

# Chairman's Statement



**LI Wenyue**

Chairman

## RESULTS

I am pleased to report to our shareholders that we have recorded a strong growth in the results of the Group for 2005. For the year 2005, the Group's audited consolidated net profit attributable to shareholders amounted to HK\$1,303 million (2004: HK\$896 million (restated)) representing a significant growth of 45.5% as compared with last year. The basic earnings per share were 22.69 HK cents (2004: 16.00 HK cents (restated)), representing a growth of 41.8% compared to last year.

## DIVIDENDS

The Board recommends a final dividend of 5.0 HK cents per share for 2005. Aggregating such dividend with the interim dividend of 4.0 HK cents per share which has already been paid during the year, the total dividend for the entire year will be 9.0 HK cents per share (2004: 6.0 HK cents). The said final dividend for 2005, subject to the approval by the shareholders of the Company at the annual general meeting, will be paid on 28 June 2006.

## REVIEW

In 2005, the efforts of the Group's management in implementing a strategy of steady development with the support of our staff has borne fruit and taken our results for the year to a new height.

Among the Group's six business sectors, apart from the electric power generation business, all the other businesses namely, water distribution, toll roads and bridges, property investment and development, department stores, and hotel operations and management achieved satisfactory growth.

Adhering to the core values of "Credibility, Integrity and Profitability" underlying our corporate culture, the Group has established a strong foundation for the Group's long-term future development by building up a strong management team true to our core values. The Group has also continued to update, supplement and review all its internal policies and regulations to keep up with the changing needs of the enterprise in its different stages of development. By ensuring strict compliance by all its staff, the Group spared no effort in improving the quality of the corporate governance and management.

In accordance with its prudent investment strategy, the Group has acquired further interests in water distribution and shopping mall operations, stepped up its efforts in the brand management of its hotel, retail and shopping mall operations and undertaken technical renovation for its electric power generation projects and thereby increasing the competitiveness of its businesses and enhancing their profitability.

## Chairman's Statement

Capitalising on the favourable conditions in the capital market, the management has successfully negotiated with the Industrial and Commercial Bank of China for an interest rate reduction on the outstanding syndicate bank loans of HK\$10.7 billion. The interest rate reduction came into effect on 20 November 2005. Based on the outstanding loans totalling HK\$10.565 billion as at balance sheet date, the resulting interest savings will be HK\$76 million each year. The arrangement is undoubtedly a strong vote of confidence on the part of the banking industry in the Group's credit-worthiness and future prospects.

## PROSPECTS

In tandem with the buoyant economy and the continual improvement in the standard of living in Mainland China, water resources are growing in significance. The management believes that there should be room for the revenue of the Group's water distribution business in Mainland China to maintain a healthy growth.

All the Group's other businesses are likewise expected to continue to benefit from China's rapid economic growth. Notwithstanding the different degrees of market competition, the management believes that, under the corporate culture of "Creditability, Integrity and Profitability" and with our strong capital base, a business model that conforms with international best practices and also our dedicated team of professionals, the businesses of the Group as a whole will be able to maintain their steady growth.

In line with its business strategy, the Group will continue to focus on its existing core businesses with particular emphasis on utilities and infrastructure. When opportunities arise, the Company will either spin-off or dispose of its hotel business. The management is also actively exploring investment opportunities in water resources and toll road projects with the aim of creating even higher values for shareholders.

Finally, I would like to express my gratitude to the Board, the management and our staff for their dedication and hard work as well as to the shareholders for their support and confidence placed in our Group over the years.

**LI Wenyue**

*Chairman*

Hong Kong, 13 April 2006