

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30th September, 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding. The principal activities of the Company's subsidiaries and jointly controlled entity are set out in notes 19 and 20 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th September, 2006 are set out in the consolidated income statement on page 29.

An interim dividend of HK\$0.03 per share amounting to HK\$3,305,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK\$0.12 per share to the shareholders on the register of members on 27th December, 2006, amounting to HK\$13,222,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group will maintain its conservative financial approach to the funding and treasury policies. At 30th September, 2006, the shareholders' funds were HK\$1,386.4 million, an increase of HK\$135.9 million from HK\$1,250.5 million at 30th September, 2005. The increase was mainly due to the upward revaluation of the Group's investment properties.

At 30th September, 2006, the Group's total borrowings which were denominated in Hong Kong dollars were HK\$209.2 million, a decrease of HK\$11.7 million from HK\$220.9 million last year. The decrease was due to repayment of borrowings out of the net income from operating activities. A bank's term loan of HK\$143.1 million will be repaid at the end of the year. This leads to the increase of borrowings repayable within one year from HK\$77.8 million in 30.9.2005 to HK\$209.2 million in 30.9.2006. The directors are confident that this term loan will be extended by the bank before the due date. At 30th September, 2006, the Group had outstanding bank overdraft of HK\$1.1 million, which carried interest chargeable at prime rate less a margin, whereas interest on remaining borrowings of HK\$208.1 million was chargeable at HIBOR plus a margin. At 30th September, 2006, the debt to equity ratio, based on the Group's total borrowings of HK\$209.2 million and its net assets value of HK\$1,386.4 million, was 15.1% , as compared with 17.7% on 30th September, 2005. The decrease was mainly due to the upward revaluation of the Group's investment properties as mentioned above.

董事會報告書

董事會謹將截至二零零六年九月三十日止年度之報告書連同已審核之財務報告表呈覽。

主要業務

本公司之主要業務為物業投資及控股投資。本公司之附屬公司及共同控制公司之主要業務則分別詳列於財務報告表附註第19項及第20項內。

業績及溢利分配

本集團截至二零零六年九月三十日止年度之業績詳列於綜合收益賬第29頁。

每股港幣3仙之中期股息為港幣3,305,000元已於本年內派發予股東。董事會現建議派發末期股息每股港幣12仙，共港幣13,222,000元予於二零零六年十二月二十七日登記於股東名冊內之股東。

管理層討論及分析

資金流動性及財務資源

本集團將維持審慎財務方式處理資金及庫務政策。二零零六年九月三十日，股東權益為港幣十三億八千六百四十萬元，比較二零零五年九月三十日之港幣十二億五千零五十萬元增加港幣一億三千五百九十萬元，增加主要因為本集團之投資物業重估價值上調。

於二零零六年九月三十日，本集團之總債項為港幣二億零九百二十萬元，較上年度之港幣二億二千零九十萬元減少港幣一千一百七十萬元。減少是因為經營業務之淨收入用作償還債項。銀行定期貸款港幣一億四千三百一十萬元將於年終到期償還。此導致於二零零五年九月三十日之一年內要償還之債項港幣七千七百八十萬元增加至於二零零六年九月三十日之二億零九百二十萬元。惟各董事深信此筆貸款會在到期償還日之前獲銀行同意延長還款期。於二零零六年九月三十日，本集團未償還之銀行透支為港幣一百一十萬元，支付之利息乃按優惠利率減一比率計算，而餘下債項港幣二億零八百一十萬元所支付之利息按本地銀行同業拆息加一比率計算。於二零零六年九月三十日，按本集團總債項港幣二億零九百二十萬元及其淨資產值港幣十三億八千六百四十萬元，負債對股東權益比率為百份之十五點一，比對二零零五年九月三十日之百份之十七點七，減少主要因為上述本集團之投資物業重估價值上調。

REPORT OF THE DIRECTORS (Continued)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and financial resources(Continued)

At 30th September, 2006, investment properties and properties for own use of the Group with an aggregate carrying value of HK\$1,646.8 million and HK\$3.8 million respectively were pledged to banks to secure the general banking facilities granted to the Group.

