

Chairman's Business Review

I would report to shareholders that the Group's profit after taxation for the financial year ended 30 September 2003 amounted to HK\$25.8 million (2002: HK\$46.4 million). The Board of Directors recommend a final dividend of HK\$0.80 per share payable to the shareholders registered on 6 February 2004. In addition to the interim dividend of HK\$0.70 per share paid in July 2003, the total dividend for the year amounted to HK\$1.50 per share (2002: HK\$1.50 per share).

The Group's investment properties, Melbourne Plaza at 33 Queen's Road Central attained 73% occupancy while Kimley Commercial Building at 142-146 Queen's Road Central was 67% leased. The economy seems to have stabilised but an all-round recovery is yet to come. While rental has dropped slightly, steady occupancy rate has been secured through close liaison with tenants. The Group has always been prudent in investment strategies and has primarily relied on steady rental income. Even though the economy has not been revitalised, the Group could still derive stable earnings during the year.

The Group participates in a property development project in Foshan, China with Wing Shan Group. The project which includes two golf courses, covers a total site area of 30.5 million square feet. The Group's investment of HK\$29.7 million represents a 5% share in the project. Construction work for Phase I of the golf club has been completed. While the ancillary clubhouse, restaurants, swimming pool and other facilities are all open, the Club's operation has yet to improve. Property sales remained meagre due to ample supply of new residential units. Construction of properties has come to a halt until conditions become favourable.

The Group has always been cautious about new investment opportunities. Its emphasis on stable rental income as the main source of revenue has showed resilience in the prevailing weak economic environment. The investment properties in Central will continue to earn sturdy income for the Group. Without any debt or commitment, the Group will undoubtedly keep on bringing optimum return for all shareholders.

Taking this opportunity, I would like to thank my fellow directors and staff members for their loyal services and continuing efforts.

Dato' Dr. Cheng Yu Tung
Chairman

Hong Kong, 18 December 2003