CHAIRMAN'S STATEMENT

On behalf of the board of directors, I am pleased to report the following results and operations of the Group for the year ended 31 December 2005.

RESULTS

The audited consolidated profit after tax for the year was HK$250.7 million and the earnings per share amounted to HK31.4 cents, as compared to net profit of HK$94.4 million (as restated) and the earnings per share of HK11.8 cents (as restated) for the year ended 31 December 2004. The net profit after tax for 2005 represents a 165.6% increase from 2004.

DIVIDENDS

The directors recommend the payment of a final dividend of HK2.5 cents per share for the year ended 31 December 2005. Subject to the approval of shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 13 June 2006 to shareholders registered on 8 June 2006. No interim dividend was paid during the year. In respect of the preceding year, a final dividend of HK2.0 cents per share was paid and no interim dividend was declared.

NET ASSET VALUE

The consolidated net asset value per share of the Group as at 31 December 2005 was HK$2.92 based on the 799,557,415 shares in issue, as compared to HK$2.43 (as restated) per share and 797,157,415 shares in issue as at 31 December 2004.

BUSINESS REVIEW

The Group's net profit attributable to shareholders for the year was HK$250.7 million as compared to a net profit of HK$94.4 million (as restated) in 2004, representing a 165.6% increase from 2004. Revenue for the year was HK$93.9 million as compared to HK$89.8 million reported in 2004. Despite there was no revenue from sale of properties in 2005 as compared to HK$4.1 million in 2004, the Group recorded increase in overall revenue due to increase in rental income and income from property management and related services.

Revaluation of the Group's portfolio of properties resulted in a surplus of HK$179.2 million (2004: HK$70.3 million). The revaluation surplus and the corresponding deferred tax arising from the revaluation of the Group's investment properties were reported in the income statement according to the latest accounting standards. In 2005, the Group's share of net profit after tax from an associated company, namely The Cross-Harbour (Holdings) Limited, was HK$47.1 million (2004: HK$38.8 million), representing a 21.2% increase from the prior year.

CHAIRMAN'S STATEMENT

Property Business

The Group's major investment properties include:

Century Square
Prestige Tower

Gross rental income for the year amounted to HK$82.9 million which represents an increase of about 6.3% when compared with last year's income of HK$78.0 million. The increase in rental income in 2005 was due to the increase in rental rates of the Group's investment properties.

It is encouraging to note that the economy of Hong Kong recorded a healthy and sustainable growth in 2005. Majority of local business entities were able to enjoy satisfactory result in varying degrees in the last financial year, albeit the growth momentum slowed down in the last quarter of 2005. The Gross Domestic Product growth of over 7% was recorded last year and it is predicted that the trend will continue in 2006 but with a small downward adjustment in growth rate. The continuous influx of foreign funds was the main impetus for robust financial and stock market which in turn stimulated other businesses and industries. Record high tourist arrival that brought about strong economic activities coupled with continuous improvement in unemployment rate in the past twelve months to certain degree helped off-set the negative impact of rising interest rate.

The Group's properties which are all located in the prime commercial and shopping districts of Hong Kong recorded considerable rise in rental for most of the tenancy renewal and fresh letting cases. We ascribe this encouraging performance to the management's vision in successfully transforming the Group's properties from offices to commercial and retail usage in previous years. Such shifting of tenancy profile captured timely and firmly the robust demand from retail sector which was strongly driven by large influx of tourists and renewed consumer confidence in the last twelve months.

The rising property market had inevitably created enormous pressure to tenants and as a result, high turnover of tenants in the market was witnessed in the last twelve months. Nonetheless, the mobility of tenants within the Group's properties is relatively low due to specialised usage and hence the impact of tenancy changes is negligible. During the period under review, the overall occupancy rate of the Group's properties stood at a satisfactory level of over 97%.

The Group will continue to explore ways to enhance and add value to its properties by instigating suitable renovation and refurbishment proposals at a timely fashion. In order to further strengthen the market niche for our properties, a specialised marketing team had been assigned to undertake the ongoing strategic promotional and customer relationship building tasks.

