

Navigate beyond Limits





Transportation

The new ferry network creates a strategic platform within the Pearl River Delta, providing air, land and sea transportation services to travelers across the region. The Group's international and multi-faceted transportation system is evolving and expanding in new directions.

The Group's shipping operation has a proud history over four decades as the market leader on the Hong Kong-Macau route. Shun Tak-China Travel Shipping Investments Limited is one of the largest high-speed ferry operators in Asia. Operating under the name "TurboJET", the division owns a fleet of 33 vessels and is the only operator of 24-hour ferry services between Hong Kong and Macau.

Driven by the vigorous growth in travel to and within the Pearl River Delta ("PRD") region, TurboJET's total passenger volume during the year increased by 7%, as compared to 2004, to over 11 million passengers. The passenger volume on the popular Hong Kong-Macau route was 9.7 million passengers, an increase of 5% over 2004 and a record high since the formation of TurboJET in 1999. Escalating fuel prices, the major cost component of

the shipping operation, continued to be a challenge however. Fuel prices in 2005 rose over 40% as compared to 2004. For the year ended 31 December 2005, the transportation division recorded an operating profit of HK\$188 million (2004: HK\$243 million).

Travelers have responded enthusiastically to the TurboJET Sea Express service between Hong Kong International Airport and key PRD destinations, including the Macau and Shenzhen airports. It enables passengers to transit conveniently without Hong Kong customs and immigration formalities. This service has achieved continuing growth since its launch in 2003 and passenger volume in 2005 increased by 70% as compared to 2004.

To accommodate increasing passenger demand on its routes, the division purchased two deluxe TriCat Catamarans during the year which have been in service since November 2005. The acquisition expanded the TurboJET fleet size to 33 vessels serving the PRD region.

Progress continues toward development of an international multi-modal transportation network in the PRD region, with Macau as the hub, to facilitate convenience to passengers and complement the



Proposed Asian destinations served by Macau Asia Express.

The Group's two new Catamarans maximize the fleet's operational flexibility and sailing frequency, and offer passengers all the on-board comfort that the company prides itself on.



division's well-established shipping operation. In June 2005, the division established a joint venture company, "Shun Tak & CITS Coach (Macao) Limited," with one of the largest outbound tourist agencies in China, China International Travel Service Head Office, and 廣東省粵旅集團有限公司, to operate bus services within Macau and cross-boundary to several major cities in the region.

In January 2006, extending its transportation services to air travel, the Group announced a joint venture with China National Aviation Company Limited to form Groupax

Limited, which will indirectly hold a 49% interest in a new Macau-based airline, Macau Asia Express Limited (MAX). MAX is a 51% subsidiary of Air Macau Company Limited, the enclave's flagship carrier. Total investment in MAX is approximately HK\$234 million. MAX will fly initially to new destinations in China mainland and other parts of Asia, offering individual travelers high-value flights and travel packages. Subject to approval by the Macau SAR Government, MAX will adopt a highly competitive cost model and target to undertake its first commercial flight by early 2007.

With more project developments and tourist attractions in the PRD region, especially in Macau, the transportation division anticipates increasing revenues and long-term growth from cross-boundary ferry, bus and air carrier services. The division's complementary multi-modal platform is the foundation of its transportation network expansion and will continue to serve the interests of its passengers as well as the development of the region in the long-term.

The Shun Tak & CITS Coach joint venture links Macau with many major destinations in the PRD.





Voyage
Exci




Hospitality

The Group operates an exciting and popular spectrum of leisure activities in Macau, the emerging Pearl River Delta entertainment hub. The Group's hospitality business will continue to grow and benefit from the promising economic development in Macau.

Due to the robust growth in Macau's economy and the record-breaking number of visitors, the Group's hospitality division reported for 2005 an increase in operating profit to HK\$28 million (2004: HK\$9 million). Total visitor arrivals in Macau in 2005 was approximately 18.7 million, an increase of over 12% as compared to 2004. Driven by the liberalization of travel restrictions on individual travelers from mainland China, this growth trend is expected to continue.

The Group's hotel properties benefited from the influx of visitors to Macau. Its 50%-owned Mandarin Oriental Macau (Mandarin) and 34.9%-owned Westin Resort Macau (Westin) reported increases in net profit for the year. Both hotels recorded strong growth in average room rates but slightly lower occupancy rates during the year. The Mandarin, which secured several key event bookings, recorded a 29% increase in average room rate with a 5% decrease in occupancy rate, as compared with 2004. The Westin recorded an increase of 12% in average room rate and a 1% decrease in occupancy rate for the same period.

