

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 March 2006.

Principal Activities

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries and associated companies are set out on pages 60 to 61.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 21.

An analysis of the Group's turnover, results, assets and liabilities by business and geographical segments is set out in note 5 to the financial statements.

A summary of the results and of the assets and liabilities of the Group for the last 5 years is set out on page 64.

An interim dividend of HK\$0.09 per share, totalling HK\$23,372,000, was paid on 9 February 2006. The Directors have recommended a final dividend of HK\$0.19 per share, totalling HK\$49,340,000, payable on 6 September 2006.

Pre-emptive Rights

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

Share Capital

There was no movement in the share capital of the Company during the year.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 31 to the financial statements.

Distributable Reserves

Under the Cayman Islands Companies Law, contributed surplus is distributable. Accordingly, total distributable reserves of the Company as at 31 March 2006 amounted to HK\$2,758,702,000 (2005: HK\$2,649,674,000).

Donations

Charitable and other donations made by the Group during the year amounted to HK\$55,000 (2005: HK\$100,000).

Property, Plant and Equipment and Investment Properties

Movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements respectively.

Principal Properties

Details of the principal properties held by the Group are set out on page 62.

Management Contracts

No contracts concerning the management and administration of the Company were entered into or existed during the year.

Directors

The Board of Directors as now constituted is listed on page 2. The brief biographical details of the Directors are set out on pages 3 to 4.

Mr. Cheng Wai Chee, Christopher, Mr. Chow Wai Wai, John, Mr. Christopher Patrick Langley, Dr. Lo Ka Shui and Mr. Lam Woon Bun retire by rotation under the provisions of Article 116 at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company.

Directors' Interests in Contracts and in Equity or Debt Securities

Save and except as disclosed in the section "Connected Transactions", no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

WINSOR PROPERTIES HOLDINGS LIMITED*(Incorporated under the laws of the Cayman Islands with limited liability)***Report of the Directors** *(continued)*

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The interests of the Directors at 31 March 2006 in the issued share capital of the Company as recorded in the register kept under section 352 of the Securities and Futures Ordinance (“SFO”) are set out below :-

| Name of Director | Nature of interests and capacity in which interests are held | | | | Total number of ordinary shares held | Percentage of issued share capital |
|---------------------------------|--|--------------------------|--|-------------------------------|--------------------------------------|------------------------------------|
| | Interests held as beneficial owner | Interests held by spouse | Interests held by controlled corporation | Other interests (Notes 1 & 2) | | |
| Mr. Cheng Wai Chee, Christopher | — | 27,000 | — | 110,781,887 | 110,808,887 | 42.67% |
| Mr. Chow Wai Wai, John | 2,713,000 | — | — | — | 2,713,000 | 1.04% |
| Mr. Cheng Wai Sun, Edward | — | — | — | 71,790,500 | 71,790,500 | 27.65% |
| Mr. Tang Ming Chien, Manning | 600,000 | — | — | — | 600,000 | 0.23% |
| Mr. Lam Woon Bun | 50,000 | 10,000 | — | — | 60,000 | 0.02% |
| Mrs. Chen Chou Mei Mei, Vivien | 70,000 | — | — | — | 70,000 | 0.03% |
| Mr. Chow Wei Lin | — | — | 189,215 | — | 189,215 | 0.07% |

Notes:

(1) Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are both beneficiaries of a family trust, the assets of which included indirect interests in 71,790,500 shares in the Company in which Wing Tai Holdings Limited (“Wing Tai”) is deemed to be interested, as set out in note 1 to the section “Substantial Shareholders”.

(2) The Company has been notified by Mr. Cheng Wai Chee, Christopher of the following :-

He has a personal interest in 0.39% and a corporate interest in 28.58% of the issued share capital of USI Holdings Ltd. (“USI”). Wing Tai is also interested in 21.02% of the issued share capital of USI. USI, through its wholly owned subsidiaries (Twin Dragon Investments Ltd. and Shui Hing Textiles International Ltd.), is deemed to be interested in 38,991,387 ordinary shares in the Company as from 15 March 2006. Despite the legal advice obtained by him that USI’s interest in the ordinary shares in the Company is not, to him, a notifiable interest, he nonetheless decided to disclose the same for transparency.

Save as disclosed herein, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) at 31 March 2006.

