

Chairman's Statement

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2007 (the "Year") to the shareholders.

RESULTS

Profit attributable to equity holders of the parent for the Year was HK\$8,195.8 million as compared to HK\$7,477.3 million for the same period last year. The profit for the Year was mainly attributable from the fair value gains on investment properties, profit on sales of trading properties, gains on listed securities investments and treasury products and the share of results of associates generated from the sales of development properties. Earnings per share was HK\$3.599 (year ended 31st December, 2006: HK\$3.392).

DIVIDENDS

The Board of Directors of the Company ("the Board") has recommended the payment of final dividend of HK22.5 cents per share for the Year (2006: HK18 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. The Scrip Dividend proposal (the "Proposal") will be conditional on (i) the approval of the recommended final dividend at the forthcoming 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. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the recommended final dividend will be paid on or around 25th June, 2008 to shareholders whose names appear on the register of members of the Company on 15th May, 2008.

Together with the interim dividend of HK13.5 cents per share (2006: HK12 cents), the total distribution for 2007 will amount to HK36 cents per share (2006: HK30 cents).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 9th May, 2008 to 15th May, 2008, both days inclusive. In order to qualify for the recommended final dividend and for the purpose of ascertaining the members' entitlement to the attendance of the forthcoming annual general meeting of the Company, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar and Transfer Office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 8th May, 2008.

主席報告書

本人欣然向股東呈報本公司及其附屬公司(「本集團」)截至二零零七年十二月三十一日止年度(「本年度」)之業績。

業績

本年度母公司股本權益持有人的應佔溢利為8,195,800,000港元，而去年同期為7,477,300,000港元。本年度的溢利主要來自投資物業的公平值收益、銷售買賣物業之溢利、上市證券投資及財資產品收益及攤佔聯營公司來自銷售發展物業的業績。每股盈利為3.599港元(截至二零零六年十二月三十一日止年度：3.392港元)。

股息

本公司董事會(「董事會」)建議派付本年度之末期股息每股22.5港仙(二零零六年：18港仙)，並建議給予股東選擇權以新股之形式收取部分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應屆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允許買賣。待股東於本公司應屆股東週年大會上批准後，建議之末期股息將於二零零八年六月二十五日或前後派付予於二零零八年五月十五日名列本公司股東名冊之股東。

連同中期股息每股13.5港仙(二零零六年：12港仙)，二零零七年之總分派將為每股36港仙(二零零六年：30港仙)。

暫停辦理股東登記手續

本公司將於二零零八年五月九日至二零零八年五月十五日(包括首尾兩日)暫停辦理股東登記手續。為符合獲派建議之末期股息的資格，以及為確定股東出席本公司應屆股東週年大會的資格，所有股份過戶文件連同有關股票必須於二零零八年五月八日下午四時三十分前送達本公司於香港之過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

Chairman's Statement

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The overall occupancy rate of the Group's retail portfolio was 88.96% as at 31st December, 2007 due to the renovation of Windsor House and Silvercord. The occupancy rate jumped to 94.51% if Windsor House and Silvercord are excluded. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the growth of both tourists' and local consumption.

Although the Group recorded a rental loss during the Year due to the renovation works of Windsor House and Silvercord, the Group was able to sustain a gross rental growth by 15.78% with rental income of HK\$773.33 million for the Year as compared with last year. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and re-opening of renovated Excelsior Plaza – Laforet in 2006. If the renovated properties are excluded, gross rental income would be increased by approximately 24.09% over the last year, and the respective increases in retail and non-retail portion have been 23.42% and 24.47%.

As at 31st December, 2007, all the shops of Excelsior Plaza – Laforet and Causeway Place were fully let out.

The renovation works of Windsor House was commenced in 2006. The scope of work includes re-layout of basement, ground and first floor, sub-dividing the retail space previously occupied by supermarket, department store and an anchor tenant to provide greater varieties of prime retail shops and specialty restaurants. The first phase renovation was completed in the third quarter of 2007 and the second phase renovation is scheduled to be completed by the end of 2009. The revamped Windsor House will have improved and diversified trade mix while the rental income is expected to rise substantially.

