

I have pleasure in presenting to the shareholders my report on the operations of the Group.

PROFIT

The Group's consolidated profit after taxation for the year ended 31 December 2000 amounted to HK\$126.6 million, representing an increase of 4.5% from the consolidated profit after taxation of HK\$121.1 million in 1999. The profit per share was 35.5 cents for the year as compared to 34.0 cents in the previous year.

DIVIDENDS

The Board of Directors recommended a final dividend of 20 cents per share. This dividend, together with the interim dividend of 8 cents per share already paid, will make a total distribution of 28 cents for the full year.

BUSINESS REVIEW

Property Operations

201 Tai Kok Tsui Road

As previously reported, a profit of HK\$133.1 million was recorded in the first half of the year out of the second instalment received of HK\$397.5 million in respect of the disposal of the entitlement to 50% of the sales proceeds of the domestic portion of the redevelopment at 201 Tai Kok Tsui Road. The remaining proceeds from the disposal of HK\$900 million will be received in year 2001.

Construction of the superstructure of Phase I and foundation work of Phase II are in satisfactory progress.

222 Tai Kok Tsui Road

Demolition of the former staff quarters at 222 Tai Kok Tsui Road has already been completed during the year. Negotiation with Government over land premium payable for change in land use is still in progress.

Cho Yuen Street, Yau Tong

Rental income for the year from the Kingsford Industrial Centre at the site amounted to HK\$10.9 million, representing a decrease of about 10% over last year. The average occupancy rate remained at more than 80%. The Group is currently negotiating with Government on the terms of the proposed change in land use. The site is planned to be redeveloped into a residential and commercial complex with a total gross floor area of about 150,000 sq. ft.

Ferry Operations

In January 2000, the Group discontinued its passenger ferry operations after transferring the relevant ferry licences to New World First Ferry Services Limited. The remaining businesses of dangerous goods vehicular ferry service, vessel chartering, floating restaurants and marine diesel trading were satisfactory and recorded an operating profit of HK\$13.6 million for the year.

CHAIRMAN'S STATEMENT

Shipyard Operations

The Shipyard Operations turned around from a loss in 1999 to an operating profit of HK\$10.1 million for the year. This was mainly due to the increase in vessels modification and repair works, non-marine construction works, and various cost-saving measures.

Travel and Hotel Operations

The ticketing business of the Travel Division improved as a result of the significant improvement in public order in Macau after the return of sovereignty to China. The operating profit of the Travel and Hotel Operations was HK\$9.0 million, an increase of about 170% from HK\$3.3 million in 1999.

Trading Operation

The wholesale business of the Trading Division was closed down during the year and recorded a loss of HK\$4.5 million after taken into account assets written off and severance payment made.

PROSPECTS

The various measures taken by Government recently have helped to stabilize property prices. The continuing reductions in bank interest rates and favourable mortgage terms created more incentives for home buyers, bringing positive effect on residential property prices.

Pre-sale of the residential units of Phase I of the redevelopment at 201 Tai Kok Tsui Road will commence in mid 2001. It is expected that the project will continue to be the major source of revenue for the Group in the year 2001.

ACKNOWLEDGEMENT

On behalf of the shareholders and the Board, I would like to take this opportunity to express appreciation to all our staff for their dedication and hard work during the past year.

Colin K. Y. Lam

Chairman

Hong Kong, 16 March 2001