

Management Discussion and Analysis

Results

During the year under review, the Group recorded a turnover of HK\$3,700,000 and a loss attributable to shareholders of HK\$5,252,000, as compared with a turnover of HK\$3,884,000 and a loss attributable to shareholders of HK\$30,267,000 recorded last year.

Segment Information

Turnover represents the rental income from property letting.

Segment information is set out below:

Business and Geographical Segments

The Group was solely engaged in property letting business located in Hong Kong.

Liquidity and Financial Resources

As at 31st March, 2006, the Group still operated under liability, with part of the operating capital provided by Oriental Harbour Holding Limited (owned by Mr. Zhang Hongwei, the controlling shareholder).

As at 31st March, 2006, the Group's cash and bank deposits amounted to HK\$4,794,000, representing 88.5% of the total current assets.

Capital Structure

As at 31st March, 2006, the Group had outstanding bank mortgage loans of HK\$14,704,000, of which HK\$1,473,000 would be due within one year. Interest on loans was calculated at variable rates ranging from 3.7% to 7.25% per annum.

Orders

Due to the Group's business nature, as at 31st March, 2006, the Group did not have order record.

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New Businesses and Investments

In September 2005, the Group offered to its controlling shareholder to acquire a large-scale commercial real estate project in Shenyang City, the PRC. The project has a site area of approximately 328,000 square metres and a gross floor area of approximately 568,000 square metres. The acquisition was completed in June 2006. This marks the Group's actual entry into the real estate market of Mainland China, and lays a solid foundation for the Group's future income and profitability.

Major Customers and Suppliers

Of the Group's total turnover of the year, the largest and five largest customers represented approximately 24.9% and 6.7% of the total turnover respectively.

Save for the expense of letting business and operating expenses paid, the Group did not have any purchase for the year.

Save for the connected transactions disclosed on page 43 of the annual report, none of the Company's directors, their associates or any shareholders of the Company (who, to the knowledge of the Company's directors, hold more than 5% of the Company's shares in issue) had any beneficial interest in any of the Group's five largest customers.

Staff and Remuneration Policy

As at 31st March, 2006, the Group employed a total of four staffs based on market salary levels. Staff welfare includes insurance, provident scheme and discretionary bonus.

The remuneration policy of the employees of the Group is determined based on employees' performance, qualifications and competence. The emoluments of the directors are determined by the board of directors, with reference to the Company's operating results, individual performance of the employees and comparable market data. None of the directors or any of its associates and senior employees was involved in determining their own remunerations.