

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2005 (the "Year") to the shareholders.

RESULTS

Profit attributable to equity holders of the Company for the Year was HK\$121.5 million (2004 (restated): loss of HK\$169.4 million). Earnings per share for the Year recorded at HK36.40 cents (2004 (restated): loss per share of HK60 cents).

DIVIDENDS

No dividend was paid or proposed during both the Year and the year ended 31st December, 2004, nor has any dividend been proposed since the balance sheet date.

BUSINESS REVIEW

Revenue for the Year amounted to HK\$3.4 million (2004: HK\$18.9 million), representing a significant drop of 82%. Revenue for the Year was solely derived from rental income without any property trading income as compared with HK\$13.2 million recorded in last year.

Gross profit for the Year amounted to HK\$2 million (2004: HK\$5.6 million) decreased by 64.3%. The drop in gross profit was due to the decrease in rental income after 15 units of Gemstar Tower of approximately 72,100 square feet, representing 53% of its gross floor area (GFA), which were disposed in 2004 and also reflecting the impact of half of the existing GFA of Gemstar Tower being vacant in 2005 for the purpose of the building extension project. The project would be completed in the third quarter 2006 and would give rise to an additional GFA of approximately 55,600 square feet.

Share of the results of associates for the Year jumped to HK\$101 million (2004 (restated): HK\$6 million). The Company shared the increase in fair value on investment properties of HK\$92.5 million (net of deferred tax impact of HK\$19.6 million), which was resulted from the steady growth of the property market and reflected in the results of the Company after the adoption of the new and revised accounting standards in 2005.

本人欣然向股東呈報本公司及其附屬公司（「本集團」）截至二零零五年十二月三十一日止年度（「本年度」）之業績。

業績

本公司股本持有人於本年度應佔溢利為 121,500,000 港元（二零零四年（重列）：虧損 169,400,000 港元）。本年度每股溢利為 36.40 港仙（二零零四年（重列）：每股虧損 60 港仙）。

股息

本公司於本年度及截至二零零四年十二月三十一日止年度概無派付或建議派付任何股息，自結算日以來亦無建議派付任何股息。

業務回顧

本年度，本集團錄得 3,400,000 港元營業收入（二零零四年：18,900,000 港元），較去年大幅減少 82%。本年度營業收入悉數來自租金收入，有別於去年自物業交易所錄得 13,200,000 港元之收入。

本年度毛利減少 64.3% 至 2,000,000 港元（二零零四年：5,600,000 港元）。毛利減少反映出於二零零四年內出售駿昇中心之 15 個單位（佔地約 72,100 平方呎），令其總建築面積減少 53%，導致租金收入減少。此外，駿昇中心一半現存總建築面積因擴建工程於二零零五年內空置而影響收入。擴建工程將於二零零六年第三季完成，預期可增加約 55,600 平方呎之總建築面積。

本年度應佔聯營公司業績跳升至 101,000,000 港元（二零零四年（重列）：6,000,000 港元）。本公司所佔投資物業公平值增加之 92,500,000 港元（已扣除遞延稅項之影響 19,600,000 港元），乃受惠於物業市場持續增長，及經本公司於二零零五年採納新訂及經修訂的會計準則後反映於本公司之業績表現。

BUSINESS REVIEW (cont'd)

The results for the Year also include the write-back of allowance for amounts due from associates and former associates of approximately HK\$1 million and HK\$8.7 million respectively (2004: HK\$1.4 million and HK\$7.8 million respectively).

Profit attributable to equity holders of the Company in 2005 was \$121.5 million compared to a loss of HK\$169.4 million in last year (restated). Loss in 2004 was due to an impairment loss recognised in respect of property interests held for development of HK\$183.4 million and a provision for a litigation claim of HK\$8.4 million.

PROPERTY REVIEW

Property Development

No. 34 Hill Road, Western District (100%) – The property is a 7-storey composite building over 40 years old and is currently vacant. The site has an area of approximately 2,146 square feet.

Investment Properties and Properties Held for Sale

Gemstar Tower, Hung Hom (100%) – The property is a 17-storey godown building. The Group held 13 godown units on various floors with a total gross floor area of approximately 62,665 square feet and 50 carparking spaces as at 31st December, 2005. As at 31st December, 2005, the occupancy rate of godown was 13.97%. Extension works for the addition of 2 godown storeys above the top floor was commenced in May 2005 and scheduled to be completed in the third quarter of 2006. The additional gross floor area as a result of this addition will be approximately 55,600 square feet.

Inter-Continental Plaza, Tsim Sha Tsui (50%) – The property is a 15-storey commercial building. The Group has interests in two office floors and a flat roof with a total gross floor area of approximately 22,204 square feet and 1,876 square feet respectively. As at 31st December, 2005, the two office floors were fully let.

No. 1 Hung To Road, Kwun Tong (33 $\frac{1}{3}$ %) – The property is a 33-storey industrial building. During the Year, 22,766 square feet have been sold. The Group has interests in various portions on various floors with a total gross floor area of approximately 545,581 square feet and 77 carparking spaces as at 31st December, 2005.

