

Chairman's Statement

THE YEAR IN REVIEW

This year's annual report looks and feels different from the past few years. And for good reason: your company is different. So it is only fair to ask what is different and what we are going to do with this new company.

Shareholders who have read my previous statements know that during the past two to three years, the Company had undergone major restructuring. We have made significant moves to restore the confidence of investors and to improve the competitiveness of the Company for the long term. Realising early on of the increasing importance or influence of China on the global market and specifically on the local Hong Kong economy, the Company has changed the business model and we are well positioned to capture and benefit from market opportunities in China.

As Chairman of the Company, my mission is to grow the Company and its subsidiaries (the "Group") and our business. We have gone through the transition period, I recognise that our shareholders have shared the pain as we struggled over the past few years and I appreciate your patience and support. The Company has entered the next phase. I am committed to guide the Company through this phase of growth and we are working hard to get things moving in the right direction.

In 2006, our focus and plan are clear and we have executed strongly on our business strategies. Throughout the year, the Board of Directors (the "Board") and I have spent a good deal of time working to expand our connections or networks. The Company have approached potential partners as well as received countless investment proposals. After careful evaluations, we have identified certain projects which offer sustainable value and growth that are worth pursuing.

In January 2006, the Group entered into an agreement with Mr. Wang Sing (former CEO and executive director of Tom Group) for the acquisition of 25% of Amerinvest Coal Industry Holding Company Limited ("Amerinvest") through a placement of shares and thus making Mr. Wang Sing a strategic investor of the Company. In March 2006, the Group further acquired an additional 25% of Amerinvest. Amerinvest is a company that invests in the West China Coking Project in the Yunnan Province in China.

The Board regards the natural resources and energy sectors as a major and critical development in China with potential for tremendous growth. The Board continues its strategies to explore opportunities in these areas. In February 2007, the Company announced of a potential joint venture with PRC oil conglomerate to engage in the exploration of oil located in a country with rich energy resources in the former Soviet Socialist Republic; and again in March 2007, the Company announced of a potential forestry investment in Simao City in the Yunnan Province. Both of these projects are currently being evaluated or in negotiation and shareholders and potential investors should note that no binding agreements have been signed and that the projects may or may not proceed. Moreover, the Board believes that the property market in Hong Kong will become stable with an upward trend, especially for luxury properties. In April 2007, the Company announced to incorporate a wholly-owned subsidiary as the holding company for the property investment and acquired a property of House 6, Somerset Path, The Royal Oaks, 8 Kam Tsin South Road, Sheung Shui.

As we evaluate potential projects and partners, so too were we being scrutinised by our counterparts. It is therefore important that we instill in our potential partners a sense of confidence. In that respect, we have concentrated our resources in cash and liquid asset by disposing minor property holdings, non-performing assets, and long term debt instruments. During the year, the Group disposed of its interests in Found Macau Investments International Limited and Hennabun Management International Limited 8% convertible note for HK\$75 million and \$100 million respectively. The Company raised an additional HK\$60.8 million through the exercise of share options. In January 2007, the Group disposed of its only property in Laguna City, Kowloon for HK\$2.7 million.

During the beginning of 2007, we have further strengthened our cash position by raising additional equity of approximately HK\$449 million with two share placements of 1,873 million new shares, the issuance of 2,200 million new shares arising from the conversion of convertible notes, and the issuance of 257 million new shares arising from the exercise of share options. We have taken the necessary measures to position the Company for growth.

RESULTS

Turnover for the year ended 31 December 2006 (the "Year") amounted to HK\$295.5 million, an increase of 137.3% when compared with HK\$124.5 million for the last year. The increase in turnover was mainly attributable to the increase in the sale of listed investments during the year. Loss attributable to equity holders for the Year was HK\$114.8 million compared with a loss of HK\$131.7 million for the last year. Loss per share for the Year was HK\$0.034 compared with HK\$0.064 for the last year. The Audit Committee has reviewed the Group's audited financial statements for the Year, including the accounting principles and practices adopted by the Group.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year. (2005: Nil)

LIQUIDITY AND CAPITAL RESOURCES

During the Year, the Company has completed the issue of 224,408,635 new shares arising from the exercise of share options raising an additional equity of approximately of HK\$60.8 million. Furthermore, the Company has issued 250,000,000 new shares to satisfy the acquisition cost of HK\$66.25 million for the investment in the initial 25% shareholding in Amerinvest.

As at 31 December 2006, the Group's total equity amounted to HK\$329.6 million as compared with HK\$311.6 million as at 31 December 2005. As at 31 December 2006, the Group had net current assets of HK\$217.1 million including cash and cash equivalents of HK\$8.9 million as compared with net current assets of HK\$47.6 million including cash and cash equivalents of HK\$11.4 million as at 31 December 2005. The Group maintained a low debt/equity ratio of 7.1% (computed on the basis of total borrowings to total equity) and current ratio of 14.79 times as at 31 December 2006 as compared to 5.9% and 3.52 times respectively as at 31 December 2005.

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As at 31 December 2006, the Group had bank and other borrowings of HK\$23.3 million (2005: bank borrowings of HK\$18.4 million). Of the Group's bank and other borrowings of HK\$23.3 million, 32.2 %, 11.7%, 32.5%, 23.6% are repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carrying interest rates were calculated with reference to prime rate and denominated in Hong Kong dollars. The Group did not have any financial instruments used for hedging purpose.

As most of the Group's transactions and bank balances were denominated in Hong Kong dollars, the Group's exposure to foreign exchange risk was minimal.

PLEDGE OF ASSETS

As at 31 December 2006, certain assets of the Group with an aggregate carrying value of HK\$27.7 million (2005: HK\$30.8 million) have been pledged to banks to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at the balance sheet date, the Company had contingent liabilities not provided for in the financial statements in respect of guarantees of HK\$20.4 million (2005: HK\$38 million) and HK\$30 million (2005: HK\$30 million) for banking facilities granted to subsidiaries and an associate respectively, which were utilised by subsidiaries and an associate to the extent of HK\$18.3 million (2005: HK\$18.4 million) and HK\$24.5 million (2005: HK\$21.4 million) respectively.

EMPLOYEES

As at 31 December 2006, the Group employed a total of 25 employees (2005: 24). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, provident fund and a share option scheme.

APPRECIATION

We have big opportunities ahead of us. I want to thank my fellow Directors and our employees for their dedication and hard work. And we thank you, our owners, for your confidence and continued support as we enter into what I believe to be an exciting growth phase for the Company.

Also the Board would like to welcome Mr. Wang Lin, Mr. Liu Jian, Mr. Shum Ming Choy, and Mr. Yau Yan Ming, Raymond to our Board and would like to recognise the contributions of Mr. Lam Ping Cheung and Mr. Miu Frank H. for their services to the Board.

Chuang Yueheng, Henry

Chairman

Hong Kong, 18 April 2007