *(Chairman)*
Ms. Sio Ion Kuan *(Deputy chairman)*
Mr. Ng Wee Keat *(Chief executive officer)*
Ms. Ng Siew Lang, Linda *(Chief operating officer)*
Ms. Lilian Ng
Mr. Lo Ming Chi, Charles
Ms. Chen Ka Chee
Mr. Yu Wai Man

Independent Non-executive Directors:
Mr. Wong Kwok Tai
Mr. Kwan Kai Kin, Kenneth
Mr. Ho Yau Ming

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
Unit 3808, 38th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

31st January, 2005

To the Shareholders and, for information only, the holder of the First Convertible Bond

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF A FURTHER 20% INTEREST IN THE VESSELS

REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

INTRODUCTION

On 26th November, 2004, the Directors announced that pursuant to the Agreement, the Purchaser conditionally agreed to acquire from the Vendor a further 20% interest in NCML together with the rights of and benefits in the Sale Loan at an aggregate consideration of US$9,219,586.30 (equivalent to approximately HK$71,912,773.14).

* *For identification only*

NCML is an investment holding company whose principal asset is the entire beneficial interest in the Vessels. The Vessels are the two cruise liners, namely "Leisure World" and "Amusement World".

On 1st April, 2004, the Directors announced the First Acquisition whereby the Purchaser entered into a sale and purchase agreement dated 26th March, 2004 (as supplemented on 30th March, 2004) with the Vendor, NCML, and Huang Worldwide to acquire 2,500 shares in NCML, representing 25% of the issued share capital of NCML and the rights and benefits of and in the shareholders' loan in an amount of US$10,562,693.75 (equivalent to HK$82,389,011.25), representing 25% of the Shareholders' Loans. The consideration for the First Acquisition of US$10,565,193.75 (equivalent to HK$82,408,511.25) was satisfied by issuing the First Convertible Bond to the Vendor entitling it to convert the outstanding principal amount into new Shares at an exercise price of HK$0.61 per Share (subject to adjustment) at any time on or before the maturity date. Details of the First Acquisition were set out in the announcement and the circular of the Company dated 1st April, 2004 and 3rd May, 2004, respectively. The First Acquisition was completed in July 2004.

In aggregating the First Acquisition, the Acquisition constitutes a very substantial acquisition for the Company in accordance with Rule 14.22 of the Listing Rules. By virtue of Huang Group's interest in the Company and the Vendor, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Acquisition is subject to the approval of the Independent Shareholders at the Special General Meeting.

In order to provide the Company with more flexibility in providing incentive to the Eligible Participants by way of granting options pursuant to the Share Option Scheme, the Directors propose to refresh the Scheme Mandate Limit.

The Special General Meeting has been convened by the Company at which ordinary resolutions will be proposed to seek approval for (i) the Acquisition (including the issue of the Second Convertible Bond and the Conversion Shares); and (ii) the refreshment of the Scheme Mandate Limit. At such meeting, the votes of the Independent Shareholders in relation to the Acquisition including the issue of Second Convertible Bond and the Conversion Shares will be taken by poll where New Century Worldwide, Mr. Huang and their respective associates will abstain from voting. As at the Latest Practicable Date, New Century Worldwide, Mr. Huang and their respective associates controlled the voting right in respect of their Shares. The Independent Board Committee comprising Mr. Wong Kwok Tai, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming has been constituted to advise the Independent Shareholders relating to the Acquisition (including the issue of the Second Convertible Bond and the Conversion Shares). Dao Heng Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, amongst other things, (i) details of the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Dao Heng Securities to the Independent Board Committee and the Independent Shareholders; (iv) an accountants' reports on NCML and the Previous Owners; (v) the pro forma financial information on the Enlarged Group; (vi) a property valuation report of the Enlarged Group; (vii) an independent valuation report on the Vessels; (viii) information on the refreshment of the Scheme Mandate Limit; and (ix) the notice of the Special General Meeting.

THE AGREEMENT DATED 23RD NOVEMBER, 2004 (AS SUPPLEMENTED ON 7TH JANUARY, 2005)

Parties to the Agreement

(i)	Vendor:	New Century Cruise Line International Limited (formerly known as "Marcus Profits Limited"), a wholly-owned subsidiary of Huang Worldwide
(ii)	Purchaser:	Peak Ever Enterprises Limited, a wholly-owned subsidiary of the Company
(iii)	Target company:	New Century Maritime Limited (formerly known as "People Value Limited") or NCML (as referred to herein), which was held as to 25% by the Purchaser and as to 75% by the Vendor as at the Latest Practicable Date

The Vendor is an investment holding company whose sole assets are its interests in NCML. Huang Worldwide is a wholly-owned subsidiary of Huang Group. Both Huang Worldwide and Huang Group are investment holding companies.

Assets to be acquired

The Purchaser has conditionally agreed to acquire from the Vendor (i) the Sale Shares, being 2,000 shares in NCML, representing 20% of the issued share capital of NCML; and (ii) the rights of and benefits in the Sale Loan of US$8,450,155.00 (equivalent to HK$65,911,209.00), representing 20% of the Shareholders' Loans of US$42,250,775.00 (equivalent to HK$329,556,045.00).

As at the Latest Practicable Date, NCML was held as to 25% by the Purchaser and 75% by the Vendor. The Shareholders' Loans are advanced to NCML by each of the Purchaser and the Vendor pro rata to their respective existing shareholdings in NCML. Upon Completion, the Purchaser will hold 45% interest in NCML and the remaining 55% interest in NCML will be held by the Vendor. The Shareholders' Loans advanced to NCML by the Purchaser and the Vendor will remain proportionate to their respective shareholdings in NCML upon Completion.

Consideration

The Consideration of US$9,219,586.30 (equivalent to HK$71,912,773.14) (subject to adjustment as mentioned below) for the Acquisition was determined based on (i) the unaudited consolidated net asset value of NCML of US$3,847,156.70 (equivalent to HK$30,007,822.26) as at 31st October, 2004 as shown in its unaudited consolidated management accounts; and (ii) the amount of the Sale Loan of US$8,450,155.00 (equivalent to HK$65,911,209.00) as at 31st October, 2004. The Consideration equals the aggregate value of (i) the unaudited consolidated net asset value of NCML attributable to the Sale Shares; and (ii) the Sale Loan to be acquired by the Purchaser.

The Consideration is to be satisfied by the Purchaser as to (i) US$769,431.30 (equivalent to HK$6,001,564.14) by cash; and (ii) US$8,450,155.00 (equivalent to HK$65,911,209.00) by procuring the Company to issue the Second Convertible Bond in such a principal amount to the Vendor or its nominee on Completion. The cash portion of the Consideration will be satisfied by the internal resources of the Group.

The principal terms of the Second Convertible Bond to be issued by the Company will be as follows:–

Principal amount:	US$8,450,155, credited as fully paid at its face value in satisfaction of part of the Consideration.
Maturity date:	Unless previously converted or repaid, the outstanding principal amount of the Second Convertible Bond will be repaid by the Company on the day preceding the second anniversary of the date of issue of the Second Convertible Bond.
Interest:	1% per annum on the principal amount outstanding from time to time, payable semi-annually in arrears.
Conversion and redemption:	Unless previously redeemed on the basis referred to below, the whole or any part (in an amount or integral multiple of US$1,000,000 or if less, the entire outstanding amount of the Second Convertible Bond) of the outstanding principal amount of Second Convertible Bond will be convertible from time to time and at any time over the two-year term of the Second Convertible Bond at a conversion price of HK$0.62 per Share (subject to adjustment) and at the agreed exchange rate of US$1.00 to HK$7.80. To the extent not previously converted, the Company shall redeem the Second Convertible Bond in cash at maturity. The conversion price of the Second Convertible Bond will be subject to adjustment provisions which are standard terms for convertible securities of similar type. The adjustment events will arise as a result of certain change in the share capital of the Company including consolidation or sub-division of shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.
Early Redemption:	Early redemption of the whole or part (in an amount or integral multiple of US$1,000,000 or if less, the entire outstanding amount of the Second Convertible Bond) of the Second Convertible Bond by the Company will be permitted at any time after its date of issue at a value equal to the outstanding principal amount (together with accrued interest thereon). The Vendor may within five business days from the date of the redemption notice elect to

	convert the whole or any part (in an amount or integral multiple of US$1,000,000 or if less, the entire outstanding amount of the Second Convertible Bond) of the Second Convertible Bond into Conversion Shares at a conversion price of HK$0.62 per Share (subject to adjustment).
Listing:	No application will be made for the listing of the Second Convertible Bond on any stock exchange. Application has been made for the listing of and permission to deal in the Conversion Shares on the Stock Exchange.
Conversion Shares:	On the basis of the principal amount of US$8,450,155 and the initial conversion price of HK$0.62 per Share, a total of 106,308,401 Conversion Shares will be issued upon full conversion of the Second Convertible Bond. The Conversion Shares shall upon issue rank pari passu in all respects with the then issued Shares.
Transferability:	The Second Convertible Bond will not be assignable or transferable except with the prior written consent of the Company. Save as aforesaid, there is no other restriction applicable to the subsequent sale of the Second Convertible Bond and the Conversion Shares.

The total of 106,308,401 Conversion Shares to be issued upon full conversion of the Second Convertible Bond (subject to adjustment) represents approximately 12.6% of the existing share capital of the Company and approximately 11.2% of the share capital of the Company as enlarged by such Conversion Shares. The initial conversion price of the Second Convertible Bond of HK$0.62 per Share represents:

(i) a premium of approximately 1.6% over the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 22nd November, 2004, being the last full trading day prior to the suspension of trading in the Shares pending the release of the Announcement;

(ii) a discount of approximately 3.1% to the average closing price of HK$0.64 per Share as quoted on the Stock Exchange over the last five trading days up to and including 22nd November, 2004;

(iii) a discount of approximately 4.6% to the average closing price of HK$0.65 per Share as quoted on the Stock Exchange over the last 10 trading days up to and including 22nd November, 2004;

(iv) a discount of approximately 6.1% to the average closing price of HK$0.66 per Share as quoted on the Stock Exchange over the last 30 trading days up to and including 22nd November, 2004;

(v) a discount of approximately 42.6% to the closing price of HK$1.08 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(vi) a premium of approximately 121.4% over the audited net tangible assets of the Group of HK$0.28 per Share as at 31st March, 2004; and

(vii) a premium of 100% over the unaudited net tangible assets of the Group of HK$0.31 per Share as at 30th September, 2004.

At the time of the First Acquisition, the Vessels were valued (by Vigers on the basis of their fair market value in continued use) at US$48.5 million (equivalent to HK$378.3 million) as at 20th March, 2004 while the Vessels were valued (by Vigers on the basis of their fair market value in continued use) at US$47.9 million (equivalent to approximately HK$373.6 million) as at 31st October, 2004 for the purpose of the Acquisition. Since both of the considerations for the First Acquisition and the Acquisition were determined based on the consolidated net asset value of NCML which had taken into account the valuation of the Vessels with no material variation, there is no material difference between the implied valuation for the First Acquisition and that of the Acquisition.

Adjustment to the Consideration:

Under the terms of the Agreement, an international accounting firm will be engaged immediately after Completion to determine the audited consolidated net asset value of the NCML Group as at the date of Completion. It is a term of the Agreement that the audited consolidated accounts of NCML as at the date of Completion will be issued within 45 days after Completion. Pursuant to the Agreement, the Consideration shall be subject to the following adjustments:

(i) in the event that the consolidated net asset value of NCML as shown in its audited accounts as at Completion Date is higher than approximately US$3.8 million (which was the consolidated net asset value of NCML as at 31st October, 2004 as shown in its management accounts), then the Purchaser shall pay to the Vendor an amount equal to 20% of the excess (representing the differences in the consolidated net asset value of NCML) in cash; and

(ii) in the event that the consolidated net asset value of NCML as shown in its audited accounts as at Completion Date is lower than approximately US$3.8 million (which was the consolidated net asset value of NCML as at 31st October, 2004 as shown in its management accounts), then the Vendor shall pay to the Purchaser an amount equal to 20% of the shortfall (representing the differences in the consolidated net asset value of NCML) in cash.

Conditions of the Agreement

The Agreement is subject to and conditional upon the fulfillment of following conditions precedent on or before 28th February, 2005 (or such later date as shall be agreed between the Vendor and the Purchaser in writing):

(i) all consents and approvals (if any) of the Stock Exchange, any relevant governmental or regulatory authorities and other relevant third parties which are necessary and essential for the entering into and the implementation of the Agreement and all transactions contemplated under the Agreement having been obtained;

(ii) the approval of the Agreement, including the issue of the Second Convertible Bond and the Conversion Shares to be issued thereunder, by the Independent Shareholders at the Special General Meeting;

(iii) consent in writing from the mortgagee under the mortgage for a bank loan on the vessel "Leisure World" executed by Queenston for the entering into and the implementation of the Agreement and all transactions contemplated under the Agreement having been obtained; and

(iv) the approval for the listing of and permission to deal in the Conversion Shares to be issued by the Company under the Second Convertible Bond from the Stock Exchange having been obtained.

None of the above conditions is capable of being waived. If any of the above conditions are not fulfilled on or before 28th February, 2005, then the Agreement shall be void and of no effect and no party shall have any rights or claims whether for loss or damages or other reliefs whatsoever against any of the other parties on any ground save for antecedent breaches. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Completion

Completion is to take place on the 7 business day after fulfillment of the conditions referred to above. Upon Completion, the Vendor, the Purchaser and NCML shall enter into a new shareholders agreement to replace the existing shareholders agreement to reflect the changes in the shareholding in NCML between the Purchaser and Vendor. The maximum number of board members of NCML upon Completion will be increased from four directors to five directors. The Vendor shall be entitled to nominate up to three persons as directors and the Purchaser shall be entitled to nominate up to two persons as directors. The quorum for the meeting of the board of directors shall be not less than two directors and at least one of which shall be nominated by the Purchaser.

The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the Purchaser will not be varied in consequence of the Acquisition.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following is a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date and immediately after Completion; (ii) upon full conversion of the First Convertible Bond; (iii) upon full conversion of the Second Convertible Bond; and (iv) upon full conversion of the First Convertible Bond and the Second Convertible Bond (assuming no other changes in shareholding before then):

Shareholders	As at the Latest Practicable Date and immediately after Completion		Upon full conversion of the First Convertible Bond		Upon full conversion of the Second Convertible Bond		Upon full conversion of the First Convertible Bond and the Second Convertible Bond	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Huang Worldwide *(Note 1)*:								
– New Century Worldwide	474,496,952	56.2	474,496,952	48.4	474,496,952	49.9	474,496,952	43.7
– Vendor *(Note 2)*	–	–	135,095,920	13.8	106,308,401	11.2	241,404,321	22.2
	474,496,952	56.2	609,592,872	62.2	580,805,353	61.1	715,901,273	65.9
Mr. Huang	14,460,000	1.7	14,460,000	1.5	14,460,000	1.5	14,460,000	1.3
Directors (including directors of subsidiaries) *(Note 3)*	119,296,000	14.1	119,296,000	12.2	119,296,000	12.5	119,296,000	11.0
Public	236,426,962	28.0	236,426,962	24.1	236,426,962	24.9	236,426,962	21.8
Total	844,679,914	100.0	979,775,834	100.0	950,988,315	100.0	1,086,084,235	100.0

Notes:

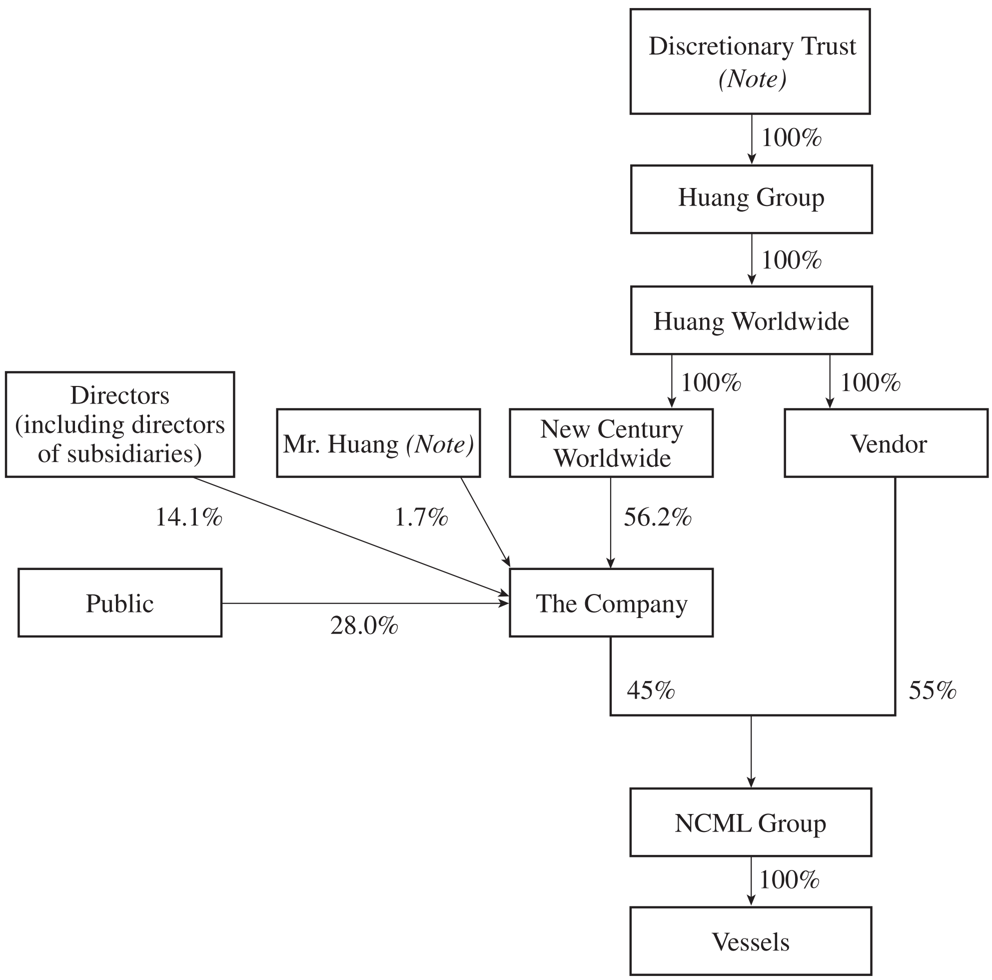
(1) Huang Worldwide, a wholly-owned subsidiary of Huang Group, is the immediate and sole holding company of both New Century Worldwide and the Vendor.

(2) The Vendor is the holder of the First Convertible Bond, upon full conversion of which at the initial conversion price of HK$0.61 per Share, 135,095,920 new Shares will be issued. No new Shares have been converted under the First Convertible Bond since its issue up to the Latest Practicable Date.

(3) Mr. Wilson Ng, Ms. Sio Ion Kuan, Mr. Ng Wee Keat, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng, who are all executive Directors and the discretionary beneficiaries of the Discretionary Trust, are interested in 13,000,000 Shares, 31,000,000 Shares, 13,000,000 Shares, 13,000,000 Shares and 13,000,000 Shares, respectively. Ms. Chen Ka Chee and Mr. Yu Wai Man, who are executive Directors, are interested in 32,688,000 Shares and 2,500,000 Shares, respectively. The remaining 1,108,000 Shares are held by certain directors of the subsidiaries of the Company.

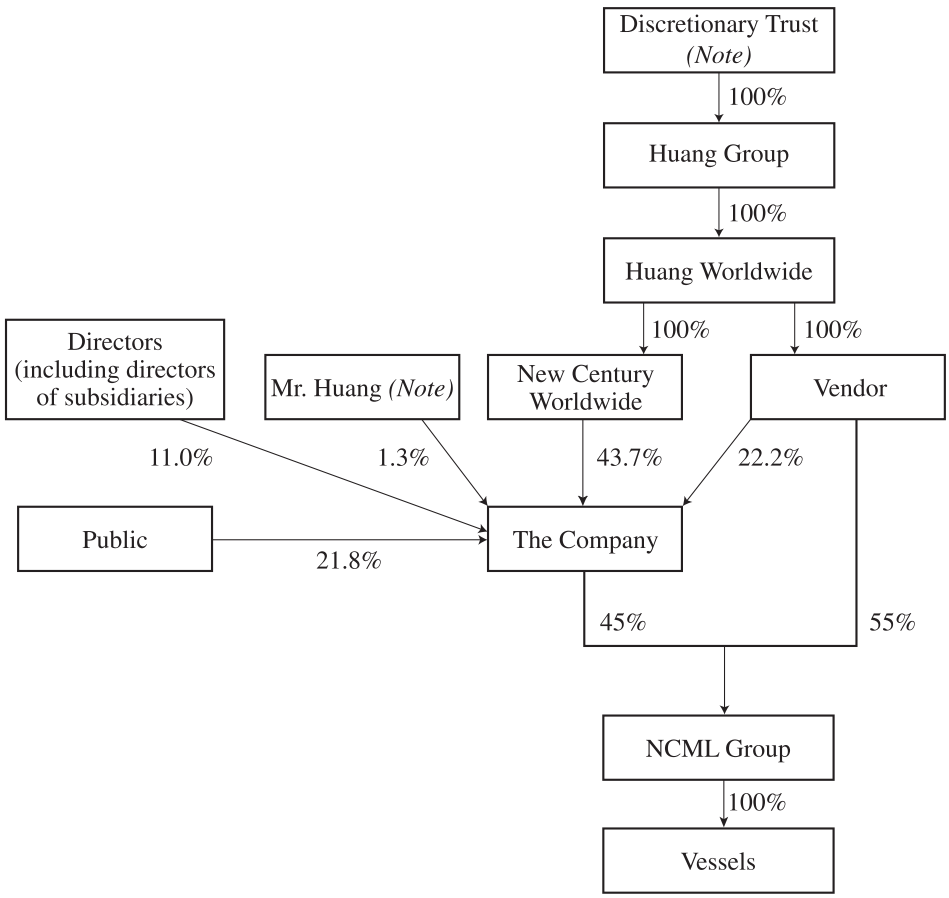
Huang Worldwide, through its interest in New Century Worldwide and Vendor, will be interested in more than 50% interests in the Company before Completion and immediately after Completion and upon conversion of any of the First Convertible Bond and the Second Convertible Bond. Accordingly, no change of control of the Company will be resulted from the Acquisition and/or any of the conversion of the First Convertible Bond and/or the Second Convertible Bond.

Set out below is the shareholding chart of the Company upon Completion but before conversion of the First Convertible Bond and the Second Convertible Bond:



Note: Discretionary beneficiaries of the Discretionary Trust include Mr. Huang, his family members and unspecified charities.

Set out below is the shareholding chart of the Company upon Completion and after conversion of the First Convertible Bond and the Second Convertible Bond:



Note: Discretionary beneficiaries of the Discretionary Trust include Mr. Huang, his family members and unspecified charities.

Public float

The Vendor has undertaken to the Purchaser and the Stock Exchange that it will maintain the public float of the Shares and will not allow, cause or procure any part of the First Convertible Bond and/or the Second Convertible Bond to be converted into any new Shares if (i) the public float of the Shares is less than 25%; or (ii) by doing so the public float of the Shares will be less than 25% so that the minimum public float of the Shares will not be maintained.

If less than 25% (or such a lower percentage as may be allowed under the Listing Rules) of the Shares are held by the public, the Company will constitute a breach of the Listing Rules. The Stock Exchange will monitor closely all trading in the Shares to ensure that a false market does not develop and if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading in the Shares; or

(ii) there are too few Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.

INFORMATION ON THE NCML GROUP, THE PREVIOUS OWNERS AND THE VESSELS

NCML was incorporated in the BVI on 2nd March, 2004. NCML is an investment holding company whose principal assets are the entire beneficial interests in the Vessels through its two wholly-owned subsidiaries, Queenston and Jackston.

Queenston was incorporated in the BVI on 7th April, 2004. Queenston is wholly-owned by NCML. Queenston is an investment holding company whose principal asset is the vessel "Leisure World". Its principal business is chartering the vessel "Leisure World". Jackston was incorporated in the BVI on 7th April, 2004. Jackston is wholly-owned by NCML. Jackston is an investment holding company whose principal asset is the vessel "Amusement World". Its principal business is chartering the vessel "Amusement World".

The Vessels are the two cruise liners, namely "Leisure World" and "Amusement World". "Leisure World" was built in 1969 with a carrying capacity of 1,252 persons. It has been operating as a cruise liner from Singapore, Malaysia and Indonesia for eleven years. "Amusement World" was built in 1967 with a carrying capacity of 874 persons. It has been operating as a cruise liner from Singapore, Malaysia and Indonesia for seven years.

The Previous Owners, acquired from independent third parties the Vessels "Leisure World" and "Amusement World" in November 1995 and September 2000, respectively and the respective purchase costs paid by the Previous Owners were US$18.2 million (equivalent to approximately HK$142.0 million) and US$6.9 million (equivalent to approximately HK$53.8 million). Since then, there was no change in ownership of the Vessels before the First Acquisition. For the purpose of the First Acquisition, the Vessels were disposed by the Previous Owners to the NCML Group in July 2004 at an aggregate consideration of US$48.5 million (equivalent to approximately HK$378.3 million).

The Group commenced its vessel-chartering business in late 2002 by entering into of the Charter Agreements on 17th October, 2002, pursuant to which, the Group chartered the Vessels from the Previous Owners for an indefinite period and may be used from the date of delivery of the Vessels until termination by either party serving on the other party not less than 60 days' written notice of termination or on the termination of the Sub-charter Agreements. On the same date, the Group entered into the Sub-charter Agreements with Evervalue (a third party independent of the Company and its connected persons), pursuant to which, Evervalue sub-chartered the Vessels from the Group for an indefinite period for the purpose of operating the food and beverage, leisure services, accommodation, entertainment, gaming and cruise tour services among Singapore, Malaysia and Indonesia from the date of delivery of the Vessels until termination by either party serving on the other party not less than 60 days' written notice of termination or on the termination of the Charter Agreements. Pursuant to the Charterparty Novation Deeds, Queenston and Jackston substituted for the Previous Owners in the Charter Agreements.

The Vessels possess accommodation, dining facilities and function rooms. Other facilities include sun decks, gaming rooms (casino), child care facilities, beauty salons, massage facilities, exercise facilities, lounges, bars, entertainment and shopping facilities. The Vessels attract customers from the Asian region.

The operator of the gaming activities on the Vessels is Evervalue. The books and record of the gaming activities regarding its relevant revenue and expenses are kept by Evervalue. As the Group is not the operator of the gaming activities, the Group will not be exposed to any risk in relation to money laundering (if any) on the Vessels. As advised by O'Melveny & Myers, the legal adviser of the Company, no licence is required under the Gambling Ordinance of Hong Kong for the operation of the gaming activities on board the Vessels on the basis that the gaming activities will be conducted exclusively outside Hong Kong. The operations of the gaming activities on the Vessels outside Hong Kong do not contravene the Gambling Ordinance of Hong Kong. The Company will (insofar as it is able to in its capacity as a shareholder of the NCML Group which owns the Vessels) ensure that for so long as the Company has a direct and indirect interest in the Vessels, the gaming activities conducted on such Vessels will comply with the applicable laws and/or not contravene the Gambling Ordinance of Hong Kong insofar as it is applicable.

In the event that any of the gaming activities operated by Evervalue is illegal, the Group will terminate the Sub-charter Agreements in accordance with their terms and seek for another sub-charterer and given the improving economy of the Asia Pacific region, the Group does not anticipate any difficulty in locating a new sub-charterer.

Shareholders should be aware that under the Guidelines issued by the Stock Exchange in relation to "Gambling Activities undertaken by listed applicants and/or listed issuers" dated 11th March, 2003, should the Group be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas with such activities operate and/or (ii) contravene the Gambling Ordinance of Hong Kong such that the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Main Board Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend the dealings in, or may cancel the listing of, its securities.

According to the accountants' report on NCML as set out in Appendix II, the NCML Group recorded an audited turnover (representing vessel-charter service income) of approximately HK$41.4 million for the period since its incorporation to 31st October, 2004. The audited consolidated profit before taxation and profit after taxation of the NCML Group for the period since its incorporation to 31st October, 2004 were both approximately HK$28.4 million. No extraordinary items have been recorded for the period since its incorporation to 31st October, 2004. As at 31st October, 2004, the audited consolidated total asset value and net asset value of the NCML Group were approximately HK$434.9 million and HK$30.3 million, respectively. The book value of the Vessels in the consolidated accounts of the NCML Group was approximately HK$373.6 million as at 31st October, 2004.

According to the audited combined accounts of the Previous Owners, as set out in Appendix II, the Previous Owners recorded a turnover (representing the vessel-charter service income) of approximately HK$177.8 million and HK$136.0 million for the years ended 31st March, 2003 and 2004, respectively. The audited combined profit before taxation and profit after taxation of the Previous Owners for the years ended 31st March, 2003 and 2004 were approximately HK$138.5 million and HK$101.0 million, respectively. No extraordinary items have been recorded for the two years ended 31st March, 2004. As at 31st March, 2003, the audited combined total asset value and net asset value of the Previous Owners were approximately HK$666.4 million and HK$629.1 million, respectively. As at 31st March, 2004, the audited combined total asset value and net asset value of the Previous Owners were approximately HK$730.5 million and HK$698.3 million, respectively. For the period from 1st April to 14th July, 2004, the Previous Owners recorded a turnover (representing vessel-charter service income) of approximately HK$39.5 million, and an audited combined profit before taxation and profit after taxation of the Previous Owners of HK$38.7 million. As at 14th July, 2004, the audited combined total asset value and net asset value of the Previous Owners were approximately HK$736.3 million and HK$735.5 million, respectively.

According to the valuation prepared by Vigers (who was also the valuer appointed for the First Acquisition), the Vessels were valued at US$47.9 million (equivalent to approximately HK$373.6 million) as at 31st October, 2004 and the remaining economic lives of the vessels namely "Leisure world" and "Amusement World" are about 15 years and 14 years respectively. Vigers is an independent firm of professional valuers. The person in charge of the valuation of the Vessels is a professional mechanical engineer who has over 30 years' experience in the valuation of industrial plant. He also has over 20 years' experience in the valuation of plant, machinery and equipment in Hong Kong, the PRC and Asia Pacific Rim. The valuation report of the Vessels is set out in Appendix V to this circular.

Based on the audited accounts of Queenston Investment Limited (the previous owner of "Leisure World") and the financial information of Queenston which formed part of the audited financial statements of the NCML Group, the aggregate turnover (representing vessel-charter service income) attributable to the vessel "Leisure World" was approximately HK$112.2 million and HK$82.4 million for the two years ended 31st March, 2004. For the two years ended 31st March, 2004, the net profits (both before and after taxation) attributable to the vessel "Leisure World" were approximately HK$86.7 million and HK$62.5 million, respectively. For the seven months ended 31st October, 2004, the turnover and net profit (both before and after taxation) attributable to the vessel "Leisure World" was approximately HK$49.0 million and approximately HK$36.7 million, respectively. No extraordinary items attributable to the vessel "Leisure World" have been recorded for the above years and period.

Based on the audited accounts of Jackston Shipping Limited (the previous owner of "Amusement World") and the financial information of Jackston which formed part of the audited financial statements of the NCML Group, the aggregate turnover (representing vessel-charter service income) attributable to the vessel "Amusement World" was approximately HK$65.6 million and HK$53.6 million for the two years ended 31st March, 2004. For the two years ended 31st March, 2004, the net profits (both before and after taxation) attributable to the vessel "Amusement World" were approximately HK$51.8 million and HK$38.5 million, respectively. For the seven months ended 31st October, 2004, the turnover and net profit (both before and after taxation) attributable to the vessel "Amusement World" was approximately HK$31.9 million and HK$30.3 million, respectively. No extraordinary items attributable to the vessel "Amusement World" have been recorded for the above years and period.

FINANCIAL EFFECTS OF THE ACQUISITION

Following Completion, NCML will continue to be an associated company of the Group. According to the accounting policies of the Group, the Group's interests in NCML are stated in the consolidated balance sheet as the Group's share of net assets under the equity method of accounting less any impairment losses.

Set out in Appendix III to this circular is the pro forma financial information of the Enlarged Group, after taking into account of the effect of the Acquisition.

REASONS FOR THE ACQUISITION

The principal activities of the Group comprise vessel-chartering and hotel operation in Asia Pacific region, property investment in Hong Kong, provision of property information and monitoring services through websites, and securities trading.

Following completion of the First Acquisition in July 2004, NCML has become an associated company of the Company and its results are shared by the Group under equity accounting method. Upon Completion, the Company will be interested in 45% of NCML which will continue to be an associated company of the Company. Given the stable profit-generating ability of the Vessels as evidenced by their results as mentioned in the section headed "Information on the NCML Group, the Previous Owners and the Vessels" above, the Directors believe that it is the opportune time to increase the stake in NCML and the Acquisition will benefit the Group by the increase in sharing the profits generated by the NCML Group. The Directors believe that the cruise liner operation will continue to generate attractive returns and will position the Group to benefit from the continuous improvement in the economy of the Southeast Asian region in the future. If opportunities arise, the Company may consider to further expand its cruise line business which may or may not include acquiring further interest in NCML.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition (including the Second Convertible Bond and the Conversion Shares) are fair and reasonable as far as the Shareholders are concerned and that the Acquisition (including the Second Convertible Bond and the Conversion Shares) is in the interests of the Company and the Shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE NCML GROUP AND THE PREVIOUS OWNERS

Following the acquisition of the Vessels by the NCML Group from the Previous Owners in July 2004, Queenston and Jackston (which are wholly-owned subsidiaries of NCML) entered into the Charterparty Novation Deeds and assumed all the obligations undertaken by the Previous Owners in the Charter Agreements, the Sub-Charter Agreements and the Management Agreements. For the purpose of analysing the performance of the Vessels (which were held by the Previous Owners before 14th July, 2004 and have been held by the NCML Group since 14th July, 2004), we set out below the management discussion and analysis on the Previous Owners and the NCML Group for the relevant years/period:

(i) For the Previous Owners

Year ended 31st March, 2002

Results

The principal assets held by the Previous Owners were the Vessels which generated stable vessel-charter service income. The result for this year was stable with no change in vessel-charter service income during the year. The expenses for the Previous Owners comprised vessels maintenance costs, finance costs and operating expenses. A gain in exchange was recorded in the year arising from the conversion of balance sheet items denominated in foreign currencies.

Charge on assets

One of the Vessels namely "Leisure World" has been pledged to secure a bank loan of US$6 million (equivalent to HK$46.8 million) which is a term loan facility granted to its holding company and subsequently repaid in December 2002.

Liquidity and financial resources

The Previous Owners remained liquid for the financial year. All its receivables and payables were mainly due from/to its immediate holding companies, a former director or fellow subsidiaries. There was no gearing for the Previous Owners in this financial year as the bank loan was recorded in the accounts of their holding company. The Previous Owners did not have any capital commitments or liabilities as at the year end.

Major acquisition or disposal

No material acquisitions or disposals were made during the financial year.

Human resources

The Previous Owners did not have any employees as one of its related companies provided the required management services pursuant to the Management Agreements.

Year ended 31st March, 2003

Results

With renovation and extension done on the Vessels in the past years to increase gross usable area in the Vessels, higher vessel-charter service income was made as compared with the previous year. However, following the entering into the Charter Agreements with the Group in November 2002, the charter fee was adjusted to the prevailing market rate. Pursuant to the Charter Agreements, the charter fee has been fixed for the first five years commencing November 2002. Save as aforesaid, there was no other fluctuation in turnover. There was an increase in operating expenses due to a loss in exchange arising from the conversion of balance sheet items denominated in foreign currencies. Other operating expenses for the Previous Owners were maintained at a similar level.

Charge on assets

The pledge on one of the Vessels namely "Leisure World" to secure a bank loan of US$6 million (equivalent to HK$46.8 million) which is a term loan facility granted to its holding company was discharged during the year.

Liquidity and financial resources

The Previous Owners remained liquid for the financial year. All its receivables and payables were mainly due from/to its immediate holding companies, a former director or fellow subsidiaries. There was no gearing for the Previous Owners in this financial year as the bank loan was recorded in the accounts of their holding company. The Previous Owners did not have any capital commitments or liabilities as at the year end.

Major acquisition or disposal

No major acquisitions or disposals were made during the financial year.

Human resources

The Previous Owners did not have any employees as one of its related companies provided the required management services pursuant to the Management Agreements.

Year ended 31st March, 2004

Results

This year's results recorded a reduction in both turnover and profit as a result of the Charter Agreements, the charter fee of which was charged at the prevailing market value. Except for a loss in exchange arising from conversion of balances, all other expenses of the Previous Owners were maintained at a similar level.

Charge on assets

One of the Vessels namely "Leisure World" has been pledged to secure a bank loan of US$9 million which is a term loan facility granted to its holding company fully repayable in June 2006 and subsequently repaid in July 2004.

Liquidity and financial resources

The Previous Owners remained liquid for the financial year. All its receivables and payables were mainly due from/to its holding companies, a former director or fellow subsidiaries. There was no gearing for the Previous Owners in this financial year as the bank loan was recorded in the accounts of their holding company. The Previous Owners did not have any capital commitments or liabilities as at the year end.

Major acquisition or disposal

No major acquisitions or disposals were made during the financial year

Human resources

The Previous Owners did not have any employees as one of its related companies provided the required management services pursuant to the Management Agreements.

Period from 1st April, 2004 to 14th July, 2004

Results

Vessel-charter service income remained stable. A gain of approximately US$1 million (approximately HK$7.5 million) was recorded from the disposal of the Vessels from the Previous Owners to the NCML Group during the period.

Charge on assets

One of the Vessels namely "Leisure World" has been pledged to secure a bank loan of US$9 million (equivalent to HK$70.2 million) which is a term loan facility granted to its holding company and has been fully repaid during the period.

Major acquisition or disposal

The Previous Owners disposed the Vessels "Leisure World" and "Amusement World" to Queenston and Jackston for considerations of US$30 million (equivalent to HK$234 million) and US$18.5 million (equivalent to HK$144.3 million), respectively. A gain of approximately US$1 million (approximately HK$7.5 million) was recorded for such disposal in this period.

(ii) For the NCML Group

Period from 2nd March, 2004 (date of incorporation of NCML) to 31st October, 2004

This was the first set of results for the NCML Group since the incorporation of NCML. Before the acquisition of the Vessels in July 2004, the NCML Group has not commenced any business. As the charter fee remained the same and has not been affected by such acquisition, the NCML Group generated a stable income and its operating expenses have been maintained at a similar level compared with that of the Previous Owners.

