

CHAIRMAN STATEMENT

The Company is an investment company listed under Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and is principally engaged in investment in listed and unlisted companies in Hong Kong and in the People's Republic of China (the "PRC"). There was no change in the nature of the Company's principal activity during the year.

The Board considered that it is appropriate for the Company to retain financial resources at present to enable it to seize new and attractive investment opportunities as and when they arise. Therefore, the Board has resolved not to recommend the payment of any dividends.

FINANCIAL REVIEW

During the year, the Group recorded a loss of HK\$10,350,000 (2005: HK\$5,248,000) after deducting administrative expenses of HK\$4,028,000 (2005: HK\$3,538,000) and finance expenses of HK\$144,000 (2005: HK\$25,000). The increase in finance cost is mainly due to the acquisition of an investment property at the end of 2005.

The increase in loss is also due to a further provision of HK\$6,874,000 (2005: HK\$2,043,000) for impairment made in respect of the unlisted equity investment in the PRC. Please refer to the "Business Review and Outlook" paragraph for more details.

LIQUIDITY AND CAPITAL RESOURCES

To strengthen its liquidity and capital base, the Company convened an Extraordinary General Meeting on 23rd June 2006 to consider and approve an open offer (the "Open Offer"), change of company name and other matters.

The Company raised net proceeds of approximately HK\$4,800,000 by way of Open Offer of issuing 80,000,000 shares at a price of HK\$0.07 per share on the basis of one share for every two shares held on 23rd June 2006. The net proceeds of approximately HK\$4,800,000 have been used as to (i) approximately HK\$2,300,000 for future investment purposes in accordance with the Company's investment policy of investing in listed and unlisted companies in Hong Kong and the PRC to achieve medium term capital appreciation and (ii) approximately HK\$2,500,000 for the Company's working capital.

PLEDGE OF ASSETS

As at 31st December 2006, the Group has no property (2005: HK\$3,860,000) pledged to bank to secure mortgage loan granted to the Group.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2006, the Group had no material capital commitment and contingent liabilities.

FOREIGN CURRENCY FLUCTUATION

Most of the underlying investments and business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange risk is minimal.

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BUSINESS REVIEW AND OUTLOOK

During the year, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Summit Asset Holdings Limited ("Summit Asset") and the entire loan to Summit Asset of approximately HK\$1,688,000 to the buyer at the considerations of approximately HK\$10 and HK\$1,688,000 respectively. The disposal of this subsidiary resulted in a gain of HK\$463,000.

Double Dragon Profits Limited and Good Place Investments Limited were de-registered on 22nd December 2006 and 10th March 2006 respectively.

The Company acquired all the issued capital of a company in 2000 whose sole asset is a 21% equity interest in a sino-foreign joint venture in the PRC ("Tianjin Standard"), which is principally engaged in the manufacturing and trading of building materials and the provision of related consultancy services. The Group has not been in a position to exercise any significant influence over the financial and operating policies of Tianjin Standard and the directors were unable to contact the management of Tianjin Standard to obtain any financial information relating to Tianjin Standard in 2006. For the sake of prudence, full impairment provision of HK\$6,874,000 has been made during the year.

The Board is optimistic with the improving global and domestic economic conditions and will continue to pursue other investment opportunities which can generate stable revenue and bring business prospect under the Group's investment philosophy and at an acceptable risk level.

APPRECIATION

Finally, I would like to thank all my fellow directors and the Company's investment manager during the year 2006 and the transitional period. I look forward to their continued support in the years ahead.

On behalf of the Board

Mung Kin Keung

Chairman

Hong Kong, 26 April 2007