



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

The Board of Directors of Wang On Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
REVENUE	4	395,557	364,123
Cost of sales		(313,501)	(284,160)
Gross profit		82,056	79,963
Other income and gains		27,357	20,626
Selling and distribution costs		(8,202)	(7,857)
Administrative expenses		(53,789)	(43,867)
Other expenses		(12,817)	(17,596)
Finance costs	5	(15,252)	(4,956)
Gain on disposal of subsidiaries		1,221	26,975
Loss on disposal of interests in associates		–	(20,874)
Fair value gains on revaluation of investment properties		1,822	23,003
Excess over the cost of acquisition of additional interest in an associate		99,268	35,024
Share of losses of associates		(39,601)	(16,655)
PROFIT BEFORE TAX	6	82,063	73,786
Tax	7	(9,480)	(4,255)
PROFIT FOR THE YEAR		72,583	69,531
Attributable to:			
Equity holders of the parent		72,554	69,497
Minority interests		29	34
		72,583	69,531
DIVIDENDS	8		
Additional final dividend for 2005		4,608	–
Interim		6,736	4,300
Proposed final		15,718	17,846
		27,062	22,146
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		HK34.2 cents	HK40.4 cents
Diluted		HK32.8 cents	HK38.7 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2006

	<i>Notes</i>	2006 HK\$'000	2005 HK\$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		8,762	25,641
Investment properties		297,500	219,550
Properties under development		276,286	208,412
Goodwill		4,987	4,987
Interests in associates		313,831	179,011
Financial assets at fair value through profit or loss/long term investments		–	42,234
Available-for-sale investments/long term investments		–	12,000
Loans receivable		15,087	1,400
Rental deposits paid		5,360	5,465
Other deposits		10,000	30,603
Deferred tax assets		562	743
Total non-current assets		932,375	730,046
CURRENT ASSETS			
Properties held for sale		135,634	–
Properties under development		16,936	13,044
Financial assets at fair value through profit or loss/short term investments		70,815	51,554
Available-for-sale investment/short term investment		–	7,751
Inventories		65	70
Trade receivables	10	6,811	10,027
Prepayments, deposits and other receivables		22,802	19,308
Tax recoverable		13	740
Pledged deposits		13,971	7,723
Cash and cash equivalents		297,902	304,940
Total current assets		564,949	415,157
CURRENT LIABILITIES			
Trade payables	11	110	157
Other payables and accruals		31,734	14,794
Deposits received and receipts in advance		56,619	42,470
Interest-bearing bank loans		305,034	28,072
Provisions for onerous contracts		345	6,749
Tax payable		6,193	3,269
Total current liabilities		400,035	95,511
NET CURRENT ASSETS		164,914	319,646
TOTAL ASSETS LESS CURRENT LIABILITIES		1,097,289	1,049,692
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		205,494	214,496
Provisions for onerous contracts		1,590	1,420
Convertible notes		46,860	85,254
Deferred tax liabilities		3,172	1,437
Total non-current liabilities		257,116	302,607
Net assets		840,173	747,085
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		22,454	14,332
Equity component of convertible notes		6,077	10,903
Reserves		795,460	703,569
Proposed final dividend		15,718	17,846
		839,709	746,650
Minority interests		464	435
Total equity		840,173	747,085

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also includes Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, certain derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

HKICPA has issued a number of new and revised HKFRSs and HKASs which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has early adopted the following new HKFRSs in the financial statements for the year ended 31 March 2005:

HKFRS 3	Business Combinations
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 40	Investment Property
HK-Int 3	Revenue – Pre-completion Contracts for the Sale of Development Properties

The following new and revised HKFRSs not yet previously early adopted by the Group are adopted for the first time for the current year’s financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 16, 17, 18, 19, 20, 21, 23, 27, 28, 31, 33, 37 and HKFRS 5 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group’s financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior periods, the Group's share of tax attributable to associates was presented as a component of the Group's total tax charge in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 32 and HKAS 39 – Financial Instruments

(i) Equity securities

In prior years, the Group classified its investments in unlisted equity securities as long term investments, which were held for non-trading purposes and were stated at cost less any impairment losses on an individual basis. Upon the adoption of HKAS 39, these investments held by the Group at 1 April 2005 in the amount of HK\$12,000,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39.