Charge on assets

Due to the acquisition of the Vessels by NCML Group from the Previous Owners the vessel "Leisure World" with the market value of US$30 million (equivalent to HK$234 million) was pledged to the bank for a new term loan amounting to US$6.25 million (equivalent to HK$48.75 million) which will be fully repaid by June 2006. A deposit of US$2.25 million (equivalent to HK$17.55 million) has also been pledged to the bank as part of the collateral for the bank loan.

Liquidity and financial resources

The NCML Group was very liquid with cash on hand of US$4.2 million (equivalent to approximately HK$32.8 million) and an amount due from a fellow subsidiary for the charter fee which was repaid subsequently in the next month. The liabilities were mainly interest-bearing bank loan, charter deposits and shareholders' loan. The gearing ratio was 1.35 (on the basis of total bank loans over shareholder's equity). It was high due to the high level of shareholders' loan. The gearing ratio will soon be reduced to a relatively low level with the strong profit-generating power of the NCML Group and the gradual repayment of bank loan. The NCML Group did not have any capital commitments or liabilities as at the period end.

Major acquisition or disposal

No acquisitions or disposals were made during this period.

Human resources

The NCML Group did not have any employees as one of its related companies provided the required management services pursuant to the Management Agreements.

PROSPECTS OF THE ENLARGED GROUP

In the past few years, the Board has adopted a strategy of liquidating less attractive investments and to strengthen the Group's investments with stable revenue-generating power. Those efforts have been crucial to the significant enhancement now achieved in the net profit for the period under review.

Strengthening the Group's core business in vessel chartering by increasing its stake in the Vessels and enhancing the quality portfolio of investment properties at prime locations or with attractive returns have been the Group's key developments.

The Board is optimistic on the prospects of the Enlarged Group given the benefits anticipated to be accrued to the Company as a result of the Acquisition. It will continue to grow on its strong foundation of visionary foresight, efficient management and sound financials strength. The Enlarged Group will continue to look for opportunities to charter out the Vessels at prevailing market rates and also other investments that will continue to bring a good return which suit the objectives of the Enlarged Group.

COMPLIANCE WITH THE LISTING RULES REGARDING THE ACQUISITION

In aggregating the First Acquisition, the Acquisition constitutes a very substantial acquisition for the Company in accordance with Rule 14.22 of the Listing Rules. Huang Group has been the ultimate holding company of New Century Worldwide at the time when New Century Worldwide became the controlling Shareholder in June 2001. New Century Worldwide is interested in approximately 56.2% in the share capital of the Company as at the Latest Practicable Date. The Vendor is an indirect wholly-owned subsidiary of Huang Group. By virtue of Huang Group's interest in the Company and the Vendor, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Acquisition is subject to the approval of the Independent Shareholders at the Special General Meeting where New Century Worldwide, Mr. Huang and their respective associates will abstain from voting. As at the Latest Practicable Date, New Century Worldwide, Mr. Huang and their respective associates controlled the voting right in respect of their Shares.

REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

An ordinary resolution was passed at the annual general meeting of the Shareholders held on 23rd September, 2002 to approve the adoption of the Share Option Scheme.

Pursuant to the Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the total number of issued Shares as at the date of adoption of the Share Option Scheme. The Company may refresh the Scheme Mandate Limit by ordinary resolution of the Shareholders at general meeting provided that:

(i) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of Shareholders' approval of the refreshment of the Scheme Mandate Limit; and

(ii) options previously granted under any existing schemes (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed.

Notwithstanding the foregoing, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

As at 23rd September, 2002 (being the date of adoption of the Share Option Scheme), the total number of issued Shares was 554,253,276. Accordingly, the maximum number of Shares that may be issued upon exercise of the options under the Scheme Mandate Limit is 55,425,327 Shares.

As at the Latest Practicable Date, there were in issue an aggregate of 844,679,914 Shares. 40,700,000 options under the Share Option Scheme have been granted since its date of adoption. 27,000,000 options under the Share Option Scheme or any other share option scheme(s) of the Company were outstanding as at the Latest Practicable Date.

Assuming no further issue or repurchase of Shares prior to the Special General Meeting, upon the refreshment of the Scheme Mandate Limit by Shareholders at the Special General Meeting, the Company may grant options entitling holders thereof to subscribe for 84,467,991 Shares (representing 10% of Shares in issue as at the date of the Special General Meeting approving the refreshment of the Scheme Mandate Limit). No options may be granted if this will result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company exceed 30% of the Shares in issue from time to time.

The purpose of the Share Option Scheme is to provide any directors (including executive, non-executive directors and independent non-executive directors) and employees of the Group and any advisors (professional or otherwise), consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed to the Group, and any Eligible Participants with the opportunity to acquire proprietary interests in the Company, and to encourage the Eligible Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole.

The refreshment of the Scheme Mandate Limit is conditional on:

(i) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate Limit by the Shareholders at the Special General Meeting; and

(ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares (representing a maximum of 10% of the Shares in issue as at the date of the Special General Meeting approving the refreshing of the Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of options under the Share Option Scheme and any other share option scheme(s) of the Company.

Application has been made to the Listing Committee of the Stock Exchange for approval of the listing of and permission to deal in the Shares (representing a maximum of 10% of the Shares in issue as at the date of the Special General Meeting approving the refreshment of the Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of options under the Share Option Scheme and any other share option scheme(s) of the Company. No Shareholders will be required to abstain from voting to approve the refreshment of the Scheme Mandate Limit.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting, at which ordinary resolutions will be proposed to (i) the Independent Shareholders considering and, if thought fit, approving the Acquisition and all matters contemplated under the Agreement (including the issue of Second Convertible Bond and the Conversion Shares); and (ii) the Shareholders approving the refreshment of the Scheme Mandate Limit, is set out on pages 198 to 200 of this circular.

Voting on the resolutions in relation to the Acquisition (including the issue of Second Convertible Bond and the Conversion Shares) set out in the notice of the Special General Meeting contained in this circular will be conducted by way of a poll.

A form of proxy for use at the Special General Meeting is enclosed with this circular. If you are not able to attend the Special General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the Special General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment of it, if you wish.

Announcement will be made by the Company following the conclusion of the Special General Meeting to inform you of the results thereof.

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Bye-law 66 of the Bye-laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(i) by the chairman of such meeting; or

(ii) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(iv) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Wong Kwok Tai, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming has been appointed to give recommendation to the Independent Shareholders in respect of the Acquisition (including the issue of the Second Convertible Bond and the Conversion Shares). Your attention is drawn to the recommendation of the Independent Board Committee set out in its letter on page 29 of this circular.

INDEPENDENT FINANCIAL ADVISER

Dao Heng Securities has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition (including the issue of the Second Convertible Bond and the Conversion Shares). Your attention is drawn to its letter to the Independent Board Committee and the Independent Shareholders set out on pages 30 to 50 of this circular.

RECOMMENDATION

Your attention is drawn to the recommendation of the Independent Board Committee (set out on page 29 of this circular) and advice of the Dao Heng Securities (set out on pages 30 to 50 of this circular) regarding the Acquisition (including the Second Convertible Bond and the Conversion Shares).

The Directors also consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of ordinary resolution (2) set out in the notice of the Special General Meeting contained in this circular.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Wilson Ng
Chairman

NEW CENTURY GROUP HONG KONG LIMITED
新 世 紀 集 團 香 港 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 234)

31st January, 2005

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF A FURTHER 20% INTEREST IN THE VESSELS

We refer to the circular of the Company dated 31st January, 2005 (the "Circular"), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the terms of the Acquisition (including the Second Convertible Bond and the Conversion Shares), and to advise you as to whether, in our opinion, such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Acquisition (including the Second Convertible Bond and the Conversion Shares) are in the interests of the Company and the Shareholders as a whole.

Dao Heng Securities has been appointed as the independent financial adviser to advise us and you regarding the Acquisition (including the Second Convertible Bond and the Conversion Shares). Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out in its letter on pages 30 to 50 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Acquisition (including the Second Convertible Bond and the Conversion Shares) and the independent advice of Dao Heng Securities, we consider that the terms of the Acquisition (including the Second Convertible Bond and the Conversion Shares) are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Acquisition (including the Second Convertible Bond and the Conversion Shares) are in the interests of the Company and the Shareholders as a whole. On this basis, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Acquisition (including the Second Convertible Bond and the Conversion Shares).

Yours faithfully,
Independent Board Committee
Wong Kwok Tai   Kwan Kai Kin, Kenneth   Ho Yau Ming

* *For identification only*

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Dao Heng Securities in connection with the terms of the Agreement, which has been prepared for the purpose of inclusion in this circular.

道亨證券有限公司
DaoHengSecurities Ltd.

31st January, 2005

To the Independent Board Committee and Independent Shareholders
New Century Group Hong Kong Limited
Unit 3808, 38th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF A FURTHER 20% INTEREST IN THE VESSELS

INTRODUCTION

We refer to our engagement by the Company as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Agreement. Details of the principal terms of the Agreement are contained in the letter from the Board in the circular dated 31st January, 2005 to the Shareholders (the "Circular"), of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

On 23rd November, 2004, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares together with the rights and benefits of and in the Sale Loan at an aggregate consideration of US$9,219,586.30 (equivalent to approximately HK$71,912,773.14) (subject to adjustment as mentioned in the section headed "Principal terms of the Agreement" below). The Consideration will be satisfied by the Group partly by cash and partly by issuance of the Second Convertible Bond.

The Vendor is an indirect wholly-owned subsidiary of Huang Group, the ultimate holding company of the controlling Shareholder holding approximately 56.2% in the issued share capital of the Company as at the Latest Practicable Date. By virtue of Huang Group's interest in the Company and the Vendor, the transactions under the Agreement constitute connected transactions of the Company under the Listing Rules. In aggregating the First Acquisition in accordance with Rule 14.22 of the Listing Rules, the transactions under the Agreement constitute a very substantial acquisition for the Company under the Listing Rules. Accordingly, the Agreement including the issue of the Second Convertible Bond and the Conversion Shares to be issued thereunder are subject to the approval of the Independent Shareholders at the Special General Meeting. New Century Worldwide, Mr. Huang and their respective associates will abstain from voting on the relevant resolution in relation to the Agreement. As at the Latest Practicable Date, New Century Worldwide, Mr. Huang and their respective associates controlled the voting rights in respect of their Shares.

Our role as the independent financial adviser to the Independent Board Committee and the Independent Shareholders is to give our opinion as to whether the terms of the Agreement, including the issue of the Second Convertible Bond and the Conversion Shares to be issued thereunder, are fair and reasonable so far as the Independent Shareholders are concerned.

In formulating our recommendations, we have relied on the accuracy of the information and representations contained in the Circular, which have been provided by the Directors and have assumed that all information and representations made or referred to in the Circular are true and accurate in all material respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group.

BACKGROUND

A. The Charter Agreements, the Sub-charter Agreements and the Charterparty Novation Deeds

In 2002, the principal activities of the Group were property investment, provision of property information and professional valuation services through website, securities trading and manufacture and sale of wireless headsets. In order to diversify into the Asian cruise line business, the Group commenced its vessel-chartering business in late 2002 by entering into of the Charter Agreements on 17th October, 2002, pursuant to which, the Group chartered the Vessels from the Previous Owners for an indefinite period and may be used from the date of delivery of the Vessels until termination by either party serving on the other party not less than 60 days' written notice of termination or on the termination of the Sub-charter Agreements. On the same date, the Group entered into the Sub-charter Agreements with Evervalue Profits Limited ("Evervalue") (a third party independent of and not connected with the Company and its connected persons and the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or associates of any of them), pursuant to which, Evervalue sub-chartered the Vessels from the Group for an indefinite period for the purpose of operating the food and beverage, leisure services, accommodation, entertainment, gaming and cruise tour services among Singapore, Malaysia and Indonesia from the date of delivery of the Vessels until termination by either party serving on the other party not less than 60 days' written notice of termination or on the termination of the Charter Agreements.

The key terms of the Charter Agreements and the Sub-charter Agreements are summarised as follows:

	The Charter Agreements	The Sub-charter Agreements
Contract counter-party	Amusement World – Jackston Shipping Limited Leisure World – Queenston Investment Limited	Evervalue
Purposes	For operation as leisure cruise liners in the Southeast Asian region	For operating the food and beverage, leisure services, accommodation, gaming, entertainment and cruise tour services among Singapore, Malaysia and Indonesia
Charges	Daily charter charge	Daily sub-charter charge*
• Amusement World	S$32,500 (about HK$149,500)	Year 1: S$59,500 (about HK$273,700) Year 2: S$62,000 (about HK$285,200) Year 3: S$64,500 (about HK$296,700) Year 4: S$67,000 (about HK$308,200) Year 5: S$69,500 (about HK$319,700)
• Leisure World	S$50,000 (about HK$230,000)	Year 1: S$72,700 (about HK$334,420) Year 2: S$75,200 (about HK$345,920) Year 3: S$77,700 (about HK$357,420) Year 4: S$80,200 (about HK$368,920) Year 5: S$82,700 (about HK$380,420)
Deposits		
• Amusement World	S$2,450,000 (about HK$11,270,000)	S$3,500,000 (about HK$16,100,000)
• Leisure World	S$3,750,000 (about HK$17,250,000)	S$4,300,000 (about HK$19,780,000)
Termination	(i) 60 days' written notice of termination by either party; or (ii) upon termination of the Sub-charter Agreements	(i) 60 days' written notice of termination by either party; or (ii) upon termination of the Charter Agreements

*Note *:* Year 1 represents the year from 25th November, 2002 to 24th November, 2003;
Year 2 represents the year from 25th November, 2003 to 24th November, 2004;
Year 3 represents the year from 25th November, 2004 to 24th November, 2005;
Year 4 represents the year from 25th November, 2005 to 24th November, 2006; and
Year 5 represents the year from 25th November, 2006 to 24th November, 2007.

Pursuant to the Charterparty Novation Deeds, Queenston and Jackston substituted for Queenston Investment Limited and Jackston Shipping Limited in the Charter Agreements, respectively.

B. The First Acquisition

On 1st April, 2004, the Company announced that the Purchaser entered into an acquisition agreement dated 26th March, 2004 (as supplemented on 30th March, 2004) with the Vendor, NCML and Huang Worldwide to acquire from the Vendor (i) 25% of the issued share capital of NCML (its principal assets are the holding of the entire beneficial interest in the Vessels, "Leisure World" and "Amusement World", through its two wholly-owned subsidiaries, Queenston and Jackston respectively); and (ii) the rights and benefits of and in the shareholder's loan of US$10,562,693.75 (equivalent to approximately HK$82,389,011.25), which represented 25% of the Shareholders' Loans advanced by the Vendor to NCML and its subsidiaries. The consideration was satisfied by the issuance of the First Convertible Bond of US$10,565,193.75 (equivalent to approximately HK$82,408,511.25). Details of the First Acquisition were set out in the announcement of the Company dated 1st April, 2004 and the circular of the Company dated 3rd May, 2004. The First Acquisition was completed in July 2004.

C. Information on the NCML Group and the Vessels

NCML was incorporated on 2nd March, 2004 and its principal assets are the entire beneficial interest in the Vessels, "Leisure World" and "Amusement World", through its two wholly-owned subsidiaries, Queenston and Jackston, respectively. NCML is held as to 25% by the Purchaser and 75% by the Vendor as at the Latest Practicable Date.

The information of "Leisure World" and "Amusement World" are summarised as follows:

Table 1: General information of "Leisure World" and "Amusement World"

	Leisure World	Amusement World
Year built	1969	1967
Carrying capacity	1,252 persons	874 persons
Remaining economic life estimated by Vigers	15 years	14 years
Number of years for operation as cruise liner	11	7
Purpose of operation	Cruise liner in Singapore, Malaysia and Indonesia	
Facilities	Accommodation, dining facilities, function rooms, sun decks, gaming rooms (casino), child care facilities, beauty salons, massage facilities, exercise facilities, lounges, bars, entertainment and shopping facilities	

The Shareholders' Loans of US$42,250,775.00 (equivalent to approximately HK$329,556,045.00) are advanced to NCML by each of the Purchaser and the Vendor pro rata to their respective existing shareholdings in NCML. According to the accountants' report of NCML as at 31st October, 2004 as set out in Appendix II, the NCML Group recorded a turnover (representing vessel-charter service income) and a consolidated profit before taxation and consolidated profit after taxation of approximately HK$41.4 million, HK$28.4 million and HK$28.4 million respectively for the period since its incorporation on 2nd March, 2004 to 31st October, 2004. Upon Completion, the Purchaser will hold 45% interest in NCML and the remaining 55% interest in NCML will be held by the Vendor. The Shareholders' Loans advanced to NCML by the Purchaser and the Vendor will remain proportional to their respective shareholdings in NCML upon Completion.

PRINCIPAL TERMS OF THE AGREEMENT

Date:	23rd November, 2004 (as supplemented on 7th January, 2005)	
Parties:	Vendor:	New Century Cruise Line International Limited (formerly known as "Marcus Profits Limited"), a wholly-owned subsidiary of Huang Worldwide
	Purchaser:	Peak Ever Enterprises Limited, a wholly-owned subsidiary of the Company

Assets to be acquired:

(i) the Sale Shares, being 2,000 shares in NCML, representing 20% of the issued share capital of NCML; and

(ii) the rights and benefits of and in the Sale Loan of US$8,450,155.00 (equivalent to approximately HK$65,911,209.00), representing 20% of the Shareholders' Loans of US$42,250,775.00 (equivalent to approximately HK$329,556,045.00).

Consideration: US$9,219,586.30 (equivalent to approximately HK$71,912,773.14), subject to adjustment mentioned below. The Consideration will be satisfied by:

(i) US$769,431.30 (equivalent to approximately HK$6,001,564.14) by cash; and

(ii) US$8,450,155.00 (equivalent to approximately HK$65,911,209.00) by procuring the Company to issue the Second Convertible Bond.

Adjustment to the Consideration: In the event that the audited consolidated net asset value of NCML as at Completion Date is higher than approximately US$3.8 million (which was the consolidated net asset value of NCML as at 31st October, 2004 as shown in its management accounts), the Purchaser shall agree to pay to the Vendor an amount equal to 20% of the differences in the consolidated net asset value of NCML in cash and vice versa if the audited consolidated net asset value of NCML is lower than approximately US$3.8 million.

Shareholders are reminded that Completion is subject to the fulfillment of the conditions as set out in the letter from the Board in the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. Reasons and benefits for the Acquisition

The principal activities of the Group comprise vessel-chartering and hotel operation in Asia Pacific region, property investment in Hong Kong, provision of property information and monitoring valuation services through websites and securities trading. Following completion of the First Acquisition to acquire 25% interest in NCML in July 2004, NCML became an associated company of the Company and its results are shared by the Group under equity accounting method. Upon Completion, the Company will be interested in 45% of NCML, which will continue to be an associated company of the Company. As stated in the letter from the Board, given the stable profit generating ability of the Vessels, the Directors believe that it is the opportune time to increase the stake in NCML and the Acquisition will benefit the Group by the increase in sharing the profits generated by the NCML Group.

As stated in the 2004 annual report of the Company, the Company diversified its business into the Asian cruise line business by chartering and sub-chartering the Vessels in late 2002. This business segment has successfully restored the overall performance of the Group to profitability. The Directors believe that the cruise liner operation will continue to generate attractive returns and will position the Group to benefit from the continuous improvement in the Asia Pacific economy in the foreseeable future.

The following table summarised the overall operating performance of the Group and its vessel-chartering segment for the two years ended 31st March, 2004 ("FY2003" and "FY2004" respectively) as extracted from the Company's annual report for FY2004 and the six months ended 30th September, 2004 ("Interim Period") as extracted from the Company's interim report for the Interim Period:

Table 2: Operating performance of the Group and its vessel-chartering business

(in HK$ million)	FY2003		FY2004		Interim Period	
	Vessel chartering	Group	Vessel chartering	Group	Vessel chartering	Group
Turnover	73.9	119.4	207.2	254.6	110.5	161.3
Percentage to total turnover	61.9%	100.0%	81.4%	100.0%	68.5%	100.0%
Segment results – profit/(loss)	14.8	(31.4)	31.1	48.2	24.3	25.8
Percentage to total segment results	N/A	N/A	64.5%	100.0%	94.2%	100.0%

The Group recorded turnover from the vessel-chartering segment of approximately HK$207.2 million for FY2004, which represented approximately 2.8 times that of FY2003. As advised by the Directors, such significant growth in turnover was mainly due to the fact that the Group's vessel-chartering business commenced in November 2002 and the turnover derived therefrom in FY2003 accounted for only four months. The turnover from the vessel-chartering segment for the Interim Period was approximately HK$110.5 million, which represents a positive growth of approximately 12.8% as compared with that recorded in the six months ended 30th September, 2003. The turnover from the vessel-chartering segment was significant to the Group which represented over 60% for the last two and a half financial years. The operating profit from vessel chartering of approximately HK$31.1 million accounted for approximately 64.5% of the Group's total operating profit for FY2004, while in FY2003, the vessel-chartering segment recorded operating profit of approximately HK$14.8 million and the Group recorded a total operating loss from segment results of approximately HK$31.4 million. For the Interim Period, the unaudited operating profit from vessel chartering of approximately HK$24.3 million accounted for approximately 94.2% of total segment results of the Group.

We have extracted from the letter from the Board the operating results of the Vessels for each of the two years ended 31st March, 2004 and the seven months ended 31st October, 2004 which were based on the respective financial information of Queenston and Jackston (which formed part of the audited financial statement of the NCML Group) and the respective audited accounts of Queenston Investment Limited (the previous owner of "Leisure World") and Jackston Shipping Limited (the previous owner of "Amusement World") and a summary of which is set out as follows:

Table 3: Operating results of the Vessels

(in HK$ million)	**FY2003**	**FY2004**	**For the seven months ended 31st October, 2004**
Turnover attributable to "Leisure World"	112.2	82.4	49.0
Net profit attributable to "Leisure World"	86.7	62.5	36.7
Net profit margin (%)	77.3	75.4	74.9
Turnover attributable to "Amusement World"	65.6	53.6	31.9
Net profit attributable to "Amusement World"	51.8	38.5	30.3
Net profit margin (%)	79.0	71.8	95.0

The turnover attributable to "Leisure World" and "Amusement World" in FY2004 dropped by approximately 26.6% and 18.3% respectively, as compared with those of FY2003. As advised by the Directors, such drop was mainly due to the change of the charterer in November 2002 and the charter fees at the then prevailing market rate. The turnover attributable to "Leisure World" and "Amusement World" for the seven months ended 31st October, 2004 were approximately HK$49.0 million and HK$31.9 million respectively, while their net profit margins remain significant of over 70.0%.

Given the above, we consider that the Acquisition is in line with the Group's corporate strategy to diversify its business into the Asian cruise line business and, as bolstered by the stable and significant profit generating ability of the Vessels, we concur with the Directors' view that, through increasing the Company's stake in NCML, the Acquisition will benefit the Group by the increase in sharing the profits generated by the NCML Group.

It is also stated in the letter from the Board that the Directors believe that the cruise liner operation will continue to generate attractive returns and will position the Group to benefit from the continuous improvement in the economy of Southeast Asian region in the future.

We have looked into the gross domestic product ("GDP") and the number of visitor arrivals of some of the major countries/cities in Southeast Asia, where are the major markets of the Group's cruise line business, for assessing the operating environment of the Group.

Table 4: Year-on-year change in GDP at constant market prices in Hong Kong and major countries in Southeast Asia

	Year-on-year change in GDP (%)						
	Year 2003				Year 2004		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Hong Kong (1)	4.4	(0.6)	4.0	4.9	7.0	12.1	7.2
Singapore (2)	1.7	(3.9)	1.7	4.9	7.5	12.5	7.5
Malaysia (3)	4.6	4.6	5.3	6.6	7.8	8.2	6.8
The Philippines (4)	4.8	4.2	4.8	5.0	6.5	6.6	6.3

Notes: Q1= 1st quarter; Q2=2nd quarter; Q3=3rd quarter; and Q4=4th quarter
Source of data: (1) Census and Statistics Department, Hong Kong
(2) Singapore Department of Statistics
(3) Department of Statistics, Malaysia
(4) National Statistical Coordination Board, Philippines

The economies of Hong Kong and some countries in Southeast Asia, especially Singapore, were adversely affected by the outbreak of SARS in the first half of 2003. Thereafter, these economies showed strong recovery from their troughs in the second quarter of 2003 with significant positive year-on-year growth in GDP at constant prices of Hong Kong, Singapore, Malaysia and the Philippines ranging from approximately 6.3% to 12.5% in the first three quarters of 2004. Based on the above, we concur with the view of Directors that the economy of Southeast Asian region had been continuously improving.

Table 5: Change in the number of visitor arrivals and the number of vessel arrival/ship calls in Hong Kong and major countries in Southeast Asia:

	Period in 2004 (1)	Percentage change as compared with that of the same period in 2003	Source of data
Visitor arrivals			
Hong Kong	First 11 months	+43.5%	Hong Kong Tourism Board
Singapore	First 11 months	+38.5%	Singapore Tourism Board
Malaysia	First 11 months	+55.7%	Immigration Department of Malaysia (KL)
The Philippines	First 11 months	+23.0%	Department of Tourism, Philippines
Vessel arrivals in terms of capacity/ passengers traffic			
Hong Kong	First 9 months	+4.6%	Census and Statistics Department, Hong Kong
Singapore	First 9 months	+5.5%	Maritime and Port Authority of Singapore
Malaysia (2)	N/A	N/A	N/A
The Philippines (3)	First 6 months	+10.2%	Philippines Ports Authority

Notes:

(1) Different reference periods are used because of the availability of data from different sources.
(2) No such information is available for Malaysia.
(3) Figure represents percentage change in the number of passengers by water transport.

As illustrated in Table 5, the tourism industry in Southeast Asia region shows recovering sign in 2004 as evidenced by the significant growth in the number of visitor arrivals during the first 11 months of 2004. In addition, the positive growths in vessel arrivals in terms of capacity in Hong Kong and Singapore in the first three quarters of 2004 and the number of passengers by water transport of the Philippines in the first half of 2004 indicate that the water traffic activities in Southeast Asia region become more active over that of the previous year. Based on the aforesaid, we concur with the Directors' view that the cruise liner operation will position the Group to benefit from the continuous improvement in the economy of Southeast Asian region.

B. The Consideration

(i) Basis of the Consideration

The Consideration of US$9,219,586.30 (equivalent to approximately HK$71,912,773.14) (subject to adjustment) is based on (i) the unaudited consolidated net assets of NCML of US$3,847,156.70 (equivalent to approximately HK$30,007,822.30) as shown in its unaudited consolidated management accounts as at 31st October, 2004; and (ii) the amount of the Sale Loan of up to US$8,450,155.00 (equivalent to approximately HK$65,911,209.00) as at 31st October, 2004.

The book value of the Vessels in the consolidated accounts of NCML as at 31st October, 2004 was US$47.9 million (equivalent to approximately HK$373.6 million, which is equivalent to the valuation in respect of the Vessels as at 31st October, 2004 prepared by Vigers who was the same valuer appointed for the First Acquisition (the valuation report is set out in Appendix V to the Circular). The valuation of the Vessels as at 30th March, 2004 (as set out in the Company's circular in relation to the First Acquisition dated 3rd May, 2004) was, in aggregate, US$48.5 million (equivalent to approximately HK$378.3 million). As stated in the valuation report set out in Appendix V to the Circular, the valuation of the Vessels performed by Vigers is based on their fair market values in continued use as part of a going-concern which represent in the amount of US$47.9 million, comprising US$29.8 million (equivalent to approximately HK$232.4 million) for Leisure World and US$18.1 million (equivalent to approximately HK$141.2 million) for Amusement World. In arriving at their opinion of values, Vigers had considered two approaches, namely (i) cost approach; and (ii) market data or comparative sales approach, which Vigers considered to be generally accepted in the valuation of vessels.

We were informed by Vigers that, pursuant to the assessment of the physical condition of the Vessels, they have conducted an inventory and inspection on the Vessels, investigated market conditions and interviewed personnel in order to establish the operating condition, utility and history of the subject Vessels.

We understand from Vigers that when performing the valuation of the Vessels, they made reference to the prices of market comparables in similar nature to the Vessels and made relevant adjustments to the prices according to particular features and conditions of each Vessel pursuant to their physical inspection and assessment. We note that Vigers has carefully examined the physical condition of the Vessels and based on the factors they have considered and their findings we find that the assumption for determining the fair market value in continued use as part of a going-concern were properly based.

Vigers advised that the estimation of remaining economic life of the Vessels has been substantially based on the observed condition at the time of appraisal and condition of maintenance, and the consideration of normal rates of depreciation for that kind of asset. We noted that Vigers has taken reasonable procedures for their observation including the physical inspection of the Vessels and the examination of maintenance policy and level of use of the Vessels together with the factors considered regarding the rate of depreciation as stated above which are sufficient for comments on the remaining economic life of the Vessels. Vigers opines that the estimate of remaining economic life for Leisure World is 15 years while that for Amusement World is 14 years.

Therefore, based on the foregoing, we are of the view that (i) the assumptions for the valuation of the Vessels are properly grounded by taking into consideration of the procedures taken by Vigers in assessing the physical condition of the Vessels, and (ii) the fair market values of the Vessels in continued use together with the estimates of their remaining economic life have been arrived at on a fair and reasonable basis.

Given that (i) the Consideration equals to the aggregate value of 20% of unaudited consolidated net assets of NCML attributable to the Sale Shares, i.e. approximately US$769,431.30 and the Sale Loan of US$8,450,155.00 to be acquired by the Purchaser; (ii) the book value of the Vessels, being the principal assets held by NCML, in the consolidated accounts of NCML as at 31st October, 2004 was US$47.9 million (equivalent to approximately HK$373.6 million), which is equivalent to the valuation in respect of the Vessels as at 31st October, 2004 prepared by Vigers; and (iii) the Consideration is subject to adjustment pursuant to the audited consolidated net asset value of the NCML Group as at the date of the Completion (details of which have been set out in the letter from the Board in the Circular), we are of the view that the basis of the Consideration was fair and reasonable basis.

(ii) Principal terms of the Second Convertible Bond

The Consideration will be satisfied by (i) US$769,431.30 (equivalent to approximately HK$6,001,564.14) by cash; and (ii) US$8,450,155.00 (equivalent to approximately HK$65,911,209.00) by procuring the Company to issue the Second Convertible Bond. The cash portion of the Consideration will be satisfied by the internal resources of the Group. The principal terms of the Second Convertible Bond, details of which are set out in the letter from the Board in the Circular, are summarised as follows:

Principal amount:	US$8,450,155
Term:	Two years from the date of issue of the Second Convertible Bond
Interest:	1% per annum
Conversion Price:	HK$0.62 per Share (the "Conversion Price") (subject to adjustment) and at the agreed exchange rate of US$1.00 to HK$7.80
Conversion and redemption:	The whole or any part (in an amount or integral multiple of US$1,000,000 or if less, the entire outstanding amount of the Second Convertible Bond) of the outstanding principal amount of Second Convertible Bond will be convertible from time to time and at any time over the two-year term of the Second Convertible Bond and to the extent not previously converted, the Company shall redeem the Second Convertible Bond in cash at maturity.
Early Redemption:	Early redemption of the whole or part of the Second Convertible Bond by the Company will be permitted at any time after its date of issue at a value equal to the outstanding principal amount (together with accrued interest thereon).
Conversion Shares:	The Conversion Shares shall upon issue rank pari passu in all respects with the then issued Shares.
Transferability:	The Second Convertible Bond will not be assignable or transferable except with the prior written consent of the Company.

(a) Conversion Price

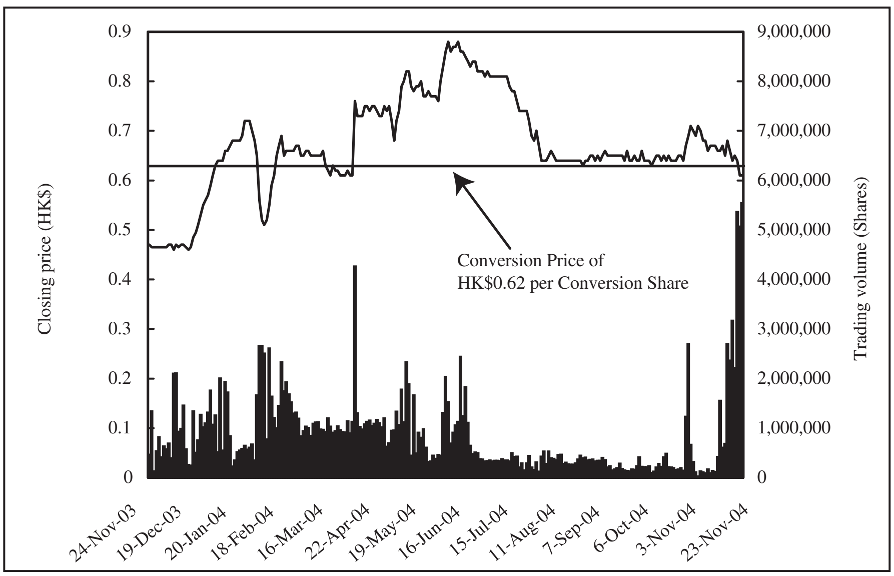
The Conversion Price per Conversion Share is HK$0.62. The premiums/discounts of the Conversion Price over/to the closing prices of the Share for different periods are set out in the following table.

Table 6: Comparison of the Conversion Price of the Second Convertible Bond with the Share prices

Date/period	**Closing price/ average closing price per Share for the respective period** *(HK$)*	**Premium/ (Discount) of the Conversion Price over/to the closing price/ average closing price per Share** *(%)*
As at 23rd November, 2004 (being the last trading day prior to suspension of trading in the Shares on the Stock Exchange with effect from 11:58 a.m. on 23rd November, 2004 ("Suspension"))	0.610	1.6
10 days up to and including 23rd November, 2004	0.647	(4.2)
One month up to and including 23rd November, 2004	0.667	(7.0)
Three months up to and including 23rd November, 2004	0.654	(5.2)
Six months up to and including 23rd November, 2004	0.702	(11.7)
One year up to and including 23rd November, 2004 (the "One-year Period")	0.672	(7.7)
As at the Latest Practicable Date	1.080	(42.6)
From 29th November, 2004 (being the first trading day after the issue of the Announcement) to the Latest Practicable Date (the "Latest Period")	1.035	(40.1)
Audited consolidated net tangible asset value per Share of the Company as at 31st March, 2004	0.279	122.2
Unaudited consolidated net tangible asset value per Share of the Company as at 30th September, 2004	0.309	100.6

The Conversion Price represents a discount to the Share closing price for most of the time during the One-year Period ranging from approximately 4.2% to 11.7%, except that the Conversion Price represents a premium of approximately 1.6% over the Share price as at 23rd November, 2004, being the last trading day prior to Suspension. However, the Conversion Price represents a substantial premium of approximately 122.2% and 100.6% over the audited consolidated net asset value per Share as at 31st March, 2004 and the unaudited consolidated net asset value per Share as at 30th September, 2004 respectively.

Chart 1: The closing prices and the trading volume of the Share for the One-year Period



The Share price fluctuated during the One-year Period and, in general, increased from HK$0.45 to the highest Share closing price during the One-year Period of HK$0.88 on 1st and 8th June, 2004. During such period with rising Share price, there were five sharp upsurges in Share price in mid December 2003, early February 2004, late March, April, and May 2004. Then the Share price, in general, fell gradually until it was flattening off within the range of HK$0.61 to HK$0.69 from 26th July, 2004 to 23rd November, 2004.

As illustrated in Table 6 and Chart 1 above, the Conversion Price represents discount to the closing prices of the Shares throughout the One-year Period except for the periods (i) from 24th November, 2003 to 2nd January, 2004; (ii) from 2nd February, 2004 to 10th February, 2004; and (iii) on 12th, 18th, 19th, 22nd, 24th and 25th March, 2004. The highest and lowest Share closing price during the One-year Period are HK$0.88, at which the Second Conversion Price represents a discount of approximately 29.5%, and HK$0.46, at which the Second Conversion Price represents a premium of approximately 34.8%, respectively.

We have looked into the announcements published by the Company during the One-year period, which are summarised as follows, to look for reasons for such fluctuations of the Share prices.

Table 7: Summary on the Company's announcement during the One-year Period

Date of announcement	**Summarised events**
24th November, 2003	Acquisition of properties located in Shun Tak Centre, Central, Hong Kong
19th December, 2003	Release of interim results for the six months ended 30th September, 2003, pursuant to which, (i) the Group's turnover increased from approximately HK$19.5 million for the six months ended 30th September, 2002 to approximately HK$120.9 million for the six months ended 30th September, 2003; and (ii) the Group turned from loss-making in the six months ended 30th September, 2002 to profit-making in the six months ended 30th September, 2003.
6th February, 2004	Acquisition of six retail portions on a commercial podium in a commercial building in Tsim Sha Tsui East
1st April, 2004	The First Acquisition and cancellation of share premium
2nd April, 2004	The Company noted the recent increase in Share price and stated that except for the Company's announcement dated 1st April, 2004, there were no negotiations or agreements relating to intended acquisitions or realisations which were discloseable under Listing Rule 13.23 and 13.09. It was stated that the Directors were not aware of any reasons for the increases in the price of the Shares.
15th July, 2004	Acquisition of a property on Portland Street, Kowloon
23rd July, 2004	Release of results for FY2004, pursuant to which, (i) the Group's turnover increased from approximately HK$119.4 million for FY2003 to approximately HK$254.6 million for FY2004; and (ii) the Group turned from loss-making in FY2003 to profit-making in FY2004.
2nd October, 2004	Appointment of executive Director
15th October, 2004	Appointment of deputy chairman and chief operating officer

The sharp surges of Share price in the first half of the One-year Period may partly reflect the market response to the satisfactory interim results of the Group and the First Acquisition. Having looked into the announcements of the Company, we cannot conclude any reason for the drop in Share price since 8th June, 2004.

In order to further assess the fairness and reasonableness of the Conversion Price, we have also looked into the issuance of convertible bonds by all listed companies in Hong Kong during the One-year Period. We consider that it would be more appropriate to compare the convertible bonds issued by other Hong Kong listed companies with issue size comparable to that of the Second Convertible Bond in the One-year Period as there might be correlation among the issue size, the interest rate, the term as well as the conversion price. We have identified 57 convertible bond issues during the One-year Period. Of these 57 convertible bond issues, ten of them (the "Comparable Issues") have maturity of two years and principal amount of less than HK$100 million, which we consider as comparable to the Second Convertible Bond. Set out below is a summary of the Comparable Issues.

