

CHAIRMAN'S STATEMENT

RESULTS

The profit attributable to equity holders of the Company for the year ended 31st March 2006 amounted to HK\$40,271,882 (2005 restated: HK\$50,315,179). Earnings per share for the year was HK33.3 cents (2005 restated: HK41.6 cents).

DIVIDENDS

The Board has resolved to recommend a final dividend of HK4 cents (2005: HK4 cents) per share for the year ended 31st March 2006 to shareholders whose names appear on the Register of Members of the Company on 25th August 2006. No interim dividend had been declared or paid (2005: nil) during the year. Total dividend for the year will amount to HK4 cents (2005: HK4 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

In the year, the Group has adopted a number of new or revised HKFRSs and relevant comparative figures for 2005 have correspondingly been restated. Amongst the various new or revised accounting standards adopted, the impact from HKAS 40 "Investment Property" alone was a HK\$20.33 million (2005: HK\$31.53 million) increase in profit. After deducting the related deferred taxation charge, the net profit increased by about HK\$16.77 million (2005: HK\$25.81 million). The aggregate impact of adopting new or revised HKFRSs was an increase in the Group's net profit for the current year by HK\$16.22 million (2005: HK\$25.26 million). Further details of the new or revised accounting standards adopted and their impacts are shown in Note 2(b) to the financial statements.

The Group's turnover for the year ended 31st March 2006 amounted to HK\$12.72 million, representing an increase of about 58.5% from the previous year. This increase was explained by the higher interest income of HK\$5.48 million as a result of rising interest rate and the slight improvement in construction supervision fee income of HK\$0.12 million. However, this increase was partly offset by the reductions in rental income, dividend income and management fee income of HK\$0.19 million, HK\$0.42 million and HK\$0.30 million respectively.

For the year under review, the Group's profit attributable to shareholders was HK\$40.27 million, 20.0% lower than the HK\$50.32 million (as restated) of the last year. Earnings per share was HK33.3 cents as compared with the HK41.6 cents (as restated) of last year. The decrease was partly explained by the reduction in the share of the costs of investment properties recouped in the current year for HK\$4.42 million. There was no profit from sale of investment property recorded for the current year whereas a corresponding profit of HK\$2.13 million was reported last year. Neglecting these and the aforesaid impact from the adoption of new or revised accounting standards as detailed in Note 2(b) to the financial statements, the Group's net profit was HK\$5.54 million higher than that of the last year. This significant improvement was mainly attributable to the higher interest income of HK\$5.48 million as a result of rising interest rates.

BUSINESS REVIEW

Property Investment, Development, Management and Building Contractor

The Group's Rental Business benefited from the solid performance of the property market in Hong Kong. Similar to last year, the 25-storey Horizon Plaza at Ap Lei Chau is currently fully occupied and most of the luxury residential units are rented out with satisfactory returns. However, a moderate decrease of 5.1% in rental income was recorded due to increased vacancy in the course of obtaining better leasing terms from replacement tenants. Given the sustained improvements in market condition and anticipated better rental rates, the results from this segment look promising in the foreseeable future.

Save as disclosed in Post Balance Sheet Event below, during the year under review and up to the date of this report, the Group did not acquire or dispose of any property.

For the year under review, the turnover of the Group's Property Management Business dropped slightly to HK\$1.14 million (2005: HK\$1.16 million) which was in line with the expenditure level of the serviced parties. A corresponding reduction in profit by HK\$0.03 million was recorded.

During the reporting year, the operating environment for the Group's Building Contractor Business has shown improvements as the demand for maintenance services was in the rising track. Turnover for this segment improved by HK\$0.12 million and a corresponding reduction in loss of HK\$0.10 million was resulted.

CHAIRMAN'S STATEMENT (CONTINUED)

Investments

During the year under review, the virtually debt-free position of the Group, coupled with the gradual increase in interest rate, resulted in a substantial increase of interest income of HK\$5.48 million. This favourable result was however reduced by the exchange loss of HK\$0.58 million of the current year (2005: exchange gain of HK\$0.23 million). Nevertheless, the Group's Investment Business performed satisfactorily with an improvement of about 72.73%.

In spite of a slight reduction in the value of the Company's investment portfolio near the year end, positive market sentiment continued throughout the year benefiting the Company's investment income. The aggregate increase in value of and the net profit from the sale of the Group's listed shares was comparable to that of last year. A slight shrinkage of HK\$0.27 million was reported.

Post Balance Sheet Event

Subsequent to the balance sheet date, two agreements for the sale of two properties were entered into with independent third parties at an aggregate consideration of HK\$32.52 million. The Company's share of the consideration amounted to HK\$16.26 million. The disposal of the two properties did not constitute any transaction subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2006, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$3.51 million (2005: HK\$3.33 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group's results and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group's cash and bank balances amounted to HK\$110.98 million at 31st March 2006. The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation and material contingent liabilities.

OTHER DISCLOSURE

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its results and financial position published in the annual report for the year ended 31st March 2005.

PROSPECTS

The local economy has been strong throughout the year. Year-on-year 2006 1st Quarter GDP was reported at 8.2%. Since the end of the deflationary period, the unemployment rate has also dropped below 5%. More cities have been included into the Individual Tourist Scheme providing further boost to the local economy. In addition, the spread of avian flu in the region has not posed much difficulty on the business environment of Hong Kong. On the back of such robust economic fundamentals, the Group's property-related businesses will benefit from higher rental and occupancy rates.

It is a general consensus in the market that there is not much room left for interest rate hikes. However, the previous acts of lifting the interest rate have adversely affected the local property market in that great resistance was seen in both the turnover and prices. Accordingly, adjustments on rental rates have taken place. Globally, the persistent high prices of crude oil and heavy metals have adverse impact on the worldwide business operating environment. Increased turbulence in the global financial markets was observed and hence the overall economic growth became more uncertain. The central government has imposed certain measures so as to suppress speculating activities. The property sector and those industries with over-capacity and over investment are the major areas of concern. The local economy will at least be affected in the short run. Bearing in mind these unfavourable factors, we shall continue to closely monitor uncertainties in the market and adopt prudent financial management so as to maintain a steady operation. We are committed to bring satisfactory returns to our shareholders.

APPRECIATION

I would like to take this opportunity to express my gratitude to all our board members for their invaluable contribution and to extend my appreciation to our shareholders for their continued support and our staff for their hard work and dedication.

Cheung Kee Wee
Chairman

Hong Kong, 13th July 2006