

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30th September, 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding. The principal activities of the Company's subsidiaries and jointly controlled entity are set out in notes 16 and 17 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th September, 2003 are set out in the consolidated income statement on page 19.

An interim dividend of HK\$0.02 per share amounting to HK\$2,203,588 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK\$0.05 per share to the shareholders on the register of members on 31st December, 2003, amounting to HK\$5,508,969.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group will maintain its conservative financial approach to the funding and treasury policies. At 30th September, 2003, the shareholders' funds were HK\$851.3 million, a decrease of HK\$27.8 million from HK\$879.1 million at 30th September, 2002. The decrease was mainly due to the downward revaluation of the Group's investment properties.

At 30th September, 2003, the Group's total bank borrowings were HK\$240.2 million, a slight increase of HK\$1.1 million from HK\$239.1 million last year. The additional bank borrowings were used to repay short term unsecured loans. Bank borrowings of HK\$231 million were repayable within one year (HK\$49.6 million at 30th September, 2002). The increase was due to a secured bank loan of HK\$180 million which is due for repayment at the end of the year. Negotiation on extension of this bank loan is in progress and the directors are confident that this loan will be extended by the bank before the due date. Bank borrowings of HK\$0.3 million were due for repayment after one year but within two years and the remaining portion of HK\$8.9 million were repayable after two years. Interest on Hong Kong dollar bank loans of HK\$202.5 million was calculated at HIBOR plus a margin, whereas interest on Japanese Yen bank loans of HK\$37.7 million was based on the prime rate. At 30th September, 2003, the debt to equity ratio, based on the Group's total borrowings of HK\$268.2 million and its net assets value of HK\$851.3 million, was 31.5%, as compared with 30.6% on 30th September, 2002. The increase was mainly due to the downward revaluation of the Group's investment properties as mentioned above.

董事會報告書

董事會謹將截至二零零三年九月三十日止年度之報告書連同已審核之財政報告表呈覽。

主要業務

本公司之主要業務為物業投資及控股投資。本公司之附屬公司及共同控制公司之主要業務則分別詳列於財政報告表附註第16項及第17項內。

業績及溢利分配

本集團截至二零零三年九月三十日止年度之業績詳列於綜合收益賬第19頁。

每股港幣2仙之中期股息為港幣2,203,588元已於本年內派發予股東。董事會現建議派發末期股息每股港幣5仙，共港幣5,508,969元予於二零零三年十二月三十一日登記於股東名冊內之股東。

管理層討論及分析

資金流動性及財政資源

本集團將維持審慎財政方式處理資金及庫務政策。二零零三年九月三十日，股東權益為港幣八億五千一百三十萬元，比較二零零二年九月三十日之港幣八億七千九百一十萬元減少港幣二千七百八十萬元，減少主要因為本集團之投資物業重估價值下調。

於二零零三年九月三十日，本集團之銀行總貸款為港幣二億四千零二十萬元，較上年度之港幣二億三千九百一十萬元輕微增加港幣一百一十萬元。銀行貸款增加是用作償還短期無抵押貸款。於一年內要償還之銀行貸款金額為港幣二億三千一百萬元(二零零二年九月三十日時為港幣四千九百六十萬元)，增加是因為一筆港幣一億八千萬元之有抵押銀行貸款將於年終到期償還。現正商議延長此銀行貸款，各董事深信此筆貸款會在到期日之前獲得銀行同意延長還款期。銀行貸款港幣三十萬元於一年後至兩年內要償還。於二年後要償還之剩餘部份為港幣八百九十萬元。港幣銀行貸款港幣二億零二百五十萬元之利息按本地銀行同業折息加一比率計算；而日圓銀行貸款港幣三千七百七十萬元之利息乃按優惠利率計算。於二零零三年九月三十日，按本集團總貸款港幣二億六千八百二十萬元及其淨資產值港幣八億五千一百三十萬元，負債對股東權益比率為百分之三十一點五，比對二零零二年九月三十日之百分之三十點六，增加主要因為上述本集團之投資物業重估價值下調。

DIRECTORS' REPORT (Continued)

Certain investment properties of the Group with an aggregate carrying value of HK\$993 million were pledged to banks to secure the general banking facilities granted to the Group.

As at 30th September, 2003, the Group had undrawn banking facilities of HK\$189.3 million which will provide adequate funding for the Group's operational and capital expenditure requirement.