As for Silvercord, the first phase of converting the bubble lifts to shops was completed in 2006 with the second phase completed in the second quarter of 2007. The conversion of the cinema to shops was also completed in the third quarter of 2007. Rental income was raised significantly over-seven folds as compared with the previous lease due to the increase in more quality brands and its occupancy rate was 85.95% as at 31st December, 2007.

主席報告書

業務回顧

香港物業投資

投資物業之租金仍然是集團之主要收入來源之一。由於皇室大廈及新港中心進行翻新工程，本集團於截至二零零七年十二月三十一日止之零售物業組合之整體出租率為88.96%。如撇除皇室大廈及新港中心，出租率則提升至94.51%，出租率維持高企與本集團大部分零售物業位於有利地區有關。租戶之營業額受惠於旅客及本地消費的增長而上升，令本集團的零售租金普遍上揚。

儘管皇室大廈及新港中心的翻新工程令本集團於本年度損失租金，本集團仍有能力維持租金總額較去年增長15.78%（本年度租金收入為773,330,000港元）。租金收入總額的增長主要是由辦公室物業之高回轉租金比率以及怡東商場一東角Laforet翻新後於二零零六年重開所致。如撇除上述經翻新物業，本集團的租金收入總額則較去年增加約24.09%，其中零售與非零售出租物業的租金分別上升23.42%與24.47%。

截至二零零七年十二月三十一日，怡東商場一東角Laforet及銅鑼灣地帶的所有商舖已全數租出。

皇室大廈之翻新工程於二零零六年展開。工程範圍包括重新規劃地庫、地下及一樓、分拆之前由超級市場、百貨公司及旗艦租戶租用之零售空間，以提供更多不同類型之優質零售店舖及專題食肆。第一期翻新工程已於二零零七年第三季完成，而第二期翻新工程則預計將於二零零九年年底完成。經翻新的皇室大廈將更臻完善及具多元化商戶組合，租金收入則可望大幅上升。

至於新港中心，將觀光升降機改為商舖的第一期工程已於二零零六年完成，而第二期工程則於二零零七年第二季完成。將戲院改為商舖的工程亦已於二零零七年第三季完成。更優質品牌商戶的進駐令租金收入較先前租約大增超過7倍。截至二零零七年十二月三十一日，其出租率為85.95%。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Hong Kong Property Investment (cont'd)

The occupancy rate for the Group's office properties maintained at a high level throughout the Year. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 88.82%, 96.24% and 89.21% respectively, bringing the approximate occupancy rate of the overall office portfolio to 91.44%.

In general, both the occupancy rate in retail and office properties remained at high level during the Year. It is expected that rental rates will have room for increment.

The foundation works of the redevelopment of Tung Ying Building in Tsimshatsui were completed in November 2007. Basement construction works are in progress. It is scheduled that the superstructure works will commence in the fourth quarter of 2008. MTR Corporation Limited ("MTRC") commissioned to construct a pedestrian subway linking the existing Tsim Sha Tsui MTR Station to, amongst other exits, the future Tung Ying Building under redevelopment. MTRC is seeking government's policy support on its planning. Completion of the redevelopment is expected to be in early 2010.

Tung Sang Building, i.e. No. 20 Johnston Road, Wanchai, has commenced its foundation work and its superstructure work is in progress. It will be redeveloped as a brand new residential/retail composite building with completion date re-scheduled to early 2009.

The Group won a tender in 2006 at approximately HK\$234 million for Sun Fair Mansions at 12 Shiu Fai Terrace, a residential site in Mid-Levels East, which is a traditional prestigious location for luxury residential project in Hong Kong. The site area is about 12,000 square feet that can provide a total residential gross floor area of around 39,700 square feet. The site is planned to be redeveloped into a luxury residential project in end 2008.

