

Chairman's Statement

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

BUSINESS RESULT

The Group's consolidated profit after taxation for the year ended 31 December 2001 amounted to HK\$281.9 million, representing an increase of 123% from the consolidated profit after taxation of HK\$126.6 million in 2000. The profit per share was 79.1 cents for the year as compared to 35.5 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 Development and Investment Operations



201 Tai Kok Tsui Road ("Metro Harbour View")

During the year, the Group recorded an operating profit of HK\$352.9 million from the development on which included a profit of HK\$296.0 million derived from the final instalment of the proceeds from the disposal of the right to 50% of the sales proceeds of the domestic portion of the redevelopment. Pre-sale of certain residential units of Phase I of Metro Harbour View accounts for the balance of the profit. The first pre-sale of the development launched on 17 December 2001

attracted over a thousand buyers at the site and the whole event lasted until morning of the following day. Subsequent sales also recorded remarkable result. Favourable market response indicates that this project is one of the most outstanding residential properties on sale in recent period.

Metro Harbour View provides club house facilities with a podium of over 800,000 sq. ft., plus a shopping arcade of about 200,000 sq. ft. and abundant car parking spaces. It offers residential units ranging from 2-bedroom flat of 477 sq. ft. to 4-bedroom flat of 874 sq. ft.. A total of over 1,100 units have been sold up to date.

Shipyards Property at North Tsing Yi

In the first half of the year, the Group has written down the value of the shipyard property by HK\$41.2 million to HK\$145 million, in order to reflect the impairment in value of the property as evaluated by a professional surveyor firm.

Chairman's Statement

222 Tai Kok Tsui Road

Negotiations with Government over the land premium continued. The site is ready for development and construction will begin once an agreement can be reached.

6 Cho Yuen Street, Yau Tong

The average occupancy of the Kingsford Industrial Centre at the above site remained at over 80%. Owing to the softening industrial property market, rental income for the year decreased by 5% to HK\$10.3 million in comparison with last year. Due to the declining market price, the property was revalued at HK\$115 million, resulting in a deficit of HK\$25 million for the year. Meanwhile, the Group is negotiating with Government over the land premium payable for the change in land use.



Show flat of
Metro Harbour View

Ferry, Shipyard and Related Operations

The total turnover for the Ferry, Shipyard and Related Operations decreased by 24.3% in comparison with last year. Including a surplus from the termination of a retirement scheme, the profit from operations was HK\$12.9 million, representing a decrease of 17.3% from HK\$15.6 million in last year.

Travel and Hotel Operations

Due to the negative impact of the 11 September incident in the United States and the reduction in profit margin of the short haul China tour business, the profit from operation of the Travel and Hotel Operations was HK\$4.9 million, representing a decrease of 26.9% from HK\$6.7 million in last year.

PROSPECTS

It is anticipated that the local economy will benefit from the gradual recovery of the economy of the United States in 2002. The prevailing low desire for spending and investment among the general public will gradually improve.

Local property market will remain stable and developments at prime location with comprehensive recreational facilities will be well received. Subsequent to the pre-sale of residential units of Phase I of Metro Harbour View, the Group plans to launch pre-sale of Phase II in mid 2002. It is expected that sales of Metro Harbour View will be the major source of revenue for the Group in the year 2002.

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, 15 March 2002



*Show flat of
Metro Harbour View*

