

Chairman's Statement

On behalf of the board of directors (the Board) of Aurora Global Investment Holdings Limited (the Company) and its subsidiaries (collectively referred to as the Group), I am pleased to present herewith the annual report of the Company and the Group for the year ended 31 December 2006.

BUSINESS REVIEW

During the year, carpet manufacturing and trading were the core business of the Group. However the Group reported a decrease in turnover and a net loss. The turnover of the Group was substantially decreased mainly due to the kin market competition in Hong Kong and PRC.

Profit margins continued to be depressed in the intensely competitive environment which the Group operates under. The prices of raw material increased in tandem with the increase in crude oil prices globally and the appreciation of Renminbi. Unfortunately, these additional costs could not be fully passed on to end customers due to the very keen pricing competition in the markets of the Group operates in. In addition, the Group provided additional provision for VAT and corresponding penalties payable of the amount HK\$8.9 million arising in previous year from 1998 to 2003.

The Group continued to focus on the existing business carpet manufacturing and distribution to take productive approach to improve profitability and market share. In addition the Group had acquired a carpet trading subsidiary in March 2007 to strengthen the base of core business. On the other hand, the Group is looking into the opportunity of Logistic business as well as exploring more investment to offer sustainable growth the new business.

LOGISTIC AND FINANCIAL MANAGEMENT SYSTEM

On 3 December 2005, the Group entered into an acquisition agreement with China National Materials Storage and Transportation Guangzhou Corp (the "vendor") to purchase the Logistic and Financial Management System at a total consideration RMB6,000,000 (equivalent to approximately HK\$5,769,000) which was satisfied (i) as to RMB3,500,000 (approximately HK\$3,365,000) by issuing of 10,516,827 shares of the Company, and (ii) to RMB2,500,000 (approximately HK\$2,404,000) for cash. On 24 November 2006, the Group and the vendor have entered into a revised acquisition agreement which amended the consideration from HK\$6,000,000 to HK\$3,000,000. The consideration should be settled in cash based on the revised terms.

INVESTMENT INTO HEBEI DA SHENG WARRANTY COMPANY

According to the Company's announcement dated 29 March 2007, the Board announced that on 27 March 2007, Aurora Logistic Capital Assurance Limited ("**Aurora Logistic**"), a wholly-owned subsidiary of the Company, entered into an agreement with Liaohai International Investments Limited ("**Liaohai**") and Hebei Da Sheng Warranty Company ("**Da Sheng**"), a company incorporated in Zhangjiakou, Hebei Province, PRC in connection with the investment into Da Sheng which engages in logistic, investment and project guarantee business.

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Pursuant to the Agreement, Aurora Logistic shall contribute US\$6,375,000 (equivalent to approximately RMB51,000,000) to acquire 51% of the equity interests of Da Sheng.

Da Sheng, when it commences its business, will be principally engaged in logistic, investment and project guarantee business in Zhangjiakou, Hebei Province, PRC. Da Sheng will provide commodity based financing to the enterprises so that enterprises can obtain additional credit limit from the financial institutions. In principle, Da Sheng will act as the guarantor of the enterprise to guarantee the enterprise's repayment obligations to the financial institutions thereby allowing the enterprise to obtain additional credit limit. Da Sheng will receive a guarantee fee from the enterprise based on a certain percentage of the loan advanced by the financial institution to the enterprise. Da Sheng will also require the enterprise to provide commodity collateral to Da Sheng. Accordingly, Da Sheng can assist medium to large enterprises to obtain loans from financial institutions for developing mineral processing operations by providing guarantees to such financial institutions.

The Group's investment in Da Sheng can diversify the Group's business and since Da Sheng will base on a leveraged operation with a guarantee/lending multiplier, a stable profit and steady cash flow and return on investment will be expected during the initial year of operation. As a result, the steady growth of profit and development of Da Sheng will contribute financially to the Group in future.

