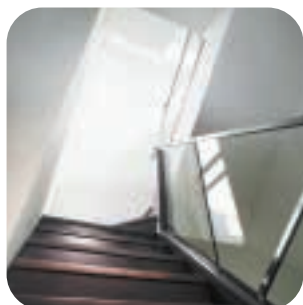


## Chairman's Report



Dr Cha Chi Ming

During the year ended 31 March 2005, the overall economy of Hong Kong has emerged strongly from the gloomy scene as various local business sectors have been rendering good performance and growth. The reviving economic environment, primarily contributed by such factors as favourable government policies, falling unemployment rate and growing consumer confidence, has directly benefited the property market in Hong Kong.



*Le Bleu in Coastal  
Skyline, Tung Chung*

The property market's higher-than-expected growth in terms of both prices and number of transactions reflected the strong underlying demand for both home ownership and investment opportunities. Such positive market performance and responses have given a signal that Hong Kong's economy is forging ahead for a steady and solid recovery.

## Results

The Group's audited profit from operations for the year ended 31 March 2005 was HK\$720.8 million, with a net profit amounting to HK\$829.3 million, representing an increase of 210 per cent from the previous year's HK\$267.8 million. Earnings per share at HK\$0.72 for the year recorded a 213 per cent increment over that of last year. Turnover for the year was HK\$1,892.3 million, compared with HK\$1,954.4 million reported in the preceding year.

## Dividend

The Board of Directors has recommended a final dividend of HK\$0.07 per share for the year ended 31 March 2005. Together with the interim dividend of HK\$0.03, the total dividend amounted to HK\$0.1 per share for the year. A total dividend of HK\$0.05 per share was distributed to shareholders last year.



*Discovery Bay*

*Club Siena, Discovery Bay*





*Siena in Discovery Bay*

### **Business Highlights and Strategic Directions**

The Group's region-wide businesses achieved good results during the year, particularly with outstanding performance recorded in property development in Hong Kong. Amid the improving property market, it has continued to develop quality properties and deliver excellent sales results in Discovery Bay and Coastal Skyline in Tung Chung. Whilst the Group's land bank is sufficient for development over the next few years, it will continue to identify and acquire potential property development and investment opportunities, primarily in Hong Kong and China, to support future growth.

The development of the property market in China has been subjected to regulatory measures imposed by the central and local governments, aiming to provide a stable and healthy market environment in respect of property development and investment. Diversification into China will continue to be the main direction of the Group in terms of long-term development. With our determination to capitalise on the vast opportunities offered by the China market, more resources will be allocated to the Mainland projects along with integrated strategies in order to achieve a tuned balance between return and risks. The comprehensive development project in Jingan, Shanghai will become a "flagship" project of the Group's expanding property portfolio in the Mainland.

The Group's hospitality business in Asia Pacific, through the successful operations of deluxe hotels, spa and resort facilities and serviced apartments, has maintained

*The Sukhothai Hotel, Bangkok*



its significance as one of the main profit contributors to the Group. Taking advantage of the hotels' award-winning international statures, planned expansion of individual operations in the region is expected to bring the business to a new horizon.

The healthcare businesses have also demonstrated continuous growth, building on their quality brands and market positions and are poised to become the major player in Asia Pacific. On the manufacturing aspect, the Group is prudently expanding the export markets of the high-end bathroom furnishing products on an international scale. With initiatives to tap the growing opportunities in these sectors, we anticipate more notable contributions from these businesses in the coming year.



### Prospects

The growth potential of our businesses in Hong Kong and in the region remains bright. As Hong Kong's economy is gradually merging with that of China, we see that more business opportunities will be created, and we are well placed to take

advantage of the favourable environment to grow from strength to strength. Building on the Group's solid foundation and sound financial position, we will continue to leverage our experience and expertise in developing quality projects, products and services, expanding our targeted markets, and bringing higher value for the shareholders.



*DB Plaza, Discovery Bay*

The Group's success during the year is attributable to the concerted efforts and collective contribution from all members of our staff. I take this opportunity to extend my gratitude to members of the Board and management, and employees in Hong Kong and overseas for their diligence, dedication and loyal service, and to our shareholders and business partners for their continuous support over the years.

A handwritten signature in black ink, reading "Cha Chi Ming". The signature is stylized and cursive.

**Cha Chi Ming**  
*Chairman*

Hong Kong, 23 June, 2005