Hong Kong Property Development

In general, the Group's development projects have been progressing satisfactorily and the sales have been achieving pleasing results.

All of the apartments and houses of Mount Beacon, Kowloon Tong (33.33% interest) were sold up to 31st December, 2007. As at 31st December, 2007, the units of Parc Palais, Homantin (10% interest) and Indihome, Tsuen Wan (50% interest) were substantially sold, representing 98.71% and 98.85% of total units respectively; and 88.46% of houses of Miami Crescent, Sheung Shui (50% interest) were already sold.

主席報告書

業務回顧(續)

香港物業投資(續)

本集團辦公室物業的出租率於全年均維持於高水平。於本年度內，皇室大廈、美國萬通大廈及夏慤大廈的平均出租率分別約為88.82%、96.24%及89.21%，使整體辦公室物業組合出租率達到約91.44%。

整體而言，本集團零售及辦公室物業的出租率於本年度內均維持於高水平。預期租金將有上調空間。

重建尖沙咀東英大廈的地基工程已於二零零七年十一月完成。地庫建築工程則正在進行中。其上蓋工程亦計劃將於二零零八年第四季展開。香港鐵路有限公司(「港鐵」)擬建造一條地下行人通道，接連現今的尖沙咀港鐵站至(包括其他出口)未來經重建後的東英大廈。港鐵目前正就該計劃尋求政府的政策支持。預期重建工程將於二零一零年年初竣工。

東生大廈(灣仔莊士敦道20號)的地基工程已展開，其上蓋工程亦正在進行中。該大廈將重建為一幢全新的住宅/零售綜合大樓，而竣工日期重新定為二零零九年年初。

本集團於二零零六年以約234,000,000港元成功投得肇輝臺12號新輝大廈，新輝大廈為位處香港傳統豪宅項目優越位置的東半山區的住宅地盤。地盤面積約12,000平方呎，可提供住宅總樓面面積合共約39,700平方呎。本集團計劃於二零零八年年底將該地盤重建為豪宅項目。

香港物業發展

整體而言，本集團各個發展項目進展理想，銷售成績令人滿意。

於二零零七年十二月三十一日，九龍塘畢架山峰(佔33.33%權益)所有的大廈單位及獨立大屋均已售出。截至二零零七年十二月三十一日，何文田君頤峰(佔10%權益)及荃灣樂悠居(佔50%權益)大部分單位亦經已售出，分別佔各自單位總數的98.71%及98.85%；而水上邁爾豪園(佔50%權益)88.46%的洋房亦已售出。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Hong Kong Property Development (cont'd)

The Zenith (87.5% interest) is a two-phase redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. 649 units of phase I were sold up to 31st December, 2007, representing 99.54% of total units. The commencement of construction work of phase II is currently re-scheduled to mid 2009 and the construction work is expected to be completed in mid 2012.

The Group has also formed two other joint venture projects with the Urban Renewal Authority. One is located at the junction of Reclamation Street and Arran Street in Mongkok, construction work of which was completed in February 2008. It provides a single residential tower block comprises 85 units with flat size ranging from gross floor area of approximate 480 square feet to 1,100 square feet. The pre-sale consent is expected to be received in the first quarter of 2008 and the launching of this project is currently expected in March 2008.

Another one is located at Larch Street/Bedford Road in Tai Kok Tsui, it will provide a single residential tower block comprises 182 units with flat size ranging from saleable floor area of approximate 400 square feet to 1,080 square feet. The superstructure work is in progress and the whole project is expected to be completed in second half of 2008 and launched in the second quarter of 2008.

Foundation work of the development project located at Hoi Ting Road and junction of Hoi Wang Road and Hoi Ting Road, West Kowloon Reclamation Area (25% interest) has commenced. Residential and retail properties with a total gross floor area of around 1,095,980 square feet will be developed and the whole project is expected to be completed in mid 2010.

