

CONSOLIDATED RESULTS

The Group's profit attributable to shareholders for the year ended 31st March, 2005 amounted to HK\$230 million, as compared with HK\$134 million last year. The increase in profit was mainly attributable to the capital gain on disposal of a subsidiary in September 2004. Earnings per share were 57 cents (2004: 43 cents).

DIVIDEND

The Directors recommend the payment of a final dividend of 8 cents per share for the year ended 31st March, 2005 (2004: 6 cents) to shareholders whose names appear on the Company's register of members on 22nd September, 2005. It is expected that the dividend cheques will be despatched to shareholders on or before 29th September, 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 16th September, 2005 to 22nd September, 2005 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the final dividend, all transfers accompanied by relevant share certificates must be lodged with Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by not later than 4:30 p.m. on 15th September, 2005.

CORPORATE EVENT

As announced on 14th September, 2004, the Group entered into an agreement to dispose the entire issued share capital of Global Success Holdings Inc. ("Global Success" and together with its subsidiary, the "Global Success Group") and assign related shareholder's loans to an independent third party for a cash consideration of HK\$566 million. The sole asset held by the Global Success Group was a piece of vacant land situated at 97 Po Kong Village Road, Diamond Hill, Kowloon (formerly the Heung To Middle School). The transaction fell beyond the ordinary course of business of the Group and thus constituted a very substantial disposal of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Full details of the transaction are set out in the circular to the shareholders dated 30th September, 2004.

The transaction met the approval of the shareholders of the Company and Chinney Investments, Limited ("Chinney Investments") on 1st November, 2004 and was completed on 15th November, 2004. The disposal produced net cash proceeds of HK\$400 million to the Group after discharge of all liabilities of the Global Success Group and the capital gain so recorded in the accounts for the year ended 31st March, 2005 was HK\$234 million.

REVIEW OF OPERATIONS

Property Development

Hong Kong

The Group has no property development projects in Hong Kong, following the disposal of the Heung To Middle School project in September 2004. Sales of unsold units from projects completed in the past amounted to HK\$89 million in the year (2004: HK\$231 million).

Mainland China

Construction work for **City Square** (城市天地廣場), a development comprising six towers of 2,262 units erected on an 8-storey commercial podium in the Luo Hu District of Shenzhen, was completed with the occupation permit issued in June 2005. The Group has launched four residential towers for pre-sale since June 2004, of



City Square at Jia Bin Lu, Luo Hu District, Shenzhen, Guangdong Province, PRC

which about 55% has been sold for aggregate sales proceeds of approximately RMB470 million.

Earlier in the year, the Group adopted the new accounting interpretation for the recognition of revenue from pre-sale of properties. Revenue from pre-sales will be recognised in the year when the project has been completed and the relevant occupation permit has been issued. As a result, turnover and profit arising from pre-sale of **City Square** (城市天地廣場) have been excluded from the accounts for the year ended 31st March, 2005.

The Group took active steps to develop its landbank in Guangzhou. The major acquisitions during the year were:

| Location | Usage | Gross floor area (square feet) |
|---|-------------|-----------------------------------|
| Dongguanzhuan Dongguanzhuan Road Tianhe District | Residential | 2,990,000 |
| Lon Don Cian Guangshan Road Western Tianhe District | Residential | 2,449,000 |
| | | 5,439,000 |



A perspective view (above) as well as the construction site (right) of **One City Hall** at South-West Corner of Bay Street and Dundas Street West, Toronto, Ontario, Canada



The residential project at Lon Don Cian will be developed in phases. Construction work for Phase I comprising eight residential towers has been progressed to the superstructure stage. It is expected that the residential units will be launched to the market during the coming fiscal year. The site at Dongguanzhuan is at planning stage and will be held as landbank for future development.

Canada

Construction work for Phase I of our Toronto project has been progressed to the superstructure stage. The 19-storey residential tower of 526 units is scheduled for completion in July 2006. As of today, approximately 400 units have been pre-sold with total sales proceeds of about CAD 90 million.

Property investment

Hong Kong

Gross rental income for the year amounted to HK\$58 million, as compared with HK\$47 million last year. The office leasing market was strong with tenants seeking space for expansion. As a result, we have seen occupancy and rental rates picking up for our office premises in Tsimshatsui and Sheung Wan. With increasing tourists and business visitors coming to Hong Kong, our serviced apartments at **The Bauhinia** (寶軒) have been enjoying occupancy of more than 90% throughout the year and despite increases in our room rates.



The investment properties in Hong Kong comprising **Yien Yieh Commercial Building, Hon Kwok TST Centre, The Bauhinia and Honwell Commercial Centre and Hon Kwok Jordan Centre** (from left to right)

Malaysia

Plaza Ampang, our commercial complex at Kuala Lumpur, maintained an average occupancy of about 70%. Rental income was HK\$12 million for the year (2004: HK\$11 million).

Property revaluation

The Group annually revalues its investment properties to their year-end open market values. Under the Group's accounting policy, the current year's revaluation surplus of HK\$59 million was dealt with as movements in the investment property revaluation reserve.

Last year, the Group recorded a revaluation surplus of HK\$191 million. Of this, a surplus of HK\$184 million was credited to the profit and loss account to the extent of the deficit previously charged, with the remaining sum of HK\$7 million being credited to the investment property revaluation reserve.

OVERVIEW

The Hong Kong economy continued to improve during the year under review. The economy expanded with a GDP growth of 6% year-by-year in the first quarter of 2005. Unemployment rate was 5.7%, down from the peak of 8.7% in July 2003, coupled with mild inflation of 0.8% in May 2005. All these indicated that the economy was picking up at a healthy pace. The recent lifts in interest rates have cooled off market sentiment slightly but the local economy remains favorable with revived confidence in the Hong Kong SAR Government after Mr. Donald Tsang was elected as the Chief Executive for the remaining 2-year term and the sustained economic growth in Mainland China. Your Group with its investment properties located in prime areas stands to benefit from continued appreciation in rental income and capital values, as the local economy continues its growth momentum.

The Mainland Government recently announced a number of administrative measures to rein in prices and property activities, which have been driven significantly upwards by the latent demand arising from economic development in Mainland China as well as hot money speculating revaluation of the Renminbi. Your Group with its business focus in Guangzhou and Shenzhen is least affected by the anti-speculative measures, as property speculation over there is relatively small when compared with that in Beijing and Shanghai. Your Group therefore remains optimistic on the Mainland property market in view of the continued economic growth in the Mainland, the rise of the middle-income families and their desire to upgrade their living standards as wealth increases. Guangzhou, the third largest economy in the Mainland after Beijing and Shanghai but with property values comparatively lagged behind, comes out as the strategic choice for the Group to increase its development activities in Mainland China.

Taking this opportunity, I would like to express my appreciation to my fellow directors for their advice and to all staff for their dedication and hard work in the past year.

James Sai-Wing Wong
Chairman

Hong Kong, 13th July, 2005