Directors’ Interest in Competing Businesses

Set out below is information disclosed pursuant to rule 8.10(2) of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) :-

Four Executive Directors, namely Messrs. Chow Wai Wai, John,

Lam Woon Bun, Chung Hon Sing, John and Chow Wei Lin, and a Non-Executive Director, namely Mr. Tang Ming Chien, Manning, being also directors of Winsor Industrial Corporation, Limited (“WICL”) and/or its subsidiaries, are considered as interested in WICL under rule 8.10(2) of the Listing Rules. WICL is a company listed in Hong Kong.

Ownership of certain car parking spaces in Kwun Tong for letting by a subsidiary of WICL constitutes competing business to the Group. In view of the Group’s experience and expertise in industrial property (inclusive of car parking spaces) letting and management, the WICL subsidiary has appointed a subsidiary of the Company as agent for letting of the said car parking spaces.

Since the WICL Group car parking spaces are targeted at different customers and/or situated in a different area compared to the Group's own car parking spaces, the Group considers that its interest in the business of owning and letting of car parking spaces is adequately safeguarded.

Two Non-Executive Directors, namely Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, and their alternate director, Mr. Au Hing Lun, Dennis, being also executive directors of USI and having equity interests therein, are considered as having interests in USI under rule 8.10(2) of the Listing Rules.

The letting of industrial buildings by USI constitute competing business to the Group. As Non-Executive Directors, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward are not participating in the routine business of letting of industrial buildings by the Group, neither is their alternate, Mr. Au Hing Lun, Dennis.

USI is a company listed in Hong Kong with an independent management team and administration which are separate from those of the Group and the properties let by USI and the Group are targeting at different customer bases and different market segments. In this respect, coupled with the diligence of the Company's Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing business.

Although the disclosure requirements under rule 8.10(2) of the Listing Rules do not apply to Independent Non-Executive Directors, Dr. Lo Ka Shui nevertheless decided to disclose for the sake of transparency that, being the Deputy Chairman and Managing Director of Great Eagle Holdings Limited ("GEHL") and having equity interests therein, he is considered as having interests in GEHL under rule 8.10(2) of the Listing Rules. Businesses of GEHL consist of property and hotel investments and in this respect constitute potential competing businesses to the Group.

GEHL is a company listed in Hong Kong with an independent management team and administration which are separated from those of the Group and the properties let and managed by GEHL and the Group are targeting at different customer bases and different market segments. In this respect, coupled with the diligence of its Independent Non-Executive Directors and the members of its Audit Committee, the Group is capable of carrying on its businesses at arm's length and independently of such competing businesses.

Share Options

The Company adopted a 10 year share option scheme ("the Scheme") by resolutions of shareholders passed on 11 October 1996 for the purpose of providing incentives to employees. No option has been granted by the Company under the Scheme since its adoption. As at the date of this report, the total number of shares available for issue under the Scheme is 25,968,528 shares, being 10% of the 259,685,288 shares of the Company in issue. The maximum entitlement of each participant in the Scheme is 25% of the available shares.

The period within which an option granted under the Scheme can be exercised is ten years from the date of grant, and an option is exercisable once granted. A consideration of HK\$1.00 is payable on acceptance of the option. The price payable in full on the exercise of an option is determined by the Directors but cannot be less than the higher of (i) the nominal value of a share in the Company; and (ii) 80% of the average closing price of the Company's share for the five business days immediately preceding the date the option is offered.

On 1 September 2001, the Stock Exchange amended Chapter 17 of the Listing Rules. As a result, granting of share options by the Company under the Scheme will not be permitted unless it is in compliance with the Listing Rules and may entail an amendment of the terms of the Scheme or the adoption of a new scheme. The Directors do not have a present plan for the granting of share options and will seek shareholders' approval of a new scheme when the need arises.

Report of the Directors *(continued)*

Substantial Shareholders

Apart from the interests of the Directors in the issued share capital of the Company as disclosed in the section “Directors’

Interests in Contracts and in Equity or Debt Securities”, the register kept under section 336 of the SFO shows that at 31 March 2006 the Company has been notified of the following interests in the issued share capital of the Company:-

