

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to submit to the Shareholders the Annual Report of the Group for the year ended 31st March, 2004.

RESULTS

During the year, the Group's profits attributable to Shareholders was HK\$22,513,900 (2002/2003: HK\$12,526,211). Earnings per share was HK11.4 cents (2002/2003: HK6.3 cents). Turnover was HK\$207,702,804 (2002/2003: HK\$176,739,905).

During the year, the Group's profit before taxation was HK\$23,889,028 (2002/2003: HK\$12,972,846). Given below is an analysis of the profit from operations of the Group's principal activities:

	2004	2003
	HK\$	HK\$
Property investments and development	(3,689,920)	6,244,090
Manufacturing and trading of plastic packaging materials	16,471,883	19,518,744
Stock broking and finance	16,209,590	(5,117,991)
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Profit from operations	28,991,553	20,644,843
Finance costs	(4,309,259)	(6,099,123)
Share of loss of associates	(793,266)	(1,572,874)
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Profit before taxation	23,889,028	12,972,846
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DIVIDENDS

No interim dividend was paid during the year. The Directors have recommended the payment of a final dividend of HK5.0 cents per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting. The total dividend distribution for this year will be HK5.0 cents per share.

CHAIRMAN'S STATEMENT (Cont'd)

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

REVIEW OF OPERATIONS

Property investments and development

The Group's overall net rental income amounted to HK\$13.88 million, a decrease of 8.1% as compared with that of last year.

Hong Kong

(a) Dragon House, Tsimshatsui

This nine-storey commercial/residential building is located in the commercial and shopping centre of Tsimshatsui and its total gross floor area is approximately 2,800 square meters. The Group retained 8 units for self-use and all other units were for lease. Against the backdrop of an already weak economy, business activities were further frustrated by the outbreak of Severe Acute Respiratory Syndrome in the first half of the year. For this reason, the tenants demanded decrease of rent and the Group's rental income was therefore subjected to the pressure of downward adjustment. Consequently, the net rental income amounted to HK\$9.64 million, a decrease of 12.2% as compared with that of last year.

(b) Nan Sing Industrial Building, Kwai Chung

This ten-storey industrial building is located in Kwai Chung industrial area and its total gross floor area is approximately 11,000 square meters. During this year, this property was still wholly let to a third party for running godown business. The net rental income amounted to HK\$4.24 million, a slight increase of 2.7% as compared with that of last year.

(c) 24 Essex Road, Kowloon Tong

This two-storey building is located in Kowloon Tong and its total gross floor area is approximately 600 square meters. This property was still used for operating guesthouse business. During this year, this business recorded a turnover of HK2.19 million, a decrease of 21.8% from that of last year.

CHAIRMAN'S STATEMENT (Cont'd)

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Property investments and development (Cont'd)

Mainland China

- (a) Tower 1 Residential Building, Ming Yue Hua Yuan, Futian District, Shenzhen

During this year, the oversupply problem still persisted in the property market of Mainland China. At 31st March, 2004, the Group still held a number of units in Ming Yue Hua Yuan with a total gross floor area of 5,320 square meters.

- (b) Shopping mall and car parks in Ming Yue Hua Yuan, Futian District, Shenzhen

The Group, through an associated company, owns 20% interest in the shopping mall situated at the Ground floor of Ming Yue Hua Yuan with an area of over 2,000 square meters as well as 36 car parks in the basement thereof. The whole shopping mall were for lease. During this year, the associated company had taken legal action against a tenant to demand the repayment of outstanding rent and damages. The litigation is still in progress and it is expected that the final decision will be given by court within the next financial year.

- (c) Tianjian Yangguang Hua Yuan, Futian District, Shenzhen

The Group had entered into an agreement with our China partner in respect of the Tianjian Yangguang Hua Yuan project. During this year, the Group had received RMB12.86 million and it is expected to receive the remaining RMB7 million in the next financial year.

- (d) Huaxin Garden & Nan Sing Building in Zhangmutou, Dongguan

The Group had completed the construction of four blocks of two-storey factories with a total gross floor area of about 22,000 square meters on the land previously reserved for building Huaxin Garden. With regard to the land reserved for Dongguan Nan Sing Building, the Group had in fact completed a new plan and design for erecting a commercial building thereon. However, we discovered that the surrounding building had entered into the red line zone of Nan Sing Building during our land survey. As a result, we were forced to change our building plan and the relevant government authority had already approved for an extension of the date of completion to July, 2005.

CHAIRMAN'S STATEMENT (Cont'd)

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Property investments and development (Cont'd)

Philippines

The Group is still holding 49% equity interest in an associated company, Titan Dragon Properties Corporation. It holds a land of approximately 71,000 square meters in the residential area of Quezon City, Manila for developing residential properties. During this year, owing to the persistent declination of the local economy and property market, the associated company still deferred the development of this project.

