

Chairman's Statement

Profit for the Year

The Group reported a profit attributable to shareholders of HK\$167,427,000 for the year ended 31 March 2006, which represents an increase of 40% against the amount of HK\$118,917,000 in last year.

Dividends

The Directors recommend the payment of a final dividend of HK 7 cents per share and a special dividend of HK 2 cents per share for the year 2006, amounting to HK\$12,150,000, to shareholders whose names appear on the register of members on 11 August 2006. Together with the interim dividend of HK 7 cents per share already paid, the total distribution for the year ended 31 March 2006 will be HK 16 cents per share. Total distribution for the previous year was HK 14 cents per share.

Closure of Members Register

The Register of Members of the Company will be closed from Wednesday, 9 August 2006 to Friday, 11 August 2006, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend and special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Standard Registrars Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 8 August 2006.

Business Review

Godown operation

The Group's result performed well in the first half of the year. During the year, the overall business environment in Hong Kong continued to improve, economic activities remained buoyant, the lifting of the global textiles quota in 2005 resulting in a higher turnaround rate for godown service from textile products at the beginning of the year, the Group's godown operations were able to maintain a relatively high occupancy rate of the last period. However, the sudden influx of textile products from China after the lifting of the textiles quota gave rise to various protective measures adopted by the European countries and the United States, posing a slower turnaround rate for textile products. This coupled with the persistent high oil prices and rising interest rate, had led to a drop in import of various products which adversely affected the demand for godown services in the second half of the year. However, the overall godown business of the Group for the year was stable, with results performing the same as last year.

Chairman's Statement

Business Review (Continued)

Property investment

Benefiting from the favourable global economic environment and the strengthened Hong Kong economy, the local property market has seen a growth and the rent of offices and industrial buildings has risen. Though there was sufficient supply of office space in Eastern Kowloon, it was absorbed by the increasing demand from service companies moving into the region. The continuous upgrading of the Group's investment property, both in terms of property management and service quality, helps to boost the overall rental position of the Group. During the year under review, the Group delivered a satisfactory occupancy rate, both in godown and office premises. Although attempts for substantial increase in rental price could not be possible as a result of the sufficiency in supply in the first half of the year, the Group was successful in achieving a modest rise in rent, the rental income for the year showed a slight growth compared to that of last year.

Outlook

Godown operation

Despite the success in reaching agreement among China, Europe and United States in respect of textiles trades, the result was still behind the industry's expectation. These may have relevance to the high fuel prices, rising commodity prices, the gradual increase in market interest rates, as well as the switch of orders by importers in order to reduce operating costs. At the same time, manufacturers shrank their stock holding level so as to ease pressure on operating cost, demand for godown services will slow down further, and high occupancy rate in godowns is hard to keep for the coming year. However, with re-development of some industrial buildings taking place, market supply for godown space will decrease, we anticipate that the godown business for the next year will remain stable.

Property investment

Given the broad based revival of the local economy, the good employment level, and the strengthening property rental environment in Eastern Kowloon, the occupancy level and the success rate in tenancy renewal of the investment properties of the Group after the year end were satisfactory. The increase in rental income will be reflected in the coming year's result.

Lu Sin

Chairman

Hong Kong, 7 July 2006