

CHAIRMAN'S STATEMENT

RESULTS

The profit attributable to shareholders for the year ended 31st March 2005 amounted to HK\$25,052,980 (2004: HK\$28,413,828). Earnings per share for the year was HK20.7 cents (2004: HK23.5 cents).

DIVIDENDS

The Board has resolved to recommend a final dividend of HK4 cents (2004: HK3 cents and HK3 cents special dividend) per share for the year ended 31st March 2005. No interim dividend had been declared or paid (2004: nil) during the year. Total dividend for the year will amount to HK4 cents (2004: HK6 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

8

Financial Results

The Group's turnover for the year ended 31st March 2005 amounted to HK\$6,788,081, representing a decline of 30.65% from the previous year. This decrease was predictable and attributable to the cessation of receiving management fees from certain of its associated companies, leading to the distinct drop in management fee income by HK\$2,378,000. However, this decline in income was balanced by the corresponding increase in profits from these associated companies. The absence of property sales also contributed to the decline in turnover by HK\$528,000. The Group's interest income increased by HK\$574,495 in the year under review. However, this increase was eroded by the drops in rental and construction supervision fee income.

For the year ended 31st March 2005, the Group's profit attributable to shareholders dropped to HK\$25,052,980 (2004: HK\$28,413,828) with earnings per share of HK20.7 cents (2004: HK23.5 cents), representing a decrease of 11.83% from that of the preceding year. While there was an increase of HK\$574,495 in interest income, the profit of the Group's Investment Business was lacklustre as exceptional high gains from short-term investments were recorded last year. The aggregate of net realised and unrealised gains of the Group's short-term investments for the current year was HK\$3,341,190, which was HK\$4,328,462 lower than that of last year. This substantial decrease was explained by the strong rebound in the prices of short-term investments since the SARS outbreak in 2003 and hence, exceptional high gains were recorded in 2004. The unfavourable impact was however mitigated by the improvements in the values of the investment properties held. Consequently, the Group's profit for the reporting year recorded a decline when compared with that of last year.

Business Review

Property Investment, Development, Management and Building Contractor

Benefited from the promising property market especially in luxury residential property sector, during the year under review, Wah Ha Property Development Limited, the Group's 50% owned associated company sold one of its investment properties that was acquired in 1996, namely Suite C on 5th and 6th Floors together with two car parking spaces on 1st Floor of No. 1 Robinson Road, Hong Kong at market value. The Group's share of profit derived therefrom amounted to about HK\$2.13 million. Apart from this, the Group did not acquire or dispose of any property during the year under review and up to the date of this report.

Despite the moderate decrease of 5.42% in turnover as compared with HK\$3.94 million of last year, the Group's Rental Business had performed satisfactorily. In the context of an ongoing improved economic fundamentals, the downward pressure on rental rates seemed to be relieved. Currently, the 25-storey Horizon Plaza at Ap Lei Chau and most of the luxury residential units of the Group are fully occupied and rented out with satisfactory returns. It is anticipated that this segment will show encouraging growth as a result of better occupancy and favourable rental rates from both renewals and new leases following the upturn of the local property market.

For the year under review, the turnover of the Group's Property Management Business shrank slightly to approximately HK\$1.16 million (2004: HK\$1.22 million) in tandem with the continuous fall in expenditure levels of the serviced parties. Consequently, profit from this segment decreased by approximately HK\$0.05 million compared to that of last year.

During the reporting year, the operating environment of the Group's Building Contractor Business showed no improvement when compared with that of last year. A fall of nearly HK\$0.30 million in turnover for the whole year was recorded. However, the stringent cost control measures successfully narrowed the loss in this segment from HK\$0.46 million in the preceding year to approximately HK\$0.24 million in this fiscal year.

Investment and Corporate Services

The Group's Investment Business still performed well for the year under review. However, the momentum and market sentiment in the local stock market established since the end of 2003/2004 fiscal year seemed to have been cooled down in the second quarter of this financial year citing investors' concern about downside risks and falling equity prices in light of some risk factors emerged in the market. It was witnessed that the increase of HK\$1.96 million in net profit on sales of the Group's short-term investments during the year was wholly driven away by the shrinkage in unrealised gains of approximately HK\$6.29 million from the Group's short-term investment portfolio. Profits from this business though attained HK\$4.94 million, had still shown a 55.23% regression when compared with the high base figures of last year.

CHAIRMAN'S STATEMENT (CONTINUED)

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Investment and Corporate Services (continued)

The Group had ceased to receive management fees from certain of its associated companies in the Group's Corporate Services Business this year. Turnover of this segment was adversely affected and was pushed down to HK\$0.43 million (2004: HK\$2.90 million). The operating loss in this sector was unavoidably enlarged from HK\$0.38 million of last year to HK\$2.91 million of this year. However, this decrease in income resulted in a corresponding increase in the profits of the associated companies of the Group.

DISPOSAL OF A 25% OWNED ASSOCIATED COMPANY

In December 2004, the Company disposed of its entire interest in a 25% owned associated company, namely Keneva Construction Company Limited ("Keneva"), to a related company of another shareholder of Keneva. Keneva is engaged in building contractor business and did not contribute any profit to the Group in 2004. The disposal was in line with the Group's continual review and rationalisation of its investment policy. While this disposal constituted a connected transaction, it was exempt from all the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(2) of Chapter 14A of the Listing Rules. A gain of HK\$43,673 arose from this disposal.

EMPLOYMENT 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 results 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\$97.47 million at 31st March 2005. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

OTHER DISCLOSURE

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 2004.

PROSPECTS

Looking forward, the local economic environment will remain broadly favourable in light of the continued betterment in the local economic fundamentals, such as the improving job market conditions, further growth in local GDP as well as the encouraging property market with broad-based growth across all sectors. Additionally, the Central Government's supportive policies, the opening of the Disney theme park in September this year and the increased consumer confidence across all sectors of the economy will give a further stimulation to the local economy. Given such positive outlook as well as our sound financial position and solid experience in the property industry, we are confident that the performance of the Group's core property-related businesses will be promising in the coming year.

Although the local economy has generally performed well and the momentum of the growth is likely to sustain, the outlook is increasingly overshadowed by a number of risk factors in the external environment, like crude oil price volatility, global interest rate increase and etc. Indeed, escalated competition in the local property market will continue to be a challenge to the Group's performance. In light of these, we will continue to focus our resources and energy on our core property-related business and make concrete efforts to safeguard and strengthen our business operations in order to bring satisfactory return to our shareholders.

APPRECIATION

I would like to take this opportunity to express my gratitude to all our board members for their invaluable contribution and 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, 12th July 2005