In May 2007, the Group acquired a site at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon Reclamation Area (15% interest). The acquisition was completed in June 2007. The total site area is approximately 86,758 square feet. Residential and retail properties with a total gross floor area of about 650,684 square feet will be developed. Foundation work has been commenced and the whole project is expected to be completed in end 2010.

主席報告書

業務回顧(續)

香港物業發展(續)

尚翹峰(佔87.5%權益)為一個與市區重建局合作位於灣仔太原街合共兩期的重建項目。於二零零七年十二月三十一日，第一期項目已售出649個單位，佔單位總數之99.54%。第二期建築工程目前重新計劃於二零零九年年中動工，預期將於二零一二年年中竣工。

本集團亦與市區重建局組成另外兩個合資項目，其中一項位於旺角新填地街及鴉蘭街交界，有關建築工程已於二零零八年二月完成。該項目為一座單幢式住宅大廈，提供合共85個單位，單位樓面面積約介乎480平方呎至1,100平方呎不等。預期將於二零零八年第一季取得預售樓花同意書，目前預計該項目於二零零八年三月推出。

另一項則位於大角咀洋松街/必發道，該項目為一座單幢式住宅大廈，將提供合共182個單位，單位可售樓面面積約介乎400平方呎至1,080平方呎不等。其上蓋工程正在進行中，預計整個項目將於二零零八年下半年竣工及於二零零八年第二季推出。

位於西九龍填海區海庭道及海泓道與海庭道交界之發展項目(佔25%權益)的地基工程經已展開。該項目將發展為總樓面面積約1,095,980平方呎的住宅及零售物業，預期整個項目將於二零一零年年中竣工。

於二零零七年五月，本集團收購一幅位於西九龍填海區海泓道、欣翔道與友翔道交界的土地(佔15%權益)。是項收購已於二零零七年六月完成。該項目的總地盤面積約為86,758平方呎，將發展為總樓面面積約650,684平方呎的住宅及零售物業。其地基工程已經展開，預計整個項目將於二零一零年年底竣工。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Macau Property Development

The Group had acquired 5 parcels of adjoining land in Taipa, Macau (70.01% interest) around early 2006. In December 2007, conditional approval has been granted from relevant authority of Macau for the master layout plan and the increase of the upper limit of the gross floor area up to approximately 5,786,242 square feet (excluding gross floor area of basement car park) and increase of the upper limit of the gross floor area of car park up to approximately 2,088,197 square feet subject to the terms and conditions stipulated in the relevant approval document. It comprises 26 residential tower blocks and will be developed by four to five phases. The site formation and basement excavation work contract of phase I has been awarded. The launching of phase I of this project is re-scheduled to mid of 2008.

Mainland China Property Investment

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 23-storey office/shopping complex including a 2-storey basement and has a total gross floor area of around 263,708 square feet for leasing purpose. The average occupancy rates of the office and retail spaces were 91.13% and 94.88% respectively for the Year.

Hilton Beijing (50% interest) maintained an average occupancy rate of 86.01% and achieved a gross operating profit of HK\$94.63 million for the Year. Hilton Beijing is expanding by converting the adjacent auditorium into an executive tower, under the construction work to be completed in March 2008.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, was 96.05% let out as of December 2007.

The occupancy rate of the 79 retail outlets with a total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen was 94.36% in December 2007.

The residential projects at Dongda Street of Jinjiang District and Yingbin Road of Jinniu District in Chengdu have respective site area of approximately 194,411 square feet and 795,625 square feet with corresponding gross floor area of approximately 1.65 million square feet and 3.74 million square feet. Dongda Street project is at design stage and is expected to be completed in mid 2011. Yingbin Road project, currently in site formation processes, is expected to be completed in mid 2010.