STRATEGIC COOPERATION AGREEMENT

According to the Company's announcement dated 27 November 2006, the Board also announced that on 24 November, 2006, the Company entered into a legally binding strategic cooperation agreement with CMST (the "Strategic Cooperation Agreement"). Under the Strategic Cooperation Agreement, CMST will mainly be responsible for the custody and storage of pledged assets and providing control and management services in respect of the pledged assets in Mainland China. The Group will, through its subsidiary ("Guarantee Company"), be responsible for providing guarantee services to customers, liaising and/or introducing mortgagees or financial institutions to potential customers in Mainland China. CMST will also assist the Group to develop a logistic finance/banking business by utilizing its existing excellent business networks with major banks and/or financial institutions in Mainland China. For each of the transactions conducted through the cooperation between the Company and CMST, the relevant parties (i.e. the Guarantee Company, CMST, the bank or financial institution and the customer) will sign an agreement whereby CMST will charge the Guarantee Company a custodian and management service fee based on the guarantee amount and the Guarantee Company will charge the customer (i.e. the borrowing enterprise), a guarantee fee.

ACQUISITION OF A 70% EQUITY INTEREST IN WIN ALLIANCE DEVELOPMENT LIMITED

On 8 December 2006, Wise Mount Management Limited ("Wise Mount"), a wholly-owned subsidiary of the Company entered into an agreement with a third party to, pursuant to which, the Vendor has conditionally agreed to sell and Wise Mount has agreed to purchase 700,000 shares in Win Alliance Development Limited ("Win Alliance"), representing 70% of the entire issued share capital of Win Alliance, for an aggregate consideration of HK\$14,000,000. Please refer the Company's announcement and circular dated 14 December 2006 and 2 January 2007 respectively for more details.

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The Acquisition was completed on 2 March 2007. The board believed that the Acquisition will enable the Group to expand its existing core business of manufacturing and trading of carpets and may also provide the Group with valuable customer base, which is principally engaged in trading of seamless steel pipes and steel, for developing its logistic financial business in PRC.

FUTURE PLAN AND PROSPECTS

The principal business of the Group is engaged in the design, manufacture and sale of a wide range of carpets under its own brand name and the trading of carpets of various brand names. By acquiring 70% of the entire issued share capital of Win Alliance, which will enable the Group to expand its existing core business of manufacturing and trading of carpets.

The Group also intends to diversify its business by acquiring 51% of Da Sheng, a company incorporated in Zhangjiakou, Hebei Province, PRC. The principal business of Da Sheng will be to support the enterprises by acting as the guarantor of the enterprise and to secure bank finance by providing guarantees to the financial institutions to secure the credit facilities to these enterprises thereby allowing the enterprise to obtain additional credit limit. Da Sheng will receive an all-in-fee from the enterprise based on a certain percentage of the loan advanced by the financial institution to the enterprise. Da Sheng will also require the enterprise to provide commodity as collateral to Da Sheng. If the completion is taken place, it is expected that both the assets and liabilities of the Group will increase. In addition this project will contribute a steady return to the Group in the future.

RAISING FURTHER CAPITAL

On 5 March 2007, the Company entered into the Placing Agreement with the Placing Agent pursuant to which an aggregate of 87,000,000 new shares were placed by the Placing Agent on behalf of the Company, on a fully underwritten basis, at the price of HK\$0.308 per Placing Share with six independent investors who were third parties independent of the Company and its connected persons. Immediately after the completion of the aforesaid placing, the Company issued 87,000,000 new ordinary shares at HK\$0.308 per share to the six independent investors on 16 March 2007.

The aforesaid placing broadened the capital and shareholder base of the Company, and the net proceeds of the Placing of approximately HK\$26 million will be applied as to approximately HK\$18 million for working capital and the balance to new investment opportunities.

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APPRECIATION

On behalf of the Board, I would take this opportunity to express my sincere thanks to all shareholders for continuing support, and all the directors and staff of the Group for their loyalty, commitment and diligence in the past year.

By order of the Board

PANG MAN KIN NIXON

Chairman

Hong Kong, 27 April 2007