

Chairman's Statement

4



Deacon Te Ken Chiu, Chairman

“ We are pleased to see the recovery of Hong Kong economy contributed by the dynamic economic growth in the Mainland and the Central Government's supportive policies which include the implementation of Closer Economic Partnership Arrangement (CEPA) and the relaxation of travel arrangement of individual mainland tourists. In addition to more tourists came to Hong Kong, these positive measures also stimulated local consumption and economic growth. ”

Starting from April last year, Hong Kong has seen signs of improving employment conditions. There has been real growth in overall spendings and rentals have risen. Visitor arrivals to the territory showed a significant growth as compared to a year ago. The situation was no doubt favourable to the economy of Hong Kong. Based on the economists' belief that consumer expenditure forms the basis of a society, I sincerely wish that Hong Kong residents would benefit as a whole. The performance of the Company was strengthened in light of the favorable market conditions and reported rather encouraging growth.

Looking ahead, the Board of Directors will focus on the following three aspects this year:

1. Continue to enhance the value of existing assets so as to 'maximize usage'. We will continue to assess the present property developments in Shanghai, Guangzhou, Hong Kong and Malaysia etc..
2. Develop the vast area covering Beijing, Northeast and Northwest, including Chengdu, Chongqing and other parts of the hinterland. High-quality land will be identified for future development use.

Chairman's Statement

3. For hotel operations, the set policy will be pursued and the number of hotels will be increased from the current seven to ten. Exploration of opportunities in the major cities of China and Southeast Asia will continue in line with the overall development strategy with the aim of realizing the Group's further expansion into various parts of Asia.

I would like to take this opportunity to express my appreciation to our Deputy Chairman and Chief Executive Officer, Mr David Chiu for his valuable contribution and my gratitude to all the directors, the senior management and all members of staff for their effort and hard work during the year and each of our shareholders and business partners for their continued support to the Group.

Deacon Te Ken Chiu

Chairman

15th July, 2006