

Chairman's Statement

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2008 (the "Year") to the shareholders of the Company.

RESULTS

Loss attributable to equity holders of the parent for the Year (from continuing and discontinued operations) was HK\$1,494.4 million as compared to profit of HK\$8,195.8 million for the same period last year. The loss for the Year was mainly due to the fair value losses on investment properties. Loss per share was HK\$0.67 (year ended 31st December, 2007: earning of HK\$3.60).

If the net losses on the major non-cash items of HK\$5,943.2 million (2007: gains of HK\$5,463.7 million) are excluded, the Group will have a core profit attributable to equity holders of the parent for the Year of HK\$4,448.8 million (2007: HK\$2,732.1 million) and a core earnings per share of HK\$2.00 (2007: HK\$1.20), an increase of 62.8% and 66.7% over 2007 respectively.

The major non-cash items are fair value losses on investment properties together with their respective deferred tax credit of HK\$6,235.7 million (2007: gains of HK\$5,463.7 million) and credit effect of deferred tax on reduction in tax rate in respect of the fair value changes on investment properties of HK\$292.5 million.

DIVIDENDS AND SHARE REPURCHASE

The Board of Directors of the Company (the "Board") has recommended the payment of final dividend of HK1 cent per share for the Year (the "Final Dividend") (2007: HK22.5 cents). During the Year, the Group has realised all its listed securities investments. Out of the core profit HK\$4,448.8 million (2007: HK\$2,732.1 million), a profit of HK\$3,690.5 million (2007: HK\$1,200.0 million) was generated by the listed securities investment activities. With such results, the Board has recommended the payment of a special dividend of HK99 cents per share for the Year (the "Special Dividend") (2007: nil), amounting to HK\$2,033.8 million (2007: nil), which are summarised on next page.

主席報告書

本人欣然向本公司之股東呈報本公司及其附屬公司(「本集團」)截至二零零八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虧損(來自持續經營業務及已終止經營業務)為1,494,400,000港元,而去年同期溢利為8,195,800,000港元。本年度的虧損主要來自投資物業的公平值變動虧損。每股虧損為0.67港元(截至二零零七年十二月三十一日止年度:盈利3.60港元)。

如撇除主要非現金項目虧損淨額5,943,200,000港元(二零零七年:收益5,463,700,000港元),本年度母公司股本權益持有人的應佔核心溢利將為4,448,800,000港元(二零零七年:2,732,100,000港元),而每股核心盈利將為2.00港元(二零零七年:1.20港元),分別較二零零七年增加62.8%及66.7%。

主要非現金項目為有關投資物業公平值變動之虧損連同其各自遞延稅項撥回6,235,700,000港元(二零零七年:收益5,463,700,000港元)以及由於稅率減少引至有關投資物業公平值變動之遞延稅項撥回292,500,000港元。

股息及股份回購

本公司董事會(「董事會」)建議派付本年度之末期股息每股1港仙(「末期股息」)(二零零七年:22.5港仙)。於本年度內,本集團已出售所有上市證券投資。核心溢利4,448,800,000港元(二零零七年:2,732,100,000港元)當中包括於上市證券投資業務中帶來之溢利3,690,500,000港元(二零零七年:1,200,000,000港元)。據此,董事會建議派付本年度之特別股息每股99港仙(「特別股息」)(二零零七年:無),總額為2,033,800,000港元(二零零七年:無),並概述於下頁。

Chairman's Statement

主席報告書

DIVIDENDS AND SHARE REPURCHASE (cont'd)

股息及股份回購(續)

		For the year ended 31st December	
		截至十二月三十一日止年度	
		2008	2007
Profit on listed securities investments (HK\$m)	上市證券投資溢利(百萬港元)	3,690.5	1,200.0
Special Dividend (HK\$m)	特別股息(百萬港元)	2,033.8	—
On a share basis	以每股計		
Profit on listed securities investments (HK cents)	上市證券投資溢利(港仙)	165.6	52.7
Special Dividend (HK cents)	特別股息(港仙)	99.0	—
Special Dividend as a percentage of profit on listed securities investments	特別股息於上市證券投資溢利之百分比	59.8%	—

