

OUTLOOK AND NEW DEVELOPMENTS

The Group will continue to take a prudent yet proactive approach to new investment opportunities, including exploration of potential energy projects both in China and overseas to capture the demands generated from China's rapid economic development.

Forward looking, pursuant to the China's newly established resource strategy and the primary development direction concerning biological fuel stipulated in the State's 11th-Five Plan, the nation should focus on the use of bio-energy raw materials such as tapioca and sweet potato for the production of fuel ethanol, and as under the integration of the estate policy of China, the nation's future demand on raw materials for generation of biological fuel, especially biological fuel sources like tapioca, will be huge. The Group will actively explore and invest in renewable energy projects and directors believe that the launch of biological fuel resource investment project is beneficial to the Group and prospects well.

FINANCIAL REVIEW

The Group generally finances its operations with internally generated cash flows. As at 30 September 2006, the Group had bank balances and cash of approximately HK\$229.2 million (31 March 2006: approximately HK\$135.1 million). Its gearing ratio calculated as a ratio of debt to equity was nil (31 March 2006: nil). Net current assets totalled HK\$237.5 million (31 March 2006: HK\$190.2 million) and the current ratio was maintained at the strong level of approximately 19.2 (31 March 2006: approximately 16.1).

CAPITAL COMMITMENTS

The Group had the following capital commitments as at 30 September 2006 and 31 March 2006:

	As at 30 September 2006 (Unaudited) HK\$'000	As at 31 March 2006 (Audited) HK\$'000
Authorised and contracted for in respect of investment in a joint venture company	<u>44,811</u>	<u>44,811</u>

SEASONAL OR CYCLICAL FACTORS

The Group's business operations are not significantly affected by any seasonal or cyclical factors.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Renminbi, United States dollar, Indonesian Rupiah and Hong Kong dollar. The Group's foreign exchange exposure is therefore minimal as long as the policy of the Government of Hong Kong Special Administrative Region to link the Hong Kong dollar to the United States dollar remains in effect. For the Group's investment in a subsidiary in Indonesia, purchases and sales are quoted in United States dollar, foreign exchange transaction exposure is therefore minimal.