

## Chairman's Statement

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

### BUSINESS RESULTS

The Group's consolidated profit after taxation for the year ended 31 December 2005 amounted to HK\$243.2 million, representing a decrease of 26% from the consolidated profit after taxation of HK\$327.8 million in 2004. The profit per share was 68 cents for the year as compared to 92 cents 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 27 April 2006. 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

Local economy had shown sustained growth with decline in unemployment rate and improvement in business sectors. The gradual increase in interest rates during the year caused a decrease in property transactions and property price underwent slight adjustment.

The Group's profit for the year was mainly derived from the sale of the residential units of Metro Harbour View.



Metro Harbour Plaza

*Chairman's Statement (Continued)*

43-51A Tong Mi Road

**Property Development and Investment Operations***8 Fuk Lee Street ("Metro Harbour View")*

During the year, the Group recorded an operating profit of HK\$192 million from the sale of the residential units of Metro Harbour View. Properties sold comprised approximately 350 residential units representing a decrease of about 40% as compared with last year, with a value of approximately HK\$420 million. The turnover represented a decrease of 37% as compared with the turnover of the previous year. The number of unsold units approximates 300. Rental income from the commercial arcade, Metro Harbour Plaza, amounted to HK\$15.5 million for the year. The occupancy rate as at the end of the year was approximately 76%, or after taking into account the remaining committed tenancies, approximately 96%.

*222 Tai Kok Tsui Road*

The foundation work had been completed and construction of the superstructure was in good progress. The site is being developed into a residential-cum-commercial property of total gross floor area of approximately 320,000 sq. ft., comprising approximately 270,000 sq. ft. of residential use and approximately 50,000 sq. ft. of non-residential use. The target date for completion of the infrastructure is late 2008.

*43-51A Tong Mi Road*

The construction work had been substantially finished. The project will be ready for sale in the first half of this year.

*6 Cho Yuen Street, Yau Tong*

The demolition of Kingsford Industrial Centre had been completed. Construction work is expected to commence in the second half of 2006. The site will be developed into a residential-cum-commercial property with a total gross floor area of approximately 165,000 sq. ft., comprising approximately 140,000 sq. ft. of residential use and approximately 25,000 sq. ft. of non-residential use. The project will be a benchmark of luxurious residential property in the Yau Tong area.

*Chairman's Statement (Continued)***Ferry, Shipyard and Related Operations**

Due to the price-cutting competition from other harbour cruise operators, the turnover of the harbour cruise dropped by 27% against the same period last year. The substantial increase of fuel oil price led to a deficit of HK\$4.3 million in Ferry, Shipyard and Related Operations for the year. During the year, the litigation fee of the court case against the Hong Kong Government relating to the proposed redevelopment of the Central ferry piers amounted to HK\$8.1 million.

**Travel and Hotel Operations**

As a result of the after-effect of tsunami tragedy, and the threat of avian flu, the turnover of the Travel and Hotel Operations recorded a slight decrease of 3% as compared with last year. The operating results of the Travel and Hotel Operations turned from a surplus to a deficit of HK\$2.6 million during the year.

**PROSPECTS**

The Group is optimistic about the economy in Hong Kong and Mainland China. The stabilised local property market and mortgage interest rate will later enhance turnover in local property transactions. The sale of the remaining units of Metro Harbour View has continued to receive favourable response from the market. The expected sale of Tong Mi Road Development is promising. The proceeds from the sales of the properties and the rental from commercial arcade will continue to be the primary source of income for the Group in the coming year.

With abundant cash reserve in hand, the Group will aim to explore favourable investment opportunities.

**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 last year.

**Colin K. Y. Lam**  
*Chairman*

Hong Kong, 15 March 2006



*Designers' image of 222 Tai Kok Tsui Road*