

CHAIRPERSON'S STATEMENT

For the year ended 31st March 2005, the Company and its subsidiaries (collectively referred as "the Group") recorded a turnover of HK\$1,147 million, representing a decrease of 10% as compared with HK\$1,280 million of the previous year. Profit attributable to shareholders amounted to HK\$471 million, up by 41% over last year's HK\$335 million.

The rise in profit was mainly due to increase in rental income and gains from the revaluation of the Group's existing investment properties and developing projects in Hong Kong against a recovering property market. Increased contribution from the securities brokerage business also drove the profit surge.

FINAL DIVIDEND

The Board declared the payment of a final dividend of HK\$0.068 per share ("Final Dividend") for the year ended 31st March, 2005, amounting to approximately HK\$76 million, subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 25th August, 2005. If approved, the Final Dividend will be paid on Friday, 7th October, 2005 to shareholders whose names appear on the Register of Members of the Company on Friday, 23rd September, 2005.

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Final Dividend, from Wednesday, 21st September, 2005 to Friday, 23rd September, 2005 (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 20th September, 2005.

OPERATION REVIEW

Property Development and Investment

This segment remained a core revenue stream for the Group. The Group develops and manages a wide range of property projects comprising large-scale integrated complexes, office building, shopping malls, residential and industrial buildings and a hotel in Hong Kong and major cities in the PRC.

During the year, the Group received no turnover from property development because of absence of sales. The turnover from leasing investment properties approximated at HK\$105 million (2004: HK\$76 million) and profit reached approximately \$98 million (2004: HK\$56 million). Contribution from investment properties revaluation amounted to HK\$352 million (2004: HK\$273 million). The Group's revenue from sales of investment properties totalled HK\$141 million (2004: Nil) with profit amounted to HK\$27 million (2004: Nil).

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Property-related operations contributed significant and steady income with total profit from related segments amounted to HK\$482 million (2004: HK\$348 million).

Currently, the total value of the Group's investment properties in Hong Kong, of an aggregate gross floor area of over 800,000 square feet, exceeds HK\$3 billion. These properties include shops, offices, apartments, industrial buildings and a hotel.

The Group had recently completed the basement excavation and foundation works of the commercial complex redevelopment at the Lido Plaza, Repulse Bay, a key property project scheduled to complete in 2007.

The Group, during the year, acquired a residential site at various lots in DD210, Sai Kung. Town planning approval has recently been given and a land exchange with the Government will be contemplated.

The Group plans to start the superstructure work of Phase 2, Riverside Garden, Xiamen, later this year. The project is scheduled to complete by the end of 2006. It will also continue to replenish its land reserve.

Securities Brokerage & Financial Services

During the year, turnover from the Group's brokerage and financial services amounted to HK\$73 million (2004: HK\$76 million). Segment contribution rose by 104% to HK\$47 million (2004: HK\$23 million) as market sentiment improved with the economic recovery after the SARS outbreak.

Besides offering extensive brokerage and trading services of Hong Kong stocks, the Group also provides margin-financing services and a full range of investment products, such as futures and options trading to both retail and institutional clients.

Hotel and Restaurant operations

The hotel and restaurant operations - namely The Emperor (Happy Valley) Hotel and Chiu Chow Dynasty - saw turnover grew 86% to HK\$78 million (2004: HK\$42 million). Loss was narrowed down to HK\$2 million (2004: HK\$6 million).

The businesses benefited from increasing consumer spending driven by an improving economy in the territory and the influx of mainland tourists as a result of the PRC relaxing its individual traveller scheme. The hotel with refurbished guest rooms was also well received by corporate clients and travel agents. The room occupancy rate and room rate rose by 14.11% and 33.98% respectively over the previous year. The segment loss was due to the fact that Chiu Chow Dynasty was still in its investment stage during the financial year.

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Wholesaling and retailing of Furniture

Ulferts, which operates furniture wholesaling and retailing, turned its business around with a profit of HK\$2 million (2004: Loss of HK\$8 million), while turnover increased by 40% to HK\$138 million. In June 2004, it opened a new @Home store in Shatin. Targeting young customers, the store has been well received.

