Revenue and Operating Results

For the period ended 31st December, 2006 the Group recorded a revenue from continuing operations of HK$1,553,063,000 representing an increase of HK$234,895,000 or 17.8% over HK$1,318,168,000 in the same period last year. The increase in the revenue mainly came from the business of property development in the PRC and increase in sales of EMS business.

Profit attributable to equity holders for the period ended 31st December, 2006 went down to HK$138,833,000 from HK$157,171,000 for the same period in 2005 as a result of (i) the effect of provision for loss resulting from loan and guarantee granted to certain related parties by a jointly controlled entity together with (ii) higher production costs of ceiling fans following the upsurge of costs of raw materials, partly offset by (iii) profits from investment in securities.

Financial Resources and Liquidity

With a view to achieving a strong and sustainable financial performance, the Group continued to maintain its financial resources in a healthy state and consistently sustained a stable liquidity position throughout the period under review. Other than the upsurge in receiving orders in the EMS business for the second half of 2006 partly offset by the pull-out of a major customer for the Table Fan division as from 1st July, 2006, there was no material change in the timing orders were secured which might give rise to volatility of the sales.

A secured commercial loan of HK$140,000,000 advanced to an independent third party in 2004 was fully repaid in August 2006.

During the period under review, the Group obtained two bank loans totalling RMB160,000,000 to finance its property development project in the PRC.

Most of the banking facilities of the Group were subject to floating interest rates. Other than the U.S. and PRC term loans of approximately US$14,078,000 and RMB405,000,000 respectively which were secured by certain assets of the Group located in the United States and Mainland China respectively, all banking facilities of the Group have been arranged on short-term basis.

Apart from the above, there were no material changes to the Group's available banking facilities since 31st December, 2005.

Foreign Exchange Exposure

The Group's borrowings were mainly denominated in Hong Kong Dollars, US Dollars and Renminbi. The Group continued to conduct its sales mainly in US Dollars and Renminbi and make payments either in US Dollars, Hong Kong Dollars or Renminbi. As the Group conducted its sales, receivables and payables, bank borrowings and expenditures in Renminbi for its PRC property development business, the directors considered that a natural hedging existed. All in all, the directors considered that the Group's risk exposure to foreign exchange rate fluctuations remained minimal.

Gearing Ratio

The Group continued to follow its policy of maintaining a prudent gearing ratio. As at 31st December, 2006, the Group recorded a gearing ratio, expressed as a percentage of total bank borrowings net of cash to shareholders' funds of 18.4% (31st December, 2005: 12.67%). During the period under review, the Group obtained two bank loans totalling Rmb160,000,000 to finance a property development project in the PRC. As a result, both the total bank borrowings net of cash and the Group's gearing ratio went up considerably.

Significant Acquisitions and Disposals

In August 2006, the Group entered into an acquisition agreement with an independent third party to purchase 51% equity interest in Beijing Jin Hua Xing Properties Company Limited ("Jin Hua Xing") with cash consideration of around RMB125 million. The 70% owned subsidiary of Jin Hua Xing is the holder of the right to develop a piece of land located in Beijing into a residential and commercial building/complex.

On 22nd December, 2006, the Group acquired 20% equity interest of Jodrell Investments Limited ("Jodrell"), a non-wholly owned subsidiary of the Group, at an aggregate consideration of approximately HK$134,126,000.

On 2nd March, 2007, the Group entered into a sales and purchases agreement in relation to a proposed disposal of its 20% interest in a property project in Guangzhou, the PRC, comprising a five-star "Westin" hotel in one tower, an office tower and a shopping mall covering a total gross floor area of about 127,000 sq.m. The consideration is approximately HK$177,300,000. Details of this disposal are set out in the Circular to shareholders dated 28th March, 2007.

Other than the above, there is no significant acquisition and/or disposal during the period and up to the date of this report.

Capital Commitments and Contingent Liabilities

There was no significant change in capital commitments and contingent liabilities compared to the position as at 31st December, 2005.

Capital Expenditure and Charges on Assets

The Group had a total capital expenditure amounting to HK$27,818,000 during the period under review.

Based on certain real estate in Mainland China, the Group secured two mortgage loans totalling RMB160,000,000 from a PRC bank during the period under review.

Other than the above, there was no significant change in charges on assets of the Group as at 31st December, 2006 compared to the position as at 31st December, 2005.

Employees

As at 31st December, 2006, the Group has approximately 2,200 employees. The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

The Group's co-operative joint venture companies in Mainland China continued to provide employment to approximately 3,800 people.