As at 30th September, 2003, the Group had contingent liabilities in respect of guarantees issued to secure bank loans to the extent of HK\$37.7 million granted to the subsidiary of the Group's jointly controlled entity. The extent of banking facilities utilised by the subsidiary of the jointly controlled entity and guaranteed by the Group at 30th September, 2003 was approximately HK\$23.2 million.

Employees

At 30th September, 2003, the Group had 126 employees and the employee's cost including directors' emoluments for the year amounted to approximately HK\$16.8 million which was slightly lower than that of last year. There was no change in employment and remuneration policies of the Group and the Group does not have any share option scheme for employees.

SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

Details of the Company's subsidiaries and jointly controlled entity are set out in notes 16 and 17 to the financial statements respectively.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

BORROWINGS

Bank loans and overdrafts and other borrowings repayable within one year or on demand are classified under current liabilities. Details of long term borrowings are set out in notes 26 and 27 to the financial statements. No interest was capitalised by the Group during the year.

INVESTMENT PROPERTIES

The Group revalued its investment properties at the year end. The revaluation decrease, which has been debited directly to the investment property revaluation reserve, amounted to approximately HK\$30.8 million. Details of movements in the investment properties of the Group and the Company are set out in note 13 to the financial statements.

董事會報告書 (續)

本集團以總額賬面值共約港幣九億九千三百萬元之若干投資物業抵押於銀行作為給予本集團一般銀行信貸之保證。

於二零零三年九月三十日，本集團未提取之銀行信貸為港幣一億八千九百三十萬元，此額將提供足夠資金予本集團之營運及資本開支所需。

於二零零三年九月三十日，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三千七百七十萬元而作出之擔保。於二零零三年九月三十日，共同控制公司之附屬公司已使用及本集團擔保之銀行貸款額約為港幣二千三百二十萬元。

僱員

於二零零三年九月三十日，本集團有一百二十六名僱員，而本年度之僱員開支包括董事酬金約為港幣一千六百八十萬元，比上年度同期略為減少。本集團之僱傭及酬金政策並無改變，及本集團並無僱員認購股權計劃。

附屬公司及共同控制公司

本公司之附屬公司及共同控制公司詳情分別列於財政報告表附註第16項及第17項內。

儲備

本年度本集團及本公司之儲備變動詳列於財政報告表附註第25項內。

借款

銀行貸款及透支及其他須於一年內償還或即期償還之借款已列入流動負債項目內。長期借款詳情列於財政報告表附註第26項及27項內。本年度本集團並無將利息撥作為成本。

投資物業

本集團於年結日重估其投資物業。重估之減值約港幣三千零八十萬元已直接在投資物業重估儲備扣除。本集團及本公司投資物業之變動詳情列於財政報告表附註第13項內。

DIRECTORS' REPORT (Continued)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company are set out in note 14 to the financial statements.

PROPERTIES HELD FOR INVESTMENT

Details of the properties of the Group held for investment at the year end are set out on pages 58 and 59.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 30th September, 2003, the five largest customers of the Group accounted for less than 30% of the Group's turnover. The five largest suppliers of the Group accounted for approximately 59% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 25%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Mr. Wong Bing Lai
Mr. Wong Tat Chang, Abraham
Mr. Wong Tat Kee, David
Mr. Wong Tat Sum, Samuel
Mdm. Lam Hsieh Li Chen, Linda *
Mdm. Chan Ho Lai Kuen *
Mr. Cheng Mo Chi, Moses *

** Independent non-executive directors*

In accordance with the Company's Articles of Association, Mr. Wong Bing Lai shall retire by rotation from the board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

The term of office for each non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

董事會報告書 (續)

物業、裝置及設備

本集團及本公司之物業、裝置及設備之變動詳情列於財政報告表附註第14項內。

投資物業

本集團於年結日之投資物業詳情列於第58頁及第59頁。

主要客戶及供應商

於截至二零零三年九月三十日止財政年度，本集團五大客戶合共佔本集團之營業額少於30%。本集團五大供應商則佔本集團全年之採購總額約59%，而其中最大供應商約佔採購額約25%。

