

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

The Group's profit attributable to shareholders for the year ended 31st December 2002 was HK\$51.5 million as compared to HK\$50.5 million for 2001. Earnings per share was HK17.9 cents (2001: HK 17.6 cents).

DIVIDEND

Your Directors have resolved to recommend a final dividend of HK5 cents (2001: HK7 cents) per ordinary share.

BUSINESS REVIEW

The main business of the Group remains property investment. The Hong Kong rental market at all fronts remains very competitive. The Group has however maintained a steady income in this respect with a near full occupancy rate for the industrial and residential sectors. Over-supply of commercial space will continue posing leasing difficulties to the Group's office spaces. The general outlook of property leasing in 2003 will remain sluggish and a slight decline of income contribution is expected.

The San Francisco office market has experienced rental adjustments and demand continues to decline. By the end of the year, Montgomery Plaza has an occupancy rate of 90%. With leases coming up for renewal in 2003, the rental income contribution will have to be adjusted to the current market level.

The continuous reduction of interest rates during the year has reduced the finance cost and the Group has taken the benefit to develop new lines of business. Montgomery Golf Corporation, a golf related products company in the USA, shall continue to develop new products to penetrate the golf market.

CASH FLOW

The Group generated cash inflow of approximately HK\$71.0 million from operations. The cash available was applied mainly to pay interest expenses of HK\$22.6 million, dividends of HK\$39.8 million, profits tax of HK\$6.1 million and purchase of fixed assets of HK\$8.8 million. The cash flows were also funded by long term and short term borrowings.

PROSPECTS

The Middle East turmoil prevailing in 2002 and early 2003 has major impact on the worldwide investment atmosphere. Coupled with the unclear HKSAR Government administration policy in recent years, the business environment in Hong Kong has been deteriorating. With the Middle East war impact on the economy worldwide and fluctuating oil prices, the property market in Hong Kong will continue to be gloomy. While the effect of the various measures announced by the Government by the end of the year is yet to be seen, it is hoped that they can restore the confidence of the property market in the medium term. We shall however be actively looking for investment opportunities in other markets.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy and maintain stable earnings for the coming year.

In closing, I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

William Ma Ching Wai
Chairman

Hong Kong, 28th March 2003