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## CHAIRMAN'S STATEMENT

Thriving exports, vibrant tourism and surging consumer spending have propelled Hong Kong economy with an enviable growth of 7.3% during 2005. This exceeded general expectations and was achieved despite the record high oil prices and interest rate hikes.

Rentals growth as a result of tightening supply and growing demand has led to rising valuation for the Group's investment properties. The property market was fully revitalised during 2005.

Prices across all residential sectors, in particular the luxury segment, grew solidly during the first half of 2005. A mild consolidation on price took place in the second half as Hong Kong interest rates gradually stepped up. This timely adjustment helped sustain a healthy marketplace.

In Singapore, the strong manufacturing and services industries drove real GDP to a better-than-expected 6.4% growth in 2005, and further accelerated to a 10.6% annual growth in the first quarter of 2006. Retail sales saw robust growth and property prices steadily rose as a result.

The Company performed well during the financial year.

### RESULTS

Despite an 18.3% drop in Group turnover to HK\$1,788.5 million (2005: HK\$2,188.7 million), Group profit rose by 21.3% to HK\$2,234.2 million during the year under review (2005: HK\$1,841.6 million). Earnings per share were HK\$1.08 (2005: HK\$0.89). Excluding the unrealised surplus from the revaluation of investment properties and property write-back, Group profit rose by 11.5% to HK\$1,017.0 million (2005: HK\$912.4 million).

Consolidated net asset value per share rose 21.1% to HK\$8.77 as at 31 March 2006, compared to HK\$7.24 for the preceding year.

Your Directors have recommended a final dividend of 7.0 cents per share to make a full year distribution of 9.0 cents per share (2005: 8.0 cents per share).

### BOARD

I would like to give a special note of thanks to Mr. Gonzaga W. J. Li for his able stewardship as Chairman during the past 8 years, when substantial value was created. My heartfelt gratitude also goes to Mr. David J. Lawrence, who left the Board effective 1 January 2006, for his invaluable contributions to the Group. Furthermore, I would welcome Mr. Ricky K. Y. Wong on his joining the Company's Board and I am sure the Group will benefit from his extensive experience and wisdom.

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## CHAIRMAN'S STATEMENT

### OUTLOOK

The outlook of Hong Kong economy for 2006 remains positive. Sustainable growth in the Mainland's trade flow, continuing tourism boom, and strong consumer spending will continue to strengthen the economy and benefit the property market.

The Closer Economic Partnership Arrangement (CEPA), coupled with China's WTO accession, will continue to provide tremendous business opportunities for Hong Kong and China corporate, in particular the small- to medium-sized enterprises. The Mainland and Hong Kong tie will further strengthen upon CEPA III. The Group will continue exploring high potential business opportunities in Hong Kong and the Asia Pacific region to further create value for Shareholders.

**Peter K. C. Woo**

*Chairman*

Hong Kong, 12 June 2006