In addition to the Special Dividend, during the Year, the Company has allocated an aggregate cash amount of HK\$4,648.4 million (2007: HK\$825.5 million) (or HK216.2 cents per share (2007: HK36.0 cents)) which would be paid to shareholders. Out of such sum, an amount of HK\$306.2 million (2007: HK\$308.4 million) (or HK13.5 cents per share (2007: HK13.5 cents)) has been applied for the payment of interim dividend; an amount of HK\$20.5 million (2007: HK\$517.1 million) (or HK1 cent per share (2007: HK22.5 cents)) would be applied for the payment of Final Dividend; and an amount of HK\$2,287.9 million (2007: nil) (or HK102.7 cents) has been utilised for the repurchase of the Company's shares.

The aggregate of interim dividend, Final Dividend, Special Dividend and share repurchase are summarised as follows:—

除特別股息外，於本年度內，本公司已分配現金總額達4,648,400,000港元(二零零七年：825,500,000港元)(或每股216.2港仙(二零零七年：36.0港仙))並將會派發予股東。該總額當中包括合共306,200,000港元(二零零七年：308,400,000港元)(或每股13.5港仙(二零零七年：13.5港仙))已派發作中期股息；合共20,500,000港元(二零零七年：517,100,000港元)(或每股1港仙(二零零七年：22.5港仙))將會用作派付末期股息；及合共2,287,900,000港元(二零零七年：無)(或每股102.7港仙)已用作回購本公司股份。

中期股息、末期股息、特別股息及股份回購之總額概述如下：—

		For the year ended 31st December	
		截至十二月三十一日止年度	
		2008	2007
Core profit (HK\$m)	核心溢利(百萬港元)	4,448.8	2,732.1
Share repurchase (HK\$m)	股份回購(百萬港元)	2,287.9	—
Interim Dividend (HK\$m)	中期股息(百萬港元)	306.2	308.4
Final Dividend (HK\$m)	末期股息(百萬港元)	20.5	517.1
Special Dividend (HK\$m)	特別股息(百萬港元)	2,033.8	—
On a share basis	以每股計		
Core profit (HK cents)	核心溢利(港仙)	199.6	120.0
Share repurchase (HK cents)	股份回購(港仙)	102.7	—
Interim Dividend (HK cents)	中期股息(港仙)	13.5	13.5
Final Dividend (HK cents)	末期股息(港仙)	1.0	22.5
Special Dividend (HK cents)	特別股息(港仙)	99.0	—
Share repurchase, Interim, Final and Special Dividend (HK cents)	股份回購、中期、末期及特別股息(港仙)	216.2	36.0
As a percentage of core profit	相當於核心溢利之百分比	108%	30%

Chairman's Statement

主席報告書

DIVIDENDS AND SHARE REPURCHASE (cont'd)

股息及股份回購（續）

Factors Considered

考慮因素

In its decision of recommending the Final Dividend and Special Dividend, the Board has taken into consideration the following factors:—

