

Chairman's Statement

Financial Results

The Board of Directors (the "Board") is pleased to announce the audited profit attributable to equity holders of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2006 amounted to HK\$36.0 million (2005: HK\$11.8 million, as restated). Earnings per share was 3.52 HK cents (2005: 1.16 HK cents, as restated).

Discussion on Results

The Group reported a turnover of HK\$77.2 million (2005: HK\$54.9 million), representing a growth of 40.6% which is mainly attributable to the sale of properties of the Gold Coast at Dongguan, the People's Republic of China (the "PRC"), recorded during the financial year under review. In addition, the Group also achieved increases in rental income from investment properties in Hong Kong, sales from manufacturing business as well as dividend and interest income.

During the year, gross profit increased by 50.3% to HK\$26.6 million in view of the improved results of the property business and the manufacturing business. The Group also recorded other income of HK\$20.4 million which mainly comprised the realisation of deferred profit and the write back of provisions for construction costs and tax liabilities undertakings relating to properties sold by the Group in 2001. Reflecting the improvement in office properties in Hong Kong, the Group recorded an upward revaluation of HK\$50 million during the year. On the costs side, administrative expenses increased by 6.8% to HK\$61.4 million and finance costs increased to HK\$11.7 million due to higher interest rates. As a result, profit before taxation increased to HK\$34.2 million from HK\$11.1 million in the preceding year. Profit attributable to equity holders of the Company increased by more than 2-folds to HK\$36.0 million, representing earnings per share of 3.52 HK cents.

Dividend

The Board proposes to declare a final dividend of 1.0 HK cent per share (2005: 1.0 HK cent per share) payable on or before 11th September, 2006 to shareholders whose names appear on the Company's register of members on 18th August, 2006. No interim dividend has been declared in respect of the current financial year (2005: Nil). Total dividend for the year amounted to 1.0 HK cent per share (2005: 1.0 HK cent per share).

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Business Review

Property development in the PRC

The Group, with its property development focus in the PRC, is benefited from the robust economy in the PRC as its GDP continued to grow by about 9% in 2005. As a result of the increase in annual average disposable income, the strive to improve living conditions and the increasing attractiveness of Renminbi assets in anticipation of future appreciation of Renminbi, the property development sector in the PRC is encouraging.

Land reserve

The Group is focusing on the development of its existing land reserve. The Group maintains a diverse portfolio of land reserve in the PRC which is sufficient to support its development for the next five to seven years, spanning in Guangzhou, Dongguan, Huizhou, Changsha and Chengdu, with a developable gross floor area of over 2,500,000 sq. m.. The Group targets to develop quality properties with modern architectural design, high construction standard, excellent property management services, and launches at affordable prices for domestic home buyers.

For land replenishment, the Group continues to capture land acquisition through various channels with focus in municipal or provincial cities, in particular, Changsha, Chengdu and Beijing.

Property profile

Chuang's New City, Dongguan, Guangdong (100% owned)

Chuang's New City is located in Dongguan and has a total gross floor area of over 600,000 sq. m. for future development. Following the recent opening of the government new offices situated nearby Chuang's New City, road expansion works are currently carrying out next to our development site. Such infrastructural improvement will be completed before the end of 2006 and will further enhance the accessibility and popularity of our project.

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Gold Coast, Dongguan



Clubhouse of Gold Coast, Dongguan



Entrance Lobby

Gold Coast is the phase II development of this project. The development comprises 374 residential units with a saleable gross floor area of 57,056 sq. m. and 370 carparking spaces. It is facilitated with a clubhouse with gross floor area of 5,770 sq. m. providing indoor and outdoor swimming pools, landscaped gardening and with greens, water fountains and spacious promenade along the river coast. The Group obtained the permit to handover properties to buyers in mid March, 2006. Marketing of the 306 units with sizes ranging from 96 sq. m. to 145 sq. m. has commenced during the year and up to the date of this report, 149 units have been sold. Marketing of the 68 duplex apartments with sizes ranging from 217 sq. m. to 320 sq. m. will commence soon.

Phase III development of this project, comprising a total gross floor area of about 100,000 sq. m., will commence soon.