Table 8: Summary of Comparable Issues

Date of announcement	**Stock code**	**Company**	**Principal amount of the Comparable Issues** *(HK$ million)*	**Premium/(discount) of conversion price over/to the share closing price on the last trading day prior to the related announcement** *(%)*	**Interest rate per annum** *(%)*
26th November, 2004	**234**	**The Company**	**65.9**	**1.6**	**1.0**
31st December, 2003	648	Softbank Investment International (Strategic) Limited	48.0	29.9	5.0
13th February, 2004	985	China Sci-tech Holdings Limited	22.0	15.8	2.0
19th February, 2004	897	Wai Yuen Tong Medicine Holdings Limited	20.0	9.4	3.0
9th March, 2004	199	Cheung Tai Hong Holdings Limited	15.0	(18.0)	2.0
19th March, 2004	200	Melco International Development Limited	45.0	(2.1)	4.0
1st April, 2004	234	The Company (the First Convertible Bond)	83.2	0.0	1.0
19th May, 2004	1184	S.A.S. Dragon Holdings Limited	12.0	19.0	0.1
9th June, 2004	1031	Medtech Group Company Limited	20.0	(23.1)	4.0
24th June, 2004	351	Central China Enterprises Limited	20.0	(20.0)	8.5
17th November, 2004	346	Sino Union Petroleum and Chemical International Limited (formerly known as "Minglun Group (Hong Kong) Limited")	26.8	(18.8)	1.0

The conversion price of five of the ten Comparable Issues was set at a discount ranging from approximately 2.1% to 23.1% to the last share closing price prior to the publish of the related announcement while four of them had the conversion price set at a premium ranging from approximately 9.4% to 29.9% over their respective last Share closing price. The remaining Comparable Issue, i.e. the First Convertible Bond, had its conversion price set equal to the Share price on the last trading day prior to the publish of the related announcement. The Conversion Price, representing a premium of approximately 1.6% over the closing price of the Shares on the last trading day prior to the date of the Agreement, falls within the range of those of the Comparable Issues.

Given that (i) the Share price remained in the range of HK$0.61 to HK$0.69 during the immediate three consecutive months prior to the publish of the Announcement; (ii) the Conversion Price represents a premium of approximately 1.6% over the Share closing price on the last trading day prior to the date of Announcement; and (iii) the Conversion Price represents a substantial premium of approximately 122.2% and 100.6% over the net tangible asset value per Share as at 31st March, 2004 and 30th September, 2004 respectively, we consider that the Conversion Price as stipulated under the Second Convertible Bond is acceptable.

(b) Interest rate

The Second Convertible Bond is interest bearing at 1.0% per annum. As illustrated in Table 8 above, all of the Comparable Issues are interest-bearing at a rate ranged from 0.1% to 8.5% per annum with an average of approximately 3.1% per annum. The interest rate carried by the Second Convertible Bond of 1.0% per annum represents the lower end of the range of the Comparable Issues. According to the Company's interim report for the Interim Period, the Company's total external debts (including bank loans, overdrafts and other loans) amounted to approximately HK$92,435,000 and, as advised by the Directors, the average borrowing interest rate carried by the Group's bank loans/ overdrafts was approximately 2.465% per annum. Based on such average external borrowing rate and the principal amount of the Second Convertible Note, the Company would enjoy an interest saving of approximately HK$1.0 million per year if the Consideration is settled partly by issuing the Second Convertible Bond instead of by external borrowings. In addition, the Company issued the First Convertible Bond in July 2004 with principal amount of approximately US$10,565,000 (equivalent to approximately HK$82,409,000), carrying an interest rate of 1% per annum, which is equivalent to that of the Second Convertible Bond.

Given that the interest rate carried by the Second Convertible Bond of 1% per annum (i) is lower than the Group's average external borrowing rate of 2.465%; (ii) is equivalent to that of the First Convertible Bond; and (iii) represents the lower end of the range of the Comparable Issues, we concur with the Directors' view that the interest rate as stipulated under the Second Convertible Bond is fair and reasonable and in the interests of the Company.

C. Effect on the financial position of the Group

(i) Net asset value

Based on the interim report of the Company for the Interim Period, the unaudited consolidated net asset value of the Company was approximately HK$258,578,000 or equivalent to approximately HK$0.309 per Share as at 30th September, 2004 (based on the then Shares in issue of 837,029,914 Shares). According to the "Pro forma financial information on the Enlarged Group" set out in Appendix III to the Circular, upon Completion, there will be no material change in the pro forma consolidated net asset value of the Enlarged Group. Based on the assumption that the Second Convertible Bond will be fully converted into new Shares at the Conversion Price, the pro forma adjusted consolidated net asset value of the Company will be approximately HK$324,489,209 or equivalent to approximately HK$0.341 per Share (based on 844,679,914 Shares in issue as at Latest Practicable Date and 106,308,401 Shares to be issued upon full conversion of the Second Convertible Bond), which represents an increase of approximately 10.4% to the unaudited net asset value per Share as at 30th September, 2004.

In addition, given the stable profit generating ability of the Vessels as illustrated in Table 3 above and without any unforeseeable circumstances which may have adverse impact on the operation the Vessels, the Group's net assets are expected to further improve as a result of the Acquisition as the Group will equity account for an additional 20% of the financial results and position of NCML in the Group's consolidated financial statements.

(ii) Gearing ratio

Based on the unaudited consolidated balance sheet of the Company as at 30th September, 2004, the gearing ratio, which is calculated as the total debts (including bank loans, overdrafts, other loans and the First Convertible Bond) of approximately HK$174,844,000 divided by the Company's Shareholders' fund of approximately HK$258,578,000, was approximately 67.6%. Upon issue of the Second Convertible Bond and before conversion of the Second Convertible Bond into new Shares, the total indebtedness of the Group will increase to approximately HK$240,755,209, resulting in an increase in the gearing ratio to approximately 93.1% (based on the above unaudited balances as at 30th September, 2004). Upon full conversion of the Second Convertible Bond, the gearing ratio of the Company will decrease to approximately 53.9%. Having taken into account (i) the potential benefits brought by the Acquisition to the Group; and (ii) the possible further reduction in the gearing ratio of the Company as a result of the conversion of the Second Convertible Bond, we consider that the increase in gearing ratio as a result of the issue of the Second Convertible Bond is acceptable.

(iii) Working capital

Given that the Consideration of approximately US$9,219,586.30 (equivalent to approximately HK$71,912,773.14) will be settled partly by the issue of the Second Convertible Bond of US$8,450,155.00 (equivalent to approximately HK$65,911,209.00), the remaining balance of approximately US$769,431.30 (equivalent to approximately HK$6,001,564.14) has to be financed by the Group's existing cash resources. According to the interim report of the Company for the Interim Period, the unaudited cash and bank balance of the Company as at 30th September, 2004 amounted to approximately HK$26,656,000, to which the cash payable by the Group for the Acquisition of HK$6,001,564.14 represents approximately 22.5% thereof. As advised by the Directors, the unaudited cash and bank balance of the Group as at 30th November, 2004 amounted to approximately HK$27 million, of which the cash portion of the Consideration represents approximately 22.2%. In addition, the Directors also advised that the Group had net marketable securities with market value of approximately HK$45 million as at 30th November, 2004, which can be liquidated as and when it is necessary. It is also stated in the paragraph headed "Working capital" in Appendix I to the Circular, the Directors are of the opinion that taking into account the Enlarged Group's internal resources and the present banking facilities currently available to the Enlarged Group, the Group will have sufficient working capital for its present requirements. Based on the foregoing, we consider that the cash payable under the Acquisition will not have any material effect on the Group's working capital position.

D. Dilution effect on the interests of Independent Shareholders

As at the Latest Practicable Date, Huang Worldwide, through its interests in the Vendor and New Century Worldwide, held approximately 56.2% equity interests in the share capital of the Company. In addition, the Vendor held the First Convertible Bond which entitles the Vendor to convert the outstanding principal into new Shares at an conversion price of HK$0.61 per Share (subject to adjustment) at any time on or before the maturity date. Upon full conversion of the Second Convertible Bond, 106,308,401 Conversion Shares will be issued, which represents approximately 12.6% and 11.2% of (i) the existing issued share capital; and (ii) the issued share capital of the Company as enlarged by the full conversion of the Second Convertible Bond with no conversion of the First Convertible Bond respectively.

As the Conversion Price is higher than that of the First Convertible of HK$0.61 per Share, it is highly likely that the full conversion of the Second Convertible Bond would be following that of the First Convertible Bond. The dilution effect on the shareholding of Independent Shareholders upon the full conversion of the First Convertible Bond and the Second Convertible Bond is tabulated as follows:

Table 9: Dilution effect on the shareholding of Independent Shareholders upon the full conversion of the First Convertible Bond and the Second Convertible Bond

	As at the Latest Practicable Date		Upon full conversion of the First Convertible Bond without converting any Second Convertible Bond		Upon full conversion of the First Convertible Bond and the Second Convertible Bond	
	(Shares)	*(%)*	*(Shares)*	*(%)*	*(Shares)*	*(%)*
Huang Worldwide *(1)*						
– New Century Worldwide	474,496,952	56.2	474,496,952	48.4	474,496,952	43.7
– Vendor *(2)*	–	–	135,095,920	13.8	241,404,321	22.2
Sub-total	474,496,952	56.2	609,592,872	62.2	715,901,273	65.9
Mr. Huang	14,460,000	1.7	14,460,000	1.5	14,460,000	1.3
Directors (including directors of subsidiaries) *(3)*	119,296,000	14.1	119,296,000	12.2	119,296,000	11.0
Public	236,426,962	28.0	236,426,962	24.1	236,426,962	21.8
Total	844,679,914	100.0	979,775,834	100.0	1,086,084,235	100.0

Notes:

(1) Huang Worldwide, a wholly-owned subsidiary of Huang Group, is the immediate and sole holding company of both New Century Worldwide and the Vendor.

(2) The Vendor is the holder of the First Convertible Bond, upon full conversion of which at the initial conversion price of HK$0.61 per Share, 135,095,920 new Shares will be issued. No new Shares have been converted under the First Convertible Bond since its issue up to the Latest Practicable Date.

(3) Mr. Wilson Ng, Ms. Sio Ion Kuan, Mr. Ng Wee Keat, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng, who are all executive Directors and discretionary beneficiaries of the Discretionary Trust, are interested in 13,000,000 Shares, 31,000,000 Shares, 13,000,000 Shares, 13,000,000 Shares and 13,000,000 Shares, respectively, as at the Latest Practicable Date. Ms. Chen Ka Chee and Mr. Yu Wai Man, who are executive Directors, are interested in 32,688,000 Shares and 2,500,000 Shares, respectively. The remaining 1,108,000 Shares are held by certain directors of the subsidiaries of the Company.

Table 9 illustrates that the shareholding interests of Independent Shareholders will be reduced from approximately 28.0% to 24.1% upon full conversion of the First Convertible Bond and approximately 21.8% upon full conversion of the First Convertible Bond and the Second Convertible Bond, which falls below the minimum public float requirement under the Listing Rules. As disclosed in the letter from the Board, the Vendor has undertaken to the Purchaser and the Stock Exchange that it will maintain the public float of the Shares and will not allow, cause or procure any part of the First Convertible Bond and/ or Second Convertible Bond to be converted into any new Shares if (i) the public float of the Shares is less than 25%; or (ii) by doing so the public float of the Shares will be less than 25% so that the minimum public float of the Shares will be maintained.

Having taken into account that (i) there is no immediate dilution effect on the shareholding interests of the Independent Shareholders upon issuance of the Second Convertible Bond as the Second Convertible Bond may or may not be converted into the Shares prior to its maturity; (ii) the Vendor has undertaken to the Purchaser and the Stock Exchange in respect of maintaining the minimum public float of the Shares as required by the Listing Rules which safeguard the public float of the Company from being diluted to lower than 25%; and (iii) other benefits brought by the Acquisition, we consider that the potential dilution effect on the shareholding of the Independent Shareholders in the Company to be acceptable.

E. Other area for the attention of the Independent Shareholders

Currently, the Vessels are sub-chartered to Evervalue for operating, among others, gaming business among Singapore, Malaysia and Indonesia. It is stated in the letter from the Board in the Circular that, as advised by O' Melveny & Myers, the legal adviser of the Company, no license is required under the Gambling Ordinance of Hong Kong for the operation of the gaming activities on board the Vessels outside Hong Kong on the basis that the gaming activities will be conducted exclusively outside Hong Kong. It is further stated in the letter from the Board that the operation of the gaming activities on the Vessels outside Hong Kong do not contravene the Gambling Ordinance of Hong Kong and the Company will (insofar as it is able to in its capacity as a shareholder of the NCML Group which owns the Vessels) ensure that for so long as the Company has a direct and indirect interest in the Vessels, the gaming activities conducted on such Vessels will comply with the applicable laws in the areas in which such activities operate and/or contravene the Gambling Ordinance of Hong Kong insofar as it is applicable.

As stated in the letter from the Board, the operator of the gaming activities on the Vessels is Evervalue and the books and record of the gaming activities regarding its relevant revenue and expenses are kept by Evervalue. In the event that any of the gaming activities operated by Evervalue is illegal, the Group will terminate the Sub-charter Agreements and seek for another sub-charterer. Shareholders should note that the operating results of NCML (as the beneficial owner of the Vessels) might be adversely affected as NCML may or may not be able to locate a replacement sub-charterer in a timely manner in the event that the gaming activities conducted by Evervalue on the Vessels are incompliance with the applicable laws in the areas in which such activities operate and/or contravene the Gambling Ordinance of Hong Kong insofar as it is applicable.

Shareholders should be aware that under the Guidelines issued by the Stock Exchange in relation to "Gambling Activities undertaken by listed applicants and/or listed issuers" dated 11th March, 2003, should the Group be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas with such activities operate and/or (ii) contravene the Gambling Ordinance of Hong Kong such that the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Main Board Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend the dealings in, or may cancel the listing of, its securities.

RECOMMENDATION

Having considered the factors above, in particular that,

(i) over 60% of the Group's total revenue for each period of FY2003, FY2004 and the Interim Period was attributable to its vessel-chartering business and over 90% of the Group's operating profit for the Interim Period was attributable to its vessel-chartering business;

(ii) The Vessels (their entire interests are held by NCML) recorded steady operating results with net profit margins remain significant of over 70.0% for the past two financial years and seven months ended 31st October, 2004;

(iii) through increasing its stake in NCML, which possesses stable profit generating ability, the Group may benefit from the continuous improvement in the economy of Southeast Asian region in the future;

(iv) the Consideration will be adjusted pursuant to the provision of the Agreement that the Purchaser agrees to pay 20% of the differences in the consolidated net asset value of NCML between its management accounts as at 31st October, 2004 (i.e. approximately US$3.8 million) and its audited accounts as at the Completion Date;

(v) the interest rate of the Second Convertible Bond of 1.0% per annum falls within the range of interest rate carried by the Comparable Issues and is lower than the average external borrowing rate of the Group of approximately 2.465%; and

(vi) the Conversion Price represents a substantial premium of approximately 122.2% and 100.6% over the audited consolidated net tangible asset value of the Company as at 31st March, 2004 and the unaudited consolidated net tangible asset value of the Company as at 30th September, 2004 respectively and a premium of approximately 1.6% over the closing price before the publish of the Announcement, which falls within the range of those of the Comparable Issues,

we consider that the terms of the Agreement, including the issue of the Second Convertible Bond and the Conversion Shares to be issued thereunder, are fair and reasonable as far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise Independent Shareholders to vote at the Special General Meeting in favour of the resolution being proposed to approve it.

Yours faithfully,
For and on behalf of
Dao Heng Securities Limited

Venus Choi
Executive Director

Jenny Leung
Director, Corporate Finance

1. FINANCIAL SUMMARY

Following is the summary of the financial information extracted from the relevant annual and interim reports of the Company.

(i) Results

	Six months ended 30 September		Year ended 31 March		
	2004	2003	2004	2003	2002
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER					
Continuing operations	161,255	120,899	254,416	116,817	19,586
Discontinued and discontinuing operations	–	42	140	2,596	4,914
	161,255	120,941	254,556	119,413	24,500
Cost of income/sales	(129,321)	(104,765)	(210,253)	(101,432)	(15,980)
Gross profit	31,934	16,176	44,303	17,981	8,520
Other revenue and gains	3,447	2,063	2,591	3,271	2,433
Selling and distribution costs	(1,071)	(1,120)	(1,743)	(2,832)	(3,264)
Administrative expenses	(15,286)	(13,010)	(27,583)	(31,960)	(33,792)
Other operating income/(expenses), net	–	–	25,798	(22,024)	(147,103)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	19,024	4,109	43,366	(35,564)	(173,206)
Finance costs	(1,261)	(719)	(1,626)	(2,348)	(4,522)
Share of profits and losses of:					
– Associates	5,578	7	44	–	(4,267)
– A jointly-controlled entity	–	–	–	–	203
Impairment of interests in					
– An associate	–	–	–	–	(3,500)
– A jointly-controlled entity	–	–	–	–	(24,250)
Amortisation of goodwill of a Jointly-controlled entity	–	–	–	–	(3,750)
PROFIT/(LOSS) BEFORE TAX					
Continuing operations	23,341	3,595	42,490	(29,578)	(181,285)
Discontinued and discontinuing operations	–	(198)	(706)	(8,334)	(32,007)
	23,341	3,397	41,784	(37,912)	(213,292)
Tax – continuing operations	–	–	(106)	(25)	(30)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	23,341	3,397	41,678	(37,937)	(213,322)
Minority interests	1,672	3,342	6,172	13,288	1,154
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	25,013	6,739	47,850	(24,649)	(212,168)
EARNINGS/(LOSS) PER SHARE					
Basic	2.9919 cents	0.8106 cents	5.75 cents	(3.56) cents	(41.92) cents
Diluted	2.7622 cents	0.8087 cents	5.67 cents	N/A	N/A
DIVIDEND	1.2 cents	Nil	Nil	Nil	Nil

(ii) Assets and liabilities

	30 September 2004 HK$'000	31 March 2004 HK$'000	31 March 2003 HK$'000	31 March 2002 HK$'000
NON-CURRENT ASSETS				
Goodwill and negative goodwill	–	–	–	(1,558)
Fixed assets	69,753	73,210	52,961	7,167
Database	–	–	808	1,370
Investment properties	233,624	155,895	114,920	126,040
Property under development	–	–	–	–
Interests in jointly-controlled entities	–	–	–	–
Interests in associates	88,044	53	12	23,400
Deposits for acquisition of investment properties	1,938	5,300	–	–
Other assets	780	780	780	780
	394,139	235,238	169,481	157,199
CURRENT ASSETS				
Properties held for resale	10,111	10,111	10,111	10,111
Inventories	1,085	954	1,145	2,736
Trade receivables, prepayments and deposits	35,106	43,169	33,715	5,000
Short term investments, pledged	51,687	51,217	8,827	945
Cash and cash equivalents	26,656	48,263	72,220	4,443
	124,645	153,714	126,018	23,235
CURRENT LIABILITIES				
Current portion of finance lease payables	–	5	14	14
Interest-bearing bank loans, overdrafts and other loans	14,235	12,074	12,658	43,768
Trade payables, accruals and other payables	60,670	76,990	59,838	13,873
Tax payable	33	33	36	30
Due to a related company	6,309	6,454	6,524	–
	81,247	95,556	79,070	57,685

(ii) Assets and liabilities *(Continued)*

	30 September 2004 HK$'000	31 March 2004 HK$'000	31 March 2003 HK$'000	31 March 2002 HK$'000
NET CURRENT ASSETS/(LIABILITIES)	43,398	58,158	46,948	(34,450)
TOTAL ASSETS LESS CURRENT LIABILITIES	437,537	293,396	216,429	122,749
NON-CURRENT LIABILITIES				
Finance lease payables	–	–	(5)	(19)
Interest-bearing bank loans, overdrafts and other loans	78,200	(41,175)	(17,371)	(23,472)
Convertible bond	82,409	–	–	–
	160,609	(41,175)	(17,376)	(23,491)
	276,928	252,221	199,053	99,258
MINORITY INTERESTS	(18,350)	(19,905)	(23,332)	(1,840)
	258,578	232,316	175,721	97,418
CAPITAL AND RESERVES				
Issued capital	8,370	8,317	8,314	4,743
Reserves	250,208	223,999	167,407	92,675
	258,578	232,316	175,721	97,418

2. AUDITED FINANCIAL INFORMATION

Set out below is the auditors' report contained in the annual report of the Company for the audited financial statements of the Company for the year ended 31st March, 2002:

"Report of The Auditors

ERNST & YOUNG
安永會計師事務所

To the members
New Century Group Hong Kong Limited
(Formerly known as Multi-Asia International Holdings Limited)
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 30 to 120 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes an 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed 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. 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis of presentation. As further explained in note 2 to the financial statements, notwithstanding the fact that the Group reported consolidated net current liabilities of HK$34,450,000 at 31 March 2002, the financial statements have been prepared on the going concern basis, the validity of which is dependent upon the ongoing support of the Group's major bankers and/or the availability of new funding. We consider that appropriate disclosures and estimates have been made in the financial statements and our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

26 July 2002"

Set out below are the audited financial statements together with the relevant notes to the financial statements extracted from the annual report of the Company for the year ended 31st March, 2004.

"Consolidated Profit and Loss Account

Year ended 31 March 2004

	Notes	2004 HK$'000	2003 HK$'000
TURNOVER	5		
Continuing operations		254,416	116,817
Discontinued and discontinuing operations	6	140	2,596
		254,556	119,413
Cost of income/sales		(210,253)	(101,432)
Gross profit		44,303	17,981
Other revenue and gains	5	2,591	3,271
Selling and distribution costs		(1,743)	(2,832)
Administrative expenses		(27,583)	(31,960)
Other operating income/(expenses), net	7	25,798	(22,024)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	7	43,366	(35,564)
Finance costs	8	(1,626)	(2,348)
Share of profits of an associate		44	–
PROFIT/(LOSS) BEFORE TAX			
Continuing operations		42,490	(29,578)
Discontinued and discontinuing operations	6	(706)	(8,334)
		41,784	(37,912)
Tax – continuing operations	10	(106)	(25)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		41,678	(37,937)
Minority interests		6,172	13,288
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	11 & 32(a)	47,850	(24,649)
EARNINGS/(LOSS) PER SHARE	12		
Basic		5.75 cents	(3.56) cents
Diluted		5.67 cents	N/A

Consolidated Balance Sheet

31 March 2004

	Notes	2004 HK$'000	2003 HK$'000
NON-CURRENT ASSETS			
Goodwill and negative goodwill	13	–	–
Fixed assets	14	73,210	52,961
Database	15	–	808
Investment properties	16	155,895	114,920
Property under development	17	–	–
Interests in jointly-controlled entities	19	–	–
Interests in associates	20	53	12
Deposits for acquisition of investment properties	39(c)	5,300	–
Other assets	21	780	780
		235,238	169,481
CURRENT ASSETS			
Properties held for resale	22	10,111	10,111
Inventories	23	954	1,145
Trade receivables, prepayments and deposits	24	43,169	33,715
Short term investments, pledged	25	51,217	8,827
Cash and cash equivalents	26	48,263	72,220
		153,714	126,018
CURRENT LIABILITIES			
Current portion of finance lease payables	27	5	14
Interest-bearing bank loans, overdrafts and other loans	28	12,074	12,658
Trade payables, accruals and other payables	29	76,990	59,838
Tax payable		33	36
Due to a related company	38(b)	6,454	6,524
		95,556	79,070

Consolidated Balance Sheet *(Continued)*
31 March 2004

	Notes	**2004** *HK$'000*	**2003** *HK$'000*
NET CURRENT ASSETS		58,158	46,948
TOTAL ASSETS LESS CURRENT LIABILITIES		293,396	216,429
NON-CURRENT LIABILITIES			
Finance lease payables	27	–	(5)
Interest-bearing bank loans, overdrafts and other loans	28	(41,175)	(17,371)
		(41,175)	(17,376)
		252,221	199,053
MINORITY INTERESTS	38(c)	(19,905)	(23,332)
		232,316	175,721
CAPITAL AND RESERVES			
Issued capital	30	8,317	8,314
Reserves	32(a)	223,999	167,407
		232,316	175,721

Consolidated Summary Statement of Changes in Equity

Year ended 31 March 2004

	Notes	2004 HK$'000	2003 HK$'000
Total equity at beginning of year		175,721	97,418
Surplus on revaluation	14	8,748	–
Exchange realignment on translation of the financial statement of foreign entities	32(a)	(97)	1,966
Net gain not recognised in the profit and loss account		8,651	1,966
Issue of shares, including share premium	30	94	103,138
Share issue expenses	30	–	(2,152)
Net profit/(loss) for the year		47,850	(24,649)
Total equity at 31 March		232,316	175,721

Consolidated Cash Flow Statement

Year ended 31 March 2004

	Notes	2004 HK$'000	2003 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		41,784	(37,912)
Adjustments for:			
Finance costs		1,626	2,348
Share of profits of an associate		(44)	–
Interest income	5	(458)	(311)
Loss on disposal/write-offs of fixed assets	7	202	922
Depreciation	7	9,676	10,815
Amortisation and impairment for database	7	808	562
Impairment of fixed assets	7	–	1,475
Goodwill amortisation and impairment	7	–	742
Unrealised loss/(gain) of marketable securities	7	(995)	373
Negative goodwill recognised as income	5	–	(1,558)
Deficit/(surplus) on revaluation of investment properties	7	(28,174)	11,120
Deficit on revaluation of fixed assets	7	–	52
Provision against obsolete inventories	7	–	1,837
Operating profit/(loss) before working capital changes		24,425	(9,535)
Decrease in inventories		191	293
Increase in trade receivables, prepayments and deposits		(9,454)	(24,923)
Increase in short term investments, pledged		(41,395)	(8,255)
Increase in trade payables, accruals and other payables		17,152	42,315
Decrease in an amount due to a related company		(70)	(513)
Movements of balances with associates		(4)	(12)
Increase in deposits for acquisition of investment properties		(5,300)	–
Cash used in operations		(14,455)	(630)
Interest received		458	311
Interest paid		(1,626)	(2,348)
Hong Kong profits tax paid		(102)	(19)
Net cash outflow from operating activities			
Continuing operations		(15,362)	(532)
Discontinued and discontinuing operations		(363)	(2,154)
		(15,725)	(2,686)

Consolidated Cash Flow Statement *(Continued)*
Year ended 31 March 2004

	Notes	2004 HK$'000	2003 HK$'000
Net cash outflow from operating activities – page 60		(15,725)	(2,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	14	(22,897)	(4,701)
Proceeds from disposal of fixed assets		2	39
Acquisition of a subsidiary		–	271
Acquisition of investment properties	16	(11,521)	–
Net cash outflow from investing activities			
Continuing operations		(34,416)	(4,259)
Discontinued and discontinuing operations		–	(132)
		(34,416)	(4,391)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	30	94	103,138
Share issue expenses		–	(2,152)
Capital injection by a minority shareholder		–	2,036
Capital element of finance lease rental payments		(14)	(14)
Increase in an amount due to a minority shareholder		2,899	8,842
New bank loans		48,000	–
New other loans		395	15,000
Repayment of bank loans		(25,225)	(6,314)
Repayment of other loans		–	(31,288)
Net cash inflow from financing activities – continuing operations		26,149	89,248
NET INCREASE IN CASH AND CASH EQUIVALENTS		(23,992)	82,171
Cash and cash equivalents at beginning of year		71,807	(10,579)
Effect of foreign exchange rate changes, net		(15)	215
CASH AND CASH EQUIVALENTS AT END OF YEAR		47,800	71,807
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	2,071	3,059
Non-pledged time deposits with original maturity of less than three months when acquired	26	46,192	69,161
Bank overdrafts	28	(463)	(413)
		47,800	71,807

Notes to Financial Statements

31 March 2004

1. CORPORATE INFORMATION

The registered office of New Century Group Hong Kong Limited is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the provision of vessel-charter services, hotel operation, property investment, securities trading, the provision of property information and monitoring services through websites.

During the year, the Group ceased to engage in the manufacture and sale of wireless headsets.

The Company is a subsidiary of New Century Worldwide Capital Limited. New Century Worldwide Capital Limited is an indirect wholly-owned subsidiary of Huang Group (BVI) Limited, a company incorporated in British Virgin Islands. In the opinion of the directors, Huang Group (BVI) Limited is beneficially and wholly-owned by a discretionary trust.

2. IMPACT OF A REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE ("SSAP") AND AN INTERPRETATION

The following revised SSAP and Interpretation are effective for the first time for the current year's consolidated financial statements and have had a significant impact thereon:

- SSAP 12 (Revised): "Income taxes"
- Interpretation 20: "Income taxes – Recovery of revalued non-depreciable assets"

These SSAP and Interpretation prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting this SSAP and Interpretation are summarised as follows:

SSAP 12 prescribes the accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income tax payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax).

The SSAP has had no significant impact for these financial statements on the amounts recorded for income taxes. However, the related note disclosures are now more extensive than previously required. These are detailed in note 10 to the financial statements and include a reconciliation between the accounting profit/loss and the tax expense/income for the year.

Interpretation 20 requires that a deferred tax asset or liability that arises from the revaluation of certain non-depreciable assets and investment properties is measured based on the tax consequences that would follow from the recovery of the carrying amount of that asset through sale. This policy has been applied by the Group in respect of the revaluation of its investment properties in the deferred tax calculated under SSAP 12, and no significant financial impact has arisen therefrom.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties, certain fixed assets and investments in securities, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(a) a subsidiary, if the Company has unilateral control, directly or indirectly, over the joint venture company;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses. Goodwill or negative goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's interests in jointly-controlled entities.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of three to five years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

On disposal of subsidiaries or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

The carrying amount of goodwill is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries represents the excess of the Group's share of the fair values of the identifiable assets and liabilities as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets of 12 months. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

(a) Hotel properties in Indonesia

Hotel properties, comprising land and buildings, in Indonesia are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of the land and buildings over their remaining lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fixed assets and depreciation *(Continued)*

(b) Office premises in Hong Kong

Office premises in Hong Kong are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of premises are dealt with as movements in the property revaluation reserve, on an individual basis. If the total of the reserve attributable to premises, on an individual basis, is insufficient to cover a deficit, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

Depreciation is calculated on the straight-line basis to write off the valuation of the office premises in Hong Kong over its remaining lease terms.

(c) Other fixed assets

Other fixed assets, other than investment properties, are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation of other fixed assets is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the remaining lease terms
Plant and machinery	10% – 20%
Furniture, fixtures and equipment	10% – 33.3%
Motor vehicles	20%

Upon the disposal of the fixed assets, the relevant portion of the property revaluation reserve realised in respect of previous valuations is released and transferred directly to the retained profits. The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Database

The database is stated at the direct cost of setting up the information database, representing the costs of the acquisition of transaction data, less accumulated amortisation and any impairment losses. Amortisation is provided to write off the cost of the database over its estimated useful life. The principal annual rate used for this purpose is 25%.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Property under development

A property under development is a project in which the Group has an interest either as the developer or as the ultimate owner of the completed property. An interest in a property under development, which is intended for sale, is stated at cost or carrying amount at the date of change in the intended use of the property, less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties held for resale

Properties held for resale, consisting of completed properties, are classified under current assets and are stated at the lower of cost and net realisable value. Cost consists of all expenditure directly attributable to the acquisition and development of the properties, plus other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices on an individual investment basis.

Short term investments

Short term investments are investments in equity securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. The gains or losses arising from changes in the fair value of securities are credited or charged to the profit and loss account for the period in which they arise.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Other assets

Other assets represent club membership debentures and are stated at cost less any impairment losses.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of the assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balances sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange translation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) vessel-charter service income, on a time proportion basis over the terms as set out in the agreements governing such activities;

(b) income from hotel operation, when the services are rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) service income, when the services are rendered;

(e) from the trading of marketable securities, on the trade date basis;

(f) subscription income, on an accrual basis;

(g) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(h) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respect employees in the following year. No accrual has been made as the amount was not significant to the Group during the year.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance. A provision has not been recognised in respect of possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

Retirement benefits scheme

Retirement benefits are provided to those Hong Kong staff employed by the Group who are eligible to participate in retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance (the "ORSO"). The Group's Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Scheme or the Mandatory Provident Fund Exempted ORSO Scheme under which the Group's employer voluntary contributions have to be made. Contributions was made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of both schemes are held separately from those of the Group in independently administered funds. When an employee leaves the Mandatory Provident Fund Exempted ORSO Scheme prior to his/her interests in the Group's employer's contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

Retirement benefits are also provided to the Indonesian employees employed by the Group for hotel operations under the Old Age Saving Scheme provided by a statutory authorised insurance company. Contributions were made based on a percentage of the employees' basis salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the said scheme. The assets of the scheme are held separately from those of the Group in independently administered funds.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost.

Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

Continuing operations

(a) the vessel-chartering segment engages in sub-chartering of vessels;

(b) the hotel operation segment engages in the operation of a hotel property in Indonesia;

(c) the property investment segment invests in prime office space for its rental income potential;

(d) the securities trading segment engages in the trading of marketable securities for short term investment purposes;

(e) the internet segment engages in the provision of website property market research analysis and risk and creditability assessment information services; and

(f) the "other" segment engages in activities other than those stated above which did not contribute significantly to the Group.

Discontinued and discontinuing operations

(g) the film processing segment operates photo-finishing processing retail outlets in the Mainland China; and

(h) the electronic products segment engages in the development, production and sale of wireless headsets and related products.

Further details of the discontinuance of the film processing and electronic products segments are set out in note 6 to the financial statements.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

There were no inter-segment sales and transfers during the year.

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

	Year ended 31 March 2004										
	Continuing Operations							Discontinued and discontinuing operations			
Group	Vessel-chartering	Hotel operation	Property investment	Securities trading	Internet	Other	Sub-total	Film processing	Electronic products	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:											
Income/sales from external customers	207,222	16,706	8,247	15,811	6,430	–	254,416	–	140	140	254,556
Other revenue and gains	–	1,027	–	484	167	–	1,678	24	316	340	2,018
Total	207,222	17,733	8,247	16,295	6,597	–	256,094	24	456	480	256,574
Segment results	31,108	(10,795)	29,536	4,995	(5,945)	–	48,899	13	(719)	(706)	48,193
Interest income and unallocated revenue and gains											573
Unallocated expenses											(5,356)
Profit from operating activities											43,410
Finance costs											(1,626)
Profit before tax											41,784
Tax											(106)
Profit before minority interests											41,678
Minority interests											6,172
Net profit from ordinary activities attributable to shareholders											47,850

4. **SEGMENT INFORMATION** *(Continued)*

(a) **Business segments** *(Continued)*

Group	Vessel-chartering	Hotel operation	Property investment	Securities trading	Internet	Other	Sub-total	Film processing	Electronic products	Sub-total	Consolidated
	Year ended 31 March 2003										
	Continuing Operations							Discontinued and discontinuing operations			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:											
Income/sales from external customers	73,873	18,526	9,554	11,006	3,858	–	116,817	1,389	1,207	2,596	119,413
Other revenue and gains	–	296	22	132	209	–	659	289	1,632	1,921	2,580
Total	73,873	18,822	9,576	11,138	4,067	–	117,476	1,678	2,839	4,517	121,993
Segment results	14,813	(20,669)	(8,881)	(299)	(8,031)	(2)	(23,069)	(1,268)	(7,088)	(8,356)	(31,425)
Interest income and unallocated revenue and gains											691
Unallocated expenses											(4,830)
Loss from operating activities											(35,564)
Finance costs											(2,348)
Loss before tax											(37,912)
Tax											(25)
Loss before minority interests											(37,937)
Minority interests											13,288
Net loss from ordinary activities attributable to shareholders											(24,649)

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Year ended 31 March 2004										
	Continuing Operations							Discontinued and discontinuing operations			
Group	Vessel-chartering	Hotel operation	Property investment	Securities trading	Internet	Other	Sub-total	Film processing	Electronic products	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	38,571	44,974	201,045	51,217	1,247	–	337,054	–	64	64	337,118
Interests in associates	–	–	–	–	53	–	53	–	–	–	53
Unallocated assets											51,781
Total assets											388,952
Segment liabilities	41,065	16,864	8,639	13,454	2,102	–	82,124	135	20	155	82,279
Unallocated liabilities											54,452
Total liabilities											136,731
Other segment information:											
Depreciation and amortisation	–	8,258	338	–	1,131	–	9,727	–	4	4	9,731
Unallocated amounts											507
											10,238
Negative goodwill recognised	–	–	–	–	–	–	–	–	–	–	–
Impairment losses recognised in the profit and loss account	–	–	–	–	246	–	246	–	–	–	246
Unrealised gains on marketable securities	–	–	–	(995)	–	–	(995)	–	–	–	(995)
Capital expenditure	–	1,167	31,884	–	45	–	33,096	–	–	–	33,096
Unallocated amounts											1,322
											34,418

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Year ended 31 March 2003										
	Continuing Operations							Discontinued and discontinuing operations			
Group	Vessel-chartering	Hotel operation	Property investment	Securities trading	Internet	Other	Sub-total	Film processing	Electronic products	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	27,862	52,790	127,051	8,979	2,786	47	219,515	–	346	346	219,861
Interests in associates	–	–	–	–	12	–	12	–	–	–	12
Unallocated assets											75,626
Total assets											295,499
Segment liabilities	37,379	15,322	8,115	–	2,571	49	63,436	135	296	431	63,867
Unallocated liabilities											32,579
Total liabilities											96,446
Other segment information:											
Depreciation and amortisation	–	8,536	133	–	1,937	–	10,606	158	410	568	11,174
Unallocated amounts											203
											11,377
Negative goodwill recognised	–	–	–	–	–	–	–	–	1,558	1,558	1,558
Impairment losses recognised in the profit and loss account	–	–	–	–	742	–	742	–	–	–	742
Unrealised loss on marketable securities	–	–	–	373	–	–	373	–	–	–	373
Capital expenditure	–	3,615	318	–	32	–	3,965	–	135	135	4,100
Unallocated amounts											601
											4,701

(b) Geographical segments

The following table presents revenue and certain asset and capital expenditure information for the Group's geographical segments.

Group	Southeast Asia except Singapore and Hong Kong 2004	2003	Singapore 2004	2003	Hong Kong 2004	2003	Consolidated 2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Income/sales from external customers	16,706	19,916	207,222	73,873	30,628	25,624	254,556	119,413
Other revenue and gains	1,051	585	–	–	967	1,995	2,018	2,580
Total	17,757	20,501	207,222	73,873	31,595	27,619	256,574	121,993
Other segment information:								
Total assets	55,900	64,323	77,134	42,224	255,918	188,952	388,952	295,499
Capital expenditure	1,167	3,615	–	–	33,251	1,086	34,418	4,701

5. TURNOVER, OTHER REVENUE AND GAIN

Turnover mainly represents the vessel-charter service income, income from hotel operation, rental income, proceeds from the trading of marketable securities, service and subscription income from the provision of property information and monitoring services through websites.