董事會在決定建議派付末期股息及特別股息時考慮了以下因素：—

- (1) The profit on listed securities investments was arose from disposal of the entire portfolio of listed securities investment during the Year. After such disposal, there is no intention to invest in listed securities in a similar level as in 2008 in the near future.
 - (2) Cash and bank balances of the Group amounted to HK\$10,419 million as at 31st December, 2008. A significant portion of such balance was derived from the disposal of the entire portfolio of listed securities investment during the Year referred to above.
 - (3) Following the financial tsunami since late 2008, the economic condition and operating environment have deteriorated. Rental for 2009 is expected to decrease and properties are likely to be sold at a low price.
 - (4) The current difficult economic condition and operating environment would have an adverse impact on the Group's business activities and thus on its ability to pay dividend.
 - (5) The prevailing Hong Kong dollar interest spread for placing deposit and bank borrowing has widen by 200 to 250 basis point or 2% to 2.5% per annum as compared with the market spread in the first half 2008, which implies a higher cost of negative carry in holding cash and bank balances by the Group.
 - (6) The Group has outstanding bank borrowings of HK\$11,669 million and contingent liabilities in respect of bank borrowings by its associated companies of HK\$1,080 million as at 31st December, 2008. Following the financial tsunami since late 2008, a number of foreign banks have withdrew their participation in Hong Kong loan lending market while some local banks have reduced the size of their loan books. The loan syndication market in Hong Kong is weak. In general, refinancing bank borrowings would be a challenge to many corporations in 2009.
 - (7) If the Final Dividend and Special Dividend are approved by the shareholders and payment made, the cash and bank balances of the Group will be reduced by such amount. In the event that the Group encounters difficulties refinancing its bank borrowings in the years ahead, the Company could at that time raise fund through equity issue including seeking the support from its shareholders by way of rights issue.
- (1) 於上市證券投資之溢利源自於本年度內出售整個上市證券投資組合。在此出售以後，本集團無意在不久將來投資於上市證券如去年之相近水平。
 - (2) 於二零零八年十二月三十一日，本集團之現金及銀行結餘為10,419,000,000港元。有關結餘大部分源自於本年度內出售上述整個上市證券投資組合。
 - (3) 自二零零八年下旬爆發金融海嘯後，經濟狀況及營商環境轉壞。預期二零零九年租金將會下調，物業亦可能以低價出售。
 - (4) 經濟狀況及營商環境當前之困境，將會對本集團之業務活動造成不利影響，繼而影響派付股息之能力。
 - (5) 敝造存款及銀行借貸之適用港元息差較二零零八年上半年之市場利率擴大200至250基點或年利率2厘至2.5厘，意味本集團持有之現金及銀行結餘將承受更高之利息虧損成本。
 - (6) 於二零零八年十二月三十一日，本集團之未償還銀行借貸為11,669,000,000港元，聯營公司之銀行借貸涉及之或然負責則為1,080,000,000港元。自二零零八年下旬爆發金融海嘯後，若干外資銀行已撤出香港借貸市場，而部分本地銀行亦已縮減其貸款規模。香港銀團貸款市場疲弱。於二零零九年，大部分企業在再向銀行融資借貸方面普遍面對困難。
 - (7) 如建議派付末期股息及特別股息獲股東通過並予以派發，本集團之現金及銀行結餘將以該數額減少。當本集團於往後未來幾年遇上銀行融資借貸困難，本公司會透過發行股本，當中包括以供股形式向股東集資。

Chairman's Statement

DIVIDENDS AND SHARE REPURCHASE (cont'd)

Approval of Dividend by Shareholders and Expected Timeframe

Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the dividend warrants will be posted on or about 8th June, 2009 to shareholders whose names appear on the register of members of the Company on 27th May, 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 22nd May, 2009 to 27th May, 2009, both days inclusive. In order to qualify for the recommended Final Dividend and Special 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 21st May, 2009.

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 89.49% during the Year excluding the renovation area of Windsor House. The occupancy rate achieved 96.11% if non-core and disposed properties are excluded. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

The Group's gross rental growth was 25.37% with rental income of HK\$880.9 million for the Year as compared with last year, and the respective increases in retail and non-retail portion have been 22.17% and 32.10%. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and the completion of renovation work of Silvercord and the first phase of Windsor House in the third quarter of 2007.

During the Year, the average occupancy rates of the shops of Excelsior Plaza – Laforet and Causeway Place were approximately 98.95% and 95.04% respectively.

主席報告書

股息及股份回購(續)

股東批准派息及預期之時間表

待股東於本公司應屆股東週年大會上批准後，股息單將於二零零九年六月八日或前後寄予於二零零九年五月二十七日名列本公司股東名冊之股東。

暫停辦理股東登記手續

本公司將自二零零九年五月二十二日至二零零九年五月二十七日(包括首尾兩天)暫停辦理股東登記手續。為符合獲派建議之末期股息及特別股息的資格，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二零零九年五月二十一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。

業務回顧

香港物業投資

投資物業之租金仍然是本集團之主要收入來源之一。本集團之零售物業組合於本年度內之整體出租率為89.49%(不包括皇室大廈之翻新範圍)。倘撇除非核心及已售物業，出租率則達96.11%。出租率維持高企與本集團大部分零售物業位於優質地段有關。

