

Statement of the Board of Directors

This is the Group's second financial year after shifting its business focus to Macau's property, hotel and entertainment businesses. The Group continued making profit for the year 2006 with earnings substantially contributed from the Macau territory.

Various stock market research reports reaffirm the long-term bullish in the economy of Macau. In 2006, Macau's gambling income surged to US\$7 billion, an increase of 22% from 2005 and exceeded that of Las Vegas in the US. Macau has been viewed as a tremendous source of opportunity given its proximity to a huge population market, the PRC, with a great desire for traveling, shopping and gambling. With the opening of luxurious hotels and casinos operated by the world's top class players, more tourists from the PRC and the Asian countries are allured to the territory. We consider that Macau's hyper growth and new offerings would be a positive phenomenon for the market as a whole. Macau is developing like a reemerging Atlantic City where more restaurants, shops and quality hotel rooms are escalating and leading the market away from just a big "gambler". We are therefore optimistic on the entertainment business of the Group.

The property market is also a prosperous Sector in Macau. Property prices in 2006 were increased by 5 to 10%, as compared with 2005s'. In the selected areas, such as Horta E Costa and Conselheiro Ferreira de Almeida, prices raised 16% or more were recorded. Properties on the Macau Peninsula were selling at MOP1,500 per sq. ft. while luxurious properties were selling at MOP2,000 to MOP3,000 per sq. ft. In 2006, there were approximately 13,000 properties sold at a total value of MOP11.6 billion of which about 60% were residential units.

Good quality properties would continue to be the focus of the buyers due to (i) the increase of disposable income of the Macau population, (ii) the inflow of experts from the US and western countries for the development of casinos and (iii) the PRC and Hong Kong immigrants.

To cope with the high-speed evolution of the gambling and property markets, and the influx of tourists (reached 20 million), the Macau Government foresees the essentiality to advance its infrastructure and to reconsider the best possible land usage. Different infrastructure plans are being pondered by the Macau Government. These include the light rail system, Lotus Bridge which will connect the Guangdong province in the PRC with Cotai and the Hong Kong-Zhuhai-Macau Bridge. The light rail system is scheduled to complete in 4 years stretching for 22 km on the outskirts of the Peninsula to Taipa. It is inevitable for any international cities in the world to build mass transit railway systems as once these systems are constructed their economies flourish followed by the relief of traffic jams. We anticipate that upon the completion of the light rail system, the problem of heavy traffic congestion in Macau would be significantly resolved and hence lead to further boost up of the property market. On the other hand, the public is looking forward to seeing certain arrangements can be made imminently by the PRC Government in granting the development right on the Henqin Island (Zhuhai) in the PRC to ease the land shortage in Macau.

In view of the prominent market trends and the supportive government policies mentioned above, we expect the demand for good quality properties in Macau will continue to grow. The Group is reckoning the development and redevelopment of the properties held by the Group for tapping into the middle class income groups' house buyers.

Statement of the Board of Directors

As stated in the last year's annual report, for those business segments which have not been making contributions to the Group, the Board would take appropriate actions in due course with an aim to maximize shareholder value. During 2006, the Group has disposed of the businesses in MOCCA and health care. Through the elimination of these two segments with their net operating results recorded deficits in years 2005 and 2006, the Group is able to concentrate its resources in the hotel business as well as the property development in Macau.

We are very confident that the future economy of Macau will continue to be promising as both of the Macao Government and the venturesome businessmen of the territory are determined to position Macau to become an international city rather than "gamblers" filled up city.

There were changes in the directorships of the Company after the board meeting held on 20 April 2007. Mr. Chiang Pedro, Mr. Wu Ka I, Miguel and Mr. Ung Choi Kun resigned as executive Directors of the Company on personal reasons; and Mr. Choy Wang Kong, Mr. Young Wing Tai, William and Mr. Chiang Kin Tong were appointed as executive Directors of the Company. Details of their biography are disclosed on page 18 of this Annual Report.

Law Kar Po

Vice Chairman

20 April 2007