

## CHAIRMAN'S STATEMENT

### PROFIT FOR THE YEAR

The consolidated net profit of the Group after taxation and minority interests for the year ended 30th September, 2000 was HK\$19.6 million as compared with the net profit of HK\$6.9 million for the previous year. The latter figure has been restated to take into account of the net unrealised loss on listed securities (net of deferred taxation) amounting to HK\$5.5 million held by the Group following the adoption of the Statement of Standard Accounting Practice No.24 issued by the Hong Kong Society of Accountants, which becomes effective from the current financial year.

Despite of a slight decrease in rental revenue, the Group recorded a strong increase in profit mainly due to the fact that no further provision for loss is required in respect of the Group's property development projects and foreign currency loans and no further material depreciation of the market value of the Group's trading securities.

### DIVIDEND

The Board has recommended the payment of a final dividend of 7 cents per share to shareholders whose names appear on the Register of Members of the Company on 27th December, 2000. This together with the interim dividend of 2 cents per share paid on 5th July, 2000, will give a total dividend of 9 cents per share for the whole year. Upon approval at the Annual General Meeting, the proposed final dividend of 7 cents per share will be paid on 28th December, 2000.

### BUSINESS REVIEW

#### A. Hong Kong

The major portion of the profit for the financial year under review derives from the rental income of the Group's investment properties in Hong Kong. With the stabilization of the local economy, there had been a gradual decrease in vacancy for the Group's properties in the second half of the financial year. However, the rental rate for new lease and lease renewal was substantially lowered than that obtained in the peak period of 1997/1998 for residential, commercial and industrial properties.

Elephant Holdings Limited, a subsidiary of the Group and a leader in the field of public address and security-surveillance system engineering, high-end audio and home theatre system and cinema engineering, continued to perform well and contributed profit to the Group in the year under review.

Wah Ming Hong Holdings Limited, in which the Group has a minority interest, continued to enjoy a steady business and profit. The company owns and markets the Swiss brand "ENICAR" watch.

## 主席報告書

### 全年溢利

本集團截至二零零零年九月三十日止年度除稅及少數股東權益後之綜合溢利為港幣一千九百六十萬元，比較上年度同期溢利為港幣六百九十萬元。因採用香港會計師公會頒佈之會計實務準則第二十四條，該會計實務準則於本財政年度開始生效，本集團上年度之溢利已重新修訂，包括所持上市證券之淨未變現虧損(扣除遞延稅項)港幣五百五十萬元。

雖然租金收入輕微下降，本集團之溢利有理想增加，主要因為本年度無須為本集團之物業發展項目及外幣貸款作出額外撥備，及本集團持作買賣之證券按市值計算無須作重大之額外調整。

### 股息

董事會現建議派發末期股息每股七仙予二零零零年十二月二十七日登記於本公司股東名冊內之股東。上述建議之股息連同於二零零零年七月五日派發之中期股息每股二仙，全年之股息為每股九仙。建議之末期股息每股七仙，如在股東週年大會上通過，將於二零零零年十二月二十八日派發。

### 業務回顧

#### A. 香港

回顧本財政年度，溢利主要部份來自本集團之香港投資物業租金收入。由於本地經濟開始穩定，下半年度本集團空置之物業已逐漸減少。但是住宅、商業及工業物業之新租賃及續租之租金率比較一九九七及一九九八年度兩年間高峰期之租金率大幅下降。

大象行有限公司為本集團之附屬公司及在公共廣播及保安監視系統工程、高級音響及家庭影院系統及電影院工程等領域內處於領導地位。該公司於本年度業務繼續表現滿意及對本集團提供溢利。

本集團持有少數權益之Wah Ming Hong Holdings Limited，業務維持穩定及繼續提供溢利。該公司擁有及銷售瑞士「英納格」牌子手錶。

## CHAIRMAN'S STATEMENT (Continued)

The Group has acquired a minority interest in a biotechnology company "LeaderGene Limited" (LeaderGene) which specialises in the development and manufacturing of a biological product "epidermal growth factor (EGF)" which has a proven characteristics of enhancing the growth of skin cells with no side effect and has wide application in cosmetic skin-care products. LeaderGene has developed and marketed a line of skin care products with EGF ingredient under the "EGF Plus" brand, and also supplies the EGF ingredient to other skin care product marketing firms on an OEM basis. LeaderGene is also engaged in the development and testing of a biological growth factor related product applicable in the porcine industry which is a substantial agricultural sector in China.

### B. Projects in the Mainland

Silver Gain Plaza in Guangzhou – The Group has an effective interest of 19% in this project. Construction for the first phase of this project, which comprises a 28-storey residential tower of 224 units on top of a 3-storey podium for retail/commercial purpose, has commenced recently and will take eighteen months to complete the first phase. Application for the Pre-sale Permit for the first phase is in process and marketing will commence once the permission is obtained.

