

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of the Company (the "Board"), I have pleasure to report on the financial results, operations and other aspects of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006.

FINANCIAL RESULTS

For the year ended 31 December 2006, the Group's turnover increased by 451.3% to HK\$1,229,840,000 (2005: HK\$223,086,000) and net profit attributable to shareholders increased by 639.1% to HK\$772,468,000 (2005: HK\$104,511,000). These positive results were mainly due to a substantial increase in our securities trading and investment activities. The earnings per share of the Company increased by an even larger scale of 662.9% to HK\$2.67 (2005: HK\$0.35) as a consequence of the Group's share repurchase programme.

As at 31 December 2006, the Group's net asset value per share increased to HK\$8.48 (2005: HK\$4.32).

DIVIDENDS

An interim dividend of HK\$0.01 per share (2005: HK\$0.01), amounting to HK\$2,855,000 (2005: HK\$2,990,000), was paid during 2006. The Directors recommend the payment of a final dividend of HK\$0.04 per share (2005: HK\$0.04), amounting to approximately HK\$11,280,000 (2005: HK\$11,425,000) to shareholders whose names appear on the Register of Members of the Company on 28 June 2007. Dividend warrants are expected to be dispatched on or before 25 July 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 25 June 2007 to Thursday, 28 June 2007, both days inclusive, during which no share transfer will be effected.

REVIEW OF OPERATIONS

During the year under review, the Group's mobile handset distribution activities, operated by Star Telecom Limited ("STAR"), recorded a turnover of HK\$67,098,000 (2005: HK\$66,309,000) and a loss of HK\$4,856,000 (2005: loss of HK\$2,086,000). As we reported before, STAR had been operating in a difficult and highly competitive retail market environment due to the intense rivalry among participants for market share. STAR's mobile handset distribution business had persistently showed losses in recent years and the situation is not expected to improve. As such, the Group sees no bright future for this business and in order to avoid further losses, the Group decided to discontinue STAR's operation and the cessation of STAR's business was effected in March 2007.

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For its trading and investment in financial securities, the Group achieved a turnover of HK\$1,149,870,000 (2005: HK\$142,361,000) and a profit of HK\$835,379,000 (2005: HK\$104,524,000) for the year ended 31 December 2006. The major profit contribution was from realized and unrealized gain on investments of HK\$801,269,000 (2005: HK\$79,562,000) and dividend income from listed investments of HK\$17,717,000 (2005: HK\$11,706,000). 2006 was a good year for the global financial markets because of continued economic growth leading to improved investor and consumer confidence. The Hong Kong economy expanded by 6.8% in 2006. As a result of the buoyant stock market, the Group managed to profit from the disposal of part of our trading portfolio of listed shares, including shares of Tian An China Investments Company Limited, Mulpha International Limited and Mount Gibson Iron Limited.

The Group's money lending business contributed a turnover of mainly interest income of HK\$9,071,000 (2005: HK\$11,693,000) and a profit of HK\$8,832,000 (2005: HK\$11,528,000) during the year under review. As at 31 December 2006, the Group's loan portfolio grew by 66.1% to HK\$123,598,000 (2005: HK\$74,429,000).

For 2006, the Group's investment properties located in Hong Kong and China achieved a turnover of HK\$3,801,000 (2005: HK\$2,723,000) and a profit of HK\$9,081,000 (2005: HK\$12,166,000) mainly attributed to the gain from fair value changes of its property portfolio. As stated in our 2005 Annual Report, the Group disposed of its investment in an investment property located at Buji Town in Shenzhen, China, by entering into a conditional framework agreement with a third party for a total consideration of RMB99,900,000 (the "Disposal"). A deposit of RMB31,220,000 had been received, with the remaining balance of RMB68,680,000 payable within six months from the completion date bearing interest at the rate of 1% per month. Due to certain technical issues, the completion date of the Disposal was extended. The Disposal was completed on 3 April 2007. We have succeeded in negotiating an increase in the consideration to RMB102,550,000 and the gain from the Disposal will be accounted for in 2007.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

The Group continued to maintain a strong financial position. As at 31 December 2006, after the reclassification of certain non-current assets associated with the Disposal to current assets, the Group's non-current assets consisted mainly of investment properties of HK\$81,589,000 (2005: HK\$136,526,000); property, plant and equipment of HK\$4,712,000 (2005: HK\$51,825,000); prepaid lease payments of HK\$2,424,000 (2005: HK\$2,483,000) and long term investments of HK\$614,477,000 (2005: HK\$258,438,000). These non-current assets were principally financed by shareholders' funds. As at 31 December 2006, the Group had net current assets of HK\$1,712,692,000 (2005: HK\$857,849,000) and current ratio of 6.1 times (2005: 6.8 times) calculated on the basis of the Group's current assets over current liabilities.

All the Group's borrowings are arranged on a short term basis in Hong Kong Dollars, repayable within one year and secured on certain investment properties, investments held for trading, available-for-sale investments, securities brokers house deposit and bank deposits. As at 31 December 2006, the Group had borrowings of HK\$170,100,000 (2005: HK\$100,986,000) and a gearing ratio of 4.7% (2005: 6.6%), calculated on the basis of the Group's net borrowings (after bank balances and cash) over shareholders' fund.

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The issued share capital of the Company was reduced in 2006 from HK\$2,974,795 to HK\$2,828,835 as a result of the repurchase of 14,596,000 shares (par value HK\$0.01 each) for cancellation for an aggregate consideration of HK\$46,378,000.

During the year under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, RMB, Taiwan Dollar and Malaysian Ringgit. Because of its short term nature, the Group had not actively hedged risks arising from the Australian Dollar and RMB denominated assets and transactions. As the exchange rates of the Taiwan Dollar and Malaysian Ringgit were relatively stable during the period, the Group was not materially affected by our exposure to these currencies.

CHARGE ON GROUP ASSETS

As at 31 December 2006, the Group's investment properties, investments held for trading, available-for-sale investments, securities brokers house deposit, and bank deposits with respective carrying values of HK\$26,640,000 (2005: HK\$22,100,000), HK\$1,210,235,000 (2005: HK\$737,033,000), HK\$115,607,000 (2005: HK\$19,272,000), HK\$196,000 (2005: Nil) and Nil (2005: HK\$10,526,000) were pledged to banks and securities brokers house to secure short term credit facilities granted to the Group.

EMPLOYEES

The Group had 31 employees as at 31 December 2006 (2005: 32). The Group ensures that its employees are remunerated in line with market conditions and individual performance and our remuneration policies are reviewed on a regular basis.

PROSPECTS

The Group's financial results for the year under review were satisfactory. However, 2007 will be a very challenging year for the Group to match its performance of 2006 as most of the global equity markets are at historical highs and equities are being traded at optimum values. Further, concerns are growing over the spillover of the sub-prime mortgage debt delinquency to the US housing sector, the well-being of the US economy and the negative impact of any further administrative tightening in China to cool down its heated property and stock markets. All these factors will in turn, adversely affect the investment environment.

The Group will closely monitor the development of these issues and other factors, including the interest rate movement and oil price, in order to avoid or minimize any adverse impact. As a value investor, the Group will constantly review and adjust our investment strategies and investment portfolio to continuously strive for improvement in our performance. The Group is poised to take advantage of any viable business and investment opportunities in the China, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to our shareholders for their continued support, our customer and suppliers for their trust and confidence, and our management and staff for their diligence and dedication to the Group during the year.

Chong Sok Un

Chairman

Hong Kong, 19 April 2007