Wong Yuet Leung, Frankie
Chief Executive Officer

With investments now directed to activities promising clear growth prospects, the Group is confident of achieving sustainable profit growth in the medium term.

BUSINESS REVIEW
PROPERTY DEVELOPMENT INTERESTS ON THE CHINESE MAINLAND – SHUI ON LAND ("SOL")

Our property operations on the Chinese Mainland made good progress during the year. In June 2004, we injected Rui Hong Xin Cheng (Rainbow City) into SOL - with SOL being formally incorporated at the same time. The Group took a US$130 million equity interest - equivalent to a holding of 30.2% in SOL - and agreed to subscribe for US$50 million preference shares. Further subscription of shares by shareholders is expected to bring SOCAM's shareholding in SOL to around 20% in early 2006. The injection of Rainbow City generated a gain on disposal of HK$345.7 million and a reserve of HK$231.1 million.

SOL is the flagship property company of the Shui On Group (SOCAM's privately held parent company), with consolidated interests as developer, owner and operator in premier real estate on the Chinese Mainland. SOCAM now owns a substantial holding in SOL, which is expected to provide impressive development profits and a steady rental income stream going forward.

SOL focuses on two key business segments. The first is City Core Development Projects, which are large-scale, mixed-use redevelopments consisting of office, residential, retail, entertainment, cultural and recreational facilities. The second segment is Integrated Residential Development Projects, which are master-planned high quality residential developments offering full amenities.

SOL's portfolio currently comprises six key developments, three of which are in Shanghai (Rui Hong Xin Cheng, Taipingqiao Project and Chuangzhi Tiandi) with Xihu Tiandi in Hangzhou, Chongqing Tiandi in Chongqing, and the latest project in Wuhan. Their combined gross floor area is approximately 8 million square metres.

RUI HONG XIN CHENG (RAINBOW CITY), SHANGHAI

This Integrated Residential Development is targeting the young, professional and upwardly mobile segment of the Shanghai market. Located on a 40-hectare site in Shanghai's Hongkou district, just 10 minutes by car from the Bund, Rainbow City will comprise approximately 70 blocks of high-rise, residential buildings with more than 10,000 quality residential units as well as office, retail and community facilities.

The sale of a batch of 270 residential units (blocks 10 and 11) from Phase 2 in October 2004 met with an overwhelming market response of more than 8,500 prospective buyers. All units were sold by ballot within

Rui Hong Xin Cheng Phase 2: the sale of a batch of 270 residential units in October 2004 met with an overwhelming market response days at an average price of about RMB11,500 per square metre. Construction is continuing on schedule for the balance of the units at Phase 2, which comprises 13 residential blocks, a commercial centre, a club house and underground car parking. The completion certificate on blocks 9, 10, 11 and 12 was received in April 2005. Sales of 382 units in blocks 9 and 12 commenced in June 2005 and initial market response was good. Leasing of the commercial centre has also gone well, with contracts for over 99% of the rental space signed by March 2005.

The conceptual design for Lot 4 of Phase 3 with a total gross floor area of approximately 80,000 square metres received planning approval during the year.

TAIPINGQIAO PROJECT, SHANGHAI

This City Core Development Project encompasses 1.29 million square metres of commercial and residential developments in the heart of Shanghai. It includes the internationally acclaimed Shanghai Xintiandi entertainment area with restored historic houses that SOL is holding for long-term investment. Corporate Avenue is a multi-phase development of Grade A office buildings with Phase 1, comprising Towers I and II, already completed. The Lakeville luxury residential development is being built in several phases, the first of which was completed in 2003 with all units sold.

During the year, SOL made satisfactory progress with the Shanghai Xintiandi entertainment area finishing the year with a 98% occupancy rate for the North Block and 92% for the South Block. Approximately 94% of the office space in Phase 1 of Corporate Avenue was let to corporate tenants by the end of March 2005. Initial planning for Phase 2 of Corporate Avenue is underway. At Lakeville, Phase 2 comprising eight towers with a total of 645 units is expected to be completed in the first half of 2006.

