

Chairman's Business Review

The Group's investment properties, Melbourne Plaza at 33 Queen's Road Central and Kimley Commercial Building at 142-146 Queen's Road Central, continued to generate steady rental income. Melbourne Plaza attained 93% occupancy while Kimley Commercial Building was 89% leased. Rental rates continued to surge as the economy gathered strong momentum. The occupancy rate is considered satisfactory. Stable growth can be expected for the whole year.

The Group's investment represents property development and golf club operation in Foshan, China. Formulation of an overall property development plan has resumed as the debt restructuring process of the said investment has almost been completed. The golf club continues to operate on a self-finance basis.

Taking this opportunity, I would like to thank my fellow directors and staff members for their loyal services and continuing efforts.

Management Discussion and Analysis

GROUP RESULTS

Profit before taxation for the six months ended 31 March 2007 amounted to HK\$217.5 million (2006: HK\$206.6 million), an increase of 5%. Revenue for the period amounted to HK\$49.2 million, representing an increase of 21% as compared to last period.

SIGNIFICANT INVESTMENTS

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 93% and 89% let respectively.

LIQUIDITY AND FINANCIAL RESOURCES

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2007, the Group had cash and bank balances totalling HK\$59 million. During the period, the Group did not require any borrowing or overdraft facilities.