The preliminary plan for major renovation and extension at the Westin, comprising a spa center, refurbished food and beverage outlets, marina and serviced apartments, was approved by the Macau SAR Government in October 2005. Westin was voted the Best Business Hotel in Macau in 2005 by readers of Business Traveller magazine.



Macau Tower's SkyJump is listed in the Guinness World Records as the world's highest commercial decelerator descent facility.



Macau Tower has become a major tourist landmark and world-class convention centre with such memorable attractions as rare white tigers and a mini historic centre. Its image is now captured on bank notes issued by Banco Nacional Ultramarino.

The Macau Golf & Country Club (MGCC), Macau's premier golf club conveniently adjacent to the Westin, recorded satisfactory performance during the year. The Westin, together with the MGCC, is the only resort in Hong Kong and Macau that offers an international standard 18-hole golf facility. MGCC hosted the prestigious Macau Open golf tournament for the eighth consecutive year.

Macau Tower Convention & Entertainment Centre (Macau Tower), which is managed by the Group, has firmly established itself as a favorite tourist landmark and a popular venue for major public events, conventions and banquets. In August, Macau Tower launched a 233-meter controlled-descent SkyJump, which is listed in the Guinness World Records as the world's highest commercial decelerator descent facility. The

Travel Awards of Travel Trade Gazette designated Macau Tower as the Asia Pacific region's Best Theme Attraction in October 2005. Previous winners of this award included Universal Studio in Osaka and Tokyo Disneyland.

Over 3.5 million people have visited Macau Tower since its opening in December 2001. It continues to attract high-profile conferences and exhibitions with thousands of attendees, such as the 54th Pacific Asia Travel Association Annual Conference and the Junior Chamber International Asia Pacific Conference. Macau Tower has been the official venue of the Macau International Trade and Investment Fair for four consecutive years. The division anticipates that demand for premier facilities to host conventions,

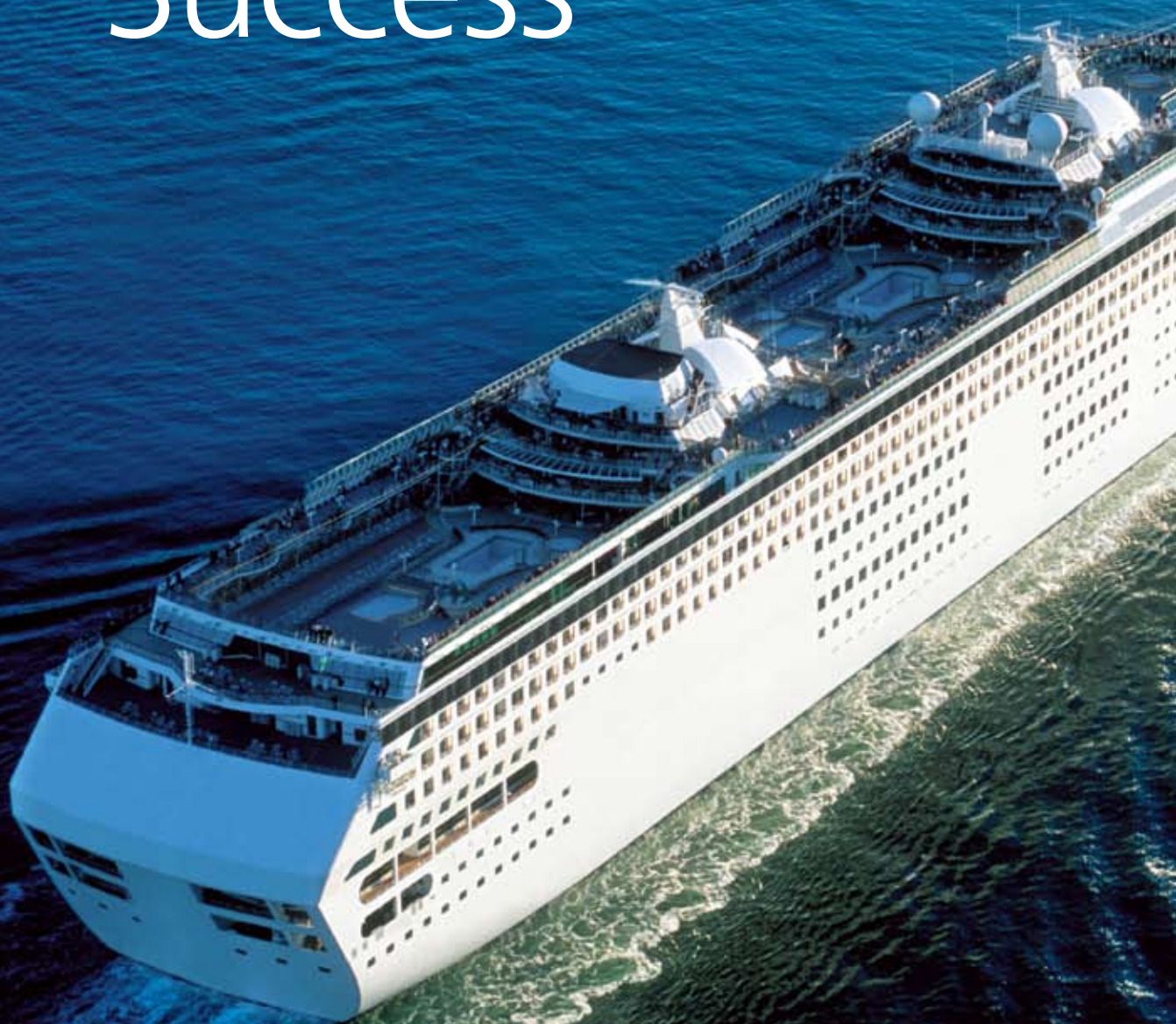
banquets and other large-scale events will continue to grow as Macau evolves into a world-class convention and entertainment destination.

