

Chairman's Statement

For the year ended 31 December 2005, the turnover of the Group amounted to HK\$ 41.2 million, and the Group incurred a loss of HK\$78.7 million.

In order to create a new profit centre, the Group acquired 80% equity interest in Shanghai Daoqin Hospital Management Company Limited in April 2005. The enterprise is the first sino-foreign medical management company in Shanghai. Therefore, it encountered many difficulties when obtaining approvals. The Group negotiated with the vendor to cancel the acquisition and to recover the deposit paid for acquisition.

Since the buyer was unable to pay the purchase consideration of the property in Jinan, the Group repossessed the Qi Lu International Mansion which located in Jinan, Shangdong Province in the People's Republic of China on 11 July 2005.

At present, the Group's investments in the associated companies, the paper manufacturing plants located in Wuhu and Huzhou suspended their production due to working capital problems.

Heze Century Energy CoalChem Industry Company Limited, in which the Group had an equity interest, has obtained the approvals for the project of dimethyl ether from the government. It is in the process of applying approvals for its coker project and methanol project.

This year, the Group will implement effective asset consolidation measures and lay a solid foundation for its development. It will also strengthen its management control and strive for satisfactory returns to shareholders.

Li Guanghao

Chairman

Hong Kong 27 April 2006