

FINANCIAL REVIEW

For the year ended 31st March, 2006, the Group recorded a turnover of HK\$33,273,000 (2005: HK\$95,364,000), representing a decrease of 65.1% when compared to the previous year. The decrease in turnover was mainly due to less trading in securities and building materials as well as low property sales. Loss attributable to the shareholders amounted to HK\$26,438,000, representing a decrease in loss of approximately 78% as compared with HK\$121,158,000 for the last year. Loss per share was HK7.6 cents (2005: HK50.2 cents). The decrease in loss attributable to shareholders was mainly due to the net unrealised gain on other financial assets at fair value through profit or loss amounted to HK\$48,613,000. While the effect was partial offset by provision of impairment loss on available-for-sale financial assets, due from an associate and loss on disposal of subsidiaries of approximately total HK\$50,789,000. In last year, the Group made an impairment loss of approximately HK\$241,000,000 in respect of the operation of toll highway and investment securities.

As at 31st March, 2006, the total assets and net assets of the Group were HK\$391,979,000 (2005: HK\$423,184,000) and HK\$220,385,000 (2005: HK\$231,043,000) respectively.

BUSINESS REVIEW

The Group is principally engaged in securities trading and investments, property development and sales, trading of building materials and provision of renovation services and operation of toll highway.

During the year under review, rising interest rates and soaring oil prices have dampened sentiment in the property and stock market. The Board was conservative in investment strategies and it resulted in decrease in securities trading and investment. The business in trading of building materials and renovation services was adversely affected by fierce competition in the industry.

SEGMENT RESULTS

For securities trading and investment, segment turnover decreased by 63% to HK\$23,543,000 (2005: HK\$63,638,000) and segment result recorded profit of HK\$1,310,000 (2005: loss of HK\$38,025,000) that mainly contributed by the net unrealised gain on other financial assets at fair value through profit or loss.

For trading of building materials and renovation services, segment turnover decreased by 52.4% to HK\$9,667,000 (2005: HK\$20,306,000). Segment loss amounted to HK\$3,373,000 (2005: HK\$5,671,000) representing a decrease of 41%.

財務回顧

截至二零零六年三月三十一日止年度，本集團錄得營業額為33,273,000港元（二零零五年：95,364,000港元），較去年下降65.1%。營業額下降上要由於證券及建築材料買賣減少，加上物業銷售下降所致。股東應佔虧損為26,438,000港元，較去年121,158,000港元減少虧損約78%。每股虧損為7.6港仙（二零零五年：50.2港仙）。股東應佔虧損下降主要由於按公平值計入損益之金融資產之未變現收益淨額為48,613,000港元。儘管可出售金融資產減值虧損之撥備可抵銷部份影響，惟應收聯營公司款項及出售附屬公司虧損合共約達50,789,000港元。去年，本集團就收費公路營運及投資證券作出之減值虧損約為241,000,000港元。

於二零零六年三月三十一日，本集團之資產總值及資產淨值分別為391,979,000港元（二零零五年：423,184,000港元）及220,385,000港元（二零零五年：231,043,000港元）。

業務回顧

本集團主要從事證券買賣及投資、物業發展及銷售、建築材料貿易及提供裝修服務以及收費公路營運。

於回顧年度，利率攀升及原油價格高企令物業及股票市場氣氛受挫。董事會對投資策略持保守態度，導致證券買賣及投資減少。建築材料貿易及裝修服務之業務因行內競爭劇烈而受到不利影響。

分類業績

證券買賣及投資之分類營業額下降63%至23,543,000港元（二零零五年：63,638,000港元）而分類業績則錄得溢利1,310,000港元（二零零五年：虧損38,025,000港元），主要由按公平值計入損益之其他金融資產未變現收益淨額導致。

建築材料貿易及裝修服務之分類營業額為9,667,000港元，較去年下降52.4%（二零零五年：20,306,000港元）。分類虧損3,373,000港元（二零零五年：5,671,000港元），下降41%。

For property development and sales, segment turnover decreased by 91.1% to HK\$22,000 (2005: HK\$246,000) and segment loss amounted to HK\$1,853,000 (2005: profit of HK\$8,796,000). The profit for last year was mainly contributed by a bad debt written back.