業務回顧 (續)

本年度業績亦包括聯營公司及前聯營公司欠款準備之撥回金額分別約 1,000,000 港元及 8,700,000 港元 (二零零四年：分別為 1,400,000 港元及 7,800,000 港元)。

本公司股本持有人於二零零五年應佔溢利為 121,500,000 港元，而去年虧損為 169,400,000 港元 (重列)。二零零四年之虧損是因為確認持作發展之 183,400,000 港元物業權益減值，以及 8,400,000 港元索償訴訟撥備所致。

物業回顧

物業發展

西區山道 34 號 (100%) – 該物業為一幢七層高樓齡逾 40 年之綜合大廈，現時空置。該地盤面積約為 2,146 平方呎。

投資物業及持作出售物業

紅磡駿昇中心 (100%) – 該物業為一幢十七層高之貨倉大廈。於二零零五年十二月三十一日，本集團持有分佈於多個樓層共 13 個貨倉單位，總建築面積約為 62,665 平方呎，並持有 50 個停車位。於二零零五年十二月三十一日，貨倉之出租率為 13.97%。於頂層上蓋加建兩層貨倉之擴建工程已於二零零五年五月展開，並預期於二零零六年第三季完工。是次擴建所得之額外總建築面積將約為 55,600 平方呎。

尖沙咀明輝中心 (50%) – 該物業為一幢十五層高之商業大廈。本集團擁有兩個辦公樓層及平台之權益，總建築面積分別約為 22,204 平方呎及 1,876 平方呎。於二零零五年十二月三十一日，該兩個辦公樓層經已全部租出。

觀塘鴻圖道 1 號 (33 $\frac{1}{3}$ %) – 該物業為一幢三十三層高之工業大廈。於本年度內售出 22,766 平方呎，本集團於二零零五年十二月三十一日擁有多個樓層之多個單位之權益，總建築面積約 545,581 平方呎，並擁有 77 個停車位。

POST BALANCE SHEET EVENT

Litigation Claim

The legal proceedings relate to a margin loan granted to the Company by the finance company (in liquidation) (the "finance company") for the dealing of securities between the years of October 1996 and January 1998. The Company filed a Defence and Counterclaim in December 2004 and the finance company filed their Reply and Defence to Counterclaim in January, 2005. The claim of approximately HK\$8.4 million comprises of the margin loan and accrued interest. The Group made a provision of approximately HK\$8.4 million in 2004 for the claim. In January 2006, upon seeking legal advice including London QC opinion, the Company paid the finance company a sum of HK\$8.3 million for full and final settlement of all claims of the finance company. The settlement was made from the Company's internal resources without any adverse impact on its working capital position. Consent Summons was filed and an order from the High Court dated 20th January, 2006 was sealed to record the discontinuance of the legal proceedings.

PROSPECTS

With the continued improvement in Hong Kong economy under broadly favourable economic conditions during the Year, the Group is optimistic about the outlook of the local property market.

The Group maintained a strong cash position for the Year. Expecting a stable and recurrent income generated from the existing properties held in Hong Kong, the Group will continue to focus on maintaining its existing property portfolio and will be flexible in its future business expansion to face the ever-changing economic environment when opportunities come.

APPRECIATION

I would like to take this opportunity to thank the shareholders of their continuing support and all the staff for their dedication and hard work.

On behalf of the Board
Thomas Lau, Luen-hung
Chairman

Hong Kong, 14th March, 2006

結算日後事宜

訴訟索償

有關一間財務公司（清盤中）（「財務公司」）由一九九六年十月至一九九八年一月期間就買賣證券授予本公司之孖展貸款之法律訴訟，本公司已於二零零四年十二月提交抗辯書及反申索，而財務公司亦已於二零零五年一月提交答辯書及反申索之抗辯書。有關申索包括孖展貸款和應計利息約 8,400,000 港元。本集團已於二零零四年就申索作出約 8,400,000 港元之撥備。本公司於徵求法律意見（包括倫敦御用大律師法律意見）後，於二零零六年一月就財務公司所有索償，向財務公司作出 8,300,000 港元之全數和最終清償。有關款項來自本公司之內部資源，因此不會對其營運資金狀況構成負面影響。本公司已呈交同意和解傳票，香港高等法院亦已於二零零六年一月二十日頒令以蓋章記錄終止該法律訴訟。

展望

香港經濟於本年度良好的經濟環境下持續改善，本集團對本地物業市場之前景抱持樂觀態度。

本年度，本集團持有充足現金。預期現時在香港持有之物業可為本集團帶來穩定及經常收入，而本集團將繼續專注維持現有物業組合，並保持一定靈活性，為日後擴充業務作好準備，以應付不斷改變的經濟環境，抓緊日後湧現的商機。

致謝

本人謹藉此機會對股東一直以來之鼎力支持及全體員工竭誠為本集團效力深表謝意。

代表董事會
主席
劉鑾鴻

香港，二零零六年三月十四日