In 2005, the Hong Kong economy continued to improve under favourable conditions. The Group's net profit attributable to the shareholders of the Company for the year ended 31 December 2005 was HK$368.5 million, as compared to HK$92.1 million in 2004. Turnover for the year was HK$1,767.9 million, against HK$1,455.8 million in 2004. The Board recommends the payment of a final dividend of HK5.5 cents (2004: HK1.75 cent) per share. Together with the interim dividend of HK1.5 cent (2004 : nil) per share, total dividend for the year is HK7.0 cents (2004: HK1.75 cent) per share.

The Group's net profit attributable to the shareholders of the Company of HK$368.5 million for the year 2005 is a record in the history of the Group. In large part, it can be attributed to the successful launch of the Giverny, a 63-villa luxury development in Hebe Haven, Sai Kung, and the increase in value of Lanson Place Boutique Hotel and Residences in Causeway Bay, Hong Kong, which the Group purchased in 2003. These successes are the result of the Group's decade-long strategy of investment in the residential property development and hospitality management.

The Group began its residential property development businesses in 1995 with the Waterfront in Union Square, in which we led a consortium of premiere Singaporean and Hong Kong investors and developers including Temasek Holdings (Private) Limited, an investment holding company of the Singaporean Government. The Group's vision is to develop the Wing Tai Asia brand as a leader in quality product development and delivery, innovative marketing and quality customer services.

Since 1997, despite a market that was hard hit by the Asian financial crisis, the dot com bust, "911" and SARS, the Group has remained focused on building the infrastructure necessary to realise our vision and has continued to forge strategic partnerships. Three projects that we launched between 1997 and 2003, namely the Waterfront, the Hillgrove, and the Bloomsville, were all well received in the then-poor market conditions and each of these projects was profitable and achieved prices that were above market averages. At the same time, the Wing Tai Asia brand began to gain market recognition and this further strengthened our residential properties development business. As a result, we embarked upon the Giverny project in 2001 and the Grandville project in Shatin in 2002, both are joint ventures with the Nan Fung Group. The Grandville project was launched towards the end of 2004 with 90% of the development sold within one month at prices 50% above market price in the area. The Grandville development will be completed and delivered to purchasers in 2006 and the profits recognised then will provide a solid earning base for the Property Division in 2006.

The Group's hospitality management business began in 1995 with a vision to develop a brand under the Lanson Place name to focus on providing international business and leisure travellers with quality serviced residences that cater to their lifestyle needs. As a strong brand, Lanson Place will be able to add significant value to our property investments.

Lanson Place began its operations in Kuala Lumpur and Singapore. Emphasising quality and service, it was able to achieve above-market results in those cities under depressed market conditions during the Asian financial crisis. Lanson Place's experience and infrastructure were extended to convert Tower V of the Waterfront into serviced residences in 2002. This has helped to enhance the value of Tower V and eventually the strata sales of Tower V. To further develop the Lanson Place infrastructure in Hong Kong, the Group acquired the property at 133 Leighton Road. We formed a strategic partnership with Morgan Stanley Real Estate Funds ("MSREF") to develop this property into Lanson Place Boutique Hotel and Residences. The property soft-opened in November 2005 and has been very well received by the market with occupancy and rates that are significantly above its investment plans. A significant part of the Group's current year profits was the result of the increase in value of this property.

To extend the Lanson Place brand into the fast-growing China market, the Group furthered its strategic partnership with MSREF in acquiring Jin Lin Tian Di, a luxury residential block in the prime Xin Tian Di area of Shanghai. The property soft-opened as serviced residences in December 2005. It has since produced operating results that are significantly above its business plan. Lanson Place now manages a total of more than 800 suites and apartments in five properties in four major cities in Asia.

The Group expands its property business to include commercial and retail properties. We have been appointed project manager for an office development comprising two grade A office towers with a total floor area of approximately 1.3 million square feet at 102 How Ming Street, Kwun Tong. The site is owned by an associate, Winsor Properties Holdings Limited. The Group acquired the former Bank of East Asia building at 314-324 Henessy Road in July 2005. We will refurbish this building into a grade A office building with an upscale retail podium to serve the rapidly changing Wan Chai area. During the year, the Group invested in a retail mall with approximately 400,000 square feet of floor space in the prime Huai Hai Zhong Lu area. The retail mall is being renovated into a modern, innovative, lifestyle oriented shopping and meeting place. It is set to open by the end of 2006.

For the remainder of 2006, we continue to be confident of the local economies and that of China. The Group's property business should continue to perform well with sales of the Giverny and the completion of the Grandville in addition to the expected strong performance from Lanson Place Boutique Hotel and Residences in Hong Kong and Lanson Place Jin Lin Tian Di in Shanghai.

In the longer term, the Property Division will continue to focus on our core residential properties business in both Hong Kong and China and to develop our capabilities in other property sectors such as office and retail properties. We also expect substantial growth in the serviced residences market in Hong Kong and China, where we will leverage the successes of the Lanson Place operations to spearhead further development. Lanson Place will also seek further opportunities in key gateway cities in Asia.

2005 was a challenging year for the Apparel business. The quota-free era so long anticipated by the industry lasted only for a few months before the European Commission (EU) and the USA invoked anti-surge safeguards and re-introduced quotas on key Chinese textile products in the first half of 2005. The disruption to order pattern and the uncertainty in the supply chain that followed this decision lowered the utilisation of our China production capacities and added costs to production, sourcing and distribution. Our operating profit in the first half of 2005 was seriously affected. With the confirmation of the Sino-US and Sino-EU textile arrangement in the second half of the year, a more orderly market emerged and we were able to return to profitability.

Our long term expectation is for our Apparel Division to be a dynamic global apparel supplier for premium service, quality and product value. In line with our business strategies, we will continue to nurture collaboration with key customers in design and development, fully integrated logistics services, and to enhance our production capabilities and technology. The new quantitative restrictions on Chinese textiles by EU and US will last until the end of 2007 and 2008 respectively. During this transitional period, we will continue to focus on building our infrastructure to provide a platform for further growth.

On behalf of the Board of Directors, I would like to thank our management, staff and consultants for their effort and continuing commitment to building a solid foundation for growth and prosperity.

Cheng Wai Chee, Christopher
Chairman