

DIVIDENDS

The directors of the Company (the "Directors") have resolved to recommend a final dividend of HK12 cents per share for the year ended 31st December, 2005 (2004: HK11 cents) and propose to give shareholders the option of receiving part or all of the final dividend in form of new shares ("scrip dividend") in lieu of cash dividend. This scrip dividend proposal (the "Proposal") will be conditional on (i) the approval of the proposed final dividend at 2006 Annual General Meeting of the Company and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting a listing of and permission to deal in the shares to be issued pursuant to the Proposal.

Together with the interim dividend of HK9 cents (2004: HK8.5 cents) per share, the total distribution for 2005 will amount to HK21 cents per share (2004: HK19.5 cents).

The register of members will be closed from 29th May, 2006 to 1st June, 2006 both days inclusive and those persons whose names appear on the Register of Members of the Company on 1st June, 2006 will be entitled to receive the proposed final dividend. In order to qualify for the proposed final dividend, all transfers must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 26th May, 2006.

It is expected that the final dividend will be paid to those entitled on or around 30th June, 2006 subject to the shareholders' approval at the 2006 Annual General Meeting of the Company.

股息

本公司董事（「董事」）議決建議派發截至二零零五年十二月三十一日止年度之末期股息每股 12 港仙（二零零四年：11 港仙），並建議給予股東選擇權以新股之形式收取部份或全部末期股息代替現金股息（「以股代息」）。是項以股代息建議（「建議」）須待以下條件達成方可作實：(i) 建議之末期股息在本公司之二零零六年股東週年大會上獲得批准及(ii) 香港聯合交易所有限公司（「聯交所」）批准根據建議而發行之股份上市及買賣。

連同中期股息每股 9 港仙（二零零四年：8.5 港仙），二零零五年之總分派將為每股 21 港仙（二零零四年：19.5 港仙）。

本公司將於二零零六年五月二十九日至二零零六年六月一日（包括首尾兩日）暫停辦理股東登記手續，於二零零六年六月一日名列本公司股東名冊之人士將可獲發建議之末期股息。為符合獲派建議之末期股息的資格，所有過戶文件必須於二零零六年五月二十六日下午四時或之前送達本公司於香港之股份過戶登記分處香港中央證券登記有限公司，地址為香港皇后大道東 183 號合和中心 17 樓 1712-1716 商舖。

待股東於本公司之二零零六年股東週年大會上批准後，預期末期股息將於二零零六年六月三十日或前後派發予合資格股東。

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties remain the Group's main income contribution. During the period under review, the net rental income has increased by 3.5% to HK\$688 million for the year ended 31st December, 2005, as compared with the corresponding period last year. The increase in net rental income is attributable to the uptrend of the rental rates as a result of the growth of tourist spending and local consumption during the year.

The overall occupancy rate for the Group's retail properties recorded a high level of 97%. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties. Retail rental renewals and new lettings have been very promising due to the growth of tourist spending as well as domestic spending during the year.

The occupancy rate for the Group's office properties maintained at a high level throughout the year. As at 31st December, 2005, the occupancy rates for Windsor House, MassMutual Tower and Harcourt House were 93%, 97% and 92% respectively, bringing the occupancy rate of the overall office portfolio to 94%.

Occupancy rates and rentals are expected to further improve in Hong Kong's retail and office property markets.

In June 2005, the Group announced the redevelopment of Tung Ying Building in Tsim Sha Tsui. The building was vacant in December 2005 and its redevelopment has started early this year.

During the year, the Company carried out renovation works at basement of Silvercord Shopping Arcade in Tsim Sha Tsui (now known as VIM) and Laforet at Excelsior Plaza in Causeway Bay. VIM was opened in late 2005 and Laforet will be re-open soon.