本年度內董事、其聯繫人士或就本公司董事所知擁有本公司股本逾5%之股東概無擁有本集團任何五大供應商之權益。

董事

本年度及截至此報告書日止本公司之董事為：

黃炳禮先生
黃達濶先生
黃達琪先生
黃達琛先生
林謝麗瓊女士*
陳何麗娟女士*
鄭慕智先生*

** 獨立非執行董事*

根據本公司組織章程細則，黃炳禮先生將於即將召開之股東週年大會上依章輪流告退，惟願膺選連任。

每位非執行董事之任期為任職直至他／她根據本公司組織章程細則輪值告退止。

DIRECTORS' REPORT (Continued)

董事會報告書 (續)

DIRECTORS' INTERESTS IN SHARES

At 30th September, 2003, the interests of the directors and chief executives and their associates in the shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Interests in the Company

董事之股份權益

於二零零三年九月三十日，按證券及期貨條例第352條而設之登記名冊所記錄，或按上市公司董事進行證券交易之標準守則而向本公司及香港聯合交易所有限公司發出之通知，各董事及行政總裁及彼等聯繫人士擁有本公司及其聯營公司之股份權益如下：

(a) 於本公司之權益

Name of director 董事姓名	Number of ordinary shares 普通股數量				Total 總計	Percentage of the issued share capital of the Company 本公司已發行 股本之百分率
	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	Other interests 其他權益		
Wong Tat Chang, Abraham 黃達漳	450,800	—	—	56,806,234	57,257,034	52.0%
Wong Tat Kee, David 黃達琪	—	—	—	56,806,234	56,806,234	51.6%
Wong Tat Sum, Samuel 黃達琛	—	28,800	—	56,806,234	56,835,034	51.6%
Lam Hsieh Li Chen, Linda 林謝麗瓊	104,420	—	—	—	104,420	0.1%
Chan Ho Lai Kuen 陳何麗娟	2,416,128	—	—	—	2,416,128	2.2%

(b) Interests in Elephant Holdings Limited ("EHL"), a subsidiary of the Company

(b) 於本公司之附屬公司大象行有限公司(大象行)之權益

Name of director 董事姓名	Number of ordinary shares 普通股數量				Total 總計	Percentage of the issued share capital of EHL 大象行已發行 股本之百分率
	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	Other interests 其他權益		
Wong Tat Chang, Abraham 黃達漳	10	—	—	4,784	4,794	47.9%
Wong Tat Kee, David 黃達琪	—	—	—	4,784	4,784	47.8%
Wong Tat Sum, Samuel 黃達琛	—	—	—	4,784	4,784	47.8%

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS IN SHARES (Continued)

Note: Shares included in other interests are beneficially owned by discretionary trusts of which Messrs. Wong Tat Chang, Abraham, Wong Tat Kee, David and Wong Tat Sum, Samuel are beneficiaries and the number of shares in each of the above companies are duplicated for each of these three directors.

Save as disclosed above, at 30th September, 2003, none of the directors or chief executives, nor their associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

CONNECTED TRANSACTIONS

On 18th June, 2003, the Company entered into an agreement with a contractor, B.L. Wong & Co., Ltd., which is owned by Mr. Wong Bing Lai, Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David, Mr. Wong Tat Sum, Samuel and the spouse of Mr. Wong Bing Lai. Pursuant to the agreement, the contractor will replace the existing railings at the balconies of certain investment properties of the Company. The consideration payable by the Company to the contractor under the agreement was HK\$2,662,300, which was determined with reference to the prevailing market price as quoted from other independent third party contractors in the field.

The independent non-executive directors consider that the transaction has been entered into by the Company in the ordinary course of its business and the basis of the consideration is fair and reasonable, so far as the shareholders of the Company are concerned.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in the section headed "Connected Transactions" and note 33 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SERVICE AND MANAGEMENT CONTRACTS

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into during the year or subsisted at the end of the year.

董事會報告書 (續)

董事之股份權益 (續)

附註：其他權益內之股份為信託基金擁有，黃達濶、黃達琪及黃達琛諸位先生為該等信託基金之受益人，而上述每間公司股份數日均為該三位董事每位所重複之權益。

除以上所披露外，於二零零三年九月三十日，董事或行政總裁或彼等聯繫人士並無擁有本公司或其任何聯營公司之股份、相關股份及債權證之權益或淡倉。

關連交易

於二零零三年六月十八日，本公司與承建商，寶旺有限公司訂立協議。寶旺有限公司由黃炳禮先生、黃達濶先生、黃達琪先生、黃達琛先生及黃炳禮先生之配偶擁有。根據協議，承建商將為本公司之若干投資物業更換露台現有圍欄。按協議，本公司支付給承建商之代價為港幣2,662,300元，代價乃參考行業內其他獨立第三者承建公司所報之當時市場價格決定。

