

## Management Discussion and Analysis



The following comments should be read in conjunction with the Audited Consolidated Financial Statements of the Company and the related notes on the accounts.

### REVIEW OF RESULTS

The Group's turnover for the year amounted to approximately HK\$994 million, representing a decrease of 4.5% when compared to that recorded in the previous year. This was mainly attributed to the decrease in the sale of residential units of Metro Harbour View in the current year.

Profit from operations, which recorded an increase of 45.3% to approximately HK\$401 million comparing to that recorded in the previous year, was mainly attributed to the increase in profits from the sale of residential units of Metro Harbour View and the write back of previous revaluation deficits on investment properties.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of 31 December 2004, shareholders' fund of the Group showed an increase of 7.9% as compared to the previous year and amounted to approximately HK\$3,244 million. The increase mainly represented the net effects of the profit realized from the sale of residential units of Metro Harbour View for the year, the surplus on revaluation of the Group's investment properties and the payment of dividends.

There was no change as to the capital structure of the Group during the year. As of 31 December 2004, the Group had no borrowing. Funding for the Group's activities in the year under review was mainly generated from the sale of residential units of Metro Harbour View.

During the year, there was no material acquisition and disposal of any subsidiary and associate. A net repayment of approximately HK\$11 million was received from an associate who provides mortgage loans to buyers of residential units of Metro Harbour View.

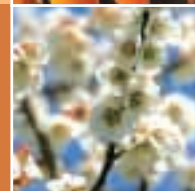
Current assets of the Group were recorded at approximately HK\$1,620 million as compared to the current liabilities of approximately HK\$320 million as of 31 December 2004. Current ratio of the Group remained unchanged at 5 as compared with last year.

### GEARING RATIO AND FINANCIAL MANAGEMENT

As there was no borrowing as at 31 December 2004, no gearing ratio, which is calculated on the basis of bank borrowing as a ratio of the Group's shareholders' funds, was shown. Assets of the Group had not been charged to any third party in the year under review.

The Group's financing and treasury activities were managed centrally at the corporate level. Financing facilities extended to the Group were denominated in Hong Kong Dollars. As a whole, the core operations of the Group can be considered as not exposed to foreign exchange rate risk to any significant extent.

## Management Discussion and Analysis *(Continued)*



### **CONTINGENT LIABILITIES**

Contingent liabilities of the Group as at 31 December 2004 amounting to approximately HK\$76 million were in respect of a claim by the Hong Kong Government against the Company and a subsidiary in respect of the dispute over the reimbursement of certain costs for the proposed redevelopment of the ferry piers in Central District.

### **EMPLOYEES**

As at 31 December 2004, the number of employees of the Group stood at about 390 (2003: 360). The remuneration packages to employees were commensurable to the market trend and levels of pay in similar industries. A discretionary year-end bonus was paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme, training programmes and educational subsidies. Total employees' costs for the year amounted to approximately HK\$73 million, representing a decrease of 1% as compared to that recorded in the previous year.