

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 44 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 79.

An interim dividend of HK8.5 cents per share amounting to HK\$68,032,772 by way of cash dividends and HK\$300,173,326 by way of scrip alternatives were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK11.5 cents per share to the shareholders on the Register of Members on 17th November, 2005, amounting to HK\$497,012,941.

INVESTMENT PROPERTIES

During the year, the Group acquired and disposed of investment properties of HK\$172,685,419 and HK\$98,249,793, respectively, transferred from properties under development of HK\$99,384,779 and revalued all its investment properties at the year end date. Net surplus on revaluation amounting to HK\$1,828,505,571 has been credited directly to income statement.

Details of these and other movements during the year in the investment properties of the Group are set out in Note 16 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in Note 18 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2005 are set out on pages 145 to 158.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2005 are set out in Notes 44 and 45 to the financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 30 to the financial statements.

DIRECTORS' REPORT (Continued)

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased 29,270,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$218,044,125. All of the shares were subsequently cancelled ^(Note). The nominal value of the cancelled shares of HK\$27,804,000 during the year was credited to capital redemption reserve and the relevant aggregate consideration of HK\$205,881,047 was paid out from the Company's retained profits. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration HK\$
March 2005	1,060,000	7.15	7.00	7,529,406
April 2005	12,264,000	7.25	7.00	88,012,598
May 2005	10,578,000	7.65	7.30	79,561,975
June 2005	5,368,000	8.30	7.75	42,940,146
	<u>29,270,000</u>			<u>218,044,125</u>

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year.

(Note) Out of 29,270,000 shares repurchased, 27,804,000 shares were cancelled on delivery of the share certificates during the year while the remaining 1,466,000 shares repurchased on 30th June, 2005 were cancelled on delivery of the share certificates subsequent to the financial year.

CONVERTIBLE BONDS/NOTES

Details of the convertible bonds/notes of the Group are set out in Note 29 to the financial statements.

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate bases. Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analysis of bank loans and other borrowings as at 30th June, 2005 are set out in Note 27 to the financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$57,786,138.

DIRECTORS' REPORT *(Continued)*

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Raymond Tong Kwok Tung
Mr. Yu Wai Wai
Mr. Thomas Tang Wing Yung (appointed on 1st April, 2005)
Mr. Daryl Ng Win Kong (appointed on 28th April, 2005)
Mr. Albert Yeung Pak Hin (resigned on 10th March, 2005)

Non-executive Director

Mr. Ronald Joseph Arculli, (re-designated from Independent
GBS, CVO, OBE, JP Non-executive Director to
Non-executive Director on
1st July, 2005)

Independent Non-executive Directors

Dr. Allan Zeman, GBS, JP (appointed on 30th September, 2004)
Mr. Adrian David Li Man-kiu (appointed on 28th April, 2005)
Dr. Fu Yuning (appointed on 8th June, 2005)
Mr. Ronald Joseph Arculli, (re-designated from Independent
GBS, CVO, OBE, JP Non-executive Director to
Non-executive Director on
1st July, 2005)
Mr. Paul Cheng Ming Fun, JP (resigned on 31st May, 2005)

In accordance with the provisions of the Company's Articles of Association, Messrs. Ronald Joseph Arculli, GBS, CVO, OBE, JP, Adrian David Li Man-kiu, Fu Yuning, Raymond Tong Kwok Tung, Thomas Tang Wing Yung and Daryl Ng Win Kong will retire at the forthcoming Annual General Meeting and, who being eligible, will offer themselves for re-election.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

As at 30th June, 2005, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	2,677,456	Beneficial owner of 119,551 shares and spouse interest in 2,557,905 shares	0.06%
Mr. Ronald Joseph Arculli, GBS, CVO, OBE, JP	1,044,095	Beneficial owner	0.02%
Mr. Daryl Ng Win Kong	68,532	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Dr. Fu Yuning	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Yu Wai Wai	–	–	–
Mr. Thomas Tang Wing Yung	–	–	–

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

(b) Long Positions in Shares of Associated Corporations

(i) Holding Company

Tsim Sha Tsui Properties Limited

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	534,469	Beneficial owner	0.03%
Mr. Ronald Joseph Arculli, GBS, CVO, OBE, JP	60,000	Beneficial owner	≈0%
Mr. Daryl Ng Win Kong	–	–	–
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Dr. Fu Yuning	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Yu Wai Wai	–	–	–
Mr. Thomas Tang Wing Yung	–	–	–