For the operation of toll highway, as explained in note 2 to the financial statements, due to the lack of co-operation of the management of 杭州恆運交通開發有限公司 (the "HZHY"), the book and records of HZHY after February 2005 are not available. As a result, the consolidated income statement of the Company for the current year has not incorporated the results of HZHY for the year ended 31st March, 2006. In addition, the consolidated balance sheet of the Company as at 31st March, 2006 has only incorporated the balance sheet of HZHY up to 28th February, 2005.

PROSPECT

The austerity measures introduced by the PRC Government recently had "cool down" effect on the overheated property market in various cities such as Shanghai, Beijing and Shenzhen. However, it also represents great opportunities to further participate into the market. The economic growth and urbanization in the PRC are expected to sustain, in the light of upcoming Olympic Games in 2008 and the World Expo in 2010. The Group maintains an optimistic outlook for businesses in the PRC and continues its efforts to improve the business by actively looking for any potential investment opportunities that can benefit the Group's earning and assets base with focus on mid-to-long term property investment in Mainland China.

LITIGATION

In July 2005, the Company was notified by the Hong Kong Companies Registry that the annual return of Gold United International Industries Limited ("Gold United"), a non-wholly owned subsidiary of the Company, filed in May 2005 contained information, including members and directors of Gold United, which are incorrect and significantly different from the original annual return that are presented by the Group on 29th April, 2005.

On 13th July, 2005, the Company filed a writ against certain persons (the "Defendants") seeking, amongst others, declarations by the court to effect that Winsky Management Limited, a wholly owned subsidiary of the Company, is the beneficial owner of 51% of the issued share capital of Gold United. The Defendants were the people, which purportedly filed the false information to the Hong Kong Companies Registry and/or identified as members and directors in the May Annual Return. Gold United is an investments holding company, which has an 80% direct interest in 杭州恆運交通開發有限公司, which is engaged in the operation of a highway in the PRC.

物業發展及銷售之分類營業額為22,000港元(二零零五年:246,000港元),較去年下降91.1%,而分類虧損則達1,853,000港元(二零零五年:溢利8,796,000港元)。往年之溢利主要來自壞賬撥回。

收費公路營運方面,如財務報表附註2所解釋,基於杭州恆運交通開發有限公司(「杭州恆運」)管理層之間缺乏合作,故於二零零五年二月後無法取得杭州恆運之賬冊及記錄。故此,本公司於本年度之綜合收益表並無於記錄杭州恆運截至二零零六年三月三十一日止年度之業績。此外,本公司於二零零六年三月三十一日之綜合資產負債表只包括杭州恆運截至二零零五年二月二十八日之資產負債表。

前景

中國政府實施之宏觀經濟調控政策最近抑制了若干城市過熱之物業市場如上海、北京及深圳。然而,此亦代表進一步參與市場之機會。中國之經濟發展及城市化乃預期持續,歸因於即將來臨之二零零八年奧運會及二零一零年世界博覽會。本集團對於中國之業務持樂觀態度並會繼續集中於中國陸中至長期之物業投資,並透過主動尋找於本集團收益及資產基礎具利益之潛在投資機會以致力改善其業務。

訴訟

於二零零五年七月,香港公司註冊處通知本公司,本公司非全資附屬公司金聯國際實業有限公司(「金聯」)於二零零五年五月呈交存案之週年申報表(「五月週年申報表」)載有若干不正確資料,其中包括有關金聯股東及董事之資料,該等資料與本集團於二零零五年四月二十九日所呈交原先週年申報表有重大差異。

於二零零五年七月十三日,本公司向若干人士(「被告人」)發出令狀,要求(其中包括)法院宣佈本公司全資附屬公司Winsky Management Limited為金聯已發行股本51%權益之實益擁有人。被告人為據稱向香港公司註冊處呈交錯誤資料及/或於五月週年申報表聲稱為股東及董事之人士。金聯為投資控股公司,直接擁有杭州恆運交通開發有限公司80%權益,該公司在中國從事經營高速公路業務。