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Show flats of Gold Coast, Dongguan

Chairman's Statement



Phase I of Chuang's • Le Papillon, Guangzhou

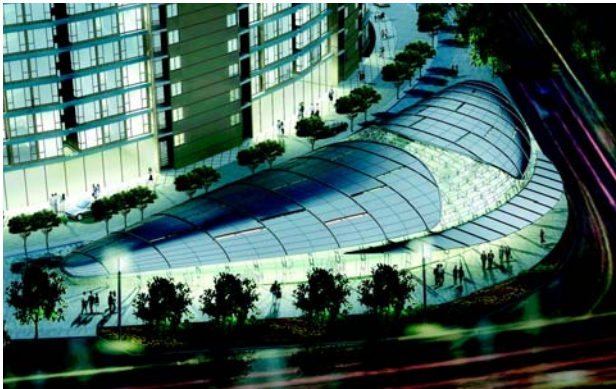
Chuang's • Le Papillon, Guangzhou, Guangdong (85% owned)

Situated only 1 kilometer from the Lianhuashan Pier to Hong Kong and 2.5 kilometers from Lotus Hill Golf Club Resort, Chuang's • Le Papillon comprises a total gross floor area of over 450,000 sq. m. for future development. It is also located about 3 kilometers from the metro rail station which is currently under construction as an extension of the route number 4 connecting to Guangzhou city centre. With the commencement of this metro station, the accessibility of our site to the city centre of Guangzhou will be greatly enhanced.

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Phase I of Chuang's • Le Papillon, Guangzhou



Clubhouse

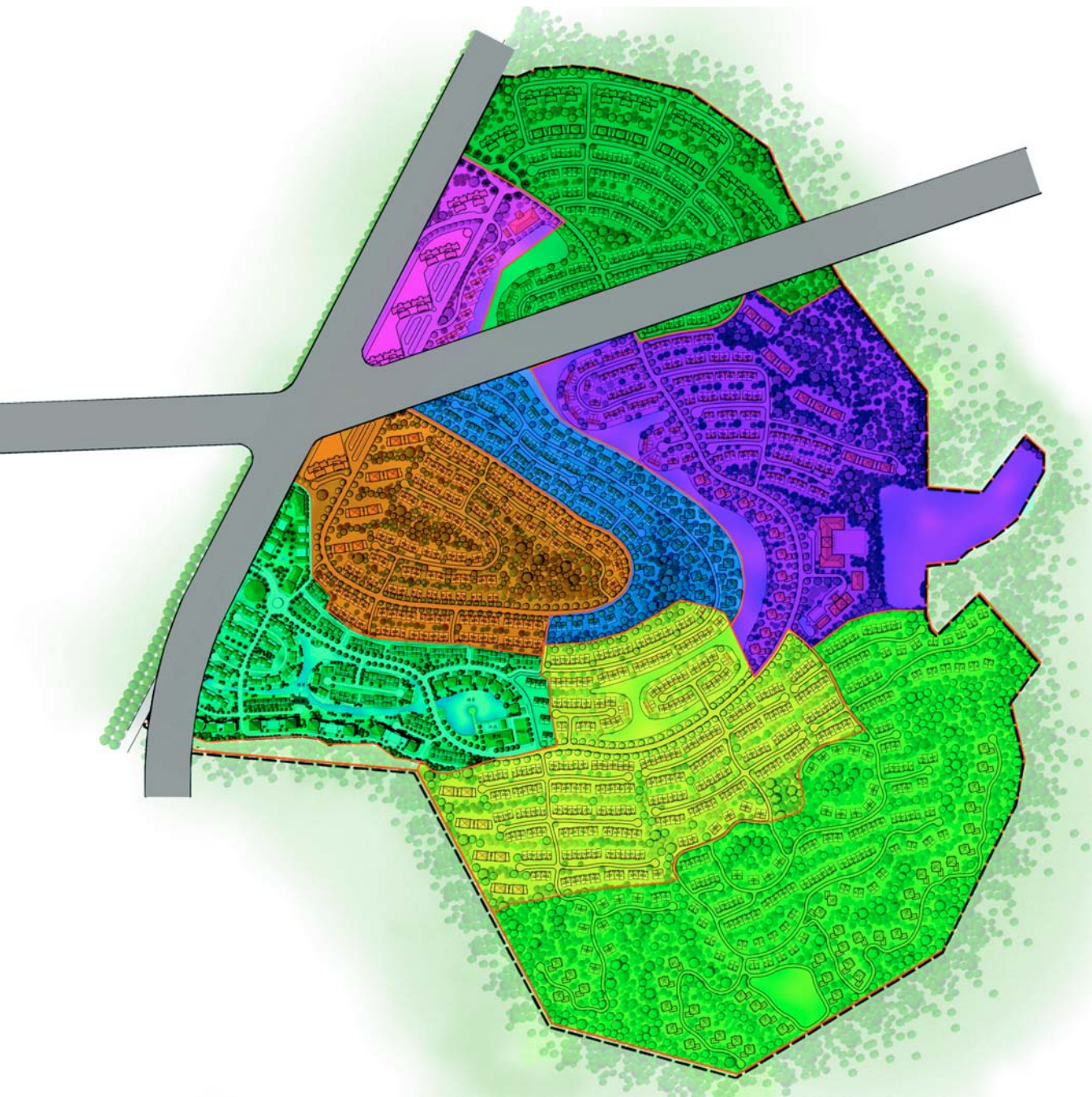


Podium Garden



Podium Garden

The first phase development of this project has an estimated total gross floor area of about 60,000 sq. m.. It comprises 11 blocks of residential buildings with about 530 units comprising 1-bedroom apartments of 53 sq. m., 2-bedroom apartments of 90 sq. m., 3-bedroom apartments of about 130 sq. m. and duplex apartments of about 260 sq. m.. The development will have clubhouse facilities, swimming pool as well as retail spaces. Site investigation works have been completed and construction works will commence soon.