In prior years, the Group classified its investments in equity securities for trading purposes as short term investments, and were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these securities held by the Group at 1 April 2005 in the amount of HK\$23,361,000 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The adoption of HKAS 39 has not resulted in any change in the measurement of these equity securities. Comparative amounts have been reclassified for presentation purposes.

(ii) Convertible notes

In prior years, convertible notes were stated at amortised cost. Upon the adoption of HKAS 32, convertible notes are split into liability and equity components. The effects of the above changes are summarised in note 2.2. In accordance with HKAS 32, comparative amounts have been restated.

(iii) Unlisted debt securities with embedded derivatives

In prior years, the Group accounted for its investments in unlisted debt securities with embedded derivatives at cost. Upon the adoption of HKAS 39, these investments held by the Group at 1 April 2005 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The effects of the above changes are summarised in note 2.2. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(b) HKFRS 2 – Share based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 March 2005 but had not yet vested as at 1 April 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 March 2004 and at 31 March 2005.

(c) HK(SIC)-Int 21 – Income Taxes – Recovery of Revalued Non-depreciable Assets

In prior years, deferred tax arising on the revaluation of investment properties was recognised based on the tax rate that would be applicable upon the sale of the investment properties.

Upon the adoption of HK(SIC)-Int 21, deferred tax arising on the revaluation of the Group's investment properties is determined depending on whether the properties will be recovered through use or through sale. The adoption of HK(SIC)-Int 21 has no significant effect on the consolidated financial statements.

2.2 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

At 1 April 2005	Effect of adopting				Total HK\$'000
	HKAS 1#	HKASs 32# and 39*	HKAS 32#	HKAS 39*	
Effect of new policies (Increase/(decrease))		Change in classification of Presentation financial assets	Convertible notes	Convertible notes due from an associate	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<i>Assets</i>					
Property, plant and equipment	(219,550)	–	–	–	(219,550)
Investment properties	219,550	–	–	–	219,550
Interests in associates	–	–	–	(3,530)	(3,530)
Available-for-sale investments	–	19,751	–	–	19,751
Prepayments, deposits and other receivables	–	–	(3,093)	–	(3,093)
Financial assets at fair value through profit or loss	–	93,788	–	–	93,788
Long term investments	–	(54,234)	–	–	(54,234)
Short term investments	–	(59,305)	–	–	(59,305)
	<u>–</u>	<u>–</u>	<u>(3,093)</u>	<u>(3,530)</u>	<u>(6,623)</u>
<i>Liabilities/equity</i>					
Convertible notes	–	–	(13,366)	–	(13,366)
Equity component of convertible notes	–	–	10,903	–	10,903
Retained profits	–	–	(630)	(3,530)	(4,160)
	<u>–</u>	<u>–</u>	<u>(3,093)</u>	<u>(3,530)</u>	<u>(6,623)</u>

At 31 March 2006	Effect of adopting			Total HK\$'000
	HKAS 1#	HKASs 32# and 39* Change in classification of financial assets HK\$'000	HKAS 32# Convertible notes HK\$'000	
Effect of new policies (Increase/(decrease))	Presentation HK\$'000			
<i>Assets</i>				
Property, plant and equipment	(297,500)	–	–	(297,500)
Investment properties	297,500	–	–	297,500
Prepayments, deposits and other receivables	–	–	(1,006)	(1,006)
Financial assets at fair value through profit or loss	–	70,815	–	70,815
Long term investments	–	(27,906)	–	(27,906)
Short term investments	–	(42,909)	–	(42,909)
	<u>–</u>	<u>–</u>	<u>(1,006)</u>	<u>(1,006)</u>
<i>Liabilities/equity</i>				
Convertible notes	–	–	(4,740)	(4,740)
Equity component of convertible notes	–	–	6,077	6,077
Retained profits	–	–	(2,343)	(2,343)
	<u>–</u>	<u>–</u>	<u>(1,006)</u>	<u>(1,006)</u>

* Adjustment taken effect prospectively from 1 April 2005

Adjustments/presentation taken effect retrospectively

(b) Effect on the balance of equity at 1 April 2005

Effect of new policy (Increase/(decrease))	Effect of adopting		Total HK\$'000
	HKAS 32 Convertible notes HK\$'000	HKAS 39 Convertible notes due from an associate HK\$'000	
Equity component of convertible notes	10,903	–	10,903
Retained profits	(630)	(3,530)	(4,160)
	<u>10,273</u>	<u>(3,530)</u>	<u>6,743</u>

The changes in accounting policies had no impact on the balance of equity at 1 April 2004.