本集團於本年度之租金總額較去年增長25.37%，租金收入為880,900,000港元，而零售及非零售部分之增幅分別為22.17%及32.10%。租金收入總額增加主要由於辦公室物業之高回轉租金比率及新港中心與皇室大廈第一期翻新工程於二零零七年第三季完成所致。

怡東商場—東角Laforet及銅鑼灣地帶之商舖於本年度內之平均出租率分別約為98.95%及95.04%。

Chairman's Statement

主席報告書

BUSINESS REVIEW (cont'd)

Hong Kong Property Investment (cont'd)

The first phase renovation of Windsor House was completed in the third quarter of 2007 and the second phase renovation commenced in March 2008. The scope of works include 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. Portions of the ground floor and first floor have been re-opened in December 2008 and it is anticipated that the renovation work of second phase will be completed by early 2010. The revamped Windsor House will have improved and diversified trade mix.

The renovation work of Silvercord which involves the conversion of the bubble lifts and cinema to shops was completed in the third quarter of 2007. The overall rental income of Silvercord was raised 67.88% for the Year as compared with last year due to the increase in more quality brands, and its average occupancy rate was 96.15% during the Year.

The occupancy rate for the Group's office properties maintained at a satisfactory level throughout the Year. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 91.70%, 97.04% and 84.13% respectively, bringing the approximate occupancy rate of the overall office portfolio to 91.67%.

The basement construction work of the redevelopment project of Tung Ying Building in Tsim Sha Tsui was completed in October 2008. The superstructure work is in progress. MTR Corporation Limited 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. Our redevelopment will benefit from this pedestrian subway and this direct path to the MTR Station will provide a highly accessible link for the shoppers to our redevelopment. Tung Ying Building is to be redeveloped into an integrated shopping and entertainment complex and is expected to be a landmark shopping arcade in Tsim Sha Tsui upon completion scheduled in 2010.

Sun Fair Mansions, 12 Shiu Fai Terrace, a residential site in Mid-Levels East, which is a traditional prestigious location for luxury residential project in Hong Kong. A luxury residential tower which provides a total residential gross floor area of around 39,700 square feet will be redeveloped. Demolition work is in progress.

業務回顧 (續)

香港物業投資 (續)

皇室大廈之第一期翻新工程已於二零零七年第三季完成，而第二期翻新工程亦已於二零零八年三月展開。翻新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。部分地下及一樓之範圍已於二零零八年十二月重開，而第二期翻新工程亦預期於二零一零年年初完成。翻新後的皇室大廈將更臻完善及具多元化商戶組合。

新港中心之翻新工程（包括將觀光升降機及戲院改建為商舖）已於二零零七年第三季完成。由於有更多更優質品牌商戶進駐，新港中心之整體租金收入較去年上升67.88%，而於本年度之平均出租率為96.15%。

本集團辦公室物業之出租率於全年均維持於令人滿意之水平。於本年度內，皇室大廈、美國萬通大廈及夏慤大廈之平均出租率分別約為91.70%、97.04%及84.13%，使整體辦公室物業組合出租率達約91.67%。

尖沙咀東英大廈重建項目之地庫建築工程已於二零零八年十月完成。其上蓋工程亦正施工中。香港鐵路有限公司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。該地下行人通道將更方便購物人士直達本重建項目，從而令本重建項目受惠。東英大廈將重建為綜合購物及娛樂中心，預期於二零一零年竣工後將成為尖沙咀的購物商場地標。

肇輝臺12號新輝大廈為一位於東半山區的住宅地盤，該地段屬香港傳統豪宅項目之優越位置。該項目將重建為一座高尚住宅大樓，可提供總住宅樓面面積合共約39,700平方呎，其拆卸工程正在進行中。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Hong Kong Property Development

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

The superstructure work of York Place, i.e. the former Tung Sang Building, Wanchai, is in progress. York Place is a brand new residential/retail composite building having 94 units with flat size ranging from gross floor area of approximate 576 square feet to 2,037 square feet. The sale is in progress and 35 units were presold up to 31st December, 2008. The occupation permits are expected to be obtained in March 2009.

