

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the company and of the group for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries are property and share investments, property development and securities dealing. There were no significant changes in the nature of the activities during the year.

An analysis of the group's performance for the year by business segments is set out in note 3 to the financial statements.

FINANCIAL STATEMENTS

The results of the group for the year ended 31 March 2005 and the state of affairs of the company and of the group at that date are set out in the financial statements on pages 14 to 40.

DIVIDENDS

An interim dividend of HK\$0.02 per share totalling HK\$800,000 was paid during the year.

The directors now recommend that a final dividend of HK\$0.09 per share on 40,000,000 shares in issue totaling HK\$3,600,000 be payable in respect of the year ended 31 March 2005.

PROPERTY, PLANT AND EQUIPMENT

During the year, the group acquired certain investment properties totaling HK\$50,942,415. The movements in property, plant and equipment during the year are set out in note 10 to the financial statements.

BANK BORROWINGS

An analysis of the group's bank borrowings is set out in note 16 to the financial statements.

RESERVES

The movements in reserves of the group and the company during the year are set out in note 19 to the financial statements.



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SUBSIDIARIES

The particulars of the subsidiaries of the company as at 31 March 2005 are set out in note 13 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report are:—

Executive directors:

Ng See Wah

Ng Tai Wai

Soo Cho Ling

Non-executive directors:

Ng Tai Keung

So Kwok Leung

Independent non-executive directors:

Heng Kwo Seng

Ng Chi Yeung, Simon

Chan Suit Fei, Esther (Appointed on 28 September 2004)

In accordance with article 110 of the company's articles of association, Mr. Ng See Wah and Mr. Ng Tai Wai retire by rotation and, being eligible, offer themselves for re-election.

In accordance with article 115 of the company's articles of association, Ms. Chan Suit Fei, Esther retires and, being eligible, offers herself for re-election.

Subject to the new Code on Corporate Governance Practices which requires every director to retire by rotation at least once every three years, Mr. Heng Kwo Seng having held office for three years since last re-election, offers to retire at the forthcoming Annual General Meeting. Being eligible, he offers himself for re-election at the forthcoming Annual General Meeting.

The non-executive directors are subject to retirement by rotation in accordance with article 110.

The company has received confirmations from each of the independent non-executive directors as regards their independence to the company for the year and considers that each of the independent non-executive directors is independent to the company.



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DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2005, the interests and short positions of the directors of the company in the shares, underlying shares and debentures of the company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors had taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the company under section 352 of the SFO or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

	Number of shares held				Total
	Personal interests	Family interests	Corporate interests	Other interests	
<i>Executive directors:</i>					
Ng See Wah	7,941,423	910,000	3,370,500*	—	12,221,923
Ng Tai Wai	3,899,077	—	3,370,500*	—	7,269,577
Soo Cho Ling	5,008,423	250,000	—	—	5,258,423
<i>Non-executive directors:</i>					
Ng Tai Keung	259,000	—	—	—	259,000
So Kwok Leung	5,961,077	—	—	—	5,961,077
<i>Independent non-executive directors:</i>					
Heng Kwoo Seng	—	—	—	—	—
Ng Chi Yeung, Simon	—	—	—	—	—
Chan Suit Fei, Esther	—	—	—	—	—

* 3,370,500 shares attributable to Mr. Ng See Wah and Mr. Ng Tai Wai were held by Rheingold Holdings Limited, a company beneficially owned by Mr. Ng See Wah and Mr. Ng Tai Wai.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the directors in trust for the company, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the company or any of its associated corporations.

None of the directors, their spouses or their children under the age of 18 had any right to subscribe for the shares of the company.



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DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had whether directly or indirectly any interest in significant contracts with the company or its subsidiaries during or at the end of the year.

None of the directors had any arrangement with the company or its subsidiaries to enable them to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate during or at the end of the year.

MANAGEMENT CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has any unexpired service contract with the company which is not determinable within one year without payment of compensation, other than statutory compensation.

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during or at the end of the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, no person, other than certain directors of the company, had notifiable interest or short position in the shares or underlying shares of the company as recorded in the register maintained pursuant to section 336 of the SFO.

SHARE PURCHASE, SALE OR REDEMPTION

Neither the company nor any of its subsidiaries purchased, sold or redeemed any of the company's issued shares during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

In relation to the group's property leasing business, the percentages of gross rental income for the year ended 31 March 2005 attributable to the largest tenant and the five largest tenants in aggregate were 46% and 82% respectively.

None of the directors, their associates or any shareholders (who to the knowledge of the directors own more than 5% of the company's issued capital) had any beneficial interests in the group's five largest tenants.

The group had no significant purchases during the year.



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CODE OF BEST PRACTICE

Except that the independent non-executive directors are not appointed for a specific term, the directors are of the opinion that the company is, or was during the year ended 31 March 2005, in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

AUDIT COMMITTEE

The audit committee, consisting of two independent non-executive directors and one non-executive director, has reviewed and discussed with the management the accounting principles and practices adopted by the group, internal controls and financial reporting matters, including the group's financial statements.

The chairman of the audit committee is Mr. Heng Kwoo Seng and its members are Mr. Ng Tai Keung and Mr. Ng Chi Yeung, Simon.

EMOLUMENTS POLICY

The remuneration committee, consisting of three independent non-executive directors and one executive director, has been established since 15 December 2004. The committee shall review the remuneration package of the executive directors, non-executive directors and senior management, and make appropriate recommendations to the board. Remuneration payable to directors of the company for the year was determined on mutual agreement basis. Staff remuneration is determined by the group's management by reference to their qualification, work experience and performance.

The remuneration committee members are Mr. Ng Tai Wai, Mr. Heng Kwoo Seng, Mr. Ng Chi Yeung, Simon and Ms. Chan Suit Fei, Esther.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The company has adopted the Model Code under the Listing Rules as its code of conduct regarding directors' securities transactions. After having made specific enquiry to all directors of the company, the directors of the company are satisfied that the required standard set out in the Model Code has been fully complied with.

PUBLIC FLOAT

Based on the information that is publicly available and to the best of the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the company's issued shares as required under the Listing Rules.



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AUDITORS

The company's auditors, Messrs. Wong Brothers & Co., Certified Public Accountants, have acted as the company's auditors for the preceding three years. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

On behalf of the board

Ng See Wah

Chairman

Hong Kong, 7 July 2005



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