CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to submit to the Shareholders the Annual Report of the Group for the year ended 31st March, 2006.

RESULTS

During the year, the Group's profits attributable to Shareholders was HK$47,094,541 (2004/2005: HK$4,233,648 (restated)). Earnings per share was HK23.8 cents (2004/2005: HK2.1 cents (restated)). Turnover was HK$338,046,877 (2004/2005: HK$269,010,159).

During the year, the Group's profit before taxation was HK$63,182,150 (2004/2005: HK$9,027,519 (restated)). Given below is an analysis of the profit from operations of the Group's principal activities:

	2006	2005
	HK$	HK$
		(restated)
Property investments and development	**(2,318,428)**	(244,657)
Manufacturing and trading of plastic packaging materials	**17,800,382**	12,148,035
Stock broking and finance	**5,887,660**	6,027,355
Revaluation surplus of investment properties	**53,631,092**	–
Profit from operations	**75,000,706**	17,930,733
Gain on disposal of associated companeies	**–**	2,154,640
Finance costs	**(10,985,174)**	(5,016,766)
Share of loss of associated companies	**(833,382)**	(6,041,088)
Profit before taxation	**63,182,150**	9,027,519

DIVIDENDS

No interim dividend was paid during the year. The Directors have recommended the payment of a final dividend of HK3.0 cents per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting. The total dividend distribution for this year will be HK3.0 cents per share.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Business Review

Property investments and development

Owing to the fact that the conversion project of part of the Group's properties is still in progress, the Group's overall net rental income of this year dropped. On the other hand, the Group adopted new Hong Kong Financial Reporting Standards which resulted a loss of HK$2.32 million in this business and such loss was caused by the increase in depreciation of the Group's self-use properties and amortisation of leasehold land. However, this new accounting standard also brought to the Group HK$53.63 million surplus on revaluation of the Group's investment properties.

Properties for lease

(a) Dragon House, Tsimshatsui

This nine-storey commercial/residential building is located in the commercial and shopping centre of Tsimshatsui and its total gross floor area is approximately 2,800 square meters. The Group now expedites the work of the hotel redevelopment project. The whole project will be completed on schedule by the fourth quarter of 2006 and a modern hotel will then come into view. In line with the redevelopment work, all tenants of the flats surrendered the vacant premises to us and the leasing rate of the shops was adversely affected by the redevelopment work. Consequently, the rental income from this property considerably dropped. During the year, the rental income amounted to HK$6.52 million, representing a decrease of 33.9% from that of last year.

(b) Units 406-410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui

This property has a total gross floor area of approximately 1,097 square metres. During the year, 752 square metres of which was used as the Group's head office while the remaining 345 square metres was leased out in the third quarter of 2005 and brought rental income of HK$0.59 million to the Group.

(c) Nan Sing Industrial Building, Kwai Chung

This ten-storey industrial building is located in Kwai Chung industrial area and its total gross floor area is approximately 11,000 square meters. During this year, this property was still wholly let to a third party for running godown business. The net rental income amounted to HK$4.36 million, more or less the same as compared with that of last year.

CHAIRMAN'S STATEMENT

(d) 24 Essex Road, Kowloon Tong

This two-storey building located in Kowloon Tong with its total gross floor area of approximately 600 square meters was used for operation of guesthouse in the past. Owing to the growing operation difficulties, this property had no longer been used for operating guesthouse business since late October of last year which resulted in a severance payment together with a written-off of the remaining fixed assets amounting to about HK$1 million. Meanwhile, the Group is in the process of converting the property into a residential premises which is reserved for directors' accommodation. It is expected that the rental expenses having been paid to a third party by the Group for the director's accommodation for years will be saved and such savings will exceed the guesthouse's average operating profit of the last few years. The above mentioned rental expenses has been counting as part of the related director's emoluments.

Properties for investment

(a) Tower 1 Residential Building, Ming Yue Hua Yuan, Futian District, Shenzhen

During the year, the Group had well placed to benefit from the buoyant property market and sold out all remaining flats reserved for sale in Ming Yue Hua Yuan, Futian District, Shenzhen in late 2005 which brought a sales turnover of HK$20.07 million to the Group.

(b) Shopping mall and car parks in Ming Yue Hua Yuan, Futian District, Shenzhen

The Group, through an associated company, owns 20% interest in the shopping mall situated at the Ground floor of Ming Yue Hua Yuan with an area of over two thousand square meters as well as some car parking spaces in the basement thereof. The whole shopping mall has been reserved for leasing purpose. In late 2005, the associated company entered into a six-year tenancy agreement with a tenant for operating a restaurant in respect of a premises which had been kept vacant for some time.

(c) Huaxin Garden & Nan Sing Building in Zhangmutou, Dongguan

The Group had completed the construction of four blocks of two-storey factories on part of the land previously reserved for building Huaxin Garden. Almost one half of the area was leased to our joint venture companies and the remaining area was used by Dongguan Nan Sing during the year. Having changed the land use to commercial purpose in respect of the land originally reserved for Dongguan Nan Sing Building, we have already obtained the approval from the relevant government authority for resumption of construction. However, the construction drawing is still awaiting approval. It is expected that the construction of the project will be commenced in the fourth quarter of 2006.

(d) A land in Quezon City, Manila, Philippines

The Group is still holding 49% equity interest in an associated company, Titan Dragon Properties Corporation, which holds a land of approximately 71,000 square meters in the residential area of Quezon City, Manila for developing residential properties. During this year, owing to the persistent declination of the local economy and property market, the associated company still deferred the development of this project.

