

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

The Group recorded turnover of HK\$195.9 million for the year ended 31 March 2006 (2005: HK\$123.8 million) and loss for the year of HK\$11.3 million (2005: HK\$34.6 million).

The Group disposed of Shun Cheong Investments Limited and its subsidiaries engaging in building related contracting services for both the public and private sectors (the "Contracting Group") to CAG, which was a then 29.93% shareholder of the Company. For the purposes of disclosure in the financial statements, the businesses of the Contracting Group were regarded as discontinued operations. The disposal was approved by the independent shareholders of the Company on 27 March 2006 and was completed on 31 March 2006. After the disposal, the business operations of the Group were basically building related maintenance services (the "Maintenance Services"). Due to the adoption of new and revised accounting standards issued by the Hong Kong Institute of Certified Public Accountants, the net result of the discontinued operations is presented separately in the consolidated income statement for the current year and the consolidated income statement for the previous year is restated accordingly to conform with current year's presentation. Consolidated turnover of HK\$195.9 million for the year ended 31 March 2006 was entirely attributable to the Maintenance Services, showing a 58.2% increase from HK\$123.8 million for the previous year. Gross profit grew almost 2.8 times to HK\$21.5 million from HK\$7.7 million. The increase in business volume and gross profit was primarily attributable to the increase in work orders received from the Hong Kong Government and the Hong Kong Housing Authority under the 3-year term maintenance contracts previously awarded. The Maintenance Services, however showed a loss of HK\$2.9 million for the year (2005: HK\$14.4 million), which was due to the inclusion of a loss of HK\$2.8 million arising from disposal of the Contracting Group. If this loss was excluded, the Maintenance Services would have shown a small loss of HK\$0.1 million for the year, a considerable improvement from the previous year.

BUSINESS PROSPECTS

The Hong Kong economy sustained its strong upturn in the first quarter of 2006, with GDP leaping by 8.2% in real terms on a year-on-year basis, which was mainly attributable to external trade and consumer spending. The performance of the construction sector remained weak. After the disposal of the Contracting Group, the Group concentrates on building related maintenance business which is by nature less susceptible to property development cycles of Hong Kong and has lower capital outlay comparing the businesses carrying out by the Contracting Group. As at 31 March 2006, the Group had uncompleted contracts on hand of approximately HK\$211 million. Your directors remain cautiously optimistic on the performance of the maintenance business in the coming year.

ACKNOWLEDGEMENT

On behalf of the board of directors of the Company (the "Board"), I would like to thank Mr. Au Shiu Wai, Frank, who retired as an executive director of the Company during the year, for his service during his term of office. At the same time, I would like to welcome Mr. Mo Tian Quan and Ms. Cao Jing as new members of the Board.

Finally, I would like to express my appreciation to my fellow directors and all members of staff for their dedication and contribution during this period of adverse market conditions.

Chan Yuen Keung, Zuric

Chairman

Hong Kong
18 July 2006