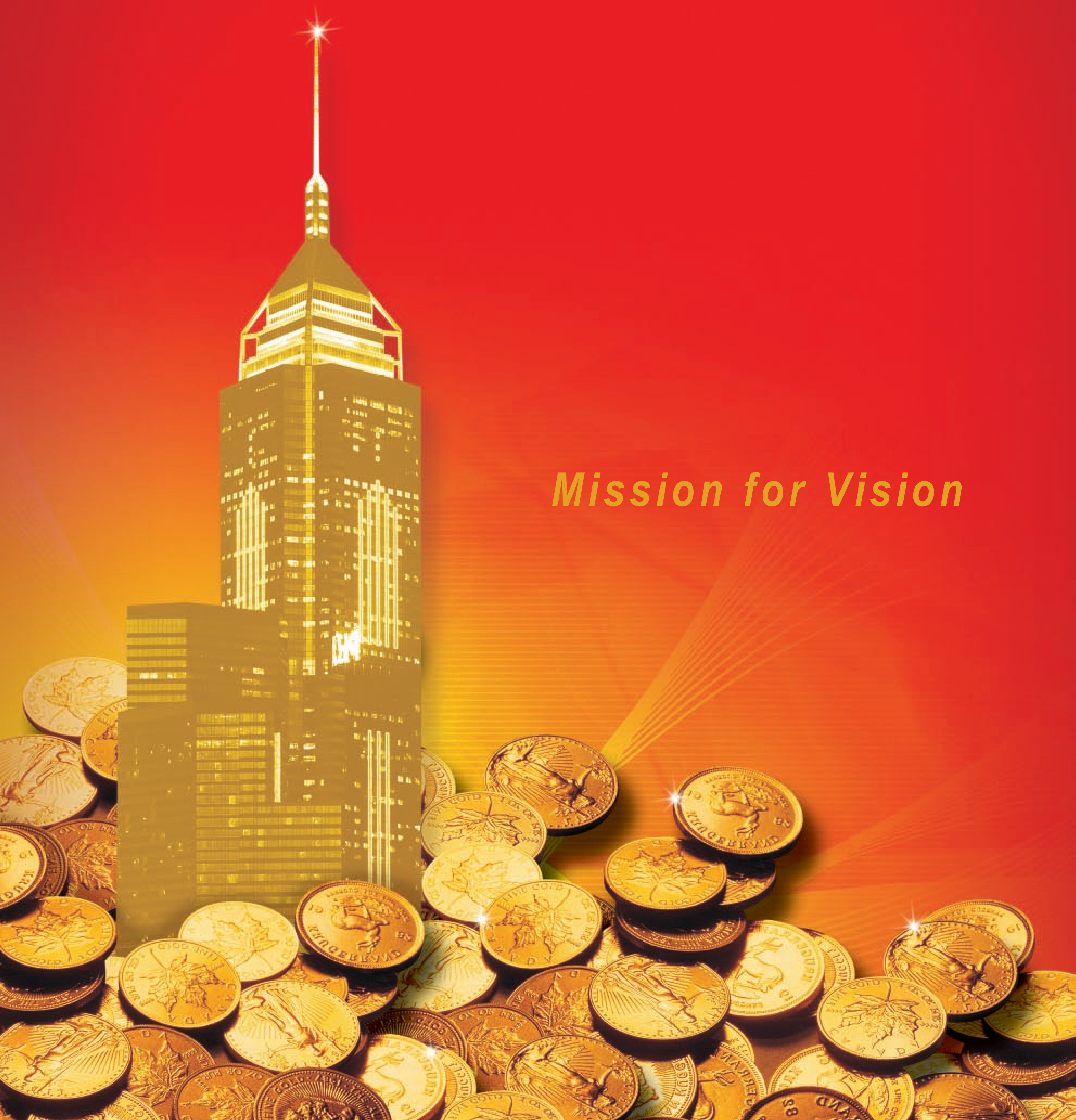
Beauforte Investors Corporation Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 00021