CHUANGZHI TIANDI, SHANGHAI

Adjacent to numerous major universities and colleges in the Yangpu district of Shanghai, Chuangzhi Tiandi is intended to provide capabilities similar to those found in Silicon Valley in the United States. A Hub Area will feature office buildings, educational facilities and retail amenities, while a Live/Work area will combine offices, residential units and retail facilities. There will also be an area devoted to R&D. With a site area of approximately 84 hectares, this project is being positioned as a knowledge community via the promotion of technology, research, business incubation, learning and culture.

Construction of Phase 1 of the Hub (with a total constructed area of about 77,000 square metres) commenced in April 2004 and is on schedule for completion by December 2005. Construction of Phase 1 of the Live/Work component (with total leaseable and saleable gross floor area of approximately 86,000 square metres) commenced in April 2004 and is expected to be completed by September 2005.

XIHU TIANDI, HANGZHOU

Xihu Tiandi, a leisure and lifestyle development that preserves Hangzhou's rich natural and historical legacy, will have a total gross floor area of 58,000 square metres when fully completed. The first phase consists of ten buildings with a gross floor area of 5,300 metres in a 30,000-square-metre park and was launched in 2003.

Chuangzhi Tiandi is intended to provide capabilities similar to those found in Silicon Valley in the United States

In March 2005, the US Green Building Council recognised Xihu Tiandi Phase 2 as LEED™-CS pre-certified at Platinum level. LEED™-CS stands for Leadership in Energy and Environmental Design Rating System for Core and Shell and Xihu Tiandi Phase 2 is the first project on the Chinese Mainland to achieve the highest level of performance in LEED™-CS green building rating.

CHONGQING TIANDI

Located in the Yuzhong District in Chongqing, this project has a riverfront spanning two kilometres. With an area of 125 hectares, it is the largest site available for master-planned development in the urban area and has a prospective gross floor area of about 2.6 million square metres. The project will be positioned as Chongqing's future "manufacturing service and support centre". On completion, it will include exhibition centres, merchandise marts, luxury hotels, intelligent office buildings as well as residential clusters and dining, shopping and entertainment facilities.

During the year, detailed designs progressed well and construction of the first stage of phase one, a predominantly residential development with a gross floor area of 107,000 square metres, is expected to commence in the third quarter of 2005.

NEW PROJECT, WUHAN

SOL acquired approximately 50 hectares of land in Wuhan in April 2005 after conducting thorough research in this major city in Central China for more than two years. Located in the riverfront area in the city core, it is a redevelopment project of mixed commercial and residential uses in the heart of the city. Similar to SOL's Taipingqiao development in Shanghai, the project will include an entertainment area like Shanghai Xintiandi with restored local traditional architecture, as well as residential, office, hotel and retail facilities. With a total gross floor area of approximately 1.5 million square metres, the project is scheduled for completion in phases within a period of ten years.

CEMENT OPERATIONS ON THE CHINESE MAINLAND

We have established a strong market presence in Chongqing and Guizhou, where we are the largest high-grade cement producer. Following the completion of our acquisition of several key cement plants in Yunnan later this year, we will be the leading cement producer in the linked markets of the Chongqing municipality and the provinces of Sichuan, Guizhou and Yunnan, constituting a valuable business triangle in southwest China.

Despite these advantages, our operations had a difficult year in the face of the austerity measures imposed by the Central Government in the second quarter of 2004. Investments in the cement industry were subjected to tight control, and major infrastructure works and investments in property projects were postponed or significantly curtailed. Sluggish demand meant that it was not possible to pass rising coal, electricity and transportation costs on to customers. Production and

Rui Hong Xin Cheng will comprise approximately 70 blocks of high-rise, residential buildings with more than 10,000 quality flats as well as retail and community facilities

sales were adversely affected, leading to poor results in Chongqing.

