

Chief Executive Officer's Statement

RESULTS OF THE GROUP

During this year, the Group recorded a turnover of HK\$359,576,000 (2006: HK\$208,281,000 (restated)), representing an increase of 73% over the corresponding period last year. The rise in our turnover was mainly attributable to the increase in our trading revenue from equity securities and from raw materials. Profit attributable to shareholders amounted to HK\$63,680,000 (2006: HK\$46,426,000), representing an increase of 37% over the corresponding period last year. Basic earnings per share was HK10.46 cents (2006: HK7.68 cents).

INVESTMENT BUSINESS

Trading in equity securities

During this year, proceed from trading in equity securities was classified as our principal business and was included in our turnover. The turnover of trading were HK\$76,945,000, representing an increase of 73% from HK\$44,600,000 (restated) of the corresponding period last year. In addition, profit from our business of trading in equity securities during this year was HK\$23,775,000, representing a 25% increase compared with the corresponding period last year of HK\$19,044,000 (restated).

Investment

During this year, bond investment accounted for the major share of the Group's investment and has recorded satisfactory growth during the year. The profit of which amounted to HK\$21,161,000, representing a 32% increase as compared to HK\$16,086,000 (restated) of the corresponding period last year.

FUR BUSINESS

Trading of fur skins

The increase in turnover in the current year was mainly due to the growth in the Group's business of trading of fur skin. During the year, the turnover of fur skin trading was HK\$225,712,000, a 144% increase compared with the corresponding period last year of HK\$92,526,000, while the profit amounted to HK\$14,345,000, representing an increase of 155% over the corresponding period last year of HK\$5,622,000. The increase in turnover was mainly attributable to the substantial rise in the demands of our PRC customers as a result of continuous development and growth of the PRC economy.

Manufacture and sale of fur garment

The turnover of fur garment manufacturing and sales throughout the year was HK\$56,919,000, representing a 20% decrease from HK\$71,155,000 of the corresponding period last year. Profit amounted to HK\$7,397,000, representing a decrease of 19% over the corresponding period last year of HK\$9,156,000. The main cause for the decrease in turnover and profit was mainly attributable to the severe competition in Mainland China.

BUSINESS REVIEW AND PROSPECT

INVESTMENT BUSINESS

During this year, the Group continued to build up its position in bonds with stable income and diversified its risks appropriately by investing in the global bond markets. In addition, the Group invested in quality stocks in the PRC and Hong Kong as well as top-notch enterprises around the world, such as the corporations in Japan, Europe and the US, with a view to reducing the risk resulting from over-concentration in any single market.

Chief Executive Officer's Statement (continued)

The long-term steady growth of the PRC economy has promoted the steady appreciation of RMB. However, the risks of investment also increased under the flow of capital from the world to the assets market of the PRC driven by the substantial surge in the assets prices in the PRC. Nevertheless, it is believed that the continuous growth of the PRC economy will bring along with risks and opportunities. Therefore, the management is of the view that it is vital for the Group to maintain a prudent investment strategy while keeping abreast of the growth of the PRC economy.

In view of the satisfactory results achieved in the investment business during this year, the Group will adhere to its existing prudent investment strategy and we have taken the initiative in studying and identifying prudent investment opportunities in the PRC, which are beneficial to the shareholders in the long run.

FUR BUSINESS

Trading of fur skins

Although the Group's revenue increased due to the rise in the operating profit from the fur materials business in the last year, the last warm winter has resulted an increase in the inventory maintained by our customers and a decrease in prices of fur materials. The Group shall monitor the market trend closely. The management considered that it is critical to reduce the Group's risk, and believed that this business will continue to experience formidable challenges in this year. However, opportunities will re-emerge whenever the raw material prices fall to a reasonable level.

Manufacture and sale of fur garment

During this year, the operation has become increasingly difficult due to the warm winter and severe competition in the PRC, while the adjustment to the PRC policy in materials processing business has also exerted further pressure on the operation. The management has closed down the factories in the PRC and outsourced and streamlined the production during the year in order to increase the Group's competitiveness. This will significantly reduce the cost and risk of the Group in the coming year. On the other hand, the management believes that reducing the shareholders' risk and increasing the revenue are the conditions precedent to continuing this business. If the abovementioned conditions cannot be fulfilled, the management will adopt further business adjustments.

FINAL DIVIDEND

The Board has recommended to pay a final dividend of HK1.9 cents (2006: final dividend HK1.8 cents) per share for the year ended 31st March, 2007 to shareholders whose names appear on the register of members on 11th July, 2007, subject to the approval of shareholders at the forthcoming annual general meeting on 11th July, 2007. This final dividend, together with interim dividend of HK1.3 cents per share paid on 2nd January, 2007, represent a total dividend of HK3.2 cents (2006: HK3.0 cents) per share for year 2007.

ACKNOWLEDGEMENT

The management considers the way to enhance the shareholders' interest as the most important policy. I would like to take this opportunity to express my sincere appreciation of the continuous support from our customers, suppliers and shareholders. I would also thank my fellow directors for their valuable contribution and all the staff members of our Group for their hard and dedicated work during the year.

Finally, the Group was awarded as "Hong Kong Outstanding Enterprises" under the support from the community in year 2006.

Ng Ngan Lung

Chief Executive Officer

Hong Kong, 5th June, 2007