主席報告書

業務回顧(續)

澳門物業發展

本集團約於二零零六年年初收購澳門氹仔5幅毗鄰的土地(佔70.01%權益)。於二零零七年十二月，澳門有關當局已有條件地核准總綱發展藍圖及根據有關批准文件之條款及條件，核准增加最大建築面積至約5,786,242平方呎(不包括地庫停車場面積)及增加最大停車場部分建築面積至約2,088,197平方呎。該項目包括26幢住宅大廈，將分四至五期發展。第一期的地盤平整及地庫挖掘工程合約已批出。該項目的第一期已重新預計於二零零八年年中推出。

中國大陸物業投資

愛美高大廈位於上海淮海中路，為一幢樓高23層的辦公室/購物商場(包括兩層地庫)，出租總樓面面積約達263,708平方呎。辦公室及商場於本年度的平均出租率分別為91.13%及94.88%。

北京希爾頓酒店(佔50%權益)於本年度的平均入住率維持於86.01%，並錄得經營毛利94,630,000港元。北京希爾頓酒店正在擴建，將接鄰的劇場改作行政附樓，工程預期將於二零零八年三月完工。

東方國際大廈(佔50%權益)，為北京希爾頓酒店側的一幢樓高10層辦公樓，截至二零零七年十二月的出租率為96.05%。

於二零零七年十二月，深圳羅湖商業城79個零售商舖(總面積約29,000平方呎)之出租率為94.36%。

成都市錦江區東大街及金牛區迎賓大道的住宅項目，地盤面積分別約為194,411平方呎及795,625平方呎，相應總樓面面積約為1,650,000平方呎及3,740,000平方呎。東大街項目現處設計階段，預計於二零一一年年中落成。迎賓大道項目正平整地盤，預計於二零一零年年中竣工。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Mainland China Property Investment (cont'd)

The commercial and residential project at South Taisheng Road of Qingyang District in Chengdu has a site area of about 404,267 square feet with a development scale of around 3.22 million square feet. The project is also at design stage and is expected to be completed in early 2012.

A residential land at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), jointly invested with Sino Land Company Limited and C C Land Holdings Limited, was acquired in July 2007 at a consideration of RMB4.18 billion. The land is located at the north bank of Jialing River, with a site area of 2,207,546 square feet and a gross floor area of 11.08 million square feet approximately. The project is at design stage and the land use rights will be obtained upon full settlement of land cost.

Though the central government's regulatory policies have recently cooled down the overheated PRC property market, the Group believes that the market with moderate adjustments will benefit most in long run.

Acquisition of Cosmetics Business

On 29th June, 2007, the Group acquired from Power Jade Limited, an associate of the Company, its interests in "Kwong Sang Hong" cosmetics business at a consideration of HK\$20 million (the "Acquisition"). Upon completion of the Acquisition, the Group obtained 100% control over such cosmetics business. The Acquisition constituted a connected transaction for the Company.

COMMUNITY RELATIONS

To enhance the community relations, the Group has worked with different charitable and voluntary organisations to organise various community activities. During the Year, the Group has supported a variety of charitable activities of the community such as the "Walk for Millions" by the Community Chest. The Group has also made donations to various charitable organisations such as the "Medecins Sans Frontieres Hong Kong". The Company has registered as Corporate Member at "Agency for Volunteer Service" and a volunteer team formed by the staff was also established in 2007, which regularly provides community services for the needy. In addition, the Company was awarded as "Caring Company" in 2007/08 in recognition of our good corporate citizenship.

