

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The Company continues to act as an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 16 and 17 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 17.

An interim dividend of HK1.5 cents per share amounting to HK\$4,617,187 was paid on 11 January 2006. The Directors now recommend the payment of a final dividend of HK2.3 cents per share to be paid to the shareholders on the Register of Members on 28 July 2006 amounting to HK\$7,079,689 and the retention of the remaining profit for the year of HK\$114,027,162.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group revalued all of its investment properties at the balance sheet date. The net surplus arising on revaluation, which has been credited directly to the income statement, amounted to HK\$81,738,539.

Details of these and other movements during the year in investment properties and property, plant and equipment of the Group and the Company are set out in notes 13 and 14 to the financial statements respectively.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Details of the properties held by the Group at 31 March 2006 are set out on pages 52 to 54.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 23 to the financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Director

Mr. Chan Hoi Sow
Mr. Chan Yan Tin, Andrew
Mr. Chan Siu Keung, Leonard

Independent Non-Executive Director

Mr. Wong Wellington
Mr. Chan Kwok Wai
Mr. Tse Lai Han, Henry

DIRECTORS' REPORT

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with Article 103 of the Articles of Association of the Company, Mr. Chan Hoi Sow and Mr. Chan Yan Tin, Andrew shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

At 31 March 2006, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Director	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Mr. Chan Hoi Sow	Beneficial Owner Interest of Controlled Corporation (<i>Note</i>)	Personal Interest Corporate Interest	2,036,000 169,998,896	172,034,896	55.89
Mr. Chan Yan Tin, Andrew	Beneficial Owner	Personal Interest	792,000	792,000	0.26
Mr. Chan Siu Keung, Leonard	–	–	–	–	–
Mr. Wong Wellington	–	–	–	–	–
Mr. Chan Kwok Wai	–	–	–	–	–
Mr. Tse Lai Han, Henry	–	–	–	–	–

Note: Mr. Chan Hoi Sow had a 100% interest in Beyers Investments Limited which, through its wholly owned subsidiary, Noranger Company Limited, held 144,176,000 ordinary shares of the Company. He also had a 100% interest in Evergrade Investments Limited which held 25,822,896 ordinary shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madam Loo Kuo Pin, were deemed to have interests in 169,998,896 ordinary shares of the Company.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 31 March 2006 or had been granted or exercised any such right during the year.

DIRECTORS' REPORT

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2006, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Loo Kuo Pin	Interest of Spouse (Note 1)	Family Interest	172,034,896	172,034,896	55.89
Noranger Company Limited	Beneficial Owner (Note 2)	Corporate Interest	144,176,000	144,176,000	46.84
Beyers Investments Limited	Interest of Controlled Corporation (Note 2)	Corporate Interest	144,176,000	144,176,000	46.84
Evergrade Investments Limited	Beneficial Owner (Note 3)	Corporate Interest	25,822,896	25,822,896	8.39
Edward Kew	Beneficial Owner (Note 4)	Personal Interest	5,461,200	25,968,494	8.44
	Interest of Spouse (Note 4)	Family Interest	8,856,494		
	Interest of Controlled Corporation (Note 4)	Corporate Interest	11,650,800		
Kew Youn Lunn	Beneficial Owner (Note 5)	Personal Interest	2,380,800	25,968,494	8.44
	Interest of Spouse (Note 5)	Family Interest	5,461,200		
	Interest of Controlled Corporation (Note 5)	Corporate Interest	18,126,494		

DIRECTORS' REPORT

Notes:

1. The interest is in fact the same block of shares already disclosed under the personal and corporate interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
2. The two references to 144,176,000 shares relate to same block of shares in the Company. These shares are held by Noranger Company Limited which is wholly owned by Beyers Investments Limited which in turn is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
3. These shares are held by Evergrade Investments Limited which is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
4. These interests in aggregate are in fact the same block of shares disclosed under the interests of Madame Kew Youn Lunn, the wife of Mr. Edward Kew.
5. These interests in aggregate are in fact the same block of shares disclosed under the interests of Mr. Edward Kew, the husband of Madame Kew Youn Lunn.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 31 March 2006, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers and suppliers of the Group accounted for less than 30% of total turnover and total purchases of the Group respectively. The Directors do not consider any one customer or supplier to be influential to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float, as not less than 25% of the Company's issued shares are held by the public.

AUDITORS

The financial statements for the year have been audited by Messrs. HLM & Co., Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Chan Hoi Sow
Chairman

Hong Kong, 16 June 2006