Details of the above are set out in the announcement of the Company dated 13th July, 2005. As at date of the annual report, the legal action is still proceeding, and there is no significant development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2006, the Group had cash at bank and in hand totaled approximately HK\$8,517,000 (2005: HK\$48,617,000). Last year cash at bank and in hand balance include pledged bank deposit of HK\$5,041,000 (2006: nil). The decrease in cash at bank and in hand was mainly due to the repayment of loan during the year. The net asset value of approximately HK\$220,385,000 (2005: HK\$231,043,000 as restated). Interest-bearing bank loans and other bank borrowings at 31st March, 2006 amounted to HK\$86,231,000 (2005: HK\$106,828,000) which were repayable within one year (2005: HK\$104,491,000). The gearing ratio, being the ratio of total bank loans and other borrowings of approximately HK\$86,231,000 to shareholders' fund of approximately HK\$210,244,000 was about 0.41 (2005: 0.49). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 172% (2005:142%).

Taking into account the financial resources available to the Group including internally generated funds and available facilities, the Group has sufficient working capital to meet its present requirements.

CONTINGENT LIABILITIES

As at 31st March, 2006, the Company had no significant contingent liabilities (2005: HK\$7,650,000).

CAPITAL STRUCTURE

On 6th April, 2005, the Company has undertaken a capital reorganization (the "Capital Reorganization"). Pursuant to the Capital Reorganization, (i) every 20 issued shares of HK\$0.01 each in the share capital of the Company were consolidated into 1 issued share of HK\$0.20 each (the "Consolidated Share"); (ii) the issued share capital of the Company was reduced by canceling paid-up capital to the extent of HK\$0.19 on each Consolidated Share in issue so that each Consolidated Share be treated as one fully-paid up share of HK\$0.01 each in the capital of the Company (the "Capital Reduction"); and (iii) the entire credit amount arising from the Capital Reduction be applied to the contributed surplus account of the Company. Details of the Capital Reorganization are set out in the circular of the Company dated 14th March, 2005. The Capital Reorganization became effective on 7th April, 2005.

上述事項之詳情載於本公司日期為二零零五年七月十三日之公佈。於本年報日期，此法律行動仍在處理中且並無重要發展。

流動資金及財務資源

於二零零六年三月三十一日，本集團有銀行及手頭現金合共約8,517,000港元（二零零五年：48,617,000港元）。去年銀行及手頭現金包括已抵押銀行存款5,041,000港元（二零零六年：無）。銀行及手頭現金下降主要由於年內償還貸款導致。資產價值淨額約為220,385,000港元（二零零五年：231,043,000港元，經重列）。於二零零六年三月三十一日，計息銀行貸款及其他銀行借貸為86,231,000港元（二零零五年：106,828,000港元），並須於一年內償還（二零零五年：104,491,000港元）。資產負債比率（即銀行貸款及其他借貸總額約86,231,000港元相對股東資金約210,244,000港元之比率）約為0.41（二零零五年：0.49）。本集團流動資金比率，以流動負債除以流動資產呈列，為172%（二零零五年：142%）。

經考慮本集團可供動用之財務資源（包括內部產生之資金及可動用之銀行融資）後，本集團具備充裕營運資本以應付其現時所需金額。

或然負債

於二零零六年三月三十一日，本公司並無重要或然負債。（二零零五年：7,650,000港元）。

資本結構

於二零零五年四月六日，本公司進行了一項股本重組（「股本重組」）。根據股本重組，(i)於本公司股本內每20股每股面值0.01港元之已發行股份，合併為1股每股面值0.20港元之已發行股份（「合併股份」）；(ii)本公司透過註銷每股已發行合併股份繳入股本每股0.19港元，致令每股合併股份被視作本公司股本內一股每股面值0.01港元之繳入股份（「削減股本」）；及(iii)削減股本產生之全部進賬金額撥至繳入盈餘賬。股本重組之詳情列載於本公司日期為二零零五年三月十四日之通函中。股本重組於二零零五年四月七日生效。

Details of movements in the share capital of the Company during the year are set out in Note 30 to the financial statements

STAFF

As at 31st March, 2006, the Group employed 145 employees (2005: 151). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are reviewed annually based on performance appraisal and other relevant factors. Staff benefits plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Employees in the PRC are remunerated according to the prevailing market conditions in the locations of their employments.