Manufacturing and distribution of plastic packaging materials

During this year, this business recorded an operating profit before finance cost of HK\$16.47 million (2002/2003: HK\$19.52 million). Turnover amounted to HK\$167.35 million, an increase of 14.8% over that of last year.

During this year, the high oil price had pushed up the resin, fuel and transportation expenses and all these factors had led to the increase in production cost. Even so, our customers did not agree to make a full upward adjustment of the purchasing price of our finished products. For this reason, our net profit manifestly decreased in spite of slight improvement in the global economy. Coupled with the opening and commencement of production of our new factory in the second quarter of 2004, there necessitated additional facilities, recruitment of labours and provisions of training. All these factors accelerated the increase in operating cost and further weakened the results of this business.

Before the end of this year, the Group and a Japan partner had signed a joint venture agreement and companies had been formed to manufacture plastics bags in China and to distribute the finished products in Japan. It is expected that full-scale production can be commenced in the next financial year.

Stock broking

The market sentiments of Hong Kong stock market during this year were better than that of last year and it had been further animated by the new listings of several companies from the mainland during the period from late 2003 till the end of this financial year. The increase in individual travellers from the mainland had inspired various businesses such as retailing, finance, transportation, catering and tourism and the employment rates in these industries had therefore been uplifted. The low interest rate and the news regarding the inflow of social security fund from the mainland to Hong Kong added a further stimuli to the Hong Kong stock market. Brokerage income of HK\$22.48 million was recorded, representing an increase of 88.1% over that of the last year.

CHAIRMAN'S STATEMENT (Cont'd)

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

LIQUIDITY AND FINANCIAL RESOURCES

In this year, in keeping our principle of sound financial management, the Group still maintained a healthy balance between assets and liabilities. At the year end date, the Group's bank borrowings dropped from HK\$109.48 million of the last year to HK\$103.4 million of this year, in which the short term borrowings amounted to HK\$97.8 million and long term borrowings amounted to HK\$5.6 million. The Group's current year debt/equity ratio was 24.5% expressed as a percentage of the Group's total bank borrowings over the Shareholders' funds of HK\$422.65 million.

To minimize exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. The Group has no significant exposure to foreign exchange rate fluctuations.

CAPITAL STRUCTURE

As at 31st March, 2004, the Group's Shareholders' funds amounted to HK\$422.65 million (2002/2003: HK\$395.47 million). The Group's consolidated net assets per share as at the year end date was HK\$2.14. Details of the Group's capital structure are set out in consolidated statement of changes in equity on page 19.

PLEDGE OF ASSETS

Details of the Group's pledge of assets are set out in note 34 to the financial statements on page 54.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities are set out in note 35 to the financial statements on page 55.

EMPLOYEES

The Group had 1,058 employees as at 31st March, 2004. Employees were remunerated according to nature of the job and market trend.

RETIREMENT SCHEME

The Group had joined a Mandatory Provident Fund Scheme to conform to the requirements as stipulated in the Mandatory Provident Schemes Ordinance. Details of the scheme are set out in note 31 to the financial statements on page 53.

CHAIRMAN'S STATEMENT (Cont'd)

OUTLOOK

Hong Kong is uniquely positioned to benefit from China's robust economic growth, fuelled by accelerated market liberalization and economic reform. A series of Central Government-supported policies have assisted in revitalizing the economy of Hong Kong. Such combination of factors has caused the abatement of local deflation and the breaking of the upward trend of the unemployment rate. This provides a sound platform for the continued recovery of Hong Kong's economy.

Owing to the substantial increase of individual travellers from the mainland, we look to the hotel business with optimism. The Group, therefore, plans to redevelop Dragon House in Tsimshatsui into a hotel. However, the shops at the ground floor will be reserved and will continuously be let out to maintain a stable rental income for the Group.

In view of the abolition of minimum brokerage commissions, stockbroking business must more than ever be mindful of and strive for optimal operational efficiency. In order to effectively compete in the new landscape, we shall use our best endeavour to improve our service so as to maintain the existing clients and attract new clients.

The upward trend of the oil price seems to be continuous so that the resin price will be persistently maintained at a high level and the fuel and transportation expenses cannot be reduced shortly. Furthermore, the unreliable supply of electricity in the mainland has led to the increase of waste products and the anti-dumping tax policy in United States has further attacked the industry. We hope that the production capacity will be increased after the commencement of production in our new factory. We will try our best to broaden our market, smoothen the production flow, raise the product quality with an aim to improve the operating efficiency and the overall results of this business.

APPRECIATION

Finally, I sincerely thank the Board and all staff for their diligence and dedication in the past year.

Chua Nai Tuen

Chairman

Hong Kong, 16th July, 2004