FINANCING AND LIQUIDITY

Financial expenses for the year ended 31 December 2005 amounted to HK$25.5 million (2004: HK$13.0 million), a 96.1% increase as compared to last year. The increase in financial expenses was primarily due to the hike in interest rates during the year under review despite the Group's effort to reduce the bank loan balance in 2005. As at the end of 2005, the bank loan balance was HK$540.5 million (2004: HK$595.5 million).

The bank loans are secured by mortgages on certain investment properties with an aggregate carrying value of HK$1,920 million (2004: HK$1,740 million) and the assignment of rental income from these properties.

The following is the maturing profile of the Group's bank borrowings as of 31 December 2005:

Within one year	31.8%
In the second year	7.2%
In the third to fifth years, inclusive	27.7%
After the fifth year	33.3%
	100.0%

The gearing ratio, which is calculated as the ratio of the net bank borrowings to shareholders' funds, was substantially reduced to 21% (2004: 28% (as restated)). Revolving loans with outstanding balance of HK$140 million will be renewable within the next financial year. Term loan in instalment payments repayable within one year is HK$32 million which will be serviced mainly by the Group's rental income. Since the Group's borrowings are denominated in Hong Kong dollars and its sources of income are primarily denominated in Hong Kong dollars, there is basically no exposure to foreign exchange rate fluctuations.

At the end of 2005, the Group's cash and cash equivalents was HK$49.3 million. With its cash, available banking facilities and recurring rental income, the Group has sufficient resources to meet foreseeable funding needs for its working capital and capital expenditure.

PROSPECTS

The Group is cautiously optimistic about the economic development of Hong Kong in the coming year. Robust economic activities in 2005 helped to boost confidence and revive the property market but it also gave rise to higher inflationary rate and escalating costs of standard of living. Amongst which the business occupancy cost recorded the most notable upswing last year and there is no sign of easing off in view of the strong demand, predominantly from the financial sector.

Rising interest rate has already shown sign of dampening the retail sales but it is widely predicted that interest rate will reach its peak in the second half of 2006 which will help revive the property market, residential in particular.

CHAIRMAN'S STATEMENT

PROSPECTS *(continued)*

It is also worth noting that the Government's Budget put heavy emphasis on fiscal prudence to contain public expenditure to below 20% of Gross Domestic Product. Nevertheless, there will still be an average of HK$29 billion to be spent on infrastructure projects each year in the coming few years. This will further improve the unemployment situation which in turn will drive the economy forward.

On the tourist front, it is foreshadowed that tourist arrival will reach another height this year. Coupled with the opening of the Hong Kong Shenzhen Corridor later this year and the implementation of CEPA Phase 3, the Mainland will undoubtedly form a solid integral part of Hong Kong's economic fundamentals. With the continual revaluation of Renminbi, visitors from the Mainland can benefit from currency appreciation and will easily be lured to spend more in its neighbouring Hong Kong. On the whole, we anticipate that Hong Kong will enter into a steady stage of growth in the coming year, though it may be predicted to have some market fluctuation due to external volatility factors.

The Group will continue to regard Hong Kong as a major base for long-term investment. We will continue to strive to enhance and preserve the value of our assets by implementing necessary renovation and improvement programmes in our buildings, in addition to strategically re-positioning our properties in a timely fashion to tap the market demand. The Group will maintain property investment as our core business and will also actively explore opportunities both locally and in the Mainland to further broaden our asset base. In search of these opportunities, our focus will not be confined to property assets but other quality investments with stable recurrent return as well. We hold the view that suitable diversity of business may not only spread the investment risks but can yield stable return while sustaining our business growth under volatile market climate.

STAFF

At 31 December 2005, the Group employed a total of 31 staff. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, life insurance, provident fund and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

APPRECIATION

I would like to take this opportunity to thank our shareholders and business partners for their continuing support, and the Group's dedicated management and staff for their valuable contributions during the past year.

Cheung Chung Kiu
Chairman

Hong Kong, 7 April 2006