

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER



PCPD has been widely recognised for innovation in high-end residential accommodation and luxurious lifestyle facilities, and I am confident that the significant power of the Bel-Air brand will add prestige to all our property projects in Hong Kong and the Asia-Pacific region.

I am pleased to report that the Group's consolidated turnover for the year ended December 31, 2006 was approximately HK\$7,263 million, compared with HK\$5,127 million for 2005. Consolidated net profit for 2006 reached HK\$965 million, compared with the previous year's HK\$597 million. Basic earnings per share for the year were 40.16 Hong Kong cents, compared with 25.77 Hong Kong cents for 2005.

The board of directors has recommended a final dividend of 5.5 Hong Kong cents per share for the year ended December 31, 2006.

General economic conditions have continued to generate confidence in the Hong Kong property market. Banks pursued mortgage business growth aggressively last year by offering competitive rates, while strong liquidity in the financial market has strengthened the property market further.



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Meanwhile, solid progress has been made on our first Hong Kong telephone exchange redevelopment project, which is on target to be completed by 2009, with the creation of about 150 high-quality boutique apartments in the Western District.

The Group's property and facilities management division continues to accumulate invaluable experience in the luxury residential accommodation sector, thanks to ongoing and specialised responsibilities at the Bel-Air development. This complements a solid foundation in the management of office, retail, industrial and mission-critical telecommunications properties and strengthens the division's ability to earn a steady stream of revenue.

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Turning to our operations in mainland China, work has begun on an exciting project in Beijing's Chaoyang District, where we acquired a site for a luxurious residential development adjacent to our premium-grade investment property, Pacific Century Place. The development is scheduled for completion in 2009.

In addition, we continue to explore the potential in property development and redevelopment through ongoing co-operation between PCCW Limited and its alliance partner, China Network Communications Group Corporation.

As well as managing current projects and our day-to-day operations, the skills, experience and vision of our staff and management position the Group well in our mission to seek out opportunities in Hong Kong, mainland China and throughout the Asia-Pacific region.



A handwritten signature in black ink, appearing to read "Robert Lee".

Robert Lee

Chief Executive Officer

March 28, 2007