With Macau's rapid emergence as the leisure, entertainment and convention hub in the PRD region, the Group's hospitality services and investments are well-positioned to benefit from the dynamic economic growth in Macau.

The Mast Climb offers challengers an adventurous opportunity to test their courage and strength with a climb to the top at 338 meters.



Cruise to Success





Property

Through its outstanding property sales and expanding land reserve in Macau, the Group is establishing a leadership role in the property market there. Planned property developments offer significant opportunity for growth.

The Group's property division reported an operating profit of HK\$146 million (2004: HK\$551 million) for the year ended 31 December 2005. The profit decreased as most of the completed development properties had been sold in previous years and new property developments are currently under planning and construction. The Group expects that, with the planned completion of Nova City Stage 1 in 2006, promising profits will be recorded accordingly.

In Macau

Nova Taipa Gardens

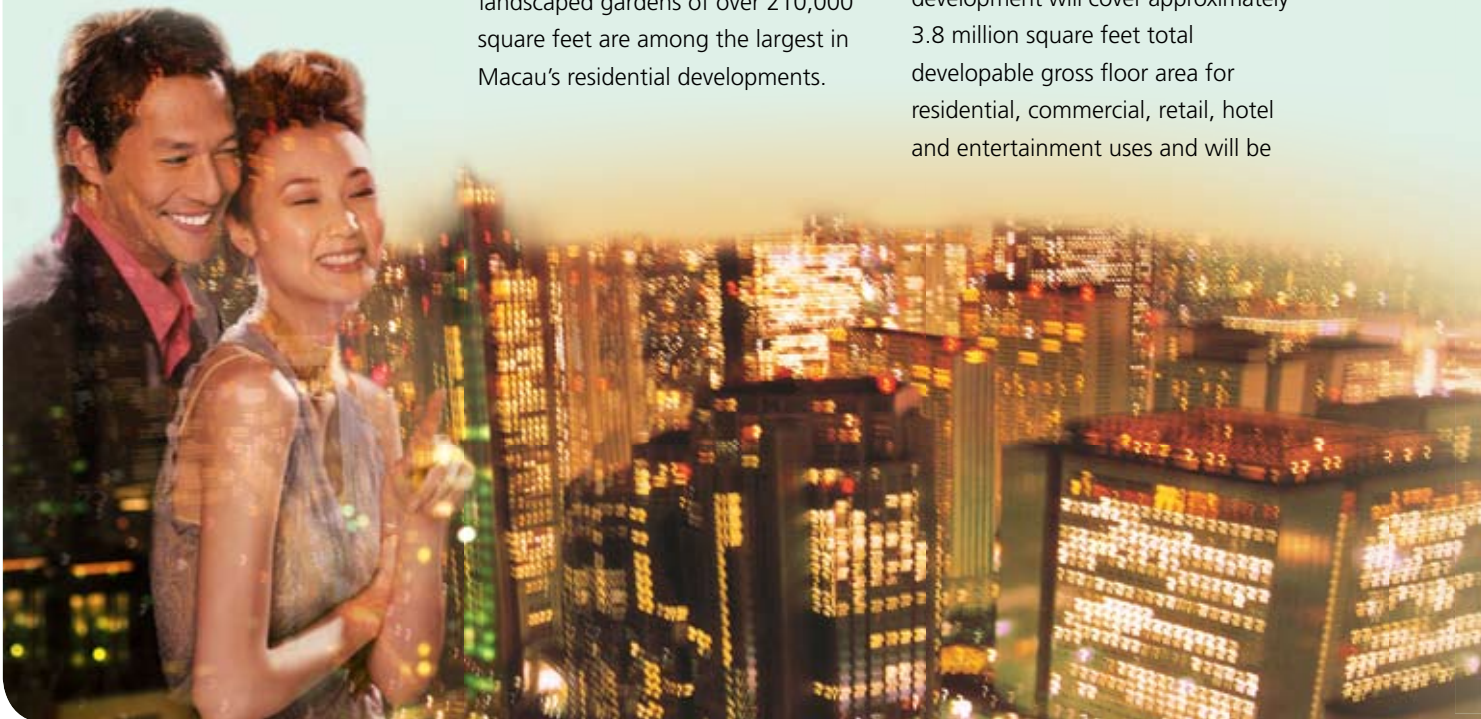
Nova Taipa Gardens is one of the largest luxury property developments in Macau. Nova Taipa Gardens Phase II, branded as "Nova City", comprises 3 stages with 13 luxurious residential towers of 1,788 residential units. Its deluxe clubhouse and landscaped gardens of over 210,000 square feet are among the largest in Macau's residential developments.