An analysis of turnover, other revenue and gain is as follows:

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Turnover		
Continuing operations:		
Vessel-charter service income	207,222	73,873
Income from hotel operation	16,706	18,526
Rental income	8,247	9,554
Proceeds from the trading of marketable securities	15,811	11,006
Service and subscription income from the provision of property information and monitoring services through websites	6,430	3,858
	254,416	116,817
Discontinued and discontinuing operations (note 6):		
Income from the provision of photo-finishing services	–	1,389
Sale of goods	140	1,207
	140	2,596
	254,556	119,413
Other revenue		
Interest income	458	311
Dividend income from listed investments	484	–
Other	1,578	1,402
	2,520	1,713
Gains		
Exchange gains, net	71	–
Negative goodwill recognised as income	–	1,558
	71	1,558
Other revenue and gains	2,591	3,271

6. DISCONTINUED AND DISCONTINUING OPERATIONS

During the current and prior years, the following discontinued and discontinuing operations were noted:

(a) Disposal of the photo-finishing business

Pursuant to the sale and purchase agreements entered into between the Group and two independent third parties on 12 August 2002, the Group agreed to dispose of the related fixed assets and inventories which were attributable to its film processing business, for an aggregate cash consideration of RMB770,000 (equivalent to HK$719,000). Thereafter, the Group's subsidiaries previously engaged in the film processing business had become dormant.

(b) Termination of the wireless headsets business

During the year, the Group ceased to engage in the manufacture and sale of wireless headsets.

As the results and net assets of (a) above are insignificant, no segregation of the discontinued and discontinuing operations of (a) and (b) has been made to the following disclosures.

The turnover, other revenue and gains, expenses, loss before tax and tax attributable to the discontinued and discontinuing operations for the two years ended 31 March 2004 and 2003 are as follows:

	2004 *HK$'000*	**2003** *HK$'000*
TURNOVER	140	2,596
Cost of sales and services provided	(113)	(4,007)
Gross profit/(loss)	27	(1,411)
Other revenue and gains	340	1,921
Selling and distribution costs	(2)	(674)
Staff costs	(229)	(1,241)
Depreciation	(4)	(557)
Loss on disposal of fixed assets	–	(509)
Other administrative expenses	(838)	(4,388)
Impairment of fixed assets	–	(1,475)
LOSS FROM OPERATING ACTIVITIES	(706)	(8,334)
Finance costs	–	–
LOSS BEFORE TAX	(706)	(8,334)
Tax	–	–
LOSS AFTER TAX	(706)	(8,334)
Minority interest	–	1,823
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS	(706)	(6,511)

The carrying amounts of the total assets and liabilities of the discontinued and discontinuing operations at the balance sheet date are as follows:

	2004 *HK$'000*	**2003** *HK$'000*
Total assets	417	739
Total liabilities	(52,861)	(52,477)
Net liabilities	(52,444)	(51,738)

Included in the amount of total assets of the discontinued and discontinuing operations are inventories which have been written down to their net realisable value of HK$10,000 (2003: HK$202,000). Included in the amount of total liabilities is HK$52,671,000 (2003: HK$52,068,000) due to group companies.

The loss on disposal and impairment losses of fixed assets relating to the discontinuing operations in aggregate of HK$1,984,000 for the year ended 31 March 2003 related to certain operating equipment of the wireless headsets business which were written down to the estimated selling prices. There was no tax arising from the disposal.

7. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

		Group	
		2004	**2003**
	Notes	*HK$'000*	*HK$'000*
Cost of services provided*		210,140	98,189
Cost of inventories sold		113	1,406
Depreciation	14	9,676	10,815
Amortisation and impairment of database*	15	808	562
Auditors' remuneration		1,080	993
Staff costs (including directors' remuneration in note 9, but excluding benefits in kind):			
Wages and salaries		16,524	13,128
Pension scheme contributions		518	511
Less: Forfeited contributions		(83)	(121)
		435	390
Total staff costs		16,959	13,518
Minimum lease payments under operating leases on land and buildings		1,512	3,363
Loss on disposal/write-offs of fixed assets		202	922
Exchange losses, net		–	158
Unrealised loss/(gain) on marketable securities		(995)	373
Provision against obsolete inventories		–	1,837
Net rental income		(7,120)	(8,385)
Other operating expenses/(income), net:			
Impairment of goodwill arising from acquisition of subsidiaries		–	742
Revaluation deficit/(surplus) on:			
Fixed assets		–	52
Investment properties	16	(28,174)	11,120
Impairment of fixed assets		–	1,475
Project consultancy fee		2,376	8,635
		(25,798)	22,024

* The amortisation and impairment of database is included in "Cost of income/sales" on the face of the consolidated profit and loss account.

** At 31 March 2004, the Group has no forfeited contributions available to reduce its contributions to the pension scheme in future years (2003: Nil).

8. FINANCE COSTS

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable:		
– within five years	1,468	2,345
– after five years	106	–
Interest on margin facilities	49	–
Interest on finance leases	3	3
	1,626	2,348

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Fees payable to independent non-executive directors*	240	115
Other emoluments payable to:		
Executive directors (including former director):		
Salaries, allowances and benefits in kind	3,480	1,828
Pension scheme contributions	143	51
	3,623	1,879
	3,863	1,994

* Save as disclosed above, there were no emoluments payable to the independent non-executive directors during the year.

The number of directors whose remuneration fell within the following bands is set out below:

	Number of directors	
	2004	**2003**
Nil – HK$1,000,000	9	11
HK$1,000,001 – HK$2,000,000	2	–
	11	11

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, 5,000,000 share options were granted to the directors in respect of their services to the Group, further details of which are set out in note 31 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures.

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Five highest paid employees' emoluments

The five highest paid employees during the year included three (2003: one) executive directors, details of whose remuneration are disclosed above. The remaining two (2003: four) non-director, highest paid employees' remuneration for the year is set out below:

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Salaries and allowances	1,199	1,758
Pension scheme contributions	49	80
	1,248	1,838

The remuneration of each of the non-director, highest paid employees fell within the band of less than HK$1,000,000 for the two years ended 31 March 2004 and 2003.

During the year, 500,000 share options were granted to the above non-director, highest paid employees in respect of their services to the Group, further details of which are set out in note 31 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit and loss account, or is otherwise included in the above highest paid employees' remuneration disclosures.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profits arising in Hong Kong during the year. The increased Hong Kong profits tax rate became effective from the year of assessment 2003/2004, and so is applicable to the assessable profits arising in Hong Kong for the whole of the year ended 31 March 2004. No overseas profits tax has been provided as no assessable income was earned from the Group's operations outside Hong Kong during the year.

	2004	**2003**
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	99	55
Overprovision in prior year	–	(30)
	99	25
Associate:		
Current – Hong Kong	7	–
Total tax charge for the year	106	25

10. TAX *(Continued)*

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

Group – 2004

	Hong Kong		Indonesia		Singapore		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit/(loss) before tax	21,471		(10,795)		31,108		41,784	
Tax at the statutory tax rate	3,757	17.5	(1,080)	10.0	6,222	20.0	8,899	21.3
Revaluation surplus not subject to tax	(4,930)	(23.0)	–	–	–	–	(4,930)	(11.8)
Income not subject to tax	(145)	(0.7)	–	–	(6,222)	(20.0)	(6,367)	(15.2)
Expenses not deductible for tax	864	4.0	605	(5.6)	–	–	1,469	3.5
Tax losses utilised from previous periods	(827)	(3.8)	–	–	–	–	(827)	(2.0)
Unrecognised deferred tax assets	1,387	6.5	475	(4.4)	–	–	1,862	4.5
Tax charge at the Group's effective rate	106	0.5	–	–	–	–	106	0.3

Group – 2003

	Hong Kong		Indonesia		Singapore		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Profit/(Loss) before tax	(32,026)		(20,699)		14,813		(37,912)	
Tax at the statutory tax rate	(5,124)	16.0	(2,070)	10.0	3,259	22.0	(3,935)	10.3
Effect on opening deferred tax of increase in rates	(3,016)	9.4	–	–	–	–	(3,016)	8.0
Adjustments in respect of current tax of previous periods	(30)	0.1	–	–	–	–	(30)	0.1
Income not subject to tax	(96)	0.3	–	–	(3,259)	(22.0)	(3,355)	8.8
Revaluation deficit not deductible for tax	1,779	(5.6)	–	–	–	–	1,779	(4.7)
Expenses not deductible for tax	979	(3.1)	1,341	(6.5)	–	–	2,320	(6.1)
Tax losses utilised from previous periods	(25)	0.1	–	–	–	–	(25)	0.1
Unrecognised deferred tax assets	5,558	(17.3)	729	(3.5)	–	–	6,287	(16.6)
Tax charge at the Group's effective rate	25	(0.1)	–	–	–	–	25	(0.1)

The Group has tax losses arising in Hong Kong and Indonesia of HK$169,989,000 (2003: HK$171,532,000) and HK$19,631,000 (2003: HK$14,882,000), respectively. The tax losses in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The tax losses in Indonesia can be carried forward for a maximum period of five years. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making and ceased businesses for some time.

As at 31 March 2004, there was no significant unrecognised deferred tax liability (2003: Nil) for tax that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

11. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit/(loss) from ordinary activities attributable to shareholders for the year ended 31 March 2004 dealt with in the financial statements of the Company was a net loss of HK$4,657,000 (2003: HK$22,683,000) (note 32(b)).

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK$47,850,000 (2003: net loss of HK$24,649,000) and the weighted average of 831,520,488 (2003: 691,599,363) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2004 is based on the net profit from ordinary activities attributable to shareholders for the year of HK$47,850,000 and the weighted average of 844,523,177 ordinary shares, being the weighted average number of 831,520,488 ordinary shares in issue during the year, as used in the basic earnings per share calculation, plus the 13,002,689 ordinary shares assumed to have been issued at respective exercise prices (note 31) on the deemed exercise of all share options during the year.

A diluted loss per share amount for the year ended 31 March 2003 has not been disclosed as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for that year.

13. GOODWILL AND NEGATIVE GOODWILL

The amounts of the goodwill and negative goodwill recognised in the balance sheet, arising from the acquisition of subsidiaries, are as follows:

	Group	
	Negative goodwill	**Goodwill**
	HK$'000	*HK$'000*
Cost:		
At beginning and end of year	2,077	156,447
Accumulated amortisation and impairment:		
At beginning and end of year	(2,077)	(156,447)
Net book value:		
At 31 March 2004	–	–
At 31 March 2003	–	–

14. FIXED ASSETS

Group

	Long term leasehold hotel properties in Indonesia *HK$'000*	Medium term leasehold office premises in Hong Kong *HK$'000*	Leasehold improvements *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost or valuation:							
At beginning of year	35,139	1,280	23,933	836	18,572	4,616	84,376
Additions	–	19,662	824	–	1,225	1,186	22,897
Transfer to investment properties (note 16)	–	(1,280)	–	–	–	–	(1,280)
Disposals/write-offs	–	–	(984)	–	(2,654)	–	(3,638)
Surplus on revaluation	–	8,593	–	–	–	–	8,593
At 31 March 2004	35,139	28,255	23,773	836	17,143	5,802	110,948
Comprising:							
At cost	35,139	–	23,773	836	17,143	5,802	82,693
At 31 March 2004 valuation	–	28,255	–	–	–	–	28,255
	35,139	28,255	23,773	836	17,143	5,802	110,948
Accumulated depreciation and impairment:							
At beginning of year	5,744	–	9,594	833	13,244	2,000	31,415
Depreciation provided during the year	2,393	155	3,544	3	2,466	1,115	9,676
Disposals/write-offs	–	–	(981)	–	(2,453)	–	(3,434)
Write back on revaluation	–	(155)	–	–	–	–	(155)
Exchange realignment	68	–	95	–	48	25	236
At 31 March 2004	8,205	–	12,252	836	13,305	3,140	37,738
Net book value:							
At 31 March 2004	26,934	28,255	11,521	–	3,838	2,662	73,210
At 31 March 2003	29,395	1,280	14,339	3	5,328	2,616	52,961

During the year, certain land and buildings were leased to a third party. Accordingly, these land and buildings were transferred to investment properties at their net book value of HK$1,280,000 at the date when the buildings were leased out.

The remaining land and buildings were revalued on 31 March 2004 by Knight Frank Hong Kong Limited, independent professionally qualified valuers, on an open market, existing use basis. A revaluation surplus of HK$8,748,000 (note 32(a)) resulting from the valuation has been credited to the property revaluation reserve.

Had these leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK$19,507,000 (2003: HK$3,588,000).

As at 31 March 2004, the Group's leasehold office premises in Hong Kong with a carrying value of HK$28,255,000 (2003: HK$1,280,000) were pledged to secure a mortgage loan granted to the Group (note 28).

The net book value of the Group's fixed assets held under a finance lease included in the total amount of furniture, fixtures and equipment as at 31 March 2004 amounted to HK$15,000 (2003: HK$25,000).

14. FIXED ASSETS *(Continued)*

Company

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost:			
At beginning of year	984	3,705	4,689
Additions	–	254	254
Disposals	(984)	(1,093)	(2,077)
At 31 March 2004	–	2,866	2,866
Accumulated depreciation:			
At beginning of year	979	3,120	4,099
Provided during the year	2	278	280
Disposals	(981)	(1,091)	(2,072)
At 31 March 2004	–	2,307	2,307
Net book value:			
At 31 March 2004	–	559	559
At 31 March 2003	5	585	590

15. DATABASE

	Group *HK$'000*
Cost:	
At beginning and end of year	2,247
Accumulated amortisation and impairment:	
At beginning of year	1,439
Amortisation provided during the year *(note 7)*	562
Impairment recognised in the profit and loss account *(note 7)*	246
At 31 March 2004	2,247
Net book value:	
At 31 March 2004	–
At 31 March 2003	808

16. INVESTMENT PROPERTIES

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
At beginning of year	114,920	126,040
Additions	11,521	–
Transfer from fixed assets (note 14)	1,280	–
Revaluation surplus/(deficit) (note 7)	28,174	(11,120)
At end of year	155,895	114,920

The Group's investment properties are situated in Hong Kong and are held under medium term leases.

The Group's investment properties were revalued as at 31 March 2004 by Knight Frank Hong Kong Limited, independent professionally qualified valuers, in aggregate of HK$155,895,000, on an open market, existing use basis. Based on the valuation report, a revaluation surplus of HK$28,174,000 (2003: revaluation deficit of HK$11,120,000) on the investment properties has been charged to the profit and loss account. Further details of the Group's principal investment properties are included on page 123.

Certain of the Group's investment properties with an aggregate carrying value of HK$144,645,000 (2003: HK$108,320,000) as at 31 March 2004 have been pledged to secure banking facilities granted to the Group as further detailed in note 28.

The gross rental income earned from the investment properties during the year amounted to HK$8,229,000 (2003: HK$9,404,000).

17. PROPERTY UNDER DEVELOPMENT

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
At cost	41,000	41,000
Provision for impairment	(41,000)	(41,000)
At end of year	–	–

In prior years, the Group acquired the entire issued shares of a company which has paid a deposit of Malaysian Ringitt ("RM") 20,000,000 (equivalent to approximately HK$41,000,000) to acquire a property situated in Malaysia. The Group is required to pay the remaining construction cost of RM31,500,000 (equivalent to approximately HK$64,575,000) upon completion of the property development. The amount of the deposit paid was accounted for as the cost of the property under development, which is stated at cost less any provision for impairment.

In the prior year, an impairment provision against the carrying value of the property under development of HK$41,000,000, was provided by the directors of the Company in light of the prevailing market conditions.

Further details of the Group's property under development are included on page 124.

18. INTERESTS IN SUBSIDIARIES

	Company 2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	9	10
Due from subsidiaries	732,323	956,132
Due to subsidiaries	(10,355)	(13,208)
	721,977	942,934
Provision for impairment	(559,765)	(824,133)
	162,212	118,801

The balances with the subsidiaries are unsecured, interest-free and are not repayable within one year.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of effective interest attributable to the Group 2004	2003	Principal activities
Balance Profits Limited	British Virgin Islands/ Singapore	US$1	100	100	Provision of vessel-charter services
Capplus Investments Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Securities trading
Cambridge City Development Sdn. Bhd.*	Malaysia	RM500,002	100	100	Property investment
Gaintech Investment Limited	Hong Kong	HK$2	100	100	Property investment
iPropertyguard.com.hk Limited	Hong Kong	HK$2	79	79	Provision of online property monitoring services
Jet Top Development Limited	Hong Kong	HK$2	100	100	Property investment
Jet Victory Development Limited	Hong Kong	HK$2	100	100	Property investment
Land Search Online Limited	Hong Kong	HK$2	79	79	Provision of online property information
New Way Vision Sdn. Bhd.*	Malaysia	RM2	100	100	Property investment
P. T. Horizon Bandar Bahru*#	Indonesia	US$2,200,000	50	50	Hotel operation
Senic Investment Limited	Hong Kong	HK$2	100	100	Property investment
Wealth International Development Limited	Hong Kong	HK$2	100	100	Property investment

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

This subsidiary was classified as a subsidiary because the Group has control over its board of directors.

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Except for Balance Profits Limited and Capplus Investments Limited, all of the above principal subsidiaries are indirectly held by the Company.

During the year, certain dormant subsidiaries with an aggregate share capital of HK$1,000 were deregistered or wound up.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Share of net assets	–	56,556
Provision for impairment loss	–	(56,556)
	–	–

On 24 March 2004, the Group disposed of all its equity interests in the jointly-controlled entities to an independent third party. The gain so arising was not material and was recognised in the current year's consolidated profit and loss account as other income.

Particulars of the disposed jointly-controlled entities at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Percentage of ownership interest attributable indirectly to the Group		Principal activities
		2004	**2003**	
Lianyungang Chesterfield Flour Mill Company Limited	PRC/Mainland China	–	60	Manufacture and sale of flour
Nanjing Youheng Wheatflour Company Limited	PRC/Mainland China	–	60	Manufacture and sale of flour

20. INTERESTS IN ASSOCIATES

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Share of net assets	37	–
Balance due from an associate	16	12
	53	12

The balance with the associate is unsecured, interest-free and has no fixed terms of repayment.

20. INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the associates indirectly held by the Company are as follows:

Name	Business structure	Place of incorporation	Percentage of ownership interest attributable to the Group 2004	2003	Principal activities
Silver Star Technology Limited*	Corporate	British Virgin Islands	24	24	Investment holding
Legalsearch.com.hk Limited	Corporate	Hong Kong	24	24	Provision of online legal search services

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

21. OTHER ASSETS

	Group and Company 2004 HK$'000	2003 HK$'000
Club debentures, at cost	780	780

22. PROPERTIES HELD FOR RESALE

The Group's properties held for resale include properties situated in Malaysia of HK$9,829,000 (2003: HK$9,829,000), at estimated net realisable value, and leasehold properties situated in the PRC of HK$282,000 (2003: HK$282,000), at cost.

The carrying amount of the properties situated in Malaysia as at 31 March 2004 was supported by a professional valuation report issued by Henry Butcher, Lim & Long Sdn Bhd, an independent firm of professionally chartered surveyors in Malaysia. The properties situated in Malaysia have been pledged to secure certain loans granted to the Group as further detailed in note 28 to the financial statements.

Further details of the Group's properties held for resale are included on page 124.

23. INVENTORIES

	Group 2004 HK$'000	2003 HK$'000
Raw materials	600	1,846
Work in progress	–	721
Finished goods	362	415
	962	2,982
Less: Provision	(8)	(1,837)
	954	1,145

As at 31 March 2004, out of the total inventories of HK$954,000 (2003: HK$1,145,000), HK$10,000 (2003: HK$202,000) was carried at net realisable value as at the balance sheet date.

24. TRADE RECEIVABLES, PREPAYMENTS AND DEPOSITS

Trading terms with customers are mostly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are regularly reviewed by senior management.

The analysis below ages trade receivables, net of provisions, based on the invoice date, which is when the goods are delivered or the services are rendered.

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Current to 180 days	12,898	2,530
Over 180 days	337	237
Trade receivables	13,235	2,767
Prepayments and deposits	29,934	30,948
	43,169	33,715

25. SHORT TERM INVESTMENTS

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Hong Kong listed equity investments, at market value	51,217	8,827

As at 31 March 2004, the Group's short term investments amounting to HK$30,437,000 (2003: Nil) were pledged to secure a margin account facility (note 29) granted to the Group. Apart from this, the remaining short term investments amounting to HK$20,780,000 (2003: Nil) were pledged to secure a current account overdraft and moneymarket rate based advances granted to the Group. As at the balance sheet date, no banking facility was utilised.

26. CASH AND CASH EQUIVALENTS

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Cash and bank balances	2,071	3,059
Time deposits	46,192	69,161
	48,263	72,220

27. FINANCE LEASE PAYABLES

The Group leases certain of its office equipment for its operations. This lease is classified as a finance lease and has a remaining lease term of one year.

As at 31 March 2004, the total future minimum lease payments under finance leases and their present values were as follows:

Group	Minimum lease payments 2004	Minimum lease payments 2003	Present value of minimum lease payments 2004	Present value of minimum lease payments 2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:				
Within one year	5	17	5	14
In the second to fifth years, inclusive	–	5	–	5
Total minimum finance lease payments	5	22	5	19
Future finance charges	–	(3)		
Total net finance lease payables	5	19		
Portion classified as current liabilities	(5)	(14)		
Long term portion	–	5		

28. INTEREST-BEARING BANK LOANS, OVERDRAFTS AND OTHER LOANS

	Group 2004	2003
	HK$'000	*HK$'000*
Bank overdrafts, secured	463	413
Bank loans, secured	49,359	26,584
Other loans, secured	3,427	3,032
	53,249	30,029
Bank overdrafts repayable within one year or on demand	463	413
Bank loans repayable:		
Within one year or on demand	8,184	9,213
In the second year	4,500	4,921
In the third to fifth years, inclusive	23,400	12,450
After the fifth year	13,275	–
	49,359	26,584
Other loans repayable within one year or on demand	3,427	3,032
	53,249	30,029
Portion classified as current liabilities	(12,074)	(12,658)
Non-current portion	41,175	17,371

28. INTEREST-BEARING BANK LOANS, OVERDRAFTS AND OTHER LOANS *(Continued)*

(a) Certain of the Group's bank loans and overdrafts are secured by:

(i) mortgages over the Group's properties held for resale situated in Malaysia which had an aggregate carrying amount at the balance sheet date of approximately HK$5,460,000 (2003: HK$5,460,000) (note 22);

(ii) mortgages over the Group's leasehold land and buildings and investment properties which had an aggregate carrying value at the balance sheet date of approximately HK$172,900,000 (2003: HK$109,600,000) (notes 14 and 16); and

(iii) a corporate guarantee by the Company.

(b) Certain of the Group's other loans are secured by:

(i) mortgages over the Group's properties held for resale situated in Malaysia which had an aggregate carrying value at the balance sheet date of approximately HK$4,369,000 (2003: HK$4,369,000) (note 22); and

(ii) a personal guarantee by a former director.

Pursuant to banking facility letters dated 13 June 2003 and 26 November 2003 entered between Gaintech Investment Limited and Senic Investment Limited, subsidiaries of the Company, and Standard Chartered Bank (Hong Kong) Limited relating to a five-year loan facility, and moneymarket rate based advances in aggregate of HK$55,000,000 (2003: HK$24,500,000) and a fifteen-year mortgage loan facility of HK$18,000,000 (2003: Nil), respectively, a termination event would arise if the Group could not maintain net assets of HK$100,000,000 throughout the year.

Subsequent to the balance sheet date, on 2 April 2004, new banking facility letters were entered into between Gaintech Investment Limited, Senic Investment Limited and New Century Properties Investments Limited, subsidiaries of the Group, and Standard Chartered Bank (Hong Kong) Limited, relating to a five-year loan facility and moneymarket rate based advances in aggregate of HK$52,900,000, a fifteen-year mortgage loan facility of HK$17,775,000 and a seven-year mortgage loan facility of HK$31,800,000, respectively, a termination event will arise if the Group could not maintain net assets of HK$150,000,000.

29. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

The aged analysis below shows the Group's trade payables, based on the date of the goods purchased and services rendered.

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Current to 180 days	23,768	11,372
Over 180 days	5,037	498
Trade payables	28,805	11,870
Accruals and other payables	48,185	47,968
	76,990	59,838

Included in trade payable balance is a margin account payable due to a security dealer, amounting to HK$13,451,000 (2003: Nil), the margin account payable is secured by certain of the Group's short term investments (note 25) and bears interest at one month HIBOR plus 1.75%.

30. SHARE CAPITAL

Shares

	Group and Company 2004	2003
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	20,000	20,000
Issued and fully paid:		
831,729,914 (2003: 831,379,914) ordinary shares of HK$0.01 each	8,317	8,314

During the year, share options to subscribe for 350,000 shares were exercised at the subscription price of HK$0.271 (note 31), resulting in the issue of 350,000 shares of HK$0.01 each, for a total cash consideration, before expenses, of HK$94,000.

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued share capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2002	474,253,276	4,743	270,895	275,638
Shares issued during the year	80,000,000	800	19,200	20,000
Rights issue	277,126,638	2,771	80,367	83,138
	357,126,638	3,571	99,567	103,138
Share issue expenses	–	–	(2,152)	(2,152)
At 31 March 2003 and 1 April 2003	831,379,914	8,314	368,310	376,624
Share options exercised	350,000	3	91	94
At 31 March 2004	831,729,914	8,317	368,401	376,718

Share options

Details of the Company's share option scheme are included in note 31 to the financial statements.

31. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Details of the Scheme are as follows:

(a) Participants

Participants are any director (including executive, non-executive directors and independent non-executive directors) and employees of the Group and any advisors (professional or otherwise), consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the board of directors of the Group (the "Board") considers, in its sole discretion, have contributed to the Group and any shareholder of the Group (the "Grantee").

(b) Subscription price

The Subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the greater of:

(i) the closing price of the shares of HK$0.01 each of the Company (the "Shares") as stated in the daily quotation sheets issued by the Stock Exchange on the date of the grant of an option (the "Date of Grant");

(ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and

(iii) the nominal value of a Share.

(c) Maximum number of shares

The maximum number of Shares in respect of which options may be granted under this Scheme shall not exceed 10%, in nominal amount of the issued share capital of the Company on the adoption date of the Scheme (the "Scheme Mandate Limit"). Options which lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(d) Maximum number of options granted to each participant

The maximum number of shares in respect of which options may be granted to a specifically identified single Grantee under this Scheme may not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1% of the shares in issue (the "Individual Limit").

(e) Period of exercise of options

An option may be exercised in a period to be notified by the Board to each Grantee at the time of making an offer which will expire no later than 10 years from the Date of Grant.

(f) Remaining life of the Scheme

The Scheme is valid during the period of 10 years commencing from its adoption date, unless otherwise cancelled or amended.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

31. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Scheme during the year:

	Number of share options								Price of Company's shares**	
Name or category of participant	At 1 April 2003	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2004	Date of grant of share options*	Exercise period of share options	Exercise price of share options *HK$*	At grant date of options *HK$*	At exercise date of options *HK$*
Directors										
Mr. Wilson Ng	5,000,000	–	–	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Mr. Ng Wee Keat	5,000,000	–	–	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Mr. Lo Ming Chi, Charles	5,000,000	–	–	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Lilian Ng	5,000,000	–	–	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Sio Ion Kuan	5,000,000	–	–	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Chen Ka Chee	5,000,000	–	–	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Ng Siew Lang, Linda	–	5,000,000	–	–	5,000,000	20 October 2003	20-10-03 to 19-10-13	0.301	0.300	N/A
	30,000,000	5,000,000	–	–	35,000,000					
Other employees	4,200,000	–	(350,000)	(400,000)	3,450,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	0.425
	–	1,500,000	–	–	1,500,000	20 October 2003	20-10-03 to 19-10-13	0.301	0.300	N/A
	4,200,000	1,500,000	(350,000)	(400,000)	4,950,000					
Total	34,200,000	6,500,000	(350,000)	(400,000)	39,950,000					

* The vesting period of the share options is one month from the date of the grant of the options.

** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure line.

At the balance sheet date, the Company had 39,950,000 share options outstanding under the Scheme, which represented approximately 4.8% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 39,950,000 additional ordinary shares of the Company and additional share capital of HK$399,500 and share premium of HK$10,621,950 (before issue expenses).

Subsequent to the balance sheet date, on 6 May 2004, 5,000,000 and 300,000 share options were exercised by Ms. Sio Ion Kuan, a director and two employees, respectively, at an exercise price of HK$0.271 per share.

32. RESERVES

(a) Group

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Property revaluation reserve HK$'000	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2002		270,895	217,891	–	(67)	(396,044)	92,675
Premium arising on the issue of shares	30	99,567	–	–	–	–	99,567
Share issue expenses	30	(2,152)	–	–	–	–	(2,152)
Exchange realignment on translation of the financial statements of foreign entities		–	–	–	1,966	–	1,966
Net loss for the year		–	–	–	–	(24,649)	(24,649)
At 31 March 2003 and 1 April 2003		368,310	217,891	–	1,899	(420,693)	167,407
Premium arising on the issue of shares	30	91	–	–	–	–	91
Surplus on revaluation	14	–	–	8,748	–	–	8,748
Exchange realignment on translation of the financial statements of foreign entities		–	–	–	(97)	–	(97)
Net profit for the year		–	–	–	–	47,850	47,850
At 31 March 2004		368,401	217,891	8,748	1,802	(372,843)	223,999
Reserves retained by :							
Company and subsidiaries		368,401	217,891	8,748	1,802	(372,880)	223,962
Associates		–	–	–	–	37	37
At 31 March 2004		368,401	217,891	8,748	1,802	(372,843)	223,999
Company and subsidiaries		368,310	217,891	–	1,899	(420,693)	167,407
Associates		–	–	–	–	–	–
At 31 March 2003		368,310	217,891	–	1,899	(420,693)	167,407

32. RESERVES *(Continued)*

(b) Company

	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2002	270,895	217,891	(396,111)	92,675
Premium arising on the issue of shares *(note 30)*	99,567	–	–	99,567
Share issue expenses *(note 30)*	(2,152)	–	–	(2,152)
Net loss for the year	–	–	(22,683)	(22,683)
At 31 March 2003 and 1 April 2003	368,310	217,891	(418,794)	167,407
Premium arising on the issue of shares *(note 30)*	91	–	–	91
Net loss for the year	–	–	(4,657)	(4,657)
At 31 March 2004	368,401	217,891	(423,451)	162,841

The contributed surplus of the Group arose from:

(i) the Group's reorganisation on 13 June 1990, representing the difference between the nominal value of the Company's shares issued under the Group reorganisation and the nominal value of the shares together with the share premium account of the former holding company of the Group acquired;

(ii) the transfer from the share premium account pursuant to the capital restructuring on 2 June 1999; and

The contributed surplus of the Company arose from:

(i) the above reorganisation, representing the difference between the nominal value of the Company's shares issued under the Group reorganisation and the then consolidated net asset value of the acquired subsidiaries; and

(ii) the transfer from the share premium account pursuant to the capital restructuring on 2 June 1999.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is distributable to shareholders in certain circumstances prescribed by Section 54 thereof.

Movements of the Company's and the Group's reserve accounts subsequent to the balance sheet date are detailed in note 39(a) to the financial statements.

33. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisition of subsidiaries

	2004	**2003**
	HK$'000	*HK$'000*
Net assets acquired:		
Fixed assets	–	53,100
Inventories	–	539
Trade receivables, prepayments and deposits	–	3,792
Cash and cash equivalents	–	271
Trade payables, accruals and other payables	–	(3,650)
Amount due to a related company	–	(7,037)
Loan from a minority interest	–	(27,115)
Share of accumulated losses by a minority shareholder	–	3,500
	–	23,400
Satisfied by:		
Reclassification to interests in subsidiaries from interest in an associate	–	23,400

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2004	**2003**
	HK$'000	*HK$'000*
Cash and cash equivalents acquired	–	271

Since its acquisition, P.T. Horizon Bandar Bahru contributed HK$18,526,000 to the Group's turnover and HK$20,669,000 to the consolidated loss after tax and before minority interests for the year ended 31 March 2003.

34. CONTINGENT LIABILITIES

As at the balance sheet date, the Company had outstanding guarantees given to banks/financial institutions to secure general credit facilities granted to certain subsidiaries of the Group in the amount of HK$77,000,000 (2003: HK$63,000,000). Credit facilities in the aggregate amount of HK$46,396,000 (2003: HK$23,465,000) had been utilised by such subsidiaries in respect of these guarantees as at the balance sheet date.

35. PLEDGE OF ASSETS

Details of the Group's bank loans and other loans and margin facilities, which are secured by the assets of the Group are included in notes 14, 16, 22 and 25 to the financial statements.

36. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from two to five years.

As at 31 March 2004, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Within one year	4,851	2,777
In the second to fifth years, inclusive	2,267	1,493
	7,118	4,270

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from two to three years.

As at 31 March 2004, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Within one year	263	1,215
In the second to fifth years, inclusive	12	1,032
	275	2,247

37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36(b) above, the Group had the following commitments at the balance sheet date:

	Group	
	2004	**2003**
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property under development*	64,575	64,712
Acquisition of a company whose principle interests are the Vessels (note 39(b))	83,200	–
Acquisition of properties (note 39(c))	47,700	–
	195,475	64,712

* Should the Group be obliged to complete the acquisition of the property, the Group is required to pay RM31,500,000 (equivalent to approximately HK$64,575,000) upon the completion of the property (note 17).

38. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) Related party transactions in connection with the Group's vessel-chartering business:

	2004 *HK$'000*	2003 *HK$'000*
Vessel-chartering charges ("Charter Charges") paid to Jackston Shipping Limited ("Jackston")	52,338	18,161
Vessel-chartering charges ("Charter Charges") paid to Queenston Investment Limited ("Queenston")	80,520	27,940
Management charges ("Management Charges") paid to Huang Shipmanagement Pte. Ltd. ("HSM")	4,513	1,537

Details of the chartering and management agreements were disclosed in the financial statements of the Group for the year ended 31 March 2003. Both Jackston and Queenston are indirect wholly-owned subsidiaries of Huang Group (BVI) Limited, the ultimate holding company of New Century Worldwide Capital Limited, which is the major shareholder of the company. The shareholders of HSM are connected persons of certain directors of the Company.

Subsequent to the balance sheet date, the management proposed to acquire equity interests in the aforesaid vessels (the "Vessels"). Please refer to note 39(b) for further details.

(b) As at the balance sheet date, an advance of HK$6,454,000 (2003:HK$6,524,000) was made by a related company to the Group. This balance is unsecured, interest-free and has no fixed term of repayment. The related company is beneficially owned by connected persons of certain directors of the Company.

(c) Included in the minority interests were two loans advanced by two minority shareholders of the Group's subsidiaries which amounted to HK$39,158,000 (2003: HK$36,659,000) (the "First Loan") and HK$400,000 (2003: Nil) (the "Second Loan") at the balance sheet date. Both loans are unsecured and interest-free. With respect to the First Loan, pursuant to the Shareholders' agreement entered into between the Group and the minority shareholder, the minority shareholder agreed not to demand for repayment of the loan until the subsidiary has the ability to do so and prior consent was obtained from the Group. The minority shareholder who granted the First Loan to the Group's subsidiary is also an indirect wholly-owned subsidiary of the Company's ultimate holding company. With respect to the Second Loan, the balance is repayable beyond one year.

39. POST BALANCE SHEET EVENTS

(a) Cancellation of share premium

Pursuant to a special general meeting dated 27 May 2004, the shareholders resolved to cancel the Company's entire share premium account of approximately HK$368,310,000, by crediting the same amount to the Company's contributed surplus account. The resulted increased contributed surplus was then applied to eliminate the accumulated losses of the Company of approximately HK$423,614,000 as at 30 September 2003. The said cancellation has been approved by the relevant government regulatory body in Bermuda.

A summary of the transactions after the year end date with reference to the above movements in the Company's share premium, contributed surplus and accumulated losses is as follows:

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 April 2004	368,401	217,891	(423,451)	162,841
Share premium cancellation	(368,310)	(55,304)	423,614	–
At the date of this report	91	162,587	163	162,841

The same movements on the Group's reserve accounts subsequent to the balance sheet date were also applied.

39. POST BALANCE SHEET EVENTS *(Continued)*

(b) Acquisition of a 25% equity interest in the Vessels

On 26 March 2004, the Group entered into a sale and purchase agreement to acquire 25% equity interest in People Value Limited (name changed to New Century Maritime Limited on 29 March 2004), whose principal interest is the two cruise liners "Leisure World" and "Amusement World" (the Vessels as defined in note 38(a)), from Marcus Profits Limited (name changed to New Century Cruise Line International Limited on 29 March 2004), an indirectly wholly owned subsidiary of Huang Group (BVI) Limited, the Company's ultimate holding company, at the consideration of not more than approximately US$10,665,000 (equivalent to HK$83,200,000). The consideration was satisfied by the issuance of a 1% convertible bond repayable on the second anniversary of its issue by the Company. A maximum total of 136,372,131 new shares (approximately 14.09% of the enlarged issued share capital) will be issued upon full conversion of the convertible bond at an initial conversion price of HK$0.61 per share. The aforesaid acquisition was approved by the shareholders in a special general meeting held on 27 May 2004.

On 20 July 2004, after fulfilling certain conditions as stated in the aforesaid sale and purchase agreement, the acquisition was duly completed and convertible bond in the principal amount of approximately US$10,565,000 were issued by the Company in connection thereto.

(c) Acquisition of certain properties in Hong Kong

On 20 February 2004, the Group entered into a sale and purchase agreement with an independent third party, to acquire certain properties located in Hong Kong at the aggregate consideration of HK$53,000,000. A deposit of HK$5,300,000 was paid upon the signing of the sale and purchase agreement and the balance of HK$47,700,000 was subsequently paid on 6 April 2004.

In addition, on 14 July 2004, the Group entered into a provisional sale and purchase agreement to acquire a commercial property together with certain adjacent areas located in Hong Kong from an independent third party at the consideration of HK$21,800,000. An initial deposit of HK$1,000,000 was paid upon the signing of the provisional sale and purchase agreement. Another deposit of HK$1,180,000 shall be paid upon the signing of the final sale and purchase agreement which will be entered into by the parties on or before 29 July 2004. The remaining balance of HK$19,620,000 shall be paid upon completion of the transaction, which will be on or before 14 September 2004.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issued by the board of directors on 23 July 2004."

3. MANAGEMENT DISCUSSION AND ANALYSIS

(i) For the year ended 31st March, 2004

Following is the management discussion and analysis extracted from the annual report of the Company for the year ended 31st March, 2004:

"RESULTS

For the year ended 31 March 2004, the Group recorded its turnover of HK$254,556,000 representing an increase of 113% as compared to that of HK$119,413,000 last year. Net profit from ordinary activities attributable to shareholders was approximately HK$47,850,000 for the year as compared to net loss from ordinary activities of HK$24,649,000 last year.