(c) **Effect on the consolidated income statement for the years ended 31 March 2006 and 2005**

	Effect of adopting				Total <i>HK\$'000</i>
	HKAS 1 Share of post-tax losses of associates <i>HK\$'000</i>	HKAS 32 Convertible notes <i>HK\$'000</i>	HKAS 39 Convertible notes due from an associate <i>HK\$'000</i>	HKAS 39 Financial assets at fair value through profit or loss <i>HK\$'000</i>	
Year ended 31 March 2006					
Increase in share of losses of associates	(438)	–	–	–	(438)
Decrease in tax	438	–	–	–	438
Increase in finance costs	–	(2,343)	–	–	(2,343)
Increase in other income and gains	–	–	3,530	(521)	3,009
Total increase/(decrease) in profit	–	(2,343)	3,530	(521)	666
Increase/(decrease) in basic earnings per share	–	(HK1 cent)	HK2 cents	–	–
Increase/(decrease) in diluted earnings per share	–	(HK1 cent)	HK2 cents	–	–

	Effect of adopting			Total <i>HK\$'000</i>
	HKAS 1 Share of post-tax losses of associates <i>HK\$'000</i>	HKAS 32 Convertible notes <i>HK\$'000</i>		
Year ended 31 March 2005				
Increase in share of losses of associates	(1,655)	–		(1,655)
Decrease in tax	1,655	–		1,655
Increase in finance costs	–	(630)		(630)
Total increase/(decrease) in profit	–	(630)		(630)
Increase/(decrease) in basic earnings per share	–	–		–
Increase/(decrease) in diluted earnings per share	–	–		–

3. SEGMENTAL INFORMATION

Business segments

The following table presents revenue and result information for the Group's business segments for the years ended 31 March 2006 and 2005.

	Property development		Property investment		Chinese wet markets		Shopping centres and car parks		Retail business		Unallocated corporate and others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																
Sales to external customers	-	-	131,608	85,062	142,989	146,242	79,037	89,340	38,439	38,213	3,484	5,266	-	-	395,557	364,123
Intersegment sales	-	-	4,802	-	4,080	3,837	1,535	933	-	-	7,433	12,684	(17,850)	(17,454)	-	-
Other revenue	180	-	2,526	31,314	1,215	811	1,359	1,632	37	994	16,361	30,564	-	-	21,678	65,315
Total	180	-	138,936	116,376	148,284	150,890	81,931	91,905	38,476	39,207	27,278	48,514	(17,850)	(17,454)	417,235	429,438
Segment results	(8,973)	(3,104)	25,225	59,702	18,255	15,425	3,286	6,904	156	947	4,459	(22,327)	(7,603)	(416)	34,805	57,131
Unallocated expenses																(5,879)
Excess over the cost of acquisition of additional interest in an associate																99,268
Interest income																35,024
Finance costs																8,722
Share of losses of associates																5,289
Profit before tax																(15,252)
Tax																(4,956)
Profit for the year																(39,601)
																82,063
																73,786
																(9,480)
																(4,255)
																72,583
																69,531

4. REVENUE

	Group	
	2006	2005
	HK\$'000	HK\$'000
		(Restated)
Sub-licensing fee income	204,702	216,689
Management fee income	17,767	18,904
Sale of goods	38,439	38,213
Rendering of services	3,482	5,256
Gross rental income	9,378	11,261
Sale of properties	121,789	73,800
	395,557	364,123

5. FINANCE COSTS

	Group	
	2006	2005
	HK\$'000	HK\$'000
		(Restated)
Interest on convertible notes	3,948	800
Interest on bank loans and overdrafts	17,966	4,982
Total interest	21,914	5,782
Less: Interest capitalised	(6,662)	(826)
	15,252	4,956

6. PROFIT BEFORE TAX

The Group's profit from operating activities is arrived at after charging/(crediting):

