



Profit and Turnover

The Group's consolidated net profit after taxation and minority interests for the financial year ended 30th June, 2004 amounted to approximately HK\$16 million. This compares with the net loss figure restated as HK\$399 million for the same period in the previous financial year after adoption of revised accounting standard. Turnover of the Group amounted to HK\$93 million for the financial year under review as compared to a turnover of HK\$188 million that was recorded in the previous financial year.

Dividends

Your Board recommends the payment of a final dividend of HK\$0.03 per share to shareholders whose names appear on the Register of Members

of the Company on 6th December, 2004. The total distribution per share of HK\$0.06 for the full year, including the interim dividend of HK\$0.03 per share already paid, is same as the total distribution in the previous year. Warrants for the final dividend will be sent to shareholders on 8th December, 2004.

Business Review

PROPERTY MARKET

During the past twelve-month period, fast growth was noted in the domestic economy of Mainland China. This has led to the implementation of macro-economic measures by the central government which aim to cool down the overheated economy. The tightening credit policies that were imposed to credit extension to certain selected

Mr. Lee Ka Kit, Chairman
and President

I am pleased to
present to the
Shareholders my
report on the
operations of
the Group



sectors and industries in the Mainland which included the property sector had put property sales turnover as well as property prices under pressure. However, these measures had on the whole, not given rise to significant adverse effects on property markets in the major cities in the Mainland. Moreover, government authorities in the Mainland had adopted tighter measures to supervise the review and approval for applications relating to change of land usage as well as development proposals for new projects. These actions have certain positive implications as the Group holds a number of property projects with construction already in progress.

PROPERTY DEVELOPMENT

During the financial year under review, the Group put up the remaining units in the previously completed development projects for sale and these included the Skycity, the Everwin Garden as well as the Comfort Mansion in Shanghai, the Heng Bao Garden in Guangzhou and Phases VIII and IX of the Lexi New City in Panyu. On the progress of project development, the Group's site located at 210 Fangcun Avenue, Guangzhou, has commenced construction work during the period under review and this site will be developed as a project comprising nine high-rise residential towers and a retail shopping podium. This project will provide

approximately 2.6 million sq.ft. in total gross floor area upon completion. In addition, the development site that is situated at 130-2 Heng Feng Road, Zhabei District in Shanghai, is scheduled to commence work in the near future for development of an office tower which will provide approximately 512,000 sq.ft. in development gross floor area.

PROPERTY RENTAL

In the period under review, the rental office space in the Henderson Centre in Beijing recorded 80% in average occupancy rate. The retailing business operated under the joint name of "Henderson-Yan Sha" has opened for business within the shopping podium of the Henderson Centre in Beijing since this May and it is expected that the opening of this department store operation will bring about a gradual increase in the occupancy rate of the shopping podium. The office tower in the Skycity project in Shanghai recorded 86% in average occupancy whilst the commercial podium in the project was fully let. Moreover, leasing of the retail shopping arcade known as the Heng Bao Plaza that is situated above the Changshou Road Station of the Guangzhou Metro Line recorded an average occupancy rate of 50%. During the period under review, the Group has further taken active steps to plan for the pre-leasing of the Office Tower II of the Grand Gateway in the Xuhui District in Shanghai.

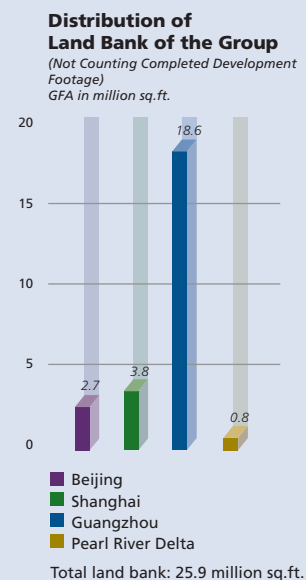
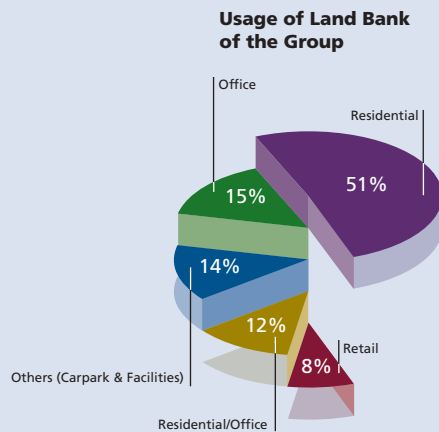
Prospects

During this time as stringent property development control measures are being adopted by the government authorities in the Mainland, the Group will take various appropriate steps to proceed with development of those project sites that possess approved development plans in hand. Upon completion of the Office Tower II of the Grand Gateway project in Shanghai next year, total footage of the investment property portfolio of the Group will show a substantial increase. In the meantime, efforts are currently made by the Group to expedite construction work on the project situate at Fangcun

Avenue in Guangzhou with the aim to complete this project by the end of 2006 and it is anticipated that this project will bring in substantial sales revenues to the Group.

Lee Ka Kit
Chairman

Hong Kong, 23rd September, 2004





Office Tower II



OFFICE TOWER II — THE GRAND GATEWAY, SHANGHAI

- 100% owned by the Group.
- Located in the Xuhui District of Shanghai, this office tower is 42 storeys in height built on top of a 7-storey shopping podium.
- Expected to be completed in mid-2005.
- Total planned area amounted to approx. 667,000 sq. ft. in total gross floor area.