



Chairman's Letter

My Fellow Shareholders,

2006 was an exceptional year marked by a net profit (profit before the deduction of two non-recurring exceptional items) generated by the Group's core business for the first time. Riding on the booming gaming and tourism industries in Macau, the Group recorded a positive return on her gaming operation, which was mainly contributed by her 25% equity interest in Longnex Limited ("Longnex"), the beneficial owner of Holiday Inn Macau (the "Hotel") as well as Macau Diamond Casino located in the traditional loop on the Macau Peninsula. Moreover by leveraging the established foundation in her gaming intermediary business, the Group's 15% interest in the two gaming intermediaries invested via Hong Kong Macau Junket Investments Limited ("HKMJIL") brought in dividend incomes on a regular basis. However, the margin in the gaming intermediary business is tightened due to keen competitions within the sector. The Group may need to consider adopting new strategy for the business soon.

Chairman's Letter to Shareholders

Again, the Group is determined to concentrate her resources to further invest in the fast-growing gaming related business in Macau. Minority investments and non-core business will be disposed accordingly.

Looking forward

In 2007, the Group will continue to focus on the development of her core business, especially in Macau. With the primary development strategy of increasing equity stake in Longnex, our ultimate goal is to obtain full ownership of the Hotel and its casino. The Group's financial capability is a major hurdle for achieving this goal. Nevertheless, prompted by profit generated from the core business, the management foresees a continuous inflow of recurring revenue. Such revenue provides steady cash inflow that will in turn create a basic foundation for the Group to pursue financial arrangement with institutions for raising the required capital to acquire additional equity stake in Longnex.

Liberalization of the gaming market in Macau has brought in astonishing developments with exciting momentum. In fact, Macau has already overtaken Las Vegas as the world's top gaming destination in terms of turnover in 2006. Such promising prospects have attracted new entrants such as Wynn Macau, Grand Lisboa, Crown Macau, The Venetian Macao as well as MGM GRAND Macau into the market. The migration of these new players may intensify market competition, especially in the mass hall market. This will possibly cause a decrease in return and thus tighten the profit margin of gaming business in the mass hall market. However, the decrease in return or profit margin may not happen because it really depends on the "net-off effect" between the competition and the growth pace of the market, which is still ahead of competition as of today.

In case the competition becomes so keen and starts to erode the market growth, some existing small-to-medium-size hotels or casinos, especially those who are still running their business conservatively, will be forced to abandon their business or merge with other market participants of stronger background. The sector of small-to-medium-size hotels or casinos will then be consolidated in order to cope with the changing competition landscape. As merger and acquisition ("M&A") may happen in the future, the Group's secondary development strategy is to look for these M&A opportunities. The management will adopt this strategy in a prudent approach and ensure that potential M&A opportunities will create synergy to her existing core business.

As I have mentioned earlier, securing the required capital becomes another important goal for the Group to capture investment opportunities in the year of 2007. The management has been proactively exploring various financial arrangements since late 2006. Hopefully we can have some positive progress soon.

For and on behalf of the Group and the board of directors, I would like to express my heartfelt thanks to our shareholders for their enduring support and to all of my colleagues for their hard work throughout the year. Your dedication and involvement will continue to be the most valuable asset for the growth of the Group.

With my deepest and sincere regards,

TSANG Chiu Mo Samuel

Executive Chairman