CONTINGENT LIABILITIES

As at the balance sheet date, the Company had outstanding guarantees given to banks to secure general banking facilities granted to the Group in the amount of approximately HK$77,000,000 out of which approximately HK$46,396,000 had been utilized by the Group as at the balance sheet date.

CHARGE ON GROUP'S ASSETS

As at 31 March 2004, certain of the Group's leasehold land and buildings and properties held for resale with carrying value of approximately HK$182,729,000 were pledged to bank/financial institutions for the total interest-bearing loans granted to the Group of approximately HK$53,249,000.

CAPITAL COMMITMENT

As at the balance sheet date, the Group had commitments in respect of (1) RM31,500,000 (equivalent to approximately HK$64,575,000) representing the remaining construction cost of a property currently under development in Malaysia (Since the site plan and usage of this property had been altered by the principal developer without the prior consent of the management of the Group, the Directors, with the advice from the Hong Kong lawyers and Malaysian lawyers, have determined to take legal action against the developer); (2) approximately US$10,665,000 (equivalent to approximately HK$83,187,000) representing the consideration amount for acquisition of 25% interest in an investment holding company whose principal assets are the entire beneficial interests in the Vessels (note 39(b) to the financial statements); and (3) HK$47,700,000 representing the remaining balance of the consideration for acquisition of properties (note 39(c) to the financial statements).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2004, the Group had net current assets of approximately HK$58,158,000 and shareholders' funds of approximately HK$232,316,000. The Group's total indebtedness (representing the aggregate amounts of interest bearing loans from banks and financial institutions) was approximately HK$53,249,000 secured by mortgages over the Group's properties having an aggregate net book value of approximately HK$182,729,000 as at 31 March 2004. Among which, approximately HK$12,074,000 will be repayable within one year and the remaining of approximately HK$41,175,000 will be repayable within the second to fifth years. The Group's gearing ratio (total indebtedness divided by shareholders' funds) was 0.23 for the year ended 31 March 2004 (2003: 0.17). Furthermore, except for approximately HK$6,853,000 of the total indebtedness which was denominated in Malaysia Ringitt, all the other indebtedness were denominated in Hong Kong Dollars. The total indebtedness is at floating interest rate.

MAJOR ACQUISITION

On 24 November 2003, the Group entered into an agreement to acquire the office premises (located at Unit nos. 3807-3811, 38/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong and car park no.14 on the 6 floor of the building) at the consideration of HK$30,000,000. The transaction was completed on 28 November 2003.

POST BALANCE SHEET EVENTS

On 6 February 2004, the Group entered into an agreement to acquire another property (being Shop Nos. 1A, 1B, 1C, 1F, 1G and 1H of Retail Portions on the Ground Floor of Commercial Podium, Mandarin Plaza, No.14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong) at the consideration of HK$53,000,000. The transaction was completed on 6 April 2004.

On 26 March 2004, the Group entered into an agreement to acquire 25% equity interest in an investment holding company, whose principal assets will be the entire beneficial interests in two vessels named "Leisure World" and "Amusement World", at a consideration up to US$10,665,000. The transaction was completed on 20 July 2004 and the consideration was satisfied by the issue by the Company a convertible bond in the principal amount of approximately US$10,565,000.

Further, the Directors proposed the cancellation of the entire amount standing to the credit of the share premium account of the Company as at 30 September 2003. Such amount has been credited to the contributed surplus account of the Company and has been applied part of such contributed surplus to eliminate the accumulated losses of the Company at 30 September 2003. The related resolution was duly passed by the shareholders at the special general meeting held on 27 May 2004.

On 14 July 2004, the Group entered into an agreement to acquire a property (being Ground Floor including its cockloft, Chi Fu Building, 301 Portland Street, Kowloon, Hong Kong) at the consideration of HK$21,800,000. It is expected the acquisition to be completed on or before 14 September 2004.

HUMAN RESOURCES

As at 31 March 2004, the total number of employees of the Group was about 412, among which about 232 staff were based in Indonesia, 131 staff in Singapore, 2 staff in PRC and 47 staff in Hong Kong. Apart from competitive remuneration package offered to the employees, share options may also be granted in order to attract and retain talented employees. As at the balance sheet date, the Company had 39,950,000 share options outstanding.

OUTLOOK

Despite the adverse impact from the unprecedented outbreak of SARS in the Asian countries, the Group still performed well and achieved a turnaround in the financial year under review. The Group recorded a net profit of HK$47,850,000 from its ordinary activities.

In the forthcoming years, the management continues to strength its investments with stable revenue generating power by looking for new investment opportunities, which will place the Group on the path to steady growth."

(ii) For the year ended 31st March, 2003

Following is the management discussion and analysis extracted from the annual report of the Company for the year ended 31st March, 2003:

"RESULTS

For the year ended 31 March 2003, the Group recorded its turnover of HK$119,413,000 as compared to HK$24,500,000 last year. Net loss from ordinary activities attributable to shareholders was approximately HK$24,649,000 for the year as compared to HK$212,168,000 last year.

CONTINGENT LIABILITIES

As at the balance sheet date, the Company had outstanding guarantees given to banks and a loan provider to secure general banking facilities granted to the Group in the amount of approximately HK$63,000,000. Out of which approximately HK$23,465,000 had been utilized by the Group as at the balance sheet date.

CHARGE ON GROUP'S ASSETS

As at 31 March 2003, certain of the Group's leasehold land and buildings and properties held for resale with carrying value of approximately HK$119,429,000 were pledged to bank/ financial institutions for the total interest-bearing loans granted to the Group of approximately HK$30,029,000.

CAPITAL COMMITMENT

As at the balance sheet date, the Group had a total commitment of RM31,500,000 (equivalent to approximately HK$64,712,000) representing the remaining construction cost of a property currently under development in Malaysia. Since the site plan and usage of this property had been altered by the principal developer without the prior consent of the management of the Group, the Directors are still in the progress of seeking legal advice to determine the appropriate course of action to be taken.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2003, the Group had net current assets of approximately HK$46,948,000 and shareholders' funds of approximately HK$175,721,000. The Group's total indebtedness (representing the aggregate amounts of interest bearing loans from banks, financial institutions and loan providers) was approximately HK$30,029,000 secured by mortgages over the Group's properties having an aggregate carrying value of approximately HK$119,429,000 as at the balance sheet date. Out of the Group's total indebtedness of HK$30,029,000, approximately HK$12,658,000 will be repayable within one year and the remaining amount of approximately HK$17,371,000 will be repayable within the second to fifth years. The Group's gearing ratio (total indebtedness divided by shareholders' funds) was 0.17 for the year ended 31 March 2003 (2002: 0.70). Furthermore, except for approximately HK$6,563,000 of the total indebtedness which was denominated in Malaysian Ringitt, all the other indebtedness were denominated in Hong Kong Dollars. The total indebtedness is at floating interest rate.

During the year, the financial position of the Group has been significantly improved. As at 31 March 2003, the Group's aggregate cash on hand was HK$72,220,000. The improvement was mainly due to (1) net proceed of approximately HK$19,450,000 was received by the Group on 22 April 2002 by the placement of 80,000,000 new ordinary shares of HK$0.01 each at the placing price of HK$0.25 per share in the Company; and (2) net proceed of approximately HK$81,000,000 was received by the Group following an allotment of 277,126,638 ordinary shares at HK$0.01 each on 26 November 2002 at a subscription price of HK$0.30 each at the basis of one right share for every two shares held. In view of this strong financial position, the management believes the Group will have adequate financial resources to meet its daily working capital requirements and for further potential investments purpose as the opportunities may arise in future.

HUMAN RESOURCES

As at 31 March 2003, the total number of employees of the Group was about 515, among which about 343 staff were based in Indonesia, 105 staff in Singapore, 13 staff in PRC and 54 staff in Hong Kong. Apart from competitive remuneration package offered to the employees, share options may also be granted in order to attract and retain talented employees. For the year ended 31 March 2003, a total of 34,200,000 share options have been granted to eligible executives and employees of the Group.

OUTLOOK

Despite the global economic downturn, the Group's performance has been improving with increasing contributions to be made by the cruise liner operation. In the forthcoming years, the management continues to strength its investments with stable revenue generating power by looking for new investment opportunities, which will place the Group on the path to steady growth."

(iii) For the year ended 31st March, 2002

Following is the chairman's statement extracted from the annual report of the Company for the year ended 31st March, 2002:

"The financial year under review for the Group was still a difficult year which could be inferred from the shrinkage in the global market, especially following the occurrence of the "911" incident in the United States in 2001. The Group recorded a net loss from ordinary activities attributable to shareholders of HK$212,168,000 for the year as compared to HK$38,667,000 last year, although the Group recorded an approximately 35% increase in turnover from HK$18,214,000 last year to HK$24,500,000 for the year. The loss contributed mainly to (a) the amortisation and provision for impairment loss on the Group's goodwill arising from its acquisitions of the internet and electronic wireless headsets businesses in the previous year; (b) the impairment loss for the Group's investment in the flour mill in Liangyungang in the People's Republic of China ("PRC") and (c) the impairment loss for the investment in a property under development in Malaysia.

PROPERTY INVESTMENT

During the year, the Group did not have any acquisition and disposition of properties. There was no significant change in the value of the Group's properties in Hong Kong and provision for revaluation deficit of these properties amounted to approximately HK$1,070,000. Annual rental yield for the Group's investment properties is approximately 7.3% showing a moderate decrease of 0.2% from 7.5% last year. The maintenance of a stable rental yield for the Group's investment properties under the continuing slowing down in the property market was the effort of the Group's efficient management in its investment properties. As for the Group's investment in a property under development in Malaysia, in light of the prevailing market conditions, an impairment loss of approximately HK$37,390,000 was provided by the directors during the year.

INTERNET

An average of 68% growth in revenue from the portal sites operation as compared to that of last year, has reflected the wide-spread recognition by customers of the Group's provision of property information and credit risk analysis information services. During the year, the Group has been operating websites namely http://www.landsearch.com.hk, http://www.ivaluer.com.hk and http://www.ipropertyguard.com.hk by its subsidiaries and http://www.legalsearch.com.hk by one of its associates. Other than the traditional land search and valuation services for properties in Hong Kong, other value-added services including but not limited to the provision of enhanced email-alert services for movement of property encumbrance and litigation, comprehensive credit report and market analysis report were also available for its customers during the year. The directors are confident that the Group will increase its market share by continuing to provide high-quality and value-added services in a cost effective way in the forthcoming years. Moreover, the increasing requests in credit risk assessment and control by the society will definitely strengthen the position of the Group's role as a provider for property information and credit risk analysis information in the coming years. However, in view of the prevailing market conditions, an impairment loss on the goodwill arising from the acquisition of the portal sites business, of approximately HK$70,383,000 was fully provided for during the year.

Despite the burst of the IT bubble in 2001, there is still a significant increase in the number of internet connections as a result of reducing internet connection costs and the emergence of internet appliances such as PDA and WebPhone. Information retrieval via internet is becoming more and more popular. The directors believe that the innovated information provision business via internet will surely enjoy an optimistic prospect.

FILM PROCESSING

Up to the date of this report, the Group is operating four film processing and retail shops in Shenzhen, PRC, providing conventional film processing services and digital imaging services and products to its customers. Although, turnover from film processing business increased from HK$2,981,000 last year to HK$4,130,000 this year, its allocated loss from operating activities of HK$8,559,000 was recorded for the year. The loss was mainly due to the closure of the Group's branches in the Shanghai region during the year and the keen competition in the film processing industry in the PRC resulting in the fixed costs could not be covered by the profit contribution from its sales.

ELECTRONIC PRODUCTS

During the year, the Group has increased its equity interest in a jointly-controlled entity which involves in the manufacturing and trading of wireless headsets from 50% to 75%, as a result, the operational results of the investment have been consolidated to the Group's result since January 2002. In view of the ever-changing technology in the telecommunication products and the performance of the business for the past year, an impairment loss on the goodwill of HK$18,750,000 was made, and resulting in the loss from the operation for the year of approximately HK$19,901,000. During the year, a research and development department has been established in Shenzhen, PRC for product modification as well as the development of new products applying its technology. By enriching the product features and enlarging its distribution channels through strategic alliance with certain potential partners with whom the Group is currently undergoing active negotiation, the directors are of the view that such steps will be one of the determinant factors for the successful launching of new models in the coming years.

SECURITIES TRADING

During the year, the Group did not acquire any listed investments. Loss from the disposal of marketable securities held from the previous year together with the additional provision for the unrealised loss on the listed investments held as at the balance sheet date amounted to approximately HK$4,465,000.

FOOD MANUFACTURING

During the year, the sino party had been in default of payment for the guaranteed profit of the flour mill in Lianyungang, PRC (the "Flour Mill") pursuant to the underwriting agreement entered into between the Group and the sino party on 13 July 2000 whereby the management of the Flour Mill has been underwritten by the sino party. In view of the continuing loss-making business of the Flour Mill and the estimated realisable values of the assets therein, full impairment provision for the investment in the Flour Mill was made during the year, resulting in the loss contribution of approximately HK$24,250,000.

HOTEL INVESTMENT

The Group's investment in the hotel resort in Indonesia (the "Resort") of which the Group owns 50% equity interest recorded a stable increase in turnover to approximately HK$14,700,000 during the year as compared to approximately HK$4,700,000 for the six months' results last year. Pursuant to a shareholder agreement entered into between the Group and the other shareholder of the Resort on 2 April 2002, whereby the majority of the composition of board of directors of the Resort was conferred to the Group with effect from the agreement date thereon, the results of the Resort will therefore be consolidated to the Group's financial statements as a subsidiary starting from the coming financial year. The Group's share of loss of and the provision for amount due from the Resort aggregating to HK$7,767,000 for the year resulted mainly from the maintenance cost incurred and the impairment loss provided for, the fixed assets of the Resort.

CONTINGENT LIABILITIES

As at the balance sheet date, the Company had outstanding guarantees given to banks/ financial institutions to secure general credit facilities granted to certain subsidiaries of the Group in the amount of HK$63,000,000. Credit facilities in the aggregate amount of HK$44,096,000 had been utilised by such subsidiaries in respect of these guarantees as at the balance sheet date.

CHARGE ON GROUP'S ASSETS

As at 31 March 2002, certain of the Group's leasehold land and buildings and properties held for resale with carrying value of approximately HK$130,229,000 were pledged to banks/ financial institutions for the total interest-bearing loans granted to the Group of approximately HK$51,208,000.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2002, the Group had a net current liabilities and net assets values of approximately HK$34,450,000 and HK$97,418,000 respectively. The total indebtedness of the Group (representing the aggregate amounts of loans from banks and loan providers) was approximately HK$67,240,000 and charged at floating interest rate, among which approximately HK$43,768,000 will be repayable within one year and the majority of the remaining HK$23,472,000 will be repayable within the second to fifth years. Moreover, except for approximately HK$7,113,000 of the total indebtedness was denominated in Malaysian Ringitt, all the other indebtedness were denominated in Hong Kong dollars. The ratio of total indebtedness to shareholders' equity was about 0.7 times.

The Group's cash on hand as at 31 March 2002 was approximately HK$4,443,000. Subsequent to the balance sheet date, pursuant to a subscription agreement dated 9 April 2002, net cash proceeds of approximately HK$19,450,000 was received by the Group on 22 April 2002 by issuing 80,000,000 shares of HK$0.01 each in the Company for the reduction of the Group's borrowings and its working capital requirements. The Group will continue to seek for long-term equity finance should suitable opportunity arise.

As at the balance sheet date, there was no other significant capital commitment which would require a substantial use of the Group's present cash resources or external funding, except for the commitment of approximately HK$64,712,000 in respect of the property under development in Malaysia as mentioned under the section heading "Property Investment" above.

HUMAN RESOURCES

As at 31 March 2002, the Group employed a total of 128 full-time staff, among which 65 staff were based in Hong Kong and 63 in the PRC. In addition to competitive remuneration package offered to the employees, share options of the Company may be granted by the Group in order to attract and retain talented employees. During the year, no share option has been granted.

PROSPECTS

To summarise, the Group is currently at its final stage of the consolidation process with the objective of minimising losses arising from the unsound investments and strengthening its investments with stable revenue generating power. The Group will continue to provide high-quality services and products to its customers and invite potential strategic partners and investors to the Group when suitable opportunity arises, in order to strengthen its profitability as well as to enlarge its capital base."

4. UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE GROUP

Set out below are the unaudited financial statements together with the relevant notes to the financial statements extracted from the interim report of the Company for the six months ended 30th September, 2004:

"CONDENSED CONSOLIDATED INCOME STATEMENT
Period ended 30 September 2004

	Notes	Six months ended 30 September 2004 (Unaudited) HK$'000	Six months ended 30 September 2003 (Unaudited) HK$'000
TURNOVER	3		
Continuing operations		161,255	120,899
Discontinued operations	4	–	42
		161,255	120,941
Cost of sales		(129,321)	(104,765)
Gross profit		31,934	16,176
Other revenue and gains		3,447	2,063
Selling and distribution costs		(1,071)	(1,120)
Administrative expenses		(15,286)	(13,010)
PROFIT FROM OPERATING ACTIVITIES	5	19,024	4,109
Finance costs		(1,261)	(719)
Share of profit of associates		5,578	7
PROFIT BEFORE MINORITY INTERESTS			
Continuing operations		23,341	3,595
Discontinued operations	4	–	(198)
		23,341	3,397
Minority interests		1,672	3,342
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		25,013	6,739
EARNINGS PER SHARE			
– Basic	7	HK2.9919 cents	HK0.8106 cents
– Diluted	7	HK2.7622 cents	HK0.8087 cents
DIVIDEND	8	HK1.2 cents	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

30 September 2004

	Notes	30 September 2004 (Unaudited) HK$'000	31 March 2004 (Audited) HK$'000
NON-CURRENT ASSETS			
Fixed assets		69,753	73,210
Investment properties		233,624	155,895
Property under development	9	–	–
Interests in associates	10	88,044	53
Deposits for acquisition of investment properties		1,938	5,300
Other assets		780	780
		394,139	235,238
CURRENT ASSETS			
Properties held for resale		10,111	10,111
Inventories		1,085	954
Trade receivables, prepayments and deposits	11	35,106	43,169
Short term investments, pledged		51,687	51,217
Cash and cash equivalents		26,656	48,263
		124,645	153,714
CURRENT LIABILITIES			
Finance lease payables		–	5
Interest-bearing bank loans, overdrafts and other loans	13	14,235	12,074
Trade payables, accruals and other payables	12	60,670	76,990
Tax payable		33	33
Due to a related company	19(c)	6,309	6,454
		81,247	95,556
NET CURRENT ASSETS		43,398	58,158
TOTAL ASSETS LESS CURRENT LIABILITIES		437,537	293,396
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, overdrafts and other loans	13	78,200	41,175
Convertible bond	14	82,409	–
		160,609	41,175
		276,928	252,221
MINORITY INTERESTS	19(d)	(18,350)	(19,905)
		258,578	232,316
CAPITAL AND RESERVES			
Issued capital	15	8,370	8,317
Reserves	16	250,208	223,999
		258,578	232,316

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2004

	Six months ended 30 September 2004 (Unaudited) *HK$'000*	Six months ended 30 September 2003 (Unaudited) *HK$'000*
Total equity at 1 April	232,316	175,721
Issue of shares, including share premium	1,437	–
Exchange realignment on retranslation of overseas subsidiaries, net gains or losses not recognised in the profit and loss account	(188)	(76)
Net profit for the period attributable to shareholders	25,013	6,739
Total equity at 30 September	258,578	182,384

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Period ended 30 September 2004

	Six months ended 30 September 2004 (Unaudited) *HK$'000*	Six months ended 30 September 2003 (Unaudited) *HK$'000*
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14,792	(3,919)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(77,048)	5,285
NET CASH INFLOW FROM FINANCING ACTIVITIES	40,734	9,496
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(21,522)	10,862
Cash and cash equivalents at beginning of period	47,800	71,807
Effect of foreign exchange rate changes, net	(85)	(156)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26,193	82,513
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	26,656	82,929
Bank overdrafts, secured	(463)	(416)
	26,193	82,513

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period ended 30 September 2004

1. ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation used in the preparation of these condensed consolidated financial statements are the same as those used in the audited financial statements for the year ended 31 March 2004.

2. SEGMENT INFORMATION

Segment information is presented by way of business segment, which is the primary reporting segment of the Group.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Summary details of the business segments are as follows:

Continuing operations

(a) the vessel-chartering segment engages in sub-chartering of vessels;

(b) the hotel operation segment engages in the operation of hotel property in Indonesia;

(c) the property investment segment invests in prime office space for its rental income potential;

(d) the securities trading segment engages in the trading of marketable securities for short term investment purposes; and

(e) the internet services segment engages in the provision of website property market research analysis and risk and creditability assessment information services.

Discontinued operations

(f) the film processing segment operated photo-finishing processing retail outlets in the Mainland China; and

(g) the electronic products segment engaged in the development, production and sale of wireless headsets and related products.

Further details of the discontinuance of the film processing and electronic products segments are set out in note 4 to the condensed consolidated financial statements.

There were no intersegment sales and transfers during the period.

2. **SEGMENT INFORMATION** *(continued)*

Business segments
The following tables present revenue and profit/(loss) for the Group's business segments.

Group

	Six months ended 30 September 2004 (Unaudited)									
	Continuing operations						Discontinued operations			
	Vessel-chartering	Hotel operation	Property investment	Securities trading	Internet services	Sub-total	Film processing	Electronic products	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:										
Sales to external customers	110,474	9,953	6,188	31,550	3,090	161,255	–	–	–	161,255
Other revenue and gains	1,310	159	–	1,460	56	2,985	–	–	–	2,985
Total	111,784	10,112	6,188	33,010	3,146	164,240	–	–	–	164,240
Segment results	24,332	(2,716)	3,412	2,221	(1,495)	25,754	–	–	–	25,754
Interest income and unallocated revenue and gains										462
Unallocated expenses										(7,192)
Profit from operating activities										19,024
Finance costs										(1,261)
Share of profit of associates	5,492	–	–	–	86	5,578	–	–	–	5,578
Profit before tax										23,341
Tax										–
Profit before minority interests										23,341
Minority interests										1,672
Net profit from ordinary activities attributable to shareholders										25,013

2. SEGMENT INFORMATION *(continued)*

	Six months ended 30 September 2003 (Unaudited)									
	Continuing operations						Discontinued operations			
	Vessel-chartering	Hotel operation	Property investment	Securities trading	Internet services	Sub-total	Film processing	Electronic products	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:										
Sales to external customers	97,959	8,666	4,062	7,902	2,310	120,899	–	42	42	120,941
Other revenue and gains	–	1,114	–	250	55	1,419	87	43	130	1,549
Total	97,959	9,780	4,062	8,152	2,365	122,318	87	85	172	122,490
Segment results	11,103	(5,462)	2,437	3,266	(2,209)	9,135	76	(274)	(198)	8,937
Interest income and unallocated revenue and gains										514
Unallocated expenses										(5,342)
Profit from operating activities										4,109
Finance costs										(719)
Share of profit of associates	–	–	–	–	7	7	–	–	–	7
Profit before tax										3,397
Tax										–
Profit before minority interests										3,397
Minority interests										3,342
Net profit from ordinary activities attributable to shareholders										6,739

3. TURNOVER

Turnover mainly represents the vessel-chartering service income, income from hotel operation, rental income, proceeds from the trading of marketable securities, service and subscription income from the provision of property information and monitoring services through websites.

4. DISCONTINUED OPERATIONS

During the prior period, the following discontinued operations occurred:

(a) Disposal of photo-finishing business

Pursuant to the sale and purchase agreement entered into between the Group and two independent third parties on 12 August 2002, the Group agreed to dispose of the fixed assets and inventories which were attributable to its film processing business, for an aggregate cash consideration of RMB770,000 (equivalent to HK$719,000). Thereafter, the Group's subsidiaries previously engaged in the film processing business had become dormant.

(b) Termination of wireless headsets business

The Group ceased to engage in the manufacture and sale of wireless headsets in the third quarter of 2003.

4. **DISCONTINUED OPERATIONS** *(continued)*

As the results and net assets of (a) above are insignificant, no segregation of the discontinued operations of (a) and (b) had been made to the following disclosures. The turnover, other revenue and gains, expenses, loss before tax and tax attributable to the discontinued operations for the six months ended 30 September 2004 and 2003 are as follows:

	Six months ended 30 September 2004 (Unaudited) *HK$'000*	Six months ended 30 September 2003 (Unaudited) *HK$'000*
TURNOVER	–	42
Cost of sales and services provided	–	(55)
Gross loss	–	(13)
Other revenue and gains	–	130
Selling and distribution costs	–	(1)
Staff costs	–	(165)
Other administrative expenses	–	(149)
LOSS BEFORE TAX	–	(198)
Tax	–	–
LOSS BEFORE MINORITY INTERESTS	–	(198)
Minority interests	–	93
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS	–	(105)

The carrying amounts of the total assets and liabilities of the discontinued operations at the balance sheet date are as follows:

	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
Total assets	–	417
Total liabilities	–	(52,861)
Net liabilities	–	(52,444)

Included in the amount of total assets of the discontinued operations were inventories which had been written down to their net realisable value of HK$10,000 as at 31 March 2004. Included in the amount of total liabilities was HK$52,671,000 due to group companies as at 31 March 2004.

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Six months ended 30 September 2004 (Unaudited) *HK$'000*	Six months ended 30 September 2003 (Unaudited) *HK$'000*
Amortisation of database	–	281
Depreciation	808	5,379
Staff costs	7,925	8,360
Loss/(gain) on disposal of short term investments	1,455	(1,098)
Unrealised gain of short term investments	(2,248)	(1,921)

6. TAX

No provision for Hong Kong and overseas profits tax has been made as there were no assessable profits earned in, or derived from Hong Kong and elsewhere during the period (Six months ended 30 September 2003: Nil).

7. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 September 2004 (Unaudited) *HK$'000*	Six months ended 30 September 2003 (Unaudited) *HK$'000*
Earnings		
Net profit attributable to shareholders, used in the basic earnings per share calculation	25,013	6,739
Interest expense for the period relating to the liability component of the convertible bond	164	–
Net profit attributable to shareholders, used in the diluted earnings per share calculation	25,177	6,739
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	836,016,253	831,379,914
Weighted average number of ordinary shares assumed to have been issued at respective exercise price on the deemed exercise of all share options outstanding during the period	21,591,213	1,884,321
Weighted average number of ordinary shares assumed to have been issued at conversion price of the convertible bond	53,890,722	–
	911,498,188	833,264,235

8. DIVIDEND

On 28 December 2004, the directors declared an interim dividend of HK1.2 cents per share (Six months ended 30 September 2003: Nil) to be paid to the shareholders of the Company whose names appear in the register of members on 21 January 2005.

9. PROPERTY UNDER DEVELOPMENT

	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
At beginning and end of period/year, at cost	4,000	41,000
Provision for impairment	(41,000)	(41,000)
	–	–

In prior years, an impairment provision against the carrying value of the property under development of HK$41,000,000 was provided by the directors in light of the prevailing market conditions. In the opinion of the directors, as at the balance sheet date, no write-back of the provision was considered necessary.

10. INTERESTS IN ASSOCIATES

	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
Share of net assets	5,615	37
Balances due from associates	82,429	16
	88,044	53

The balances with the associates are unsecured, interest-free and are not repayable within the next twelve months.

Particulars of the associates indirectly held by the Company are as follows:

Name	Business structure	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activities
Silver Star Technology Limited	Corporate	British Virgin Islands	24	Investment holding
Legalsearch.com.hk Limited	Corporate	Hong Kong	24	Provision o online legal search services
New Century Maritime Limited#	Corporate	British Virgin Islands	25	Investment holding and the provision of vessel-chartering services

Except for Legalsearch.com.hk Limited, all the above associates are not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

Newly acquired during the period.

10. INTERESTS IN ASSOCIATES *(continued)*

Summary of the unaudited consolidated financial information of New Century Maritime Limited for the period ended and as at 30 September 2004 is as follows:

	30 September 2004 (Unaudited) *HK$'000*
Turnover	29,601
Net profit for the period	23,404
Fixed assets	372,798
Current assets	51,654
Current liabilities	(402,411)
Net assets	22,041

Turnover represents chartering fee earned from the Group. Subsequent to the balance sheet date, on 23 November 2004, the Group proposed to further acquire an additional 20% equity interest in New Century Maritime Limited. Please refer to note 20(b) for further details.

11. TRADE RECEIVABLES, PREPAYMENTS AND DEPOSITS

Trading terms with customers are mostly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are regularly reviewed by senior management.

The analysis below ages trade receivables, net of provisions, based on the invoice date which is when the goods are delivered and services are rendered.

	30 September 2004 (Unaudited) *HK$'000*	**31 March 2004 (Audited)** *HK$'000*
Current to 180 days	5,027	12,898
Over 180 days	121	337
Trade receivables	5,148	13,235
Prepayments and deposits	29,958	29,934
Total	35,106	43,169

12. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

The aged analysis below shows trade payables based on the date of the goods purchased and services rendered.

	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
Current to 180 days	3,758	23,768
Over 180 days	7,727	5,037
Trade payables	11,485	28,805
Accruals and other payables	49,185	48,185
Total	60,670	76,990

13. INTEREST-BEARING BANK LOANS, OVERDRAFTS AND OTHER LOANS

	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
Bank overdrafts, secured	463	463
Bank loans, secured	88,545	49,359
Other loans, secured	3,427	3,427
	92,435	53,249
Bank overdrafts repayable within one year or on demand	463	463
Bank loans repayable:		
Within one year or on demand	10,345	8,184
In the second year	7,200	4,500
In the third to fifth years, inclusive	31,315	23,400
After the fifth year	39,685	13,275
	88,545	49,359
Other loans repayable within one year or on demand	3,427	3,427
	92,435	53,249
Portion classified as current liabilities	(14,235)	(12,074)
Non-current portion	78,200	41,175

(a) Certain of the Group's bank loans and overdrafts are secured by:

(i) mortgages over the Group's properties held for resale situated in Malaysia which had an aggregate carrying amount at the balance sheet date of approximately HK$5,460,000 (31 March 2004: HK$5,460,000);

(ii) mortgages over the Group's leasehold land and buildings and investment properties which had an aggregate carrying value at the balance sheet date of approximately HK$250,362,000 (31 March 2004: HK$172,900,000); and

(iii) a corporate guarantee by the Company.

13. INTEREST-BEARING BANK LOANS, OVERDRAFTS AND OTHER LOANS *(continued)*

(b) Certain of the Group's other loans are secured by:

(i) mortgages over the Group's properties held for resale situated in Malaysia which had an aggregate carrying value at the balance sheet date of approximately HK$4,369,000 (31 March 2004: HK$4,369,000); and

(ii) a personal guarantee by a former director.

In addition, short term investments amounting to HK$21,157,000 (31 March 2004: HK$20,780,000) were pledged to secure a current account overdraft and moneymarket rate based advances granted to the Group. As at the balance sheet date, no banking facilities were utilised.

14. CONVERTIBLE BOND

On 20 July 2004, the Company issued at face value a 2-year 1% convertible bond (the "Convertible Bond") with a principal amount of approximately US$10,565,000 (equivalent to approximately HK$82,409,000).

The Convertible Bond is convertible into fully-paid ordinary shares of the Company at a conversion price of HK$0.61 per share, subject to adjustments in certain events. The conversion period for the Convertible Bond is from 20 July 2004 to 19 July 2006 (the "Conversion Period"), both dates inclusive. Unless previously redeemed, converted or purchased and cancelled, the Convertible Bond is redeemable at face value at the end of the Conversion Period, together with any accrued interest. The Convertible Bond will mature on 19 July 2006.

15. SHARE CAPITAL AND SHARE OPTIONS

	30 September 2004 (Unaudited) *HK$'000*	**31 March 2004 (Audited)** *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	20,000	20,000
Issued and fully paid:		
837,029,914 (31 March 2004: 831,729,914) ordinary shares of HK$0.01 each	8,370	8,317

A summary of the movements in the issued share capital of the Company during the period is as follows:

	Number of ordinary shares	**Issued and fully paid (Unaudited)** *HK$'000*
At 1 April 2004	831,729,914	8,317
Share options exercised	5,300,000	53
	837,029,914	8,370

On 6 May 2004, 5,000,000 and 300,000 share options were exercised by Ms. Sio Ion Kuan, a director and two employees, respectively, at an exercise price of HK$0.271 per share.

15. SHARE CAPITAL AND SHARE OPTIONS *(continued)*

The following share options were outstanding under the share option scheme during the period:

	Number of share options						Price of Company's shares**	
Name or category of participant	At 1 April 2004	Exercised during the period	At 30 September 2004	Date of grant of share options*	Exercisable period of share options	Exercise price of share options	At grant date of options	At exercise date of options
Directors								
Mr. Wilson Ng	5,000,000	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Sio Ion Kuan	5,000,000	(5,000,000)	–	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	0.820
Mr. Ng Wee Keat	5,000,000	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Ng Siew Lang, Linda	5,000,000	–	5,000,000	20 October 2003	20-10-03 to 19-10-13	0.301	0.300	N/A
Ms. Lilian Ng	5,000,000	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Mr. Lo Ming Chi, Charles	5,000,000	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
Ms. Chen Ka Chee	5,000,000	–	5,000,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	N/A
	35,000,000	(5,000,000)	30,000,000					
Other employees								
In aggregate***	3,450,000	(300,000)	3,150,000	17 March 2003	17-03-03 to 16-03-13	0.271	0.265	0.820
	1,500,000	–	1,500,000	20 October 2003	20-10-03 to 19-10-13	0.301	0.300	N/A
Total	39,950,000	(5,300,000)	34,650,000					

* The vesting period of the share options is one month from the date of the grant of the options.

** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure category.

*** Included in the share options granted to other employees were 2,000,000 share options and 500,000 share options granted to Mr. Yu Wai Man, who was appointed as executive director of the Company on 2 October 2004, at subscription price of HK$0.271 per share and HK$0.301 per share on 17 March 2003 and 20 October 2003, respectively.

At the balance sheet date, the Company had 34,650,000 share options outstanding under the share option scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of additional 34,650,000 ordinary shares of the Company together with the increase in share capital of HK$346,500 and share premium of HK$9,238,650 (before issue expenses).

16. RESERVES

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Property revaluation reserve *HK$'000*	Exchange translation reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 April 2004	368,401	217,891	8,748	1,802	(372,843)	223,999
Issue of shares, net of issue expenses	1,384	–	–	–	–	1,384
Share premium cancellation	(368,310)	(55,304)	–	–	423,614	–
Exchange realignment on retranslation of overseas subsidiaries	–	–	–	(188)	–	(188)
Net profit for the period	–	–	–	–	25,013	25,013
At 30 September 2004	1,475	162,587	8,748	1,614	75,784	250,208
At 1 April 2003	368,310	217,891	–	1,899	(420,693)	167,407
Exchange realignment on retranslation of overseas subsidiaries	–	–	–	(76)	–	(76)
Net profit for the period	–	–	–	–	6,739	6,739
At 30 September 2003	368,310	217,891	–	1,823	(413,954)	174,070

Pursuant to a special general meeting dated 27 May 2004, the shareholders resolved to cancel the Company's entire share premium account of approximately HK$368,310,000 as at 30 September 2003, by crediting the same amount to the Company's contributed surplus account. The resulted increased contributed surplus was then applied to eliminate the accumulated losses of the Company of approximately HK$423,614,000 as at 30 September 2003. The said cancellation has been approved by the relevant government regulatory body in Bermuda on 1 June 2004.

17. OPERATING LEASE ARRANGEMENTS

At 30 September 2004, the Group had aggregate future minimum lease payment commitments for non-cancellable operating leases in respect of land and buildings as follows:

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to four years.

At 30 September 2004, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
Within one year	8,891	4,851
In the second to fifth years, inclusive	11,701	2,267
	20,592	7,118

17. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms of two years.

At 30 September 2004, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	30 September 2004 (Unaudited) *HK$'000*	**31 March 2004 (Audited)** *HK$'000*
Within one year	447	263
In the second to fifth years, inclusive	365	12
	812	275

18. COMMITMENT

In addition to the operating lease commitments detailed in note 17 above, the Group had the following commitment at the balance sheet date:

	30 September 2004 (Unaudited) *HK$'000*	**31 March 2004 (Audited)** *HK$'000*
Contracted, but not provided for:		
Property under development*	64,575	64,575
Acquisition of a company whose principal interest is the Vessels (as defined in note 19(b))	–	83,200
Acquisition of properties	17,442	47,700
	82,017	195,475

* Should the Group be obliged to complete the acquisition of the property under development, the Group is required to pay RM31,500,000 (equivalent to approximately HK$64,575,000) upon completion of the property (note 9).

19. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions and balances with related parties during the current period:

(a) Related party transactions and balances in connection with the Group's vessel-chartering business:

	Six months ended 30 September 2004 (Unaudited) *HK$'000*	Six months ended 30 September 2003 (Unaudited) *HK$'000*
Related party transactions		
Charter charges paid to Jackston Shipping Limited ("Jackston")	15,015	26,169
Charter charges paid to Jackston Maritime Limited ("JML")	11,154	–
Charter charges paid to Queenston Investment Limited ("Queenston")	23,100	40,260
Charter charges paid to Queenston Maritime Limited ("QML")	17,160	–
Management charges paid to Huang Shipmanagement Pte. Ltd. ("HSM")	2,335	2,214

	30 September 2004 (Unaudited) *HK$'000*	31 March 2004 (Audited) *HK$'000*
Related party balances		
Charter deposits paid to Jackston	–	10,780
Charter deposits paid to JML	10,780	–
Charter deposits paid to Queenston	–	16,500
Charter deposits paid to QML	16,500	–
Charter charges payable to Jackston	–	429
Charter charges prepaid to JML	(429)	–
Charter charges payable to Queenston	–	660
Charter charges prepaid to QML	(660)	–
Expenses paid by Huang & Co (Singapore) Pte Ltd on behalf of the Group	2,969	–
Management fee payable to HSM	–	5,656

Details of the chartering and management agreements were disclosed in the financial statements of the Group for the year ended 31 March 2003.

Pursuant to the charterparty novation deeds dated 15 July 2004 relating to the vessels entered into by Jackston, Queenston, JML, QML and the charterer, a wholly-owned subsidiary of the Group, Jackston and Queenston agreed to transfer all rights and benefits under the charter agreements entered into thereby to JML and QML. Accordingly, the charter fees and deposits were earned by and assigned to JML and QML.

