

CHAIRMAN'S STATEMENT

On behalf of the board, I am delighted to report the group's financial results and activities for the year ended 31 March 2006.

RESULTS AND DIVIDENDS

For the year under review, the turnover of the group decreased by about HK\$7,249,661, or 26%, to HK\$20,337,326. The decrease was mainly due to the drop in the sales of share investments for short-term during the year. The group's profit for the year, however, increased from HK\$20,440,607 to HK\$32,967,667, representing an increase of about 61%. The increase in profit was mainly due to the increase in the write-back of provision for impairment loss on properties held for or under development by HK\$13,274,864. The adoption of the new accounting policies for the group's investment properties has also brought the group an additional profit of HK\$2,295,000 for the year, which arose from increase in the fair value of the group's investment properties.

In January 2006, an interim dividend of 2 cents per share was paid. The board now recommends a final dividend of 10 cents per share, absorbing a total of HK\$4,000,000. Subject to the approval by the shareholders, such dividend will be payable on 6 September 2006.

REVIEW OF OPERATIONS

Property development

The development project at Castle Peak Road is completed and the relevant occupancy permit was issued in June 2006. By reference to the open market value appraised by an independent surveyor, the group fully wrote back the provision for impairment loss on the project of HK\$17,405,000 during the year. At present, the group does not have other significant projects under development.

Property investment

The revenue from the property leasing business was increased by HK\$3,236,779 (or 47%) to HK\$10,098,247. The increase was mainly due to the additional rental income from the commercial properties that were acquired in March 2005, and the improvement in the occupancy rate of the investment properties.

During the year under review, there was no change in the investment property portfolio of the group. As mentioned before, there were changes in the accounting policies for the group's investment properties following the issue of the new accounting standard, HKAS 40 "Investment Property" by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The group elects to apply HKAS 40 from 1 April 2005 onwards. As a result of the application of HKAS 40, the surplus on revaluation of the group's investment properties of HK\$2,295,000 for the year is recognised in the group's income statement. The revaluation surplus and the additional rental income from the afore-mentioned commercial properties have surged up the property leasing result by HK\$5,687,788 (134%) to HK\$9,922,039.

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Share investments and dividend income

The revenue and results of the securities investment business were decreased by HK\$10,486,440 (or 51%) and HK\$5,046,550 (or 38%) to HK\$10,239,079 and HK\$8,246,535 respectively. The decrease was mainly due to decrease in sales of share investments held for short-term during the year and the absence of write-back of provision for diminution in value of long-term investments as in the last year. To strengthen the group's liquidity position after the acquisition of the commercial properties in March 2005, the group sold certain long-term share investments and realized a profit of HK\$4,091,095 during the year.

On 1 April 2005, the group initially applied the new accounting standards HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement" issued by the HKICPA, which have resulted in changes of the measurement basis of the group's share investments and their classification in the balance sheet. At 31 March 2006, the group's portfolios of long-term and short-term share investments had unrealized gain of HK\$15,411,507 and HK\$552,234 respectively, which were taken up to the equity and the profit or loss for the year respectively according to the new accounting standards. As at the balance sheet date, the group's share investments, holding for short-term and long-term purposes, had an aggregate fair value of HK\$80,314,975.

Liquidity and financial resources

The group maintained a healthy gearing level of about 10%, which is taken as bank borrowings to total shareholders' equity. In May 2006, the group completed the sale of several parcels of agricultural land in Lau Fau Shan to a third party and the group's liquidity position is further strengthened. The management is confident that the group is able to maintain sound liquidity position to meet its future operating and project development expenditure, and loan repayment obligations.

PROSPECTS

Recently, the Central Government has launched the Qualified Domestic Institutional Investors ("QDII") scheme to allow the mainland investors to invest in offshore markets via approved institutions. In the long-term, we believe that QDII will have favourable stimulus to the Hong Kong securities market. Benefited from the continual economic growth, we foresee that there will be a slightly increase in commercial property rentals which is favourable to our property leasing business. Regarding the property development project at Castle Peak Road, we expect that it will generate contribution to the group's results in the coming financial year. While seeking for increasing the shareholders' wealth, the group will closely monitor the performance of its assets portfolio and cautiously evaluate the risk and return associated with each investment opportunity.

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APPRECIATION

Taking this opportunity, I would like to extend my deepest gratitude to our company secretary, Mr. Lam Ping Kwan, Clement, for his dedication to the group in the past 12 years. Also, I appreciate the support and co-operation of my fellow directors and staff of the group and thank them for their dedicated services and contribution.

Ng See Wah

Chairman

Hong Kong, 12 July 2006