| Name of substantial shareholder | Nature of interests and capacity in which interests are held | | | Total number of ordinary shares held | Percentage of issued share capital |
|---|--|--------------------------|--|--------------------------------------|------------------------------------|
| | Interests held as beneficial owner | Interests held by spouse | Interests held by controlled corporation | | |
| Crossbrook Group Limited | 71,790,500 | — | — | 71,790,500 | 27.65% |
| Wing Tai Holdings Limited <i>(Note 1)</i> | — | — | 71,790,500 | 71,790,500 | 27.65% |
| Mr. Chou Wen Hsien <i>(Notes 2 & 3)</i> | 10,233,875 | 2,736,088 | 26,968,000 | 39,937,963 | 15.38% |
| Mrs. Chou Yim Wan Chun, Ina <i>(Note 3)</i> | 2,736,088 | 37,201,875 | — | 39,937,963 | 15.38% |
| Mr. Chow Chung Kai <i>(Notes 2 & 4)</i> | 12,864,665 | 9,000 | 26,968,000 | 39,841,665 | 15.34% |
| Mrs. Chow Yu Yue Chen <i>(Note 4)</i> | 9,000 | 39,832,665 | — | 39,841,665 | 15.34% |
| Twin Dragon Investments Limited | 38,900,887 | — | — | 38,900,887 | 14.98% |
| USI Holdings (B.V.I.) Limited <i>(Note 5)</i> | — | — | 38,991,387 | 38,991,387 | 15.01% |
| USI Holdings Limited <i>(Note 5)</i> | — | — | 38,991,387 | 38,991,387 | 15.01% |
| Gala Land Investment Co. Limited | 26,968,000 | — | — | 26,968,000 | 10.38% |
| Farnham Group Limited <i>(Note 2)</i> | — | — | 26,968,000 | 26,968,000 | 10.38% |

Notes:

- (1) Crossbrook Group Limited is a wholly-owned subsidiary of Wing Tai. Under Part XV of the SFO, Wing Tai is deemed to be interested in all the shares in the Company beneficially owned by Crossbrook Group Limited.*
- (2) Gala Land Investment Co. Limited is a wholly-owned subsidiary of Farnham Group Limited (“Farnham”). Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise 50% of the voting power at general meetings of Farnham. Under Part XV of the SFO, each of Farnham, Mr. Chou Wen Hsien and Mr. Chow Chung Kai are deemed to be interested in all the shares in the Company beneficially owned by Gala Land Investment Co. Limited.*
- (3) Under Part XV of the SFO, Mr. Chou Wen Hsien is deemed to be interested in all the shares in the Company in which Mrs. Chou Yim Wan Chun, Ina, his spouse, is interested and vice versa.*
- (4) Under Part XV of the SFO, Mr. Chow Chung Kai is deemed to be interested in all the shares in the Company in which Mrs. Chow Yu Yue Chen, his spouse, is interested and vice versa.*
- (5) As regards these 38,991,387 shares in the Company, 38,900,887 shares are beneficially owned by Twin Dragon Investments Limited and the remaining 90,500 shares are beneficially owned by Shui Hing Textiles International Limited. Both corporations are wholly-owned subsidiaries of USI Holdings (B.V.I.) Limited which in turn is a wholly-owned subsidiary of USI. Under Part XV of the SFO, USI Holdings (B.V.I.) Limited is deemed to be interested in all the shares in the Company beneficially owned by Twin Dragon Investments Limited and Shui Hing Textiles International Limited, and USI is deemed to be interested in all the shares in the Company in which USI Holdings (B.V.I.) Limited is interested.*

Save as disclosed herein, as at 31 March 2006 the Company had not been notified by any person of any interests or short positions in the shares or underlying shares of the Company which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

Sufficiency of Public Float

Based on information that was publicly available to the Company and within the knowledge of the Directors, there was sufficient public float of more than 25% of the Company's issued shares at the date of this report.

Connected Transactions

The following is a summary of the Group's connected transactions (as defined in the Listing Rules) during the year : –

- (a) WICL is an associate (within the meaning of the Listing Rules) of 2 substantial shareholders of the Company and therefore a connected person of the Company under the Listing Rules.

Rental and storage income and leasing agency fee received from, rental expenses paid to, and sharing of administrative expenses with the WICL Group on normal commercial terms in the ordinary and usual course of the Group's business during the year constituted continuing connected transactions and are exempted under rule 14A.33 of the Listing Rules for being *de minimis* transactions.

Mr. Chow Wai Wai, John, Mr. Lam Woon Bun, Mr. Chung Hon Sing, John and Mr. Chow Wei Lin, Executive Directors, and Mr. Tang Ming Chien, Manning, a Non-Executive Director, are also directors of WICL and/or its subsidiaries

- (b) USI is deemed a substantial shareholder of the Company and therefore a connected person of the Company under the Listing Rules.