主席報告書

業務回顧(續)

中國大陸物業投資(續)

成都市青羊區太升南路商住項目，地盤面積約404,267平方呎，發展規模約3,220,000平方呎。該項目處於設計階段，預計於二零一二年年初落成。

重慶市江北區華新街街道的住宅用地(佔25%權益)乃由本公司、信和置業有限公司及中渝置地控股有限公司聯合投資，於二零零七年七月購入，代價為人民幣4,180,000,000元。該地塊位於嘉陵江北岸，地盤面積約2,207,546平方呎，總樓面面積約11,080,000平方呎。該項目現於設計階段，其土地使用權將於清付土地成本後取得。

雖然在中央政府的調控政策下，中國物業市場的過熱現象近期有所冷卻，本集團相信經歷適當調整後的市場將有利於長遠發展。

收購化妝品業務

於二零零七年六月二十九日，本集團向Power Jade Limited(本公司之聯營公司)收購其於「廣生行」化妝品業務中的權益，代價為20,000,000港元(「收購事項」)。收購事項完成後，本集團擁有對該等化妝品業務的100%控制權。收購事項構成本公司一項關連交易。

社會關係

為加強社會關係，本集團與多個慈善及志願團體合作組織了多項社會活動。年內，本集團贊助了多項社會慈善活動，例如「公益金百萬行」。本集團亦向多個慈善團體捐款，例如「無國界醫生香港辦事處」。本公司在「義務工作發展局」已登記成為團體會員，並且於二零零七年成立由員工組成的義工服務隊，定期為有需要人士提供日常社會服務。此外，本公司獲頒贈二零零七／零八年度「商界展關懷」標誌，以肯定其良好的企業公民精神。

Chairman's Statement

INVESTOR RELATIONS

The Company is continuously committed to maintaining good communication with shareholders, investors and analysts in order to ensure their thorough understanding of the Group's strategies and business development, thereby enhancing transparency and investor relations.

The Company has used various channels to disseminate timely information. They include formal announcements; press releases; press conferences and analysts presentation meetings after results announcements; regular meetings and conference calls with institutional investors, fund managers and analysts; local and overseas roadshows; company and site visits; and extensive use of the Company website.

During the Year, the management has participated in a total number of 45 company visits, 13 conference calls as well as the following major investor relations activities, in which the management has met with totally around 400 shareholders, investors and analysts.

Date	Events
January	• Property Access Day
February	• Property lunch
March	• Press conference and analysts presentation meeting for 2006 annual results announcement
	• Roadshows in Hong Kong, Singapore and U.S.A.
April	• Roadshow in Europe
	• Property conference
May	• Property tour in Chengdu, Mainland China
	• Property conference
August	• Press conference and analysts presentation meeting for 2007 interim results announcement
November	• Roadshow in Hong Kong

The Company is one of the constituent stocks of Hang Seng Hong Kong MidCap Index and Properties and Construction Industry Index in the Hang Seng Composite Index Series.

主席報告書

投資者關係

本公司一貫致力與股東、投資者及分析員保持良好溝通，以確保彼等對本集團之策略及業務發展有透徹的理解，從而提高透明度及加強投資者關係。

本公司通過各種渠道發布及時信息，當中包括正式公告、新聞稿、業績公布後的新聞發布會及分析員簡報會、與機構投資者、基金經理及分析員之定期會面及電話會議、本地及海外路演、公司拜訪及實地考察，以及充分利用公司網站。

年內，管理層參與合共45次公司拜訪、13次電話會議，以及下列主要投資者關係活動，於此等活動中，管理層合共與約400名股東、投資者及分析員會面。

日期	事項
一月	• 房地產研討日
二月	• 房地產研討午敘
三月	• 二零零六年度業績公布之新聞發布會及分析員簡報會
	• 於香港、新加坡及美國之路演
四月	• 於歐洲進行路演
	• 房地產會議
五月	• 參觀中國大陸成都房地產項目
	• 房地產會議
八月	• 二零零七中期業績公布之新聞發布會及分析員簡報會
十一月	• 於香港進行路演

本公司為恒生綜合指數系列之恒生香港中型股指數及地產建築業指數的成份股之一。

Chairman's Statement

POST BALANCE SHEET EVENTS

Proposed Transaction with Chi Cheung Investment Company, Limited ("Chi Cheung")

On 17th January, 2008, the Group entered into a conditional sale and purchase agreement with Chi Cheung, in relation to the acquisition of share interests in and loans to certain subsidiaries of Chi Cheung, subject to the approval of the independent shareholders of Chi Cheung. The relevant joint announcement with Chi Cheung was made on 17th January, 2008.