(ii) Associated Companies

Mr. Robert Ng Chee Siong was deemed to be interested in shares of the following companies through corporations controlled by him:

Name of Associated Companies	Number of Ordinary Shares	% of Issued Share Capital
Better Chief Limited	50 (Notes 1 & 2)	50%
Brighton Land Investment Limited	1,000,002 (Notes 1 & 3)	100%
Dramstar Company Limited	440 (Notes 1 & 4)	44%
Empire Funds Limited	1 (Notes 1 & 5)	50%
Erleigh Investment Limited	110 (Notes 1 & 5)	55%
Eternal Honest Finance Company Limited	1 (Notes 1 & 5)	50%
Famous Empire Finance Limited	5 (Notes 1 & 6)	50%
Famous Empire Properties Limited	5,000 (Notes 1 & 6)	50%
Island Resort Estate Management Company Limited	10 (Notes 1 & 5)	50%
Jade Result Limited	500,000 (Notes 1 & 5)	50%
Jumbo Funds Limited	1 (Notes 1 & 7)	50%
Murdoch Investments Inc.	2 (Notes 1 & 3)	100%
Real Maker Development Limited	20,000 (Notes 1 & 8)	10%
Rich Century Investment Limited	500,000 (Notes 1 & 5)	50%
Silver Link Investment Limited	10 (Notes 1 & 5)	50%
Sino Club Limited	2 (Note 9)	100%
Sino Parking Services Limited	450,000 (Note 10)	50%
Sino Real Estate Agency Limited	50,000 (Note 10)	50%

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

(b) Long Positions in Shares of Associated Corporations *(Continued)*

(ii) Associated Companies *(Continued)*

Notes:

1. *Osborne Investments Ltd. ("Osborne") was a wholly-owned subsidiary of Seaview Assets Limited which was in turn 100% owned by Boswell Holdings Limited in which Mr. Robert Ng Chee Siong had a 50% control.*
2. *The shares were held by Devlin Limited, a wholly-owned subsidiary of Osborne.*
3. *The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.*
4. *The shares were held by Jade Result Limited, a company 50% controlled by Osborne.*
5. *The share(s) was(were) held by Osborne.*
6. *The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.*
7. *The shares were held by Pure Win Company Limited, a wholly-owned subsidiary of Osborne.*
8. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
9. *The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
10. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 30th June, 2005, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTEREST IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that during the year, the Chairman of the Board Mr. Robert Ng Chee Siong and the Executive Director Mr. Daryl Ng Win Kong held interests and/or directorships in companies engaged in businesses of property investment, development and management in Hong Kong. Mr. Robert Ng Chee Siong also held interests and/or directorships in companies operating hotels in Hong Kong.

As the Board of Directors of the Company is independent of the boards of the aforesaid companies and maintains three Independent Non-executive Directors, the Group operates its businesses independently of, and at arm's length from, the businesses of the aforesaid companies.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party Transactions" as set out in Note 43 to the financial statements, there were no other contracts of significance in relation to the Group's business, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

SERVICE CONTRACTS

None of the Directors of the Company has a service contract with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS

1. The Company announced on 30th May, 2005 that it had entered into the following connected transactions, particulars of which are disclosed herein as required under the Listing Rules:

(a) Acquisition of Shares and Taking Up of Loans

- (i) On 30th May 2005, the Company's wholly-owned subsidiaries, King Chance Development Limited ("King Chance") and Sing-Ho Finance Company Limited ("Sing-Ho Finance"), entered into respective agreements with Millwood Limited ("Millwood") and Cliveden Finance Company Limited ("Cliveden Finance"). Pursuant to such agreements, inter alia, (a) King Chance agreed to acquire from Millwood 10,000 shares, representing 100% of the issued share capital, of Triumph One Limited ("Triumph One") which held 100% interest in Pan Asia Centre, an industrial building, at a consideration of HK\$14,589,523, and (b) Sing-Ho Finance agreed to take up the assignment from Cliveden Finance of a loan in the amount of HK\$51,553,785 due from Triumph One to Cliveden Finance at a consideration of HK\$51,553,785, in each case subject to adjustment based on the audited completion accounts as at 30th May, 2005.
- (ii) On 30th May 2005, King Chance and Sing-Ho Finance entered into respective agreements with Carrollton Limited ("Carrollton") and Cliveden Finance. Pursuant to such agreements, inter alia, (a) King Chance agreed to acquire from Carrollton 10,000 shares, representing 100% of the issued share capital, of Far Gain Limited ("Far Gain") which held 100% interest in the Commercial Parts of Rosedale Gardens, a commercial and residential property, at a consideration of nominal value of HK\$1, and (b) Sing-Ho Finance agreed to take up the assignment from Cliveden Finance of a loan in the amount of HK\$84,461,831 due by Far Gain at a consideration of HK\$67,824,430, in each case subject to adjustment based on the audited completion accounts as at 30th May, 2005.

