

# Chairman's Statement ■■■■

On behalf of the Board of Directors, I hereby present to the shareholders the annual report of The Sun's Group Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 31st December, 2006.

## RESULTS

For the year ended 31st December, 2006, the Group's turnover was approximately HK\$15.4 million (2005: HK\$2.7 million). The consolidated profit attributable to shareholders for the year ended 31st December, 2006 amounted to approximately HK\$555 million.

Earnings per share was approximately HK\$8.33 as compared with loss per share of HK\$0.45 in the preceding year.

The Directors do not recommend the payment of a final dividend.

## BUSINESS REVIEW

### Maintaining the Company's Listed Status

Trading of the Company's shares was suspended on 24th April, 2003. Following persistent efforts by the provisional liquidators and the directors, trading of its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") resumed on 20th October, 2006.

The Group is principally engaged in property investment, property development and management.

### Existing Businesses

Driven by the rapid expansion of Mainland China's facilitated individual travel scheme and group tours, the Hong Kong hotel industry has, overall, continued to perform well. Average room occupancy rates have remained at a steady and satisfactory level. During the year under review, the Group acquired Rolling Development Limited ("RDL") the owner of a hotel in Jordan, Kowloon. This property is located close to the major shopping areas of Tsimshatsui and Mongkok, the busiest districts in Kowloon. The Group believes the RDL acquisition will enhance its earnings base.

During the reporting period, the Group also acquired low-density luxurious residential properties in Beijing.

## Prospects

The Group will continue to be engaged in property investment, development and management.

Looking ahead, the Group will strengthen its existing business operations and seek appropriate investment opportunities in the property sector in Hong Kong and abroad. In view of the growing ageing population globally, the Group believes the market for quality high end retirement homes is promising and therefore will keep an eye on business opportunities in this market, in particular in London, Singapore, Malaysia and selected cities in China. The Group will also explore other high potential industries, such as energy and natural resources, for which there has been a growing demand worldwide. Capitalising on its established relationships with overseas investors such as those in the UK, Singapore, Malaysia and the Middle East, the Group will explore the lucrative overseas business opportunities whenever these arise.

## Appreciation

I would like to express my deep appreciation to the Group's management team and my dedicated colleagues for their valuable services, loyalty and diligence the past year. I would also like to extend my sincere gratitude to all our investors, business partners and shareholders for their continued support and confidence in the Group. With our collective commitment and dedicated effort, the Group's future looks bright.

For and on behalf of the Board

### Lee Sammy Sean

Chairman

Hong Kong, 25th April, 2007