As at 30th September, 2006, the Group had undrawn banking facilities of HK\$264 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

As at 30th September, 2006, the Group had contingent liabilities in respect of guarantees issued to secure the bank loans to the extent of HK\$16 million granted to the subsidiary of the Group's jointly controlled entity. The extent of banking facilities utilised by the subsidiary of the jointly controlled entity and guaranteed by the Group at 30th September, 2006 was approximately HK\$16 million.

Employees

At 30th September, 2006, the Group had 117 employees and the employee's cost including directors' emoluments for the year amounted to approximately HK\$16.1 million which was similar to that of last year. There was no change in employment and remuneration policies of the Group and the Group does not have any share option scheme for employees.

RESERVES

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

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group and the Company are set out in note 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company are set out in note 16 to the financial statements.

董事會報告書(續)

管理層討論及分析(續)

資金流動性及財務資源(續)

於二零零六年九月三十日，本集團之投資物業及自用物業分別以總額賬面值港幣十六億四千六百八十萬元及港幣三百八十萬元抵押予銀行作為給予本集團一般銀行信貸之保證。

於二零零六年九月三十日，本集團未提取之銀行信貸為港幣二億六千四百萬元，此額將提供足夠資金予本集團之營運及資本開支所需。

於二零零六年九月三十日，本集團之或然負債是因為銀行給予一共同控制公司之附屬公司銀行貸款達港幣一千六百萬元而作出之擔保。於二零零六年九月三十日，共同控制公司之附屬公司已使用及本集團擔保之銀行貸款額約為港幣一千六百萬元。

僱員

於二零零六年九月三十日，本集團有一百一十七名僱員，而本年度之僱員開支包括董事酬金約為港幣一千六百一十萬元，比上年度同期相近。本集團之僱傭及酬金政策並無改變，及本集團並無僱員認購股權計劃。

儲備

本年度本集團及本公司之儲備變動詳列於財務報告表附註第31項內。

投資物業

本集團及本公司之投資物業變動詳情列於財務報告表附註第15項內。

物業、裝置及設備

本集團及本公司之物業、裝置及設備之變動詳情列於財務報告表附註第16項內。

REPORT OF THE DIRECTORS (Continued)

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 30th September, 2006, the five largest customers of the Group accounted for less than 30% of the Group's turnover. The five largest suppliers of the Group accounted for approximately 60% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 19%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Mr. Wong Bing Lai
Mr. Wong Tat Chang, Abraham
Mr. Wong Tat Kee, David
Mr. Wong Tat Sum, Samuel
Mdm. Lam Hsieh Li Chen, Linda *
Mr. Li Kwok Sing, Aubrey *
Mr. Sit Hoi Wah, Kenneth * (appointed on 10th October, 2005)

* Independent non-executive directors

In accordance with the Company's Articles of Association, Mr. Wong Bing Lai, Mr. Wong Tat Chang, Abraham and Mr. Wong Tat Kee, David will retire by rotation from the board at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-election.

董事會報告書 (續)

主要客戶及供應商

於截至二零零六年九月三十日止財政年度，本集團五大客戶合共佔本集團之營業額少於30%。本集團五大供應商則佔本集團全年之採購總額約60%，而其中最大供應商約佔採購額約19%。

本年度內本公司董事、其聯繫人士或就董事所知擁有本公司股本逾5%之股東概無擁有本集團任何五大供應商之權益。

董事

本年度及截至此報告書日止本公司之董事為：

黃炳禮先生
黃達濶先生
黃達琪先生
黃達琛先生
林謝麗瓊女士*
李國星先生*
薛海華先生* (於二零零五年十月十日委任)

* 獨立非執行董事

根據本公司組織章程細則，黃炳禮先生、黃達濶先生及黃達琪先生將於即將召開之股東週年大會上依章輪流告退，惟願膺選連任。

REPORT OF THE DIRECTORS (Continued)

董事會報告書 (續)

DIRECTORS' INTERESTS IN SHARES

At 30th September, 2006, the interests of the directors and chief executives and their associates in the shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Long position interests in the Company

董事之股份權益

於二零零六年九月三十日，按證券及期貨條例第352條而設之登記名冊所記錄，或按上市公司董事進行證券交易之標準守則而向本公司及香港聯合交易所有限公司發出之通知，各董事及行政總裁及彼等聯繫人士擁有本公司及其聯營公司之股份權益如下：