Pre-sale of Stage 1 of Nova City, which consists of 5 residential towers with 684 units, was launched in September and over 90% of the units were sold by the end of 2005. The Group expects that Stage 1 will be completed in the second quarter of 2006.

Superstructure works for Stage 2 of Nova City, which will comprise 4 luxury residential towers with 552 units, commenced in October 2005 and is scheduled for completion in early 2007. The remaining stage is under planning.

Nam Van Site

Development for the Nam Van site, centrally situated adjacent to the Macau Tower, is under planning and the acquisition is scheduled for completion by June 2006. Subject to the approval and confirmation of the Macau SAR Government, the development will cover approximately 3.8 million square feet total developable gross floor area for residential, commercial, retail, hotel and entertainment uses and will be



The Group's Macau NAPE site is located in the heart of Macau Peninsula's new casino strip, next to MGM Grand Macau. The project includes residential apartments with full views of Nam Van Lake, upscale retail arcade along the lakefront and a luxury hotel managed by the Mandarin Oriental Hotel.



linked to Macau Tower's conference and exhibition facilities. The site is near the Macau-Taipa tunnel as proposed in the Macau SAR Government's urban planning scheme, and will be easily accessed by a new eight-lane driveway. With its prime location, the Nam Van project is designed to become the heart of cosmopolitan Macau. Subject to approval from the Gaming Inspection and Coordination Bureau of Macau, a portion of the Nam Van complex will be leased to Sociedade de Jogos de Macau, S.A. (SJM) for a casino operation.

Macau NAPE Site

The Group announced plans in September 2005 to form a joint venture with Hongkong Land Holdings Limited to develop a prime site on the Macau NAPE waterfront, adjacent to the MGM Grand Macau complex under construction. With unobstructed views of Nam Van Lake and Macau Tower, the development will comprise approximately 1.6 million square feet for luxury residential and lakefront serviced apartments, an upscale retail arcade of about 398,000 square feet and a 210-room luxurious hotel that will be managed by Mandarin Oriental Hotel Group. Following approval of

the project by the Macau SAR Government, completion of the residential and retail portions of the project is scheduled for 2008, and of the hotel and serviced apartments in 2009. Acquisition is scheduled for completion in the second quarter of 2006, at which time the Group will own 51% of this premium mixed-use development. Foundation work has started for the NAPE site and is expected to be completed by the third quarter of 2006.

