

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, 2003 was HK\$12 million as compared with the net profit of HK\$24.9 million for the previous year. The decrease in profit was attributable to the following major factors : 1. a decline in the Group's rental income; 2. the Group's share of loss in respect of the joint property development project in Guangzhou; 3. an increase in the unrealized exchange loss on foreign currency loans; 4. a reduction in the unrealized holding gain on listed securities held by the Group; and 5. a provision for losses in respect of the Group's investment in a bio-technology company.

DIVIDEND

The Board has recommended the payment of a final dividend of 5 cents per share to shareholders whose names appear on the Register of Members of the Company on 31st December, 2003. This together with the interim dividend of 2 cents per share paid on 10th July, 2003, will give a total dividend of 7 cents per share for the whole year. Upon approval at the Annual General Meeting, the proposed final dividend of 5 cents per share will be paid on 2nd January 2004.

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 weak local economy in the past year coupled with SARS had severely affected the property market and as a result, there was an overall decrease in both rental and occupancy rate of the Group's residential and commercial properties during that period. The extensive renovation program in Scenic Villas, where the Group has property holdings, also had a negative impact on the Group's rental income there.

Elephant Holdings Limited, a subsidiary of the Group, which specialises in audio and video engineering, high-end audio and cinema system, recorded a slight increase in sales revenue and continued to contribute profit to the Group for 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. This company owns and markets the Swiss brand 'ENICAR' watch.

主席報告書

全年溢利

本集團截至二零零三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一千二百萬元，比較上年度同期溢利為港幣二千四百九十萬元。溢利減少主要有以下原因：(一)本集團之租金收入下降；(二)於廣州之共同地產發展項目本集團之應佔虧損；(三)外幣貸款未變現兌換虧損增加；(四)本集團所持上市證券之未變現持有增益減少；及(五)本集團為投資於一間生物科技公司作虧損撥備。

股息

董事會現建議派發末期股息每股五仙予二零零三年十二月三十一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二零零三年七月十日派發之中期股息每股二仙，全年之股息為每股七仙。建議之末期股息每股五仙，如在股東週年大會上通過，將於二零零四年一月二日派發。

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。過往一年本地經濟疲弱，連同「沙士」事件對地產市道影響嚴重。而結果在此期間，本集團之住宅及商業物業租金收入及出租率均整體下降。美景臺之大型維修工程對本集團在該處物業之租金收入有負面影響。

本集團附屬公司大象行有限公司，專注於視聽工程、高級音響及電影院工程。本年度其銷售收入有輕微增長，並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)

B. Projects in the Mainland and Overseas

Silver Gain Plaza in Guangzhou (in which the Group has one-third interest) – Phases I and II of this project have been completed. Over 80 percent of the 28-storey residential tower in Phase I has been sold and the major portion of the 4-storey shopping arcade of Phase II has been leased to the China Resources Vanguard Supermarket Co Ltd. Due to the ample supply of new residential housing in Guangzhou, the residential property market is highly competitive there. As a result, the project company has reported a loss for the year, of which HK\$3.5 million was attributable to the Group. Design and planning of Phases III and IV of this project are being modified to cater for the demand of the local market.

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.

PROSPECTS

During the second half of the year, the Hong Kong economy has gradually stabilized, and certain sectors have shown some sign of recovery, the effect of which, however, has not yet been reflected in both the rental and occupancy rate of the Group's office and residential properties. The renovation program for the buildings' exterior and common area of Scenic Villas is close to completion, the Group's properties there are therefore upgraded and their competitiveness in the market place will be enhanced.

Unless there is a strong economic recovery, the Group's rental income is expected to remain stable in the coming financial year. However, any increase in interest rate will have an adverse effect on the Group's profit.

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 our staff members for their loyal services and contributions.

Wong Bing Lai
Chairman

Hong Kong, 20th November, 2003

主席報告書 (續)

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 – 此項目第一及第二期已經完成。第一期之二十八層住宅大廈已經售出超過百分之八十，及第二期之四層高購物商場之主要部份已租予華潤萬佳超級市場有限公司。由於廣州地區新建之住宅房屋供應充裕，該處之住宅物業市場競爭激烈。結果導致此項目之公司虧損，本集團應佔之虧損為港幣三百五十萬元。此項目第三及第四期之設計及策劃將按當地市場需要而調整。

北京朝陽區京達花園威爾第閣之住宅單位 – 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出租率有負面影響。要待至附近之建築工程完成後，該等物業之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。

業務發展

於下半年期間，香港之經濟漸趨穩定，及部份領域已有復甦跡象，但其效果尚未反映在本集團之商業及住宅物業之租金及出租率。美景臺之大廈外牆及公眾地方之裝修工程已接近完成，本集團於該處之物業質素將會提升，亦增強其在租金市場之競爭力。

除非經濟強勁復甦，預料本集團下年度之租金收入將保持平穩。但任何利率增加將對本集團之溢利有負面影響。

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，二零零三年十一月二十日