

# CHAIRMAN'S STATEMENT

## RESULTS

I am pleased to report that the Group's audited consolidated profit for the year ended 31 March 2004, after providing for taxation, amounted to HK\$18,692,493. Earnings per share for the year was HK6.1 cents.

## DIVIDENDS

The Directors propose to declare a final dividend of HK1.8 cents (2003: HK1.6 cents) per share and a special dividend of HK1.2 cents (2003: Nil) per share, payable to shareholders whose names appear in the Register of Members of the Company on 13 August 2004. These dividends, together with the interim dividend of HK1.2 cents per share already paid in January 2004, will make a total distribution of HK4.2 cents (2003: HK2.8 cents) per share for the full year.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 6 August 2004 to Friday, 13 August 2004, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 5 August 2004. It is expected that the final dividend warrants and the special dividend warrants will be despatched to shareholders on or about 16 August 2004.

## BUSINESS REVIEW

### Hong Kong

The fourth quarter of 2003 marked the turn around in the economy of Hong Kong. Due to the recent influx of mainland tourists and the closer economic ties with mainland China, demand and rental rates for local retail and office spaces rebounded substantially since the latter part of last year. The Group's rental income also increased in the second half of the year. However the Group's rental income for the full year recorded a decrease due to the outbreak of SARS in the first half of the year.

The Group's gross rental income for the year was HK\$28.6 million. In addition, the Group's share of gross rental income from an associate was HK\$9.5 million. Therefore the total gross rental income attributable to the Group amounted to HK\$38.1 million, representing a decrease of 6.8% over that of the previous year. Nevertheless the Group's rental portfolio continued to achieve an average occupancy rate of over 96% during the year.

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The Group has reorganised its bond investment portfolio in view of market conditions during the year. The total amount of the bond investment portfolio was HK\$59.7 million and the market value increased HK\$1.9 million at the end of the year. The investments generated HK\$3.8 million interest income and HK\$1.6 million trading profit for the year.

## Overseas

The six residential units of Pointe Claire in Vancouver, Canada were fully leased during the year. The market value of these properties recorded a substantial increase at the end of the year due to the buoyant local property market and the appreciation of the Canadian currency.

## PROSPECTS

The mainland economy is showing signs of over-heating. The central government is trying various measures to manoeuvre the economy to a soft landing. The international oil price is in the high range recently. The U.S. economy is also turning strong. Interest rate is expected to trend upwards in the second half of the year. Although Hong Kong may feel the negative impact of the mainland macro-economic adjustment, it may also need to raise the interest rate later. These developments will pose a challenge to the recovery of the local economy.

In the local residential property market, trading may slow down after substantial increase in the volume of the transactions and their pricing recently. However buyer sentiment will continue. In the commercial property market, the rental value of retail shops especially in tourist areas will continue to strengthen amid the increasing number of mainland tourists visiting Hong Kong. The office market will also continue to benefit from the increasing demand of office space amid the gradual recovery of the local economy.

The Group's rental income is expected to increase upon the lease renewal of the properties next year. The Group is in a sound financial position with low gearing, and will continue to search for suitable investment opportunities in the property and securities markets.

Finally I would like to take this opportunity to express my gratitude to all the Directors and staff members of the Group for their valuable contribution and continued support throughout the year.

**Chan Hoi Sow**

*Chairman*

Hong Kong, 11 June 2004