	Group	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Auditors' remuneration	1,130	995
Cost of inventories sold	23,535	24,310
Cost of services provided	196,248	205,218
Cost of properties sold	99,952	53,000
Depreciation	10,055	12,109
(Gain)/loss on disposal of property, plant and equipment	(8)	1
Property, plant and equipment written off	8,278	28
Minimum lease payments under operating leases for land and buildings	133,116	140,193
Provision for impairment of available-for-sale investments/long term investments*	–	15,299
Provision for impairment of trade receivables	462	656
Staff costs (including directors' remuneration)		
Wages and salaries	59,031	53,197
Pension scheme contributions	1,974	2,022
	<u>61,005</u>	<u>55,219</u>
Amount released for onerous contracts	(6,234)	(5,404)
Net rental income	<u>(9,182)</u>	<u>(10,817)</u>

* The provision for impairment of available-for-sale investments/long term investments is included in "Other expenses" on the face of the consolidated income statement.

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Current – Hong Kong		
Charge for the year	6,736	2,284
Underprovision/(overprovision) in the prior years	30	(141)
Deferred	2,714	2,112
	<u>9,480</u>	<u>4,255</u>
Total tax charge for the year	<u>9,480</u>	<u>4,255</u>

8. DIVIDENDS

	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Additional final dividend for 2005	4,608	–
Interim – HK3 cents (2005: HK3 cents)		
per ordinary share	6,736	4,300
Proposed final – HK7 cents (2005: HK12 cents)		
per ordinary share	15,718	17,846
	<u>27,062</u>	<u>22,146</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the net profit for the year attributable to ordinary equity holders of the parent and the weighted average number of, as adjusted for the bonus issue during the year, ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the net profit for the year attributable to ordinary equity holders of the parent after adjustment for interest saved upon deemed exercise of all convertible notes during the year. The weighted average number of ordinary shares used in the calculation is the number of, as adjusted for the bonus issue during the year, ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of, as adjusted for the bonus issue during the year, ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the share options and convertible notes during the year.

The calculations of basic and diluted earnings per share are based on:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> (Restated)
<i>Earnings</i>		
Net profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	72,554	69,497
Interest on convertible notes	2,749*	800
	<hr/>	<hr/>
Net profit attributable to ordinary equity holders of the parent before interest on convertible notes	75,303	70,297
	<hr/>	<hr/>
	2006	2005 (Restated)
<i>Shares</i>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	211,971,562	171,984,439
Effect of dilution – weighted average number of ordinary shares:		
Share options	9,501,230	4,953,600
Convertible notes	6,322,103*	2,558,400
	<hr/>	<hr/>
	227,794,895	179,496,439
	<hr/>	<hr/>

* Because the diluted earnings per share amount is increased when taking convertible notes into account, the convertible notes had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amounts are based on the net profit for the year of HK\$72,554,000 and the weighted average of 221,472,279 ordinary shares in issue during the year.

10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, is as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 90 days	6,478	9,073
91 days to 180 days	427	1,154
Over 180 days	542	636
	<hr/>	<hr/>
	7,447	10,863
Less: Provision for impairment	(636)	(836)
	<hr/>	<hr/>
	6,811	10,027
	<hr/>	<hr/>

The Group's businesses generally do not grant any credit to customers.

11. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	2006	2005
	HK\$'000	HK\$'000
Within 90 days	<u>110</u>	<u>157</u>

The trade payables are non-interest-bearing and there is generally no credit terms granted by suppliers. The carrying amounts of trade payables approximate to their fair values.

12. COMPARATIVE AMOUNTS

As further explained in notes 2.1 and 2.2, due to the adoption of certain new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening balance adjustments have been made and certain comparative amounts have been reclassified to conform with the current year's presentation and accounting treatment.

RESULTS

The Group's turnover and net profit attributable to shareholders for the year amounted to approximately HK\$395.6 million (2005: HK\$364.1 million) and approximately HK\$72.6 million (2005: HK\$69.5 million), respectively.

DIVIDEND

The board (the "Board") of directors of the Company (the "Directors") has recommended a final dividend of 7.0 HK cents per share (2005: 12.0 HK cents) for the year ended 31 March 2006 to Shareholders on the register of members of the Company as of 17 August 2006. The final dividend will be paid on or before 25 August 2006, subject to Shareholders' approval at the forthcoming annual general meeting of the Company to be held on 17 August 2006. Together with the interim dividend of 3.0 HK cents distributed in January 2006, the total dividend per share for the year will be 10.0 HK cents (2005: 15.0 HK cents).

