

## Letter to Shareholders

*A tale of a bear, a tiger and a chicken :*

*The bear said, "When I growl the whole mountain knows of my presence."*

*The tiger said, "That so? When I ROAR, the whole forest stands on alert."*

*The chicken said, "Ahem. When I cough even mildly the whole world shakes with fear."*

The above tale is, unfortunately, all too close to the truth. Amanresorts, our biggest investment, has still not recovered. To date, Amanresorts rooms in Phuket, Indonesia and Sri Lanka represent more than half of the rooms attributable to Amanresorts. And fear of the H5N1 bird flu has resulted in many people either postponing their holidays or travelling to other city destinations. The occupancy rates in Indonesia and Sri Lanka have also been adversely affected by security concerns and the bad "feng shui" from the tsunami.

Birds fly overhead in every part of the world, and disaster can similarly strike anywhere, but people planning for vacations are driven by their emotions. Consequently, the loss last year from our stake in Amanresorts was HK\$30 million. In addition, an impairment loss of HK\$86 million was made in respect of our investment in Amanresorts.

At the end of 2005, the net assets value of Lee Hing shares was HK\$4.75, which was down 2.86 percent from the close of 2004. By comparison the Hang Seng Index was up 4.54 percent.

Most of our trading profit came from the sale of listed shares, especially Resorts World Berhad. We have sold the last of our holdings in this company and will not have this source of profits for the year of 2006.

### Sources of reported profits

The following table shows the main sources of our operating profits:

	2005 (HK\$ Million)	2004 (HK\$ Million)
Operating profit		
Rental income	2.2	2.2
Dividend income	7.7	11.0
Interest income	19.2	13.4
Fair value changes on investment properties	4.0	–
Others	1.9	1.0
	<u>35.0</u>	<u>27.6</u>
Corporate expenses – finance costs	( 2.0)	( 4.8)
– others	( 11.8)	( 12.9)
	<u>21.2</u>	<u>9.9</u>
Operating profit	21.2	9.9
Profit on sales of listed shares	70.9	126.9
Gain on sales of property	5.2	1.7
Net write back of provision for impairment losses on available-for-sale investments	–	12.9
Provision for impairment losses on an associate	( 86.0)	–
Unrealised gain on held for trading investments	2.6	1.1
	<u>13.9</u>	<u>152.5</u>

## Letter to Shareholders (Cont'd)

### Listed shares

Below we present our holdings in listed shares with a market value of more than HK\$30 million at 31 December 2005:—

	Original Investment Cost (HK\$ Million)	Market Value (HK\$ Million)
Malaysia		
IGB Corp Bhd.	61.4	46.3
Padiberas Nasional Bhd.	90.4	92.2
	<u>151.8</u>	<u>138.5</u>

### Looking forward

We shall continue to explore different ways of giving shareholders a better return.

**Tan Boon Seng**  
Chairman

Hong Kong, 24 April 2006