

Chairman's Statement

For the year ended 31 December 2006, the turnover of the Group amounted to HK\$126.1 million and incurred a gross loss of HK\$0.4 million.

2006 is an extremely tough year for Beauforte. The board of directors was completely revamped by the dissatisfaction of the shareholders. Six new directors were appointed on 8 June 2006 with another five additional new directors on board on 12 June 2006.

On 4 July 2006, the newly reconstructed Board was shocked by the sudden dissipation of the Group's main asset which representing 73% of the audited consolidated assets of the Group. The trading of the Company's shares was suspended pending further investigation of the incident.

The Group's other investments were also performed badly and chances on recovery of these investments seems very elusive.

The current management has thrown in all of their energy to formulate a revitalization plan so as to recreate value for Beauforte's shareholders.

The Group has engaged a team of professional advisors to prepare proposal for the resumption of trading of the Company's shares. It is hoped that the proposal would be ready for submission to the Stock Exchange and the Securities and Futures Commission shortly after the forthcoming general meeting. Shareholders will be informed on the status and progress by announcements.

I would take this opportunity to thank all staff of the Group for their invaluable effort to keep Beauforte on track during the difficult 2006.

Cheung Chung Leung, Richard

Chairman

Hong Kong, 6 June 2007