

On behalf of the Board, I am pleased to present the final result of the Group for the 9-month period ended 31 December 2005.

I am pleased to inform that the Group has been turned around into profitable during the period and recorded a net profit of HK\$38 million, the first profitable year since year ended 31 March 1998. The outstanding performance was a result of the management's efforts in shifting the Group's business focus from leather trading to Macau hotel and entertainment industry and property investments.

With the return of the sovereignty of Macau to the PRC, the economy of this city has been growing healthily. GDP increased from MOP55 billion in 2002 to MOP93 billion in 2005. Fixed asset investment increased by 57% as compared with 2004 while the unemployment rate dropped from 6% in 2003 to 4% in 2005.

Currently, the Group's only net profit contributor is Hotel Golden Dragon (Macao) Co. Ltd. The opening of the casino operating rights has resulted the world's top casino operators to build new resorts to lure big-spending tourists from the mainland and aboard into Macau, Golden Dragon will definitely be benefited by this influx of tourists.

In August 2005 and February 2006, the Group announced the acquisition of two properties located in Macau City and Taipa, Macau respectively with a total site area of over 5,500 sq. m. This became the first lot of land bank owned by the Group. The Board expects that the demand for good quality properties in Macau will continue to grow. We are considering to develop/re-develop the sites to tap into the middle class income group housing buyers. With the private consumption expenditure increased from 4.5% p.a. in 2002 to 7.5% p.a. in 2005; and the increasing applications from the "Investors Residency Scheme" whose applicants are more readily to select the property investment stream, the Board believes that there will be a steady demand for good quality properties in Macau.

Although there are a number of large conglomerates from Hong Kong interested to invest in the property market in Macau competing for the scared land resources, I believe that the Group is in a better position over these conglomerates in the Macau property market because certain members of the Board have been in the Macau property market for over 30 years and having prominent positions in the Macau society. They know the Macau property market well. With these advantages, the Group has positioned itself to be a developer of high quality commercial/residential properties in Macau.

For those business sectors of the Group which have not yet been making contributions to the Group, the Board will take appropriate actions at due course with an aim to maximize the shareholders' value.

The Group's financial position has been becoming healthy. The Company has in March 2006 completed placing 400 million new shares and raised HK\$59 million which will be applied as to financing the development of the above mentioned property projects and to the general working capital of the Group. Moreover, Hotel Golden Dragon contributes a steady income to the Group of approximately HK\$80 million per annum. With the continuing growth in the Macau property market, the Group will look for investment opportunities which will bring profits to the shareholders.

I have two beliefs: to win the trust of others, one must be a totally honest people; and to be a successful person, one must work very hard. I trust that the Group's business development will build on these two beliefs and sooner or later, Honesty Treasure will become a very successful corporate both in Macau and Hong Kong.

I would like to take this opportunity to act on behalf of the Board and the Company to express our gratitude towards our staff for their dedication and valuable contributions during the past year.

**Pedro Chiang**

*Chairman*

Hong Kong, 24 April 2006