

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW

The Group reported a turnover of HK\$242,536,000 (2004: HK\$221,273,000) and consolidated profit attributable to equity holders of the Company amounting to HK\$10,923,000 (2004: HK\$7,039,000 (as restated)) for the year ended 31 December 2005. Earnings per share was HK\$0.66 cents (2004: HK\$0.43 cents (as restated)).

LIQUIDITY AND FINANCIAL POSITION

On 31 December 2005, the Group was in a solid financial position with cash and deposit holdings of HK\$544,625,000 (2004: HK\$581,007,000). On 31 December 2005, total borrowings stood at HK\$17,862,000 (2004: HK\$21,308,000) with HK\$10,892,000 (2004: HK\$12,758,000) repayment falling due within one year. The Group's gearing ratio (a comparison of total borrowings with equity attributable to equity holders of the Company) was 2% at the year end date (2004: 2.4%). The current ratio on 31 December 2005 was 10.8 times (2004: 8.1 times).

On 31 December 2005, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars, United States dollars and Euros. Exchange differences were reflected in the audited financial statements. All borrowings of the Group are either on a floating rate basis or interest free.

The Group's imported purchases are mainly denominated in Euros and United States dollars. The Group will from time to time review its foreign exchange position and market conditions to determine if any hedging is required.

PLEDGE OF ASSETS

Pledges of the Group's fixed deposits of US\$44,000 (2004: US\$44,000) was given to bankers to secure general banking facilities to the extent of US\$44,000 as of 31 December 2005 (2004: US\$44,000).

BUSINESS REVIEW

Performance of the Group continues to improve during the year, benefiting from the overall economic environment. Rising interest rates and the upbeat market sentiment contributed to the substantial improvement in our investments and treasury activities.

The performance of the Group's lines of business continues to improve. The recreational club, VivaSha, the biggest of its kind in Shanghai, has completed its expansion and renovation, just in time for Shanghai's increase in commercial activities. Hilltop in Hong Kong continues to maintain its turnover but the premises require capital expenditure to cater to the changes of economic environment in Tsuen Wan. Telecommunications and technologies sector is improving, noticeably Smartdot and SENMTT. Swank continues to upgrade and expand its shops, but the operating margin is affected by rising rentals. In Bio-medical sector, Genovate's profit continues to improve for the 2nd year but Cardima has to overcome key challenges.

CHIEF EXECUTIVE'S STATEMENT**RESORT AND RECREATIONAL CLUB OPERATIONS***VivaSha*

VivaSha, comprised of a 4-star Hotel Building with 320 rooms, a Clubhouse Building and an International Convention Centre, had its soft opening at the end of March 2006. The Clubhouse Building is equipped with indoor/outdoor swimming pools, spa and various sports facilities such as a gymnasium, a 200 meters golf driving range, tennis courts, a multi-function sport centre with badminton courts, table-tennis room, chess room, activity centre, etc. The International Convention Centre has seven multi-purpose conference halls/rooms and can serve more than 600 guests at one time.

Based on the high occupancy rate in hotels in Shanghai last year, Management believes this trend will continue for the next few years and benefit our new hotel. In addition, Management believes that the current strong demand of quality residential properties in Shanghai is a solid indication that Shanghai residents are more concerned about living quality than ever, which is a positive factor to our resort hotel business.

Hong Kong Hilltop Country Club ("Hilltop")

Turnover for 2005 remains steady. Accommodation facility, Chinese Restaurant and Banquet performed according to expectation. European Restaurant and Banquet registered a slight increase in revenue as a result of promotion programmes on meetings and training activities. More and more big corporations choose Hilltop as their meeting and training venues.

The gradual transformation of Tsuen Wan District benefits Hilltop in the long run with the opening of more tourist attractions. However, competition is expected to be keen as new hotels, conference and recreational facilities are completed. Maintenance and repair were implemented to make Hilltop more competitive.

TELECOMMUNICATIONS & TECHNOLOGIES*SinoPay.com Holdings Limited ("SinoPay")*

SinoPay's main business is providing B2C electronic payment and Intra-bank fund transfer solution services in PRC through its Joint Venture, China e-Payment Service Ltd ("the JV") in Shanghai, with China UnionPay. In January 2005, both SinoPay and the JV completed a capital increase exercise. The Group's interest in SinoPay was increased from 7% to 9.2% and the Group's indirect interest in the JV was increased from 2.8% to 3.6% accordingly.

