



ADDRESS OF THE CHAIRMAN

PROFIT AND DIVIDEND

I am pleased to present to the shareholders the operating results of our Group.

Our Group's audited profit attributable to shareholders for the financial year ended 31 March 2005 ("the year") amounted to HK\$320,735,000, an increase of 28% when compared to that of the previous year. The Board of Directors proposed that the final dividend of HK\$0.22 be paid on each share. If the recommendation is approved, the total dividend for the year including the interim dividend of HK\$0.15 per share will amount to HK\$0.37 per share.

BUSINESS OVERVIEW

The Group's business recorded continuous growth during the year, benefiting from the economic recovery and increased numbers of mainland tourist arrivals to Hong Kong. The Group's local and mainland hotel businesses achieved a considerable increase in their operating profits. The property operations registered a moderate increase in turnover reflecting the stagnant market in the first half of the year, which became more encouraging during the second half. With the implementation of stringent cost-control measures and proper allocation of resources over the past few years, the Group has laid a solid foundation for its core businesses to take advantage of the economic upturn.

HOTEL OPERATIONS

Hotel Miramar reported a 54% increase in revenue from room sales compared with the same period last year, with the average occupancy rate reaching over 90% this year and room rates increasing by 30%. Room revenue achieved an increment of 20% compared with pre-SARS levels. The renovation of the Miramar Club Floor helped to improve business in the commercial segment. In addition to the satisfactory performance of the wedding and banquet businesses, efforts in the enhancement of quality and brand image were made to cultivate the meeting and conference markets.

By capitalizing on the hotel group's management expertise and sales network, the seven hotels managed by the Group achieved improvements in both occupancy and room rates. Particularly, the effort put into growing the commercial segment at Nanhai Hotel, Shenzhen, resulted in satisfactory improvement in that sector. Occupancy rates and profits also improved year over year for the Miramar Apartment in Shanghai.

PROPERTY BUSINESS

The Miramar Shopping Centre reported satisfactory growth in occupancy rates, achieving an average of 98%. This resulted in a moderate improvement in rental revenue. The Group is currently in the process of reviewing and fine-tuning its tenant mix, with a view to creating a more dynamic and trendy shopping venue with better-known fashion brands and lifestyle products for the younger crowd.

The Hotel Miramar Shopping Arcade's rental remained stable while rental income for the Miramar Tower offices experienced a slight drop due to weaknesses in the first half. However, occupancy improved at a steady pace in the second half of the year due to the recovery of Hong Kong's overall economy.

During the financial year, the Group recorded sales of 280 residential lots and 26 acres of commercial land in Placer County, California, and generated a satisfactory profit. As of this financial year end, approximately 200 acres of land remained to be sold. Sales of office units and leasing of the shopping arcade at Shang-Mira Garden in Shanghai were also satisfactory.

FOOD AND BEVERAGE OPERATIONS

The operating results of the restaurant business remained stable, with Tsui Hang Village Restaurant outlets achieving improved performance. In early 2005, the Group opened two new up-market restaurants in the ifc Mall in Hong Kong, "Cuisine Cuisine" serving high-quality traditional and nouveau Cantonese varieties, and "Lumiere" serving authentic Szechuan cuisine with a western touch. With a combination of good food and stylish décor, the new outlets were well received and recorded healthy growth in turnover. The Group is continuing to enhance operation standards, food quality and market exposure in order to grow the client base to stay ahead of the competition.

TRAVEL BUSINESS

The cruise business, air ticket and hotel packages, and commercial travel operations are satisfactory. However, losses widened in the outbound tours operation. With the tragic South Asia tsunami in December of 2004, and fierce competition in the industry, gross profit margin has come down to a very low level.

PROSPECTS

The effectiveness of the well-orchestrated austerity measures in China over the past couple of years has resulted in steady and healthy economic growth for the country. Hong Kong, as the doorstep into China for multinational companies, is gaining importance again. The opening of Disneyland this September will assure continuing increases in tourist arrivals to Hong Kong. This will have a positive impact on the Group's core businesses. The Group will continue to make an effort to take advantage of favourable business opportunities in order to strengthen its existing client bases and to develop new markets. The Board of Directors is confident that, barring any unforeseeable circumstances, the Group will continue to achieve better results in the forthcoming fiscal year.

TRIBUTE

Dr Ho Tim, our Honorary Chairman, and Mr Stephen Ho Tze Tung, our Director, both passed away during the year. The Board of Directors deeply regrets their departures and would like to express gratitude for their valuable contributions made during their tenures.

DIRECTORS

The Board of Directors would like to express a warm welcome to Mr Lee Ka Shing, Mr Thomas Liang Cheung Biu, Mr Wu King Cheong and Mr Alexander Au Siu Kee, who were appointed as Directors during the financial year. Mr Lee has extensive experience in management and property development; Mr Liang is a seasoned professional in financial management, corporate finance, banking, property development and equity investment; Mr Wu has been active in various leadership positions with a number of institutions in the financial sector in Hong Kong and Mr Au has extensive experience in a senior capacity in the local and international banking industry. All new directors will be able to make valuable contributions to the Group.

The Honourable Lee Quo Wei resigned as Director of the Group during the financial year. The Board of Directors offers him their best wishes and would like to express gratitude for his valuable contributions and wise counsel.

GRATITUDE

I would like to express my sincere gratitude to the Directors and all the staff for their hard work and contributions in the past year.

LEE SHAU KEE

Chairman

Hong Kong, 29 June 2005