



CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the Annual Report of the Group for the year ended 31st January, 2003.

In respect of the results of the Group for the year ended 31st January, 2003, the Group's audited loss attributable to the shareholders is HK\$4,550,204 (2002: HK\$7,977,255). Loss per share for the year is HK5.3 cents (2002: HK9.6 cents).

The major financial resources of the Group are derived from the sale and renting of properties. All these activities are based in Hong Kong and Macau.

The outcome of the civil litigation between Ka Fai Land Investment Company Limited ("Ka Fai"), a 81.65% owned subsidiary of the Group, and its joint venture partner, Lune Kin Investment and Development Company Limited ("Lune Kin"), was delivered in March 2001 by the Court of First Instance of Macau. The injunction order which refrained Ka Fai from the disposing of and the development of Phases II to V of its Lisboa Garden Project had been put aside. However, as Lune Kin had filed an appeal to the Court of Second Instance of Macau, the said injunction order was sustained, subject to the decision from the Court of Second Instance of Macau. Nevertheless, the appeal of Lune Kin has not yet been finalized by the Court of Second Instance of Macau. The lawyer of Ka Fai is following the case closely. The Group is of the opinion that the outcome will be favorable to Ka Fai.

As mentioned in the Company's interim report for the six months ended 31st July, 2002, application had been made to the authorities concerned for the checking and renovation of the composite building of Hudong Building in Fuzhou, the People's Republic of China ("PRC"), which is developed by Staten (Fujian) Real Estate Co., Ltd. ("Staten"), a 45% owned associate of the Group. Certain renovation works as required by the checking authorities have been completed. 綜合驗收合格證 is expected to be stamped recently by all authorities concerned. Due to the weak property market in Fuzhou, Staten is still negotiating with some potential purchasers, which intend to buy the whole building or several storeys of the building.

The investment properties of the Company with a book value of HK\$6,550,000 (2002: HK\$7,980,000) were pledged to secure banking facilities to the Group. In addition, the Group had obtained bank overdrafts of HK\$1,800,000.



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As at 31st January, 2003, the Group had an utilizable fund in cash of HK\$2,465,834 (2002: HK\$4,119,804). The Group trusts that the sale of the Hudong Building can provide the Group with financial resources.

The gearing ratio of the Group is 0.191 (2002: 0.174).

As at 31st January, 2003, the Group's liquid assets amounted to HK\$2,465,834 (2002: HK\$4,119,804) representing a liquidity ratio of 0.195 (2002: 0.331). The Group is in a liquid position to meet the repayment of bank loan and the loan repayment schedule.

The Group is not subject to fluctuations in exchange rates as its investment portfolio is based in Hong Kong, Macau and PRC only.

For the year ended 31st January, 2003, the total emoluments paid to an independent non-executive director amount to HK\$120,000 (2002: HK\$138,333).

The emoluments of the only one employee of the Group, other than the director's fees paid to an independent non-executive director, during the year ended 31st January, 2003 were HK\$90,900 (2002: HK\$72,840).

Save as disclosed above, there has been no material change to the information disclosed in the Company's annual report for the year ended 31st January, 2002.

JONG KONG KI

Chairman

Hong Kong, 23rd May, 2003