

## BUSINESS REVIEW

The Group's profit from operations for the period was mainly derived from the pre-sale of the residential units of Metro Harbour View, the redevelopment at 8 Fuk Lee Street (formerly named 201 Tai Kok Tsui Road).

### Property Operations

#### **8 Fuk Lee Street ("Metro Harbour View")**

Subsequent to the successful pre-sale of Phase I of Metro Harbour View, Phase II was launched in April this year. About 650 residential units were sold during the period. Added to the units sold in December last year, the accumulated total of units sold was approximately 1,500. Based on the stage of completion of the development, profits of HK\$139.1 million were recognized during the period on the units sold.

Construction of the superstructure of Phase I of the redevelopment is nearing completion while that of Phase II is also ahead of schedule. Completion of Phase I and II is expected by late 2002 and late 2003 respectively.

#### **222 Tai Kok Tsui Road**

The site is at present vacant and ready for development. Construction will begin if an agreement can be reached over the land premium with Government.

#### **6 Cho Yuen Street, Yau Tong**

The industrial property rental market remained soft during the period under review. Rental income for the period generated from the Kingsford Industrial Centre at the site amounted to HK\$4.2 million, representing a decrease of 20.7% over the same period last year. The Group is negotiating with Government over the land premium for the change in land use to residential/commercial use.

### Ferry, Shipyard and Related Operations

Turnover of the shipyard operation increased by 28.6% but gross margin decreased. Turnover of the fuel oil trading and harbour cruise operations decreased by 22.8% and 14.9% respectively from the same period last year.

As a result, the ferry, shipyard and related operations recorded a loss of about HK\$3.2 million against a profit of HK\$22.7 million in the same period last year, which previously included a surplus from the termination of the retirement schemes amounting to HK\$21.1 million.

### Travel and Hotel Operations

Owing to the weak economy and keen competition within the travel industry, the travel operation recorded a decrease in turnover of 11.6% as compared with the same period last year. Turnover of the hotel operation, however, increased by 4.1% as compared to the same period last year, due to the rise in room revenue from long-staying guests.

Overall profit from the travel and hotel operations decreased from HK\$4.0 million last year to HK\$1.7 million for the period under review.