There are indications that China's Go West policy is protecting interior provinces from the full effects of the Central Government's austerity measures. In particular, the region is likely to enjoy further development of hydroelectric and coal power, especially in Chongqing and Guizhou - two key areas for the Group's cement operations - in the face of China's coal and electricity shortages. Development of coal reserves in Guizhou will in turn stimulate the build-up of transport infrastructure in the province. These developments will strengthen demand for high-grade cement and the Group remains committed to expanding its investment in this sector.

The Group is also expecting more limited competition in the medium term once the Central Government implements its intended restrictions on inefficient and outmoded cement plants, which cause severe environmental pollution and significant energy wastage. This situation, when it occurs, will provide ample opportunities for well-established enterprises such as SOCAM.

CHONGQING OPERATIONS

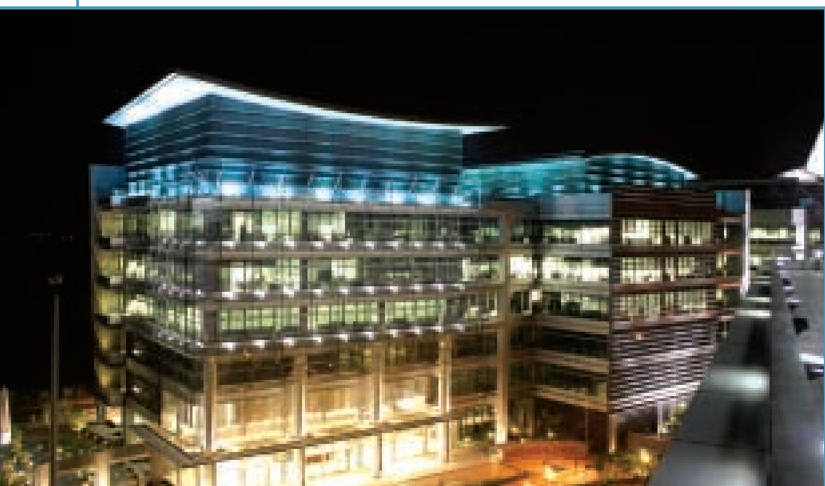
The TH Cement Group has some 70% of the high-grade cement market in Chongqing. Cement production remained at satisfactory levels, despite the proliferation of smaller players operating wet and vertical kilns and the dampening effect of the austerity drive on infrastructure projects.

Our Diwei plant remains the dominant facility in central Chongqing and recent significant infrastructure investment will ensure improved performance. During the year, the Group completed construction of a new dry kiln in Diwei with a capacity of 1 million tonnes per annum ("tpa"). The plant was commissioned in November 2004 giving Diwei a total capacity of 3.5 million tpa. Transportation costs have fallen following the completion of a bridge linking the Diwei factory to the limestone quarry on the opposite shore of the Yangtze River.

The Group is constructing a plant for processing 800,000 tonnes of steel slag supplied by Chongqing Steel Factory to be used as a blending material. Completion of this facility will significantly enhance the competitiveness of the Diwei plant.

There was significant competition from smaller plants throughout the year at Hechuan, Guangan and Fuling. Construction of a larger dry kiln of 1.2 million tpa in Hechuan slowed pending the recovery of the market in northern and central Sichuan. In particular, the Qujiang plant outside Chongqing recorded substantial losses with insufficient volumes accompanied by low cement prices in the face of rising coal, electricity and transport costs.

Meanwhile, the investments in Diwei and Hechuan, when completed, will consolidate the TH Cement Group's market leadership in Chongqing with a total capacity of around 8 million tpa. Looking ahead, the Group believes its operations in Chongqing will benefit from its location within the designated economic hub of southwest China



The Construction Division completed Buildings 7 and 8 at the Hong Kong Science Park during the year under the Go West policy. Chongqing is set to become a major industrial, commercial and financial centre and the Group is well positioned to benefit.