The Zenith (87.5% interest) is a two-phase redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. 651 units of phase I were sold up to 31st December, 2008, representing 99.85% of total units. For phase II redevelopment, the master layout plan for the core elements preservation of the existing Wanchai Market has been approved on 4th July, 2008 by the Town Planning Board. Phase II will be a residential/commercial complex development with a gross floor area of approximately 159,700 square feet. Redevelopment work is in progress. Completion of phase II is re-scheduled to end 2013.

MOD 595 is a joint venture project with the Urban Renewal Authority located at Reclamation Street, Mongkok. It provides a single residential tower block comprises 85 units with flat size ranging from gross floor area of approximate 483 square feet to 1,188 square feet. The project was launched in April 2008. A total of 62 units, representing 72.94%, were sold up to 31st December, 2008.

i-home is another joint venture project with the Urban Renewal Authority located at Larch Street/Bedford Road in Tai Kok Tsui. It provides a single residential tower block comprises 182 units with flat size ranging from gross floor area of approximate 462 square feet to 1,182 square feet. The whole project is re-scheduled to be completed in early 2009. The pre-sale consent has been obtained in February 2009 and the launching of this project is currently re-scheduled to the first quarter of 2009.

主席報告書

業務回顧 (續)

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。

York Place (即前灣仔東生大廈)之上蓋工程現正施工中。York Place為一幢全新的住宅／零售綜合大樓，擁有94個樓面面積約介乎576平方呎至2,037平方呎之單位。銷售現正進行中。截至二零零八年十二月三十一日已預售35個單位。入伙紙預期可於二零零九年三月取得。

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之重建項目。截至二零零八年十二月三十一日，第一期項目已售出651個單位，佔單位總數99.85%。至於第二期重建項目，城市規劃委員會已於二零零八年七月四日批准了保留現有灣仔街市核心部分之總綱發展藍圖。第二期將會發展為一個住宅／商業綜合項目，其總樓面面積合共約159,700平方呎。其重建工程正在進行中，並重新計劃於二零一三年年底竣工。

MOD 595為一項與市區重建局進行之合資項目，位於旺角新填地街，為一座單幢式住宅大廈，提供合共85個單位，單位總樓面面積約介乎483平方呎至1,188平方呎不等。該項目已於二零零八年四月推出。截至二零零八年十二月三十一日，共售出62個單位，佔單位總數72.94%。

i-home為另一項與市區重建局進行之合資項目，位於大角咀洋松街／必發道，為一座單幢式住宅大廈，提供合共182個單位，單位總樓面面積約介乎462平方呎至1,182平方呎不等。整個項目重新估計於二零零九年年初竣工。預售樓花同意書已於二零零九年二月取得，現時重訂於二零零九年第一季推出該項目。

Chairman's Statement

主席報告書

BUSINESS REVIEW (cont'd)

Hong Kong Property Development (cont'd)

The Group has two joint venture development projects in West Kowloon Reclamation Area. One is located at Hoi Ting Road and junction of Hoi Wang Road and Hoi Ting Road (25% interest). Its foundation work was completed and superstructure work is in progress. 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 end 2010.

The other one is located at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road (15% interest). Its foundation work was completed and excavation work is in progress. Residential and retail properties with a total gross floor area of approximately 650,600 square feet will be developed. Completion of the whole project is re-scheduled to 2011.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels with site area about 36,000 square feet which can provide a total residential gross floor area of around 87,800 square feet. This site will be developed into a luxury residential project. Site formation work was completed and the foundation work is scheduled to be commenced in the second quarter of 2009.

Macau Property Development

The Group is planned to develop the site at Avenida Wai Long, Taipa, Macau (70.01% interest) into a high-end residential project with total gross floor area of approximately 5,786,242 square feet (excluding basement car park). It will comprise one serviced apartment tower and 25 residential tower blocks and will be developed in phases. Proposals for site formation and basement excavation works of phase I have been submitted for government's approval and the first phase of the site formation works is scheduled to be commenced in 2009.

