

STATEMENT FROM THE CHAIRMAN

THE GROUP NOW AIMS TO SPUR GROWTH BY CAPITALISING ON THE INCREASING DEMAND FOR PREMIUM NEW PROPERTIES.



DEAR FELLOW SHAREHOLDERS

Year 2004 saw a marked improvement in Hong Kong's economy, boosted by a general economic upturn in mainland China and other major markets around the world.

Home market benefits soon began to appear as the Closer Economic Partnership Arrangement (CEPA) swung into action and the Individual Visit Scheme for mainland travelers got off the ground. Results included a surge in local consumption and investment, and signs of an improvement in employment, helping to bring an end to deflationary pressures.

Continued economic growth and the Hong Kong Special Administrative Region Government's healthy housing policy of minimal market intervention are expected to drive sustainable development of the private property market over the long term. Indeed, the market has already witnessed a robust demand for residential housing, a rebound in prices and a sharp rise in the number of transactions, particularly for high-end property.

These favorable conditions formed an auspicious environment for the establishment of the Group's property business, following acquisition of PCCW's property, infrastructure and related interests.

An impressive sales performance at the Bel-Air prestige residential complex offered early evidence that the Group is well placed to benefit from current positive market trends, especially given its market positioning as a high-quality development and management force. With that in mind, the Group now aims to spur growth by capitalising on the increasing demand for premium new properties.

Looking ahead, we will continue to explore potential high-end development projects in Hong Kong through the redevelopment of PCCW's telephone exchanges, while building on the strength of our brand and delivering value to our shareholders and customers. The Group also plans to pursue the vast opportunities offered by mainland China's thriving property market, particularly through the co-operation between PCCW and its new shareholder, China Network Communications Group Corporation.

At the same time, we expect our investment portfolio of premium-grade properties and facilities-management expertise to continue to provide a stable source of income, as they too enjoy the benefits of an economy forecast to improve steadily further.

In a relatively short space of time, the Group has built an impressive reputation for quality, unique luxury lifestyle concepts and impeccable service – and I would like to take this opportunity to thank the directors and our dedicated management and staff for their excellent work.

I also wish to express my sincere gratitude to our shareholders and business partners for their confidence and support over the past year.

A handwritten signature in black ink, consisting of a large, stylized oval shape with a small 'L' or similar mark at the bottom right.

Richard Li

Chairman

March 30, 2005