Jackston, Queenston, JML and QML are indirectly subsidiaries of Huang Group (BVI) Limited ("Huang Group"), the ultimate holding company of New Century Worldwide Capital Limited, which is the major shareholder of the Company. The shareholders of HSM and Huang & Co (Singapore) Pte Ltd are connected persons of certain directors of the Company.

19. RELATED PARTY TRANSACTIONS *(continued)*

(b) In July 2004, the Group acquired 25% equity interest in New Century Maritime Limited ("NCML"), whose principal interest is the two cruise liners "Leisure World" and "Amusement World" (the "Vessels"), currently engaged in the Group's vessel-chartering business as detailed in note (a) above, from New Century Cruise Line International Limited ("NCCL"), which is indirectly wholly owned by Huang Group, for approximately US$10,565,000 (equivalent to approximately HK$82,409,000) by issuance of Convertible Bond (note 14). Interest expenses of approximately HK$165,000 were paid to NCCL during the current period.

Subsequent to the balance sheet date, the management proposed to acquire an additional 20% equity interest in NCML. Please refer to note 20(b) for further details.

(c) At the balance sheet date, an advance of HK$6,309,000 (31 March 2004: HK$6,454,000) was made to the Group by a related company. This balance is unsecured, interest-free and has no fixed terms of repayment. The related company is beneficially owned by certain connected persons of certain directors of the Company.

(d) Included in the minority interests were two loans advanced by two minority shareholders of the Group's subsidiaries which amounted to HK$39,158,000 (31 March 2004: HK$39,158,000) (the "First Loan") and HK$400,000 (31 March 2004: HK$400,000) (the "Second Loan") at the balance sheet date. Both loans are unsecured and interest-free. With respect to the First Loan, pursuant to the shareholders' agreement entered into between the Group and the minority shareholder, the minority shareholder agreed not to demand for repayment of the loan until the subsidiary has the ability to do so and prior consent is obtained from the Group. The minority shareholder who granted the First Loan to the Group's subsidiary is also an indirect wholly-owned subsidiary of the Company's ultimate holding company. With respect to the Second Loan, the balance is repayable beyond one year.

20. POST BALANCE SHEET EVENTS

(a) Acquisition of certain properties in Hong Kong

On 25 August 2004, the Group entered into a sale and purchase agreement with an independent third party, to acquire certain properties located in Hong Kong at an aggregate consideration of HK$19,380,000. A deposit of HK$1,938,000 was paid upon the signing of the sale and purchase agreement and the remaining balance of HK$17,442,000 was subsequently paid on 29 October 2004.

(b) Acquisition of an additional 20% equity interest in NCML

On 23 November 2004, the Group entered into a sale and purchase agreement to acquire an additional 20% equity interest in NCML as defined in note 19(b), from NCCL, a fellow subsidiary of the Group for approximately US$9,219,000 (equivalent to approximately HK$71,908,000). In return, the Company will pay cash consideration of approximately US$769,000 and issue approximately US$8,450,000 1% convertible bond due 2007 to NCCL. The bond is convertible into 106,308,401 new shares (11.3% of the enlarged issued share capital) of the Company at an initial conversion price of HK$0.62 per share, subject to adjustments in certain events. The aforesaid transaction is expected to be completed on or before 31 January 2005 subject to independent shareholders' approval.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 December 2004."

Following is the management discussion and analysis extracted from the interim report of the Company for the six months ended 30th September, 2004:

"RESULTS

For the six months ended 30 September 2004, the Group recorded its turnover of approximately HK$161,255,000 (Six months ended 30 September 2003: HK$120,941,000) and achieved an unaudited consolidated net profit from ordinary activities attributable to shareholders of approximately HK$25,013,000, representing an increase of about 271% as compared with the profit of approximately HK$6,739,000 for the corresponding period last year. Earnings per share were HK2.9919 cents (Six months ended 30 September 2003: HK0.8106 cents).

The significant growth in the net profit was largely due to the stable profit generated from chartering and sub-chartering of two vessels named "Leisure World" and "Amusement World" (the "Vessels") and the share of profit of an associated company whose principal asset is the entire beneficial interest in the Vessels.

OPERATION

Vessel-chartering

For the period under review, the vessel-chartering division for the Vessels reported an increase in operating profit from HK$11,103,000 for the six months ended 30 September 2003 to HK$24,332,000 for the period. The increase was mainly due to the sub-charter charges for the first five years at progressive rate and no allowances granted to the sub-charterer following the adverse impact from SARS in the second quarter of 2003.

Hotel Operation

For the hotel operation in Indonesia (the "Hotel"), there was an increase of its turnover from HK$8,666,000 to HK$9,953,000 when compared with that in the corresponding period last year. In order to attract more tourists and enhance its competitiveness in tourist industries in Asia, the Group is now refurbishing the Hotel's room and upgrading the Hotel's facilities. In the past few years, the Group's management focused on improvement of efficiency and profit margins of the Hotel by implementing a lean and mean operating structure. The management is optimistic towards the business prospects of the Hotel and is now placing the Hotel on the path to its profitability in the near future.

Property Investment

The average annual rental yield derived from investment properties was 5.1% (2003: 7.1%). The decline in the overall rental yield was due to the appreciation in the value of investment properties. Though the rental yield decreased, the upward trend in the local property market enabled the Group to generate a significant unrecognized capital gain which can compensate for the decrease in rental yield.

***OPERATION** (Continued)*

With the implementation of the "Individual Visit Scheme" of Mainland China, the higher-than-expected prices on the land auctions, the end of deflation period in Hong Kong and the continuous low level of mortgage interest rate, it not only accelerated the growth of Hong Kong economy but also stimulated the spending momentum, which ultimately speeded up the recovery of retail, service and food & beverages industries and rebounded the retail property market. On 6 February 2004, the Group entered into a sale and purchase agreement to acquire six retail shops of Mandarin Plaza from a third party at the consideration of HK$53,000,000. The acquisition was subject to its existing tenancy and was completed on 6 April 2004. On 14 July 2004, the Group entered into another sale and purchase agreement to acquire a retail shop at Portland Street from a third party at the consideration of HK$21,800,000. The acquisition was subject to its existing tenancy and was completed on 14 September 2004. On 25 August 2004, the Group entered into the other sale and purchase agreement to acquire a retail shop at Shamshuipo from a third party at the consideration of HK$19,380,000. The acquisition was subject to its existing tenancy and was completed on 29 October 2004. Given the gradual recovery of the economy in Hong Kong and the recent upward trend of the local property market, the directors deem the acquisitions as sound investment opportunities with a stable rental income source yielding from 6.3% to 7.1% based on the terms of the existing tenancy agreements.

Securities Trading

During the period under review, the Group recorded a turnover of approximately HK$31,550,000 and a profit of approximately HK$2,221,000 for the trading in marketable securities. In view of traders betting Yuan appreciation, a huge amount of overseas capital has liquidity inflow and stacked up in the Hong Kong stock market. Leveraging on low interest rate and a steady recovery of local economy, the Group continues to maintain an appropriate portfolio in marketable securities for the purpose of trading and capital gains.

Internet Services

Through the websites namely http://www.landsearch.com.hk, http://www.ipropertyguard.com.hk (operated by a subsidiary, Land Search Online Limited ("Land Search Online")) and http://www.legalsearch.com.hk (operated by an associate), the Group continues to provide a wide range of valuable online public information including encumbrances and litigation information, market research analysis and risk and credibility assessment.

During the period under review, Land Search Online has renewed the sole agency agreement with All China Marketing Research Company Limited ("ACMR"), a subsidiary of the National Bureau of Statistics of China. Land Search Online continues to exclusively provide the ACMR's products including economic and statistic publication, industry research and credit investigation. Under the atmosphere of economic recovery, the management believes that revenue contribution to the Group by internet business will be increased.

***OPERATION** (Continued)*

Associated Company
– New Century Maritime Limited ("NCML")

To complement the Company's resort operations and strategies in offering a variety of cruise and ground resort services to tourists in the Southeast Asian region, the Group acquired from connected parties 25% equity interest in NCML whose principal asset is the entire beneficial interests in the Vessels together with the rights and benefits of and in the then shareholders' loan of US$10,562,693.75 in July 2004 (the "First Acquisition"). Upon completion of the First Acquisition on 20 July 2004, the consideration was satisfied by the issue by the Company a convertible bond in the principal amount of US$10,565,193.75 (the "First Convertible Bond") repayable on the second anniversary of its issuance and the results of NCML are shared by the Group under equity accounting method. For the period under review, the Group recorded a share of profit of HK$5,492,000 from NCML. Given the stable profit generating abilities of the Vessels, the Group conditionally entered into another agreement with connected parties on 23 November 2004 to acquire a further 20% equity interest in NCML together with the rights and benefits of and in the shareholders' loan of approximately US$8,450,000 at the consideration of approximately US$9,219,000 (subject to adjustment) (the "Second Acquisition"). The consideration of the Second Acquisition will be satisfied by the Group partly by cash and partly by a convertible bond to be issued by the Company in principal amount of approximately US$8,450,000 (the "Second Convertible Bond") repayable on the second anniversary of its issue. The Second Acquisition is subject to and conditional upon the fulfillment of all consents and approvals from any relevant governmental or regulatory authorities and certain conditions precedent on or before 31 January 2005.

CAPITAL COMMITMENT

As at 30 September 2004, the Group had commitments in respect of (1) RM31,500,000 (equivalent to HK$64,575,000) representing the remaining construction cost of a property currently under development in Malaysia (Since the site plan and usage of this property had been altered by the principal developer without prior consent of the management of the Group, the directors, with advice from the Hong Kong lawyers and Malaysian lawyers, have taken legal action against the developer); and (2) HK$17,442,000 representing the remaining balance of the consideration for acquisition of a property.

CONTINGENT LIABILITIES

As at 30 September 2004, the Company had outstanding guarantees given to banks and financial institutions to secure general credit facilities granted to the Group in the amount of approximately HK$119,700,000. Credit facilities in the aggregate amount of approximately HK$85,581,000 had been utilized by the Group in respect of these guarantees as at 30 September 2004.

LIQUIDITY AND FINANCIAL RESOURCES

As at the balance sheet date, the Group had net current assets of approximately HK$43,398,000 and shareholders' fund of approximately HK$258,578,000. The Group's total indebtedness (representing the aggregate amounts of interest bearing loans from banks, financial institutions and a loan provider) was approximately HK$174,844,000. Among which, HK$92,435,000 was secured by mortgages over the Group's properties having an aggregate carrying value of approximately HK$260,191,000 as at the balance sheet date. The Group's gearing ratio (total indebtedness divided by shareholders' funds) as at the balance sheet date was 0.68 as compared to 0.23 as at 31 March 2004. Except for approximately HK$6,853,000 of the total indebtedness which was denominated in Malaysian Ringitt, all the other indebtedness were denominated in Hong Kong dollars. HK$82,409,000 was at fixed interest rate and HK$92,435,000 was at floating rate.

POST BALANCE SHEET EVENTS

Acquisition of certain properties in Hong Kong

On 25 August 2004, the Group entered into a sale and purchase agreement with an independent third party, to acquire certain properties located in Hong Kong at an aggregate consideration of HK$19,380,000. A deposit of HK$1,938,000 was paid upon the signing of the sale and purchase agreement and the remaining balance of HK$17,442,000 was subsequently paid on 29 October 2004.

Acquisition of an additional 20% equity interest in NCML

On 23 November 2004, the Group entered into a sale and purchase agreement to acquire an additional 20% equity interest in NCML for approximately US$9,219,000 (equivalent to approximately HK$71,908,000). In return, the Company will pay cash consideration of approximately US$769,000 and issue approximately US$8,450,000 1% convertible bond due 2007 to the vendor. The aforesaid transaction is expected to be completed on or before 31 January 2005 subject to independent shareholders' approval.

HUMAN RESOURCES

As at 30 September 2004, the total number of employees of the Group was about 414, among which about 233 staff were based in Indonesia, 133 staff in Singapore and 48 staff in Hong Kong. Apart from competitive remuneration package offered to the employees, share options may also be granted in order to attract and retain talented employees. As at 30 September 2004, the Company had 34,650,000 outstanding share options granted to eligible executives and employees of the Group.

PROSPECTS

In the past few years, the management adopted the strategies to liquidate unsound investments and to strengthen the Group's investments with stable revenue generating power. All those efforts have been crucial to the significant enhancement now achieved in the net profit for the period under review.

To strengthen our core business in vessel chartering by increasing our stake in the Vessels and to enhance the quality portfolio of investment properties at prime location or with attractive return have been the Group's key strategy for development.

The management is optimistic on the prospects of New Century Group Hong Kong Limited. It will continue to grow on its strong foundation of visionary foresight, efficient management and sound financials."

5. STATEMENT OF INDEBTEDNESS

At the close of business on 30th November, 2004 (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular), the Group had outstanding borrowings of approximately HK$178 million comprising the First Convertible Bond of HK$82.4 million, secured bank loans of HK$84.2 million, and secured margin account payables of HK$11.4 million.

The First Convertible Bond was issued by the Company with a principal amount of approximately US$10,565,000 (equivalent to approximately HK$82,409,000) which is interest bearing at 1% per annum and will mature on 19th July, 2006. The First Convertible Bond is convertible into fully-paid ordinary shares of the Company at a predetermined conversion price, subject to adjustments in certain events.

Including in the secured bank loans of the Group, HK$7.2 million is repayable on demand or within a period not exceeding one year, HK$7.4 million is repayable within a period of more than one year but not exceeding two years, HK$31.4 million is repayable within a period of more than two years but not exceeding five years, and HK$38.2 million is repayable within a period of more than five years.

The Group's margin account payables of HK$11.4 million, arising from the Group's purchases of listed securities, are repayable on demand.

The Group's bank loans are secured by (i) mortgages over the Group's leasehold land and buildings and investment properties which had an aggregate carrying value as at 30th November, 2004 of approximately HK$242 million; and (ii) a corporate guarantee provided by the Company.

The Group's margin account payables, together with additional banking facilities granted but not utilised by the Group at 30th November, 2004, are secured by the Group's short term investments which had an aggregate market value of HK$56.4 million as at 30th November, 2004.

Save as aforesaid and apart from intra-group liabilities, at the close of business on 30th November, 2004, the Group did not have any debt securities or loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other borrowings or indebtedness in the nature of borrowing, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire-purchase commitments, guarantees or other material contingent liabilities.

6. WORKING CAPITAL

The Directors are of the opinion that taking into account the Enlarged Group's internal resources and the present banking facilities currently available to the Enlarged Group, the Group will have sufficient working capital for its present requirements.

7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st March, 2004 (being the date to which the latest published audited financial statements of the Company were made up).

(1) ACCOUNTANTS' REPORT ON NCML

The following is the text of an accountants' report on NCML received from Ernst & Young, the reporting accountants, for inclusion in this circular.

ERNST & YOUNG
安永會計師事務所

15th Floor,
Hutchison House,
10 Harcourt Road,
Central,
Hong Kong.

31st January, 2005

The Directors
New Century Group Hong Kong Limited

Dear Sirs,

We set out below our report on the financial information regarding New Century Maritime Limited ("NCML") and its subsidiaries (hereinafter collectively referred to as "NCML Group") for the period since its incorporation to 31st October, 2004 (the "Relevant Period"), for inclusion in the circular of New Century Group Hong Kong Limited ("New Century") dated 31st January, 2005 (the "Circular") in connection with the proposed acquisition of the 20% issued share capital of NCML by Peak Ever Enterprises Ltd. (the "Purchaser"), a wholly-owned subsidiary of New Century, pursuant to the sale and purchase agreement dated 23rd November, 2004 entered into between New Century Cruise Line International Limited (the "Vendor"), the Purchaser and NCML. The Vendor is beneficially owned by Huang Group (BVI) Limited (the "Huang Group"), the ultimate holding company of New Century.

NCML, formerly known as People Value Limited, was incorporated in the British Virgin Islands on 2nd March, 2004 with limited liability and is held as to 25% by the Purchaser and 75% by the Vendor as at the date of this report. NCML's principal activity is investment holding. NCML's subsidiaries are engaged in the holding of the entire beneficial interest in two vessels which are two cruise liners, namely, "Leisure World" and "Amusement World" (the "Vessels").

The financial information set out in this report (the "Financial Information of NCML") has been prepared based on the audited financial statements of NCML Group for the Relevant Period.

For the purpose of this report, we have carried out independent audit procedures in accordance with the Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") on the audited financial statements of NCML Group, which were prepared in accordance with accounting principles generally accepted in Hong Kong, for the Relevant Period. We have also carried out additional procedures as we considered necessary in accordance with the Auditing

Guideline No. 3.340 "Prospectus and Reporting Accountants" issued by the HKICPA. No adjustments were considered necessary to restate these audited financial statements to conform to the basis as set out in section 1 below.

The audited financial statements are the responsibility of the directors of NCML. The directors of NCML are responsible for preparing the Financial Information of NCML which gives a true and fair view. In preparing the Financial Information of NCML which gives a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility, based on our examination, to form an independent opinion on the Financial Information of NCML and to report our opinion solely to you.

In our opinion, the Financial Information of NCML, together with the notes thereto gives, for the purpose of this report, a true and fair view of the profit and cash flows of NCML Group for the period since its incorporation to 31st October, 2004 and NCML Group's balance sheet as at 31st October, 2004.

1. BASIS OF PRESENTATION

The Financial Information of NCML, comprising the audited consolidated financial statements of NCML and its subsidiaries, has been prepared in accordance with accounting principles generally accepted in Hong Kong and Statements of Standard Accounting Practice issued by the HKICPA. The Financial Information of NCML has been prepared under the historical cost convention, except for the remeasurement of the vessels as stated below.

At the date of this report, NCML had direct interests in the following subsidiaries, all of which are private companies, the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and operations	Nominal value of issued share/ fully paid-up capital	Percentage of equity directly attributable to NCML	Principal activities
Jackston Maritime Limited	British Virgin Islands 7th April, 2004	Ordinary US$10,000	100	Vessel chartering
Queenston Maritime Limited	British Virgin Islands 7th April, 2004	Ordinary US$10,000	100	Vessel chartering

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by NCML Group in arriving at the financial information set out in this report, which conform with accounting principles generally accepted in Hong Kong, are as follows:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of NCML and its subsidiaries for the period since its incorporation to 31st October, 2004. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their respective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within NCML Group are eliminated on consolidation.

(b) Subsidiaries

A subsidiary is a company whose financial and operating policies NCML controls, directly or indirectly, so as to obtain benefits from its activities.

(c) Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(d) Fixed assets and depreciation

Fixed assets, comprising entirely the Vessels, are stated at their open market values at the balance sheet dates based on the independent professional valuation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred.

Changes in the values of vessels are dealt with as movements in the vessels revaluation reserve. If the total of the reserve attributable to the vessels is insufficient to cover a deficit, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

Depreciation is calculated on the straight-line basis to write off the respective valuation of each asset over its remaining useful life. The annual rate used for this purpose is 7%.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of NCML Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including time deposits, and assets similar in nature to cash, which are not restricted as to use.

(f) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(g) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to NCML Group and when the revenue can be measured reliably on the following bases:

(i) vessel charter service income, on a time proportion basis over the terms as set out in the agreements governing such activities; and

(ii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(h) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the memoranda and articles of association of NCML and its subsidiaries grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(i) Leased assets

Leases where substantially all the rewards and risks of ownership of the assets remain with the lessor are accounted for as operating leases. Where NCML Group is the lessor, assets leased by NCML Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms.

(j) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(k) Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balances sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange translation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. RESULTS

The following is a summary of the consolidated results of NCML Group for the Relevant Period, prepared on the basis set out in Section 1 above. No comparative figures have been prepared as NCML Group has not yet been incorporated during the period ended 31st October, 2003.

	Notes	**Period from 2nd March, 2004 (date of incorporation) to 31st October, 2004** *HK$'000*
TURNOVER	(a)	41,366
Other revenue	(a)	32
Depreciation	Section 4(a)	(7,661)
Maintenance costs		(4,448)
Other operating expenses		(397)
PROFIT FROM OPERATING ACTIVITIES	(c)	28,892
Finance costs	(d)	(508)
PROFIT BEFORE TAX		28,384
Tax	(e)	–
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		28,384
INTERIM DIVIDEND	(f)	1,435
EARNINGS PER SHARE	(g)	HK$2,838

Notes:

(a) Turnover and revenue

Turnover represents the vessel charter service income earned from a fellow subsidiary (see note (h) below). Other revenue represents interest income earned during the Relevant Period.

(b) Segment information

No segment information has been disclosed in respect of NCML Group's business segments as all NCML Group's revenue and assets were related to vessel charter service.

No geographical segment information has been disclosed as NCML Group's charterers are all based in Southeast Asia.

(c) Profit from operating activities

NCML Group's profit from operating activities is arrived at after charging:

	Period from 2nd March, 2004 (date of incorporation) to 31st October, 2004
	HK$'000
Auditors' remuneration	50
Exchange losses, net	121

(d) Finance costs

Finance costs represent interest on a bank loan wholly repayable within five years.

(e) Tax

No income tax has been provided as no assessable income was earned from NCML Group's operations in Hong Kong or elsewhere during the Relevant Period.

(f) Interim dividend

An interim dividend of US$18.4 (equivalent to HK$143.5) per ordinary share totalling HK$1,435,000 was declared during the Relevant Period.

(g) Earnings per share

The calculation of earnings per share is based on NCML Group's net profit attributable to shareholders for the period since its incorporation to 31st October, 2004 of HK$28,384,000 and the weighted average of 10,000 ordinary shares in issue throughout the Relevant Period.

(h) Related party transactions

Save as disclosed elsewhere in this report, NCML Group had the following significant transactions and balances with related parties during the Relevant Period. Related companies referred to in this report are companies of which the ultimate shareholders and/or directors of NCML Group are also shareholders and/or directors.

	Period from 2nd March, 2004 (date of incorporation) to 31st October, 2004
	HK$'000
Continuing:	
Vessel charter income from a fellow subsidiary	41,366
Deposits received from a fellow subsidiary	28,520
Discontinued:	
Consideration paid to fellow subsidiaries for acquisition of vessels	378,009

On 14th July, 2004, NCML Group acquired the Vessels from two fellow subsidiaries at consideration of US$30,000,000 (equivalent to approximately HK$234 million) and US$18,500,000 (equivalent to approximately HK$144 million) (See also Section 4 (a) for details).

On the same date, NCML Group, the two fellow subsidiaries, and the charterer, Balance Profits Limited, a wholly-owned subsidiary of New Century, which is also a fellow subsidiary of NCML Group, entered into a charterparty novation deed relating to the Vessels whereby the fellow subsidiaries agreed to transfer all rights and benefits under the charter agreements entered into thereby to NCML Group and to assign the charter deposits to NCML Group. Pursuant to the aforesaid charter agreements, each of the parties is allowed to terminate the agreements with a notice period of one month.

4. BALANCE SHEET

Set out below is the consolidated balance sheet of NCML Group as at the end of the Relevant Period prepared on the basis set out in Section 1 above:

	Notes	**31st October, 2004** *HK$'000*
NON-CURRENT ASSETS		
Fixed assets	(a)	373,620
Pledged time deposits	(b)	17,550
		391,170
CURRENT ASSETS		
Due from a fellow subsidiary	(c)	10,626
Cash and cash equivalents	(b)	33,122
		43,748
CURRENT LIABILITIES		
Interest-bearing bank loan	(d)	23,460
Charter deposits received from a fellow subsidiary		28,520
Due to a fellow subsidiary	(c)	4,448
Due to the immediate holding company	(c)	1,145
		57,573
NET CURRENT LIABILITIES		(13,825)
TOTAL ASSETS LESS CURRENT LIABILITIES		377,345
NON-CURRENT LIABILITIES		
Interest-bearing bank loan	(d)	(17,490)
Shareholders' loans	(c)	(329,556)
		(347,046)
		30,299
CAPITAL AND RESERVES		
Issued capital	(e)	78
Reserves	(e)	30,221
		30,299

Notes:

(a) Fixed assets

	Vessels
	HK$'000
Valuation:	
At 2nd March, 2004	–
Additions, at cost	378,009
Revaluation	(4,389)
At 31st October, 2004	373,620
Accumulated depreciation:	
At 2nd March, 2004	–
Charge for the period	7,661
Write-back on revaluation	(7,661)
At 31st October, 2004	–
Net book value at valuation:	
At 31st October, 2004	373,620

Please refer to Section 3(h) for the acquisition of the Vessels by NCML Group.

NCML Group's Vessels were revalued at the balance sheet date by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers, at an aggregate open market value of US$47,900,000 (equivalent to HK$373,620,000) based on their existing use. A revaluation surplus of HK$3,272,000 so arising has been credited to the vessel revaluation reserve (Section 5).

One of the Vessels, Leisure World, is pledged to a bank to secure a bank loan granted to NCML Group (See note (d) below).

(b) Cash and cash equivalents and pledged time deposits

	Note	31st October, 2004
		HK$'000
Cash and bank balances		158
Time deposits		50,514
		50,672
Less: Pledged time deposits for a long term bank loan	(d)	(17,550)
Cash and cash equivalents		33,122

(c) Balances with fellow subsidiaries, immediate holding company and loans from the shareholders

The balances with fellow subsidiaries and the immediate holding company are unsecured, interest-free and have no fixed terms of repayment.

Pursuant to a shareholders' agreement entered into by the shareholders of NCML on 20th July, 2004, the shareholders acknowledged and confirmed that the aggregate shareholders' loans of US$42,250,775 (equivalent to approximately HK$329,556,000), which were advanced by the shareholders in accordance with their respective equity shareholding in NCML, are unsecured and shall not carry any interest. No shareholder shall demand repayment of these loans unless a resolution in writing signed by all shareholders for the demand of the repayment has been duly passed at a general meeting. In the opinion of the directors, after confirming with NCML's shareholders, there was no intention for the shareholders to demand NCML Group for repayment of these loans for the next 12 months. Accordingly, the shareholders' loans are classified as non-current liabilities.

(d) Interest-bearing bank loan

	31st October, 2004
	HK$'000
Bank loan repayable:	
Within one year	23,460
In the second year	17,490
	40,950
Portion classified as current liabilities	(23,460)
Long term portion	17,490

At the balance sheet date, NCML Group's bank loan was secured by:

(i) the pledge of certain of NCML Group's time deposits amounting to US$2,250,000 (equivalent to HK$17,550,000);

(ii) unconditional and first demand guarantees given by Mr. Ng Cheow Leng and Mr. Ng Eng Leng, of whom Mr. Ng Cheow Leng is the beneficiary of the Huang Group, up to US$6,250,000 (equivalent to HK$48,750,000);

(iii) a first legal mortgage over one of NCML Group's vessels (See note (a) above); and

(iv) a deed of legal assignment of charter proceeds relating to one of NCML Group's vessels with the bank reserving its right to demand for the full charter proceeds to be paid.

(e) Share capital and reserves

The amounts of NCML Group's issued share capital and reserves and the movements therein for the Relevant Period are presented in the consolidated statement of changes in equity in Section 5 below.

(f) Pledged assets

Details of NCML Group's bank loans which are secured by certain assets of NCML Group are included in notes (a) and (b) above.

5. STATEMENT OF CHANGES IN EQUITY

Set out below is the consolidated statement of changes in equity of NCML Group as at the end of the Relevant Period prepared on the basis set out in Section 1 above:

		Issued share capital	Vessel revaluation reserve	Retained profits	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 2nd March, 2004	(Note)	78	–	–	78
Surplus on revaluation	Section 4(a)	–	3,272	–	3,272
Net profit for the period		–	–	28,384	28,384
Interim dividend	Section 3(f)	–	–	(1,435)	(1,435)
As at 31st October, 2004		78	3,272	26,949	30,299

Note: On 2nd March, 2004, NCML was incorporated in the British Virgin Islands with an authorised share capital of US$1 each totalling US$10,000 (equivalent to HK$78,000) . On the same date, 10,000 ordinary shares of US$1 each totalling US$10,000 (equivalent to HK$78,000) were issued to the then shareholders at par.

6. CASH FLOW STATEMENT

The consolidated cash flow statement of NCML Group for the Relevant Period prepared on the basis set out in Section 1 above is as follows:

	Notes	**Period from 2nd March, 2004 (date of incorporation) to 31st October, 2004** *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		28,384
Adjustments for:		
Interest income	Section 3(a)	(32)
Finance costs	Section 3(d)	508
Depreciation	Section 3(c)	7,661
Operating profit before working capital changes		36,521
Movement with fellow subsidiaries		(6,178)
Movement with the immediate holding company		1,145
Increase in charter deposits		28,520
Cash generated from operations		60,008
Interest received		32
Interest paid		(508)
Net cash inflow from operating activities		59,532
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets		(378,009)
Increase in pledged time deposits with original maturity of over three months		(17,550)
Net cash outflow from investing activities		(395,559)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		78
Increase in shareholders' loans		329,556
New bank loan		48,750
Repayment of a bank loan		(7,800)
Dividends paid		(1,435)
Net cash inflow from financing activities		369,149
NET INCREASE IN CASH AND CASH EQUIVALENTS		33,122
Cash and cash equivalents at beginning of period		–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		33,122
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	Section 4(b)	158
Non-pledged time deposits with original maturity of less than three months	Section 4(b)	32,964
		33,122

7. DIRECTORS' REMUNERATION

No remuneration has been paid or is payable in respect of the Relevant Period referred to in this report by NCML or its subsidiaries to the directors of NCML.

8. CHANGE OF COMPANY NAME

On 29th March, 2004, NCML changed its name from People Value Limited to New Century Maritime Limited.

9. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by NCML in respect of any period subsequent to 31st October, 2004.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

(2) ACCOUNTANTS' REPORT ON THE PREVIOUS OWNERS

The following is the text of an accountants' report on the Previous Owners received from Ernst & Young, the reporting accountants, for inclusion in this circular.

ERNST & YOUNG
安 永 會 計 師 事 務 所

15th Floor,
Hutchison House,
10 Harcourt Road,
Central,
Hong Kong.

31st January, 2005

The Directors
New Century Group Hong Kong Limited

Dear Sirs,

We refer to the proposed acquisition of 20% issued share capital of New Century Maritime Limited ("NCML") by Peak Ever Enterprises Ltd. (the "Purchaser"), a wholly-owned subsidiary of New Century Group Hong Kong Limited ("New Century"), pursuant to the sale and purchase agreement dated 23rd November, 2004 entered into between New Century Cruise Line International Limited (the "Vendor"), the Purchaser and NCML (the "Acquisition"). NCML, together with its subsidiaries, were engaged in the holding of the entire beneficial interest in two vessels which are two cruise lines, namely, "Leisure World" and "Amusement World" (the "Vessels").

The Vessels were previously owned by two companies, namely, Queenston Investment Limited and Jackston Shipping Limited, both of which were incorporated in the British Virgin Islands (hereinafter collectively referred as the "Previous Owners") and are 100% beneficially owned by the ultimate holding company of New Century, Huang Group (BVI) Limited ("Huang Group") and fellow subsidiaries of NCML. The Previous Owner's principal assets were the entire beneficial interest in the Vessels which were acquired by NCML's subsidiaries namely Queenston Maritime Limited and Jackston Maritime Limited on 15th July, 2004 (See accountants' report on NCML for details).

For the purpose of including the financial information relating to the Vessels for the period as set out in the Listing Rules, we set out below our report on the financial information regarding the Previous Owners (the "Financial Information of the Previous Owners") for the three years ended 31st March, 2002, 2003, 2004 and for the period from 1st April, 2004 to 14th July, 2004 (date of disposal of the Vessels) (the "Relevant Periods"), for inclusion in the circular of New Century dated 31st January, 2005 (the "Circular") in connection with the Acquisition.

Statutory financial statements of each of the Previous Owners have been presented for the year ended 31st December, 2001 and period from 1st January, 2002 to 31st March, 2003 which were prepared in accordance with Singapore Statements of Accounting Standard issued by the Institute of Certified Public Accountants of Singapore, and were audited by Moores Rowland, Certified Public Accountants. The Previous Owners changed their financial year end date from 31st December, to 31st March, for the period ended 31st March, 2003 in order to have their financial year end date coterminous with that of the Huang Group.

For the purpose of this report, the Financial Information of the Previous Owners has been prepared based on the audited financial statements of the Previous Owners which were prepared in accordance with the accounting principles generally accepted in Hong Kong for the Relevant Periods. We have carried out independent audit procedures in accordance with the Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") on these audited financial statements. We have also carried out additional procedures as we considered necessary in accordance with the Auditing Guideline No. 3.340 "Prospectus and Reporting Accountants" issued by the HKICPA. No adjustments were considered necessary to restate the audited financial statements of the Previous Owners to conform with the basis as set out in Section 1 below.

The audited financial statements of the Previous Owners are the responsibility of the directors of the respective companies. The directors of the Previous Owners are responsible for preparing the Financial Information of the Previous Owners which gives a true and fair view. In preparing the Financial Information of the Previous Owners which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility, based on our examination, to form an independent opinion on the Financial Information of the Previous Owners and to report our opinion to you.

In our opinion, the Financial Information of the Previous Owners, together with the notes thereto gives, for the purpose of this report, a true and fair view of the combined results and cash flows of the Previous Owners for the years ended 31st March, 2002, 2003, 2004 and for the period up to the date of disposal of the Vessels thereby and the combined balance sheets as at that dates and are properly prepared in accordance with the basis of presentation as set out in Section 1 below.

1. BASIS OF PRESENTATION

The Financial Information of the Previous Owners, which is based on audited financial statements of the Previous Owners and has been prepared on combination basis. These audited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and Statements of Standard Accounting Practice issued by the HKICPA. The Financial Information of the Previous Owners has been prepared under the historical cost convention, except for the remeasurement of the vessels as stated below.

Particulars of the Previous Owners throughout the Relevant Periods are set out below:

Company name	Place and date of incorporation/ registration	Issued share/ fully paid-up capital	Percentage of equity indirectly attributable to Huang Group	Principal activities
Jackston Shipping Limited	British Virgin Islands 31st May, 1994	Ordinary US$6,000,000	100	Vessel Chartering
Queenston Investment Limited	British Virgin Islands 7th June, 1993	Ordinary US$50,000	100	Vessel Chartering

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Previous Owners in arriving at the financial information set out in this report, which conform with accounting principles generally accepted in Hong Kong, are as follows:

(a) Basis of combination

The financial information of each the Previous Owners have been combined. All material intra-group transactions and balances have been eliminated on combination.

(b) Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(c) Fixed assets and depreciation

Fixed assets, comprising entirely the vessels, are stated at their open market values at the end of each balance sheet dates based on the independent professional valuation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred.

Changes in the values of vessels are dealt with as movements in the vessels revaluation reserve. If the total of the reserve attributable to the vessels is insufficient to cover a deficit, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

Depreciation is calculated on the straight-line basis to write off the respective valuation of each asset over its remaining useful life. The annual rate for this purpose is 7%.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(d) Cash and cash equivalents

For the purpose of the combined cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Previous Owners' cash management.

For the purpose of the combined balance sheet, cash and cash equivalents comprise cash on hand and at banks, including time deposits, and assets similar in nature to cash, which are not restricted as to use.

(e) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Previous Owners and when the revenue can be measured reliably on the following bases:

(i) vessel charter service income, on a time proportion basis over the terms as set out in the agreements governing such activities; and

(ii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(g) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability. Interim dividends are simultaneously proposed and declared, because the memoranda and articles of association of the Previous Owners grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(h) Leased assets

Leases where substantially all the rewards and risks of ownership of the assets remain with the lessor are accounted for as operating leases. Where the Previous Owners are the lessors, assets leased by the Previous Owners under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms.

(i) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(j) Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account. The Previous Owners recorded their transactions at functional currency which is either US dollars or Singapore dollars.

On combination, the financial statements of the Previous Owners are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for each of the Relevant Periods, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at each balance sheet dates. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the combined cash flow statements, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the Relevant Periods are translated into Hong Kong dollars at the weighted average exchange rates for that year/period.

3. COMBINED RESULTS

The following is a summary of the combined results of the Previous Owners for the Relevant Periods, prepared on the basis set out in Section 1 above.

			Year ended 31st March,		Period ended 14th July,
		2002	**2003**	**2004**	**2004**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	(a)	137,680	177,808	135,993	39,534
Other revenue and gains	(a)	1,237	37	571	8,124
Depreciation	section 4(a)	(27,597)	(26,677)	(27,327)	(7,552)
Maintenance costs		(4,896)	(4,598)	(4,296)	-
Other operating expenses		(124)	(1,485)	(2,367)	(870)
PROFIT FROM OPERATING ACTIVITIES	(c)	106,300	145,085	102,574	39,236
Finance costs	(d)	(6,551)	(6,551)	(1,623)	(532)
PROFIT BEFORE TAX		99,749	138,534	100,951	38,704
Tax	(e)	–	–	–	–
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		99,749	138,534	100,951	38,704
INTERIM DIVIDENDS	(f)	42,893	–	42,820	–
EARNINGS PER SHARE	(g)	HK$1,200	HK$1,744	HK$1,255	HK$434

(a) Turnover, revenue and gains

Turnover represents the vessel-charter service income.

An analysis of turnover, other revenue and gains are as follows:

	Year ended 31st March, 2002	2003	2004	Period ended 14th July, 2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Vessel charter service income	137,680	177,808	135,993	39,534
Other revenue and gain				
Interest income	225	37	59	6
Others	–	–	512	268
	225	37	571	274
Gains				
Gain on disposal of fixed assets	–	–	–	7,540
Exchange gains, net	1,012	–	–	310
	1,012	–	–	7,850
Other revenue and gains	1,237	37	571	8,124

(b) Segment information

No segment information has been disclosed in respect of the Previous Owners' business segments as all their revenue and assets were related to vessel charter service.

No geographical segment information has been disclosed as the Previous Owners' charterers were all based in Southeast Asia.

(c) Profit from operating activities

The Previous Owners' profit from operating activities is arrived at after charging:

	Year ended 31st March, 2002	2003	2004	Period ended 14th July, 2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Auditors' remuneration	27	31	23	23
Exchange losses, net	–	1,087	1,760	–

(d) Finance costs

	Year ended 31st March, 2002	2003	2004	Period ended 14th July, 2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest expenses reimbursed to an immediate holding company (see note (h)(iii))	6,551	6,551	1,623	532

(e) Tax

No income tax has been provided as no assessable income was earned from the Previous Owners' operations in Hong Kong or elsewhere during the Relevant Periods.