Loss on Fair Value Changes of Listed Securities Investments Included in Available-for-sale Investments

As announced on 31st January, 2008, the Group had a loss on fair value changes of listed securities investments included in available-for-sale investments (the "Loss") for one month ended 31st January, 2008. It is estimated that the Loss amounting to approximately HK\$3,336.7 million will be recognised to equity as securities investments reserve of the Group for one month ended 31st January, 2008. The carrying amount of the gain on fair value changes of listed securities investments included in available-for-sale investments accumulated in equity as at 31st January, 2008 will amount to approximately HK\$4,807.2 million.

Shareholding in G-Prop (Holdings) Limited ("G-Prop")

Further to the placing of shares in G-Prop by the Group in June 2007, the interest of the Group in G-Prop was reduced to 34.99%. G-Prop therefore ceased to be a subsidiary of the Company and became an associate of the Company. In October 2007, the interest of the Group in G-Prop was diluted to 13.69% after issue and allotment of new shares in G-Prop.

In February 2008, Mass Rise Limited, a subsidiary of the Company, had acquired 740,518,325 shares of G-Prop, representing 36.51% shareholding, at a consideration of approximately HK\$120.8 million. Accordingly, the Group holds 50.20% shareholding in G-Prop and G-Prop became a subsidiary of the Company.

主席報告書

結算日後事項

與至祥置業有限公司(「至祥」)進行之建議交易

於二零零八年一月十七日，本集團與至祥訂立有條件買賣協議，有關收購至祥若干附屬公司之股權及貸款，惟須待至祥之獨立股東批准。有關與至祥之聯合公布已於二零零八年一月十七日刊發。

計入待售投資中之上市證券投資公平值變動虧損

誠如本集團於二零零八年一月三十一日公布其於計入截至二零零八年一月三十一日止一個月待售投資中之上市證券投資錄得公平值變動虧損(「虧損」)。預計虧損約為3,336,700,000港元，將會於本集團截至二零零八年一月三十一日止一個月之股本權益中確認為證券投資儲備。待售投資中之上市證券投資錄得公平值變動收益累積計入股本權益之賬面值於二零零八年一月三十一日將約為4,807,200,000港元。

於金匡企業有限公司(「金匡」)之股權

本集團於二零零七年六月配售金匡之股份後，本集團於金匡之權益降低至34.99%。金匡因此不再為本公司之附屬公司，而成為本公司之聯營公司。於二零零七年十月金匡發行及配發新股後，本集團在金匡之權益被攤薄至13.69%。

於二零零八年二月，本公司之附屬公司巨昇有限公司以代價約120,800,000港元買入740,518,325股金匡股份，相當於36.51%股權。因此，本集團持有50.20%金匡股權，金匡遂成為本公司之附屬公司。

Chairman's Statement

OTHER INFORMATION

Possible Offer

As announced in July 2007, a number of third parties expressed interests in relation to the possible acquisition of the Company. A further announcement was made in August 2007 regarding termination of talks with all third parties and the offer period pursuant to the Hong Kong Code on Takeovers and Mergers ended on 1st August, 2007.

Zero Coupon Convertible Bonds Due 2010

The Company issued zero coupon convertible bonds in 2005 in a principal amount of HK\$1,810,000,000, due 2010 with a call and put option in May 2007 ("Convertible Bonds").

In January 2007, Convertible Bonds with a total value of HK\$4,000,000 were converted into 573,888 shares at the conversion price of HK\$6.97.

