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 2006.

RESULTS

The audited consolidated profit after tax for the year was HK$288.1 million and the earnings per share amounted to HK36.0 cents, as compared to net profit of HK$250.7 million and the earnings per share of HK31.4 cents for the year ended 31 December 2005. The net profit after tax for 2006 represents a 14.9% increase from 2005.

DIVIDENDS

The directors recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31 December 2006. Subject to the approval of shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on 18 May 2007 to shareholders registered on 11 May 2007. No interim dividend was paid during the year. In respect of the preceding year, a final dividend of HK2.5 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 2006 was HK$3.29 based on the 799,557,415 shares in issue, an increase of approximately 12.7%, as compared to HK$2.92 per share and 799,557,415 shares in issue as at 31 December 2005.

BUSINESS REVIEW

The Group's net profit attributable to shareholders for the year was HK$288.1 million as compared to a net profit of HK$250.7 million in 2005, representing a 14.9% increase from 2005. Revenue for the year was HK$99.5 million as compared to HK$93.9 million reported in 2005. The increase in overall revenue was primarily attributable to increase in rental income.

Revaluation of the Group's portfolio of properties resulted in a surplus of HK$190.0 million (2005: HK$179.2 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.

On 18 May 2006, the Group exercised the remaining balance of the share option granted by its associated company, The Cross-Harbour (Holdings) Limited ("Cross-Harbour"). On 22 May 2006, 52,647,059 shares of Cross-Harbour were issued and allotted to the Group. After exercising the share option, the Group's interest in Cross-Harbour increased from 29.92% to 40.36%. Subsequent to the exercise of the share option, the Group further acquired 1.58% interest in Cross-Harbour from the stock market during 2006 and the Group's interest in Cross-Harbour increased to 41.94%. As compared to the fair value of the share option at the end of 2005, the increase in the fair value of the share option prior to the exercise of the option was HK$39.5 million and was reported in the income statement.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW *(continued)*

In 2006, the Group's share of net profit after tax from Cross-Harbour, was HK$63.4 million (2005: HK$47.1 million), representing a 34.6% increase from the prior year.

PROPERTY BUSINESS

The Group's major investment properties include:

Century Square
Prestige Tower

Gross rental income for the year amounted to HK$89.9 million which represents an increase of about 8.4% when compared with last year's income of HK$82.9 million. The increase in rental income in 2006 was due to the increase in rental rates of the Group's investment properties.

The management ascribe the improvement of the Group's rental revenue to the strengthening of economy of Hong Kong in the past year as well as the Group's successful transformation of its office buildings to commercial, retail and lifestyle hub. The re-structuring and expansion of the property's leasing and marketing department in the beginning of 2006 also brought about positive results. During the period under review, a number of quality tenants were attracted to establish their presence in the Group's properties amongst which included the renowned Canadian body care brand, Fruits & Passion, the popular fashion label from Scotland, SCAPA and skin care and health spa specialist, Leonard Drake, etc.

In addition, the quarterly promotional magazine "Rhythm" which the Group first introduced and distributed free to shoppers in April 2006 soon proved to be a very popular publication amongst tenants and shoppers. To cope with the changing tenancy profile, a face-lift of all passenger lifts in Century Square was carried out and completed in August 2006 whereby new advertising sign boards were incorporated into the lift cars. Such renovation also proved to be very receptive to tenants as bookings for advertising insertion already filled up to end of 2007.

In the past twelve months, we witnessed a solid growth of rental rates; but rising rentals inevitably triggered a corresponding higher percentage of tenancy movement. As a result, a sudden upsurge of vacancies was recorded at some point during the year but such situation has been gradually improving after strenuous leasing efforts and extensive marketing campaigns. Currently the occupation rate of the Group's properties has returned to a satisfactory level of over 92%.

FINANCING AND LIQUIDITY

Financial expenses for the year ended 31 December 2006 amounted to HK$34.3 million (2005: HK$25.5 million), a 34.6% increase as compared to last year. The increase in financial expenses was primarily due to the overall increase in interest rates and increase in bank loan utilisation during the year under review. As at the end of 2006, the bank loan balance was HK$666.0 million (2005: HK$540.5 million).

The bank loans are secured by mortgages on certain investment properties with an aggregate carrying value of HK$2,117.0 million (2005: HK$1,920.0 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 2006:

Within one year	37.4%
In the second year	8.0%
In the third to fifth years, inclusive	54.6%
	100.0%

The gearing ratio, which is calculated as the ratio of the net bank borrowings to shareholders' funds, was 23.7% (2005: 21.0%). Revolving loans with outstanding balance of HK$200.0 million will be renewable within the next financial year. Term loan in instalment payments repayable within one year is HK$49.0 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 2006, the Group's cash and cash equivalents was HK$42.9 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 remains cautiously optimistic about the economic development of Hong Kong in the coming year. All key economic fundamentals which affect our long term development have been improving and we expect such improvement will continue to ride on its track.

Financial, insurance and professional service sectors which were the main impetus for our robust economy in the past year are expected to continue its drive on the market, albeit at a slower pace.

The retail sector is expected to remain strong in 2007 as consumption demand from both tourists and local residents will continue to be high. The Government predicts a slower increase of 4.6% in visitor arrivals in 2007, this trend however will be more than compensated for by the mix of tourists and their spending levels as Hong Kong aims to attract more high-yielding visitors to come.

CHAIRMAN'S STATEMENT

PROSPECTS *(continued)*

As the Group's properties have virtually been shifted to mainly commercial and retail purposes, we will monitor the consumer market very closely to devise suitable marketing campaigns from time to time to attract business for our tenants. We shall continue to deploy flexible leasing packages to attract quality tenants to further improve the tenant-mix and enhance the building profile.

The Group currently stays in a very healthy financial position which status will only come stronger in the coming years with improvement in our rental revenue and the increased contribution from our associated company, Cross-Harbour, in which we have enlarged our investment stake. In anticipation of a more solid financial position, the Group will actively look for opportunities to expand our property portfolio in Hong Kong which the Group regards as the base of our operation. We will continue to strive to enhance and preserve the value of our assets by implementing necessary renovation and improvement programmes in our buildings. Although property investment remains as the Group's core business, we will not lose sight on other investment opportunities in Hong Kong or in the Mainland which may generate stable recurrent income for the Group so as to bring optimum return to shareholders.

STAFF

At 31 December 2006, the Group employed a staff of 33 members. 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, 23 March 2007