

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, 2002 was HK\$24.9 million as compared with the net profit of HK\$15.9 million for the previous year. The increase in profit was attributable to two major factors : 1. There was a net unrealized holding gain of HK\$3 million this year on listed securities held by the Group versus a net unrealized holding loss of HK\$11.5 million last year, and 2. Interest expenditure was reduced by HK\$8.1 million as compared to that of last year. The net profit for the year was arrived at after provisions attributable to the Group amounting to HK\$8.9 million were made against the Group's two property projects outside Hong Kong and an investment in a bio-technology company. Various provisions attributable to the Group totaling HK\$8.4 million were made in the Group's reported results for the previous year.

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 30th December, 2002. This together with the interim dividend of 2 cents per share paid on 11th July, 2002, 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, 2002.

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. The local economy had further deteriorated since the beginning of this calendar year, and this had been reflected in the decline of the Group's rental income.

Elephant Holdings Limited (EHL), a subsidiary of the Group, which specialises in sound system, audio-visual engineering, high-end audio and cinema engineering, also 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

本集團截至二零零二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二千四百九十萬元，比較上年度同期溢利為港幣一千五百九十萬元。溢利增加主要有兩點原因：(一)本集團持有上市證券之未變現持有淨收益本年度為港幣三百萬元，比對上年度未變現持有淨虧損為港幣一千一百五十萬元，及(二)利息支出比較上年度減少港幣八百一十萬元。本年度之純利已扣除本集團應佔兩個外地地產項目及生物科技公司投資之撥備共港幣八百九十萬元。本集團上年度之業績報告各項應佔之撥備共港幣八百四十萬元。

股息

董事會現建議派發末期股息每股六仙予二零零二年十二月三十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二零零二年七月十一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，將於二零零二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。自二零零二年初開始，本地經濟衰退加劇，本集團之租金收入減少亦反映了此情況。

本集團附屬公司大象行有限公司(大象行)，專注於音響系統、視聽工程、高級音響及電影院工程。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 (in which the Group has a minority interest) is a bio-technology company engaged in the development of the porcine Growth Release Factor (pGRF) which enhances the growth of pigs and shortens its growth cycle with no side effect. As the development of this product is behind schedule, a provision of HK\$5 million has been made against the Group's investment in this company.

B. Projects in the Mainland and Overseas

Silver Gain Plaza in Guangzhou (in which the Group has one-third interest) - The 28-storey residential tower of the first phase of the project is substantially finished, and the remaining work for this phase is scheduled to be fully completed in the first half of next year. Construction of the 4-storey shopping arcade in the second phase was completed in August, and a major portion of which has been pre-leased to the China Resources Vanguard Supermarket Co Ltd. Pre-sale of the first phase residential units has commenced since October. However, due to the abundance in supply of new residential properties in the Guangzhou area, the pre-sale response has been slower than anticipated. It is expected that the sales will pick-up before the end of December upon the opening of the above-mentioned supermarket/department.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing - The ongoing construction in an adjacent site, and the abundance in new supply of residential properties in Beijing, continued to have an adverse effect on the rental and occupancy rate of these properties. The situation is not expected to improve until completion of the surrounding construction.

The Group's property development projects in Lagoon City, Ontario, Canada, and Zhong Shan City, China have been suspended due to unfavourable local market condition. Provisions attributable to the Group amounting to HK\$3.9 million have been made against these projects.

PROSPECTS

The current depressed economic condition in Hong Kong has definitely a negative effect on the rental market for both commercial and residential sectors. An extensive renovation program for the buildings' exterior and common area of Scenic Villas, where the Group has residential property holdings, is in progress and the work is scheduled to be completed in the middle of next year. During this renovation period, rental income from those properties is adversely affected. However, upon completion of renovation, the Group's Scenic Villas properties will be upgraded, and its competitiveness in market place will be enhanced.

主席報告書 (續)

本集團有少數股東權益之領前基因有限公司為一間生物科技公司，從事發展豬隻之生長釋放因素(pGRF)。pGRF能加快豬隻之成長及縮短其生長週期，而且無副作用。因發展此產品較原定延遲，本集團為此公司之投資作出港幣五百萬元撥備。

B. 國內及海外項目

本集團持有三分一權益位於廣州之東銀廣場一此項目第一期之二十八層住宅大廈已大致完成，及此期餘下之工程預計於明年上半年全部完成。第二期之四層高購物商場建築工程已於八月完成，及該商場之主要部份已預租予華潤萬佳超級市場有限公司。第一期住宅單位已於本年十月開始預售。但由於廣州地區新住宅物業供應充裕，預售之反應比預期緩慢。預期第一期住宅單位之銷售將於十二月結前當位於第二期之上述超級市場／百貨公司開業時會有所改善。

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及於北京之新住宅物業供應充裕持續對此住宅物業之租金及入住率有負面影響。要待至附近之建築工程完成後，該等物業出租環境才能得以改善。

本集團於加拿大安大略省Lagoon City及中國中山市之物業發展項目因當地市場環境不理想已暫停。本集團應佔該項目之撥備為港幣三百九十萬元。

業務發展

香港現時之經濟低迷情況肯定對商業及住宅之租賃市場有負面影響。本集團持有之美景臺住宅物業，大廈外牆及公眾地方之全面裝修工程現正進行。裝修工程預計於明年中完成。於裝修期內，該處物業之租金收入會受影響。而於裝修工程完成後，本集團之美景臺物業質素將會提升，亦有利於其在市場之競爭力。

CHAIRMAN'S STATEMENT (Continued)

In view of the above and the present economic situation, the Group's rental income is expected to decrease in the coming financial year. In addition, any increase in interest rate will also have an adverse effect on the Group's profit.

With China's admission to the World Trade Organization and the rapid development of its economy, the mainland seems to provide a 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.

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, 19th November, 2002

主席報告書(續)

按上述及現時之經濟環境，預料本集團下年度之租金收入將會下降。另外，任何利率增加將對本集團之溢利有負面影響。

由於中國加入世界貿易組織及其經濟迅速發展，中國似乎能夠為很多行業提供一個有利之投資環境。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。

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，二零零二年十一月十九日