PROPOSED BONUS ISSUE OF SHARES

The Board of Directors has also resolved to recommend a bonus issue of shares of HK\$0.10 each in the share capital of the Company on the basis of one bonus share (the "Bonus Share(s)") for every ten existing shares held by shareholders of the Company whose name appear on the register of members of the Company at the close of business on 17 August 2006. The Bonus Shares will rank pari passu in all respects with the existing issued shares except that they will not carry any right to receive the final dividend for the year ended 31 March 2006.

The bonus issue is conditional upon (a) the approval of the shareholders of the Company; (b) the granting by the Bermuda Monetary Authority of the relevant permissions in respect of the bonus issue (if required); and (c) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Bonus Shares. A circular, containing, among other matters, details of the bonus issue will be sent to shareholders of the Company in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 14 August 2006 to 17 August 2006, both days inclusive, during which no transfer of shares will be registered. To qualify for the proposed final dividend, all Shareholders are required to lodge their transfers with the Company's branch share registrars in Hong Kong, Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration by no later than 4:30 p.m. on 11 August 2006.

BUSINESS REVIEW

Following the achievement of historical high net profits last year, the Group posted another record high net profit of approximately HK\$72.6 million and record high net assets of approximately HK\$840.2 million for the year ended 31 March 2006, since its listing in 1995.

For the year ended 31 March 2006, the Group's turnover increased to approximately HK\$395.6 million (2005: approximately HK\$364.1 million) which was mainly attributable to the commencement of the sale of residential units and shops at Milan Place.

Property Development

For the year under review, the Group has completed the foundation work at the Shatin Heights Road and Fairview Park Boulevard projects and the construction work for both projects is on schedule. In April 2006, the Group entered into a provisional sale and purchase agreement to sell the entire site at Davis Street, Kennedy Town at a consideration of HK\$149.9 million. In June 2006, the Group completed the purchase of properties located at 270-274 Cheung Sha Wan Road. The Group currently plans to demolish the existing building structures and redevelop it into a 24 storey residential and commercial building.

As at June 2006, the Group's property development portfolio is as follows:

Property Name	Location	Approximate Site Area (sq ft)	Development Plan	Anticipated Completion
Shatin Heights Road	Lot No.1476 in DD 189	49,100	Low density residential area with 11 luxury houses	Early 2007
Fairview Park Boulevard	Lot No. 4781, Lot No. 3254 RP, Lot No. 3265 S.A, Lot No. 3251 S.B RP, Lot No. 3257 RP, Lot No. 3258 S.B SS.1, Lot No. 3641 S.A, Lot No. 3258 S.B RP, Lot No. 3641 RP in DD 104	154,800	Low density residential and commercial area with 16 luxury houses, 6 shops and club house	Early 2007
Cheung Sha Wan	270-274 Cheung Sha Wan Road, Kowloon	4,200	24 storey residential and commercial building	Early 2008
Ho Chung	Various lots in DD 210 and DD 244 Sai Kung, New Territories	68,000	Low density residential development	Early 2009
	Total	<u>276,100</u>		

Given the notable improvement in the local employment climate and robust retail trade, as well as a boost in consumer spending, the Directors expect that the Hong Kong property market will benefit from the improved economy. The Group's current land reserve is expected to be sufficient to accommodate its development plans and generate handsome returns to the Group for the next two years.

Property Investment

During the year under review, gross rental income amounted to approximately HK\$9.4 million (2005: approximately HK\$11.3 million). The reduction in gross rental income was mainly due to the disposal of a number of investment properties in the second half of the last financial year under review. In order to maintain a well-balanced investment property portfolio, the Group has also completed the purchase of six shops for a total consideration of over HK\$111 million during the first half of the current financial year. In May 2006, the Group entered into a provisional sale and purchase agreement to sell a retail shop at Haiphong Road at a consideration of HK\$78 million.

For the current financial year and up to the date of this report, the Group has sold 34 residential units and nine shop lots at Milan Place, which had been acquired earlier this year, generating a turnover of approximately HK\$120.1 million. The Group will continue to dispose of the remaining 14 residential units.

As at 31 March 2006, the Group maintained an investment property portfolio with a net book value of approximately HK\$297.5 million (2005: approximately HK\$219.6 million), providing an annual gross rental income of approximately HK\$9.4 million. The Group will continue to look for suitable retail shops for the long term building up of the Group's investment properties portfolio. The Directors believe that this strategy can on the one hand provide stable income to the Group and, on the other hand benefit from the appreciation in property value in the years to come.