(a) 於本公司之好倉權益

Name of director 董事姓名	Number of ordinary shares 普通股數量			Total 總計	Percentage of the issued share capital of the Company 本公司已發行 股本之百分率
	Personal interests 個人權益	Family interests 家族權益 (note 1) (附註1)	Other interests 其他權益 (note 2) (附註2)		
Wong Tat Chang, Abraham 黃達漳	450,800	—	56,806,234	57,257,034	52.0%
Wong Tat Kee, David 黃達琪	—	—	56,806,234	56,806,234	51.6%
Wong Tat Sum, Samuel 黃達琛	—	28,800	56,806,234	56,835,034	51.6%
Lam Hsieh Li Chen, Linda 林謝麗瓊	104,420	—	—	104,420	0.1%

(b) Long position interests in Elephant Holdings Limited ("EHL"), a subsidiary of the Company

(b) 於本公司之附屬公司大象行有限公司(「大象行」)之好倉權益

Name of director 董事姓名	Number of ordinary shares 普通股數量			Total 總計	Percentage of the issued share capital of EHL 大象行已發行 股本之百分率
	Personal interests 個人權益	Other interests 其他權益 (note 2) (附註2)			
Wong Tat Chang, Abraham 黃達漳	10	4,784		4,794	47.9%
Wong Tat Kee, David 黃達琪	—	4,784		4,784	47.8%
Wong Tat Sum, Samuel 黃達琛	—	4,784		4,784	47.8%

REPORT OF THE DIRECTORS (Continued)

DIRECTORS' INTERESTS IN SHARES (Continued)

Notes:

- (1) Mr. Wong Tat Sum, Samuel is deemed to be interested in 28,800 ordinary shares of the Company, being the interest held beneficially by his spouse.
- (2) Shares included in other interests are beneficially owned by discretionary trusts of which Messrs. Wong Tat Chang, Abraham, Wong Tat Kee, David and Wong Tat Sum, Samuel are beneficiaries and the number of shares in each of the above companies are duplicated for each of these three directors.

Save as disclosed above, at 30th September, 2006, none of the directors or chief executives, nor their associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

CONNECTED TRANSACTIONS

Details of the related party transactions are set out in note 40 to the financial statements. As these transactions are exempted continuing connected transactions, none of these connected transactions constitutes a discloseable connected transaction as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 40 to the financial statements, no contracts of significance 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.

SERVICE AND MANAGEMENT CONTRACTS

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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.

董事會報告書 (續)

董事之股份權益 (續)

附註：

- (1) 黃達琛先生視作擁有本公司28,800股普通股之權益，該權益為其配偶所擁有。
- (2) 其他權益內之股份為信託基金擁有，黃達漳、黃達琪及黃達琛諸位先生為該等信託基金之受益人，而上述每間公司股份數日均為該三位董事每位所重複之權益。

除以上所披露外，於二零零六年九月三十日，董事或行政總裁或彼等聯繫人士並無擁有本公司或其任何聯營公司之股份、相關股份及債券之任何權益或淡倉。

關連交易

關連人士交易詳情已載列於財務報告表附註第40項內。因該等交易為豁免之持續關連交易，該等關連交易並不構成香港聯合交易所有限公司證券上市規則（「上市規則」）界定之須予披露關連交易。

董事之重大合約利益

除財務報告表附註第40項所披露外，於年結日或年內之任何時間，本公司或其任何附屬公司並無簽訂致使本公司之董事直接或間接享有重大利益之重大合約。

服務及管理合約

於即將召開之股東週年大會上擬重選連任之董事並無與本公司或其任何附屬公司簽訂該僱任公司在不作出賠償（除法定賠償外）下而不可於一年內予以終止之服務合約。

於本年度內或年結日時，本公司或其任何附屬公司並無簽訂或存有涉及其本身全部或大部分業務之管理及行政之重大合約。

購買股份或債券之安排

本年度內本公司或其任何附屬公司並無參與任何安排，使本公司董事因取得本公司或任何其他公司之股份或債券而獲益。

REPORT OF THE DIRECTORS (Continued)

SUBSTANTIAL SHAREHOLDERS

At 30th September, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance showed that, other than the interests disclosed above in respect of directors, the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Name	Number of ordinary shares in the Company	Percentage of the issued share capital of the Company
Madison Profits Limited	22,827,632 (Note)	20.7%

Note: These 22,827,632 shares were taken to be the corporate interests of Mdm. Kung, Nina pursuant to the Securities and Futures Ordinance.