On 18 April 2002, Allied Effort Limited ("AEL"), a wholly-owned subsidiary of the Company, and USI Properties International Limited, a wholly-owned subsidiary of USI, formed a 20:80 joint venture company in the name of Universal Plus Limited ("UPL") for the sole purpose of investing in 50% of the issued share capital of Landyork Investment Limited ("Landyork"). The other 50% of the issued share capital of Landyork is held by an independent third party.

Landyork is the developer of the residential development known as *The Granville* at No. 2 Lok Kwai Path, Sha Tin,

New Territories, Hong Kong. Using the sale proceeds of *The Granville*, Landyork has repaid all bank borrowings and shareholders' loans in full, and advanced its surplus cash to its shareholders free of interest on a proportionate basis. In turn, UPL has advanced its surplus cash to its shareholders free of interest on a proportionate basis. During the year, an aggregate sum of about HK\$24.3 million was advanced by UPL to AEL accordingly.

Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, Non-Executive Directors, and their alternate director, Mr. Au Hing Lun, Dennis, are also executive directors of USI.

- (c) Wing Tai is deemed a substantial shareholder of the Company and therefore a connected person of the Company under the Listing Rules.

On 21 June 2002, Winprop Pte. Ltd. ("Winprop"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Winworth Investment Pte Ltd, Singapore ("Winworth") pursuant to which Winprop subscribed for 15% of the enlarged share capital of Winworth and advanced a sum of S\$30 million to Winworth. The other 85% of the issued share capital of Winworth is held by Wing Tai Land Pte. Ltd. ("WTL"), a wholly-owned subsidiary of Wing Tai. On 26 June 2002, Winprop and WTL entered into a joint venture agreement to regulate, amongst other things, their relationship as shareholders of Winworth. For a nominal consideration Winprop also acquired from WTL a portion of the loan previously advanced by WTL to Winworth such that the loans owing by Winworth to Winprop and WTL respectively are always in the proportion of 15:85.

Winworth is the developer of the residential development known as *Draycott 8* at Draycott Drive, Singapore. During the year, an aggregate sum of about HK\$15.3 million was advanced by Winprop to Winworth and interest receivable by Winprop from Winworth amounted to about HK\$2.2 million.

Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, Non-Executive Directors, are both beneficiaries of a family trust, the assets of which included indirect interests in 38.87% of Wing Tai's issued share capital.

Mr. Christopher Patrick Langley, an Independent Non-Executive Director, is also an independent non-executive director of Wing Tai.

Report of the Directors (continued)

- (d) On 20 November 2003, Winprop, WTL and Kosheen Investments Limited, a wholly-owned subsidiary of USI, formed a 20:60:20 joint venture company in the name of Winwill Investment Pte Ltd (“Winwill”). Winwill is an investment vehicle and its sole business is to invest in 60% of the issued share capital of Winhome Investment Pte Ltd (“Winhome”). The other 2 shareholders of Winhome each holding 20% of Winhome’s issued share capital are independent third parties.

Winhome is the developer of the residential development known as *Kovan Melody* at Flower Road/Kovan Road, Singapore. Loans advanced by Winprop to Winhome through Winwill in previous years were in proportion to Winprop’s effective interest in Winhome. During the year, interest receivable by Winprop from Winhome through Winwill amounted to about HK\$1.9 million.

- (e) On 1 November 2004, Winsor Estate Management Limited (“WEML”), a wholly-owned subsidiary of the Company, was appointed estate manager of two properties owned by the USI Group on normal commercial terms in the ordinary and usual course of WEML’s business. Services provided by WEML during the year under such appointment constituted continuing connected transactions and are exempted under rule 14A.33 of the Listing Rules for being *de minimis* transactions.

- (f) On 3 December 2004, Begin Land Limited (“BLL”), a wholly-owned subsidiary of the Company, appointed USI Property Management Limited (“USIPML”), a wholly-owned subsidiary of USI, as the project manager of BLL’s office development at 102 How Ming Street, Kwun Tong, Hong Kong. The term of USIPML’s appointment is estimated to be for a period of approximately 70 months commencing on 1 December 2004, and the total fee payable by BLL to USIPML is estimated to be about HK\$7.9 million of which HK\$1.8 million was paid during the year.

- (g) On 14 March 2005, the Company and USI entered into a memorandum of agreement whereby the Company and USI agreed to form a 20:80 joint venture in the name of Pangold Development Limited (“Pangold”) for the investment in and development of the property situated at No. 157 Argyle Street, Kowloon, Hong Kong acquired by Pangold on 1 March 2005 by way of public tender at the tender purchase price of HK\$250.1 million. The Company also agreed to acquire from USI 20% of the amount due by Pangold to USI at cost and reimburse USI for 20% of USI’s cost of funding for the said amount.