Master Layout Plan of Beverly Hills, Changsha

Beverly Hills, Changsha, Hunan (54% owned)

The Group has the development rights of a site with a developable gross floor area of 1,200,000 sq. m. which is located nearby the city centre of Changsha. The site is also adjacent to the site of CITIC Shenzhen Group Company which has announced to invest RMB5.6 billion to build a top central business development.

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Phase I of Beverly Hills, Changsha



Bungalow



Link House



Clubhouse



Shopping Arcade

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Phase I of Beverly Hills, Changsha (under construction)

Development of the Group's project will be carried out in stages. The first phase of this project, Beverly Hills, has a total gross floor area of about 64,000 sq. m.. It will be developed into low density community with 367 residential units comprising 135 bungalows, semi-detached houses and link houses, 52 duplex link houses and 180 apartments. Within the project, there will be amenities and recreational clubhouse, swimming pool and retail facilities. Site formation works and superstructure works are in progress. Initial marketing of Beverly Hills has received favourable responses. Presale of Beverly Hills will commence in September, 2006. The second phase of this project with a developable gross floor area of about 380,000 sq. m. is under planning stage.

Chuang's New Town, Huizhou, Guangdong (100% owned)

Chuang's New Town is located in Huiyang and is a comprehensive new township development for residential, commercial, office, hotel and other non-residential ancillary usage. The first stage of this project comprising an aggregate gross floor area of about 102,000 sq. m. had been completed and sold. The Group has a developable gross floor area of over 340,000 sq. m. for future development. As Huiyang is located close to Shenzhen, its economic development will be benefited from the continuous growth in Shenzhen. The Group is closely assessing the latest development including its economic and infrastructural progress in the region and will review the development strategy accordingly.

Chengdu, Sichuan (50% owned)

The Group is in the process of forming a joint venture for the purpose of carrying out the development of a site with an area of about 6,700 sq. m., which is located in the city centre of Chengdu, at the junction of Jiusan Road, Guojiaqiao North Road and Guojiaqiao South Road, nearby Sichuan University and on the west bank of Fuhe River overlooking River-viewing Park. It is intended that the site will be developed into high-class commercial/residential buildings comprising a gross floor area of about 30,000 sq. m.. Once the joint venture is formed, the Group will embark on the master layout planning of this project.

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Property management and services

The Group provides post-sales property management and services to the residents of the projects it developed. These services include security management, maintenance, operation of clubhouse, gardening and landscaping and other customer services. To enhance the high standard of services, the Group appoints international firms of property management as consultants.

In addition to providing quality post-sales services, the Group will establish a Supreme Club which is a prestigious club membership aiming to provide home owners and residents of the Group's developments with special privileges and a variety of exceptional rewards and benefits.

Property investment in Hong Kong

Chuang's Tower, located at the heart of Central District and next to the exits of both the Central Station of the Mass Transit Railway and the Hong Kong Station of the Airport Express Line, has a total area of 60,587 sq. ft. of commercial and office spaces. Occupancy rate of this property is currently 91% with rental and other income of HK\$13.6 million during the year and it provides a steady income to the Group. With the strengthening of office properties in Hong Kong, the Group will evaluate the benefits of the sale of Chuang's Tower when opportunities arise.



Chuang's Tower, Central

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Manufacturing business

Midas International Holdings Limited ("Midas") (44.7% owned)

Midas is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its subsidiaries are engaged in books printing, paper products printing and property investment. Its head office is in Hong Kong and has a gross floor area of about 32,000 sq. ft. whereas its manufacturing premises are located in Huizhou and Dongguan, the PRC, having an aggregate gross floor area of over 1,000,000 sq. ft.. Midas currently employs about 3,000 staff and workers.

For the year ended 31st December, 2005, the turnover of Midas increased to HK\$758.3 million from HK\$736.9 million in the previous year. The net profit attributable to ordinary shareholders of Midas for the year ended 31st December, 2005 has decreased by 26% to HK\$43.0 million compared to HK\$58.3 million for the preceding year.