Save as disclosed above, the Company had not been notified by any person, not being a director, of interests or short positions in the shares and underlying shares of the Company as required to be recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

RETIREMENT BENEFIT SCHEME

The Group operates the mandatory provident fund scheme ("MPF Scheme") for all qualifying employees in accordance with the Mandatory Provident Fund Schemes Ordinance (the "Ordinance"). The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

The Group's contributions to the MPF Scheme were calculated at 5% of the employee's monthly relevant income. Any contributions which exceed the contributions required under the Ordinance are paid to the MPF Scheme as voluntary contribution.

Contributions to the MPF Scheme for the year made by the Group amounted to HK\$645,000. At 30th September, 2006, no material forfeited contribution which arose upon employees leaving the retirement benefit scheme was available to reduce the contributions payable in future years.

Save as aforementioned, no retirement benefits were paid or are payable by the Group in respect of the year.

董事會報告書 (續)

主要股東

於二零零六年九月三十日，根據證券及期貨條例第336條之規定而保存之主要股東登記名冊所載，除以上所述之董事權益外，以下股東已通知本公司其於本公司已發行股本之有關權益：

公司名稱	本公司之普通股數量	本公司已發行股本百分率
Madison Profits Limited	22,827,632 (附註)	20.7%

附註：根據證券及期貨條例，該22,827,632股為龔如心女士之公司權益。

除以上所披露外，根據證券及期貨條例第336條規定須予記錄於登記名冊所載，本公司並無收到任何非董事之人士持有本公司股份及相關股份權益或淡倉之通知。

買入、出售或贖回股份

本年度內本公司或其任何附屬公司並無買入、出售或贖回本公司之股份。

退休金計劃

本集團為所有合資格之僱員根據強制性公積金計劃條例(「條例」)設立強制性公積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開，由信託人控制之基金管理。

本集團對強積金計劃之供款以僱員每月有關收入百分之五比率計算。任何供款超過條例所須之供款則以自願性供款存入強積金計劃。

於年內本集團向強積金計劃供款共約港幣645,000元。於二零零六年九月三十日，當僱員離開退休金計劃時，並無產生重大沒收供款可作為扣減未來數年所應付之供款。

除前述者外，本集團概無於本年度支付或應付退休福利。

REPORT OF THE DIRECTORS (Continued)

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 11 to 20.

AUDIT COMMITTEE

The Company's audit committee is composed of all the three independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements for the year ended 30th September, 2006 with the executive directors.

EMOLUMENT POLICY

The emoluments of employees of the Group were determined on the basis of their performance, experience and prevailing industry practices.

The Company determined the emoluments of the directors on the basis of the market competitiveness, duties and performance.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30th September, 2006.

AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Wong Bing Lai
Chairman

Hong Kong, 22nd November, 2006

董事會報告書 (續)

公司管治

本公司之企業管治常規載於第11頁至第20頁之企業管治報告內。

審核委員會

本公司之審核委員會由本公司全部三名獨立非執行董事組成。審核委員會已連同管理層審閱本集團所採納的會計政策及準則，並已討論審計、內部監控及財務報告，包括與執行董事共同審閱截至二零零六年九月三十日止年度之綜合財務報表。

酬金政策

本集團之僱員酬金按僱員之表現，資歷及當時行業慣例等因素確定。

本公司按董事所處專業領域之市場競爭力、職責及表現等因素確定董事酬金。

足夠之公眾持股量

截至二零零六年九月三十日止年度全年，本公司已維持足夠公眾持股量。

核數師

於將來臨之股東週年大會上，將會提出繼續委任德勤•關黃陳方會計師行為本公司核數師之決議案。

承董事會命
主席
黃炳禮

香港，二零零六年十一月二十二日