(f) Interim dividends

	Year ended 31st March, 2002	Year ended 31st March, 2003	Year ended 31st March, 2004	Period ended 14th July, 2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interim dividend paid:				
– Jackston Shipping Limited US$Nil, US$Nil, US$0.452 and US$Nil, per ordinary share, respectively	–	–	21,625	–
– Queenston Investment Limited US$110, US$Nil, US$54.482 and US$Nil, per ordinary share, respectively	42,893	–	21,195	–
	42,893	–	42,820	–

(g) Earnings per share

The calculations of combined earnings per share are based on:

	Year ended 31st March, 2002	Year ended 31st March, 2003	Year ended 31st March, 2004	Period ended 14th July, 2004
Earnings:				
Net profit from ordinary activities attributable to shareholders, used in the basic per share calculations (HK$'000):				
Jackston Shipping Limited	40,114	51,793	38,491	17,157
Queenston Investment Limited	59,635	86,741	62,460	21,547
	99,749	138,534	100,951	38,704
Shares:				
Weighted average number of ordinary shares in issued during the year/period used in basic earnings per share calculation ('000):				
Jackston Shipping Limited	6,000	6,000	6,000	6,000
Queenston Investment Limited	50	50	50	50
Earnings per share (HK$):				
Jackston Shipping Limited	7	9	6	3
Queenston Investment Limited	1,193	1,735	1,249	431
	1,200	1,744	1,255	434

(h) Related party transactions

Save as disclosed elsewhere in this report, the Previous Owners had the following significant transactions and balances with related parties during the Relevant Periods. The related party transactions were discontinued following the disposal of the vessels to two fellow subsidiaries on 14th July, 2004. Related companies referred to in this report are companies of which the ultimate shareholders and/or directors of the Previous Owners are also shareholders and/or directors.

		Year ended 31st March,			Period ended 14th July,
		2002	**2003**	**2004**	**2004**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Vessel-charter income from Balance Profits Limited	(i)	–	46,698	135,993	39,534
Management fees paid to Huang & Co (Singapore) Pte Ltd.	(ii)	–	134	540	158
Interest expenses reimbursed to Kingston Investment (L) Ltd.	(iii)	6,551	6,551	1,623	532
Proceeds received from fellow subsidiaries for the disposal of The Vessels	(iv)	–	–	–	378,009

		31st March,			14th July,
		2002	**2003**	**2004**	**2004**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Charter deposits received from Balance Profits Limited	(i)	–	27,442	28,787	–

Notes:

(i) On 17th October, 2002, the Previous Owners entered into charter agreements with Balance Profits Limited (the "Charterer"), a wholly-owned subsidiary of New Century Group Hong Kong Limited. The vessel-charter income was earned from this fellow subsidiary after the commencement of the charter agreements. On 14th July, 2004, the Previous Owners disposed of the Vessels to another two fellow subsidiaries (see note (iv) below) and entered into charterparty novation deeds agreeing to transfer all rights and benefits under the said charter agreements to these fellow subsidiaries.

(ii) The management fees were paid to Huang & Co (Singapore) Pte Ltd., a fellow subsidiary, for the provision of general and administrative services to the Previous Owners. The monthly fee was fixed at SGD5,000 (equivalent to HK$23,000) for the period from 1st January, 2003 to 14th July, 2004.

(iii) The amount, which was payable to Kingston Investment (L) Ltd. ("Kingston"), the immediate holding company of Queenston Investment Limited, represented the reimbursement of interest expenses for a bank loan borrowed by Kingston (see Section 4(f)).

(iv) On 14th July, 2004, the Previous Owners disposed of the Vessels to two fellow subsidiaries, namely Queenston Maritime Limited and Jackston Maritime Limited, both of which are wholly-owned subsidiaries of NCML, at consideration of US$30,000,000 (equivalent to approximately HK$234 million) and US$18,500,000 (equivalent to approximately HK$144 million), respectively.

4. COMBINED BALANCE SHEETS

Set out below is the combined balance sheets of the Previous Owners as at the end of each of the Relevant Periods prepared on the basis set out in Section 1 above.

	Notes	31st March, 2002 HK$'000	31st March, 2003 HK$'000	31st March, 2004 HK$'000	14th July, 2004 HK$'000
NON-CURRENT ASSETS					
Fixed assets	(a)	408,668	389,900	378,009	–
CURRENT ASSETS					
Trade and other receivables	(b)	15,643	19,722	50,521	71,139
Due from intermediate holding companies	(c)	–	–	49,279	56,775
Due from immediate holding companies	(c)	29,390	117,082	133,863	490,271
Due from fellow subsidiaries	(c)	–	16,140	3,785	3,785
Due from Ng Cheow Leng	(c)	76,788	112,184	112,551	111,798
Cash and cash equivalents	(d)	4,312	11,359	2,532	2,536
		126,133	276,487	352,531	736,304
CURRENT LIABILITIES					
Accruals and other payables		8,082	9,423	3,373	730
Charter deposits		6,359	27,442	28,787	–
Due to fellow subsidiaries	(c)	35,350	472	32	27
		49,791	37,337	32,192	757
NET CURRENT ASSETS		76,342	239,150	320,339	735,547
		485,010	629,050	698,348	735,547
CAPITAL AND RESERVES					
Issued capital	(e)	47,190	47,190	47,190	47,190
Reserves	(e)	437,820	581,860	651,158	688,357
		485,010	629,050	698,348	735,547

Notes:

(a) Fixed assets

	Vessels
	HK$'000
Valuation:	
At 1st April, 2001	418,699
Additions, at cost	11,861
Revaluation	(18,940)
Exchange realignment	(2,952)
At 31st March, 2002 and 1st April, 2002	408,668
Additions, at cost	3,171
Revaluation	(28,411)
Exchange realignment	6,472
At 31st March, 2003 and 1st April, 2003	389,900
Additions, at cost	9,502
Revaluation	(28,900)
Exchange realignment	7,507
At 31st March, 2004 and 1st April, 2004	378,009
Additions, at cost	12
Disposals	(378,021)
At 14th July, 2004	–
Accumulated depreciation:	
At 1st April, 2001	–
Charge for the year	27,597
Write-back on revaluation	(27,597)
At 31st March, 2002 and 1st April, 2002	–
Charge for the year	26,677
Write-back on revaluation	(26,677)
At 31st March, 2003 and 1st April, 2003	–
Charge for the year	27,327
Write-back on revaluation	(27,327)
At 31st March, 2004 and 1st April, 2004	–
Charge for the period	7,552
Disposal	(7,552)
At 14th July, 2004	–
Net book value, at valuation:	
At 14th July, 2004	–
At 31st March, 2004	378,009
At 31st March, 2003	389,900
At 31st March, 2002	408,668
At 31st March, 2001	418,699

The Vessels of the Previous Owners were stated at open market value at each of the balance sheet dates based on valuation report issued by Vigers Appraisal & Consulting Limited, independent professionally qualified valuers. The revaluation surplus or deficit so arising for each of the Relevant Periods has been credited or debited to the vessels revaluation reserve (See Section 5).

One of the Vessels, Leisure World, was pledged to a bank to secure a bank loan granted to the immediate holding company of Queenston Investment Limited (See note (f)).

On 14th July, 2004, the Previous Owners disposed of the Vessels to two fellow subsidiaries (See Section 3(h) above). Upon disposal, a gain of approximately HK$7,540,000 was resulted and credited as other gain in the profit and loss account for that period, the revaluation reserve of HK$256,294,000 and the respective exchange fluctuation reserve of HK$1,611,000, were released to the retained profits of the Previous Owners as at 14th July, 2004 (See Section 5) accordingly.

(b) Trade and other receivables

Trade terms with the charterers are mostly on credit where charter deposit is normally required. Invoices are normally payable within 30 days of issuance. Each charter has a maximum credit limit.

An aged analysis of trade and other receivables, net of provision for bad and doubtful debts, is analysed as follows:

	31st March, 2002	**31st March, 2003**	**31st March, 2004**	**14th July, 2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	5,914	10,044	12,057	3,776
1 – 2 months	5,342	4,022	11,773	13,217
2 – 3 months	4,387	4,452	11,485	11,409
Over 3 months	–	1,204	15,206	42,737
	15,643	19,722	50,521	71,139

(c) Balances with intermediate holding companies, immediate holding companies, fellow subsidiaries and Ng Cheow Leng

The balances with intermediate holding companies, immediate holding companies, fellow subsidiaries and Ng Cheow Leng are unsecured, interest-free and have no fixed terms of repayments. Ng Cheow Leng is a former director of the Previous Owners and is also one of the beneficiaries of the Huang Group. Mr. Ng resigned as director of Queenston Investment Limited and Jackston Shipping Limited on 12th December, 2001 and 14th November, 2001, respectively.

Pursuant to Section 161B of the Hong Kong Companies Ordinance, the maximum outstanding balance with Ng Cheow Leng during the Relevant Periods were as follows:

	Year ended 31st March,			**Period ended 14th July,**
	2002	**2003**	**2004**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Maximum outstanding	110,633	112,263	112,551	112,666

(d) Cash and cash equivalents

	31st March, 2002	**31st March, 2003**	**31st March, 2004**	**14th July, 2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	700	2,211	568	1,040
Time deposits	3,612	9,148	1,964	1,496
	4,312	11,359	2,532	2,536

(e) Issued capital and reserves

The amounts of the aggregate issued share capital and reserves of the Previous Owners and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity in Section 5 below.

(f) Pledged assets

One of the Previous Owners, Queenston Investment Limited, pledged its vessel, Leisure World, and created a deed of covenant with the assignment of earnings on its vessel in favour of Moscow Narodny Bank Limited, Singapore Branch, to secure all money, obligations and liabilities from time to time due owing or incurred by Kingston Investment (L) Limited, the immediate holding company of Queenston Investment Limited, to the bank of a US$9,000,000 term loan facility.

5. COMBINED STATEMENTS OF CHANGES IN EQUITY

The combined statements of changes in equity of the previous Owners for the Relevant Periods prepared on the basis set out in Section 1 above are as follow:

	Issued share capital *HK$'000*	Vessels revaluation reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
As at 1st April, 2001	47,190	250,944	(13,883)	141,027	425,278
Surplus on revaluation	–	8,657	–	–	8,657
Exchange realignment	–	–	(5,781)	–	(5,781)
Net gains or losses not recognised in profit and loss account	–	8,657	(5,781)	–	2,876
Net profit for the year	–	–	–	99,749	99,749
Interim dividends	–	–	–	(42,893)	(42,893)
As at 31st March, 2002 and 1st April, 2002	47,190	259,601	(19,664)	197,883	485,010
Deficit on revaluation	–	(1,734)	–	–	(1,734)
Exchange realignment	–	–	7,240	–	7,240
Net gains or losses not recognised in profit and loss account	–	(1,734)	7,240	–	5,506
Net profit for the year	–	–	–	138,534	138,534
As at 31st March, 2003 and 1st April, 2003	47,190	257,867	(12,424)	336,417	629,050
Deficit on revaluation	–	(1,573)	–	–	(1,573)
Exchange realignment	–	–	12,740	–	12,740
Net gains or losses not recognised in profit and loss account	–	(1,573)	12,740	–	11,167
Net profit for the year	–	–	–	100,951	100,951
Interim dividends	–	–	–	(42,820)	(42,820)
As at 31st March, 2004 and 1st April, 2004	47,190	256,294	316	394,548	698,348
Exchange realignment	–	–	(1,505)	–	(1,505)
Net gains or losses not recognised in profit and loss account	–	–	(1,505)	–	(1,505)
Net profit for the period	–	–	–	38,704	38,704
Reserves released to retained profits upon disposal of the vessels	–	(256,294)	(1,611)	257,905	–
As at 14th July, 2004	47,190	–	(2,800)	691,157	735,547

Authorised, issued and fully paid:

	Number of ordinary shares	Nominal value of issued share capital	Issued share capital	
	'000	*US$*	*US$'000*	*HK$'000*
Jackston Shipping Limited	6,000	1	6,000	46,800
Queenston Investment Limited	50	1	50	390
				47,190

6. COMBINED CASH FLOW STATEMENTS

The combined cash flow statements of the Previous Owners for the Relevant Periods prepared on the basis set out in Section 1 above are as follows:

		Year ended 31st March,			Period ended 14th July,
		2002	2003	2004	2004
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		99,749	138,534	100,951	38,704
Adjustments for:					
Interest income	Section 3(a)	(225)	(37)	(59)	(6)
Depreciation		27,597	26,677	27,327	7,552
Finance costs	Section 3(d)	6,551	6,551	1,623	532
Gain on disposal of fixed assets		–	–	–	(7,540)
Operating profit before working capital changes		133,672	171,725	129,842	39,242
Increase in trade and other receivables		(15,643)	(4,079)	(30,799)	(20,618)
Decrease/(increase) in amounts due from intermediate holding companies		20,272	–	(49,279)	(7,496)
Movement with immediate holding companies		(29,390)	(87,692)	(16,781)	21,601
Movement with fellow subsidiaries		–	(51,018)	11,915	(5)
Decrease/(increase) in amount due from Ng Cheow Leng		(27,488)	(35,396)	(367)	753
Increase/(decrease) in accruals and other payables		(19,715)	1,341	(6,050)	(2,643)
Increase/(decrease) in charter deposits		6,359	21,083	1,345	(28,787)
Cash generated from operations		68,067	15,964	39,826	2,047
Interest received		225	37	59	6
Net cash inflow from operating activities		68,292	16,001	39,885	2,053

		Year ended 31st March,			14th July,
		2002	**2003**	**2004**	**2004**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of fixed assets		(11,861)	(3,171)	(9,502)	(12)
Net cash outflow from investing activities		(11,861)	(3,171)	(9,502)	(12)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(6,551)	(6,551)	(1,623)	(532)
Dividends paid		(42,893)	–	(42,820)	–
Net cash outflow from financing activities		(49,444)	(6,551)	(44,443)	(532)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,987	6,279	(14,060)	1,509
Cash and cash equivalents at beginning of year/period		718	4,312	11,359	2,532
Effect of foreign exchange rate changes, net		(3,393)	768	5,233	(1,505)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		4,312	11,359	2,532	2,536
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	Section 4(d)	700	2,211	568	1,040
Time deposits with original maturity of less than three months when acquired	Section 4(d)	3,612	9,148	1,964	1,496
		4,312	11,359	2,532	2,536

Major non-cash transaction:

During the period ended 14th July, 2004, the Previous Owners disposed of the Vessels to two fellow subsidiaries at total consideration of HK$378,009,000 by creating current accounts with their respective holding companies of the same amount which did not involve any cash transaction.

7. DIRECTORS' REMUNERATION

No remuneration has been paid or is payable in respect of the Relevant Periods referred to in this report by the Previous Owners to their directors.

8. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Previous Owners in respect of any period subsequent to 14th July, 2004.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

INTRODUCTION TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma financial information of the Enlarged Group (being the Group as enlarged by the Acquisition as defined below) has been prepared to demonstrate the effect of the proposed acquisition (the "Acquisition") of the 20% issued share capital of New Century Maritime Limited ("NCML", and together with its subsidiaries are referred to as the "NCML Group") by Peak Ever Enterprises Ltd., a wholly-owned subsidiary of New Century Group Hong Kong Limited (the "Company", and together with its subsidiaries are referred to as the "Group"). The consideration of the Acquisition will be satisfied as to (i) US$769,431.30 (equivalent to approximately HK$6,002,000) by cash; and (ii) US$8,450,155 (equivalent to approximately HK$65,911,000) by procuring the Company to issue the Second Convertible Bond (being defined in the "Definitions" section of this circular).

Prior to the Acquisition, on 20th July, 2004, the Group, via also Peak Ever Enterprises Ltd., acquired 25% issued share capital of NCML and the rights and benefits of a shareholders' loan, representing 25% of the total shareholders' loan owed by NCML. The Acquisition accordingly will result in an aggregate of 45% equity interests in NCML owned by the Group. Both prior to, and upon the completion of, the Acquisition, NCML was and will be accounted for as an associate of the Group and its results were and will be accounted for under the equity method of accounting, which is in accordance with the accounting policies adopted by the Group on a consistent basis and the Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants.

In connection with the above, the accompanying unaudited pro forma financial information of the Enlarged Group is based upon the recently published historical financial information of the Group as set out in the Company's 2004 interim report, after making pro forma adjustments which give effect to the Acquisition. The accompanying unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated net tangible assets of the Enlarged Group gives effect to the Acquisition as if the Acquisition had been completed on 30th September, 2004. The accompanying unaudited pro forma consolidated profit and loss account and the unaudited pro forma consolidated cash flow statement of the Enlarged Group gives effect to the Acquisition as if the Acquisition had been completed on 1st April, 2004, the beginning of the interim period of the Group. The pro forma adjustments as described in the accompanying notes are based on the financial information of NCML and the Previous Owners contained in the accountants' reports as set out in Appendix II of this circular.

The accompanying unaudited pro forma financial information of the Enlarged Group is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma information of the Enlarged Group does not purport to describe the actual financial position or results of the Enlarged Group's operations that would have been attained had the Acquisition been completed at the dates indicated herein. Further, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position or results of operations.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the audited financial information of NCML and the Previous Owners as set out in Appendix II, the unaudited interim financial information of the Group as set out in Appendix I and other financial information included elsewhere in this circular.

1. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

The unaudited pro forma consolidated balance sheet of the Enlarged Group has been prepared based on the unaudited consolidated balance sheet of the Group as at 30th September, 2004, as set out in Appendix I to this circular, after taking into account 20% results of NCML under the equity method of accounting, and has been presented as if the transaction had taken place on 30th September, 2004.

As it is prepared for illustrative purposes only and because of its nature, the following unaudited pro forma consolidated balance sheet may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up or at any future date.

	The Group As at 30th September, 2004 (Unaudited) *HK$'000*	**Pro forma adjustments** *HK$'000* *(Note)*	**Pro forma Enlarged Group (Unaudited)** *HK$'000*
NON-CURRENT ASSETS			
Fixed assets	69,753		69,753
Investment properties	233,624		233,624
Property under development	–		–
Interests in associates	88,044	71,913	159,957
Deposits for acquisition of investment properties	1,938		1,938
Other assets	780		780
	394,139	71,913	466,052
CURRENT ASSETS			
Properties held for resale	10,111		10,111
Inventories	1,085		1,085
Trade receivables, prepayments and deposits	35,106		35,106
Short term investments, pledged	51,687		51,687
Cash and cash equivalents	26,656	(6,002)	20,654
	124,645	(6,002)	118,643
CURRENT LIABILITIES			
Finance lease payables	–		–
Interest-bearing bank loans, overdrafts and other loans	14,235		14,235
Trade payables, accruals and other payables	60,670		60,670
Tax payable	33		33
Due to a related company	6,309		6,309
	81,247	–	81,247

	The Group As at 30th September, 2004 (Unaudited) *HK$'000*	**Pro forma adjustments** *HK$'000* *(Note)*	**Pro forma Enlarged Group (Unaudited)** *HK$'000*
NET CURRENT ASSETS	43,398	(6,002)	37,396
TOTAL ASSETS LESS CURRENT LIABILITIES	437,537	65,911	503,448
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, overdrafts and other loans	78,200		78,200
Convertible bond	82,409	65,911	148,320
	160,609	65,911	226,520
	276,928	–	276,928
MINORITY INTERESTS	(18,350)		(18,350)
	258,578	–	258,578
CAPITAL AND RESERVES			
Issued capital	8,370		8,370
Reserves	250,208		250,208
	258,578	–	258,578

Note: The pro forma adjustments are to account for the 20% equity interest in NCML under the equity method of accounting which represent:

(i) share of net assets of approximately HK$6,002,000 in NCML Group which is based on 20% of the audited net assets of NCML Group as disclosed in the accountants' report on financial information of NCML as set out in Appendix II (1) to this circular, and a shareholder's loan of approximately HK$65,911,000 advanced by the Group to NCML upon the completion of the Acquisition; and

(ii) the cash consideration of approximately HK$6,002,000 and the issuance of the Second Convertible Bond of approximately HK$65,911,000 by the Group upon the completion of the Acquisition.

2. UNAUDITED PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT OF THE ENLARGED GROUP

The following unaudited pro forma consolidated profit and loss account has been prepared in accordance with, and to comply with, the requirements of Rule 4.29 of the Listing Rules. It is an unaudited pro forma consolidated profit and loss account of the Enlarged Group which has been compiled based on the unaudited consolidated condensed income statement of the Group for the six-month period ended 30th September, 2004, as set out in Appendix I to this circular, after taking into account 20% of the results of NCML using the equity method of accounting. This unaudited pro forma consolidated profit and loss account has been presented as if the transaction had taken place on 1st April, 2004, the beginning of the interim period of the Group.

As it is prepared for illustrative purposes only and because of its nature, the following unaudited pro forma consolidated profit and loss account may not give a true picture of the financial position or results of the Enlarged Group as at the date to which it is made up and may not be indicative of the trend or actual figures of the financial position or results of the Enlarged Group in respect of any future period.

	The Group For the six months ended 30th September, 2004	**Pro forma adjustment**	**Pro forma Enlarged Group**	
	(Unaudited)	*(Note)*	(Unaudited)	
	HK$'000	*HK$'000*	*HK$'000*	
TURNOVER	161,255	–	161,255	
Cost of Sales	(129,321)	–	(129,321)	
Gross Profit	31,934	–	31,934	
Other revenue and gains	3,447	–	3,447	
Selling and distribution costs	(1,071)	–	(1,071)	
Administrative expenses	(15,286)	–	(15,286)	
PROFIT FROM OPERATING ACTIVITIES	19,024	–	19,024	
Finance costs	(1,261)	–	(1,261)	
Share of profit of associates	5,578	11,910	17,488	
PROFIT BEFORE MINORITY INTERESTS	23,341	11,910	35,251	
Minority interests	1,672	–	1,672	
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	25,013	11,910	36,923	*(Note)*

Note : For illustrative purpose, the pro forma adjustment is prepared to account for the effect of the acquisition of an additional 20% equity interest in the Vessels as contemplated under the Agreement, but assuming Completion had taken place on 1st April, 2004, using the equity method of accounting based on (i) the audited profit attributable to the shareholders of the Previous Owners for the period from 1st April, 2004 to 14th July, 2004 of HK$38,704,000, excluding the gain arising from the disposal of the Vessels of HK$7,540,000, as disclosed in the accountants' report on the Previous Owners; and (ii) the audited profit attributable to the shareholders of NCML of HK$28,384,000 for the period from 2nd March, 2004 (date of incorporation of NCML) to 31st October, 2004 as disclosed in the accountants' report on NCML. Both accountants' reports are set out in Appendix II to this circular.

As NCML commenced business after acquiring the Vessels from the Previous Owners in July 2004 and the Previous Owners' sole business during the period from 1st April, 2004 to 14th July, 2004 was the holding of the Vessels and their chartering business, in the opinion of the Directors, the pro forma adjustment would present combined net profits of the Vessels for the period of seven months from 1st April, 2004 to 31st October, 2004, which period has the same commencement date as that of the interim period of the Group. However, Shareholders should note that the pro forma adjustment has been arrived at using the audited financial information relating to the Vessels covering a period of seven months as described above, which period is not totally comparable to the interim period of 1st April, 2004 to 30th September, 2004 of the Group. Had the pro forma adjustment been made and accounted for the same six-month period as for the interim period of the Group, the Directors estimate, based on the unaudited management accounts of NCML Group, that the adjustment would have been reduced by approximately HK$1,754,000, representing the Enlarged Group's 20% share of NCML's results for the month of October 2004, and accordingly, the unaudited pro forma consolidated net profit of the Enlarged Group would have been deducted by the same amount of approximately HK$1,754,000.

3. UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT OF THE ENLARGED GROUP

The following unaudited pro forma consolidated cash flow statement has been prepared in accordance with, and to comply with, the requirements of Rule 4.29 of the Listing Rules. It is an unaudited pro forma consolidated cash flow statement of the Enlarged Group which has been compiled based on the unaudited condensed consolidated cash flow statement of the Group for the six-month period ended 30th September, 2004, as set out in Appendix I to this circular, after taking into account the Acquisition. This unaudited pro forma consolidated cash flow statement has been presented as if the transaction had taken place on 1st April, 2004, the beginning of the interim period of the Group.

As it is prepared for illustrative purposes only and because of its nature, the following unaudited pro forma consolidated cash flow statement may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up, and may not be indicative of the actual cash flows of the Enlarged Group in any future period.

	The Group For the six months ended 30th September, 2004 (Unaudited)	**Pro forma adjustments**	**Pro forma Enlarged Group (Unaudited)**
		(Note)	
	HK$'000	*HK$'000*	*HK$'000*
NET CASH INFLOW FROM OPERATING ACTIVITIES	14,792	–	14,792
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(77,048)	(5,715)	(82,763)
NET CASH INFLOW FROM FINANCING ACTIVITIES	40,734	–	40,734
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,522)	(5,715)	(27,237)
Cash and cash equivalents at beginning of period	47,800	–	47,800
Effect of foreign exchange rate changes, net	(85)	–	(85)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26,193	(5,715)	20,478
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26,656	(5,715)	20,941
Bank overdrafts, secured	(463)	–	(463)
	26,193	(5,715)	20,478

Note : For illustrative purpose, the pro forma adjustments are prepared to account for the effects of the acquisition of an additional 20% equity interest in the Vessels as contemplated under the Agreement, but assuming Completion had taken place on 1st April, 2004, which include (i) a cash outflow of approximately HK$6,002,000 representing the consideration of the Acquisition which will be satisfied partially by cash; and (ii) a cash inflow of approximately HK$287,000 representing 20% share of the dividend of HK$1,435,000 declared by NCML Group during the seven-month period from 1st April, 2004 to 31st October, 2004, pursuant to the respective accountants report as set out in Appendix II. The result of (i) and (ii) give rise to a net cash outflow of HK$5,715,000 as presented above. As no dividend was declared by the Previous Owners for the period from 1st April, 2004 to 14th July, 2004, pursuant to the Accountants' Reports of the Previous Owners, no effect on the unaudited pro forma cash flow statement has been noted. In addition, for the Second Convertible Bond which will be issued upon the Completion, no effect on the unaudited pro forma cash flow statement has been noted as it will not involve any cash transaction.

4. UNAUDITED PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS OF THE ENLARGED GROUP

The financial information set out below is based on the unaudited consolidated balance sheet of the Group as at 30th September, 2004, as set out in Appendix III to this circular, adjusted for the effect of the Acquisition as if the Acquisition had been completed on 30th September, 2004.

As the unaudited pro forma consolidated net tangible assets of the Enlarged Group is prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at the date to which they are prepared or at any future dates.

Set out below are the pro forma consolidated net tangible assets of the Enlarged Group as at 30th September, 2004 and upon the completion of the Acquisition:

	The Group As at 30th September, 2004 (Unaudited)	**Pro forma adjustment**	**Pro forma Enlarged Group (Unaudited)**
	HK$'000	*HK$'000* *(Note 1)*	*HK$'000*
	258,578	**–**	**258,578**

Notes:

1. The Acquisition will not result in any adjustment to the pro forma consolidated net tangible assets of the Enlarged Group. Breakdown of the pro forma adjustments has been set out in section 1 headed "Unaudited pro forma consolidated balance sheet of the Enlarged Group" of this appendix.

2. | | |
|---|---|
| Unaudited net tangible asset value of the Group per Share as at 30th September, 2004 before Completion based on 844,679,914 Shares issued and fully paid up as at the Latest Practicable Date | HK$0.31 |
| Unaudited net tangible asset value of the Enlarged Group per Share immediately upon Completion based on 844,679,914 Shares issued and fully paid up as at the Latest Practicable Date | HK$0.31 |
| Unaudited net tangible asset value of the Enlarged Group per Share before Completion and assuming full conversion of the First Convertible Bond based on 979,775,834 Shares in issue | HK$0.35 |
| Unaudited net tangible asset value of the Enlarged Group per Share upon Completion and assuming full conversion of the First Convertible Bond and the Second Convertible Bond based on 1,086,084,235 Shares in issue | HK$0.37 |

5. REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Ernst & Young, the reporting accountants, for inclusion in this circular, in respect of the pro forma financial information of the Enlarged Group as set out in the section headed "Pro forma financial information" in this Appendix III.

ERNST & YOUNG
安永會計師事務所

15th Floor,
Hutchison House,
10 Harcourt Road,
Central,
Hong Kong.

31st January, 2005

The Directors
New Century Group Hong Kong Limited

Dear Sirs,

We set out below our report on the unaudited pro forma financial information of the Enlarged Group (being the Group together with NCML Group as defined herein) set out on pages 157 to 163 in Appendix III to the circular dated 31st January, 2005, which has been prepared by New Century Group Hong Kong Limited (the "Company", and together with its subsidiaries are referred to as the "Group"), solely for illustrative purposes, to provide information on how the proposed acquisition of the 20% equity interests in New Century Maritime Limited ("NCML", and together with its subsidiaries are referred to as the "NCML Group") by Peak Ever Enterprises Ltd., a wholly-owned subsidiary of the Company, and the transaction as described in the accompanying introduction to the unaudited pro forma financial information of the Enlarged Group might have affected the historical financial information in respect of the Group.

The historical financial information is derived from the unaudited historical interim financial information of the Group recently published and the audited historical financial of NCML Group and the Previous Owners appearing elsewhere herein. The basis of preparation of the pro forma financial information is set out in the accompanying introduction and notes to the unaudited pro forma financial information of the Enlarged Group.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the pro forma financial information in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

It is our responsibility to form an opinion, as required by the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

Where applicable, we conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted historical financial information contained therein with the source documents provided by the management, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company.

Our work did not constitute an audit or review made in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants and accordingly, we do not express any such audit or review assurance on the pro forma financial information.

The pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position or results of:

– the Enlarged Group had the transaction actually occurred as at the dates indicated therein; or

– the Enlarged Group at any future date or any future periods.

Opinion

In our opinion:

(a) the accompanying unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such a basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to Paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a valuation received from Knight Frank, for inclusion in this circular, in connection with its valuation of the property interests of the Enlarged Group in Hong Kong.

Knight Frank
萊坊國際物業顧問

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Convention Plaza, 1 Harbour Road
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www.knightfrank.com

The Directors
New Century Group Hong Kong Limited
Unit 3808, 38th Floor, West Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

31st January, 2005

Dear Sirs,

In accordance with your instructions for us to value the properties in which New Century Group Hong Kong Limited (the "Company") and its subsidiaries (together the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and searches and obtain such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 31st October 2004.

Our valuation of each of the properties represents its open market value which we would define as meaning "the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:–

(a) a willing seller;

(b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest, and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

Our valuations have been made on the assumption that the owners sell the properties on the open market in their existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the values of the properties.

We have valued the properties by reference to comparable market transactions and where appropriate on the basis of capitalization of the net income shown on the schedules handed to us. We have allowed for outgoings and in some cases made provisions for reversionary income potential. Properties which are owner-occupied have been valued assuming sale with vacant possession.

In valuing the Property Nos. 5, 6, 7 and 8 which are held under Government leases expired before 30th June, 1997, we have taken account of the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance that such leases have been extended without premium until 30th June, 2047 and that an annual rent at three per cent of the rateable value of each of the properties is charged from the date of extension.

We have relied to a considerable extent on the information provided by you and have accepted advice given to us by you on such matters as statutory notices, easements, tenure, particulars of occupancy, rental incomes, floor areas and all other relevant matters. We have caused searches to be made at the Land Registry. However, we have not scrutinised the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior of the properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use of the party to whom it is addressed only and no responsibility is accepted to any third party for the whole or any part of its contents.

We enclose herewith our summary of valuation and valuation certificate.

Yours faithfully
For and on behalf of
KNIGHT FRANK HONG KONG LIMITED
C.K. LAU
MHKIS MRICS RPS(GP)
Executive Director

Note: Mr. C.K.Lau, who is a member of the Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors and a Registered Professional Surveyor in General Practice, has over 11 years of post-qualification experience in valuing properties in Hong Kong and the People's Republic of China.

SUMMARY OF VALUATION

Group I – Property held by the Group for occupation and investment

	Property	Capital value in existing state as at 31st October, 2004
1.	Unit Nos. 3807, 3808, 3809, 3810 and 3811 on 38th Floor of West Tower and Car Park No. 14 on 6th Floor, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	$59,000,000
	Sub-total:	$59,000,000

Group II – Properties held by the Group for investment

2.	Shop No. 1 on Ground Floor, Pao Woo Mansion, Nos. 177-179 Wan Chai Road and No. 51 Cross Lane, Wan Chai, Hong Kong	$8,800,000
3.	Shops 1A, 1B, 1C, 1F, 1G & 1H of Retail Portions on the Ground Floor of Commercial Podium, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Kowloon	$72,000,000
4.	Ground Floor including its Cockloft, Chi Fu Building, No. 301 Portland Street, Mong Kok, Kowloon	$24,000,000
5.	Ground Floor and Mezzanine Floor, Kam Sha Mansion, No. 212 Cheung Sha Wan Road, Sham Shui Po, Kowloon	$20,500,000

	Property	Capital value in existing state as at 31st October, 2004
6.	3rd Floor, Nan Fung Industrial Building, Nos. 15-17 Chong Yip Street, Kwun Tong, Kowloon	$4,000,000
7.	4th Floor, Nan Fung Industrial Building, Nos. 15-17 Chong Yip Street, Kwun Tong, Kowloon	$4,000,000
8.	7th Floor, Nan Fung Industrial Building, Nos. 15-17 Chong Yip Street, Kwun Tong, Kowloon	$3,950,000
9.	Shop No. 23A on Ground Floor (Level 2), Kwai Chung Plaza, Nos. 7-11 Kwai Foo Road, Kwai Chung, New Territories	$135,000,000
	Sub-total:	$272,250,000
	Grand-total:	$331,250,000

VALUATION CERTIFICATE

Group I – Property held by the Group for occupation and investment

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
1.	Unit Nos. 3807, 3808, 3809, 3810 and 3811 on 38th Floor of West Tower and Car Park No. 14 on 6th Floor, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong 147/33,888th shares of and in Inland Lot No. 8517.	The property comprises 5 office units on the 38th floor of West Tower and a carparking space on the 6th Floor of a commercial development known as Shun Tak Centre. Shun Tak Centre consists of two 30-storey office towers erected on a multi-storey commercial/carpark podium and was completed in about 1986. The total saleable area of the property (excluding the carpark) is approximately 7,252 sq.ft. The property is held Conditions of Grant No. 11612 for a term of 75 years from 31st December, 1980 renewable for a further term of 75 years. The Government rent payable for Inland Lot No. 8517 is $1,000 per annum.	Units 3810 and 3811 are subject to a tenancy for a term of 2 years from 15th November, 2003 at a rent of $41,500 per month exclusive of rates, management fees, air-conditioning charges and all other outgoings. Units 3807, 3808, 3809, and Car Park No. 14 are owner-occupied.	$59,000,000

Notes:

(1) The registered owner of the property is Senic Investment Limited, a wholly-owned subsidiary of the Company.

(2) The breakdown of our valuation is as follows:–

Units 3807-3811	:	$58,200,000
Car Park No. 14	:	$800,000

(3) The property is subject to a Legal Charge/Mortgage and a Rental Assignment both dated 5th January, 2004 in favour of Standard Chartered Bank registered by Memorial Nos. 9106797 and 9106798 respectively.

(4) The property is subject to a Deed of Variation of Legal Charge (Memorial No. 9106797) and Deed of Variation of Rental Assignment (Memorial No. 9106798) both dated 6th April, 2004 in favour of Standard Chartered Bank registered by Memorial Nos. 9201674 and 9201675 respectively.

Group II – Properties held by the Group for investment

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
2.	Shop No. 1 on Ground Floor, Pao Woo Mansion, Nos. 177-179 Wan Chai Road and No. 51 Cross Lane, Wan Chai, Hong Kong 2/210th shares of and in Inland Lot Nos. 443 and 616 and the Remaining Portion of Inland Lot No. 438.	The property comprises a shop unit on the Ground Floor of a 24-storey composite building completed in about 1972. The saleable area of the property is approximately 426 sq.ft. Both Inland Lot Nos. 438 and 443 are held for terms of 999 years from 9th July, 1855 whilst Inland Lot No. 616 is held for a term of 999 years from 11th October, 1859. The annual Government rents payable for Inland Lot No. 443, Inland Lot No. 616 and the Remaining Portion of Inland Lot No. 438 are 9 pounds 1 shilling 6 pence, 3 pounds 13 shillings 6 pence and $64 respectively.	The property is subject to a tenancy for a term of 2 years from 1st March, 2004 at the following monthly rents:– **Term** / **Monthly rent** 1-3-2004 to 30-11-2004 / $34,000 1-12-2004 to 28-2-2006 / $37,400 At the above rents are exclusive of rates, management fee and all other outgoings.	$8,800,000

Notes:

(1) The registered owner of the property is Wealth International Development Limited, a wholly-owned subsidiary of the Company.

(2) The property is subject to a Mortgage to secure general banking facilities and an Assignment of Rentals both dated 29th November, 2000 in favour of Fortis Bank Asia HK registered by Memorial Nos. 8265161 and 8265162 respectively.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
3.	Shops 1A, 1B, 1C, 1F, 1G & 1H of Retail Portions on the Ground Floor of Commercial Podium, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Kowloon 162/200th of 200/30,000th shares of and in Kowloon Inland Lot No. 10599.	The property comprises 6 shop units (now amalgamated into one unit) on the Ground Floor of a 5-storey commercial podium plus one level of carparks in Basement on which two 10-storey office towers are erected. The development was completed in about 1982. The saleable area of the property is approximately 2,212 sq.ft. The property is held under Conditions of Sale No. 11333 for a term of 75 years from 18th June, 1979 renewable for a further term of 75 years. The Government rent payable for Kowloon Inland Lot No. 10599 is $1,000 per annum.	The property is subject to a tenancy for a term of 4 years from 1st March, 2004 at the following rents:– **Term** / **Monthly rent** 1-3-2004 to 28-2-2006: $280,000 1-3-2006 to 29-2-2008: $308,000 All the above rents are exclusive of rates, management fees, air-conditioning charges and all other outgoings.	$72,000,000

Notes:

(1) The registered owner of the property is New Century Properties Investments Limited, a wholly-owned subsidiary of the Company.

(2) The property is subject to a Tripartite Legal Charge/Mortgage and a Rental Assignment both dated 6th April, 2004 in favour of Standard Chartered Bank registered by Memorial Nos. 9201672 and 9201673 respectively.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
4.	Ground Floor including its Cockloft, Chi Fu Building, No. 301 Portland Street, Mong Kok, Kowloon 10/15th shares of and in Kowloon Inland Lot No. 9860.	The property comprises a shop unit on the Ground Floor including its Cockloft of a 6-storey (excluding Cockloft) composite building completed in about 1980. The saleable areas of the property are approximately as follows:– Ground Floor : 430 sq.ft. Cockloft : 290 sq.ft. The property is held under Conditions of Regrant No. 10105 for a term of 150 years from 25th December, 1898. The Government rent payable for the property is $18 per annum.	The property is subject to a tenancy for a term of 3 years from 23rd December, 2003 at a rent of $120,000 per month exclusive of rates, management fee, air-conditioning charges and all other outgoings.	$24,000,000

Notes:

(1) The registered owner of the property is New Century Properties Investments Limited, a wholly-owned subsidiary of the Company.