CHANGE OF AUDITORS

As announced by the Company on 8th June, 2006, the Company appointed Ting Ho Kwan & Chan as its auditors to fill the casual vacancy arising from the resignation of Messrs Deloitte Touche Tohmatsu effective 7th June, 2006. A resolution for the appointment of new auditors was passed at the special general meeting of the Company on 27th June, 2006.

CORPORATE GOVERNANCE

The Corporate Governance Report is included in the Group's annual report for the year ended 31st March, 2006.

The Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as promulgated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") came into effect for accounting periods commencing on 1st January, 2005 (save for the provisions on internal controls which came into effect for accounting periods commencing from 1st July, 2005 onwards).

Good corporate governance has always been recognized as vital to the Group's success and to sustain development of the Group. We commit ourselves to a high standard of corporate governance and have devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company has put in place corporate governance practices to meet the code provisions that are considered to be relevant to the Group and has complied with all most of the code provisions save for certain deviations from the code provisions, details of which will be explained in the relevant paragraphs in the Corporate Governance. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

年內本公司之股本變動詳情列載於財務報表附註30。

員工

於二零零六年三月三十一日，本集團聘用145名（二零零五年：151名）員工。薪酬待遇一般參考市場條款及個人表現釐定。薪金會每年根據表現評估及按其他有關因素審閱。本集團推行之員工福利計劃包括醫療保險、住院計劃、強制性公積金及購股權計劃。

中國員工之薪酬待遇參考聘用地區之現行市況釐定。

更換核數師

本公司於二零零六年六月八日公佈，本公司委任丁何關陳會計師行為其核數師以填補德勤•關黃陳方會計師行於二零零六年六月七日生效之辭任所產生之臨時空缺。委任新任核數師之議案於二零零六年六月二十七日本公司之股東特別大會中通過。

企業管治

企業管治報告已列載於本集團截至二零零六年三月三十一日止年度之年報。

由香港聯合交易所有限公司（「聯交所」）頒佈之香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14項下企業管治常規守則（「企管守則」）於二零零五年一月一日始之會計期間生效（不包括於二零零五年七月一日或之後始之會計期間生效之內部監控條文）。

本集團一直認為良好之企業管治乃本集團成功及持續發展之關鍵。我們致力維持高水平之企業管治並盡最大努力找出及制定適合本公司業務需要之企業管治守則。

本公司已實施企業管治常規，以符合與本集團相關之守則條文，除若干偏離守則條文，並將於企業管治相關段落解釋之詳情外，本公司已遵守大部份之守則條文。本公司定期檢討其企業管治守則以確保彼等能持續符合企管守則之規定。

AUDIT COMMITTEE

The audit committee, comprising of five independent non-executive directors, has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting process including the review of the financial statements for the year ended 31st March, 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to shareholders, customers, suppliers, bankers and professional advisors for their support of the Company over the past year and to sincerely thank the staff for their ongoing dedication and diligence.

On behalf of the Board

Dong Bo, Frederic
Chairman

Hong Kong, 27th July, 2006

審核委員會

由五名獨立非執行董事組成之審核委員會已聯同管理層及本公司外部核數師審閱本集團所採納之會計原則和慣例，以及討論核數、內部監控及財務申報程序，包括審閱截至二零零六年三月三十一日止年度之財務報表。

董事進行證券交易之標準守則

本公司已採納有關董事進行證券交易之守則，其條款不寬鬆於上市規則附錄10所載規定標準。經具體查詢全體董事後，全體董事確認彼等已遵守標準守則所載規定標準及本公司所採納有關董事進行證券交易之操守守則。

購買、出售及贖回本公司之上市證券

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

致謝

本人謹代表董事會，就各股東、客戶、供應商、往來銀行及專業顧問去年對本公司之鼎力支持衷心致謝，亦對各員工努力不懈及盡心盡力深表謝意。

代表董事會

主席
董波

香港，二零零六年七月二十七日