GUIZHOU OPERATIONS

Our overall strategy in Guizhou is to become a significant player in major markets. As is the case in Chongqing, the rising costs of coal, electricity and transport are major issues for our operations. However, we secured an improved supply of coal during the year and demand rose sufficiently to allow us to pass on some costs to customers. The Group had a satisfactory year overall with an enhanced market position set to improve future profitability. The austerity measures had only a moderate impact on our operations as infrastructure operations in this market are benefiting from the Go West policy.

In December 2004, the Group signed an agreement to acquire at preferential terms a cement factory at Shuicheng, one of the largest plants of its kind in Guizhou and with a new 700,000 tpa dry kiln and 700,000 tpa wet kilns. This move completed our strategy of creating a network of cement suppliers operating in a cohesive territory surrounding the provincial capital Guiyang. Our market coverage now comprises four plants in Zunyi in the north, Bijie and Changda in the northwest, Dingxiao in the southwest, Kaili in the southeast, and Shuicheng in the west.

Our four plants in Zunyi, Guizhou's second largest city, faced severe competition from numerous small cement plants, with conditions made more difficult due to the delay of some major infrastructure projects following the austerity measures and the heavy rainy season. Increasing energy and transportation costs further affected profit margins, which were significantly below expectations.

Performance at the plant in Bijie improved during the year while the plant in Changda operated profitably.

Operations in Qianxinan and Qiandongnan were satisfactory. At the date of this report, demand outstripped supply.

YUNNAN ACQUISITIONS

In June 2004, a framework agreement was signed with the Yunnan government to acquire 80% of a number of cement companies in Kunming, the provincial capital, and Kaiyuan. The two main cement companies concerned have an existing production capacity of 2.2 million tpa. A new 1.5 million tpa dry kiln in Kunming (completed in June 2005), together with a newly completed 800,000 tpa dry kiln in Kaiyuan will boost Yunnan's capacity to 4.5 million tpa. We require Central Government approval, which has been applied for and is being considered carefully as the resulting holding vehicle is a very unusual one on the Mainland.

The Dingxiao plant in Qianxinan, Guizhou performed satisfactorily during the year, with demand outstripping supply

The acquisitions in Yunnan will significantly extend the Group's cement investment portfolio in a region of China poised for dramatic growth. Yunnan is a fast-growing province that is sustaining high prices for cement. Its economic importance is also set to grow rapidly in the face of closer links between China and ASEAN countries. Cooperation with oil-rich ASEAN countries such as Vietnam will be a particular catalyst and there are already plans to develop Yunnan as a centre for oil-related projects. New infrastructure, such as the 1,500-km highway currently under construction that will connect Kunming with Bangkok, and the pan-Asian railway linking a number of major Asian countries, underlines the future importance of Kunming and indicates good long-term prospects for cement demand within a growing construction sector.

We have granted an option to Lafarge, a world leader in building materials, until 31 December, 2005 to acquire 50% of SOCAM's share in this Yunnan deal. It is the intention of the Group to explore wider cooperation with Lafarge on the Chinese Mainland, and discussions have been held to that end.

Following the acquisitions in Yunnan, SOCAM together with its joint venture partners is expected to have a total gross production capacity in excess of 15 million tpa of high grade cement in southwest China.

NANJING OPERATION

The cement market declined drastically due to the Central Government's austerity measures. At the beginning of 2005, it was decided to convert the Nanjing plant into a grinding mill and to reduce the size of the workforce by about 40%. This will ensure the long-term viability of our joint venture in this market once the austerity measures ease.

VENTURE CAPITAL

The Group has a portfolio of investments within the two Yangtze Ventures Funds (YVF), in which it is a 65.5% and 75.4% shareholder respectively, and On Capital China Tech Fund, in which it is a 92.8% shareholder. While On Capital is newly established, YVF made a positive contribution to results with a net gain of HK$221.4 million during the year. An outline of the principal investments made by these funds is as follows:

YANGTZE VENTURE FUNDS

Solomon Systech

This highly successful company is engaged in semiconductor and high voltage integrated circuit development. A sale of approximately two-thirds of the shareholding and the revaluation of the remaining stake in this company delivered an attributable profit of HK$195.5 million to the Group for the year. YVF continues to hold 73 million shares at a market value that is currently performing well above its IPO price. The Board of YVF intends to dispose of the remaining shares when market conditions are favourable.