Management and Sub-licensing of Chinese Wet Markets

The Group continues to be the leader in this business sector in Hong Kong. During the year, this division provided a steady profit contribution to the Group by generating a net profit of approximately HK\$18.3 million (2005: approximately H\$15.4 million).

Given the Group's extensive expertise and experience in the management of Chinese wet markets, the Directors are optimistic that it will be a strong position to secure more business opportunities with the Link Real Estate Investment Trust and other business entities as well. The Group is actively looking for new markets with great potential both in Hong Kong and the PRC. We plan to use our professionalism and experience in developing and promoting modern wet markets so as to maximize our investment returns.

Management and Sub-licensing of Shopping Centres and Car Parks

These two areas of business remained stable in the year under review. Subsequent to the year end, as a result of the internal restructuring of a major customer, most of our management contracts for shopping centres and car parks have been terminated. Whilst the Group will continue to look for new business in this area, it is currently expected that the activities in this area will be substantially reduced. However, as the profit contribution of this area has not been significant to the Group, the Directors do not expect any material adverse effect on the Group's business and financial position.

Investment in Pharmaceutical and Health Products related Business

The keen competition amongst competitors, together with increasing operating costs arising from rising rental and labour costs, have dampened retail sales resulting in WYTH recording a net loss of approximately HK\$98.4 million for the year. However, with an increasing health awareness by the public and an increasing popularity of Chinese medicinal and health related products, the Group expects that the future of the pharmaceutical industry is promising and that the performance of WYTH will improve.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2006, the Group had cash resources and short term investments of HK\$382.7 million (2005: HK\$372.0 million) and had a net debt position of approximately HK\$245.5 million (calculated with reference to the Group's cash and cash equivalents and total borrowings of approximately HK\$311.9 million and approximately HK\$557.4 million, respectively).

The gearing ratio was 29.2% (calculated with reference to the Group's total borrowings net of cash and cash equivalents and capital and reserves of approximately HK\$245.5 million and HK\$839.7 million (2005: 2.0%)).

As at 31 March 2006, the Group's investment properties, with a book value of HK\$297.5 million (2005: HK\$219.6 million), and certain rental income generated therefrom were pledged to secure the Group's general banking facilities, HK\$133.0 million (2005: HK\$92.3 million) of which was utilized as at 31 March 2006.

The Group's contingent liabilities and capital commitment as at 31 March 2006 amounted to HK\$239.0 million (2005: HK\$121.4 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2006, the Group had about 600 full time employees, over 98% of whom were located in Hong Kong.

The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonuses and share options may be granted to selected staff by reference to the Group's performance as well as an individual's performance. Other benefits, such as medical and retirement benefits and structured training programmes, are also provided.

PROSPECTS

With its strong financial resources and liquidity, the Group will continue to explore good investment opportunities to enhance Shareholders' returns.

CODE OF CORPORATE GOVERNANCE PRACTICES

(I) General

The Company is committed to maintaining high standards of corporate governance. During the year, save as disclosed in the Company's latest interim report for the six months ended 30 September 2005, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Detailed information on the Company's corporate governance practices is set out in Corporate Governance Report included in the Company's 2006 Annual Report to be despatched to the shareholders in due course.

(II) Model Code on Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard set out in the Model Code.

(III) Audit Committee

The Company has an audit committee which was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee also reviewed the audited consolidated financial statements for the year ended 31 March 2006 of the Group. The audit committee comprises three independent non-executive directors of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

PROPOSED AMENDMENTS TO BYE-LAWS

To ensure compliance with the Code on Corporate Governances Practices in Appendix 14 of the Listing Rules and the amendments on the removal of directors which came into effect on 1 January 2005 and 1 March 2006 respectively, the Directors propose that the Bye-Laws be amended in the manner set out in the special resolutions of the notice of the Annual General Meeting to the circular.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2006 annual report of the Group containing the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

By Order of the Board

Tang Ching Ho

Chairman

Hong Kong, 14 July 2006

As at the date hereof, the Directors of the Company comprises of three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and four independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

** For identification purpose only*

“Please also refer to the published version of this announcement in The Standard”