ANNUAL REPORT 2007



Mission for Vision

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DIRECTORS

Executive Directors

Ms. Huang Wenxi *(Chief Executive Officer)*
Mr. Cheung Chung Leung, Richard

Non-executive Directors

Mr. Huang Shih Tsai *(Chairman)*
Ms. Chan I Siu, Fair

Independent Non-executive Directors

Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

AUDIT COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

QUALIFIED ACCOUNTANT AND CHIEF FINANCIAL OFFICER

Ms. Cheung Kei Yim, Michelle

COMPANY SECRETARY

Mr. Mui Chok Wah

AUDITORS

SHINEWING (HK) CPA Limited

SHARE REGISTRARS

Tengis Limited

LEGAL COUNSEL

P.C. Woo & Co.

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Suite 6308, 63/F., Central Plaza
No. 18 Harbour Road
Wanchai, Hong Kong

EXECUTIVE DIRECTORS

Ms. Huang Wenxi, aged 24, graduated from the University of Wisconsin-Madison of the United States of America with a degree in bachelor of Business Administration. She is a director of Waytung Global Fund Limited and has been a deputy general manager in the Sheraton Hotel in Futian, Shenzhen, the PRC since April 2005. Ms. Huang is the daughter of Mr. Huang, a non-executive Director and Chairman of the Company. She has experience in setting up and operating the first 5-star international hotel in the Centre Business District in Shenzhen, PRC.

Mr. Cheung Chung Leung Richard, aged 54, has over 30 years of experience as an architect and real estate investment adviser. He graduated from the University of Hong Kong with degrees in Bachelor of Arts (Architectural Studies) and Bachelor in Architecture. He possesses the PRC Class I Registered Architect Qualification and is a member of the Hong Kong Institute of Architects. He is also a Registered Architect pursuant to the Architects Registration Ordinance (Chapter 408 of the Laws of Hong Kong). Mr. Cheung is currently an independent non-executive director of Tomorrow International Holdings Limited, a company listed on the Main Board of the Stock Exchange and has been an executive director of the Company since 8 June 2006. Mr. Cheung holds 10% of the issued share capital of Smartmax Holdings Limited, a substantial shareholder of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Huang Shih Tsai, aged 57, is the chairman of Greater China International Investment Group Limited (大中華國際投資集團有限公司). He is a director of Waytung Global Fund Limited. Mr. Huang is a member of the Chinese Entrepreneur Association (中國企業家協會). He is also the vice-president of the United World Chinese Association Limited (世界華人基金協會), the vice-president of Guangdong Culture Society (廣東省文化學會) and the vice-president of Shenzhen Federation of Industrial Economics (深圳市工業經濟聯合會). He has actively participated in various businesses in property development, financial consultancy, trusts management, trading and retail stores. He is the founder of Greater China International Business Company (Shenzhen) Limited (大中華國際實業(深圳) 有限公司) in Shenzhen. Mr. Huang has invested in various property development projects in Shenzhen, Fuzhou, Beijing and various regions in the People's Republic of China as well as in Hong Kong, United States of America, Canada and Singapore. His extensive experience in property development and finance will help the Company in its future direction in business development. Mr. Huang is the father of Ms. Huang.

Ms. Chan I Siu, Fair, aged 36, graduated from Yantai University in 1994. She was an executive assistant to the President and sales manager of the real estate department of Shenzhen Huiming Group Company from 1998 to 2001 and was a group investment manager of Shenzhen Fuchun Group Company from 2001 to 2005. She was also the vice general manager of Shenzhen Huameng Software Co. Ltd. since 2005. Ms. Chan has extensive experience in property development.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei, aged 53, is a co-founding director of Cheng & Cheng Limited, Certified Public Accountants, in Hong Kong. He studied accountancy at the Hong Kong Polytechnic University and was admitted as a Certified Public Accountant in Hong Kong in 1991. Mr. Cheng has over 30 years of experience in the accounting and taxation fields. Prior to establishing his own practice, he worked as an assessor for the Hong Kong Inland Revenue Department for 12 years. Mr. Cheng is a fellow member of each of the Chartered Association of Certified Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Certified Public Accountants (Practicing). Mr. Cheng has been appointed as an independent non-executive director and a member of the audit committee of South China Holdings Limited, a company listed on the Main Board of the Stock Exchange, with effect from 28 September 2004.