On 20th April, 2007, the Company gave a notice to bondholders that it would redeem all outstanding Convertible Bonds with a total value of HK\$318,500,000 on 21st May, 2007 pursuant to the terms and conditions of the Convertible Bonds. All the remaining bondholders exercised their conversion rights and accordingly the Company exercised its cash settlement option to the relevant bondholders pursuant to the terms and conditions of the Convertible Bonds. Application for withdrawal of listing of the Convertible Bonds on the Stock Exchange was made to the Stock Exchange by the Company which was then effective on 30th August, 2007.

主席報告書

其他資料

可能性收購

誠如二零零七年七月所公布，數名第三方對可能提出收購本公司表示興趣。本公司於二零零七年八月刊發進一步公布，有關終止與所有第三方之商討，及根據香港公司收購及合併守則之要約期已於二零零七年八月一日結束。

於二零一零年到期之零票息可換股債券

本公司於二零零五年發行本金額為1,810,000,000港元、於二零一零年到期並可於二零零七年五月行使認購權及認沽權之零票息可換股債券（「可換股債券」）。

於二零零七年一月，總值4,000,000港元的可換股債券已按換股價6.97港元兌換為573,888股股份。

於二零零七年四月二十日，本公司向債券持有人發出通告，表示其將於二零零七年五月二十一日根據可換股債券之條款及條件贖回總值318,500,000港元之所有剩餘之未行使可換股債券。所有餘下的債券持有人已行使其換股權，本公司繼而根據可換股債券之條款及條件向有關債券持有人行使現金結算選擇權。本公司已向聯交所申請撤銷可換股債券於聯交所之上市地位，並其後於二零零七年八月三十日生效。

Chairman's Statement

PROSPECTS

Despite the uncertain global economic condition, Hong Kong's economic prospects are expected to be optimistic in the year 2008 under the sustained rapid economic growth in Mainland China. The cut in interest rate and improving employment conditions could provide a favourable environment for our both property development and investment businesses in Hong Kong. In general, the property markets of Macau and Mainland China should continue to be satisfactory in the near future.

The Group sees promising future in its core businesses. The Group will continue to strengthen the value of its investment properties and enhance returns through redevelopment and renovation works such as Tung Ying Building, Silvercord and Windsor House. It is expected that the Group will enjoy substantial rental growth from the future new leases.

In addition to expanding our investment property portfolio in Hong Kong, the Group will continue to focus on property development in Macau and Mainland China so as to benefit from the positive economic prospects in these areas, particularly replenishing its land bank for development projects in the Mainland China.

The directors of the Company review the share price of the Company and its underlying net asset value on a regular basis, when the share price represents a significant discount to its net asset value, the Board will consider repurchase of its shares on the Stock Exchange.

APPRECIATION

I would like to take this opportunity to thank the shareholders for their continuing support. I also thank my fellow directors and staff members for their dedication and hard work.

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

Hong Kong, 7th March, 2008

主席報告書

展望

儘管全球經濟情況不穩定，本集團預期二零零八年香港在中國大陸經濟持續高速增長情況下經濟前景樂觀。利率下調及就業情況改善可為本集團於香港的物業發展及投資業務提供有利環境。整體而言，澳門及中國大陸的物業市場在可見將來表現持續理想。

本集團對其核心業務前景樂觀。本集團會繼續透過如東英大廈、新港中心及皇室大廈般進行重建及翻新工程，不斷提升其投資物業的價值以及增加回報。本集團預期將於未來新租約中享受可觀的租金增長。

除擴充於香港的投資物業組合外，本集團將繼續專注於澳門及中國大陸的物業發展，務求在該等地區正面的經濟前景下受惠，尤其會增加其於中國大陸發展項目的土地儲備。

本公司董事定期留意本公司股價及其相關資產淨值，當股價相對於資產淨值出現大幅折讓，董事會將考慮在聯交所回購本公司股份。

致謝

本人謹藉此機會對股東一直以來的鼎力支持與各位董事及全體員工的竭誠工作表示謝意。

代表董事會
 主席
劉鑾雄

香港，二零零八年三月七日