China Infrastructure Group (CIG)

CIG invests in the development and management of port projects along the Yangtze River on the Chinese Mainland. Successful negotiation with the Mainland joint venture partner of the Zhapu port project resulted in an agreement to liquidate YVF's investment, generating a profit of HK$7.0 million to the Group.

The plants in Zunyi, Guizhou's second largest city, faced severe competition from numerous small cement plants during the year

CIG also holds 85% of a port in Wuhan and still intends to list this investment on Hong Kong's GEM Board at an appropriate time.

Other Investments

YVF also has holdings in: Walcom Group, a specialist in manufacturing animal feedstuff; Apexone Microelectronics, a manufacturer of integrated circuits; Advantek Biologics, a company engaged in the R&D, commercialisation and manufacture of biopharmaceutical products; Wuhan Huali Environment Protection Technology, a firm specialising in the R&D and production of environmentally friendly products, including products made of Plastarch Material (a new material developed and patented by the company); Beijing Hisunsray Information Technology, which develops and operates an exclusive Interactive Voice Response (IVR) platform for China Mobile; and Rongxing Industrial Development Co. Ltd, which is engaged in radio monitoring, measuring and testing, network planning and design, and system integration in China.

ON CAPITAL CHINA TECH FUND

Established in July 2004, this fund invests in China's TMT sector and will focus on consumer electronics, wireless technology, computer security, software and telecom infrastructure technologies. We are building synergy between this fund and SOL's Chuangzhi Tiandi development in Shanghai, with On Capital investing in technology businesses that would also be prospective tenants for Chuangzhi Tiandi.

Hisunsray

The fund made its inaugural investment in Beijing Hisunsray Information Technology in September 2004 and holds a 12% stake. Hisunsray develops and operates an exclusive Interactive Voice Response (IVR) platform for China Mobile. YVF also holds an interest in this company.

Union Genesis

On Capital holds 45% in this IC design specialist catering to the Digital TV, High Definition TV and Set Top Box market. Union Genesis is capitalising on China's move towards full digitalisation, and aims to supply decoder chips to a market where there are 320 million analog TV sets in use that are currently unable to decode digitally compressed TV signals.

CONSTRUCTION IN HONG KONG

Government spending on building works declined during the year from HK$16 billion in 2003/04 to HK$13.7 billion in 2004/05 despite the emergence of the overall economy from a prolonged downturn. The number of public housing and other public sector works put out for tender was small and the scope of each project also shrank. Against a background of fierce competition in Hong Kong, the typical value of bids was also lower although there was satisfactory demand for public housing maintenance works. In Macau, by contrast, there were significant opportunities for major Hong Kong-based contractors, technical staff and skilled workers in the face of the territory's growing gaming industry which is stimulating the economy as a whole.

The Group's cement production capacity in Guizhou exceeds 4 million tonnes per annum

As leading construction companies in Hong Kong, Shui On Building Contractors and Shui On Construction continued to win numerous safety and environmental management awards during the year. Most recently, the Group received two Safety Performance Awards, the Safety Management System Silver Award and Safety Promotion Silver Award at the Hong Kong Occupational Safety & Health Award programme in June 2005. Please also see our report on the Group's commitment to safety and environmental management on pages 24-27.

The division's total turnover was HK$1,855 million while contracts totalling HK$2.1 billion were won during the year.

As of 31 March, 2005, the gross and outstanding value of contracts on hand were approximately HK$4.3 billion and HK$2.5 billion respectively (31 March, 2004: HK$4.4 billion and HK$2.3 billion).

