

RESULTS

The profit attributable to shareholders for the year ended 31st March 2004 amounted to HK\$28,413,828 (2003: HK\$2,005,257). Earnings per share for the year was HK 23.5 cents (2003: HK 1.7 cents).

DIVIDENDS

The Board has resolved to recommend a final dividend of HK 3 cents (2003: nil) per share and a 30th Anniversary special dividend of HK 3 cents (2003: nil) per share for the year ended 31st March 2004. No interim dividend had been declared or paid (2003: nil) during the year. Total dividend for the year will amount to HK 6 cents (2003: nil) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

This fiscal year of 2003/2004 marked a special year for the Group, the 30th anniversary of the Company being listed in Hong Kong since 1974. A new Company Logo has been designed.

FINANCIAL RESULTS

For the year ended 31st March 2004, the Group's turnover declined as performance in the first half of this financial year on the back of SARS and the war in Iraq was disappointing. In spite of the pick up in the market during the third quarter of the fiscal year, overall operation activities of the Group declined from the last year. The Group's turnover recorded a decline of 19.6% to HK\$9,788,505 (2003: HK\$12,179,451).

The Rental and Management Sectors remain the main contributors to the Group's turnover, accounting for nearly 82.4% of the Group's revenue. Revenue generated from Rental and Management Sectors declined by 10.5%. Under the historically low interest rate environment, interest income fell by 47.1% to HK\$685,576. In addition, a decrease in building contracts resulted in a decline of Building Contractor revenue of 65.6%, falling to HK\$513,529. In spite of an improvement in properties sales, the Group's revenue dropped when compared with last year.

Despite the decline in revenue, the Group's profit attributable to shareholders substantially grew by approximately 13.2 times to a profit of HK\$28,413,828 for the year (2003: HK\$2,005,257). Earnings per share rose from HK 1.7 cents to HK 23.5 cents. This significant improvement was mainly attributable to the robust growth in the Group's Investment Business. Realized gains from sales of the Group's short-term investments amounted to HK\$1,006,017 (2003: HK\$405,013). A net unrealized gain of HK\$6,663,635 against a net unrealized loss of short-term investments of HK\$7,221,774 in last year was recorded. Dividend Income from the Group's investment portfolio amounted to HK\$3,462,082 for the year, representing an increase of approximately 72.3% over that of last year. In the context of a recovery in the local economy and an improvement in economic fundamentals, the Group's share of the operating results of associated companies strongly rebounded, marking an impressive growth of 68.1 times. In particular, the consolidated net profit, opposed to recording revaluation deficits from investment properties in previous years, posted a revaluation surplus of HK\$3.7 million this year (2003: deficit of HK\$9.9 million).

BUSINESS REVIEW

Property Investment, Development, Management and Building Contractor

For the year under review, with the gradual recovery of the local economy following the waning of SARS in July 2003, the Group's Sale Business registered a growth of 38.5%, approximately HK\$0.5 million, indicating that the sale activities of the Group had picked up gradually. During the year under review, a car park at Festigood Centre, Fanling and two flats at Delya Industrial Centre, Tuen Mun in which the Group had 50% interest were sold, generating approximately HK\$0.3 million of profits. Furthermore, the Group received about HK\$19.6 million from the sale of units at Belair Villa, Fanling. To date, 85.7% of the units in Belair Villa have been sold.

Subsequent to the year end, Suite C on 5th and 6th Floors together with two car parking spaces on 1/F of No. 1 Robinson Road, Hong Kong in which the Group had 50% interest was sold, contributing approximately HK\$3.3 million to the Group's profit in the forthcoming financial year. Apart from the above, the Group did not acquire or dispose of any property during and subsequent to this financial year end.

Operation of the Group's Property Investment Business remained difficult during the year under review. Keen competition on selling prices and rentals in the local property market during SARS placed pressure on rental value. Nevertheless, with intense marketing efforts and quality rental services, the Group's Rental Business revenue came to approximately HK\$3.9 million, a slight drop of 5.4% from 2003. Profit from this segment recorded HK\$3.5 million, representing a decline of about 5.3%.

Turnover of the Group's Property Management Business recorded a moderate decrease of 7.0% due to a decrease in expenditure levels of serviced parties. The segment recorded a turnover of HK\$1.2 million which led to a decline in profit of about 17.5% to HK\$0.46 million.

During the year under review, the Group's construction activity remained weak on the back of a hard-pressed local construction market. Amidst a decrease in building contracts, revenue from the Group's Building Contractor Business fell to approximately HK\$0.5 million (2003: HK\$1.5 million), a decrease of 65.6% over that of last year. Loss from this segment amounted to about HK\$0.46 million (2003: loss of HK\$0.06 million).

Investment and Corporate Service

The Group's Investment Business showed a remarkable turnaround for the year under review. Due to the impressive rally in global equity markets and favourable measures implemented by both the local and Central Governments in the second half of 2003, the Group's Investment Business performed extremely well. The Group witnessed a gain of approximately HK\$11.1 million this year from a loss of about HK\$4.1 million last year and it was the main pillar to the growth of the Group's profitability. Profit on sales of short-term investments for the year under review amounted to approximately HK\$1.0 million (2003: HK\$0.4 million). Equity markets have seen a correction from their first quarter of 2004 peaks on the back of geopolitical concerns and crude oil price and interest rate movements. The Group, nevertheless witnessed a net unrealized gain on short-term investment of approximately HK\$6.7 million opposed to the net unrealized loss of approximately HK\$7.2 million last year.

Revenue from the Group's Corporate Services Business recorded approximately HK\$2.9 million, representing a drop of about 17.8% over that of last year. An operating loss of approximately HK\$0.4 million as against a profit of about HK\$0.7 million for the last financial year had been resulted.

FORMATION OF A WHOLLY-OWNED SUBSIDIARY

During the year under review, a wholly-owned subsidiary of the Company, namely WH Properties Limited, was formed. Subsequent to the year end, this company has not carried out any business activities.

EMPLOYEE INFORMATION

The Group has less than twenty employees and their remuneration are maintained at competitive levels. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group's result and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and bank balances amounted to HK\$80.9 million at 31st March 2004. The Board believes that the Group has sufficient financial resources for its operations. The Group has no exposure to foreign exchange rate fluctuation and material contingent liabilities.

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its results and financial position published in the annual report for the year ended 31st March 2003.

PROSPECTS

Looking ahead, we shall continue to focus on our core property-related business in Hong Kong to secure and maintain stable returns. Therefore, the Group's performance in the coming fiscal years will still be highly correlated to the fluctuations of the local economy.

Abundant supply across all the property sectors is one of the major challenges for the Group. In addition, global and regional markets continue to be volatile on the back of rising interest rate and crude oil prices, geopolitical concerns and selective monetary tightening by the Chinese Government. Nevertheless, underlying market confidence and investment sentiment are improving amidst strong economic fundamentals.

We are confident that we shall overcome any challenges that lie ahead and adopt appropriate measures to safeguard and strengthen our operations. We shall continue to adopt prudent financial management, closely monitor uncertainties in the market and take cautious steps to safeguard the interests of the Group.

Given the strong balance sheet of the Group and our long established experience in the property business, we are confident of the prospect in our business during the upcoming year.

APPRECIATION

I would like to take this opportunity to express my warmest welcome to Mr. Chan Woon Kong and Mr. Soo Hung Leung, Lincoln for joining the Company and my gratitude to all our board members for their invaluable contribution. I would also like to extend my appreciation to our shareholders for their continued support and our staff for their hard work and dedication.

Cheung Kee Wee

Chairman

Hong Kong, 9th July 2004