業務回顧 (續)

香港物業發展 (續)

本集團於西九龍填海區擁有兩個合資發展項目。其中一個項目位於海庭道及海泓道與海庭道交界 (佔25%權益)，其地基工程經已完成，而上蓋工程亦正在施工。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底竣工。

另一個合資項目則位於海泓道、欣翔道與友翔道交界 (佔15%權益)，其地基工程經已完成，現正進行挖掘工程。該項目將發展為總樓面面積約650,600平方呎的住宅及零售物業。整個項目重訂於二零一一年完成。

干德道55號 (佔70%權益) 為一位於中半山的住宅地盤，地盤面積約36,000平方呎，可提供住宅總樓面面積約87,800平方呎。該地盤將發展為豪宅項目。地盤平整工程經已完成，而地基工程亦計劃於二零零九年第二季展開。

澳門物業發展

本集團計劃將位於澳門氹仔偉龍馬路之地盤 (佔70.01%權益) 發展為高級住宅項目，總建築面積約為5,786,242平方呎 (不包括地庫停車場)。該項目由一座服務式住宅及25座住宅大廈組成，並分期發展。第一期的地盤平整及地庫挖掘工程建議書已遞交予政府審批，而第一期之地盤平整工程則計劃於二零零九年展開。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Mainland China Property Investment

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 21-storey office and shopping complex with a 2-storey basement and has a gross floor area of around 263,708 square feet. The average occupancy rates of the office and retail spaces were 90.60% and 73.02% respectively for the Year.

Hilton Beijing (50% interest) maintained an average occupancy rate of 70.03% and achieved a gross operating profit of HK\$164 million for the Year. The expansion of Hilton Beijing by redeveloping the adjacent auditorium into an executive tower was completed in June 2008. The tower has operated since 1st July, 2008.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, was 96.56% let out as of December 2008.

The average occupancy rate of the 79 retail outlets with a total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen was 91.05% for the Year.

Mainland China Property Development

Metropolis Height and Splendid City are residential projects at Dongda Street of Jinjiang District and Yingbin Road of Jinniu District in Chengdu, with respective site area of approximately 194,411 square feet and 795,625 square feet and corresponding gross floor area of approximately 1.65 million square feet and 3.74 million square feet. Metropolis Height is in site formation process, project completion is re-scheduled to mid 2012. Phase I of Splendid City is in superstructure construction process and is expected to be completed in mid 2010.

Chinese Estates Plaza, a 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 3.2 million square feet. The project is in site formation process and is expected to be completed in mid 2012.

The residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), with a site area of 2,207,546 square feet and a gross floor area of approximately 11.08 million square feet, is at design stage.

主席報告書

業務回顧 (續)

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21層的辦公、商場綜合樓（並設兩層地庫），建築面積約263,708平方呎。辦公及商場面積於本年度之平均出租率分別為90.60%及73.02%。

北京希爾頓酒店（佔50%權益）於本年度之平均入住率維持於70.03%，並錄得經營毛利164,000,000港元。北京希爾頓酒店重建其側劇場為行政樓之擴建工程，已於二零零八年六月竣工。該樓自二零零八年七月一日起營業。

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，截至二零零八年十二月之出租率為96.56%。

深圳羅湖商業城79個零售商舖（總面積約29,000平方呎），於本年度之平均出租率為91.05%。

中國大陸物業發展

華置•都匯華庭及華置•西錦城為位於成都市錦江區東大街及金牛區迎賓大道之住宅項目，其地盤面積分別約為194,411平方呎及795,625平方呎，相應建築面積約為1,650,000平方呎及3,740,000平方呎。華置•都匯華庭正進行地盤平整工程，項目竣工期調整至二零一二年年中。華置•西錦城第一期現處上蓋建築工程，預計於二零一零年年中竣工。

華置廣場為位於成都市青羊區太升南路的商住項目，地盤面積約404,267平方呎，發展規模約3,200,000平方呎。該項目正進行地盤平整工程，預期於二零一二年年中竣工。

位於重慶市江北區華新街街道之住宅項目（佔25%權益）正處於設計階段，地盤面積為2,207,546平方呎，建築面積約11,080,000平方呎。

Chairman's Statement

BUSINESS REVIEW (cont'd)

Mainland China Property Development (cont'd)

As the projects in Chengdu and Chongqing are in preliminary stage, development schedules have not been affected and no estimated loss has been incurred to the Group as a result of the Sichuan earthquake in May 2008.

