

## 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, 2001 was HK\$15.94 million as compared with the net profit of HK\$19.64 million for the previous year. The decline in profit was mainly attributable to two factors: 1. The net unrealised holding loss on listed securities held by the Group amounting to HK\$11.47 million, and 2. provision for impairment in value for two property projects outside Hong Kong which have been put on hold due to local market condition. They comprised of a waterfront resort residential development project in Lagoon City, Ontario, Canada, in which the Group has a 50% interest, and the project in Zhong Shan City, China in which the Group has a 30% interest. The amount of provisions for these two projects attributable to the Group after minority interest amounted to HK\$5.1 million and HK\$2.7 million, respectively. The net profit figure also includes a gain of HK\$7 million arising from the disposal of an investment property and an unrealized exchange gain of HK\$4.27 million on translation of foreign currency loans.

### DIVIDEND

The Board has recommended the payment of a final dividend of 6 cents per share to shareholders whose names appear on the Register of Members of the Company on 28th December, 2001. This together with the interim dividend of 2 cents per share paid on 16th July, 2001, will give a total dividend of 8 cents per share for the whole year. Upon approval at the Annual General Meeting, the proposed final dividend of 6 cents per share will be paid on 31st December, 2001.

### BUSINESS REVIEW

#### A. Hong Kong

The major portion of the profit for the financial year under review was derived from the letting of the Group's investment properties in Hong Kong. During the past 12 months, there has been a gradual decline in rental rate for the new and renewed leases of our residential and office properties. On the other hand, the occupancy rate of the former has improved whilst that of the latter has deteriorated. The overall rental income for the year under review was therefore similar to that for the corresponding period of last year.

Elephant Holdings Limited (EHL), a subsidiary of the Group, which specialises in public address sound system and CCTV-surveillance system engineering, high-end audio and home theatre system and cinema engineering, experienced a drop in sales revenue, which was in line with the local economic climate. However, EHL continued to contribute profit to the Group for the period under review.

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

## 主席報告書

### 全年溢利

本集團截至二零零一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一千五百九十四萬元，比較上年度同期溢利為港幣一千九百六十四萬元。溢利下降主要有兩點原因：(一)本集團持有上市證券之未變現持有淨虧損港幣一千一百四十七萬元，及(二)兩個外地地產項目按當地市況所作之減值準備。該等項目包括本集團持有百分之五十權益位於加拿大安大略省Lagoon City之湖邊渡假住宅發展項目，及本集團持有百分之三十權益之中國中山市項目。本集團除少數股東權益後應佔此兩個項目之減值準備分別為港幣五百一十萬元及二百七十萬元。純利數字已包括出售一間投資物業而獲利港幣七百萬元及外幣貸款未變現兌換收益港幣四百二十七萬元。

### 股息

董事會現建議派發末期股息每股六仙予二零零一年十二月二十八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二零零一年七月十六日派發之中期股息每股二仙，全年之股息為每股八仙。建議之末期股息每股六仙，如在股東週年大會上通過，將於二零零一年十二月三十一日派發。

### 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在香港出租之投資物業。新租賃及續租之住宅和商業物業之租金率於過去十二個月持續下降。另一方面，住宅物業之入住率有所改善，但商業物業之入住率則倒退。因此本年度整體租金收入與上年度同期相約。

本集團附屬公司大象行有限公司(大象行)，專注於公共廣播音響系統及閉路電視監視系統工程、高級音響及家庭影院系統及電影院工程。其銷售收入下降，此正好與本地之經濟環境相符。但大象行於本年度業務繼續對本集團提供溢利。

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)

LeaderGene Limited (LeaderGene)-The Group has a minority interest in this biotechnology company. LeaderGene is engaged in the development of the porcine Growth Release Factor (pGRF). Experimental test results have proved that pGRF enhances the growth of pig and shortens its growth cycle with no side effect, thus reducing the cost of feed and increasing the efficiency in pig farming. Since pig farming is an important agricultural sector for meat provision in China, application for pGRF could be very wide in this industry. pGRF is currently undergoing a series of safety tests with the Agricultural Ministry of China. Permit for mass manufacture and marketing of this product would be granted upon passing of these tests, which are expected to be completed by the middle of next year. LeaderGene also manufactures the "epidermic growth factor (EGF)" which has a proven characteristics of enhancing the growth of skin cells and has wide application in cosmetic skin care products. A series of skin care products with EGF ingredient has been developed and is marketed under the "EGF Plus" brand. The EGF ingredient is also supplied to other cosmetic skin-care companies on an OEM basis. LeaderGene is still going through the product development stage, it is anticipated that another year would be required before significant profit can be generated.

### B. Projects in the Mainland

Silver Gain Plaza in Guangzhou-Silver Gain Development Ltd (in which the Group has one-third interest) has acquired the local Guangzhou partner's interest in this project in September. Construction of the 28-storey residential tower comprising a total of 224 units for the first phase of this project is in progress, and so far nine storeys of the superstructure has been completed. The first phase is scheduled to be completed towards the end of next year. A bank loan secured on this project has been arranged to finance the entire construction cost for the first phase.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing-The ongoing construction in an adjacent site continued to have an adverse effect on the rental and occupancy rate of these properties. The situation is expected to improve only after completion of the surrounding construction scheduled for 2003.

