

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

Our success in the luxury residential sector and the strength of the Bel-Air brand have enabled PCPD to appeal to both end-users and investors alike.



I am delighted to report that PCPD's financial performance continued to improve over the last 12 months, enabling us to provide shareholders with a robust set of results.

For the year ended December 31, 2005, the Group's consolidated turnover was approximately HK\$5,127 million, compared with HK\$5,831 million for 2004. Consolidated net profit for 2005 reached HK\$597 million, compared with the previous year's HK\$352 million (restated due to adoption of new accounting standards). Basic earnings per share for the year were 25.77 Hong Kong cents, compared with 20.22 Hong Kong cents for 2004 (restated).

The board of directors has recommended a final dividend of 5.5 Hong Kong cents per share for the year ended December 31, 2005.

HIGHLIGHTS OF THE YEAR

The Bel-Air luxury residential development continues to operate as our main revenue generator, with sales from 2003 to the end of December 31, 2005 amounting to around 1,980 units and proceeds of approximately HK\$22,311 million.

The Group has been widely recognised for innovation in prestigious residential accommodation and luxurious lifestyle facilities, and the resounding success to date at Bel-Air offers testimony to the solid skills and commitment that form the foundation on which the Group is built.

The steadily-increasing power of the Bel-Air brand - representing a fresh and unique experience in luxury lifestyles - will serve to raise the profile of all our property projects in Hong Kong and overseas. By the end of 2005, a total of some 1,200 luxury apartments had been completed, sold and handed over to their new owners.

A jewel in the crown of the Bel-Air luxury concept is the development's clubhouse, which offers the ultimate in innovative amenities, superior service and artistic ambience, with a sense of style that appeals to sophisticated tastes.

PCPD's facilities management division has substantial experience in the luxury residential accommodation sector, as well as in office, retail, industrial and mission-critical telecommunications properties. We will be seeking further opportunities to hone our facilities and property management capabilities in the luxury residential sector.



Assisted by mainland China's growing economy, the Group continues to benefit from the stable income generated by our premium-grade investment property - Pacific Century Place in Beijing's city centre - which achieved almost full occupancy as at December 31, 2005 and recurring income of about HK\$211 million for the year.

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Comprising more than 2 million square feet of office, apartment, retail space and carparking area, Pacific Century Place in Beijing is occupied by tenants comprising mainly multinational corporations, embassies and a department store.

The 43-storey PCCW Tower in Quarry Bay, Hong Kong, was sold in December 2004 for a consideration of HK\$2,808 million, with the sale completing in February 2005. The sales proceeds provided general working capital that enables the Group to explore other opportunities and gives us greater financial flexibility.

PROSPECTS

As a niche player focused on premium properties, the Group is very well positioned to benefit from the upturn in the high-quality residential market. Our success in the luxury residential sector and the strength of the Bel-Air brand have enabled PCPD to appeal to both end-users and investors alike.

As a prime example of the Group's experience in unlocking potential, our first telephone exchange redevelopment project in Hong Kong will be completed by the end of 2008 and will result in about 150 high-quality boutique apartments. This project, in Western district, represents the spearhead of a programme of telephone exchange redevelopment.

PCPD embarked on another exciting project in Beijing early this year when we acquired a site for a top-end residential development in the city's Chaoyang

district, next to Pacific Century Place, one of the few prestigious, large-scale, comprehensive developments in Beijing with almost full occupancy. Close proximity to Pacific Century Place offers valuable synergies, especially as luxury residential properties are in short supply in this prime location.



In addition, the alliance between PCCW and China Network Communications Group Corporation offers vast opportunities for the Group to broaden its development portfolio in mainland China's thriving property market. A prototype site has been identified in the central business district of Beijing. This redevelopment, which is still subject to government approval, is expected to result in a high-end residential and/or commercial complex. Feasibility studies for other potential sites are also under way.

Armed with the skills, experience and vision held by our staff and management, the Group will continue to seek out opportunities in our home market, mainland China and across the wider Asia-Pacific region.



A handwritten signature in black ink, appearing to read "Robert Lee".

Robert Lee

Chief Executive Officer

March 29, 2006