This connected transaction was approved by the independent shareholders of the Company voting by poll at an extraordinary general meeting held on 21 April 2005.

The Company nominated AEL to hold the Group’s 20% interest in Pangold and a shareholder’s agreement of Pangold was entered into on 14 July 2005. The amount due by Pangold to AEL, as acquired from USI, amounted to about HK\$53.1 million and interest receivable by AEL from Pangold during the year amounted to about HK\$1.7 million.

- (h) On 30 September 2005, the Company and USI entered into a memorandum of agreement whereby the Company and USI agreed to form a 30:70 joint venture in the name of Winnion Limited (“Winnion”) in respect of the property situated at Nos. 314-324 Hennessy Road, Wanchai, Hong Kong acquired by Winnion on 20 July 2005 by way of public tender at the tender purchase price of HK\$529 million. Winnion will renovate and hold the said property for investment purpose. The Company also agreed to acquire from USI 30% of the amount due by Winnion to USI at cost and reimburse USI for 30% of USI’s cost of funding for the said amount.

This connected transaction was approved by the independent shareholders of the Company voting by poll at an extraordinary general meeting held on 9 November 2005.

The Company nominated AEL to hold the Group’s 30% interest in Winnion and a shareholder’s agreement of Winnion was entered into on 28 November 2005. The amount due by Winnion to AEL, as acquired from USI, amounted to about HK\$167.7 million and interest receivable by AEL from Winnion during the year amounted to about HK\$2.7 million.

AEL’s total investment in Winnion was estimated to be about HK\$210 million if no external financing were obtained by Winnion. In June 2006, Winnion obtained bank facilities totalling HK\$425.5 million and made a drawdown of HK\$370.5 million to repay shareholders’ loans. HK\$111.15 million was repaid to AEL proportionately and AEL’s estimated total investment in Winnion was thereby reduced to about HK\$99 million.

- (i) On 20 December 2005, Winprop and WTL entered into a memorandum of agreement whereby Winprop and WTL agreed to form a 30:70 joint venture in the name of Winquest Investment Pte. Ltd. (“Winquest”) in respect of the residential development known as *Belle Vue* at 15-23 Oxley Walk, Singapore acquired by Winquest on 7 October 2005 by way of private tender at the tender purchase price of

S\$227.3 million. Winqest paid a 5% deposit and the acquisition was scheduled to be completed at the end of June 2006. Winqest plans to redevelop the said property into luxury residential apartment units for sale. Winprop also agreed to acquire from WTL 30% of the amount due by Winqest to WTL together with interest accrued thereon at a price equal to 30% of the aggregate amount at which the same appear in the books of Winqest as at the date of Winprop's acquisition. WTL was entitled to reduce its equity interest in Winqest by 10%.

This connected transaction was approved by the independent shareholders of the Company voting by poll at an extraordinary general meeting held on 26 January 2006.

WTL subsequently sold 10% of Winqest to an independent third party. A shareholders' agreement of Winqest was entered into on 28 February 2006. The amount due by Winqest to Winprop, as acquired from WTL, amounted to about HK\$15.1 million and interest receivable by Winprop from Winqest during the year amounted to about HK\$0.1 million.

Winprop's total investment in Winqest was estimated to be about S\$107.25 million if no external financing were obtained by Winqest. In June 2006, Winqest obtained bank facilities totalling S\$259 million and Winprop's estimated total investment in Winqest is thereby reduced to about S\$29.55 million or about HK\$145 million. A further sum of about HK\$110 million was advanced by Winprop to Winqest in June 2006 for Winqest to complete the acquisition of the said property.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Major Customers and Suppliers

The percentages of the Group's sales for the year attributable to major customers are as follows:

| | |
|--|--------|
| Percentage of sales attributable to the Group's largest customer | 80.37% |
|--|--------|

| | |
|--|--------|
| Percentage of sales attributable to the Group's five largest customers | 83.77% |
|--|--------|

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of

the Company's share capital) has any interest in the customers disclosed above.

During the year, less than 30% of the Group's purchases was attributable to its five largest suppliers.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who offer themselves for re-appointment at a fee to be agreed.

On behalf of the Board

CHENG Wai Chee, Christopher
Chairman

Hong Kong, 13 July 2006