Chairman's Statement

Completion of the sale of the unsold portions of Global Gateway (Hong Kong), strengthening of the rental market made possible by a supportive economic environment, together with further distribution received from the Group's investment in Suntec City in Singapore have all contributed to make the year under review the second consecutive record year for the Group in terms of both turnover and profit.

The Group's turnover for the year ended 31 March 2006 was HK$933.2 million, as compared to HK$508.9 million for the previous financial year. The overall growth was attributable to the increase in sale of properties, which also accounted for the decline in the Group's rental income for the year. Profit for the year attributable to shareholders of the Company was HK$816.6 million, an increase of 77.6% over HK$459.8 million for the previous year. Earnings per share for the year under review was HK$3.14, compared to HK$1.77 for the previous year.

The Group changed certain accounting policies in the year following the adoption of the new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations which are effective for accounting periods commencing on or after 1 January 2005 and which are relevant to the Group's operations. For all changes in the Group's accounting policies taken together, the Group's profit for the year attributable to shareholders has been increased by about HK$333.9 million. The most significant changes are the recognition of a gain of HK$672.5 million representing increase in fair value of investment properties as at 31 March 2006, and the non-recognition of revaluation surplus in the sum of HK$279.6 million relating to properties sold during the year. The changes in the Group's accounting policies do not have any impact on the Group's profit for the previous year. For a comparison on the same footing, the Group's profit for the year ended 31 March 2006 under the old accounting policies would have been HK$482.7 million, representing an increase of 5.0% year on year.

BUSINESS REVIEW

Sale of Properties

Sale of the lower portion of Global Gateway (Hong Kong) in Tsuen Wan was completed at the end of August 2005. Certain units at the Regent Centre in Kwai Chung was also sold during the year. These sales, aggregating about 593,000 sq.ft. in gross floor area, have resulted in an aggregate turnover of HK$772.1 million, and a profit of HK$93.6 million before tax for the year. Under the old accounting policies, the profit before tax on these sales would have been reported as HK$373.2 million, including the relevant revaluation surplus of HK$279.6 million mentioned above.

In comparison, sale of properties aggregating 378,000 sq.ft. in the previous year generated turnover of HK$312.3 million and a profit before tax of HK$282.2 million under the old accounting policies.

Rental and Property Management

Turnover of the rental and property management segment for the year was HK$129.6 million, compared to HK$168.8 million for the previous year. The decrease is due to the smaller portfolio of investment properties held by the Group during the year under review. Other than the disposal of properties mentioned in the above, units at the Regent Centre with a total gross floor area of about 72,000 sq.ft. were distributed in specie to minority shareholders at the end of March 2005. Use of the site at 102 How Ming Street, Kwun Tong as an open space car park also ceased in January 2005 to make way for the office development thereon.

This segment's operating profit for the year before tax therefore also decreased by HK$25.7 million to HK$93.3 million. Compared with the decrease of HK$39.2 million in turnover, the reduction in rental profit has been moderated by the improvement in occupancy as well as average unit rental of the Group's investment properties during the year. As at 31 March 2006, the overall occupancy rate of the Group's rental properties was 92.4%.

Warehousing

Both the Group's warehousing operation in Hong Kong and the cold storage operation in Shekou reported strong improvement for the year, with combined turnover of HK$31.4 million and operating profit of HK$6.1 million.

Investments

Suntec City Development Pte. Ltd., Singapore ("SCD"), in which the Group has a 5.14% interest, paid two further special dividends during the year under review. The income recognised by the Group after deducting attributable investment cost in SCD was HK$72.4 million, as compared to HK$101.9 million recognised in the previous year. It is expected that the next special distribution will be made by SCD in June 2008 at which time it will be allotted the first of six equal semi-annual installments of 34.5 million Suntec REIT units each in payment of the deferred consideration of SCD's sale of office and retail spaces to Suntec REIT in 2004.

The Group continues to hold the 23.48 million Suntec REIT units distributed by SCD in specie to the Group in December 2004 as a long term investment. Distributions aggregating HK$7.0 million after tax were received during the year, and were better than projected.

The operating profit of the Group's investment segment for the year was therefore HK$78.7 million. A sum of HK$10.1 million, being increase in fair value of the Group's long term investments as at 31 March 2006 has been credited to investment revaluation reserve.

Interest Income and Finance Costs

During the year, the Group applied sale proceeds to repay all of its bank borrowings except a term loan denominated in Singapore dollars, and placed the surplus cash in short term bank deposits. Finance costs have been significantly reduced, whereas interest income has almost tripled as a result. Interest income less finance costs and expenses of interest rate swap contracts was therefore a net income of HK$18.7 million for the year whereas it was a net expense of HK$6.4 million for the previous year.

