

# CHAIRMAN'S STATEMENT

## RESULTS

I am pleased to report that the Group's audited consolidated profit for the year ended 31 March 2005, after providing for taxation, amounted to HK\$424,162,265. Earnings per share for the year was HK\$1.38.

## DIVIDENDS

The Board recommends the payment of a final dividend of HK2.0 cents (2004: HK1.8 cents) per share but does not recommend the payment of any special dividend (2004: HK1.2 cents per share). This dividend, together with the interim dividend of HK1.2 cents per share already paid in January 2005, will make a total distribution of HK3.2 cents (2004: HK4.2 cents) per share for the full year.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 26 August 2005 to Friday, 2 September 2005, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 25 August 2005. It is expected that the final dividend warrants will be despatched to shareholders on or about 7 September 2005.

## BUSINESS REVIEW

### Hong Kong

The economy of Hong Kong has been recovering strongly since the last quarter of 2003. The increasing number of tourists from the mainland has been boosting retail sales especially in the tourist areas such as Tsimshatsui. Therefore the rental value and capital value of retail shops have been increasing substantially throughout the year.

The Group's gross rental income for the year was HK\$30.6 million. In addition, the Group's share of gross rental income from an associate was HK\$9.4 million. Therefore the total gross rental income attributable to the Group amounted to HK\$40.0 million, representing an increase of 5.1% over that of the previous year.

In November 2004, the Group purchased Duplex Shop F on the Ground Floor and the First Floor at Burlington House, 90-94 Nathan Road, Tsimshatsui for a cash consideration of HK\$65 million. The transaction was completed in January 2005. A lease of the shop has been signed with a new tenant in May 2005. The new rental recorded a substantial increase over the previous lease due to the excellent location of the shop.

Due to the excellent quality of the Group's investment properties and the strengthening economy, the Group recorded a revaluation surplus of HK\$403.7 million for the year based on professional valuation. The revaluation surplus included HK\$90.3 million attributable from an associated company of the Group. The rental portfolio also achieved a high average occupancy rate of 98% during the year.

The Group continued to hold offshore debt securities for investment during the year. The investments generated a total of HK\$4.2 million interest income for the year. The investment portfolio amounted to HK\$65.4 million at 31 March 2005.

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## Overseas

The six residential property units of Pointe Claire situated in the City of Vancouver, Canada remained fully leased during the year. The market value of these properties continued to increase during the year due to the buoyant property market and the appreciation of the Canadian currency.

## PROSPECTS

The mainland economy is still expanding at a rapid pace despite various measures imposed by the central government to cool it down. The international oil price is consolidating recently after breaking record high levels, and the U.S. economy begins to show signs of weakening after successive increase in the interest rate. In Hong Kong, the excessive liquidity is dwindling down and interest rate has resumed rising recently. Therefore the local economy may face some uncertain factors later.

In the local residential property market, trading activities weaken and need a breather. In the commercial property market, both the capital and rental values of shops in prime locations will remain at a high level after recent substantial increase due to the continuing increase in retail sales. The market for office properties will continue to benefit due to the strengthening economy.

The Group's rental income will increase substantially next year due to the purchase of the shop in Burlington House in Tsimshatsui. Rent increase is also expected upon renewal of the current leases. The Group is in excellent financial conditions with the substantial appreciation in the capital value of the Group's properties, and will continue to search for suitable investment opportunities in future.

Finally I would like to take this opportunity to express my gratitude to all the Directors and staff members of the Group for their valuable contribution and continued support throughout the year.

**Chan Hoi Sow**

*Chairman*

Hong Kong, 17 June 2005