



MANAGEMENT'S STATEMENT

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of China Treasure (Greater China) Investments Limited (the "Company") for the year ended 31 December 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

The year of 2006 has been a successful year for the Company, with new management team, investment models and strategies and record earnings with healthy growth.

1. OPERATIONAL REVIEW FOR 2006

The Company was principally engaged in investment in both listed and unlisted equity securities. During the year, the Company has continued to diversify its investment portfolio in both listed and unlisted equity securities with the most appropriate models to forerun the market trend and industry cycles.

2. INVESTMENT REVIEW

Despite being a period of significant volatility, the year of 2006 turned out to be an exceptionally rewarding year for our investors. With the new management team and new investment models concentrating mainly on alternative energy investments throughout the year, the Company has reported a profit attributed to shareholders of approximately HK\$10.01 million as compared to a loss of approximately HK\$0.90 million last year, which is the record earning of the Company and a significant turnaround situation for the Company. The Company will continue to focus on more listed equity securities and increase its transparency to the general public.

In the current year, the Company has reduced its risk profile by lightening up its holdings in investments which do not fully comply with the Company's current investment models, e.g. the previous investment in HengRong Guarantee Company Limited, which we have foreseen a much longer period to actually fully enter into the rational profit region with the unforeseeable new PRC local rules and regulations in the leasing industry.

3. HUMAN RESOURCES

As at 31 December 2006, the Company had 4 Executive Directors, 3 Independent Non-executive Directors and 3 professional employees. We place high value on our staffs as they are our most valuable assets to grow with the Company. We encourage our staffs to be the best in their roles by providing training in diversified fields and address both personal development and work skills. We also provide workshops for staffs at different levels to build team spirit and morale. Our staffs are rewarded based on Company's performance as well as their performance and contribution to the Company,



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4. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2006, the Company had cash and bank balances of approximately HK\$8.10 million. Invested assets increased by approximately HK\$30.56 million to approximately HK\$48.38 million, which indicated a 171.49% growth from the previous year.

As at 31 December 2006, the Company's net assets were approximately HK\$56.53 million, and increase of approximately 21.51% as compared to 2005.

There were no capital commitments as at 31 December 2006, which would require a substantial use of the Company's present cash resources or external funding.

Exchange risk of the Company is minimal as the assets of the Company comprised substantially of bank deposits denominated in Hong Kong Currency.

The Company's gearing ratio as at 31 December 2006 was nil (2005: nil) as there was no long term borrowing at the balance sheet date.

5. CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2006, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

6. PROSPECTS

While the fears of a more aggressive US Federal Policy has caused global equity markets to suffer sharp correction in May/June 2006, many stock markets ended the year strongly with the MSCI World Index rising by almost 18% and with both the European and Asian markets outperformed the US market. While the US economic growth has weakened during the second half of the year, strong economic data continued to emerge from both Europe and Asia. With attractive growth prospects, merger and acquisition activities have also increased, attracting more capital flows into these regions. The People's Republic of China (the "PRC"), in particular, was and will continuously be the star performer during 2006 and the coming fiscal year.

The Directors will take a cautious and prudent approach in managing the Company's investment portfolio and developing its investment strategies. The Company is open-minded and will continue to look for investment opportunities which offer outstanding returns and within the acceptable risk profile of the Company.

On behalf of the Board

Chu Wai Lim
Director

Hong Kong, 17 April 2007