

CHAIRMAN'S STATEMENT

2006 was a fruitful and challenging year since two particularly noteworthy events were transacted under our proactive and well-planned business strategies.

On 15 May 2006, the Group disposed of the property of Multifield Building at North Point, Hong Kong for a consideration of HK\$329 million and generated a strong cash flow for funding future development projects. The gain accrued to the Group upon completion of the disposal was approximately HK\$26.8 million.

On 12 June 2006, the Group acquired a land area of approximately 36,808 square metres in Zhuhai, PRC for a consideration of approximately RMB134 million (equivalent to approximately HK\$129 million) by acquisition of a 100% equity interest of a property project development company in Zhuhai. The land is planned to be developed into a fully integrated shopping mall after completion of demolition and removal of existing constructions thereon.

Apart from the above events, the Group remained very focused in its core rental business and concentrated its effort in maintaining its market position in both Hong Kong and Shanghai. We are proud of the performance of the Group's property investment in Shanghai since the Group's Shanghai serviced-apartment chain continuously contributed a strong return of investment with consistently high occupancy rate of approximately 90%.

Looking ahead, we anticipate that the future is bright for the Group in view of our good achievements in the past several years, and the future steady economic growth in both PRC and Hong Kong. The Board and management of the Group are dedicated to rewarding the shareholders and have decided to propose a final dividend of 0.4 HK cents per share at the forthcoming annual general meeting. Taking this opportunity, I would like to thank all stakeholders and employees for their support and contribution in the past year.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 25 April 2007