PUBLIC HOUSING – SHUI ON BUILDING CONTRACTORS (SOBC)

While the Hong Kong Housing Authority continues to maintain an annual production target of 20,000 units, it awarded just five contracts involving 9,145 flats during the year and SOBC was unfortunately not successful in any of these. SOBC completed residential projects at Lam Tin Estate phase 6 (720 flats) and Pak Tin Estate phases 3 & 6 (1,826 flats).

Maintenance works continue to be a brighter spot within the market, with reasonable contract prices and profit despite a highly competitive market. During the year, SOBC won four contracts worth HK$287 million. These comprised a Building Maintenance Term Contract for the KCRC's Transport Division, the District Term Contract for Tuen Mun East, the District Term Contract for Hong Kong West, and a Major Maintenance Works package at Tak Tin Estate. An additional nine minor contracts secured were worth HK$11 million.

OTHER GOVERNMENT AND INSTITUTIONAL BUILDINGS – SHUI ON CONSTRUCTION (SOC)

SOC was awarded four new contracts for works under the Architectural Services Department. On Hong Kong Island, SOC won a design and construction project for the headquarters of the Independent Commission Against Corruption in North Point at HK$685 million, along with a construction contract at Hon Wah School in Siu Sai Wan at HK$117 million. In Kowloon and the New Territories, we were awarded a beautification scheme on the Tsim Sha Tsui Promenade at HK$110 million as well as works for a rehabilitation block at Tuen Mun Hospital at HK$671 million.

SOC completed phase 2 (stage 2) of Castle Peak Hospital, while SOJV (a joint venture of SOC and SOBC) completed Buildings 7 and 8 at the Hong Kong Science Park during the year.

Profitability of our construction activities remained satisfactory despite shrinking turnover

RENOVATION AND FITTING-OUT – PAT DAVIE

Pat Davie was profitable during the year on the back of an improved economic climate that resulted in increased activity in the fitting-out market. Completion of major projects including Union Bank of Switzerland at the International Finance Centre, the Hong Kong Housing Society's Serenity Place and projects for Disneyland resulted in a substantial increase in turnover and profit from the previous year. With new projects in the pipeline, Pat Davie is confident it can continue this upward trend. Works valued at HK$230 million were secured during the year.

Macau's rapidly expanding tourism and gaming industry is bringing valuable business opportunities in fitting-out for hotels and casinos. Pat Davie (Macau) Ltd won major works for the Wynn Resort Project during the year and is currently in discussions with other major casino operators for future projects. Growth in Macau is set to provide a substantial contribution going forward.

Fitting-out operations in Shanghai were closed down due to the prevalence of low margins in a very competitive market.

CONSTRUCTION MATERIALS AND MATERIALS TRADING IN HONG KONG AND THE PEARL RIVER DELTA

READY-MIXED CONCRETE AND QUARRYING

With the continuing decline of concrete prices in Hong Kong, continued over-capacity of suppliers of ready-mixed concrete, and the likelihood of further deterioration in the future, the Group decided that the construction materials business in Hong Kong was no longer a core business. The Board therefore agreed to exit this business and sold its ready mixed concrete, mortar and cement trading operations in Hong Kong to Maxking Investments. The two concrete batching plants near Guangzhou were also disposed of in October 2004.

The Group also substantially reduced the scale of its quarrying operations, subcontracting its rights for the site formation contract at Guishan in Zhuhai to Maxking Investments and closing the quarry at Xinhui. The Chik Wan quarry in Zhuhai continues to operate.

The sale of the Group's construction materials business in Hong Kong and the Pearl River Delta generated a net gain of HK$25.9 million and was completed in March 2005.

ASIA MATERIALS

While the materials trading arm successfully completed procurement work for the Venetian Group's hotel/casino project in Macau, it was unable to secure further substantial contracts for the coming year. The Group concluded that operations were no longer viable and closed this business during the year.

PROSPECTS

With the significant investment in SOL and the further expansion of our cement investments - covering Chongqing, Sichuan, Guizhou and Yunnan in southwest China - SOCAM has strengthened its profile as a predominantly Mainland-oriented group.

