

Chairman's Statement

On behalf of the Board of Directors (the "Directors"), I am pleased to announce the annual results of Skyfame Realty (Holdings) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2006.

From 2005, the Group has started to focus on property development project management business and completed business streamlining to such effect. All the previous business segments of online operation, trading, financial, advertising space leasing and securities holding have been discontinued.

The year 2006 is the first year when the Group generated profits from the property development project management services. The Group was in 2006 acting as a project manager in construction contracts for contractors in some projects in the People's Republic of China ("PRC"). Besides, the Group, leveraging on the management's previous expertise in the industry, also commenced its project development activities upon its completion of the acquisition of the interest in the Zhoutouzui Project in October, 2006. The Group has since then embarked a business territory of property development in Guangzhou, the PRC.

Despite the fact the operations of property development activities are relatively of longer maturity and there has not yet been any recorded turnover during the year, the Group managed to bring in a profit after tax attributable to the equity shareholders of HK\$4.6 million from its new business of property project management.

At the date of the annual report, the Group has been participating in two property development projects in Guangzhou, namely the 49% equity investment in Tianhe North Project and 51% interest in Zhoutouzui Project in which the Group has a management control. The Tianhe North Project, when completed, will comprise a five-star hotel, serviced apartments and parking spaces. According to the development plan, the planned gross floor area is approximately 84,000 sq.m. and a basement area of approximately 16,700 sq.m. The Zhoutouzui Project will comprise luxury high rise condominium towers, serviced-residential apartments, a hotel, community centre and other ancillary facilities. Under the existing development plan, the permitted total gross floor area upon completion of the development plan will be approximately 212,000 sq.m. and a basement area of approximately 29,000 sq.m. The two projects are expected to be completed in 2010 and will bring in solid turnover and profit to the Group.

As disclosed in the announcement dated 12 March 2007 and further elaborated in a circular dated 4 April 2007, the Group is contemplating to acquire a 100% equity interest in the hotel building, namely the Westin, Guangzhou and an annexed office tower, comprising a total gross floor area of approximately 137,315 sq.m. The hotel, which will be the first international five-star hotel in the business hub of Tianhe District, Guangzhou, is planning to have its grand opening in July 2007 and the office ready for lease simultaneously. The acquisition of the Westin Project will be financed largely by the proceeds from the issue of convertible notes by the Company in a principal amount of US\$200 million to be issued to several renowned institutional investors. With the prospect of the Westin Project, the directors are confident that the Westin Project will bring in attractive return and broaden the income stream of the Group.

As set out in the circular, the directors are also considering acquiring the remaining 49% interest in the Zhoutouzui Project and the entitlement of Guangzhou Port Group Co., Limited, a cooperative joint venture partner of the Zhoutouzui Project, over the completed properties. These two acquisitions, which are in the pipeline, will be financed by the proceeds of the convertible notes. To further expand the property portfolio of the Group, the directors are also in the process of reaching an agreement with and for the acquisition from the Company's controlling shareholder, Mr. Yu Pan, in connection with the acquisition of a commercial complex comprising approximately 21,000 sq.m. at the Tianyu Garden Phase II which is located adjacent to the Westin Hotel, Guangzhou.

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The management considers the issue of convertible notes will have a potential enhancement in the investor portfolio of the Company and capacity in its fund raising plans. With the proceeds from the issue, the Company is provided with sufficient working capital to develop and strengthen its property development business.

On behalf of the Board of Directors, I would like to give my deepest thanks to the management team and all our staff for their hard work, contributions in the past years. The directors are looking forward for an exciting year with continuous breakthroughs.

Yu Pan
Chairman

Hong Kong, 18 April 2007