16 residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – The ongoing construction work in an adjacent development site continued to exert an adverse effect on the occupancy and rental rate of this project.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has adhered to prudent financial policies in monitoring and managing its cash resources as well as banking facilities. At the balance sheet date, the Group had available banking facilities of HK\$427 million which were secured on certain investment properties of the Group and of which bank borrowings denominated in Hong Kong dollars of HK\$185 million and in Japanese Yen equivalent to HK\$39 million were utilised. In addition, the Group obtained unsecured Hong Kong dollar loans HK\$61 million from related companies. All of these borrowings are repayable within one year and are bearing interest at floating rates based on prime rate or HIBOR plus a margin. Based on its net assets value and borrowings of HK\$1,129 million and HK\$285 million respectively, the debt-to-equity ratio was only 25%.

The Group has sufficient financial resources and undrawn banking facilities to fund : 1. the Group's plan for upgrading and refurbishment of its investment properties, 2. the Group's share of development cost for the project in Guangzhou, China, and 3. future business expansion.

## 主席報告書 (續)

本集團已購入一間生物工程公司「領前基因有限公司」(領前基因)之少數股東權益。該公司專門研究發展及製造生物學之產品「表皮生長因素」(EGF)。EGF對皮膚細胞加速生長經已證明為其特性及無副作用，並能廣泛應用於護膚之化粧品。領前基因已發展及出售一系列以「EGF Plus」為品牌，含EGF成份之護膚產品，並以OEM形式供應EGF成份給其他品牌護膚品推廣商。領前基因同時參與發展及測試應用於養豬業之有關生物生長因素之產品，養豬業為中國主要農產業之一。

### B. 國內項目

於廣州之東銀廣場—本集團持有該項目百分之十九有效權益。此項目第一期建築工程已於近期展開及將需要十八個月完成。該項目包括三層作零售及商業用途之平台，其上為一幢二十八層高共二百二十四個單位之住宅大廈。現正進行申請第一期預售許可証。當得到批准時，推銷活動將立即展開。

北京朝陽區京達花園威爾第閣之十六個住宅單位 — 鄰近地盤進行中之建築工程持續對此住宅物業之入住及出租率有負面影響。

## 資金流動性及財政資源

本集團堅持採用穩建之財政政策於監控及管理現金資源及銀行信貸。於結算日，本集團有若干投資物業抵押予銀行，使本集團獲得港幣四億二千七百萬元之銀行信貸，而港幣銀行貸款一億八千五百萬元及相當於港幣三千九百萬元之日圓銀行貸款已經運用。另外，本集團從有關連之公司取得港幣六千一百萬元之無抵押港幣貸款。上述所有之貸款須於一年內償還及須支付利息，並按優惠利率以浮動利率計算或以香港銀行間之借貸利率加一比率計算。按本集團之淨資產值及總借貸分別為港幣十一億二千九百萬元及港幣二億八千五百萬元，負債對股東權益比率僅為百分之二十五。

本集團有充足之財政資源及未提取之銀行信貸以支持 (一) 本集團之提升及翻新其投資物業計劃，(二) 本集團中國廣州項目應佔之發展費用，及 (三) 將來之業務擴展。

## CHAIRMAN'S STATEMENT (Continued)

### PROSPECTS

Gradual improvement of the Hong Kong economy in the past 6 months had created an increase in demand for office and residential properties, thus lowering the vacancy rate in these two sectors. However, with the exception of Class A office space in prime location in Central, vacancy remains high compared to that of two years ago. As there are more new residential development projects to be completed within the coming two years, rental rate is not expected to increase in the immediate future. Barring unforeseen circumstances, the Group anticipates the rental revenue from its property holdings to be stable in the coming year. The Group will continue to upgrade the quality of its property holdings to enhance their competitiveness in the property market.

With the impending admission to the World Trade Organization (WTO), coupled with the strong economic growth and opening up of the society, China provides a more favourable environment for investment in many fields. The Group would look for business and investment opportunities in Hong Kong, China and overseas with a cautious attitude.

### EMPLOYEES

Currently, the Group has 110 employees, who are remunerated in line with industry practice. For the year ended 30th September 2000, the total staff costs incurred by the Group is similar to that of the previous year, and there has been no significant change in the Group's remuneration policy.

I take this opportunity to thank my colleagues on the Board and the staff member of the Group for their loyal services and contribution.

WONG BING LAI  
*Chairman*

Hong Kong, 29th November, 2000

## 主席報告書 (續)

### 業務發展

香港經濟於過去六個月已經逐漸改善，導致商業及住宅物業需求增加，因此令該兩類物業之空置率下降。但是除中環最佳位置之甲級寫字樓外，比較兩年前，空置情況維持高企。因未來兩年會有多項新住宅發展項目陸續完成，租金率預期未來不會增加。如沒有不可預料之事故發生，本集團預期來年所持物業之租金收入將保持平穩。本集團將繼續提升所持物業之質素，以增加其在物業市場競爭力。

由於中國加入世界貿易組織漸接近，連同強勁經濟增長及社會開放，中國對很多方面之投資提供更加理想環境。本集團將以謹慎態度尋求在香港，中國及海外之商業及投資機會。

### 僱員

本集團現有一百一十名僱員，其酬金與同業之慣例相符。截至二零零零年九月三十日，本集團支付之僱員總支出與上年度相近，而本集團之酬金政策並沒有重大改變。

本人謹在此向董事會同寅及本集團各同事之忠誠服務及貢獻敬表謝忱。

主席  
黃炳禮

香港，二零零零年十一月二十九日