

Chairman's Statement

RESULTS

Turnover of the Group for 2006 amounted to HK\$56.7 million, representing a decrease of 47% as compared to HK\$107.1 million for 2005. As the provision of land appreciation tax for the previous years and the year under review was recognised during the year, loss attributable to equity holders of the Company amounted to approximately HK\$22.5 million. Without taking into account the provisions, profit attributable to equity holders of the Company amounted to HK\$2.6 million.

The decrease in turnover was mainly attributable by a decline in completion of developed residential properties in Changchun, Ningbo and Shanghai for the year.

THE NINGBO COMMERCIAL PROPERTY PROJECT

The Group has commenced a commercial property project in Ningbo in the 2nd half of 2005. The project comprises the development of a commercial project with a gross floor area of approximately 46,000 sq.m., and it is expected that the principal part of the building project will be completed by 2007 and bring considerable revenue to the Group.

OVERVIEW OF THE PRC RESIDENTIAL PROPERTY MARKET

In 2006, the PRC government announced a series of macroeconomic control policies to prevent over-heated investment in the property market, with the objective to sustain stable growth of the residential property market.

PROSPECTS

Looking forward to 2007, the PRC Government will continue to implement macroeconomic control policies including raising the interest rate for loans. Accordingly, the growth of property investment may slow down. However, the overall demand in the residential property market in the PRC will remain strong. The residential property market in some second-tier cities in the PRC, such as Ningbo and Changchun will sustain fast development. The Company will continue to implement the policy of steady development in such cities, in bid to create value for all the equity holders of the Group.

ACKNOWLEDGEMENT

On behalf of the Group, I would like to express sincere gratitude to our Directors, staff, partners, shareholders and other parties who have rendered their support and made valuable contributions to the Group.

So Pang Gen
Chairman

25 April 2007