業務回顧

香港物業投資

投資物業的租金仍然是本集團之主要收入來源。於回顧期內，截至二零零五年十二月三十一日止年度之租金收入淨額達 688,000,000 港元，較去年同期增加 3.5%。租金收入淨額增加與年內旅客消費及本地消費增長促使租金水平趨升有關。

本集團的零售物業的整體出租率高達 97%。出租率維持高企與本集團的大部份零售物業位於主要地區有關。由於年內旅客消費及本地消費增長，零售物業的續租及新出租的租金相當令人滿意。

本集團寫字樓物業的出租率整年維持高水平。於二零零五年十二月三十一日，皇室大廈、美國萬通大廈及夏慤大廈的出租率分別為 93%、97% 及 92%，使寫字樓物業組合的整體出租率至 94%。

香港零售及寫字樓物業市場的出租率及租金水平預期會進一步改善。

於二零零五年六月，本集團宣布重建尖沙咀東英大廈。該幢大廈已於二零零五年十二月起空置，並已於本年初開始重建。

於年內，本公司為尖沙咀新港中心購物商場地庫（現稱 VIM）及位於銅鑼灣怡東商場之東角 Laforet 進行翻新工程。VIM 已於二零零五年底開幕，而東角 Laforet 亦即將重開。

BUSINESS REVIEW (cont'd)

Hong Kong Property Development

In general, the Group's development projects have been making good progress and sales have been achieving pleasing results.

During the year, 62 houses of Miami Crescent (50% interest), 141 units of Mount Beacon (33 $\frac{1}{3}$ % interest), 19 units of Indihome (50% interest) and 71 units of Parc Palais (10% interest) were sold.

For the Tai Yuen Street redevelopment project undertaken with the Urban Renewal Authority (87.5% direct interest), the construction of Phase 1 of the project was completed and the pre-sale consent application was being processed. We expect that the pre-sale will be launched in the third quarter of 2006.

In September 2005, a joint venture formed among the Group, Sino Land Company Limited and Nan Fung Development Limited has successfully bid two pieces of land located at Hoi Ting Road and the junction of Hoi Wang Road and Hoi Ting Road, West Kowloon Reclamation Area with a total gross floor area of 1,095,980 square feet which will be developed into residential and retail properties.

Macau Property Development

In December 2005, the Group acquired 5 parcels of adjoining land in Taipa, Macau (70.01% interest). The acquisition was completed early 2006. The project will be divided into 4 phases with a total of 25 blocks comprising 24 residential blocks and one block of serviced apartments. The total gross floor area of the whole development is approximately 4.23 million square feet. The phase I of this project is expected to be launched within this year.

業務回顧（續）

香港物業發展

整體上，本集團各個發展項目進展理想，銷售成績令人滿意。

年內售出邁爾豪園（50% 權益）62 幢洋房、畢架山峰（33 $\frac{1}{3}$ % 權益）141 個單位、樂悠居（50% 權益）19 個單位及君頤峰（10% 權益）71 個單位。

至於與市區重建局合作發展的太原街重建項目（87.5% 直接權益），該項目之第一期工程已經完成，而預售樓花同意書之申請正在處理。我們預期將於二零零六年第三季展開預售。

於二零零五年九月，由本集團、信和置業有限公司及南豐發展有限公司成立的合營企業已成功投得位於西九龍填海區海庭道及海泓道與海庭道交界的兩幅土地，總樓面面積為 1,095,980 平方呎，將發展為住宅及零售物業。

澳門物業發展

於二零零五年十二月，本集團收購澳門氹仔五幅接鄰的土地（70.01% 權益）。是項收購已於二零零六年初完成。該項目將分為四期共 25 幢大廈，其中 24 幢為住宅大廈，一幢為服務式公寓。整個發展項目的總樓面面積約為 4,230,000 平方呎。該項目的第一期預計於本年內推出。

BUSINESS REVIEW (cont'd)

PRC Property Investment

During the year, the Company acquired the remaining 50% equity interest in JadeField Limited which owns the unsold portion of Evergo Tower (formerly known as Peregrine Plaza). Evergo Tower, which is located at Central Huaihai Road, one of the most prestigious commercial districts in Shanghai, is a 23-storey office/shopping complex including a 2-storey basement and has a total gross floor area of 267,077 square feet. Apart from 3,369 square feet of office space being sold, the remaining portion of the property is for leasing purpose as a long-term investment. The averaged occupancy rates of the office and retail spaces stood high at 90% and 99% respectively for the year ended 31st December, 2005. On the other hand, the Company disposed its entire interest in Hong Kong New World Tower, Shanghai early 2006.