Mr. Leung Kwan, Hermann, aged 46, graduated from the University of Hong Kong with a degree in Bachelor of Social Sciences (Management Studies as major and Economics as minor) in 1986. Mr. Leung was admitted as a solicitor of the High Court of Hong Kong Special Administrative Region in 1994. He is currently a partner of Messrs. D.S. Cheung & Co., Solicitors. He has more than 12 years of experience in legal work relating to civil litigation, commercial litigation, copyright and conveyance.

Mr. Lum Pak Sum, aged 46, holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 18 years' experience in the financial field, the money market and capital market. He was an independent non-executive director of Fu Cheong International Holdings Limited (the listing of the shares of it was cancelled on 28 June 2006) for the period from September 2004 to June 2006 and is currently an independent non-executive director of Aurora Global Investment Holdings Limited, Grand Field Group Holdings Limited, Golife Concepts Holdings Limited and the Tiger Tech Holdings Limited, the shares of which are listed on the Stock Exchange of Hong Kong.

SENIOR MANAGEMENT

Ms. Cheung Kei Yim, aged 37, has been appointed as the chief financial officer and qualified accountant of the Company. Ms. Cheung is a Certified Public Accountant (Practicing) of the Hong Kong Institute of Certified Public Accountants. She is a fellow member of The Association of International Accountants. Ms. Cheung has many years of experience in finance, compliance and company secretarial matters in companies listed on both the Main Board and the GEM Board on the Hong Kong Stock Exchange and on the Main Board on the London Stock Exchange. She worked in Deloitte Touche Tohmatsu for several years after graduation from the university.

Mr. Mui Chok Wah, aged 49, has been appointed as the company secretary and financial controller of the Company. Mr. Mui is a certified public accountant. He is a member of the Hong Kong Institute of Certified Public Accountants and is an associate of the Institute of Chartered Secretaries and Administrators. Mr. Mui holds a Master of Business Administration Degree from the University of Southern California and has many years of experience with listed issuers in finance and accounting.

Dear Shareholders,

I hereby present the annual report for the year ended 31 December 2007 of Beauforte Investors Corporation Limited (the "Group") on behalf of the Board of Directors.

FINANCIAL REVIEW HIGHLIGHT

For the year ended 31 December 2007, the Group has no turnover and there was no gross loss. Loss attributable to the shareholders for the year was HK$5,721,000.

The Board of Directors did not recommended to pay any dividend for the year ended 31 December 2007 (2006: nil).

BUSINESS REVIEW

Trading of the Company's shares has been suspended since 4 July 2006. On 2 November 2007, the Listing Committee of the Stock Exchange decided to place the Company in the third stage of the delisting procedures pursuant to Practice Note 17 of the Listing Rules.

During the year under review, the Board has been restructured and the management has put in all their effort to formulate a viable resumption proposal.

The Company has entered into a subscription agreement with Ms. Huang Wenxi, a substantial shareholder of the Company to raise gross proceeds of HK$168 million on 1 February 2008. On 8 April 2008, the Company has entered into a conditional sale and purchase agreement to acquire a prime redevelopment property in the PRC.

On 15 April 2008, the High Court of Hong Kong has approved the holding of a Scheme Meeting on 8 May 2008. Pursuant to the Scheme of Arrangement a sum of up to HK$6 million out of the proceeds from the Subscription will be used to settle the claims of the Creditors. Successful implementation of the Scheme of Arrangement will enable the Company to discharge the indebtedness of the Company.

