

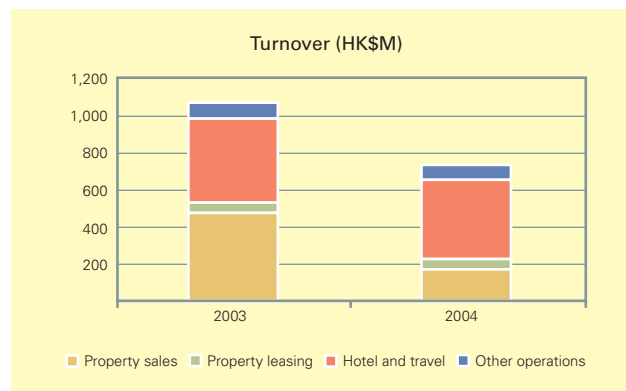
Operational and Financial Review

Results

Turnover for the year amounted to HK\$726 million compared to HK\$1,057 million last year. The loss attributable to shareholders for the year decreased to HK\$142 million from HK\$277 million last year.

Business review

Hong Kong experienced one of its most difficult periods in this financial year. Following several years of economic downturn, the outbreak of SARS caused a slump in almost all business activities in the first quarter of the year. The hospitality industry bore the heaviest blow. Property transactions and prices hit historical low levels. Then business gradually recovered as the SARS scare abated and various economic stimulation measures took hold. Towards the end of 2003, the property market started to recover with a very strong run in the 1st quarter of 2004. It was at the backdrop of these dramatic changes that the Group's results are presented.

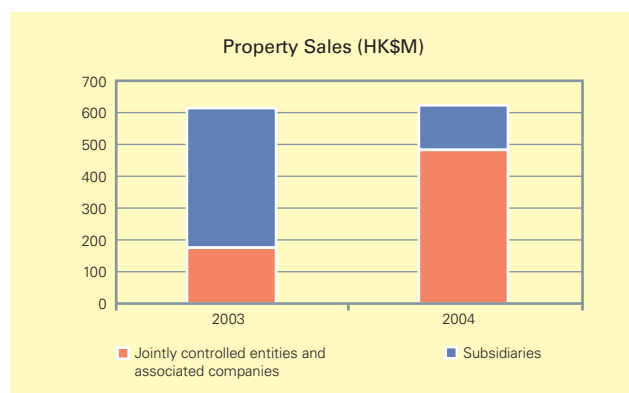


No.8 Shiu Fai Terrace

Operational and Financial Review

Properties sales and developments

During the year, the Group completed the sales of 178,000 sq.ft. of properties against last year's 150,200 sq.ft.. Sales proceeds attributable to the Group amounted to HK\$627 million (2003: HK\$618 million), out of which HK\$486 million or 78% came from joint venture projects (2003: HK\$177 million or 29%). By accounting convention, the proceeds from these joint venture projects were not included in the Group's turnover. As a result, the Group reported a lower turnover on property sales.



The major sales activities this year were from two 50% owned residential developments: No. 8 Shiu Fai Terrace in the Mid-Levels and the Bijou Apartments in Mongkok. No. 8 Shiu Fai Terrace was launched for sales in November 2003 and all units were sold within two months. The total revenue for the project was HK\$700 million.

The sales for Bijou Apartments during the year was HK\$212 million. Apart from these two projects, the Group has also disposed of a number of inventory properties, in particular, all the remaining residential units of Oakridge at Shaukeiwan and Royalton II at Pokfulam.



Bijou Apartments, Mongkok

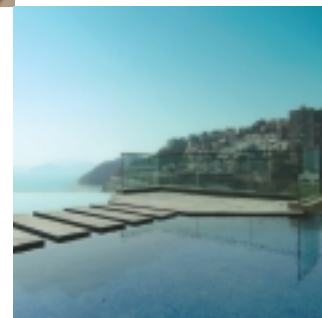
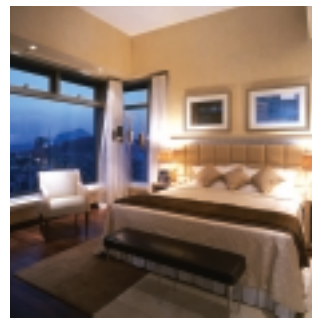
The luxury residential development of Grosvenor Place at No.117 Repulse Bay Road was completed in September 2003. We are very pleased to report that Grosvenor Place has won the MIPIM award, the first Asian residential development to receive this honour. MIPIM in Cannes, France is the most important international property fair and MIPIM award is a very prestigious distinction in the property world. The whole building was sold in April 2004 with a total consideration of HK\$940 million. Results from this project with a profit contribution of about HK\$170 million will be recorded in the coming financial year.

