

CHIEF EXECUTIVE OFFICER'S STATEMENT

RESULTS

For the year ended 31st March 2006, the Group recorded a turnover of HK\$163,681,000 (2005: HK\$184,271,000), representing a decrease of 11% over the corresponding period last year, while the investment revenue was HK\$37,066,000 (2005: HK\$20,669,000), a 79% increase compared with the corresponding period last year. Accordingly, net profit attributable to shareholders amounted to HK\$46,426,000 (2005: HK\$39,831,000), representing an increase of 16.5% over the corresponding period last year. Basic earnings per share was HK7.68 cents (2005: HK6.67 cents).

BUSINESS REVIEW

During this year, the Group's major sources of income include investment, manufacture and sale of fur garment and trading of fur skin.

Investment

In 2006, the investment business of the Group is principally focused on investments in listed equities and debt securities. During the year, this segment has recorded satisfactory growth with an investment profit of HK\$35,130,000, a 106% increase compared with the corresponding period last year of HK\$17,065,000. The management views investment as a correct direction to dispersing risks and increasing the Company's revenue. However, the investment market is full of many unforeseeable factors, the continual high price of global energy and raw material, the possible resumption of inflation, and the increase in interest rates which will in turn bring higher investing risks and costs. At the same time, the interest rate is at a level that could constrain economic growth. With an aim to sustain steady investment, the management will increase holding bonds with stable income, which could help the Company earn more revenue.

Manufacture and sale of fur garment

In the current year, the turnover of fur garment business is recorded at HK\$71,155,000, representing a 1.7% decrease over the corresponding period last year of HK\$72,358,000, while the profit for this segment is HK\$9,156,000, representing a drop of 18% over the corresponding period last year of HK\$11,206,000. In a situation where interest rates and raw material prices are on the rise, the management mitigates the risk of inventory as the major strategy. The Company has also employed more staff for opening up new markets. Though such steps have increased the Company's expenses, it will help contribute long term benefits for the Company.

Trading of fur skin

The decrease in turnover in the current year is mainly due to the weakening of trading business of fur skin. During this year, the turnover of fur skin trading is HK\$92,526,000, a 17% decrease compared with the corresponding period last year of HK\$111,913,000, while its profit is recorded at HK\$5,622,000, a 47% decrease compared with the corresponding period last year of HK\$10,551,000, which is mainly due to the increase in interest rate and the surge in the price of global energy and raw material this year. In light of a substantial rise in the cost resulting from high interest rate, the management has adopted a conservative and prudent business strategy. Adhering to such strategy, arrangements for purchase will be made only after purchase orders have been confirmed. Though this has scaled the Company's turnover and profit down, the risks could be greatly alleviated.

PROSPECT

Investment

As the investment segment has achieved remarkable results in 2006, the Group will adopt stable investment strategies and continue to bring promising revenue and profit contributions for the Group. The management will steadfastly stick to its current sound strategies and risk dispersing measures, and will strive to explore other investment products, instruments and businesses with long term and short term growth potential, aiming to create the best returns for its shareholders. The management has dedicated themselves to dispersing risks, and believes if and when there are adjustments in the economy, investments of the Group are kept within the scope of risks that it could bear.

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Manufacture and sale of fur garment

As for fur garment business, the management considers the Company will endeavour to motivate staff, improve service standard and quality, outsource products with a lower profit margin and consolidate the existing production business in the coming year, so as to control cost and effectiveness and enhance the Company's competitiveness. At the same time, the Company will actively develop products diversification, progressively identify new customers in Russia and Eastern Europe, and make an attempt to develop retail business. Its initial strategy will be focused on product design and brand building, which is going to be work out by adding young and trendy elements to fur garment. This plan is to be followed by launching a brand, or more than one, with unique image and with different prices, so as to increase the market share.

Trading of fur skin

As for fur skin trading, in view of the increase in interest rate in the United States of America and Hong Kong becoming more steady and the continual growth in global economy, coupled with the cost for raw material has been adjusted to a lower level, the risks have been becoming more moderate. Markets all over the world still have a high demand on raw material of fur skin. Thus, the management believes that the Company will take a more aggressive strategy to strengthen its relationship with major customers and will actively seize for collaboration with potential quality customers in order to increase both turnover and profit.

The management will continue to monitor any new businesses that would be beneficial to the Group, and will actively explore new markets. Most importantly, the management is looking forward to sharing its fruitful results with all shareholders in the future.

FINAL DIVIDEND

The Board has recommended to pay a final dividend ** of HK1.8 cents (2005: * final dividend HK3.0 cents) per share for the year ended 31st March 2006 to shareholders whose names appear on the register of members on 19th July 2006, subject to the approval of shareholders at the forthcoming annual general meeting on 19th July 2006. This final dividend, together with interim dividend of HK1.2 cents per share paid on 4th January 2006, represent a total dividend of ** HK3.0 cents (2005: * HK5.5 cents) per share for year 2006.

* *Based on the issued and fully paid share capital of 398,264,000 shares as at 31st March 2005*

** *Based on the issued and fully paid share capital of 608,796,000 shares as at 31 March 2006, of which an increase of 202,932,000 shares was bonus shares issued in August 2005 and 7,600,000 shares was options issued in 2005*

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere appreciation of the support from our customers, suppliers and shareholders. I would also thank my fellow directors for their valuable contribution and all the staff members of our Group for their hard and dedicated work during the year.

Ng Ngan Lung
Chief Executive Officer

Hong Kong, 16th June 2006