

CHAIRMAN'S STATEMENT

PROFIT FOR THE YEAR

I am pleased to report that the Group has achieved a profit increase of about 24% for the year ended 31st December 2004. Profit attributable to shareholders was HK\$52.8 million as compared to HK\$42.5 million for 2003. Earnings per share was HK18.4 cents (2003: HK14.8 cents).

DIVIDEND

Your directors have resolved to recommend a final dividend of HK 6 cents (2003: HK 5 cents) per ordinary share.

BUSINESS REVIEW

The principal activities of the Group remain to be property investment.

In Hong Kong, the gross income maintained at about HK\$149 million similar to last year despite the loss of rent from Tai Sang Container and Godown Centre, during the balcony incident period in summer of 2004 as reported at the time. The matter was resolved and remedial works were made and further additional improvement would be carried out in 2005. The impact of this rental loss was alleviated by the general rental strengthening of the residential and retail sector. This improvement trend of rental income will continue into 2005.

The Town Planning Board ("TPB") has approved the use of 43 Heung Yip Road be changed to hotel. New application has been made to the TPB to increase the intensity of development. In Tso Wo Hang, Sai Kung, the final phase of Floral Villas will be carried out once approval is obtained from the District Lands Office. It is expected to be completed in 2006. No. 1 Barker Road will be completed in 2005 and pre-completion leasing promotion campaign is being carried out. Feasibility studies are carried out to change the use of certain properties of the Group.

In the USA, the occupancy of Montgomery Plaza has improved to about 91% but the average rental rate has declined slightly resulting in a rental income decrease of about 3% to HK\$ 49.2 million. I expect the market will stabilise in 2005.

The sports equipment and software business in the USA has been discontinued in light of the continuous unsatisfactory result in the past years.

The Group will continue its proportion of investments in venture capital fund which has shown satisfactory results.

CASH FLOW

The Group generated cash inflow of approximately HK\$34.0 million from operating activities after the service of interest of HK\$15.1 million and profits tax of HK\$6.8 million. The Group received dividends of HK\$21.2 million and a proceed of HK\$12.8 million from disposal of investment property. The Group applied the fund for addition of fixed assets of HK\$9 million and made further investment in investment securities of HK\$2.8 million and loan to an unlisted investment of HK\$6 million during the year. After repayment of loans amounting HK\$25.7 million and dividends of HK\$31.9 million, the balance of cash and cash equivalents decreased by HK\$8.5 million to HK\$15.7 million. The cash flows were also funded by long term and short term borrowings.

LOAN FINANCING

The bank loan of US\$18.3 million of a subsidiary company in the USA was rearranged during the year and the interest rate was changed to a floating rate. The construction loan for the development of No. 1 Barker Road was extended to HK\$100 million during the year and will be due for repayment upon completion of the project and re-financing of the same will then be sought.

PROSPECTS

As envisaged in last year's review, the economy of Hong Kong has rebounded resultant from CEPA, Individual Visit Scheme and the devaluation of the US Dollar. Upon opening of the Disneyland, tourism and in turn, the economy of Hong Kong shall be further benefited.

Although interest rate is expected to rise in 2005, the effect to the Group will not be significant as finance arrangement has been made to minimise its effect.

With expected steady growth of both the economy of Hong Kong as well as China, I am optimistic over our future and the Group shall maintain steady growth in 2005.

Barring any unforeseen circumstances, the Group will continue to pursue its prudent policy and maintain stable earnings for the coming year.

In closing, I wish to thank my fellow directors for their valuable guidance and to all staff members for their dedication and hard work.

William Ma Ching Wai
Chairman

Hong Kong, 4th April 2005