

CHAIRMAN'S STATEMENT

RESULTS

The turnover and profit of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 were HK\$1,469 million (2005: HK\$1,015 million) and HK\$17 million (2005: HK\$3.4 million). The increase in turnover and profit were mainly attributable to Shun Cheong Investments Limited and its subsidiaries acquired during the year, which contributed HK\$566 million and HK\$7 million, respectively. The profit included surplus on revaluation of the Group's properties of HK\$6.6 million net of deferred tax (2005: HK\$7.5 million) less the loss on disposal of the Group's interests in Shun Cheong Holdings Limited ("Shun Cheong") of HK\$6.2 million and our sharing of loss of HK\$1 million of loss of Shun Cheong as an associate up to the date of disposal.

PROPOSED FINAL DIVIDEND

The directors of the Company (the "Board") recommend the payment of a final dividend of HK1 cent per share for the year ended 31 December 2006 (2005: Nil) to the shareholders whose names appear on the Company's register of members on 1 June 2007. Upon shareholders' approval at the forthcoming annual general meeting, it is expected that the final dividend cheques will be despatched to the shareholders on or about 20 June 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 May 2007 to 1 June 2007 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the final dividend, all transfers accompanied by relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 28 May 2007.

CAPITAL REDUCTION AND OPEN OFFER

As announced on 21 August 2006, the Company proposed a capital reduction involving the reduction of nominal value of the issued share capital of the Company from HK\$0.25 per share to HK\$0.10 per share (the "Capital Reduction"). Conditional upon the Capital Reduction becoming effective, the Company proposed to raise approximately HK\$59.5 million before expenses by issuing 237,959,698 new shares at a price of HK\$0.25 per share by way of open offer on the basis of three new shares for every two then existing shares held (the "Open Offer"). Full details of the Capital Reduction and the Open Offer are set out in the circular to the shareholders of the Company dated 8 September 2006 and the prospectus for the Open Offer dated 6 October 2006.

The proposals were approved by the shareholders of the Company at a special general meeting held on 3 October 2006. The Capital Reduction took effect on 4 October 2006 as follows:

- (i) the reduction of the nominal value of each then existing share in issue from HK\$0.25 to HK\$0.10 by the cancellation of HK\$0.15 from the paid-up capital on each existing share;
- (ii) the credit of HK\$23,795,969.85 arising from the Capital Reduction on the basis of 158,639,799 then existing shares in issue were credited to the contributed surplus account of the Company; and
- (iii) the Company's existing authorised share capital of HK\$250,000,000 divided into 1,000,000,000 shares of HK\$0.25 each be cancelled and be restored to HK\$250,000,000 divided into 2,500,000,000 shares of HK\$0.10 each.

The Open Offer became unconditional on 23 October 2006 and all subscription monies for the Open Offer of HK\$59.5 million were received by the Company on 25 October 2006. A total of 237,959,698 new shares of HK\$0.10 each were issued and allotted on 26 October 2006.

CHANGE OF DIRECTORS

On 4 October 2006, Mr. Tian-Quan Mo resigned as the independent non-executive director of the Company. On 4 January 2007, Messrs. Yuen-Keung Chan and Wai-Hong Ling were appointed as executive directors and Mr. Sou-Tung Chan was appointed as an independent non-executive director of the Company.

REVIEW OF BUSINESS AND OPERATIONS

Business Review

Trading of plastics and chemicals

DMT International Hong Kong Limited ("DMT") and Jacobson van den Berg (Hong Kong) Limited ("JvdB") recorded an aggregate turnover of HK\$786 million compared with HK\$884 million in last year.

Operating profit dropped from HK\$34 million to HK\$28 million, as there was margin squeeze from customers to compensate for the persistently high resin prices caused by the high oil prices and an increase in finance costs of DMT and JvdB in a rising interest rate environment. DMT and JvdB will build on their customer and supplier base to source new products and increase market presence in the Mainland China. Overhead, inventories and trade receivables will remain under tight control to ensure profitability of the business.

Trading of building supplies, electrical and mechanical products

Chinney Alliance Engineering Limited ("CAEL") and its subsidiaries reported turnover of HK\$54 million compared with HK\$52 million in last year. Operating loss was contained at HK\$1 million (2005: HK\$5.4 million). The reduction of the loss was mainly attributable to the increase in turnover and better profit margin.

Building related contracting services

The building services businesses engaged by Shun Cheong Investments Limited and its subsidiaries (the "SCI Group") together with the Group's existing air-conditioning business carried out by Westco Chinney Limited were merged to form the contracting operation (the "Contracting Operation") to enhance operational efficiency. The business scope of the Contracting Operation included the design and installation of power supply facilities, air-conditioning systems, water pump and fire service equipment etc for the public and private sectors in Hong Kong and Macau. The Contracting Operation contributed turnover of HK\$629 million and an operating profit of HK\$11 million. It improved from the loss in the first half of the year, which was mainly due to progress of contract works and contribution from its Macau operation. Last year, the air-conditioning business reported a turnover of HK\$79 million and an operating profit of HK\$1.9 million.

Associates

As announced on 13 April 2006, the Company sold 32,000,000 shares, representing approximately 27.60% interests in Shun Cheong, a then 29.93% owned associate of the Company, to Upsky Enterprises Limited ("Upsky", a company owned by Mr. Tian-Quan Mo, a then independent non-executive director of the Company) for a cash consideration of HK\$9.6 million on 12 April 2006. The consideration was arrived at by the Board after arm's length negotiation with Upsky after considering the loss making track record of Shun Cheong and the historical share price performance of Shun Cheong. Full details of this shares disposal are set out in the circular to the shareholders of the Company dated 8 May 2006. Subsequently in July 2006, the Company accepted the voluntary cash offer made by Upsky to acquire all the Shun Cheong shares in issue at an offer price of HK\$0.30 per share and sold all remaining 2,697,500 shares in Shun Cheong to Upsky at an aggregate cash consideration of HK\$0.8 million. The loss arising from the disposal of all the shares in Shun Cheong was HK\$6.2 million. The Group shared the loss of Shun Cheong up to its effective date of disposal of 31 March 2006 amounted to HK\$1 million.

CHAIRMAN'S STATEMENT (continued)

OUTLOOK

The local economy continues to expand in the past year with a GDP growth at 7% and unemployment rate dropped to 4.3%. The Mainland economy remains buoyant with annual GDP growth at 10%. The Group's newly acquired Contracting Operation continues to explore business opportunity in Macau and Hong Kong and is planning to expand its activities in the construction industry. While the Group's plastic trading business was less profitable than that of last year, the business is expected to continue its growth and expand more into the distribution of engineering plastics, which is of high margin and less related to oil prices volatility. The Board remains optimistic about the results in the coming year.

APPRECIATION

Taking this opportunity, I would like to thank my fellow directors for their advice and support and all staff for their dedication and contribution during the past year.

James Sai-Wing Wong
Chairman

Hong Kong, 17 April 2007