The Company has substantial experience and expertise in managing industrial and commercial properties. The acquisition of shares and taking up of loans enable the Company to hold the entire interest in Pan Asia Centre and the Commercial Parts of Rosedale Gardens and provides an opportunity for the Company to maximise and capitalise on the value of such properties.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

1. *(Continued)*

(b) Share Disposal and Loan Assignment

On 30th May 2005, the Company's wholly-owned subsidiaries, Sino Land Investment (Holdings) Limited ("Sino Land Investment") and Sing-Ho Finance, entered into respective agreements with Maxfield Limited ("Maxfield") and Seaview Finance Company Limited ("Seaview Finance"). Pursuant to such agreements, inter alia, (a) Sino Land Investment agreed to sell to Maxfield one share, representing 100% of the issued share capital, of Grand Idea Investment (CI) Limited ("Grand Idea") which held 100% interest in No. 8 Mount Cameron Road, a residential property, at a consideration of HK\$43,685,364; and (b) Sing-Ho Finance agreed to assign to Seaview Finance a loan in the amount of HK\$96,339,087 due from Grand Idea to Sing-Ho Finance on a dollar-for-dollar basis, in each case subject to adjustment based on the audited completion accounts as at 30th May, 2005.

The disposed property, No. 8 Mount Cameron Road, had been vacant and generated no income since August 2004. The share disposal and loan assignment would allow the Company to divest its interests in the property.

Completion of all the above transactions took place on 30th May 2005.

Millwood, Carrollton, Cliveden Finance, Maxfield and Seaview Finance are all indirect wholly-owned subsidiaries of Boswell Holdings Limited ("Boswell"), in which Mr. Robert Ng Chee Siong, Chairman and Executive Director of the Company, and his brother Mr. Philip Ng Chee Tat hold equity interest on a 50:50 basis. As such, Boswell, as an associate of Mr. Robert Ng Chee Siong, is a connected person of the Company and therefore the above transactions constituted connected transactions under the Listing Rules.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

2. The Company announced on 2nd November, 2004 that it had entered into agreements on 13th October, 2004 ("Agreements" or individually "Agreement") relating to the following non-exempt continuing connected transactions between the Company or its subsidiaries and the Ng Family (including Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and Mr. Philip Ng Chee Tat and their respective associates) for the three financial years commencing from 1st July, 2004 and ending on 30th June, 2007 with annual caps fixed for each of the years. Particulars of the Agreements together with the total considerations for the year ended 30th June, 2005 are disclosed herein as required under the Listing Rules:

(a) Building Cleaning Services

Party A: Best Result Cleaning Services Limited, a wholly-owned subsidiary of the Company

Party B: Ng Family

Nature of transactions: Provision of building cleaning services by Best Result Cleaning Services Limited to properties owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin

Annual Cap: HK\$23.16 million

Total consideration for the year: HK\$17.48 million

Basis of the Annual Cap: By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$15.20 million, 30th June, 2003 of HK\$14.00 million and 30th June, 2004 of HK\$14.80 million, the scale and operations of the business of the Group, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

2. *(Continued)*

(b) Car Park Management Services

Party A:	The Company
Party B:	Sino Parking Services Limited, a company held as to 50% by the Company and 50% by the Ng Family
Nature of transactions:	Provision of parking lot management services by Sino Parking Services Limited to properties of the Group
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the total gross revenue generated from car parking operations in the properties managed by Sino Parking Services Limited pursuant to the Agreement
Annual Cap:	HK\$18.36 million
Total consideration for the year:	HK\$10.75 million
Basis of the Annual Cap:	By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$12.60 million, 30th June, 2003 of HK\$11.40 million and 30th June, 2004 of HK\$11.10 million, the scale and operations of the business of the Group, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

2. (Continued)

(c) Estate Management and General Administrative Services

Party A: Sino Estates Management Limited, a wholly-owned subsidiary of the Company