Cotai Site

The Group will develop a site in Cotai with Sociedade de Turismo e Diversões de Macau, S.A. (STDM), subject to Macau SAR Government approval, in place of the originally announced site in Taipa. The Group holds 80% of the development and STDM holds the remaining 20%. Total developable gross floor area of the site will be the same as the previous site, approximately 2.1 million square feet.



Stage 1 of Nova City was launched to a strong market reception. Superstructure works for Stage 2 was commenced in October.

In Hong Kong and mainland China

The Belcher's and Westwood

Remaining units of the Group's luxury development in Western Mid-Levels, the Belcher's, continued to be sold during the year. By the end of 2005, over 99% of saleable units had been sold.

The Westwood, a large-scale modern commercial podium with over 220,000 square feet at The Belcher's, is the largest shopping complex in Western Mid-Levels. With its wide variety of retailers and food and beverage outlets, the complex is popular for its one-stop shopping convenience. Public accessibility to

the shopping complex will be enhanced with the construction of the University Station of the Mass Transit Railway (MTR), scheduled for completion in 2012. The property has generated satisfactory rental and management income for the Group since opening.

Liberté Place

Liberté Place, a commercial complex in West Kowloon, recorded significant improvement in occupancy rate from 77% in 2004 to 97% in 2005. Accessibility to the commercial complex will be enhanced by completion of a connecting passage to the Cheung Sha Wan Station of the MTR, scheduled for completion in 2009.

120 Pokfulam Road

The Group's development plan for the site at 120 Pokfulam Road (formerly 124 Pokfulam Road), was approved by the Hong Kong SAR Government in March 2005. Superstructure works commenced in September 2005 for the luxury residential development, with a developable gross floor area of approximately 32,600 square feet. The project is scheduled for completion in 2007.

Chatham Gardens

The Group has acquired all 140 units of Chatham Gardens in Kowloon. Lease modification to facilitate a composite redevelopment for the lot was submitted in December 2005. Redevelopment plans for luxury residential apartments and a commercial podium are in progress.



Homes developed by the Group reflect modern cosmopolitan living at its best.

Shun Tak Business Centre

The Shun Tak Business Centre in Guangzhou comprises a 32-storey office tower and a six-storey shopping arcade. Profit contribution from the property grew satisfactorily during the year.

Property Services

The Group's property management division provides quality services for a diversified range of multi-functional residential, commercial and industrial properties. The division's management portfolio extends to over 10 million square feet in Hong Kong and Macau, including approximately 7 million square feet of residential area. Properties under the division's management include Libert , The Belcher's, The Westwood and Libert  Place in Hong Kong; and Nova Taipa Gardens Phase I, Macau Tower and Shun Tak House in Macau.

Shun Tak Property Management Limited (STPML) is the first Hong Kong-based property management company in Macau that complies with the ISO9001:2000 certificate requirements. For the fifth consecutive year in 2005, STPML was awarded the Caring Company Award by the Hong Kong Council of Social Services in recognition of its partnership with benevolent societies to organize meaningful charitable programs for residents.

The division also provides lifestyle concept services under the brand name "Living Matters". It promotes quality living for clients through an extensive range of privileged personal services, including interior decoration and floral design services in Hong Kong and Macau. Living Matters is also developing other business initiatives in the areas of custom merchandising and retailing. In 2005, Living Matters started the development of a Hello Kitty merchandise series with a Macau theme, featuring an array of travel-related souvenirs. This Hello Kitty "I love Macau" series was launched in early 2006.



The Nam Van project, encompassing residential, commercial, retail, hotel and casino uses, is designed to become the new urban centre of Macau.





