

Chairman's Statement



I am pleased to report that turnover is recorded at HK\$744 million which is slightly increased from last year's HK\$707 million. This is mainly due to various changes in accounting policies adopted in the year, including sales revenue of development properties is not recognised until completion of the project. Profit attributable to shareholders is therefore HK\$168 million as compared to HK\$279 million of last year.

We have launched a commercial and residential development, Canaryside in East Kowloon for sale. Over 60% of the residential flats were pre-sold for

approximately HK\$450 million. Sales campaign for the remaining units of Canaryside together with a new residential project at Ping Shan in New Territories will be launched in the second half of the coming financial year.

We have concluded the land premium process with government for the 200,000 sq. ft. residential development at Ting Kau, Castle Peak Road, a joint venture with the Grosvenor group. Land premium for another 150,000 sq. ft. commercial and residential development at Aberdeen is also close to finalisation.

Our investment portfolio are enjoying favourable rental reversion. We have successfully increased the rental income compared with the old tenancies. We expect our rental income in the coming years will continue to increase steadily.

Our hotel subsidiary is reporting another excellent results. With the high room revenue growth and prudent cost control, the gross operating profit reached a record high level of HK\$136 million, a 30% increase from last year. However, the operating result was obscured by the provision of depreciation and other charges due to adoption of new accounting policies introduced this year, which has resulted in the Hotel group reporting a loss for the year.

Management has been paying attention to the rising interest rate and has taken various measures to reduce debts and manage to contain interests outlays by swapping into fixed rates at reasonable levels.

Prospects for the coming year to the property market remains optimistic. Strong demand for investment properties and development sites coupled with abundant liquidity have assured a very favourable sentiment in the market. Falling unemployment rate, booming tourism, aggressive gambling industry expansion in nearby Macau have all but contribute pressure on labour costs which in turn provides for a very high affordability ratio in the coming few year.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 13th July 2006