

Chairman's Statement

To our Shareholders,

I am pleased to present our first annual report since our listing. During 2006, the Group recorded a profit attributable to the shareholders of the Company of approximately HK\$207.5 million, which is about 50.5% higher than 2005.

The Group was successfully listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on February 23, 2007 and raised net proceeds of approximately HK\$1,522.7 million reflecting investors' support for and confidence in the Group.

The successful listing on the Stock Exchange is a remarkable milestone in our years of development. We are encouraged by the successful listing and are also delighted with the investors' endorsement of recognition to our practical and enterprising approach. The successful listing also marked an important milestone in the Group's business development. After listing, we shall continue to strengthen the Company's position, and will also grasp every business opportunity to achieve satisfactory return.

The operating environment in 2006 was challenging, especially facing those austerity policies imposed by the Chinese government and we believe these measures will stabilize and generate a healthy property market in the PRC in the long run. We had not only been ranked the first among the top 50 Real Estate Developer in Shanghai in terms of gross floor area sold and pre-sold in 2006 but also in 2004 and 2003. This exciting award not only showed the strong competitiveness of the properties we developed which are well received by the market but also demonstrated that the property market in the PRC has continued to recover with a healthy and stable development.

The Chinese government reported that the 2006 economic growth for China and the per capita disposal income of urban household were approximately 10.7%, the fourth consecutive year for economic growth over 10%, and 10.4% respectively.

Since May 2006, various macro control policies have been launched by the Chinese government in order to stabilizing the property market. With these new measures, the growth rate of property market in Shanghai has been stabilized. While the transaction volume increased by approximately 8%, the average transaction price of private residential flats in 2006 was more or less the same as that in 2005 while the capital investment in real estates in 2006 increased by only 2.3% from 2005. In the long run, we believe the mainland property market will be directed to a more healthy and stable development.

With the continuous increase in the per capita disposable income of urban household and economic growth in the PRC, we believe that we would benefit from the increasing demand from the customers and will benefit from the buoyant property market trends. We will continue to look for viable projects (including the options granted by a substantial shareholder) and leveraging our experiences so as to maximize our Shareholders' value.

I would also like to take this opportunity to express my sincere gratitude to our fellow directors and our dedicated management team and staff for their contributions towards the development of the Group. Their spirit of solidarity has provided the Company with inexhaustible momentum to achieve its ever-improving results.

Dr. Wang Shih Chang, George
Chairman

Hong Kong, April 4, 2007