

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2006.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 52 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 37.

An interim dividend of HK7 cents per share amounting to HK\$621,898 by way of cash dividend and HK\$97,579,334 by way of scrip alternative were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK30 cents per share to the shareholders on the Register of Members on 16th November, 2006, amounting to HK\$422,511,656.

INVESTMENT PROPERTIES

During the year, the Group acquired and disposed of investment properties of HK\$405,072,712 and HK\$2,044,974, respectively, and also transferred from properties under development of HK\$160,400,589 to investment properties. The Group revalued all its investment properties at the year end date and the increase in fair value of the investment properties amounting to HK\$1,198,027,120 has been credited directly to the consolidated income statement.

Details of these and other movements during the year in the investment properties of the Group are set out in Note 18 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Company and the Group are set out in Note 20 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2006 are set out on pages 127 to 140.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2006 are set out in Notes 52 and 53 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 38 to the financial statements.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at 30th June, 2006 were retained profits of HK\$380,502,605 (2005: HK\$333,400,503).

DIRECTORS' REPORT *(Continued)*

CONVERTIBLE BONDS

During the year, convertible bonds of a total principal amount of HK\$96,460,000 have been converted by bondholders to the ordinary shares of a listed subsidiary, Sino Land Company Limited ("Sino Land"), and there were bonds in aggregate principal amount of HK\$2,403,540,000 outstanding at the balance sheet date.

Details of this and other movements in the convertible bonds of the Group are set out in Note 37 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 and other borrowings as at 30th June, 2006 are set out in Notes 35 and 36 to the financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$242,073,512.

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. Daryl Ng Win Kong

Non-executive Director

The Honourable 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
Mr. Adrian David Li Man-kiu
Mr. Steven Ong Kay Eng (appointed on 1st July, 2005)

In accordance with the provisions of the Company's Articles of Association, Messrs. Allan Zeman, GBS, JP and Raymond Tong Kwok Tung 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, 2006, 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	540,474	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	–	–	–

(b) Long Positions in Shares of Associated Corporations

(i) Subsidiary Company

Sino Land

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	2,733,100	Beneficial owner of 122,035 shares and spouse interest in 2,611,065 shares	0.06%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	69,956	Beneficial owner	≈0%

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

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

(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%

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.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

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

(ii) Associated Companies *(Continued)*

Notes: (Continued)

7. *The share was 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, 2006, 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 or any of its 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' 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 Disclosures" as set out in Note 51 to the financial statements, there were no other contracts of significance in relation to the Group's business, to which the Company or any of its 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.

DIRECTORS' REPORT (Continued)

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).

CONNECTED TRANSACTIONS

1. The Company and the Company's listed subsidiary, Sino Land Company Limited ("Sino Land") jointly announced on 2nd November, 2004 that the Group had entered into agreements on 13th October, 2004 ("Agreements" or individually "Agreement") relating to the following non-exempt continuing connected transactions between 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, 2006 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 Sino Land
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\$17.24 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 Sino Land and its subsidiaries, 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)*

1. *(Continued)*

(b) Car Park Management Services

Party A:	Sino Land
Party B:	Sino Parking Services Limited, a company held as to 50% by Sino Land 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\$10.52 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 Sino Land and its subsidiaries, 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)*

1. *(Continued)*

(c) Estate Management and General Administrative Services

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

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\$5.03 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 Sino Land and its subsidiaries, 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)*

1. *(Continued)*

(d) Security Guard Services

Party A:	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land
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\$18.56 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 Sino Land and its subsidiaries, 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)

1. (Continued)

(e) Lease of Premises

Party A:	Sino Land
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\$26.03 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 Sino Land and its subsidiaries, 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.

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 Group is one of Hong Kong's leading property management services providers, 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 Group and provided a good opportunity to strengthen the footholds of the Group in the provision of property management services in Hong Kong.

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

1. (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.

2. During the year ended 30th June, 2006, Sino Land provided corporate guarantees in respect of bank loan facilities granted to entities in which both Sino Land and the Ng Family have interest. Each of the corporate guarantees provided by Sino Land and the Ng Family is on a several and pari passu basis in accordance with the percentage of their respective equity interest in the relevant entities. As the relevant entities are associates of the Ng Family, such corporate guarantees constituted connected transactions of Sino Land and the Company under the Listing Rules.

Details of the corporate guarantees as required under the Listing Rules are as follows:

Entity	Percentage of Sino Land's interest in the entity	Date of Transaction	Corporate guarantees HK\$
Beverhill Limited and Boatswain Enterprises Limited (as joint borrowers)	20%	14th October, 2005	340,000,000
Murdoch Investments Inc.	45%	28th June, 2006	540,000,000

Details of other related party transactions are set out in Note 51 to the financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2006, 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	1,010,467,501 <i>(Notes 1 & 2)</i>	Beneficial owner of 80,006,522 shares, spouse interest in 62,579 shares and interest of controlled corporations in 930,398,400 shares	71.74%
Strathallan Investment Limited	257,014,904 <i>(Note 2)</i>	Beneficial owner	18.24%
Tamworth Investment Limited	383,534,488 <i>(Note 2)</i>	Beneficial owner	27.23%

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Fanlight Investment Limited	96,421,497 <i>(Note 2)</i>	Beneficial owner	6.84%
Nippomo Limited	130,677,380 <i>(Note 2)</i>	Beneficial owner	9.27%
Solid Capital Holdings Limited	136,352,510 <i>(Note 3)</i>	Security interest in 136,293,249 shares and beneficial owner of 59,261 shares	9.68%

Notes:

1. 930,398,400 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 96,421,497 shares by Fanlight Investment Limited, 130,677,380 shares by Nippomo Limited, 3,065,769 shares by Orient Creation Limited, 257,014,904 shares by Strathallan Investment Limited, 383,534,488 shares by Tamworth Investment Limited and 59,684,362 shares by Transpire Investment Limited.
2. The interests of Strathallan Investment Limited, Tamworth Investment Limited, Fanlight Investment Limited and Nippomo Limited were duplicated in the interests of Mr. Ng Teng Fong.
3. 3,141 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

DIRECTORS' REPORT *(Continued)*

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

Save as disclosed above and so far as the Directors of the Company are aware of, as at 30th June, 2006, 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\$2,203,000.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 84% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 66% 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.

At no time during the year did the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors own 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.

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 17 to 22.

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 at all times maintained the prescribed public float under the Listing Rules.

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, 18th September, 2006