(2) The property is subject to a Mortgage and an Assignment of Rentals both dated 14th September, 2004 in favour of DBS Bank (Hong Kong) Limited registered by Memorial Nos. 9347271 and 9347272 respectively.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
5.	Ground Floor and Mezzanine Floor, Kam Sha Mansion, No. 212 Cheung Sha Wan Road, Sham Shui Po, Kowloon 2/52nd shares of and in the Remaining Portions of New Kowloon Inland Lot Nos. 1262, 1297 and 1767, and the Remaining Portion of Section A of New Kowloon Inland Lot No. 1262.	The property comprises a shop unit on the Ground Floor and a Mezzanine Floor of a 12-storey (excluding Mezzanine Floor) composite building completed in about 1965. The saleable areas of the property are approximately as follows:– Ground Floor : 711 sq.ft. Mezzanine Floor : 670 sq.ft. Yard : 126 sq.ft. New Kowloon Inland Lot Nos. 1262, 1297 and 1767 are each held for a term of 75 years from 1st July, 1898 renewable for a further term of 24 years and is statutorily extended until 30th June, 2047. The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.	The property is subject to a tenancy for a term of 3 years from 15th July, 2004 at a rent of $120,000 per month inclusive of rates and management fee but exclusive of all other outgoings with an option to renew for a further term of 2 years at the then market rent.	$20,500,000

Notes:

(1) The registered owner of the property is New Century Properties Investments Limited, a wholly-owned subsidiary of the Company.

(2) The property is subject to Building Order No. D10012/K/01/MS/TD under Section 26 of the Buildings Ordinance issued by the Building Authority on 21st February, 2003 registered by Memorial No. 8897834.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
6.	3rd Floor, Nan Fung Industrial Building, Nos. 15-17 Chong Yip Street, Kwun Tong, Kowloon 2/21 shares of and in Kwun Tong Inland Lot Nos. 442 and 443.	The property comprises the whole of the 3rd Floor of a 10-storey industrial building completed in about 1969. The saleable area of the property is approximately 14,558 sq.ft. The property is held for a term of 99 years less the last 3 days from 1st July, 1898 and is statutorily extended until 30th June, 2047. The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.	The property is subject to a tenancy for a term of 1 year from 1st February, 2004 at a monthly rent of $17,820 inclusive of rates and government rent but exclusive of management fee and other outgoings.	$4,000,000

Note: The registered owner of the property is Jet Victory Development Limited, a wholly-owned subsidiary of the Company.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
7.	4th Floor, Nan Fung Industrial Building, Nos. 15-17 Chong Yip Street, Kwun Tong, Kowloon 2/21 shares of and in Kwun Tong Inland Lot Nos. 442 and 443.	The property comprises the whole of the 4th Floor of a 10-storey industrial building completed in about 1969. The saleable area of the property is approximately 14,388 sq.ft. The property is held for a term of 99 years less the last 3 days from 1st July, 1898 and is statutorily extended until 30th June, 2047. The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.	The property is subject to a tenancy for a term of 3 years from 1st October, 2004 at a rent of $37,260 per month inclusive of rates and management fees with an option to renew for a further term of 1 year at the then open market rent.	$4,000,000

Note: The registered owner of the property is Jet Victory Development Limited, a wholly-owned subsidiary of the Company.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
8.	7th Floor, Nan Fung Industrial Building, Nos. 15-17 Chong Yip Street, Kwun Tong, Kowloon 2/21 shares of and in Kwun Tong Inland Lot Nos. 442 and 443.	The property comprises the whole of the 7th Floor of a 10-storey industrial building completed in about 1969. The saleable area of the property is approximately 14,388 sq.ft. The property is held for a term of 99 years less the last 3 days from 1st July, 1898 and is statutorily extended until 30th June, 2047. The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.	The property is subject to a tenancy for a term of 2 years from 1st January, 2005 at a rent of $39,000 per month inclusive of rates and management fees with an option to renew for a further term of 1 year at the then market rent.	$3,950,000

Note: The registered owner of the property is Jet Top Development Limited, a wholly-owned subsidiary of the Company.

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31st October, 2004
9.	Shop No. 23A on Ground Floor (Level 2), Kwai Chung Plaza, Nos. 7-11 Kwai Foo Road, Kwai Chung, New Territories 7,602/754,000th shares of and in Kwai Chung Town Lot No. 398.	The property comprises an arcade shop unit on the Ground Floor of a 4-storey plus a Basement commercial podium of Kwai Chung Plaza. The property was completed in about 1990. The floor areas of the property are approximately as follows:– Gross Floor Area : 7,602 sq.ft. Saleable Area : 3,607 sq.ft. The property is held for a term commencing on 14th September, 1987 and expiring on 30th June, 2047. The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.	The property is subject to various tenancies either on 2-year terms with the latest tenancy expiring in October 2006 or short-term licences. The average monthly income for the period 1st January, 2004 to 30th September, 2004 was approximately $613,000 inclusive of rates and management fees.	$135,000,000

Notes:

(1) The registered owner of the property is Gaintech Investment Limited, a wholly-owned subsidiary of the Company.

(2) The property is subject to a Legal Charge/Mortgage to secure general banking facilities and a Rental Assignment both dated 30th June, 2000 in favour of Standard Chartered Bank and registered by Memorial Nos. 1360597 and 1360598 respectively.

(3) The property is subject to a Deed of Variation of Legal Charge/Mortgage Memorial No. 1360597 in favour of Standard Chartered Bank and registered by Memorial No. 1420745 dated 10th August, 2001.

(4) The property is subject to a Deed of Variation of Rental Assignment Memorial No. 1360598 in favour of Standard Chartered Bank and registered by Memorial No. 1420746 dated 10th August, 2001.

(5) The property is subject to a Deed of Variation of Legal Charge and a Deed of Variation of Rental Assignment both dated 8th January, 2004 in favour of Standard Chartered Bank registered by Memorial Nos. 1556615 and 1556616 respectively.

(6) The property is subject to another Deed of Variation of Legal Charge and Deed of Variation of Rental Assignment both dated 6th April, 2004 in favour of Standard Chartered Bank registered by Memorial Nos. 1570198 and 1570199 respectively.

The following is the text of an independent valuation of the Vessels received from Vigers, for inclusion in this circular.

Vigers Appraisal & Consulting Limited
International Asset Appraisal Consultants
10th Floor
The Grande Building
398 Kwun Tong Road
Kuwn Tong, Kowloon
Hong Kong

VIGERS 威格斯

31st January, 2005

The Directors
New Century Group Hong Kong Limited
Suite 3808, 38th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value two (2) cruise passenger vessels (referred to as the "Vessels") identified as M/S Leisure World and M/S Amusement World, exhibited to us as being owned respectively by Queenston Maritime Limited and Jackston Maritime Limited (collectively referred to as the "Company"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair market value in continued use of the Vessels as at 31st October, 2004.

Basis of Valuation

We have valued the Vessels on the basis of their fair market value in continued use which is defined as the estimated amount at which the subject Vessels in their continued use might be expected to be purchased and sold between a willing buyer and a willing seller, neither being under compulsion, each having a reasonable knowledge of all relevant facts and with equity to both, and contemplating the use of the Vessels for which they were designed and built as part of an on-going business.

The opinion of fair market value is not necessarily intended to represent the amount that might be realized from piecemeal disposition of the subject Vessels in the open market or from alternative use of the Vessels.

Vessels Appraised

The Vessels appraised are cruise liners identified as M/S Leisure World built in Germany in 1969 and M/S Amusement World a ro/ro type built in Sweden in 1967. The Vessels had since been rebuilt. The hulls and decks are welded steel construction. Facilities and accommodations from bridge (sun) deck to D-deck include passengers and crew cabins, casinos, restaurants and bars, cafeteria, massage parlours, beauty salons, clinic, entertainment and shopping, exercise center, laundry, tailor shop, children's play room and sun-decks.

The Vessels are equipped with navigational and communication equipment, centralized air-conditioning system, steam boilers, fire fighting system, life saving apparatus, oil pollution prevention equipment, fresh water generation and treatment system, electro-hydraulic steering gears, anchoring equipment, compressed air system, passenger and goods elevators, mechanical and electrical workshops.

Vessel's Principal Particulars

Vessel Name	:	M/S Leisure World
Type	:	Passenger Cruise Liner
Port of Registry	:	Nassau, Bahamas
Registered Owner	:	Queenston Maritime Limited
Classification Society	:	DNV (Det Norske Veritas)
Call Sign	:	C6CM5
IMO No.	:	6921828
Official No.	:	710761
Builder	:	A.G. Weser, Werk Seebeck, Bremerhaven, Germany
Year Built	:	1969
Gross Registered Tonnage	:	15,653
Net Registered Tonnage	:	6,882
Dead Weight Tonnage	:	2,110
Length Overall	:	160.30 m
Length between P.P.	:	137.00 m
Breadth Moulded	:	22.80 m
Design Draft	:	6.735 m
Carrying Capacity	:	1,252 (926 passengers & 326 crew)
Cruise Speed	:	18 ~ 20 knots
Main Propulsion Engine	:	2 x 8690 bhp MAN turbo-charged diesel engine, model V8V-40/50, 400 rpm, V-8 cylinders, 40 x 50 cm bore x stroke, coupled to 2 reduction gearboxes
Electric Diesel Generators	:	a) 4 x 832 kva NEBB, type WAB1050/121, each driven by Bergen diesel engine, type RSGB-8 b) 1 x 1540 kva Leroy Somer, type LSA54VS55-8P, driven by Wartsila diesel engine, type 8R22/26 c) 1 x 1020 kw Leroy Somer, type LSA52.2, driven by Wartsila diesel engine, type 6L20
Propellers	:	2 – sets KaMeWa controllable pitch
Rudders	:	2 sets
Stabilizers	:	2 sets
Bow Thrusters	:	2 sets KaMeWa
Deck Utilization		
Bridge (Sun) Deck	:	Club Paradise, hawker centre, basketball court, children's play area, open space

Boat Deck	:	Lido Bar & Casino, radio room, officers' mess, passenger cabins, clinic
Rainbow Deck	:	Restaurant, main galley, entertainment club, casino
Atlantic Deck	:	Passenger cabins, reception, gift shop, children's video game area, offices, baggage storage, crew bar & recreation room, conference room
Biscayne Deck	:	Passenger cabins, fitness centre, casino, tailor & upholstery shop, laundry for crew, dangerous goods storage, workshop, photo laboratory
Caribbean Deck	:	Passenger cabins, immigration area, workshops, garbage room, stores, computer room, casino
Tween Deck	:	Crew cabins, main laundry, crew mess & recreation, crew galley, walk-in freezers and cold storage, stores, main engine room, workshop

Vessel Name	:	M/S Amusement World
Type	:	Passenger Cruise Liner (converted from ro/ro)
Port of Registry	:	Nassau, Bahamas
Registered Owner	:	Jackston Maritime Limited
Classification Society	:	DNV (Det Norske Veritas)
Call Sign	:	C6NG3
IMO No.	:	6620773
Official No.	:	726164
Builder	:	Lindholmen, Gothenborg, Sweden
Year Built	:	1967
Gross Registered Tonnage	:	12,764
Net Registered Tonnage	:	3,924
Dead Weight Tonnage	:	2,591
Length Overall	:	140.53 m
Length between P.P.	:	128.24 m
Breadth Moulded	:	22.68 m
Design Draft	:	5.57 m
Carrying Capacity	:	874 (514 passengers & 360 crews)
Cruise Speed	:	14 ~ 17 knots
Main Propulsion Engine	:	4 x 2,520 hp Pielstick turbo-charged diesel engine, 6-cylinders in-line, type 6PC2 26-400, 500 rpm, with 2-reduction gearboxes
Electric Diesel Generators	:	a) 2 x 640 kw Asea, type CAD109, each driven by Ruston diesel engine, type 6VEBCZ b) 1 x 800 kva Sulzer type GD8-800-50/7, driven by diesel engine, type AL25 c) 1 x 775 kva Meidensha, type ED-AF, driven by Daihatsu diesel engine, type 8PSHTc-26D d) 2 x 1000 kva Stamford, type HC634JI, each driven by Cummins diesel engine, type KTA38-G4
Propellers	:	2 sets KaWeMa controllable pitch

Rudders	:	2 sets
Stabilizers	:	2 sets
Bow Thrusters	:	2 sets KaWeMa
Deck Utilization		
Bridge (Sun) Deck	:	Skylight Bar, hawker centre, open space
Boat Deck	:	Main casino, restaurant, clinic, crew cabins
Saloon Deck	:	Restaurant, main galley, game arcade, crew canteen, Lion bar, playroom, gallery
A – Deck	:	Passenger cabins, CCTV room, massage room, reception, gift shop, casino
B – Deck	:	Passenger and crew cabins, crew mess and bar, crew laundry
C – Deck	:	Casinos (The Pharaoh's Chamber & Bistro), restaurant, embarkation area, walk-in freezer & cold storage, crew recreation, conference room
D – Deck	:	Crew cabins, engine room, stores, workshop, laundry

General Observations

At the time of our inspection on the 16th to 18th of November 2004, the Vessels were observed to be generally in good operating condition. The Vessels' hull shell platings above water, as far as could be ascertained afloat from forward to aft, port and starboard sides were found well-coated and painted. The navigational bridge deck, machinery decks and all other decks were found to be either painted/coated or carpeted. The passenger and crew accommodations, and all facilities were noted to be in good condition and ventilated through ducting by centralized air-conditioning system. The navigational and communication equipment, life saving apparatus and fire fighting equipment (Hi Fog System for M/S Leisure World) were found set in-place and in serviceable condition. The Vessels are provided with essential spare parts.

M/S Leisure World was last dry-docked in August 17, 2004. It was last surveyed in September 11, 2003 and has undergone an ultrasonic thickness measurement (4th special survey) in August 2001. The last survey of M/S Amusement World was in November 22, 2003 and the ultrasonic thickness measurement (4th special survey) was conducted in July 2001.

The Vessels were inspected lying afloat at international waters somewhere in Indonesia and Malaysia.

Valuation Methodology

In arriving at our opinion of value, we have considered the two generally accepted approaches to values; namely:

Cost Approach – considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history.

Physical depreciation is the loss in value due to physical deterioration resulting from wear and tear in operation and exposure to elements. Deterioration due to age and deterioration due to usage are the main factors that affect physical condition. Physical condition due to wear and tear is proportional to use rather than age. Use is the best indicator to estimate physical deterioration.

Market Data or Comparative Sales Approach – considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative. Asset for which there is an established secondhand market comparable is best appraised by this approach.

Scope of Investigation and Considerations

We have personally conducted an inventory and inspection of the subject Vessels, obtained further relevant information, investigated market conditions and interviewed personnel to establish condition, utility and history of the subject Vessels.

During our physical inspection, any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or any observable conditions distinguishing the appraised Vessels from vessel of like kind in new condition were noted and made part of our judgement in arriving at the value. However, we did not undertake any tests of the equipment nor conduct a marine survey of the hull.

In analyzing the accrued depreciation based on the observed condition, we have examined the maintenance policy, level of use of the Vessels, and to all other factors which are deemed to have an influence in their value.

We have relied to a considerable extent on information such records, listings and specifications provided to us by the Company.

We have made no investigation of and assume no responsibility for titles to or liabilities against the Vessels appraised.

We have not made any deduction in respect of any grant either available or received, neither has any adjustment been made for any outstanding amounts owing under financing agreements.

Our investigation was restricted to a detailed inventory and appraisal of the subject Vessels and does not attempt to arrive at any conclusion of values of the Company as a total business entity.

For the purpose of this appraisal, we were furnished with the following documents and/or records:

i. Certificate of Registry
ii. Certificate of Classification
iii. Passenger Ship Certificate of Inspection
iv. Passenger Ship Safety Certificate
v. International Tonnage Certificate (1969)
vi. International Oil Pollution Prevention Certificate
vii. Document of Compliance
viii. Safety Management Certificate
ix. Ship's Radio Communication Licence
x. Exemption Certificate
xi. Minimum Safe Manning Certificate
xii. Class Status Report
xiii. Ultrasonic Thickness Measurement Report
xiv. General Arrangement Plan

Opinion of Value

Based on the foregoing, we are of the opinion that as at 31st October 2004, the fair market value in continued use of the Vessels, as part of a going-concern, is fairly represented in the amount of US$47,900,000 (United States Dollars Forty Seven Million Nine Hundred Thousand), broken down as follows:

M/S Leisure World	:	US$29,800,000
M/S Amusement World	:	US$18,100,000
Total	:	US$47,900,000

Remaining Economic Life

Remaining economic life represents the estimated period of time, expressed in years, that the asset will continue to perform economically and in a satisfactory manner the functions for which it was designed, constructed and built, assuming normal utilization and good maintenance program.

The estimates of remaining economic life had been based, in very large measure, upon the observed condition at the time of appraisal and condition of maintenance, and the consideration of normal rates of depreciation for the type of asset. The estimates had been prepared without specific consideration to economic factors, which are not determinable during ocular inspection that could affect the future utilization of the asset.

Our opinion of the remaining economic life of the Vessels is as follows:

- M/S Leisure World : 15 years
- M/S Amusement World : 14 years

We hereby certify that we have neither present nor prospective interest in the Company or the appraised Vessels or the value reported.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL & CONSULTING LIMITED

Raymond Ho Kai Kwong	**Maximo I. Montes Jr.**
Registered Professional Surveyor	PME BSME
MRICS MHKIS MSc(e-com)	*Associate Director*
Executive Director	Plant and Machinery Valuation

Note: Maximo I. Montes Jr. is a Professional Mechanical Engineer who has 34 years experience in industrial plant valuation. He has 24 years experience in the valuation of plant machinery and equipment in Hong Kong, the PRC and Asia Pacific Rim.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and the Shares to be alloted and issued upon conversion of the First Convertible Bond and the Second Convertible Bond were/will be as follows:

	HK$
Authorised	
2,000,000,000 Shares	20,000,000.00
Issued and fully paid	
844,679,914 Shares	8,446,799.14
To be allotted and issued upon conversion of the First Convertible Bond	
135,095,920 conversion Shares (subject to adjustment)	1,350,959.20
To be allotted and issued upon conversion of the Second Convertible Bond	
106,308,401 conversion Shares (subject to adjustment)	1,063,084.01

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

		Number of Shares held			
Name of Directors	**Nature of Interests**	**Long Position**		**Short Position**	**% of the existing Issued Share Capital**
Mr. Wilson Ng	Personal interest	18,000,000	*(Note 1)*	–	
	Other interest	609,592,872	*(Note 2)*	–	74.3%
Ms. Sio Ion Kuan	Personal interest	31,000,000		–	
	Other interest	609,592,872	*(Note 2)*	–	75.8%
Mr. Ng Wee Keat	Personal interest	18,000,000	*(Note 1)*	–	
	Other interest	609,592,872	*(Note 2)*	–	74.3%
Ms. Ng Siew Lang, Linda	Personal interest	18,000,000	*(Note 1)*	–	
	Other interest	609,592,872	*(Note 2)*	–	74.3%
Ms. Lilian Ng	Personal interest	18,000,000	*(Note 1)*	–	
	Other interest	609,592,872	*(Note 2)*	–	74.3%
Ms. Chen Ka Chee	Personal interest	37,688,000	*(Note 1)*	–	4.5%
Mr. Yu Wai Man	Personal interest	2,500,000		–	0.3%

Notes:

1. Each of the personal interests of Mr. Wilson Ng, Mr. Ng Wee Keat, Ms. Ng Siew Lang, Linda, Ms. Lilian Ng and Ms. Chen Ka Chee comprises interest in 5,000,000 underlying Shares in respect of the share options granted by the Company.

2. 474,496,952 Shares are held by New Century Worldwide and 135,095,920 underlying Shares are to be allotted and issued to the Vendor upon full conversion of the First Convertible Bond. Both New Century Worldwide and the Vendor are ultimately owned by Huang Group under the Discretionary Trust of which Mr. Wilson Ng, Ms. Sio Ion Kuan, Mr. Ng Wee Keat, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng are the discretionary beneficiaries.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange; and none of the Directors is a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company and as at the Latest Practicable Date, the following persons, other than the Directors or chief executive of the Company as disclosed above, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital:

	Number of Shares held			% of the existing issued
Substantial Shareholders	**Long position**	**Short position**	*Notes*	**share capital**
New Century Worldwide	474,496,952	–	*1*	56.2%
Huang Worldwide	609,592,872	–	*1*	72.2%
Huang Group	609,592,872	–	*1, 2*	72.2%
Mr. Huang	624,052,872	–	*2, 3*	73.9%
Mr. Kan Ka Chong, Frederick	609,592,872	–	*2, 3, 4*	72.2%

Notes:

1. Huang Group is the ultimate holding company of New Century Worldwide and the Vendor, of which held 474,496,952 Shares and 135,095,920 underlying Shares to be allotted and issued to the Vendor upon full conversion of the First Convertible Bond. Huang Worldwide is the immediate holding company of New Century Worldwide and the Vendor. Accordingly, Huang Group and Huang Worldwide are deemed to be interested in totally 609,592,872 Shares.

2. Huang Group is held by Mr. Kan Ka Chong, Frederick, as the trustee of the Discretionary Trust, the settlor of which is Mr. Huang.

3. 624,052,872 Shares are held by Mr. Huang, of which 14,460,000 Shares are in his personal interest and 609,592,872 Shares are held by the Discretionary Trust.

4. Mr. Kan Ka Chong, Frederick held 609,592,872 Shares as the trustee of the Discretionary Trust of which Mr. Wilson Ng, Ms. Sio Ion Kuan, Mr. Ng Wee Keat, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng are the discretionary beneficiaries.

Save as disclosed above, no other person as at the Latest Practicable Date had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or in any options in respect of such capital.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Enlarged Group within the two years before the date of this circular which are or may be material:

(i) a banking facility letter dated 13th June, 2003 for moneymarket rate based advances for HK$25,000,000 and a fixed loan facility of HK$30,000,000 provided by Standard Chartered Bank ("Standard Chartered") to Gaintech Investment Limited ("Gaintech"), a wholly-owned subsidiary of the Company, (to replace and repay the previous loan with outstanding principal amount of HK$20,150,000), being outstanding loan to refinance the loan outstanding in relation to Shop No. 23A, Ground Floor (Level 2), Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung, New Territories, Hong Kong (the "Property A") and supported by a corporate guarantee by the Company to the extent of HK$55,000,000;

(ii) a formal sale and purchase agreement dated 24th November, 2003 made between Senic Investment Limited ("Senic"), a wholly-owned subsidiary of the Company, and Wing Hang Bank Limited ("Wing Hang") regarding the purchase of Units 3807, 3808, 3809, 3810 and 3811 on 38th Floor of West Tower and Car Park No. 14 on the 6th Floor of Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (collectively, the "Properties B") at a consideration of HK$30,000,000;

(iii) a banking facility letter dated 26th November, 2003 for a fixed loan facility of HK$18,000,000 provided by Standard Chartered to Senic for financing the purchase of the Properties B and supported by a corporate guarantee by the Company to the extent of HK$18,000,000;

(iv) an assignment dated 28th November, 2003 made between Wing Hang and Senic regarding the assignment of the Properties B to Senic;

(v) a banking facility letter in November 2003 signed by Capplus Investments Limited ("Capplus"), a wholly-owned subsidiary of the Company, whereby Standard Chartered granted to Capplus a current account overdraft and moneymarket rate based advance to the extent of HK$10,000,000 secured by marketable securities held by Capplus;

(vi) a legal charge/mortgage dated 5th January, 2004 made between Senic and Standard Chartered regarding a mortgage of the Properties B executed by Senic in favour of Standard Chartered whereas Standard Chartered has agreed to grant certain banking facilities to Senic on the condition that Senic enters into this legal charge/mortgage and Standard Chartered may from time to time make available to Senic other banking facilities. The secured indebtedness means all the monies, obligations and liabilities secured;

(vii) an agreement dated 1st December, 2003 made between Wing Hang, Wing Hing Lung (International) Group Limited ("Wing Hing Lung"), Senic and Lit Cheong Marine Engineering Limited (the "Tenant") regarding the transfer of deposit in the sum of HK$169,170.36 (which was paid by the Tenant in respect of the property situated at Units 3810 and 3811 on 38th Floor of West Tower of Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong) to Senic;

(viii) a rental assignment dated 5th January, 2004 made between Senic and Standard Chartered under which Senic assigned to Standard Chartered absolutely all Senic's right, title, interest and benefit in and to the rentals of the Properties B;

(ix) a deed of variation of legal charge dated 8th January, 2004 in respect of the Property A executed by Gaintech and Cyber Pacific (Hong Kong) Limited ("Cyber Pacific"), a subsidiary of the Company, in connection with the continuing mortgage/charge of the Property A and release of the obligations of Cyber Pacific under the mortgage dated 30th June, 2000 entered into between Gaintech and Standard Chartered and the deed of variation of legal charge dated 10th August, 2001 entered into between Gaintech, Cyber Pacific and Standard Chartered;

(x) a deed of variation of rental assignment dated 8th January, 2004 in respect of the Property A executed by Gaintech and Cyber Pacific, in connection with the continuing assignment of Gaintech's right, title, interest and benefit to and in all deposits and moneys paid or payable by all lessees and/or licensees of the Property A to Standard Chartered and release of the obligations of Cyber Pacific under a rental assignment dated 30th June, 2000 entered into between Gaintech and Standard Chartered and the deed of variation of legal charge dated 10th August, 2001 entered into between Gaintech, Cyber Pacific and Standard Chartered;

(xi) a formal sale and purchase agreement dated 20th February, 2004 made between New Century Properties Investments Limited ("New Century Properties"), a wholly-owned subsidiary of the Company, and Orient Giant Investment Limited ("Orient Giant") regarding the purchase of Shop Nos. 1A-1C & 1F-1H of retain portions on Ground Floor, New Mandarin Plaza, Tsim Sha Tsui East, Kowloon, Hong Kong (the "Property C") at a consideration of HK$53,000,000;

(xii) a sale and purchase agreement dated 26th March, 2004 and a supplemental agreement dated 30th March, 2004 made between the Vendor, the Purchaser, NCML and Huang Worldwide regarding the First Acquisition;

(xiii) a banking facility letter dated 2nd April, 2004 for a fixed loan facility of HK$31,800,000 provided by Standard Chartered to New Century Properties for financing the purchase of the Property C and supported by a corporate guarantee by the Company to the extent of HK$31,800,000;

(xiv) a banking facility letter dated 2nd April, 2004 for (a) moneymarket rate based advances of HK$25,000,000; and (b) a fixed loan facility of HK$27,900,000 provided by Standard Chartered to Gaintech, being outstanding loan to refinance the loan outstanding in relation to the Property A and supported by a corporate guarantee by the Company to the extent of HK$55,000,000;

(xv) a banking facility letter dated 2nd April, 2004 for a fixed loan facility of HK$17,775,000 provided by Standard Chartered to Senic, being outstanding loan to finance the purchase of the Properties B, and supported by a corporate guarantee by the Company to the extent of HK$18,000,000;

(xvi) an assignment dated 6th April, 2004 made between Orient Giant and New Century Properties regarding the assignment of the Property C to New Century Properties;

(xvii) a rental assignment dated 6th April, 2004 made between New Century Properties, Gaintech, Senic and Standard Chartered under which New Century Properties, Gaintech and Senic assigned to Standard Chartered all their right, title, interest and benefit in and to the rentals for all monies;

(xviii) a deed of variation of rental assignment dated 6th April, 2004 made between Senic, Gaintech, New Century Properties and Standard Chartered whereas Standard Chartered has provided certain banking facilities to Senic and Senic has granted to Standard Chartered the security in respect of Properties B;

(xix) a deed of variation of legal charge dated 6th April, 2004 made between Senic, Gaintech, New Century Properties and Standard Chartered whereas Standard Chartered has provided certain banking facilities to Senic and Senic has granted to Standard Chartered the security in respect of Properties B;

(xx) a deed of variation of rental assignment dated 6th April, 2004 made between Gaintech, Senic, New Century Properties and Standard Chartered whereas Standard Chartered has provided certain banking facilities to Gaintech and Gaintech has granted to Standard Chartered the security in respect of Property A;

(xxi) a deed of variation of legal charge dated 6th April, 2004 made between Gaintech, Senic, New Century Properties and Standard Chartered whereas Standard Chartered has provided certain banking facilities to Gaintech and Gaintech has granted to Standard Chartered the security in respect of Property A;

(xxii) a tripartite legal/mortgage dated 6th April, 2004 in respect of Property C made between New Century Properties, Gaintech, Senic and Standard Chartered whereas Standard Chartered has agreed at the request of New Century Properties to grant certain banking facilities to New Century Properties on the condition that New Century Properties enters into this tripartite legal/mortgage and Standard Chartered may from time to time make available to the New Century Properties other banking facilities;

(xxiii) Charterparty Novation Deeds;

(xxiv) a convertible bond dated 20th July, 2004 issued by the Company to the Vendor in a principal amount of US$10,565,193.75;

(xxv) a sale loan assignment dated 20th July, 2004 made between the Vendor, the Purchaser and NCML whereas the Vendor agreed to assign to the Purchaser the rights of and benefits in the sale loan of US$10,562,693.75;

(xxvi) a shareholders agreement relating to NCML dated 20th July, 2004 made between the Vendor, the Purchaser and NCML whereas the Vendor agreed to sell and the Purchaser agreed to purchase (a) 2,500 shares of US$1.00 each in the Company representing 25% of the entire issued shares of NCML; and (b) the rights of and benefits in the loan in the principal amount of US$10,662,500 (subject to adjustment) advanced by the Vendor to NCML;

(xxvii) a formal sale and purchase agreement dated 29th July, 2004 made between New Century Properties and Preamble-Eight Limited ("Preamble-Eight") regarding the purchase of Ground Floor including its Cockloft, Chi Fu Building, No. 301 Portland Street, Kowloon, Hong Kong (the "Property D");

(xxviii) a banking facility letter dated 18th August, 2004 for a term loan of HK$10,900,000 provided by DBS Bank (Hong Kong) Limited ("DBS") to New Century Properties with the Property D pledged and supported by a corporate guarantee by the Company for all monies;

(xxix) a formal sale and purchase agreement dated 14th September, 2004 made between New Century Properties and Toyart International Limited ("Toyart") regarding the purchase of Ground Floor & Mezzanine Floor of Kam Sha Mansion, No. 212 Cheung Sha Wan Road, Kowloon, Hong Kong (the "Property E") at a consideration of HK$19,380,000;

(xxx) an assignment dated 14th September, 2004 made between New Century Properties and Preamble-Eight regarding the assignment of the Property D to New Century Properties;

(xxxi) an assignment of rentals dated 14th September, 2004 made between New Century Properties and DBS under which New Century Properties assigned to DBS all the New Century Properties' right, title, interest and benefit to and in regarding the Property D;

(xxxii) a mortgage dated 14th September, 2004 made between New Century Properties and DBS regarding a mortgage of the Property D executed by New Century Properties in favour of DBS;

(xxxiii) an assignment dated 29th October, 2004 made between Toyart and New Century Properties regarding the assignment of the Property E to New Century Properties;

(xxxiv) the Agreement; and

(xxxv) the supplemental agreement dated 7th January, 2005 entered into between the Vendor, the Purchaser and NCML to extend the long stop date of the Agreement.

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	**Qualification**
Dao Heng Securities	Deemed licensed corporation under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance), 7 (providing automated trading services) and 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Knight Frank	Independent property valuers
Vigers	Independent asset appraisal consultants
O'Melveny & Myers	Solicitors of Hong Kong

Dao Heng Securities, Ernst & Young, Knight Frank, Vigers and O'Melveny & Myers have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters, reports and opinion (as the case may be) and references to their respective names, in the forms and context in which they respectively appear.

As at the Latest Practicable Date, none of Dao Heng Securities, Ernst & Young, Knight Frank, Vigers or O'Melveny & Myers was beneficially interested in the share capital of any member of the Enlarged Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group nor did they have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of or leased to or are proposed to be acquired to disposed of or leased to any member of the Enlarged Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had a service contract with any member of the Enlarged Group which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any members of the Enlarged Group.

9. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors nor their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Wilson Ng, Ms. Sio Ion Kuan, Mr. Ng Wee Keat, Ms. Ng Siew Lang, Linda and Ms. Lilian Ng, being executive Directors, together with Huang Worldwide hold a controlling interest in a private group. The aforesaid Directors also hold directorships in such private group which is substantially managed by them. Such private group is interested in a vessel ("Third Vessel") and its principal business is chartering of the Third Vessel. At present, it is the business strategy of the Group to focus on the existing business of the two Vessels instead of expanding into the Third Vessel.

Given that the Third Vessel has a smaller carrying capacity of 375 persons and the facilities on board are relatively less extensive as compared with those of the Vessels, the target customers between the Vessels and the Third Vessel are different. Accordingly, the Directors consider that the Vessels and the Third Vessel are not in direct competition with each other.

The Directors confirm that the Group is capable of carrying on its businesses independently of, and at arm's length from the competing business as mentioned above.

10. MISCELLANEOUS

(i) Save for the Agreement, Charter Agreements, Charterparty Novation Deeds and the agreement dated 26th March, 2004 (as supplemented on 30th March, 2004) in relation to the First Acquisition, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date, which is significant in relation to the business of the Enlarged Group.

(ii) Save for the First Acquisition and the Acquisition, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31st March, 2004, the date to which the latest audited consolidated financial statements of the Company were made up.

(iii) The secretary and qualified accountant of the Company is Mr. Yu Wai Man, who is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

(iv) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(v) The head office and principal place of business of the Company in Hong Kong is located at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong .

(vi) The branch share registrar of the Company in Hong Kong is Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of Richards Butler at 20 Floor, Alexandra House, 16-20 Chater Road, Central, Hong Kong from the date of this circular up to and including 25th February, 2005, the date of the Special General Meeting to be held.

(i) the memorandum of association and Bye-laws of the Company;

(ii) the annual reports of the Company for the two years ended, 31st March, 2003 and 31st March, 2004;

(iii) the interim report of the Company for the six months ended 30th September, 2004;

(iv) the accountants' reports on NCML and the Previous Owners, the text of which is set out in Appendix II to this circular;

(v) the letter from the Independent Board Committee, the text of which is set out on page 29 of this circular;

(vi) the letter from Dao Heng Securities, the text of which is set out on pages 30 to 50 of this circular;

(vii) the property valuation of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(viii) the valuation of the Vessels, the text of which is set out in Appendix V to this circular;

(ix) the material contracts referred to in the section headed "Material contracts" in this appendix;

(x) the written consents referred to in the section headed "Experts and consents" in this appendix;

(xi) the Share Option Scheme; and

(xii) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31st March, 2004.

NEW CENTURY GROUP HONG KONG LIMITED
新 世 紀 集 團 香 港 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 234)

NOTICE IS HEREBY GIVEN that a special general meeting of New Century Group Hong Kong Limited (the "Company") will be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 25th February, 2005 at 10:00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the sale and purchase agreement dated 23rd November, 2004 entered into between New Century Cruise Line International Limited (the "Vendor"), Peak Ever Enterprises Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, and New Century Maritime Limited ("NCML") in relation to the sale and purchase of 2,000 shares in NCML and the rights of and benefits in the shareholders' loan of US$8,450,155 (the "Agreement"), a copy of which has been produced to this meeting marked "A" and signed by the chairman of the meeting for the purpose of identification, be and is hereby approved, confirmed and ratified;

(b) the supplemental agreement dated 7th January, 2005 entered into between the Vendor, the Purchaser and NCML (the "Supplemental Agreement") in relation to the extension of the long stop date of the Agreement, a copy of which has been produced to this meeting marked "B" and signed by the chairman of the meeting for purpose of identification, be and is hereby approved, confirmed and ratified;

(c) the convertible bond to be issued by the Company to the Vendor pursuant to the terms of the Agreement (the "Second Convertible Bond"), a draft of which has been produced to this meeting marked "C" and signed by the chairman of the meeting for the purpose of identification, and the issue of the shares of the Company upon exercise of the conversion rights attaching to the Second Convertible Bond be and are hereby approved and confirmed;

(d) the sale loan assignment to be entered into between the Purchaser, the Vendor and NCML pursuant to the terms of the Agreement (the "Sale Loan Assignment"), a draft of which has been produced to this meeting marked "D" and signed by the chairman of the meeting for the purpose of identification, be and is hereby approved and confirmed;

* *For identification only*

(e) the shareholders' agreement to be entered into between the Purchaser, the Vendor and NCML pursuant to the terms of the Agreement (the "Second Shareholders Agreement"), a draft of which has been produced to this meeting marked "E" and signed by the chairman of the meeting for the purpose of identification, be and is hereby approved and confirmed; and

(f) the directors of the Company be and are hereby authorised to do all things and acts and sign all documents which they may consider necessary, desirable or expedient to implement and/or give effect to any matters relating to or in connection with the Agreement, the Supplemental Agreement, the Second Convertible Bond, the Sale Loan Assignment and the Second Shareholders Agreement."

2. "**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the ordinary shares of HK$0.01 each in the capital of the Company (representing a maximum of 10 per cent. of the ordinary shares of the Company in issue as at the date of passing this resolution) which may be issued pursuant to the exercise of options granted under the Company's share option scheme adopted on 23rd September, 2002 ("Scheme"), the scheme limit on grant of options under the Scheme and any other share option scheme(s) of the Company be refreshed so that it be and is hereby increased to that number of shares equal to 10 per cent. of the ordinary shares of the Company in issue as at the date of passing this resolution ("Refreshed Mandate Limit") and any director of the Company be and is hereby authorised to do such act and execute such document to effect the Refreshed Mandate Limit."

By order of the Board
Yu Wai Man
Company Secretary

Hong Kong, 31st January, 2005

Head Office and Principal Place of Business in Hong Kong:
Unit 3808, 38th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Unless otherwise required by statutes, a proxy need not be a member of the Company. A member of the Company may appoint a proxy in respect of part only of his holding of shares in the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

3. The instrument appointing a proxy and (if required by the board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the principal place of business of the Company in Hong Kong at Unit 3808, 38th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

4. In the case of joint holders of a share if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

As at the date of this notice, the Board comprises Mr. Wilson Ng (Chairman), Ms. Sio Ion Kuan (Deputy chairman), Mr. Ng Wee Keat (Chief executive officer), Ms. Ng Siew Lang, Linda (Chief operating officer), Ms. Lilian Ng, Mr. Lo Ming Chi, Charles, Ms. Chen Ka Chee and Mr. Yu Wai Man as executive directors and Mr. Wong Kwok Tai, Mr. Kwan Kai Kin, Kenneth and Mr. Ho Yau Ming as independent executive directors.