

Chairman's Statement

Financial Results

I am pleased to report that the audited group profit attributable to the shareholders for the year ended 31st March 2004 amounted to HK\$101.4 million, as compared with the loss of HK\$290.4 million last year. The improvement in earnings is mainly due to the recovery of the property market in Hong Kong.

An interim dividend of HK 2 cents per share was paid on 20th February 2004. The Board has recommended the payment of a final dividend of HK 3 cents per share to persons registered as shareholders on 1st September 2004. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 8th September 2004 and the total dividend for the year will be HK 5 cents per share representing 150% increase over last year.

Property Development

During the year under review, your group purchased two sites with a total attributable floor area of 65,330 sq.ft.:

- (1) Rural Building Lot No. 647 at Plunkett's Road for redevelopment into a 23,330 sq.ft. luxury residential project.
- (2) San Clemente Technology Park III in California for a 42,000 sq.ft. industrial development.

The luxury residential project at Chung Hom Kok will be completed in October this year. Sales will begin near completion.

Construction work at San Clemente Technology Park II in California will be finished by July this year. All units have been pre-sold.

Hotel

The SARS crisis during the first half of 2003 has adversely affected the Sheraton-Hong Kong Hotel in which your group has 35% interest. However, the recovery since the last quarter of 2003 has been much stronger than expected. The hotel industry as a whole will have strong growth over the next few years due to CEPA, solo travellers from mainland China and improved economic performance in Hong Kong.

High-tech Investments

We have seen a recovery in the US high-tech sector, especially in bio-technology. Some funds that we have invested in have some of their companies preparing for IPOs in the near future.

Prospects

The Hong Kong property market has staged a remarkable recovery during the past six months. We have seen prices in some sectors doubling since the end of the SARS crisis.

One of the best performing sectors is luxury residential, which your group is concentrating on. Demand for luxury residential units, especially for detached or semi-detached houses, will be strong over the coming few years while supply will remain limited. It is expected that our developments in this sector will generate substantial returns for the shareholders.

Finally, I would like to thank all staff for their loyal support and hard work.

David P. Chan
Chairman

Hong Kong, 24th June 2004