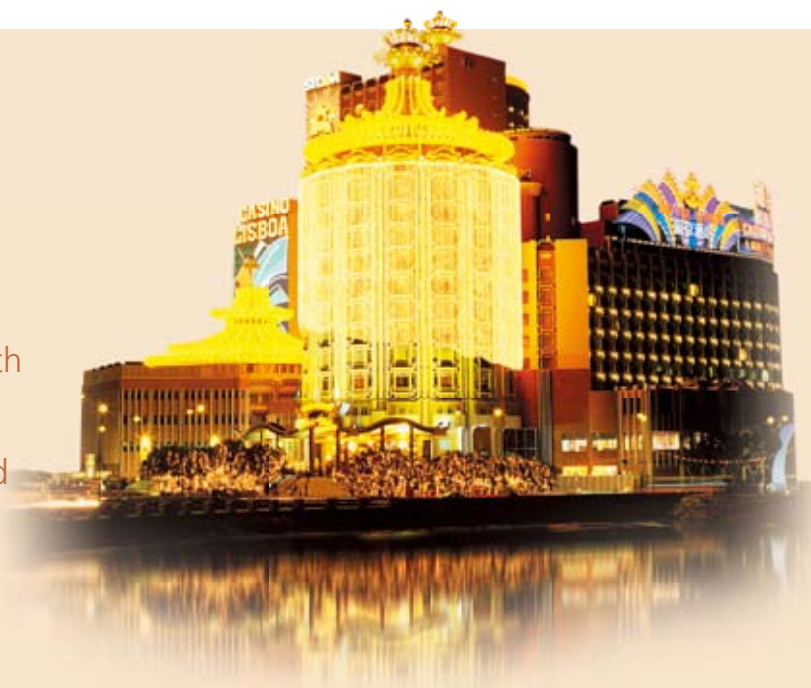
Steer with Vision



Investment

Through its 15.8% stake in STDM, the Group is well-positioned to initiate mutually synergistic and beneficial ventures, including a proposed revenue-sharing casino in the Nam Van development.

The Group is committed to pursue premium investment opportunities with long-term growth potential that are synergistic with its core businesses and to strengthen its position as a leading conglomerate in the PRD region.



The Group owns a consolidated interest in STDM of approximately 15.8%. In 2005, the Group recognized HK\$93.3 million in ordinary dividends declared by STDM for the year 2004. In 2004, the Group recognized HK\$115.5 million in dividend income, comprising HK\$74.4 million and HK\$41.1 million declared and paid for the years 2003 and 2002 respectively. Taking that into account, the Group's dividend income for the year 2005 from STDM increased by 25.4% when compared to the year 2004. STDM owns an 80% equity interest in SJM, one of three gaming concessionaires granted a concession in 2002 by the Macau SAR Government to operate casinos in Macau.

In addition to its gaming activities, STDM holds interests in several hotels in Macau, Macau International Airport and Air Macau, the enclave's flagship carrier. STDM is also active in major property development and infrastructure projects, including Nova Taipa Gardens, in which the Group also owns a 25% direct interest. It owns the Macau Tower, for which the Group holds a 20-year operational and property management agreement.

The Group shares an interest with STDM in jointly developing a strategically-located site in Cotai, Macau, subject to Macau SAR Government approval, in place of





Macau's promising future is anticipated to bring substantial benefit to the Group through its multi-faceted products and services there.

the originally announced site in Taipa. The Group holds 80% of the development and STDM holds the remaining 20%. The site is zoned for hospitality and entertainment uses.

The Group has an indirect interest in SJM and plans to lease to SJM approximately 200,000 square feet in the Nam Van development for operation of a casino, subject to approval from the Gaming Inspection and Coordination Bureau. Under the lease arrangement, SJM will pay rental to the Group on a revenue-sharing basis.



The Group expects that its interests in Macau's hotel and gaming sectors will yield continuing revenue growth.



Properties for Development and/or Sale

	Approx. Total Gross Floor Area for the Project (Sq.m)	Approx. Total Site Area for the Project (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2005	Estimated Completion Date
Hong Kong						
Chatham Gardens	—	3,786	—	51%	Under planning	—
120 Pokfulam Road (formerly 124 Pokfulam Road)	3,026	1,684	Residential	100%	Superstructure works in progress	2007
YTM Lots 30 & 31, Yau Tong	—	1,858	—	50%	Land bank	—
Macau						
Nova Taipa Gardens			Residential/Commercial/Hotel			
Phase II	252,974	29,547		25%	Superstructure works in progress	2008
Phase III	63,279	15,277		25%	Land bank	—
Phase V	150,304	24,829		25%	Land bank	—

Properties Under Acquisition

Macau						
Lot B, District B2, Zone B, NAPE (Note 1)	218,419	18,344	Residential/Commercial/Hotel	51%	Substructure works in progress	2009
Nam Van Zone D (Note 2)	359,532	39,800	Residential/Commercial/Office/Hotel/Casino	100%	Land bank	—

Properties Under Planning

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Development Progress as of Dec 2005	Year of Lease Expiry
Baia de Nossa Senhora de Esperança, Taipa, Macau (Note 3)	—	99,000	Hotel/Commercial	80%	Land bank	2049
Rawai Beach, Phuket, Thailand	—	36,800	Hotel	50%	Land bank	Freehold

