RESULTS

The Group's turnover for the financial years ended 31 March 2006 amounted to HK$18,220,724. Loss attributable to equity holders of the Company for the year totalled HK$22,647,558.

PROPERTY & HOSPITALITY DIVISION

Nanjing Dingshan Garden Hotel, Nanjing, China

The 5-star hotel remained only partially completed with the fitting out of the remaining rooms still to be done. Despite not operating at full capacity, the hotel still managed to generate a positive contribution for the year ended 31 March 2006. However, after allowing for interests on bank loans and depreciation, the joint venture company showed a loss for the year.

During the year, the board of directors of Nanjing Dingshan Garden Hotel had agreed with Shangri-la Hotel Management Co. Ltd. that the management agreement with Shangri-la Hotel Management Co. Ltd. was terminated in January 2006. Upon such termination, the joint venture company took over the management of the properties on its own. During the transition period, the occupancy rate of the hotel dropped considerably which caused a decrease in revenue. It is anticipated the transition period will soon be over and the occupancy rate will return back to its previous level.

In the hope that the occupancy will return to normal and the operating cost will be reduced resulting from a more cost efficient and sensitive management, it is anticipated this investment will generate better results for the Group. With a view to fully realizing the expected positive results of this investment, the Group is finding an acceptable programme with its PRC partner to complete the second phase of the 5-star hotel.

Shanghai Garden City, Shanghai, China

The second phase of the development of Shanghai Garden City has reached its final stage. This phase shall provide a total saleable area of approximately 15,000 square metres comprising 121 apartments and 10 shops. Pre-selling of some apartments started in early July 2005 and up to now, approximately 90 percent of the saleable space have been sold at satisfactory prices. Although macro-economic measures introduced by the China Government to cool down the overheated investment activity across the mainland have adversely affected market sentiment, it is anticipated that the remaining apartments and shops will be in high demand and will generate a reasonable return to the Group. The project is expected to complete in August 2006 upon which the result of the project shall be taken up and reflected in the Group accounts.

With the amicable relationship with the China partner, the joint venture is now aggressively looking for further opportunities in Shanghai that will help generate sustainable profits for the Group.

TRADING SALES AND CONTRACT WORKS

The project-based sales for the year remained weak because most new hotel developments have been completed early this year and few projects have started. Works for renovation and decoration of existing hotels were slackening due to high occupancy rates making it financially unattractive for operators to leave rooms vacant for renovation. During the year, only a few medium projects of over HK$1 million have been awarded.

TRADING SALES AND CONTRACT WORKS (Continued)

However, the Company was still involved in supplying loose furnitures to our clients but the scale was much smaller.

As for the furniture export sector, the U.S. Government has imposed higher duties on imported furniture from China as an anti-dumping measure. The situation further worsened when one of the biggest buyers in the U.S. set up their own buying office in Shanghai and conducted their purchase directly from the manufacturers. This caused a slide in our export trade.

In order to mitigate the impact of dropping sales, the Group continued to adopt stringent cost control measures, which included cutting down its overhead and relocating the office to the headquarters premises, while continuously working on improving product quality.

FINANCIAL POSITION

The financial position of the Group remained healthy and apart from the HK$2.5 million in bank overdrafts, the Group had a minimal amount of trade liabilities and commitments. The gearing ratio, representing the ratio of total bank borrowings to total assets, was 1.66% (2005: 1.22%).

The majority of income and expenses of the Group are dominated either in Yuan or Hong Kong Dollar. Hence the Group's exposure to fluctuations in the exchange rate is considered to be minimal and there is seldom the need to make use of financial instruments for hedging purposes.

At 31 March 2006, the Group had HK$53 million net current assets in hand. This forms a solid foundation for the Group's forthcoming expansion and development.

CHARGES ON ASSETS

The Group did not have any charge on its assets as at 31 March 2006 (2005: nil).

CONTINGENT LIABILITIES

Corporate guarantee given by the Company to banks in respect of banking facilities utilized by a subsidiary amounted to HK$2,503,717 as at 31st March, 2006 (2005: HK$2,225,191).

At the balance sheet date, the Group did not have any contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

Total number of employees in the Group (excluding those under the payroll of the associates and a jointly controlled entity) at 31 March 2006 was 14 compared with 34 at 31 March 2005. Their remuneration, promotion and salary increments were assessed according to individual performance, as well as professional and working experience, and in accordance with prevailing industry practices.

The Group reviews remuneration packages from time to time and special adjustments are also made when required. Aside from salary payments other staff benefits include contributions to a retirement benefit scheme and medical insurance scheme.