

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.

EMPLOYEES AND REMUNERATION POLICIES

The Group employs a total of 18 employees. The Group recognises the importance of the strength of its human resources for its success. Remuneration for employees are maintained at competitive levels and promotion and salary increments are assessed on a performance basis.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals of subsidiaries and associated companies during the period. In addition, there are no future plans for material investments in capital assets.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2007, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as 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 Issuers, were as follows:-

	Number of shares held		Approximate percentage of shareholding
	Personal interests	Corporate interests	
Directors			
Mr. Chung Ming Fai	12,000,500	1,000 (Note)	48.00%
Mr. Chung Yin Shu, Frederick	1,875	–	0.01%
Chief Executive			
Mr. Ho Tak Him	1,000	–	–

Note:

Mr. Chung Ming Fai controls more than one-third of the voting power of Fu Hop Investment Company Limited which held 1,000 shares in the Company.