Associated Companies

For the year under review, the combined results after tax of the Group's associated companies was a profit of HK$1.0 million, compared to HK$0.4 million for the previous year. It is expected that the combined contribution of the associated companies will rise significantly in the current year after completion of the pre-sale of the residential units of *The Grandville* project in which the Group has a 10% effective interest.

Change in Group Structure

In April and November 2005 respectively, independent shareholders of the Company approved the Group's acquisitions of a 20% equity interest in Pangold Development Ltd. and a 30% equity interest in Winnion Ltd., both being the Group's joint ventures with the USI Group. These two new associated companies are respectively owners of the site at No. 157 Argyle Street, Kowloon and the commercial/office building at Nos. 314-324 Hennessy Road, Wanchai. In January 2006, independent shareholders of the Company also approved the Group's acquisition of a 30% interest in Winquest Investment Pte. Ltd., a joint venture for the redevelopment of the *Belle Vue* residential development at 15-23 Oxley Walk, Singapore and in which Wing Tai Holdings Ltd. has a 60% interest. During the year, the Group also formed a new wholly-owned subsidiary in Singapore in the name of Winnance Investment Pte. Ltd. to serve as an investment vehicle for future projects. Apart from the above, there are no other changes in the Group's structure.

Valuation of Properties

The aggregate professional valuation of the Group's investment properties at 31 March 2006 was about HK$4,023.4 million. The resulting valuation increase of about HK$672.5 million has been recognized in the Group's income statement in accordance with Hong Kong Accounting Standard 40.

PROJECT PROGRESS

Office development at 102 How Ming Street, Hong Kong

This twin-tower development in Kwun Tong will provide about 1.2 million sq.ft. of grade A office space upon its scheduled completion in the second half year of 2008. Foundation work is near completion, and the main construction contract will be awarded in the next few months. It is the Group's intention to hold the developed property for rental income upon completion.

"The Grandville", Hong Kong

The Group has a 10% indirect interest in this luxurious residential development at No. 2 Lok Kwai Path, Sha Tin. Over 90% of the development has been pre-sold at an average price of about HK$7,500 per sq.ft. Construction work is near completion and a significant contribution from this project is expected for the current year.

"Draycott 8", Singapore

The Group has a 15% interest in this completed prime residential development having a total of 136 units with floor areas ranging from 1,200 sq.ft. to 4,200 sq.ft. approximately. Over 50% of the units and floor area have been sold by the end of June 2006. The joint venture company has repaid all bank borrowings in full and repaid part of the shareholder's loans to the Group in May 2006.

"Kovan Melody", Singapore

The Group has a 12% indirect interest in this condominium apartment development with a gross floor area of about 952,000 sq.ft., completion of which is scheduled for the end of 2006. About 70% of the development has been pre-sold by the end of June 2006.

No. 157 Argyle Street, Hong Kong

The Group has a 20% interest in this site located in Kowloon's traditional luxury residential area. The joint venture company is in discussion with Government for a lease modification to allow a high-rise residential development on the site. The gross floor area of this development project is expected to be about 90,000 sq.ft.

Nos. 314-324 Hennessy Road, Hong Kong

The Group has a 30% interest in this commercial/office building with a total gross floor area of about 114,000 sq.ft. The joint venture company is refurbishing the building to provide both grade A office and upscale retail space to serve the rapidly changing Wan Chai district and capture the upswing in the retail and office market in Hong Kong.

"Belle Vue", Singapore

The Group has a 30% interest in this luxury residential development at 15-23 Oxley Walk, Singapore, having a site area of about 244,000 sq.ft. and a maximum allowable gross floor area of about 341,000 sq.ft. The joint venture company has completed acquisition of the site and the existing buildings thereon at the end of June 2006. Upon scheduled completion at the end of 2009, this development project will provide about 180 condominium units each with a floor area of about 2,000 sq.ft.

EMPLOYEES

As at 31 March 2006, the Group employed a total of 212 employees of which 76 were based in Mainland China. Most of the employees in Hong Kong are engaged in estate management. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

FINANCIAL REVIEW

All the Group's financing and treasury operations are centrally managed and controlled at the corporate level.

Liquidity

Sales proceeds and investment returns received during the year have significantly strengthened the Group's liquidity, gearing and overall financial position. As at 31 March 2006, the Group carried a net cash surplus of HK$354.8 million, after netting off total debts of HK$75.0 million from the bank balances and cash of HK$429.8 million. Shareholders' equity as at 31 March 2006 amounted to HK$4,418.5 million. Based on the restated balance sheet as at 31 March 2005, the Group's gearing as at that date was 5.7% calculated as the ratio of net debts of HK$213.4 million to shareholders' equity of HK$3,735.0 million.

