

CHIEF EXECUTIVE'S STATEMENT

FINANCIAL REVIEW

For the year under review, the Group reported a turnover of HK\$227,206,000 (2005: HK\$242,536,000) which represents a decrease of 6% compared to 2005. Consolidated profit attributable to equity holders of the Company amounted to HK\$12,047,000 (2005: HK\$10,923,000) which represents a 10% increase compared to last year. Earnings per share was HK0.73 cents (2005: HK0.66 cents).

LIQUIDITY AND FINANCIAL POSITION

On 31 December 2006, the Group was in a solid financial position with cash and deposit holdings of HK\$522,222,000 (2005: HK\$544,625,000). On 31 December 2006, total borrowings stood at HK\$22,634,000 (2005: HK\$17,862,000) with HK\$18,674,000 (2005: HK\$10,892,000) of repayments 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 2.5% at the year end date (2005: 2%). The current ratio on 31 December 2006 was 10.5 times (2005: 10.8 times).

On 31 December 2006, the Group's borrowings and bank balances were primarily denominated in Hong Kong dollars and United States dollars. 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 (2005: US\$44,000) were given to bankers to secure general banking facilities to the extent of US\$44,000 as of 31 December 2006 (2005: US\$44,000).

EMPLOYEE AND REMUNERATION POLICIES

At the date of this report, the Group employed a total of 260 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 the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus, external training support, and a performance based share option scheme.

CHIEF EXECUTIVE'S STATEMENT**BUSINESS REVIEW****RESORT AND RECREATIONAL CLUB OPERATIONS***VivaSha Club Resort ("VivaSha")*

VivaSha, comprising of a 4-star Hotel Building with 320 rooms, a Clubhouse Building and an International Convention Center, has performed satisfactorily since its soft opening at the end of March 2006. A total of 21 new facilities including the Tepanyake Restaurant, the Tea Salon and the piano bar have been added or modified to further enrich the attractions of the project. In addition, 2,000 new households will move into new residential properties nearby in 2007; Management believes this will have a positive impact on the Clubhouse business.

Hong Kong Hilltop Country Club ("Club")

Although the effect of Disneyland and the individual travelling program is cooling down, the Club's revenues for 2006 continue to be steady as the Club focuses on its target customers. In 2007, Management expects the 10th anniversary celebration of the establishment of HKSAR to attract more tourism from China and overseas which will further improve the Club's business.

The transitional changes in the Tsuen Wan area have affected the Club's turnover. Many traditional club members such as owners and senior management of manufacturing enterprises have moved out of the district and cut down their number of visits to the club house. However, an increasing number of middle class residents have moved to the Tsuen Wan area in recent years. The Club has been upgrading its facilities with new modern equipment, introducing innovative promotion programs and maintaining good customer service to attract this new segment of potential customers, as well as to strengthen the loyalty of our existing club members.

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

SinoPay's main business is providing B2C electronic payment and Intra-bank fund transfer solution services in the PRC through its Joint Venture with China UnionPay, Chinapay e-Payment Service Ltd ("the JV") in Shanghai. In order to diversify its income contribution sources, Chinapay e-Payment Services Ltd has developed an on-line mutual fund trading platform in recent years and the result has been satisfactory.

Due to unforeseen circumstances, the proposed merger between Chinapay e-Payment Service Ltd and Easylink, a counterpart of the JV in Guangdong, has been temporarily suspended. However, the suspension of the proposed merger will not adversely affect the daily operation and business development of the JV. Its annual turnover increased by 150% to RMB47,600,000 with a net profit of RMB9,800,000 in 2006.

CHIEF EXECUTIVE'S STATEMENT

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.

Despite increasing competition in the software market in the PRC, Smartdot still reported steady growth in 2006. Its annual turnover increased by 14% to RMB88,000,000 and the net profit increased by 22.6% to RMB8,070,000. In order to diversify its income contribution sources in 2007, Smartdot will focus on (1) the distribution business of WBCR, an IBM software product for business flow and control management mainly for listed companies in the United States and (2) developing a new office automation software package for small to medium sized companies, as well as strengthening its core business of e-government projects and office automation system for large enterprises.

Wireless Network Card Business

Shanghai ENM Telecom & Technology Limited has developed solid business collaborations with China Mobile and China Unicom to market mobile internet access services in Shanghai. The wireless internet access market is growing steadily in China as more customers recognise the benefits of this service. Management continues to look for opportunities to promote other telecommunication products with telecom operators under a similar cooperation model with China Unicom.

RETAIL FASHION

The Swank Shop Limited ("Swank")

A number of shops were closed due to the expiration of leases in the first quarter and could only be reopened in new locations in the third quarter, thus affecting Swank's first six months' sales turnover. The relocated shop in Pacific Place incorporates both men's and ladies' wear. The new shop in Harbour City is for men only which complements the existing Swank ladies' wear nearby.

The new shop network reflects our strategy of targeting the upscale market in strategic locations in Hong Kong and Kowloon. Sales volume in the second half of the year returned to satisfactory levels.

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

Genovate is a fully integrated pharmaceutical company which encompasses within its operations: new drug development and new formulation capability, clinical trials for local and international pharmaceutical companies, drug manufacturing, drug marketing and distribution in Taiwan and the region.

Genovate's two major new drug products, Urotrol for urinary incontinence and Diabetrol Slow Release ("SR") for the anti-diabetic market, have achieved increasing market acceptance. In 2006, Genovate had five other new drug products approved for marketing in Taiwan and three approved in Vietnam.

In the field of new drug development, Genovate has research programs in collaboration with government institutes including the Industrial Technology Research Institute (ITRI) of Taiwan and the National Health Research Institute (NHRI). Genovate also collaborates with BioKey, a US specialty pharmaceutical company, to co-develop new drug products. Genovate's product pipeline, focused on anti-cancer and metabolic disorders, will be further strengthened once these research programs reach the clinical development stage.

The merger plan between Genovate and Ocean Bright Co., Ltd. ("OB") was originally approved by both companies' shareholders in June 2006. However, due to changes in market conditions and more stringent regulations by the Taiwan GreTai Securities Market, Genovate and OB were required to re-negotiate the share exchange ratio but were unable to reach agreement. The merger plan has therefore been terminated but Genovate and OB will continue their business partnership.

James C. Ng

Chief Executive

Hong Kong, 23 April 2007