The Company has submitted a resumption proposal to the Stock Exchange on 16 April 2008.

BUSINESS OUTLOOK

The Group is principally engaged in property investment, treasury and investment, securities trading. As disclosed in the last annual report, the Group intended to diversify into various other businesses, including property development, property management, real estate agency, industrial manufacturing, trading, oil and gas related businesses, utility projects, telecommunications, IT and internet related projects, to complement its ongoing operations.

Starting from 2007, the Group has gradually adjusted its strategy, with a view to transform the Company from an investor into an investor/developer.

Upon successful re-capitalization, the Group will have adequate resources to continue with sustainable business operations. The professional expertise of the current board is capable to bring the Company back on profitable track once the trading of the Company's shares is resumed.

APPRECIATION

I would like to express sincere thanks to all our management and staff for their commitment and contribution on behalf of the Board of Directors. I would also like to take this opportunity to thank our shareholders, investors and our consultants for their heartfelt encouragement and support.

By Order of the Board

Huang Shih Tsai
Chairman
Hong Kong, 25 April 2008

RESULTS

There was no turnover due to the Group had no operating activities for the year ended 31 December 2007, comparing to HK$126,137,000 reported in the preceding year. There was no gross loss, comparing to a gross loss of HK$382,000 in the last year. Loss attributable to the shareholders was substantially decreased from a loss of HK$326,802,000 in year 2006 to a loss of HK$5,721,000 in year 2007. The improvement was mainly due to no significant impairment losses recognized and effective cost control in year 2007.

BUSINESS REVIEW

Property Leasing

The Jinan Property

A firm of PRC lawyers was appointed to make applications to the Courts in Jinan, Qingdao and the Provincial Court of Shandong. In November 2006, the PRC lawyers had lodged applications to the Courts to apply for the recovery of the monies held by the Court. Legal action is still underway.

The Shanghai Property

The Shanghai Property was disposed of by force sale by the Court of Shanghai in November 2007 and hence was written off during the year ended 31 December 2007. Another firm of PRC lawyers was appointed to lodge application to the Court of Shanghai to apply for the recovery of the balance monies.

Securities Trading Business

Due to lack of working capital, the Group ceased the securities trading activities since December 2006.

Treasury and Investment Business

Hennabun Management International Limited ("HMI")

HMI was incorporated in British Virgin Islands with limited liability. It is engaged in securities trading, investment holding and provision of brokerage and financial services. At 31 December 2007, the Group owned 1.67% (2006: 1.67%) equity interests in HMI. A full impairment loss was recognized on this investment in year 2005. At 31 December 2007, Directors conducted a review on the above investments and believed that any retrieval or cash inflow from this investment is remote.

Heze Century Energy Coalchem Industrial Co., Ltd ("Heze")

At the balance sheet date, the Group owned 11.2% (2006: 11.2%) equity interests in Heze which was incorporated in the PRC. Heze has not commenced business and full impairment loss of this investment was recognized in 2006. Directors believed any capital or income retrieval from this investment is remote.

Zhejiang Risesun Paper Co. Ltd. ("Risesun") and Wuhu Dongtai Paper Mfg. Co. Ltd. ("Dongtai")

At the balance sheet date, the Group owned 25% equity interests each in Risesun and Dongtai which were incorporated in the PRC. The operations had been suspended since 2004 and full provision was made in 2004. These investment were classified as associates prior to year 2006 and were reclassified as available-for-sale investments. At 31 December 2007, Directors conducted a review on these investments and considered the provision were not excessive.

Zerun Investment Consulting (Shanghai) Co., Ltd ("Zerun")

At the balance sheet date, the Group owned 100% in Zerun. The investment in Zerun was classified as available-for-sale investments due to the Company have neither representative in Zerun nor the ability to control the operating and financing polices in Zerun. A full impairment loss is recognized on this investment in year 2006. At 31 December 2007, Directors conducted a review on these investments and considered the provision were not excessive.

