

## **CHAIRMAN'S STATEMENT**

The profit attributable to shareholders for the six months ended 30th June, 2004 was HK\$17.3 million, representing an advance of 92.2% compared with HK\$9.0 million in the same period a year earlier. Earnings per share was 3.88 Hong Kong cents. The Directors of the Board has resolved to declare an interim dividend of HK10 cents per share (2003: HK1.5 cent per share) to shareholders whose registered at the close of business on 7th October, 2004. The share registers will be closed from 4th October, 2004 to 7th October, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company share register, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 30th September, 2004.

## **BUSINESS REVIEW**

With help of rise in metal prices and improvement of economic environment, our trading turnover reported a strong growth of 62.9% for the first half year of 2004 to HK\$860.5 million over the same period last year. Although we have adversely affected from slow demand after the Chinese government imposed measures to tighten credits extending to borrowers as well as power shortage across China in the second quarter, operating profits performed satisfactory rising from HK\$16.9 million for the first six months of 2003 to HK\$24.1 million for the first six months of 2004.

Properties investment segment contributed HK\$4.2 million to the operating profit during the period under review when compared with HK\$3.9 million in the same period last year. Office demand in Hong Kong improved slightly in the beginning of the year due to improvement of overall business environment. Vacancy rate of Shanghai office portfolio remained low at the end of the period as reported only about 5% available spaces for leasing. Rental growth in Shanghai residential portfolio stayed flat among abundant supply available in the market.

Securities portfolio was underperformed during the period under review. In the midst of highly volatile investment market, we recorded a net unrealized loss of HK\$3.1 million at the period end but dividend and interest income generated from the portfolio recorded HK\$2.5 million during the period.

## **AUDIT COMMITTEE**

The Group's audit committee has met twice to date in this year to review audit findings, accounting principles and practices adopted by the Group, and to discuss internal and external risk control areas before submitting the management and financial reports to the Board of Directors for approval. The external auditors together with the Group's finance director and two senior management personnel have attended all meetings.

To take this opportunity, on behalf of the Board, I would like to express our Group's sincere appreciation and thanks to two resigned independent non-executive directors, Mr. Ng Hon Ying and Mr. Leung Ding Bong, Ronald, who both have contributed much efforts and services to the Group. I also welcome two new appointed independent non-executive directors, Mr. Lai Chung Wing, Robert and Mr. Chan Wing Lee, to join our Group and believe their experience and expertise will help the Group in the future development. Both new appointed independent non-executive directors have been appointed and become members of the Group's Audit Committee.

## **PROSPECTS**

Following the robust demand since the end of 2003, industrial demand showed a slowdown trend in the second quarter. Although the economic growth and market demand is still filled with uncertainties, there is a progressively sign of picking-up demand in the second half year. Anticipated volatile raw material prices but persistent global imbalance situation in supply and demand for most industrial metals and chemicals, we will take efforts in controlling Group's inventory level and purchasing strategies. Shanghai properties are still enjoying stable rental demand growth mainly coming from multinational companies and small-to-medium sized local companies. In the coming months or even year, it is expected that global financial markets will continue to experience immense volatility as uncertainties of global economic outlook and the threat of terror remain. We will keep our focus in managing all risks in dealing with such uncertainties and find opportunities within this challenging environment.

## **Leung Shu Wing**

*Chairman*

Hong Kong, 15th September, 2004