Phase 1 of Xihu Tiandi in Hangzhou

SOL is building up a substantial land bank on the Chinese Mainland, with development rights for approximately 8 million square metres of gross floor area in major cities. The world-renowned Xintiandi in Shanghai has proven to be extremely popular. SOL also has a track record of success in residential sales at Rainbow City and Lakeville as well as corporate leasing to multinational groups at Corporate Avenue. These successes, supported by intended new developments in Shanghai and other key cities, will ensure a strong income stream for the Group going forward.

With strong sustained economic growth in China, the Mainland property market offers tremendous opportunities. SOL will continue to focus on large-scale premier urban redevelopment projects in key cities, while SOCAM will capitalise on its track record in mass-market housing and construction management by seeking appropriate opportunities in this field.

The growth of our cement business in southwest China will bring benefits in terms of increasing economies of scale and profitability in the medium term. Our acquisition of several key cement plants in Yunnan is a clear indication of the Group's determination to expand its cement interests over the long-term despite the short-term impact of the austerity measures. In pursuing expansion of its cement business, the Group is constantly reviewing the options available, which include the possibility of entering into some form of cooperation with other major cement producers. Given the current highly fragmented state of China's cement industry, with only some 30% of output being produced by the dry kiln method and the proliferation of small and inefficient plants, the Group sees the potential for long-term growth with steady earnings as China's cement industry modernises and restructures.

Our venture capital interests also reflect our strong strategic focus on the Chinese Mainland, with investments targeting a variety of high-growth sectors which the Group believes will bring attractive returns for shareholders. While a management company makes day-to-day decisions on the venture funds, the Group plays an active part in managing the portfolio and making investment decisions.

We do not foresee any significant recovery in the construction market in Hong Kong in the near future. However, having significantly trimmed the overhead of the construction division, the Group is well positioned to weather the current difficult market and has the ability to expand again once market conditions permit.

The Group has succeeded in reducing demands on its resources through termination of its loss-making construction materials business in Hong Kong and the Pearl River Delta as well as the materials trading operations. With investments now directed to activities promising clear growth prospects, the Group is confident of achieving sustainable profit growth in the medium term.

The growth of the Group's cement business in southwest China will bring benefits in terms of increasing economy of scale and profitability in the medium term

FINANCIAL REVIEW

LIQUIDITY AND FINANCING

As at 31 March, 2005, your Group's bank borrowings, net of bank balances, deposits and cash, amounted to HK$1,195.4 million (31 March, 2004: HK$779.7 million).

The Group's gearing ratio, calculated on the basis of net bank borrowings (i.e. total bank borrowings less bank balances, deposits and cash) over shareholders' equity, increased from 56% as at 31 March, 2004 to 61% as at 31 March, 2005.

TREASURY POLICIES

Bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating rate basis. Investments on the Chinese Mainland are partly financed by borrowings in Hong Kong dollars. Given that income from operations on the Chinese Mainland is denominated in Renminbi, the Group expects that fluctuation in the Renminbi exchange rate will have very little negative effect on the business performance and the financial status of the Group. Therefore no hedging against Renminbi exchange risk has been made.

EMPLOYEES

At 31 March, 2005, the number of employees of the Group was approximately 900 (1,290 as at 31 March, 2004) in Hong Kong and 11,340 (12,250 as at 31 March, 2004) in subsidiaries and jointly controlled entities on the Chinese Mainland. As the Group recognises human resources to be one of the major driving forces of profitability and business growth, employees' remuneration packages are maintained at competitive levels. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems. Other staff benefits include provident fund schemes, medical insurance, in-house training and subsidies for job related seminars, and programmes organised by professional bodies and educational institutes. Share options are granted annually by the Board of Directors to senior management staff members as appropriate. Likewise on the Chinese Mainland, staff benefits are commensurate with market levels, with an emphasis on provision of training and development programmes and resources.

Wong Yuet Leung, Frankie
CHIEF EXECUTIVE OFFICER
Hong Kong, July 2005

Phase 1 of Lakeville luxury residential development