



MELBOURNE

— West Side Place —

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT



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I am proud that the Group has made several remarkable achievements in the current financial year. We have built a strong property development pipeline to maintain growth whereas cumulative presales value of properties under development has hit a record high at HK\$7.5 billion. During the Year, a series of major residential projects have been launched, including The Towers at Elizabeth Quay in Perth, Australia, King's Manor of California Garden in Shanghai, Aspen Crest in Hong Kong and Royal Riverside in Guangzhou. Sales performance of West Side Place in Melbourne, Australia, which was launched in FY2017 after the year end, is encouraging, while Royal Crest II in Shanghai and the other two projects in Hong Kong, namely Tan Kwai Tsuen and Sha Tau Kok, are expected to be launched for sales in FY2017. The gross development value of development pipelines launched in FY2016 and to be launched in FY2017 is expected to exceed HK\$15.5 billion in total. The strong sales will lead to strong cash flow and sound financial position.

Furthermore, the Group has spent efforts in developing new projects. Queen's Wharf in Brisbane, Australia, an integrated resort and residential project, will be one of the most encouraging projects in our international arena; the projects in Sydney and Gold Coast have enlarged our production base which enable our development projects entering into the top five cities in Australia. We seized the opportunities in the economic downturn and added projects such as Alexandra View in Singapore and Shatin Heights in Hong Kong to the development pipeline. The track record of acquiring lands at competitive costs in almost every land sale has proven the excellent vision of the management. These new developments have demonstrated that the strategy "Diversified in Region and Focus on Businesses" we adhered to was right amidst the current economic uncertainties. The Group takes advantages from peaks and troughs in different property markets to achieve steady growth by riding on the strength of diversified geographic locations.

The Group will keep adopting the "Chinese Wallet" strategy which targets China's growing middle class travels and investment in major world cities, pursue development in diversified geographic locations, including Australia, the UK, Singapore, Malaysia, Hong Kong and first-tier cities in the Mainland China, and focus on three main businesses — residential, hotels and car parks. The middle class in China's moderately prosperous society is growing rapidly. During the Chinese President Xi Jinping's visit to the United States in 2015, he indicated that the population of middle class in China was close to 300 million and was expected to double in the coming 10 years, while the middle-class population in the United States is only 150 million. This means that the consumption demand in China will be fourfold of that in the United States. It will even become the main driver of the economy in the future. The enthusiasm of travelling abroad and investing in overseas residential properties has been rising. I believe that adhering to the strategy of "Chinese Wallet" will provide considerable revenue and sustainable growth for the Group.



For corporate social responsibility, the Group is committed to striking a balance between earnings and sustainable development. We believe outstanding business environment, society and corporate governance are of utmost importance to pertaining a long-term sustainable success. The Group devotes to encouraging staff to participate in community services with non-profit organizations, social enterprises and governments so as to enhance harmony among countries and communities where the Group operates business and to create more job opportunities for the society. The Group is pleased that our efforts made for corporate social responsibility are recognized by the society. During the Year, the Group was granted major awards including “Best at Corporate Social Responsibility” award in the “Asia’s Best Managed Companies 2016” Poll organized by FinanceAsia and “Top 4 Best Company in Asia for Corporate Governance” in Asiamoney Corporate Governance 2015 Poll and “2015 Asiamoney Best Managed Company Award (Small Cap)” by Asiamoney. In addition, the Group also received several international awards in company management, corporate governance, investor relations and corporate social responsibility. The Group will continue to respond to concerns and demands of our shareholder and other stakeholders through various channels.

Looking ahead, as the global economy remains challenging, the Group will pay close attention to regional economy and adjust our strategy and deploy accordingly. We will also keep watching on the impact of the event of Brexit on the Group. It is believed that the recent depreciation of sterling pound resulting from the event of Brexit will boost the tourism of the UK and thus be conducive to the Group’s hotel business. Currently only 5% of the Group’s assets are in the UK, thus the impact of Brexit is not material to the Group. In the long run, the Group is confident about the prosperous development of its businesses in the UK. We have a strong balance sheet and sufficient cash flow to tackle challenges ahead, and conduct acquisitions and expansions during economic downturn. With the right business models, the Group is able to maintain a stable dividend payout and achieve sustainable and steady long-term growth. The Group will continue to provide returns to shareholders by continuously increasing net asset value and maintaining steady dividend payout ratio.

I would like to thank our shareholders, partners, customers and our 3,400 staff on behalf of the Group for their efforts, which have promoted the sustainable and steady development of our business and contributed to the Group’s success.

Chairman and Chief Executive Officer

David CHIU