Properties Held by the Group for Own Use

Penthouse, 39/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	1,823	—	Office Premises	100%	—	2055 renewable to 2130
83 and 95 Hing Wah Street West, Kowloon	19,320	19,139	Shipyards	42.6%	—	2051
Macau International Centre, Macau 2/F to 4/F (whole floor) and Flats A, B, C of 5/F, Block 12	2,894	—	Staff Quarters	100%	—	2006 renewable to 2049
Flats E of 8-11/F, Block 13	473	—	Staff Quarters	42.6%	—	2006 renewable to 2049
Edificio Industrial Fu Tai, Macau Unit A4 on 4/F	350	—	Plant	80%	—	2013 renewable to 2049

Notes:

- (1) Draft land concession contract issued by Macau SAR Government and accepted by Properties Sub F, Limited, pending publication of land concession contract in Macau Gazette.
- (2) Completion date of the acquisition is extended to on or before 30 June 2006 because additional time is needed for enhancement and integration of the architectural design.
- (3) Subject to agreement with government for replacement of another site, having the same gross floor area, in Cotai, Macau.

Investment and Hotel Properties

	Approx. Total Gross Floor Area (Sq.m)	Approx. Total Site Area (Sq.m)	Primary Use	Group's Interest	Occupancy Rate as of Dec 2005	Monthly Average Rental Rate for 2005	Approx. Lettable Floor Area (Sq.m)	Year of Lease Expiry
The Westwood, 8 Belcher's Street, Hong Kong	20,724	—	Commercial	51%	85.3%	HK\$379 psm	14,682	2030
The Belcher's, 89 Pok Fu Lam Road, Hong Kong	571 motor car parking spaces	—	Carpark	51%	99.8%	HK\$3,200 per carpark per month	—	2030
	33 motorcycle parking spaces	—	Carpark	51%	12.1%	HK\$1,000 per carpark per month	—	2030
Liberté Place, 833 Lai Chi Kok Road, Kowloon	5,600	—	Commercial	64.56%	97.8%	HK\$328 psm	4,083	2049
Liberté, 833 Lai Chi Kok Road, Kowloon	515 motor car parking spaces	—	Carpark	64.56%	88.4%	HK\$1,500 per carpark per month	—	2049
	140 lorry parking spaces	—	Carpark	64.56%	37.9%	HK\$1,800 per carpark per month	—	2049
	45 motorcycle parking spaces	—	Carpark	64.56%	35.6%	HK\$300 per carpark per month	—	2049
Seymour Place, LG/F & G/F, 60 Robinson Road, Hong Kong	974	900	Commercial	100%	100%	HK\$448 psm	822	2858
Seymour Place, G/F, 1/F - 3/F, 60 Robinson Road, Hong Kong	26 parking spaces	—	Carpark	100%	65.4%	HK\$3,150 per carpark per month	—	2858
Monmouth Place, L1 - L4, 9L Kennedy Road, Hong Kong	18 parking spaces	—	Carpark	100%	50%	HK\$2,000 to 3,500 per carpark per month	—	2047
Starhouse Plaza, Shop No. 5B on G/F, and portion of Shops in Basement, Star House, excluding shop A, 3 Salisbury Road, Tsimshatsui, Hong Kong	2,643	—	Commercial Shopping Arcade	100%	100%	HK\$314 psm	2,129	2863
Mandarin Oriental Macau, Avenida da Amizade, Macau	46,453	8,486	Hotel	50%	—	—	—	2007 renewable to 2032
Extension in the Outer Harbour New Reclamation Zone, Macau	1,327	15,176	Resort	50%	—	—	—	2007 renewable to 2049
Shun Tak House, 11 Largo do Senado, Macau	2,695	—	Commercial	100%	18%	MOP108 psm	2,673	Freehold
The Westin Resort Macau and Macau Golf & Country Club, Hac Sa Beach, Coloane, Macau	46,644 (including carparks)	767,373	Hotel/ Golf Course	34.9%	—	—	—	2013 renewable to 2049
Shun Tak Business Centre, 246 Zhongshan Si Road, Guangzhou, PRC	28,453	—	Office	60%	85.2%	RMB63 psm	28,453	2045
	5,801	—	Commerical Shopping Arcade	60%	100%	RMB71 psm	3,966	2035
	51 parking spaces	—	Carpark	60%	45.6%	RMB600 to 1,200 per carpark per month	—	2035