Manufacturing and distribution of plastic packaging materials

During this year, this business recorded an operating profit before finance cost of HK$17.8 million (2004/2005: HK$12.15 million). Turnover amounted to HK$288.12 million, an increase of 27% over that of last year.

The business was suffering from the fluctuation in fuel and resin prices. However, since the rising rate of resin price in Europe and the United States of America was more moderate than that in Asia, those foreign importers therefore shifted part of the purchasing orders to their local manufacturers. Consequently, the number of our purchasing orders in early 2006 reduced. In order to cope with the expansion of our business, we had continuously recruited more staff both in China and Hong Kong so as to strengthen our sales team and widen our sales network. On the other hand, we had purchased new machinery and replaced the old one as well. All such measures increased the operating cost. Consequently, though satisfactory sales results were recorded this year and the sales volume had also increased by 13% over that of last year, the gross profit still slightly decreased by 1.2%.

The joint venture factory with our Japanese partner had reached the expected production capacity. During this year, the production capacity was stable and the product quality was satisfactory. It had already brought profit to the Group during this year. We will strive to further improve the production efficiency and to control production costs. Simultaneously, we will continue to increase production capacity in order to achieve an even better results.

The associate company jointly established with our partner in the United States of America had already started operation. Its business now focuses on the sales of Preopen bags and Wicket bags in North America. The company is still in the early stage of developing its sales network. It is expected that the sales volume will gradually increase. During this year, we entered into a long-term agreement with a major customer in respect of supplying Preopen bags. We believe that the results of this business will be improved in the next year.

CHAIRMAN'S STATEMENT

Stock broking and finance

During the year, the turnover in our stock broking business maintained at a steady level which was attributable to the increase in Hong Kong stock market turnover. However, facing strong competition from the banking institutions and in the local brokerage industry, it was very difficult for us to achieve a favourable results. Our brokerage income decreased by 24.5% from that of the last year and provisions had to be made for our trading rights this year. However, we could still keep a fair overall results this year because of the increase in interests income earned from the loan to our margin clients, a decrease in administrative expenses and writing back of the provisions for bad and doubtful debts.

Liquidity and Financial Resources

At the year end date, the Group's bank borrowings decreased from HK$202.36 million (restated) of the last year to HK$194.69 million of this year, in which the short term borrowings amounted to HK$154.26 million and long term borrowings amounted to HK$40.43 million. The Group's current year debt/equity ratio was 49.6% expressed as a percentage of the Group's total bank borrowings over the Shareholders' funds of HK$392.64 million.

To minimize exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. The Group has no significant exposure to foreign exchange rate fluctuations.

Capital Structure

As at 31st March, 2006, the Group's Shareholders' funds amounted to HK$392.64 million (2004/2005: HK$371.49 million (restated)). The Group's consolidated net assets per share as at the year end date was HK$1.99.

Pledge of Assets

Details of the Group's pledge of assets are set out in note 38 to the financial statements on page 84.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 39 to the financial statements on page 84.

Employees

The Group had about 1,000 employees as at 31st March, 2006. Employees were remunerated according to nature of the job and market trend.

Retirement scheme

The Group had joined a Mandatory Provident Fund Scheme to conform to the requirements as stipulated in the Mandatory Provident Schemes Ordinance. Details of the scheme are set out in note 35 to the financial statements on page 83.

OUTLOOK

Hong Kong enjoyed favourable economic condition during the year under review. Despite the growing pressure from high oil prices and rising interest rates, a solid export growth and domestic demand continued to support a steady recovery. Positive indications such as declining unemployment and modest inflation also point to an optimistic outlook of Hong Kong's economy.

The continued positive economic environment in Hong Kong and Mainland, coupled with the expanding number of tourists, helped push up overall hotel occupancy and rental rates in Hong Kong. The Group expects that the hotel scheduled to be opened in the fourth quarter of 2006 is well positioned to benefit from such opportunity and we look to our hotel business with optimism.

In view of the strong competition in the local brokerage industry, we are feeling gloomy about our stock brokerage business. However, the Group shall use its best endeavour to continue to impose cost control measures and to increase trading volume by looking for more new clients in order to offset the negative impact of the reduction in commission rates.

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Changes in oil and resin prices will continue to be the major uncertainties facing our business in manufacturing of plastic bags. Under the current circumstances, we expect that the oil and resin prices are steadying. Moreover, our customers appears to have accepted the upward adjustment in selling prices caused by the increase in costs. Therefore, the above mentioned uncertainties will have less adverse effect on us in the next year. Even so, the continuous increase in production costs resulting from the inflation in Mainland China, Renminbi appreciation together with the increase in wage caused by shortage of labour remain a major drag to the operation of this business. Besides, the European Union has confirmed to impose anti-dumping tariff for all the plastics bags exported from China to European Union countries. Our sales performance will be bound to be adversely affected. Nevertheless, the Group will continuously strengthen costs control measures, increase production efficiency, rationalize the organisation structure and adjust marketing strategies so as to enable us to secure our achievements and to fit out itself in coping with the prevalent market conditions and the possible challenges.

APPRECIATION

Finally, I sincerely thank the Board and all staff for their diligence and dedication in the past year.

Chua Nai Tuen
Chairman

Hong Kong, 14th July, 2006