

## 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 2005 amounted to HK\$210.3 million, as compared with HK\$101.4 million last year, representing an increase of 107%. The improvement in earnings is mainly due to the recovery of the property market and the hotel industry in Hong Kong.

An interim dividend of HK 4 cents per share was paid on 18th February 2005. The Board has recommended the payment of a final dividend of HK 6 cents per share to persons registered as shareholders on 1st September 2005. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be payable on 8th September 2005 and the total dividend for the year will be HK 10 cents per share representing 100% increase over last year.

### Property Development

San Clemente Technology Park II in California was completed and all units were sold.

Construction work at Avanzado Technology Park in California will be finished by September this year. All units have been pre-sold.

During the year under review, your group purchased French Valley Airport Center in California for an approximately 940,000 sq.ft. industrial and commercial development.

The luxury residential project at Chung Hom Kok has been completed. The sales program originally planned for the end of 2004 had been postponed due to continued improvement in the luxury residential market. Sales will begin in the next few months.

Demolition works at the luxury residential project at Plunkett's Road on the Peak have been completed. Foundation and site formation works have already begun.

### Hotel

The hotel industry has fully recovered from the SARS crisis. With strong economic growth due to CEPA and solo travellers from mainland China, we expect the Sheraton-Hong Kong Hotel, in which your group has 35% interest, to have strong performance over the next few years.

### High-tech Investments

There is a recovery in the U.S. high-tech sector. Some funds that we have invested in have some of their companies preparing for IPOs or sale in the near future. We have committed a further US\$3.9 million to this sector which will be invested over the next few years.

### Prospects

The property market in Hong Kong has recovered significantly over the past twelve months. One of the best performing sectors is the luxury residential, which your group is concentrating its development efforts on. Another sector which is expected to perform well is the office market due to strong economic growth and tight supply over the next few years. Your group has also substantial investments in this sector.

Our development projects are doing well in the strong U.S. market. The Sheraton-Hong Kong hotel will also have strong performance over the next few years.

Interest rates, even though rising gradually, are still very low by historical standards. All the sectors in which your group has invested, will continue to do well in the foreseeable future.

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

**David P. Chan**

*Chairman*

Hong Kong, 23rd June 2005