
Chairman's Statement

GROUP RESULTS AND DIVIDENDS

The Board of Directors announces that the operating profit of the Group for the year ended 30th June, 2006 increased to HK\$117.58 million from HK\$77 million in the previous year primarily due to the increase in finance income and other net income. The audited consolidated profit of the Group for the year amounted to HK\$395.21 million, compared with HK\$438.37 million (restated) for the previous year. The decrease in profit mainly reflects a reduction in the valuation gains of investment properties for the year in line with prevailing market trends.

The Directors will recommend to shareholders at the forthcoming Ordinary Yearly Meeting to be held on Friday, 8th December 2006 the payment of a final dividend of HK\$0.10 per share. The Directors will also recommend to the shareholders the payment of a special dividend of HK\$1.00 per share. These two dividends, together with the first interim dividend of HK\$0.10 per share, a special dividend of HK\$0.50 per share, and a second interim dividend of HK\$0.30 per share payable on 31st October 2006, will make a total dividend for the year of HK\$2.00 per share, compared with HK\$2.00 per share for the previous year.

HIGHLIGHTS OF PROPERTY DEVELOPMENT AND INVESTMENTS ARE SUMMARISED BELOW:-

THE REMAINING PORTION OF KOWLOON INLAND LOT NO.1300 (NO. 3, JORDAN ROAD, KOWLOON)

The 26-storey building on the above site has been completed and the 48 apartments are fully furnished. Leasing of the furnished apartment units is progressing well.

INLAND LOT 7105, KAM HONG STREET, NORTH POINT

The property has a site area of approximately 17,870 sq.ft. Your Company has completed negotiations with Government on the modification to the Government Lease, including payment of a premium of HK\$568.3 million. Your Company has transferred the site to a wholly-owned subsidiary of the Company (CMB Sub) to enable the site to be redeveloped into a commercial and residential complex with a total gross floor area not exceeding 16,866.6 square metres (of which the gross floor area for non-industrial use and for private residential use shall not exceed 800 square metres and 16,066.6 square metres respectively) together with car parking spaces to be provided at a certain specified rate. CMB Sub has appointed a wholly-owned subsidiary of Swire Properties Limited (the Developer) to design and build the development on the site and to market and sell the units on behalf of CMB Sub. The site formation works are in progress and scheduled for completion in the fourth quarter of 2006, after which the superstructure contract will be awarded.

INLAND LOT 88, NO. 391 CHAI WAN ROAD, CHAI WAN

The property, which is wholly-owned by the Company, continues to be held for investment purposes and derives rental income. The property has a site area of approximately 102,420 sq.ft. In May 2001, the site was rezoned and designated as a Comprehensive Development Area. In February 2002, the Town Planning Board approved, subject to a number of planning conditions, the Company's application under Section 16 of the Town Planning Ordinance for redevelopment. Planning approval was extended in January 2005 for a further three years subject to the same conditions. Your Company is continuing discussion with Government on the modification of the Government Lease.

Chairman's Statement (Continued)

U.K. PROPERTIES

The Group's commercial properties in London, namely Albany House, Thanet House and Scorpio House were fully let and continue to perform well.

FUTURE OUTLOOK

The group's policy to seek investment opportunities, both locally and overseas, has been proven to be very successful. With its strong financial position, the group intends to continue with this policy in the future in its customary prudent manner.

NGAN Kit-ling
Chairman

Hong Kong, 20th October, 2006