

# Chairman's Statement

## Profit for the Year

The Group's audited consolidated net profit after taxation for the year ended 31 March 2003 amounted to HK\$44,749,000 which represents a slight reduction of 1.08% against the amount of HK\$45,239,000 for the previous year.

## Dividends

The Directors recommend the payment of a final dividend of 5 cents per share for the year 2003. Together with the interim dividend of 4 cents per share already paid, the total distribution for the year ended 31 March 2003 will be 9 cents per share. Total distribution for the previous year was 11 cents per share.

## Business Review

Despite the compounded impact of the global economic recession, the Middle-East turbulence, the aftermaths of the 11 September attack and the recent ordeal of SARS, together with the persistent deflation and high unemployment level in Hong Kong, the Group's godown and property rental businesses have, fortunately, remained steady. This is attributable to our strategies of securing a more stable income by reducing the amount of godown areas and leasing part of them in the form of long-term rental income. The reasonable rental policy and high quality of management of the Lu Plaza have also played an important part, winning the support of tenants and managing to maintain an occupancy level of about 90%. On the other hand, the Group also lowered its operation costs by simplifying manpower and strictly controlling unnecessary expenditure. Moreover, the low interest rate and lack of new investment projects due to the uncertain investment environment also reduced the outgoings on interest. All of the above factors have accounted for the more stable business performance of the Group over the past year.

## Outlook

The impact of the Iraqi war and SARS have not yet completely emerged at this moment. As a result, there are still hard times ahead for the godown and property rental businesses and the operational pressure on the Group is yet to be relieved. Nevertheless, the godown business has suffered less compared with other business. As SARS has been brought under control, business activities and consumption have returned to normal, movements in inventory will gradually become active. The Group believes that by further lowering operation costs and tightening daily operation expenses, the overall business can remain relatively stable. The Group will adhere to its practical approach in business management and work hard to strive for a reasonable return under this harsh business environment.

**Lu Sin**  
*Chairman*

Hong Kong, 4 July 2003