Party B: Ng Family

Nature of transactions: Provision of estate management services by Sino Estates Management Limited to certain buildings owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of the management expenditure as shown in the annual budget of the Ng Family in respect of the properties managed by Sino Estates Management Limited pursuant to the Agreement

Annual Cap: HK\$6.29 million

Total consideration for the year: HK\$5.73 million

Basis of the Annual Cap: By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$4.27 million, 30th June, 2003 of HK\$4.14 million and 30th June, 2004 of HK\$4.36 million, the scale and operations of the business of the Group, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

2. *(Continued)*

(d) Security Guard Services

Party A: Sino Security Services Limited, a wholly-owned subsidiary of the Company

Party B: Ng Family

Nature of transactions: Provision of security guard services by Sino Security Services Limited to buildings owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin

Annual Cap: HK\$46.47 million

Total consideration for the year: HK\$33.01 million

Basis of the Annual Cap: By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$23.20 million, 30th June, 2003 of HK\$20.80 million and 30th June, 2004 of HK\$24.40 million, the scale and operations of the business of the Group, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deemed reasonable as at the date of Agreement.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

2. *(Continued)*

(e) Lease of Premises

Party A: The Company

Party B: Ng Family

Nature of transactions: Lease of premises by the Group of properties owned or to be owned by the Ng Family

Terms: A lump sum rent exclusive of rates and management fees to be agreed between the parties which shall be determined by reference to the prevailing market rent or below of the particular premises

Annual Cap: HK\$30.79 million

Total consideration for the year: HK\$23.37 million

Basis of the Annual Cap: By reference to the nature and value of these transactions for the years ended 30th June, 2002 of HK\$18.80 million, 30th June, 2003 of HK\$18.20 million and 30th June, 2004 of HK\$19.40 million, the scale and operations of the business of the Group, the anticipated development and growth of such businesses and changes of general economic conditions for the three years, which management deems reasonable as at the date of Agreement.

The Ng Family are connected persons of the Company and therefore the above transactions constitute continuing connected transactions of the Company pursuant to the Listing Rules.

The Company is one of Hong Kong's leading property management services provider, which provides services including building cleaning services, car park management services, estate management services, security guard services and other services. The Directors considered that the above continuing connected transactions were consistent with the business and commercial objectives of the Company and provided a good opportunity to strengthen the footholds of the Company in the provision of property management services in Hong Kong.

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

2. (Continued)

During the year, the above continuing connected transactions were carried out within their respective annual caps and have been reviewed by the Directors of the Company (including the Independent Non-executive Directors). The Independent Non-executive Directors have confirmed that during the year, the above continuing connected transactions were all conducted and entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties);
- (iii) in accordance with the relevant agreements governing such transactions; and
- (iv) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Details of other related party transactions are set out in Note 43 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2005, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong	2,366,683,367 (Notes 1 & 5)	Beneficial owner of 25,270,784 shares, spouse interest in 3,365,287 shares and interest of controlled corporations in 2,338,047,296 shares	54.43%
Tsim Sha Tsui Properties Limited	2,277,653,675 (Notes 1(a), 1(b) & 5)	Beneficial owner of 1,069,366,238 shares and interest of controlled corporations in 1,208,287,437 shares	52.38%

DIRECTORS' REPORT (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Chen Din Hwa	325,527,734 (Notes 2 & 4)	Interest of a controlled corporation	7.48%
Ms. Chen Yang Foo Oi	325,527,734 (Notes 2, 3 & 4)	Spouse interest	7.48%
Xing Feng Investments Limited	325,527,734 (Notes 2 & 4)	Interest of a controlled corporation	7.48%
Nice Cheer Investment Limited	325,527,734 (Notes 2 & 4)	Beneficial owner	7.48%
Solid Capital Holdings Limited	260,649,232	Security interest in 260,507,363 shares and beneficial owner of 141,869 shares	5.99%
Spangle Investment Limited	285,487,538 (Note 5)	Beneficial owner	6.56%

Notes:

1. As regards to 2,338,047,296 shares held by controlled corporations:
 - (a) 1,069,366,238 shares were held by Tsim Sha Tsui Properties Limited which was 71.73% controlled by Mr. Ng Teng Fong;
 - (b)
 - (i) 32,788,092 shares were held by Orchard Centre Holdings (Pte) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and
 - (ii) 1,175,499,345 shares were held through the wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 285,487,538 shares held by Spangle Investment Limited (Note 5)); and
 - (c) 60,393,621 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 887 shares by Fanlight Investment Limited, 25,401,433 shares by Karaganda Investments Inc., 1,117,580 shares by Orient Creation Limited, 5,302,349 shares by Strathallan Investment Limited, 15,981,356 shares by Strong Investments Limited, 12,315,217 shares by Tamworth Investment Limited and 274,799 shares by Transpire Investment Limited.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS *(Continued)*