COMMUNITY RELATIONS

The Group defines corporate social responsibility as a way of conducting business that creates social, environmental and economic benefits for the community.

During the Year, the Group continued to significantly support meaningful causes in the community and encouraged its employees to extend their help and support to the underprivileged and needy. Following the Sichuan earthquake in May 2008, the Group has promptly provided funds, materials and personnel in support of the disaster relief work.

The Group and its employees together mobilised over HK\$6 million for the earthquake victims. Out of such sum, approximately HK\$1.54 million was raised under a campaign in which for every dollar donated by the employees, the Group matched with ten additional dollars and such donation was passed to Sichuan Red Cross through Hong Kong Red Cross. In addition, the Group donated an extra amount of RMB5 million to the Chengdu government to assist the relief and rehabilitation works. Furthermore, the Group donated more than 100 temporary houses to the earthquake-stricken areas which were used as temporary school and dormitory.

On the other hand, the Group has also donated to various charitable organisations such as the "ORBIS Pin Campaign 2008" sponsorship to help bring light to the blind worldwide and "Medecins Sans Frontieres Hong Kong".

The Company has registered as corporate member of the Hong Kong community volunteers of "Agency for Volunteer Service" that spares no effort in lending a helping hand to those in need. During the Year, it participated in regular and ad hoc community projects, such as visits to elderly homes and rehabilitation centers.

The Company was awarded again as "Caring Company" in 2008/09 by The Hong Kong Council of Social Service in recognition of our good corporate citizenship. The Group will continue to actively participate and initiate an extensive range of community programmes, charitable activities and voluntary services.

主席報告書

業務回顧 (續)

中國大陸物業發展 (續)

成都及重慶的項目因處初步階段，於二零零八年五月發生之四川地震未影響此等項目之發展進程，亦未令本集團帶來估計損失。

社會關係

本集團認為，企業社會責任乃指於經營業務之同時，為社區帶來社會、環境及經濟等各方面裨益。

於本年度，本集團繼續大力支持各類有意義之社會活動，並鼓勵旗下僱員盡力協助及支援弱勢社群及有需要人士。二零零八年五月發生四川大地震後，本集團即時為支持賑災工作提供資金、物資及人員。

本集團及其僱員共同為地震災民募捐超過6,000,000港元。善款之中有約1,540,000港元乃透過本集團一項活動籌得，當中僱員每捐助一元，本集團即額外捐出十元，並透過香港紅十字會將捐款轉交四川紅十字會。另外，本集團再額外捐款人民幣5,000,000元予成都市政府，協助進行抗震救災及災後重建工作。此外，本集團向地震受災地區捐出超過100所臨時房屋，用作臨時學校及宿舍。

另一方面，本集團亦捐款予多個慈善機構，如資助「奧比斯襟章運動2008」協助世界各地失明人士重獲光明，及資助「無國界醫生香港辦事處」等。

本公司已登記成為「義務工作發展局」香港義工團的團體會員，不遺餘力向有需要人士伸出援手。於本年度，該團隊參與各項定期及偶發性的社區項目，如探訪安老院及復康中心等。

本公司於二零零八／零九年度再獲香港社會服務聯會嘉許並頒贈「商界展關懷」標誌，肯定其良好企業公民精神。本集團將繼續積極參與及舉辦各類型社區計劃、慈善活動及志願服務。

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 24 company visits and conference calls as well as the following major investor relations activities, in which the management has met totally around 236 shareholders, investors and analysts.

