

## CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the Annual Report of the Group for the year ended 31st January, 2004.

In respect of the results of the Group for the year ended 31st January, 2004, the Group's audited profit attributable to shareholders is HK\$14,538,519 (2003: loss of HK\$4,550,204). Earnings per share for the year is HK\$0.17 (2003: loss per share of HK\$0.05).

The financial resources of the Group are derived from the disposal and renting of properties in Macau and Hong Kong.

Further to the major and connected transaction approved at the Extraordinary General Meeting of the Company held on 9th January, 2004, the Group had reorganized its investment portfolio. The Company had reduced its shareholding in Ka Fai Land Investment Company Limited ("Ka Fai") to 30% and Ka Fai is now a subsidiary of the Company's associated company, Gladiolus Trading Limited. At the same time, the Company added to the Group high potentiality property at the People's Republic of China ("PRC") owned by Keen Luck (China) Limited ("Keen Luck"), a wholly owned subsidiary of the Company. Further details concerning the said transaction are set out in this Annual Report. This new property, which is known as "GENTLEFOLK", is situated at No. 53 Wenquan Park Road, Gulou District, Fuzhou, Fujian Province, the PRC, and is consisting of 51 residential units and 15 car parking spaces. The property will be completed by the end of May 2004. Keen Luck is now negotiating with some potential purchasers. If possible, Keen Luck hopes to sell all the residential units and car parking spaces at a fair and reasonable price before the issuance of the Property Right Certificates so as to save the relevant expenses.

As mentioned in the Company's interim report for the period ended 31st July, 2003, the Company and Victorfield Limited have agreed with a purchaser in principle, subject to a formal contract being signed and certain terms and conditions, to sell the entire issued share capital of their jointly owned associated company, Property Developments Limited ("PDL"), to an independent third party. PDL, through its wholly owned subsidiary, Staten (Fujian) Real Estate Co., Ltd. ("Staten"), holds the composite building of Hudong Building in Fuzhou, the PRC. Development work for the composite building has already been completed by Staten. The purchaser has agreed in principle to undertake any further rebuilding, renovation and decoration works of the composite building that may be needed and make application for the 綜合驗收合格証 after completion of the sale.

The civil litigation between Ka Fai and its joint venture partner to develop Phase II to V of Lisboa Gardens, Lune Kin Investment and Development Company Limited, is now in the course at the Court of Final Appeal of Macau SAR. The legal advisor of Ka Fai in Macau is following up the matters concerning the appeal and the Board hopes that a favorable decision can be obtained shortly.

## CHAIRMAN'S STATEMENT

The investment properties of the Company with a book value of HK\$8,500,000 (2003: HK\$6,550,000) were pledged to secure banking facilities to the Group. In addition, the Group had obtained a bank term loan.

As at 31st January, 2004, the Group had an utilizable fund in cash of HK\$1,191 (2003: HK\$2,465,834) representing a liquidity ratio of 0.00024 (2003: 0.195). The Group trusts that the sale of Hudong Building and the property at Gentlefolk can provide the Group with further financial resources. So, the Group is in a liquid position to meet its loan repayment schedule.

The gearing ratio of the Group is 0.196 (2003: 0.236). This gearing ratio is calculated by dividing total external borrowings over shareholders' equity.

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, 2004, the total emoluments paid to an independent non-executive director amounted to HK\$120,000 (2003: HK\$120,000).

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, 2004 were HK\$58,210 (2003: HK\$90,900).

Save as disclosed above, there has been no material change to information disclosed in the Company's annual report for the year ended 31st January, 2003.

**JONG KONG KI**

*CHAIRMAN*

Hong Kong, 20th May, 2004