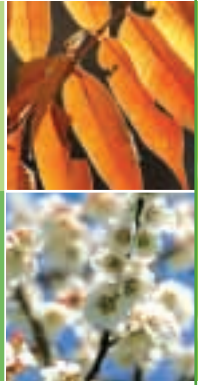


## Chairman's Statement



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 2004 amounted to HK\$393.1 million, representing an increase of 48.5% from the consolidated profit after taxation of HK\$264.6 million in 2003. The profit per share was HK\$1.10 for the year as compared to HK\$0.74 in the previous year.

### DIVIDENDS

The Board of Directors recommended a final dividend of 24 cents per share to shareholders whose names

appear in the Register of Members on 28 April 2005. This dividend, together with the interim dividend of 9 cents per share already paid, will make a total distribution of 33 cents for the full year.

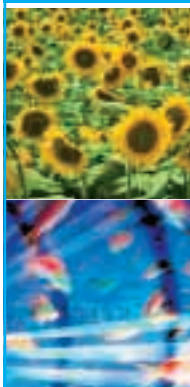
### BUSINESS REVIEW

During the year, the local economy has shown a broad based economic upturn. Evidenced by the decline in unemployment rate, the ending of the deflation and an economic growth rate of 7.5%, the local economy has shaken off the doldrums from the economic adjustment in the past years. Furthermore, a series of measures introduced by the Government of the Hong Kong Special Administrative Region and the Central Government including the second phase of "CEPA", discontinuation of the rent control regulation and the 95% financing arrangement of the Hong Kong Mortgage Corporation Limited has stimulated the desire on property investment and home upgrade resulted in an upward trend in property prices.

The Group's profit for the year mainly derived from the sale of the residential units of Metro Harbour View and the write back of previous revaluation deficit on the Group's investment properties.



## Chairman's Statement *(Continued)*



### Property Development and Investment Operations

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

During the year, a total of about 600 residential units of Metro Harbour View were sold, bringing the number of unsold units to less than 700. The Group recorded an operating profit of HK\$303.9 million from the units sold. Rental income from the commercial arcade, Metro Harbour Plaza, amounted to HK\$10.2 million for the year. The occupancy rate as at the end of the year was approximately 40%, but taking into account of the committed tenancies, stood at approximately 91% at the end of the year.

#### *222 Tai Kok Tsui Road*

The land exchange of the subject site was completed in the first half of the year. The site will be developed into a residential-cum-commercial property with a total gross floor area of approximately 320,000 sq. ft., comprising approximately 270,000 sq. ft. for residential use and approximately 50,000 sq. ft. for non-residential use. The layout design has been refined after taken into account of the current market conditions. The foundation works will commence in due course.

#### *43-51A Tong Mi Road*

The progress of construction of the property was satisfactory. It is anticipated that presales for the development will be launched in mid 2005 and the development will complete in 2006.

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

The average occupancy rate for the Kingsford Industrial Centre for the year was about 86%. Rental income for the year decreased by 7% to HK\$7.9 million as compared with last year.

The lease modification to the subject site was also completed in the first half of the year. The site will be developed into a residential-cum-commercial property



Designers' image of 222 Tai Kok Tsui Road

with a total gross floor area of approximately 150,000 sq. ft., comprising approximately 125,000 sq. ft. for residential use and 25,000 sq. ft. for non-residential use. All tenants have moved out at the end of the year and demolition of the building has commenced thereafter. The re-development is expected to complete in 2007.

### Ferry, Shipyard and Related Operations

The number of visitor arrivals reached a new high, contributing to a significant improvement in the harbour cruise operations with an increase in turnover of 84% when compared with last year. Due to decrease in market prices, the turnover of the ferry operation and the shipyard operation dropped by 24% and 15% respectively. The Ferry, Shipyard and Related Operations recorded an overall increase in total

## Chairman's Statement *(Continued)*



turnover of 13% as compared with last year and an operating loss of HK\$5.1 million, a significant improvement from the loss of HK\$27.3 million in last year, which took into account an impairment loss over the shipyard assets of HK\$17.8 million.

### Travel and Hotel Operations

As a result of our continuous efforts in business portfolio restructuring and development of new customer markets, turnover of the Travel and Hotel Operations, which was hit by the SARS outbreak in 2003, increased by 43% when compared with last year. The operating profit of the Travel and Hotel Operations increased from HK\$1.1 million in last year to HK\$3.1 million, representing an increase of about 180%.

### PROSPECTS

With the restoration of people's confidence in the economic prospects and the proactive support of the Central Government, it is anticipated that the local economy should be able to sustain continuous growth and the property market will improve steadily.

It is expected that the sale of the remaining residential units of Metro Harbour View will benefit from the upward trend of the property prices and remain the primary source of income for the Group in the coming year whereas the rental income from Metro Harbour Plaza will improve in conjunction with the vigorous rental market.

### ACKNOWLEDGEMENT

On behalf of the shareholders and the Board, I would like to take this opportunity to express appreciation to



42-51A Tong Mi Road

all our staff for their dedication and hard work during the last year.

**Colin K.Y. Lam**

*Chairman*

Hong Kong, 11 March 2005