

The Hong Kong economy continued to benefit from the implementation of the Closer Economic Partnership Arrangement between the Mainland China and Hong Kong and increases in tourists arrivals in particular from the Mainland China. The Group continued to achieve positive return on its treasury investments. For the year ended 31st December, 2005, the Group recorded a profit attributable to equity holders of the Company of HK\$1.2 million (2004: HK\$8.3 million) with revenue of HK\$73.6 million (2004: HK\$189.7 million).

RESULTS FOR THE YEAR

Principal businesses of the Group remained as mortgage finance and treasury investments.

The mortgage finance market remained competitive and interest margin continued to stay low as the property transaction volume was affected by the successive increases in interest rates in the market. The revenue contributed by mortgage finance dropped to HK\$0.2 million (2004: HK\$0.5 million) and profit contributed by mortgage finance also decreased to HK\$0.3 million (2004: HK\$0.6 million).

The revenue contributed by the treasury investments dropped to HK\$73.4 million (2004: HK\$189.2 million) as a result of decrease in securities trading activities and hence profit contributed by treasury investments also dropped to HK\$5.5 million (2004: HK\$17.1 million).

As Hong Kong dollars strengthened, the Group liquidated all its investments which were denominated in foreign currencies and recorded an exchange loss of HK\$2.8 million during the year, as compared with an exchange gain of HK\$2.2 million in 2004.

TOTAL ASSETS

As at 31st December, 2005, total assets increased slightly to HK\$221.4 million (2004: HK\$220.7 million). All assets are denominated in Hong Kong dollars and henceforth there was no exposure to exchange rate risk.

The Group maintained a very strong liquidity position throughout the year. As at the balance sheet date, the Group had listed investments amounting to HK\$41.5 million (2004: HK\$22.8 million) and cash and bank balances amounting to HK\$170.9 million (2004: HK\$168.1 million).

CAPITAL STRUCTURE

Currently, the Group is debt-free. There were no charges on the Group's assets and the Group had no material capital commitment or contingent liabilities outstanding at the end of the year (2004: Nil).

The net asset value of the Group as at 31st December, 2005 increased by 0.56 per cent. to HK\$220.6 million (2004: HK\$219.4 million) with the net asset value per share stood at HK\$0.98 (2004: HK\$0.98).

STAFF AND REMUNERATION

The Group had 10 (2004: 16) employees as at 31st December, 2005 and total staff costs incurred during the year amounted to HK\$1.4 million which was 27 per cent. lower than the HK\$1.9 million recorded in 2004. The Group offers competitive remuneration packages to its employees. Currently, there is no share option scheme for employees.

OUTLOOK

There are challenges and opportunities so far as the Hong Kong economy is concerned in 2006. We are cautiously optimistic that the improving domestic economy as a result of continuing increase in tourist arrivals and more consumption spending should enable the Group to perform well in 2006. On the other hand, we shall stay alert of the threats that persistently high level of oil prices and successive hikes in interest rates might dampen the global and domestic economic growth. The management is wary of these factors but will make best efforts to achieve its objective of delivering satisfactory results for the shareholders in 2006.