Bank Borrowings

The Group's total bank borrowings have been reduced by HK$214.6 million during the year and stood at HK$39.6 million as at 31 March 2006, comprising a very small overdraft balance and a single term loan denominated in Singapore dollars and repayable within the next two years. This loan is backed up by the assets and cash flow of the Group's operations in Singapore.

The Group's bank borrowings and other unutilized banking facilities are secured by certain investment properties with a total carrying amount of HK$1,150.9 million as at 31 March 2006. Interest is calculated on a floating rate basis. Interest rate swap contracts for an aggregate notional principal amount of HK$380 million were in effect throughout the year, and 2 contracts aggregating HK$80 million have lapsed since 31 March 2006. In anticipation of the draw down of the construction loan facility for the development of 102 How Ming Street, Kwun Tong, the remaining contracts will be maintained. In accordance with the Group's changed accounting policies, these contracts are now carried at fair value in the Group's balance sheet as derivative financial instruments. The net carrying amount as at 31 March 2006 was HK$1.9 million under current assets and a fair value gain of HK$3.2 million was recognized as other operating income for the year.

Other Borrowings

At 31 March 2006 the Group also carried other long term loans amounting to HK$35.4 million, being unsecured interest-free loans with no fixed terms of repayment from minority shareholders of two subsidiaries. A sum of HK$42,000 was repaid during the year.

Capital Commitments

The Group's contracted capital commitments in respect of investment properties amounted to HK$98.5 million as at 31 March 2006 and were all in relation to the professional fees and foundation works of the office development at 102 How Ming Street.

The Group's capital commitments in respect of investments in associated companies aggregated HK$544.4 million as at 31 March 2006, of which HK$45.2 million was in relation to the refurbishment costs of Nos. 314-324 Hennessy Road, Hong Kong to be incurred by Winnion Ltd. and HK$499.2 million was in relation to the balance of the acquisition cost and the development cost of the *Belle Vue* project in Singapore to be incurred by Winquest Investment Pte. Ltd.

The banking facilities arranged by the relevant associated companies were put in place in June 2006. Winnion Ltd. has drawn down a tranche of its banking facilities and repaid about HK$111.2 million to the Group at the end of June 2006. About HK$372.5 million out of the Group's aforesaid capital commitment of HK$499.2 million to Winquest Investment Pte. Ltd. Ltd. will now be financed by its banking facilities. At the end of June 2006, the Group advanced a further sum of about HK$115 million to Winquest Investment Pte. Ltd. towards the balance of its acquisition cost of the *Belle Vue* project which was not funded by its banking facilities.

Contingent Liabilities

A several bank guarantee to the extent of HK$100 million previously provided by the Group in relation to *The Grandville* project was released in August 2005. As at 31 March 2006, the Group's contingent liabilities in the sum of HK$115.1 million were wholly in respect of an indemnity provided to secure banking facilities granted to the *Kovan Melody* project. A several bank guarantee to the extent of HK$127.7 million and a deed of completion undertaking in which the Company's obligations are several and limited to HK$372.5 million were issued by the Company at the end of June 2006 in relation to the banking facilities granted to Winnion Ltd. and Winquest Investment Pte. Ltd. respectively.

OUTLOOK

As reported in the above, the Group's assets mix has undergone significant transformation over the past 2 years, strengthening the Group's financial position.

Despite the reduction in the Group's rental income base as a result of the disposals, improvement in the occupancy, rental and capital value of the Group's remaining properties in Hong Kong has lessened the impact on recurrent income. Investment returns from *The Grandville*, *Draycott 8* and *Kovan Melody* are expected to contribute to the Group's results in the next 24 months. Thereafter, contribution of the three new investments made during the year under review should come on stream. While the Group's resources will be directed to the office development at 102 How Ming Street over the next 2 to 3 years, the Group will also continue to seek investment opportunities both in and outside Hong Kong. In view of the foregoing and barring unforeseen circumstances, the Directors are cautiously optimistic of the Group's prospects.

DIVIDEND

The Directors have recommended a final dividend of HK$0.19 per share for the year ended 31 March 2006. Subject to approval of the Annual General Meeting to be held on 24 August 2006, total dividend for the year ended 31 March 2006 will amount to HK$0.28 per share and the total amount distributed will be HK$72,712,000. The final dividend will be payable on 6 September 2006 to all shareholders on register as at 24 August 2006.

TRIBUTE

On behalf of the Board of Directors, I would like to thank the management and staff for their continuing commitment and efforts towards the growth of the Group and in making this year's record results possible.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 13 July 2006