Printing & Publishing

The segment included 7 magazines published by the New Media Group, the Chinese-language newspaper Hong Kong Daily News and an offset printing operation.

Turnover amounted to HK\$422 million (2004: HK\$353 million) derived mainly from increasing advertising spending in Hong Kong. It recorded a loss of HK\$11 million (2004: HK\$8 million).

New Media Group

During the year, the New Media Group managed 7 magazine titles namely The Weekend Weekly, New Monday, Oriental Sunday, The Economic Digest, Fashion and Beauty, Free Walker and Much More.

Although that the period between January and March is a traditional low season in the second half of the financial year, Oriental Sunday, The Weekend Weekly, New Monday, Fashion and Beauty and The Economic Digest were able to post together a 29% growth in advertising income compared with the last corresponding 3-month period. The magazine titles continued to expand their market shares in the competitive industry.

Hong Kong Daily News

During the year, the Hong Kong Daily News continued to suffer a loss due to the keen competition in the newspaper market and rising paper cost.

Hong Kong Daily Offset Printing

The printing arm of the Group continued to contribute a steady profit during the year.

Marine Products

The segment provided a slight but steady income to the Group. The trading of glass eel benefited from strong demand that sales rose to HK\$159 million (2004: HK\$44 million) and profit amounted to HK\$3 million (2004: HK\$2 million).

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LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March, 2005, total external borrowings (excluding payables) amounted to approximately HK\$1,175 million, as compared with HK\$694 million for the last year. Debt to equity ratio (measured by total external borrowings as a percentage of net asset value of the Group) increased from 29% as at 31st March, 2004 to 34% as at 31st March, 2005. In addition to its share capital and reserves, the Group made use of cash from operations, bank borrowings, unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were denominated in Hong Kong dollars and their interest rates followed prevailing market rates. The Group's bank balances and cash were mainly denominated in Hong Kong dollars; therefore, the Group had no material exposure to fluctuation in exchange rates. Besides, the Group had contingent liabilities in respect of (i) guarantees given to a bank as security in connection with mortgage loans granted to third parties totalling HK\$4 million and (ii) loss and damages due to defects claimed by purchasers of some of the Group's properties.

Staff costs

The total cost incurred for staff, including directors' emoluments amounted to HK\$287 million, as compared with HK\$238 million for the last year. The increase was mainly due to the payments of bonus and increase in the number of staff. The number of staff was approximately 1,300 as at 31st March, 2005.

Assets Pledged

Assets with carrying value of approximately HK\$3,455 million were pledged as security for banking facilities.

PROSPECTS

The Group is benefiting from the steady improvement of the local economy. It remains steadfast to growing its major business – developing properties of quality. The redevelopment of Lido Plaza at Repulse Bay is expected to become a prime tourist spot in Hong Kong. The Town Planning Board has also given approval for the Group to develop a prestigious seaview residential estate in Sai Kung. The Group is also improving the quality of its asset portfolio, which will enable it to increase recurrent rental income.

In China, in view of the fluctuating property market, the Group has been more conservative in approaching the market. However, it will continue to explore suitable sites to enlarge its land bank.

For hotel operation in Hong Kong, the Group notes increasing demand for rooms from mainland and overseas tourists on one hand but a supply of new hotel rooms on the other hand. The Group will continue to strengthen its competitiveness by upgrading facilities and service standards.

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Thanks to the improving economy and property market, the management of Ulferts expects continuous growth in retail sales. It also expects to further consolidate its profitable operation banking on the growing demand of Hong Kong consumers for imported European home furniture.

As for its publication business, in view of the intensifying competition among weeklies, the management of the Group' publishing arm New Media has decided to focus on developing its mature magazines in the coming year aiming at optimising profit and further consolidate their market status.

Looking ahead, the Group will closely monitor the performance of all its business segments and strive to maintain the growth momentum of its business and profit margins.

By Order of the Board

Luk Siu Man, Semon

Chairperson

Hong Kong, 19th July, 2005