

## Managing Director's Report



Mr Cha Mou Zing, Victor

### **Operation Highlights**

As Hong Kong's economy continued to improve and strengthen in the year by a number of favourable factors, including keen responses to land sales, preferential mortgage packages, and easing unemployment rate, the local property market has been one of the main beneficiaries of the recovery that exhibited the fastest and strongest rebound. The Group enjoyed a profitable year during which notable progress was made on all fronts. Amongst these successes, our property development in Hong Kong, the Group's core business, has achieved excellent results.

### Property Development and Investment

Both Siena Two in Discovery Bay and Coastal Skyline in Tung Chung were well received by the market with sales results exceeded targets. The excellent performance has exemplified the projects' strong appeal to both end-users and investors and brought substantial contribution to the Group. For the new projects in Discovery Bay and Tung Chung, sales launches have been scheduled for 2005 to aptly meet market response and sentiment. Backed by the strong underlying demand for our quality and lifestyle driven products and continually improving economic environment, I am confident that these new projects will set more records and be translated into good profits for the Group in the new financial year.

The significant increase in prices and rentals in Hong Kong's property market has been regarded as the confidence index of consumers and investors. During the year, the Group completed an acquisition of a commercial property in the Peninsula Centre in Kowloon, and an industrial building in Aberdeen shortly after the close of the financial year. The strategy to actively look for suitable investment opportunities will be continued with a view to increasing the quality and size of the investment portfolio. As we anticipate that the Individual Visit Scheme for Mainland visitors will continue to benefit the retail sector, concrete plans have been in place to enhance the value of the Group's retail properties which will in turn increase the Group's recurrent income.



*Le Bleu in  
Coastal Skyline,  
Tung Chung*

*Discovery Bay is poised to benefit from the massive development on Lantau*



The Group continues to expand its portfolio in Mainland China. On the property development side, under the influence of the central government's regulatory measures to stabilise the soaring property market, demolition and resettlement works of our development project in Jingan, Shanghai have experienced some delays. Nevertheless, we have been actively liaising with all levels of the local authorities with the aim of expediting the pre-construction work and to commence the project shortly. We are also actively prospecting other equally exciting projects in the greater Shanghai region. We are confident that China's thriving economy and continually maturing market policies will provide a stable environment and promising future for our increasing activities in property development and investment. I believe we can develop the Jingan site into a new landmark in the city and the project will enable the Group to firmly establish its footing in the Mainland.



*Development project in Jingan, Shanghai*



*The Sukhothai Hotel, Bangkok*

### Hospitality

Our hospitality business in Asia Pacific, through the operations of The Sukhothai Hotel and Siri Sathorn serviced apartments in Bangkok, Thailand and The Sentosa Resort and Spa and Spa Botanica in Singapore, was able to sustain satisfactory growth during the year as regional and global travel volume steadily increased. The Sukhothai Hotel, continuing its tradition of high standards and service, was voted Best Hotel in Asia by The Asset in its October 2004 issue and voted 2nd Best Hotel in the World by the Institutional Investor Magazine USA. The acquisition of a piece of freehold land of over 10,000 square metres adjoining the award-winning hotel will pave way for its expansion in traditional hotel rooms, as well as the development of top-quality residential apartments. Occupancy rates and income of our hotels and serviced apartments in the region are expected to increase as progressive enhancements of these assets are being implemented.

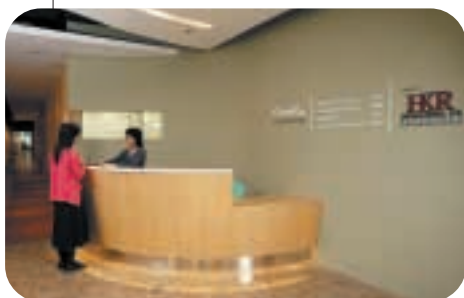


*The Sentosa Resort and Spa, Singapore*



### Healthcare Services

The Group's healthcare services business, through its wholly-owned subsidiary GenRx Holdings Limited, is another major area on fast-track growth. Whilst broadening its specialist healthcare services, including treatment of cancer and diabetes, dental care and multi-specialty services that have already been established, plans have been drawn up to expand the business in the region, particularly in the Mainland, through more collaboration within the industry. Technologically and strategically, we are all geared up to become a leading healthcare services provider in Hong Kong, and in the region.



*GenRx, Hong Kong's leading  
healthcare services provider*

### Manufacturing

For the manufacturing of bathroom furnishing products under the operation arm of Imperial Bathroom Products Limited, good sales performances were recorded in its current markets in various countries. Whilst opportunities may further arise from the surging property market in China and the growing affluence of its population, we will prudently review these opportunities and allocate adequate resources to meet the demand. Meanwhile, we will continue to explore the international markets.



### Outlook

Moving ahead, we expect to see more market synergies accelerated by the opening of the Hong Kong Disneyland and the progressive realisation of the various government-planned economic developments on Lantau Island from which the Group is poised to benefit. With much confidence in the strong leadership provided by our Board of Directors and the team spirit supported by our dedicated staff, I look forward to reaching new heights and achieving sustainable business growth for the Group in the years to come.

**Cha Mou Zing, Victor**  
*Managing Director*

Hong Kong, 23 June, 2005