## 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 Hong Kong dollar bank borrowings of HK\$181 million and Japanese Yen bank loans equivalent to HK\$35 million. The bank loan of HK\$180 million which was due for repayment during the year was extended for another three years. The remaining bank loans were repayable within one year. The Group has repaid part of the short term unsecured loans from related companies, from last year's HK\$61

## 主席報告書 (續)

領前基因有限公司(領前基因)一本集團有少數股東權益於此間生物工程公司。領前基因正在發展豬隻之生長釋放因素(pGRF)。實驗測試結果已經證明pGRF能加快豬隻之成長及縮短其生長週期，而且無副作用，因此能減低飼料之成本及增加養豬之效率。養豬業為中國肉類供應及農產業之重要一環，pGRF將能被廣泛應用於此行業。pGRF現正於中國農業部進行一系列之安全測試，預期於明年中完成測試，如測試通過後，將獲發大量製造及銷售許可証。領前基因同時製造「表皮生長因素」(EGF)，EGF對皮膚細胞加速生長經已證明其特性及已被廣泛應用於護膚之化妝品。一系列有EGF成份之護膚品，已經以「EGF Plus」品牌發展及出售，並以OEM形式供應EGF成份給其他護膚化妝品公司。領前基因現正處於發展產品階段，預期需要多一年時間才能產生營利。

### B. 國內項目

於廣州之東銀廣場一本集團持有三分一權益之銀利發展有限公司於本年九月購入廣州當地之合夥人於該項目之權益，此項目第一期之二十八層高共二百二十四個單位住宅大廈建築工程現正進行，上蓋工程於最近已建至九層。第一期工程預計於明年末完成。此項目已按給銀行為第一期建築費融資。

北京朝陽區京達花園威爾第閣之住宅單位一鄰近地盤進行中之建築工程持續對此住宅物業之租金及入住率有負面影響。預期於二零零三年附近之建築工程完成後，出租環境才能得以改善。

## 資金流動性及財政資源

本集團堅持採用穩健之財政政策於監控及管理現金資源及銀行信貸。於結算日，本集團有港幣銀行貸款一億八千一百萬元及相當於港幣三千五百萬元之日圓銀行貸款。於年內有一億八千萬元已經到期償還之銀行貸款獲續期三年。餘下之銀行貸款須於一年內償還。本集團已償還部份關連公司之短期無抵押貸款，從上年度之港幣六千一百萬元減低至港幣四千三百萬元。所有借款之利息支出按優惠利率或以本地

## CHAIRMAN'S STATEMENT (Continued)

million to HK\$43 million. The interest charged for all these borrowings were either based on prime rate or HIBOR plus a margin. Based on the total borrowings of HK\$259 million and the net assets value of approximately HK\$1,060 million, the debt-to-equity ratio was 24.4% similar to last year's 25.3%.

As of the end of the current financial year, the Group has available banking facilities of HK\$427 million which were secured on certain investment properties of the Group, but has only utilized bank borrowings of HK\$216 million. Therefore the Group had sufficient undrawn banking facilities to finance the renovation program of its investment properties and future business expansion.

The Group had contingent liability in respect of a guarantee issued to secure the bank loans to the extent of HK\$22.6 million granted to the subsidiary of a jointly controlled entity.

### PROSPECTS

The September 11 incident in New York, USA has added another negative factor to the already weak local economy, and it is reflected in the recent rental market for both office and residential properties. Scenic Villas, where the Group has residential property holdings, will undergo a renovation program for the buildings' exterior and common area in the coming year. It is anticipated that rental income from the Group's property there will be adversely affected during the renovation period. However, upon completion of renovation, the Group's Scenic Villas' properties will be upgraded, and its competitiveness in the rental market will be enhanced.

In view of the above and the present economic situation, the Group's rental income is expected to decrease in the coming year. However, the current decrease in interest rate will have a positive effect on the Group's profit.

The impending admission of China to the World Trade Organization (WTO), coupled with the complicated political and economic situation faced by other countries in the world following the September 11 incident, China seems to be able to provide a relatively politically stable and economically favourable environment for investment in many fields. The Group would continue to look for business and investment opportunities in Hong Kong and China with a cautious attitude.

## 主席報告書 (續)

銀行同業拆息利率加一比率計算。按總借款二億五千九百萬元及淨資產值約十億零六千萬元，負債對股東權益比率為百分之二十四點四，與上年度之百分之二十五點三相若。

於本財政年度年結日，因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，而本集團只運用港幣二億一千六百萬元之銀行貸款。因此本集團有足夠之未提取銀行信貸用以支付投資物業之裝修工程及將來之業務發展。

本集團之或然負債是因為銀行給予一共同控制公司之附屬公司銀行貸款達港幣二千二百六十萬元而作出之擔保。

### 業務發展

美國紐約「九一一」事件為本地疲弱之經濟增加另一負面因素，此反影於最近之商業及住宅物業之租賃市場。本集團持有之美景臺住宅物業，將於來年進行大廈外牆及公眾地方裝修工程。預期於裝修期內對集團物業之租金收入有不利影響。於裝修完成後，本集團之美景臺物業質素將會提升，亦有利於其在租金市場之競爭力。

按上述及現時之經濟環境，預期本集團來年之租金收入將會下降。但現時利率下降，對本集團之溢利有正面影響。

由於中國加入世界貿易組織漸接近，連同因「九一一」事件所引致之複雜國際政治及經濟情況，中國似乎能為很多行業提供一個政治穩定及對經濟有利之投資環境。本集團將繼續以謹慎態度尋求在香港及中國之商業及投資機會。

## CHAIRMAN'S STATEMENT (Continued)

### EMPLOYEES

At 30th September, 2001, the Group has about 120 employees and there is no change on the remuneration policy of the Group. The total staff cost for the year ended 30th September, 2001 was slightly lower than that of last year.

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, 27th November, 2001

## 主席報告書(續)

### 僱員

於二零零一年九月三十日，本集團約有一百二十名僱員及本集團之酬金政策並無改變。截至二零零一年九月三十日止之僱員總支出比上年同期輕微下降。

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，二零零一年十一月二十七日