LIQUIDITY AND CAPITAL RESOURCES

The current ratio of the Company in 2007 was 4.9% (2006: 18.9%). On 29 June 2007, Ms. Huang Wenxi was appointed as Executive Director of the Company. She is a substantial shareholder of the Company and holds 26.77% of the issued share capital of the Company. As at 31 December 2007, Ms. Huang and Mr. Richard Cheung, both executive Directors of the Company, had provided to the Company shareholder's loans amounted to HK$7,240,000 and HK$3,270,000, respectively. Mr. Huang Shih Tsai, the chairman of the Company, has invested in various property development projects in Shenzhen, Fuzhou, Beijing and various regions in the PRC and in overseas. His expertise in finance will offer a strong support to the Company. On 24 April 2008, the Company has obtained a further HK$10,000,000 interest free shareholder's loan from Ms. Huang earmarked for working capital purpose.

EMPLOYEES

As at 31 December 2007, the Group employed 3 employees and the staff cost amounted to HK$767,000. Staff remuneration packages are reviewed annually. The Group does not maintain a share option scheme.

BUSINESS OUTLOOK

Trading in the Company's shares has been suspended since 4 July 2006. On 2 November 2007, the Listing Committee of the Stock Exchange decided to place the Company in the third stage of delisting procedures pursuant to Practice Note 17 of the Listing Rules. On 1 February 2008, Ms. Huang, an executive Director of the Company, entered into a Subscription Agreement to subscribe 420 million new shares of the Company. The Completion of the Subscription is conditional upon, among others, the obtaining of the approval in principle from the Stock Exchange for the Resumption Proposal. The gross proceeds from the Subscription will be HK$168 million. The net proceeds from the Subscription, after setting off all loans, is expected to be about HK$152.65 million. The Company intends to apply the net proceeds from the Subscription towards financing the acquisition of suitable businesses in the future and for general working capital of the Group.

On 18 December 2007, the Company entered into a letter of intent with the Vendors in relation to the acquisition of a property in Houmen Town, Heifeng County, Guangdong Province, the PRC. On 8 April 2008, the Company has executed a formal Sale and Purchase agreement with the Vendors and relevant announcement will be published after the same being approved by the Stock Exchange.

The Board is pleased to present their report and the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in notes 33 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 22 of the annual report.

DIVIDENDS

The Board did not recommend the payment of dividend during the year.

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 61 of the annual report.

INVESTMENT PROPERTIES

Details of movements during the year in investment properties of the Group are set out in note 18 to the financial statements.

PLANT AND EQUIPMENT

Details of movements during the year in plant and equipment of the Group are set out in note 17 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2007 are set out in note 33 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 25 to the financial statements.

RESERVES

Details of movement in reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive Directors

Huang Wenxi *(appointed on 29 June 2007)*
Cheung Chung Leung Richard *(appointed on 8 June 2006)*
Sun Bo *(appointed on 8 June 2006 and retired on 29 June 2007)*
Christian Emil Toggenburger *(appointed on 12 June 2006 and resigned on 1 June 2007)*
Beat Rene Saxer *(appointed on 12 June 2006 and removed on 21 March 2007)*

Non-Executive Directors

Huang Shih Tsai *(appointed on 29 June 2007)*
Chan I Siu, Fair *(appointed on 29 June 2007)*
Hans-Peter Adelrich Josef Hess *(appointed on 12 June 2006 and retired on 29 June 2007)*
Simon Gordon Littmann *(appointed on 16 April 2007 and resigned on 1 June 2007)*
Young Mai-San *(appointed on 12 June 2006 and resigned on 19 April 2007)*

Independent Non-Executive Directors

Cheng Hong Kei *(appointed on 8 June 2006)*
Leung Kwan, Hermann *(appointed on 8 June 2006)*
Lum Pak Sum *(appointed on 21 August 2007)*
Tang Ka Siu, Johnny *(appointed on 8 June 2006 and resigned on 4 April 2007)*
William Montgomorie Courtauld *(appointed on 12 June 2006 and resigned on 19 April 2007)*
Frank Yu *(appointed on 19 April 2007 and retired on 29 June 2007)*

In accordance with clause 103(A) of the Company's Articles of Association, Mr. Cheung Chung Leung Richard will retire by rotation at the forthcoming annual general meeting and be eligible for re-election at the forthcoming annual general meeting.