Date	Events
January	• Property conference
February	• Property Access Day
March	• Press conference and analysts presentation meeting for 2007 annual results announcement • Roadshows in Hong Kong, Singapore, U.S.A. and Europe
May	• Property conference
July	• Property Access Day
August	• Press conference and analysts presentation meeting for 2008 interim results announcement • Roadshow in Hong Kong
September	• Property conference
December	• Property Access Day

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。

於本年度內，管理層參與合共24次公司拜訪與電話會議，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236名股東、投資者及分析員會面。

日期	事項
一月	• 房地產會議
二月	• 房地產研討日
三月	• 二零零七年年業績公布之新聞發布會及分析員簡報會 • 於香港、新加坡、美國及歐洲之路演
五月	• 房地產會議
七月	• 房地產研討日
八月	• 二零零八年中期業績公布之新聞發布會及分析員簡報會 • 於香港進行路演
九月	• 房地產會議
十二月	• 房地產研討日

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

主席報告書

OTHER INFORMATION

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 fulfilment of certain conditions precedent (the "Transaction"). All conditions precedent had been fulfilled on 30th September, 2008 and the Transaction was formally completed on the same day.

Shareholding in G-Prop (Holdings) Limited ("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% of shares of G-Prop then in issue, at a consideration of approximately HK\$120.8 million. Accordingly, the Group's shareholding in G-Prop had been increased from 13.69% to 50.20% and thus G-Prop became a subsidiary of the Company.

PROSPECTS

The global economic downturn has affected most industries in Hong Kong. It is however hopeful that the macro-economic policies being implemented by governments across the globe will soon filter through the economies, leading to recoveries. In particular, with the experience gained from the financial turmoil in 1997, Hong Kong has the potential of being one of the earliest economies to recover. Meanwhile, although anticipated to grow at a slower pace, the economic growth of Mainland China is still expected to be the higher one in the World through her effective and innovative policies.

While this year is set to be a challenging one, the Group remains optimistic in its core businesses, albeit not without caution. The Group expects its property development business in Hong Kong will benefit from low interest rate and particularly prime locations of its main properties for sale. The Group will continue to strengthen the value of its investment properties and enhance returns through redevelopment and renovation, such as Tung Ying Building and Windsor House. The Group considers that the current market sentiment would offer opportunities for the Group to further strengthening its land bank for development projects in Hong Kong and Mainland China.

其他資料

與至祥置業有限公司(「至祥」)進行之交易

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，收購至祥若干附屬公司之股權及貸款，惟須待協議各方履行若干先決條件(「該交易」)。該交易之所有先決條件已於二零零八年九月三十日履行，而該交易亦於同日正式完成。

於金匡企業有限公司(「金匡」)之股權

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，相當於當時金匡已發行股份之36.51%。因此，本集團所持有之金匡股權由13.69%增加至50.20%，金匡亦因而成為本公司之附屬公司。

展望

全球經濟轉差已對香港大部分行業構成影響。然而，全球各地政府均推出宏觀經濟政策，有望在短期內整頓經濟體系，推動經濟復甦步伐。香港曾經歷一九九七年金融風暴，並從中汲取經驗，有潛力成為最早復甦之經濟體系之一。與此同時，儘管各界認為中國大陸之經濟增長將會放慢，惟憑藉國內行之有效之創新政策，中國大陸之經濟增長幅度預期仍居於世界前列。

本集團預期於今年將面對重重挑戰，惟對其核心業務仍抱著審慎樂觀態度。低利率預期有利於香港物業發展業務，尤其是位置優越之主要持作出售物業。本集團會繼續透過如東英大廈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及增加回報。本集團認為目前市況乃本集團進一步增加於香港及中國大陸發展項目之土地儲備之良機。

Chairman's Statement

PROSPECTS (cont'd)

The Board will continue to review the share price of the Company and its underlying net asset value regularly and consider repurchase its shares on The Stock Exchange of Hong Kong Limited, as and when the share price represents a significant discount to its net asset value.

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, 16th March, 2009

主席報告書

展望(續)

董事會將繼續定期留意本公司股價及其相關資產淨值，並會於當股價相對於其資產淨值出現顯著折讓時考慮在香港聯合交易所有限公司回購本公司股份。

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貢獻及竭誠工作表示謝意。

代表董事會

主席

劉鑾雄

香港，二零零九年三月十六日