

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

The consolidated net profit of the Group after taxation and minority interests for the year ended 30th September, 2004 was HK\$23.3 million as compared with the net profit of HK\$10.3 million for the previous year. The last year's net profit has been adjusted for deferred taxation of HK\$1.7 million. The increase in profit was mainly attributable to the profit generated on the sale of an investment property and the substantial decrease in finance cost, after making provisions for losses totaling HK\$7.56 million attributable to the Group's share in the two development projects in Zhong Shan City, China, and in Lagoon City, Ontario, Canada, respectively.

DIVIDEND

The Board has recommended the payment of a final dividend of 8 cents per share to shareholders whose names appear on the Register of Members of the Company on 31st December, 2004. This together with the interim dividend of 2 cents per share paid on 28th July, 2004, will give a total dividend of 10 cents per share for the whole year. Upon approval at the Annual General Meeting, the proposed final dividend of 8 cents per share will be paid on 3rd January, 2005.

BUSINESS REVIEW

A. Hong Kong

The major portion of the Group's profit for the financial year under review was derived from the rental income of the Group's investment properties in Hong Kong. The Hong Kong property prices had generally risen since the beginning of year 2004, with the largest gain recorded in the high-end residential sector. However, there had been a decrease in rental rate of the Group's properties up to the middle of 2004, especially in the office sector. This was due to the abundance of new supplies of rental properties in Hong Kong and the decreased rental rate was a reflection of the very competitive situation. As a result, the overall rental income of the Group for the year under review was slightly less than that of last year.

Elephant Holdings Limited, a subsidiary of the Group, which specializes in audio/video engineering, high-end audio and cinema system, recorded an increase in sales revenue and continued to contribute profit to the Group for the year under review.

Wah Ming Hong Holdings Limited, in which the Group has a minority interest, enjoyed a growth in business and profit. The company owns and markets the Swiss brand 'ENICAR' watch.

主席報告書

全年溢利

本集團截至二零零四年九月三十日止年度除稅及少數股東權益後之綜合溢利為港幣二千三百三十萬元，比較上年度同期溢利為港幣一千零三十萬元。因計算遞延稅項港幣一百七十萬元，上年度溢利已作調整。上述業績已包括本集團分別為中國中山市及加拿大安大略省 Lagoon City 之兩個發展項目本集團所佔權益作出相應虧損準備港幣七百五十六萬元。溢利增加主要因為出售一間投資物業所產生之溢利及財務費用大幅減少。

股息

董事會現建議派發末期股息每股八仙予二零零四年十二月三十一日登記於本公司股東名冊內之股東。上述建議之股息連同於二零零四年七月二十八日派發之中期股息每股二仙，全年之股息為每股十仙。建議之末期股息每股八仙，如在股東週年大會上通過，將於二零零五年一月三日派發。

業務回顧

A. 香港

回顧本財政年度，溢利主要部份來自本集團在香港之投資物業租金收入。從二零零四年初開始，香港物業價格已普遍上升，而升幅最高為豪華住宅物業。但直至二零零四年中，本集團之物業租值下降，特別是寫字樓之物業。因香港新增之出租物業供應充裕，而租值下降正反映租務市場競爭激烈之情況，導致本集團全年整體租金收入比上年度輕微減少。

本集團附屬公司大象行有限公司，專注於視聽工程、高級音響及電影院工程。本年度其銷售收入有所增長，並繼續對本集團提供溢利。

本集團持有少數權益之 Wah Ming Hong Holdings Limited，業務及溢利增加。該公司擁有及銷售瑞士「英納格」牌子手錶。

CHAIRMAN'S STATEMENT (Continued)

B. Projects in the Mainland and Overseas

Silver Gain Plaza in Guangzhou (in which the Group has one-third interest) – With the improvement of the local economy, there has been an increase in demand for residential properties in Guangzhou. In order to meet the market requirement, the originally planned office tower in Phase II of this project is to be re-designed into a residential tower. The re-design work for the tower in Phase II together with the design and planning for Phase III had already started. Approval of the re-designed plan by relevant Government authorities is required before construction work can commence.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing – The occupancy rate of the properties in this project had improved over that of the previous year. However, the rental rate continued to be adversely affected by the on-and off-construction in the adjacent sites and the abundance in new supply of residential properties in Beijing.