Gift Packaging Products



Pop up Books



Children Books

Chairman’s Statement

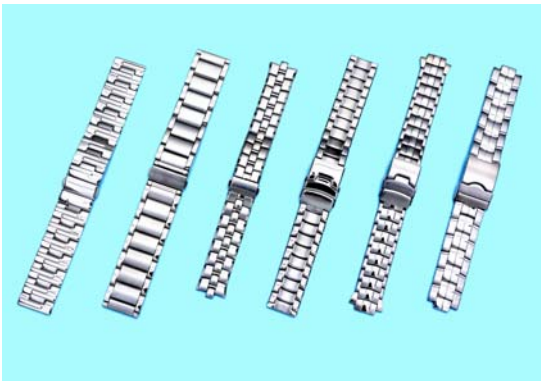
Yuen Sang Hardware Company (1988) Limited (“Yuen Sang”) (100% owned)

Yuen Sang is principally engaged in the manufacture and sale of watch cases, bracelets and buckles, mainly for exports to Europe and the United States. Its head office is in Hong Kong and its manufacturing premises are in Huizhou, the PRC, occupying a gross floor area of about 88,100 sq. ft.. Yuen Sang has about 823 staff together with workers in its subcontracting factories.

During the year, Yuen Sang’s turnover increased to HK\$38.2 million from HK\$37.4 million in last year and its operating profit turnaround to HK\$2.9 million. Yuen Sang will focus on drastic marketing efforts and explore synergistic business in order to generate a new source of income in the future.



Bracelets



Watch bracelets

CNT Group Limited (“CNT”) (12.8% owned)

CNT is listed on the Stock Exchange and its subsidiaries are principally engaged in property investment and development and the manufacture and sale of paint products under its own brand names “Flowers”, “Giraffe”, “Toy Brand” and “Denis” etc, focusing on the Hong Kong and PRC market. The Group considers that petrochemical business has tremendous long-term prospects, in particular, the potential of the PRC market. In recent years, CNT continued to close down the loss making operations and the disposal of non-core assets which enable CNT to concentrate on its main core paint business. As a result, the operating results of CNT has improved. The Group intends to hold its interests in CNT as a long-term strategic investment.

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Net Asset Value

As at 31st March, 2006, net asset value attributable to equity holders of the Company was HK\$1,414.1 million. Net asset value per share amounted to HK\$1.38. In April 2006, the Company successfully completed a one for four rights issue, raising net proceeds of HK\$100 million in cash, of which HK\$80 million will be used for property development and the remaining HK\$20 million for general working capital. Taking this rights issue into account, the net asset value of the Company increased to HK\$1,514.1 million, amounting to HK\$1.18 per share.

Financial Positions

As at 31st March, 2006, the Group's cash and bank balances amounted to HK\$147.7 million (2005: HK\$157.9 million). Bank borrowings of the Group as at the same date amounted to HK\$281.3 million (2005: HK\$239.0 million).

The net debt to equity ratio of the Group (expressed as a percentage of bank borrowings net of cash and bank balances over net assets attributable to the equity holders of the Company) was 9.5% (2005: 5.95%). Taking into account proceeds from the rights issue mentioned above, the net debt to equity ratio has been reduced to about 2.2%.

Approximately 70.1% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar with the remaining 29.9% in Renminbi. About 82.8% of the Group's bank borrowings were in Hong Kong dollar and 17.2% in Renminbi. Risk in exchange rate fluctuation would not be material.

Approximately 2.8% of the Group's bank borrowings were repayable within one year, 80.0% repayable within 1 to 2 years and the remaining 17.2% repayable within 2 to 5 years.

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Prospects

Recently, the PRC government announced a series of measures which were aimed to curb speculation in a number of cities with overheated property prices while sustaining and supporting genuine and growing housing needs of the general public. These measures aim to ensure the healthy and stable development of the domestic property market.

Under the continuous economic growth and increase in urbanisation rate, demand for residential properties in the PRC remains strong. The Group will continue to focus on the mass residential market which is less speculative with fundamental demand from end-user. For the financial year ending 2007, the Group will actively launch the sales of its property development with total gross floor area of over 100,000 sq. m. in Dongguan and Changsha. By having a sufficient land bank and capital resources, the Group would implement adaptive business strategy in line with the changes in market conditions and will accelerate the pace of its property development projects.

As the PRC maintains its rapid economic growth, its robust domestic market is highly promising with tremendous business opportunities. To capitalise on the enormous potential in the PRC market, the Group will identify investment projects in the manufacturing sectors with operation base in the PRC.

Staff

The head office of the Group is located in Hong Kong. The Group has offices in Guangzhou, Dongguan, Huizhou, Changsha and Chengdu, the PRC. As at 31st March, 2006, the Group employed 193 staff. In addition, the subcontracting factories of the Group have 823 workers. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

Appreciation

On behalf of the Board, I would like to welcome Ms. So Kan Yiu as the new Director and also like to thank my fellow Directors and our dedicated staff for their hard work and contribution during the year.

Dr. Hwang Jen

Chairman

Hong Kong, 3rd July, 2006