The averaged occupancy rate of the 79 retail outlets in Lowu Commercial Plaza, Shenzhen (100% interest) was 98%.

Hilton Beijing (50% interest) maintained an averaged occupancy rate of 85%. The renovation works for all its guest rooms were completed in August 2005.

Introduction of Internationally Renowned Investor

In February 2006, The Children's Investment Fund Management (UK) LLP acquired 177,965,187 shares of the Company, representing 8.21% of the existing issued share capital of the Company. The Directors believed that the introduction of institutional investor would be in the long term interests of the Company.

業務回顧 (續)

中國物業投資

於年內，本公司收購擁有愛美高大廈（前稱百富勤廣場）未售部份的 JadeField Limited 的餘下 50% 股權。愛美高大廈坐落於上海最著名的商業區之一淮海中路。該幢樓高 23 層（包括兩層地庫）的寫字樓／購物商場的總樓面面積為 267,077 平方呎。除已售出面積 3,369 平方呎的寫字樓樓面外，該物業其餘樓面面積作出租之用，並作為長期投資項目。截至二零零五年十二月三十一日，寫字樓及商舖的平均出租率分別高企於 90% 及 99%。另外，本公司於二零零六年初已售出其於上海香港新世界大廈的全部權益。

深圳羅湖商業城的 79 個零售商舖（100% 權益）之平均出租率為 98%。

北京希爾頓酒店（50% 權益）的平均出租率維持於 85%。所有酒店房間的翻新工程已於二零零五年八月完工。

引入國際知名投資者

於二零零六年二月，The Children's Investment Fund Management (UK) LLP 已購入本公司股份 177,965,187 股，佔本公司現有已發行股本的 8.21%。董事相信引入機構投資者是符合本公司之長遠利益。

PROSPECTS

The Group is optimistic with the property market of Hong Kong and Greater China Regions and will launch a series of property sales or presales which are of high quality and cater for the needs and tastes of different buyers.

Looking ahead, the Group will continue to capture opportunities for acquiring premier investment properties. After the successful acquisition of the URA re-development project in Larch Street and the acquisition of Hoi Ting Road and Hoi Wang Road land (25% interest), the landbank of the Group has been replenished satisfactorily. The Group will also further enhance the value of its existing investment properties through continuous redevelopment, renovation works and repackaging programs such as those of Tung Ying Building, Silvercord Shopping Arcade, Excelsior Plaza and Windsor House. At the same time, the Group has strived to focus on producing mid to high-end properties and identify lucrative business opportunities in the Mainland China and Macau, aiming at maximizing the shareholders' value.

APPRECIATION

I would like to take this opportunity to thank the shareholders for 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, 11th April, 2006

展望

本集團對香港及大中華地區的物業市場持樂觀態度，將會推出一系列高質素並照顧不同買家之需要和品味的物業銷售及預售。

展望未來，本集團會繼續把握機會吸納優質的投資物業。在成功購入於市區重建局在洋松街的重建項目以及投得海庭道及海泓道的地皮（25%權益）後，本集團的土地儲備已得到理想的補充。本集團亦會繼續透過持續進行重建、翻新工程及重新包裝的計劃（例如東英大廈、新港中心購物商場、怡東商場及皇室大廈正進行的各項工程及計劃），進一步提升其現有投資物業的價值。同時，本集團會集中推出中價至高價的物業，並於中國大陸及澳門發掘回報可觀的商業機會，務求為股東帶來最高的價值。

致謝

本人謹藉此機會對股東一直以來的鼎力支持與全體員工的竭誠工作表示謝意。

代表董事會

主席

劉鑾鴻

香港，二零零六年四月十一日