Long Positions in Shares of the Company *(Continued)*

Notes: *(Continued)*

2. *The long position in 325,527,734 shares was held by Nice Cheer Investment Limited, a company 100% controlled by Xing Feng Investments Limited which was in turn 100% controlled by Mr. Chen Din Hwa.*
3. *Ms. Chen Yang Foo Oi, spouse of Mr. Chen Din Hwa, was deemed to be interested in Mr. Chen's shares.*
4. *The interests of Mr. Chen Din Hwa, Ms. Chen Yang Foo Oi, Xing Feng Investments Limited and Nice Cheer Investment Limited were duplicated.*
5. *285,487,538 shares were held by Spangle Investment Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and were duplicated in the interests of Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.*

Save as disclosed above and so far as the Directors of the Company are aware of, as at 30th June 2005, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$4,783,000.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 90% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 50% of the Group's total purchases.

The percentage of sales attributable to the Group's five largest customers is less than 30% of the Group's total sales for the year. The Directors do not consider any one customer to be influential on the Group.

At no time during the year did the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the company's issued share capital) had an interest in the share capital of any of the Group's five largest suppliers.

INDEPENDENCE OF INDEPENDENT NON- EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to the guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

DIRECTORS' REPORT *(Continued)*

COMPLIANCE COMMITTEE

The Company set up its Compliance Committee on 30th August, 2004 to enhance the corporate governance of the Group. The Compliance Committee has dual reporting lines. A principal reporting line is to the Board through the Director of Legal, Compliance and Company Secretary, who chairs the Compliance Committee. A secondary reporting line is to the Audit Committee. The existing Compliance Committee comprises the Director of Legal, Compliance and Company Secretary (Committee Chairman), the two Heads of Legal and Company Secretarial Departments, the Director of Development Department, Chief Executive Officer (Hotel) (or his designated personnel), the Chief Financial Officer, head of Internal Audit Department, department heads and the Compliance Officer. The Compliance Committee holds regular meetings to review and make recommendations to the Board and the Audit Committee on the Group's corporate governance issues.

AUDIT COMMITTEE

The Company set up its Audit Committee on 23rd September, 1998. The Audit Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and internal controls. The existing Audit Committee comprises Mr. Adrian David Li Man-kiu (Committee Chairman), Dr. Allan Zeman, GBS, JP and Dr. Fu Yuning, the Independent Non-executive Directors. During the year, the Audit Committee had held four meetings to review the 2004 annual report and accounts, the 2005 interim report and accounts and the internal audit reports and reported all relevant matters to the Board.

The Audit Committee has reviewed the accounting policies and practices adopted by the Group and the annual report for the year ended 30th June, 2005.

EMOLUMENT POLICY

The Company's emolument policy is to ensure that the remuneration offered to employees including Executive Directors and senior management is based on the skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for Non-executive Directors is to ensure that the Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in the board committees. Individual Director and senior management would not be involved in deciding their own remuneration.

The Company has established its Remuneration Committee on 23rd June, 2005 which comprises Executive Director, Mr. Daryl Ng Win Kong (Committee Chairman) and two Independent Non-executive Directors, namely, Dr. Allan Zeman, GBS, JP and Mr. Adrian David Li Man-kiu. The Remuneration Committee would meet at least annually to make recommendations to the Board on the Group's emolument policy including the remuneration of Directors and senior management.

DIRECTORS' REPORT *(Continued)*

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 30th June, 2005 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, which was in force prior to 1st January, 2005 and remains applicable to the accounting periods commencing before 1st January, 2005, save that the Independent Non-executive Directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

Subsequent to the financial period, the Board had issued letters of appointment to Independent Non-executive Directors and Non-executive Director for a 3-year term of office subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted a code for dealing in the Company's securities by Directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code of the Listing Rules. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard set out in the Model Code and the Company Code for the year ended 30th June, 2005.

On 23rd June, 2005, the Company has adopted a code for dealing in the Company's securities by relevant employees, who is likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 30th June, 2005.

AUDITORS

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 22nd September, 2005