During the year, the Group has completed the developments of three buildings with a total attributable gross floor area of 135,000 sq.ft. They were the Bijou Apartments, No.8 Shiu Fai Terrace and Grosvenor Place. Currently, the Group has about a million sq.ft. of properties under development.

Foundation work has been completed for the two developments at Aberdeen and Yau Tong. In the last three months, the Group had accepted land premiums for Ping Shan and Yau Tong developments totalling HK\$218 million. These two developments have a total gross floor area of 233,000 sq.ft.. Yau Tong residential development will provide 210 units with full seaviews facing Lei Yue Mun harbour. Ping Shan project is a low-rise residential development next to the Ping Shan light rail station. Both developments are expected to be completed in early 2006.



Grosvenor Place,
117 Repulse Bay Road



Operational and Financial Review

In the PRC, sale of the residential units for Oriental Garden at Shenzhen were basically completed. The building has got different awards on sales and design. Renovation of the shopping arcade is currently being carried out, with leasing commencing shortly.

Leasing

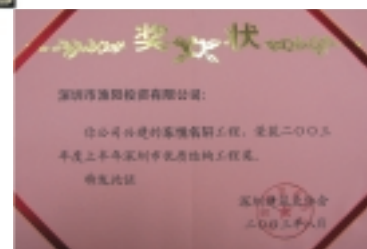
Rental income attributable to the Group has dropped by 10% to HK\$65 million. This is mainly due to lower rental rates on new tenancies amidst the decline in rental market during the year. Occupancies remain high at an average of 86%.

Hotel

The hotel and travel business was badly affected by SARS in the first half of the financial year. After the SARS event and following the introduction of individual traveller policy by China, visitors to Hong Kong has surged tremendously. As a result, there was a strong recovery in the second half of the year. Occupancies of the two hotels in Hong Kong climbed from 41% and 51% in the first half of the financial year to 84% and 88% in the second half. The Vancouver hotel business also declined slightly from the previous year, but the effect is mitigated by the strengthening of Canadian dollar. Overall, the hotel subsidiary group reported a full year loss attributable to shareholders of HK\$12 million, down from the interim result of HK\$19 million.

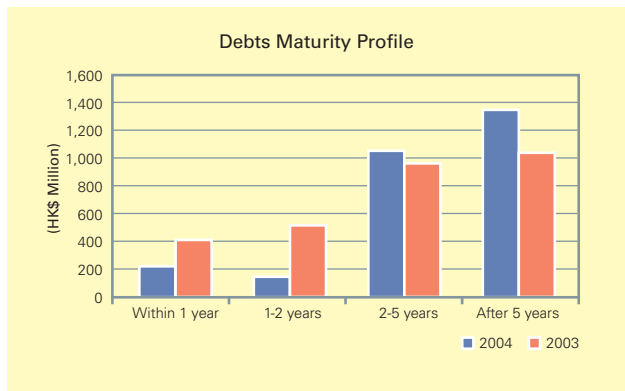


Oriental Garden, Shenzhen



Financial review

As at 31st March 2004, the Group's total assets stood at HK\$7.3 billion (2003: HK\$7.3 billion), and the net assets amounted to HK\$3.5 billion (2003: HK\$3.4 billion). The net borrowing was HK\$2.6 billion (2003: HK\$2.8 billion) of which HK\$1.3 billion (2003: HK\$1.3 billion) belonged to the separately listed hotel group. Net debt to equity ratio (including minority interests) was 62% (2003: 66%). All our Group's borrowings are in Hong Kong dollars except the Vancouver Landmark Hotel which is denominated in Canadian dollars. Of the total borrowings, 8% were repayable within one year and repayment of the remaining portion is spread over ten years. Except for the HK\$290 million convertible bonds, all the debts were at floating rates. The declining interest rates environment, coupled with the lower borrowing level has led to a 17% reduction in the finance costs over the prior year.



As at 31st March 2004, assets with an aggregated net book value of HK\$6,103 million (2003: HK\$5,948 million) were pledged to secure banking facilities of the Group. The guarantees provided to financial institutions for jointly controlled entities, associated companies and third parties were HK\$246 million (2003: HK\$482 million).

Employees and remuneration policies

As at 31st March 2004, the Group employed 405 employees and over 85% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, retirement and other benefit are commensurate with their job nature and experience level. There were no share options granted during the year.