獨立非執行董事認為該項交易是本公司於日常業務中達成，及對本公司之股東而言，其代價之基準屬公平和合理。

董事之重大合約利益

除「關連交易」項目及於財政報告表附註第33項內所披露外，於年結日或年內之任何時間，本公司或其任何附屬公司並無簽訂致使本公司之董事直接或間接享有重大利益之重大合約。

服務及管理合約

於即將召開之股東週年大會上擬重選連任之董事並無與本公司或其任何附屬公司簽訂該僱任公司在不作出賠償(除法定賠償外)下而不可於一年內予以終止之服務合約。

於本年度內或年結日時，本公司或其任何附屬公司並無簽訂或存有涉及其本身全部或重大部分業務之管理及行政之重大合約。

DIRECTORS' REPORT (Continued)

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30th September, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance showed that, other than the interests disclosed above in respect of directors, the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Name	Number of ordinary shares in the Company	Percentage of the issued share capital of the Company
Madison Profits Limited	22,827,632 (Note)	20.7%

Note: These 22,827,632 shares were taken to be the corporate interests of Mdm. Kung, Nina pursuant to the Securities and Futures Ordinance.

Save as disclosed above, the Company had not been notified by any person, not being a director, of interests or short positions in the shares and underlying shares of the Company as required to be recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

RETIREMENT BENEFIT SCHEME

The Group operates the mandatory provident fund scheme ("MPF Scheme") for all qualifying employees in accordance with the Mandatory Provident Fund Schemes Ordinance (the "Ordinance"). The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

The Group's contributions to the MPF Scheme were calculated at 5% of the employee's monthly relevant income. Any contributions which exceed the contributions required under the Ordinance are paid to the MPF Scheme as voluntary contribution.

Contributions to the MPF Scheme for the year made by the Group amounted to HK\$658,000. At 30th September, 2003, no forfeited contribution was available to reduce the contributions payable in future years.

Save as aforementioned, no retirement benefits were paid or are payable by the Group in respect of the year.

董事會報告書 (續)

購買股份或債券之安排

本年度內本公司或其任何附屬公司並無參與任何安排，使本公司董事因取得本公司或任何其他公司之股份或債券而獲益。

主要股東

於二零零三年九月三十日，根據證券及期貨條例第三百三十六條之規定而保存之主要股東登記名冊所載，除以上所述之董事權益外，以下股東已通知本公司其於本公司已發行股本之有關權益：

公司名稱	本公司之普通股數量	本公司已發行股本百分率
Madison Profits Limited	22,827,632 (附註)	20.7%

附註：根據證券及期貨條例，該22,827,632股為龔如心女士之公司權益。

除以上所披露外，根據證券及期貨條例第三百三十六條規定須予記錄於登記名冊所載，本公司並無收到任何非董事之人士持有本公司股份及相關股份權益或淡倉之通知。

買入、出售或贖回股份

本年度內本公司或其任何附屬公司並無買入、出售或贖回本公司之股份。

退休金計劃

本集團為所有合資格之僱員根據強制性公積金計劃條例(「條例」)設立強制性公積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開，由信託人控制之基金管理。

本集團對強積金計劃之供款以僱員每月有關收入百分之五比率計算。任何供款超過條例所須之供款則以自願性供款存入強積金計劃。

於年內本集團向強積金計劃供款共約港幣658,000元。於二零零三年九月三十日，並無沒收之供款可作為扣減未來數年所應付之供款。

除前述者外，本集團概無於本年度支付或應付退休福利。

DIRECTORS' REPORT (Continued)

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30th September, 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting. There has been no change in auditors of the Company in any of the preceding three years.

On behalf of the Board
WONG BING LAI
Chairman

Hong Kong, 20th November, 2003

董事會報告書 (續)

公司管治

本公司於截至二零零三年九月三十日止年度全年均遵守載於香港聯合交易所有限公司證券上市規則附錄十四所載之最佳應用守則。

核數師

於將來臨之股東週年大會上，將會提出繼續委任德勤•關黃陳方會計師行為本公司核數師之決議案。本公司之核數師於過去三年並無變動。

承董事會命
主席
黃炳禮

香港，二零零三年十一月二十日