The proposed merger between China e-Payment Service Ltd and Easylink, a counterpart of the JV in Guangdong controlled by China UnionPay at present for higher operating efficiency and market share, is under processing. Management believes that the merger between the two companies is highly synergistic and should result in significant improvement in the performance of the JV. The proposed merger is targeted to be completed in 2006.

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TELECOMMUNICATIONS & TECHNOLOGIES (CONTINUED)

Beijing Smartdot Technologies Co. Ltd. ("Smartdot")

Smartdot is engaged in the development of software and solution projects in China. Its core businesses are e-government projects and office automation. In 2005, Smartdot became a distributor for Workplace for Business Controls and Reporting, an IBM software product for business flow and control management. Together with its in-house developed software product "iOA (Integration Oriented Office Automation)", Smartdot has successfully introduced itself into the private sector market with its office automation product and services. In addition to the government, major customers include energy enterprises and financial institutions. Turnover has increased by 31% to RMB77.2 million. Profit after tax amounts to RMB6 million, a two-fold increase from last year. Smartdot aims to be a leading software and services provider for office automation services in China.

Wireless Network Card Business

Shanghai ENM Telecom & Technology Limited ("SENMTT")'s major business is providing wireless-enabled, turnkey solutions for corporate and individual customers who desire internet access in China or other countries. SENMTT collaborates with China Mobile Shanghai and China Unicom Shanghai to distribute GPRS and CDMA1X network cards in the Shanghai district. Management believes that the launch of 3G service in China in 2006 will provide business opportunities to SENMTT in Shanghai and nearby regions.

RETAIL FASHION

The Swank Shop Limited ("Swank")

Swank has registered a sales growth of 20% as compared to the previous year, despite a subdued consumer climate over the period caused by warmer weather, rising interest rates and higher fuel prices. Gross profit rose by 9% year-on-year resulting in a positive bottom line. A total of four points-of-sale were opened in prime locations while an equal number of poor performing outlets were closed after lease expiry.

Swank will continue to drive sales upward and improve margins in 2006. It will increase its focus on in-trend luxury products, and improve merchandise display and customer services. A total of three additional shops will be opened in 2006 while two of which are relocations. Design of new shops will provide customers with a better shopping environment.

CHIEF EXECUTIVE'S STATEMENT**BIO-MEDICAL***Genovate Biotechnology Company Limited ("Genovate")*

Genovate (founded in Taiwan in 1993 by Genelabs Technologies, Inc. of the USA) is a fully integrated pharmaceutical company, encompassing in its operation: new drug development and new formulation capability, clinical trials for local and international pharmaceutical companies, drug manufacturing, drug marketing and distribution in Taiwan.

In 2005, Genovate launched a range of new drug products in the Taiwan market. "Genetaxyl" is an improved version of Paclitaxel (BMS' Taxol) developed by Genovate for treatment of breast cancer. Its market share in Taiwan has increased favourably due to good efficacy and better safety profile, as compared to Taxol. Two newly marketed drugs, Urotrol and Glusafe, have received positive market acceptance in Taiwan. More and more doctors are prescribing Urotrol, due to less incidence of the dry mouth side effect. On the other hand, sales for Glusafe are maturing due to intense market competition. In early 2005, for the first time Taiwan granted approval for two "once a day" new drugs, Loxol SR and Diabetrol SR. As several medical centres have started to prescribe Loxol SR, sales are expected to grow significantly in 2006. Diabetrol SR was launched for market in March 2006.

With regard to new drug discovery, Genovate has initiated two programs in collaboration with the government research institute ITRI. One is antigout NCE and the other is an antiemetic patch. Genovate's product pipeline will be further strengthened after these two products reach clinical development.

Cardima, Inc. ("Cardima")

Cardima, based in USA, is engaged in the development of medical devices for minimally invasive treatment of atrial fibrillation by utilising its Surgical Ablation System ("SAS") during heart surgery. The SAS, a combination of devices including the Revelation Tx microcatheter system, has already received marketing clearance through CE Mark approval in Europe. As for the U.S. market, Cardima has not been successful in securing Pre-Market Approval from the U.S. Food and Drug Administration according to plan. In 2005, the trading of Cardima shares was moved to the OTB Bulletin Board primarily due to non-compliance with the minimum trading price requirement of the Nasdaq Market.

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employs a total of 271 full time staff with its main workforce stationed in the Group's offices in Hong Kong. The Group's remuneration policies are performance-based and are in line with salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonuses, external training support, and a performance-based share option scheme.

James C. NG*Chief Executive*

Hong Kong, 7 April 2006