Development Project in Zhong Shan City, Guangdong – The development of this project had been suspended due to unforeseeable market condition. Recently, the local government authority had offered to buy back the property. In view of the severe over-supply of all sorts of properties and lack of demand in that area, the Group and the partners of this project are now in negotiation to sell the project back to the local authority. However, due to the low offered price, a further provision for loss of HK\$7.9 million had been made by the project company of which 30% is attributable to the Group.

Lagoon City, Ontario, Canada – During the year, the Group's land in Canada which was held for future development jointly with a local developer, was sold by the mortgagee to recover the amount owed to them by the local developer. The land was originally paid for in 1993 subject to a charge against which an indemnity was given in favour of the Group by the local developer which was also the vendor. The matter has been referred to the Group's lawyers in Canada. Nevertheless, the Directors consider it prudent to make full provision against the cost of the land. Accordingly, an additional provision for loss of HK\$5.2 million has been made in the current year's financial statements.

主席報告書 (續)

B. 國內及海外項目

本集團持有三分一權益位於廣州之東銀廣場 – 由於當地之經濟改善，位於廣州之住宅物業需求增加，為配合市場需要，此項目第二期原來計劃之寫字樓大廈要改為住宅大廈。第二期大廈之重新設計工程連同第三期之設計及策劃已經開始。重新設計之圖則需要獲得有關政府部門之批准，建築工程才可動工。

北京朝陽區京達花園威爾第閣之住宅單位 – 此項目之物業出租率已經比上年度改善。但因鄰近地盤斷續之建築工程及於北京之新住宅物業供應充裕，租值仍然受負面影響。

於廣東中山市之發展項目 – 此項目之物業發展因不可預知之市場環境而暫停。最近當地之政府部門提出購回物業。由於該地區各類物業有嚴重供過於求之情況，本集團及此項目之合夥人現正與當地政府有關部門商議回售事宜。因建議之收購價格低，此項目公司已為項目增加虧損準備港幣七百九十萬元，而本集團應佔該準備百分之三十。

加拿大安大略省Lagoon City – 於本年度期間，本集團於加拿大之土地（該土地與一當地發展商共同持有作將來發展用途），因當地發展商未能償還其貸款人之款項，已被貸款人出售。該土地原本於一九九三年購入，經已抵押，而該發展商亦是賣方，並為該抵押給予本集團保證賠償書。本集團已委託加拿大律師處理此事。董事局持慎重態度，已為土地之成本值作出全部之撥備。因此，於本年度之財政報告表內已作出增加虧損準備港幣五百二十萬元。

CHAIRMAN'S STATEMENT (Continued)

PROSPECTS

Hong Kong's economy has improved during the second half of the financial year under review. In the two months preceding the date of this report, there has been improvement in the occupancy of the Group's Hong Kong properties, but with only a slight increase in rental rate for the new leases. This moderate improvement against a background of substantial increase in overall property sale price since the beginning of 2004 is a reflection of the abundance in supply of rental properties in Hong Kong.

In view of the above, the Group's rental income is expected to have a moderate increase in the coming financial year, barring any increase in interest rate or any unforeseen adverse factor.

The Group will continue to upgrade its property holdings to enhance their competitiveness in the rental market. In view of the fact that property prices in Hong Kong had risen to a very high level, the Group would take a cautious attitude when looking for investment opportunities.

I take this opportunity to thank my colleagues on the Board and our staff members for their loyal services and contributions.

Wong Bing Lai
Chairman

Hong Kong, 24th November, 2004

主席報告書 (續)

業務發展

於本會計年度下半年期間，香港之經濟已經改善。於此報告日期前兩個月，本集團之香港物業出租情況亦有所改善，但新租賃之租值只有輕微增加。此溫和改善情況，相對於自二零零四年始整體物業銷售價格大幅攀升之背景，正反映香港出租物業之供應充裕。

按上述之情況，除利率增加或任何不可預知之負面因素外，預料本集團下年度之租金收入將溫和增加。

本集團將繼續提升所持物業之質素以增加其在物業市場之競爭力。由於香港物業之價格已升至很高之水平，本集團將繼續以謹慎態度尋求投資機會。

本人謹在此向董事會同寅及本集團各同事之忠誠服務及貢獻敬表謝忱。

主席
黃炳禮

香港，二零零四年十一月二十四日