

Chairman's Statement



"The Group's two major businesses in the property and hotel sectors have both recorded exciting results."

I am delighted to report that the Group's two major businesses in the property and hotel sectors have both recorded exciting results.

Asia Standard has recorded a profit of HK\$202 million. In the coming year Asia Standard intends to sell two residential projects. One is situated at water front facing tourist destination Lei Yue Mun in Kowloon urban area while the other is next to west rail station at Ping Shan in New Territories. When completely sold, these will bring over HK\$1.1 billion proceeds to Asia Standard.

Hotel business was equally exciting and registered HK\$85 million profit for the year. We are confident of an even better result for the coming year as Disney Theme Park opens, CEPA phase I & II, gaming industries ever

expanding in nearby Macau are all but marking Hong Kong unique as business and leisure, shopping, family holidays destination for Mainland and Asia.

During the year, we have dropped our shareholdings in Asia Standard from 52.8% to 40.5% mainly as a result of dilution from a placement exercise by Asia Standard and a 2.8% shareholdings sold in the open market. The dilution and sale have recorded an accounting loss of HK\$150 million, and has transformed Asia Standard into an associated company from a subsidiary company.

Also, the debts of Asia Standard were no longer consolidated following its change from a subsidiary to an associated company. The Group is in a net cash position at financial year end.

All the convertible notes were fully converted in the year. The Company raised HK\$84 million capital through a share placement.

The Group has ventured into technology investments over the years, which results have not entirely been satisfactory. Accordingly, we have written off goodwills from these investments completely.

Potential for residential development in second tier urban cities in Mainland is currently under appraisal.

By Order of the Board
Fung Siu To, Clement
Chairman

19 July 2005