

Management's Statement

RESULTS

The Group incurred a loss of HK\$19,552,000 for the year ended 31st March 2006 compared with a profit of HK\$15,477,000 for the same period last year. Accordingly, loss per share was HK3.89 cents compared with HK2.80 cents of profit per share for the year ended 31st March 2005. The loss for this year is attributed mainly to the following factors:

- (i) There were no disposals of investment properties during the year compared to a substantial disposal gain of HK\$28,742,000 for the same period last year.
- (ii) Loss incurred of approximately HK\$7.2 million was made in the disposal of a listed warrant.

DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year (2005: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24th August 2006 to 28th August 2006 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the annual general meeting to be held on 28th August 2006, all transfer of shares of the Company accompanied by the relevant share certificates and the transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 23rd August 2006.

BUSINESS REVIEW

General

The principal activities of the Group continue to be investments in properties and securities and provision of information technology services. With a view to expand the Company's investment portfolios, the Company considered China Investment Fund Company Limited ("CIF") is a good target to invest which matched its development strategy. In October 2005, the Company made an unconditional voluntary cash offer to acquire all the issued shares in CIF. At the close of the offer only 4,484,000 shares was tendered and the Company's holdings in CIF only increased by 0.93% to 27.27%.

The cash position of the Group continues to be strong, which positions the Group to review investment opportunities arising from these sectors. Despite the current interest rate hike of United States Dollars and the credit squeeze program in China, a lot of investment opportunities are available for the Group.

The turnover of the Group was more than double than that of last year, from approximately HK\$2,763,000 to approximately HK\$11,468,000, which was mainly attributed to the increase in securities trading activities during the year. Income generated from the information technology sector remains stable.

Total expenses for the period was about HK\$9,533,000 in comparison with HK\$17,297,000 for last year, out of which HK\$7.6 million were amortisation and impairment of goodwill and unrealised loss on securities. Therefore expenses were controlled under the same level during the two financial years.

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Property Investment

The sale and purchase agreement entered on 24th September 2004, by a wholly owned subsidiary of the Group, to acquire the entire issued share capital of a company in which the major asset is a piece of land in Hong Kong at a consideration of US\$2,700,000 (equivalent to HK\$21,060,000). The transaction has not been completed due to certain conditions have not been satisfied. Pursuant to the Company's announcement dated 23rd March 2006, a written notice of rescission was sent to the vendor for the immediate termination of the Group's obligation in this transaction. The Directors believe that it is in the interest of the Company to rescind the Agreements and such termination of the Agreements shall not have any material adverse effect on the business and financial position of the Group.

Securities Investment

The Group continues to maintain an investment portfolio of listed and unlisted assets in Hong Kong and overseas. Total investment portfolio stood at HK\$18,142,000 as of 31st March 2006 as compared with HK\$30,297,000 of 2005.

Information Technology

With the growing number of domestic and international travellers within and into and out of China, there are good demand for hotel and tourist related services. The Group's information technology service, the "IT", provides fully integrated software solution to both hotel management system and operators. Its wired or wireless high-speed internet access solution enables hoteliers to access to internet at their convenience. The Group is very positive on this business prospect and is considering to expand its business through existing distribution channels.

LIQUIDITY AND FINANCING

Current assets and current liabilities of the Group as at 31st March 2006 were HK\$40,778,000 and HK\$4,924,000 respectively (31st March 2005: HK\$55,588,000 and HK\$4,337,000 respectively). Bank balances and cash stood at HK\$13,144,000 as at 31st March 2006 in comparison with HK\$18,166,000 for the same period last year.

The Group's gearing ratio was not applicable as the Group had no borrowings as at 31st March 2006 and there was no charge on the assets of the Group.

CONTINGENT LIABILITIES

The contingent liabilities of the Group as at 31st March 2006 are set out in note (31) to the consolidated financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's exposure to fluctuation in exchange rate was minimal.

The Group's financial risk management and policies relating to the exposure to fluctuations in exchange rates are described in note (7) to the consolidated financial statements.

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CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and there has been no change to the share capital of the Company for the year under review.

HUMAN RESOURCES

As at 31st March 2006, the Group has 2 executive directors and 3 independent non-executive directors. There are 18 full time employees working in China. The Group will ensure each employee is fairly compensated and their contributions are rewarded within a general framework of the Group's salary and bonus scheme.

PROSPECTS

In view of the uncertainties as a result of the rising interest rates and credit squeeze especially on the properties sector in China, the Group will exercise caution in soliciting investment opportunities in properties.

The Group will continue to devote more efforts and resources to enhance the returns that our IT business anticipates in the China market.

We are confident that the financial resources and human expertise available will enable us to meet the challenges and create more value to the shareholders.

Leung Man Kit

Executive Director

Hong Kong, 25th July 2006