In accordance with clause 94 of the Company's Articles of Association, Ms. Huang Wenxi, Mr. Huang Shih Tsai, Ms. Chan I Siu, Fair and Mr. Lum Pak Sum being the newly appointed directors will retire at the forthcoming annual general meeting and be eligible for re-election at the forthcoming annual general meeting.

Save as prescribed in the Listing Rules and the respective service contracts, the term of office of each independent non-executive director is the period from the date of appointment up to his retirement by rotation as required by the Company's Articles of Association.

SERVICE CONTRACTS OF DIRECTORS

The non-executive Directors, namely Mr. Huang Shih Tsai and Ms. Chan I Siu, Fair; the independent non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann, and Mr. Lum Pak Sum had entered into service contracts with the Company for a term up to the forthcoming annual general meeting. The executive Directors namely, Ms. Huang Wenxi and Mr. Cheung Chung Leung Richard are in negotiation with the Company in relation to their service agreements with the Company. Their appointments of directorship will be expired in the forthcoming annual general meeting. All Directors are eligible for re-election at the forthcoming annual general meeting. Each and every Director is entitled to receive a director's fee of HK$150,000 per annum.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2007, the interests and short positions of the Directors and their respective associated in the shares, underlying shares and convertible notes of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO). Or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name of Directors	Type of interests	Total number of shares held	% of total issued shares
Mr. Cheung Chung Leung Richard	Corporate *(Note)*	98,000,000	27.89
Ms. Huang Wenxi	Personal	94,079,000	26.77

Note:

The interest disclosed represents the 98,000,000 shares held by Smartmax Holdings Limited which is 90% owned by Ms. Sun Bo. The other 10% was held by Mr. Cheung Chung Leung Richard, a Director of the Company.

All the interests stated above represented long positions in the shares of the Company as at 31 December 2007, there were no short positions recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or its subsidiaries or jointly controlled entity a party to any arrangement that enabled any Director to acquire benefits by means of the acquisition of shares in the Company or of any other body corporate.

None of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the year ended 31 December 2007 are set out in note 28 to the financials statements.

COMPETITION AND CONFLICTS OF INTEREST

During the year up to the date hereof, none of the Directors or the management shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

INDEPENDENCY OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors written confirmation of their independency pursuant to Rule 3.13 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, so far as is known to the Directors, save as for the interest of the directors which had been disclosed in the foregoing paragraph on Directors' Interest in Securities, there was no interest or short positions of the persons, other than the directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have compile with the required standard set out in the Model Code throughout the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

The Group has none major suppliers nor any major customers, as defined under the Listing Rules of the Stock Exchange of Hong Kong Limited.

At no time during the year, were any of the Directors, their associates or the shareholders of the Company, which to the knowledge of the directors own more than 5% of the Company's issued share capital, have any interest in any of the above suppliers or customers.

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed in note 32 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on pro-rata basis to the existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2007.

CORPORATE GOVERNANCE

The information set out in pages 15 to 19 and information incorporated by reference constitute the Corporate Governance Report of the Company.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the recommendations set out in "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code. The duties of the audit committee include reviewing the Company's annual reports and interim reports and providing advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting and internal control procedure of the Group.

As at the date of this report, the audit committee comprises three members, three independent non-executive Directors, namely, Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum with Mr. Cheng Hong Kei being the chairman of the committee. During the year, the audit committee has held two meetings. The audited financial statements of the Company for the year ended 31 December 2007 have been reviewed by the audit committee.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint SHINEWING (HK) CPA Limited as auditors of the Company.

On behalf of the Board

Huang Shih Tsai
Chairman

Hong Kong, 25 April 2008

The board of directors (the "Board") of Beauforte Investors Corporation Limited (the "Company") has been committed to maintaining the high level of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange of Hong Kong Limited.

THE BOARD

The Board is responsible for reviewing, evaluating and finalizing the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. It also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholder value. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

During the financial year ended 31 December 2007, inclusive of the quarterly regular meetings according to the CG Code, the Board held a total of 15 board meetings. The attendance of each director is set out on page 18.

On 23 August 2007, Ms Huang Wenxi was appointed as the Chief Executive Officer of the Company. From then on the Company has not breached the CG Code Provision A.2.1.

Together with the balanced of skill and experience for business of the Group, a balance composition of executive, non-executive and independent non-executive director of the Board shall exercise effective independent judgment. Currently the Board is comprised of two executive directors namely Mr. Cheung Chung Leung Richard and Ms. Huang Wenxi, two non-executive directors, namely Mr. Huang Shih Tsai and Ms Chan I Siu, Fair and three independent non-executive directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. Each one of them has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. The Company has received, from each of the independent non-executive directors, an annual confirmation of his independency pursuant to Rules 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Under the CG Code Provision B.1, the issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties.

The Remuneration Committee currently comprises three members, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The all members are independent non-executive directors and is chaired by Mr. Cheng Hong Kei, an independent non-executive director or the Company. It reviews and determines the policy for the remuneration of directors and senior management.

The Remuneration Committee is tasked to:

(i) conduct regular review of the remuneration policy of Group's directors and senior management;

(ii) make recommendations to the Board on the policy structure of the Company's directors and senior management and on establishment of a formal and transparent procedure for developing remuneration policy;

(iii) make recommendation to the Board on remuneration packages of the Company's directors;

(iv) determine remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) review the proposals for the award of share options to executive directors and senior management based on their performance and contribution to the Company from time to time;

(vi) recommend the Board of the structure of long-term incentive plans for executive directors and certain senior management.

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be in a timely manner and can provide a true and fair view of the business and financial information of our Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The audit committee comprises three members, three independent non-executive directors (the "Audit Committee") reports to the Board. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The Audit Committee is mainly responsible for:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the auditors and to approve the remuneration and terms of engagement of the auditors and any resignation and dismissal;

(ii) reviewing and monitoring the independence and objective of the auditors and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on its accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharge its duty to have an effective internal control system;

(v) reviewing of the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

During the year, the Audit Committee reviewed the audited financial results of the Group for the year ended 31 December 2007 and the accounting principles and practices adopted by the Group. The Audit Committee also reviewed the adequacy and effectiveness of the Company's internal control systems.

INTERNAL CONTROL

The Board, through the Audit Committee, has reviews the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions. Areas for improvement have been identified and appropriate measures taken so as to safeguard the shareholders' investment and the company's assets.

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staffs that are responsible for different aspects of the operations of the Group.

COMMUNICATION WITH SHAREHOLDER

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholder understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (http://www.00021.com.hk) on which comprehensive information about the Company's major businesses, financial information and announcements, annual and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholder. The chairman of the Board and members of the Audit Committee should attend the annual general meeting to answer questions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having made specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at meetings of the Board and Committees during the year ended 31 December 2007:

	Board Meeting	Attendance Rate	Audit Committee	Remuneration Committee
Executive Directors				
Cheung Chung Leung, Richard *(Appointed on 8 June 2006)*	12/15	80%	N/A	N/A
Huang Wenxi *(Appointed on 29 June 2007)*	6/6	100%	N/A	N/A
Sun Bo *(Appointed on 8 June 2006 and retired on 29 June 2007)*	3/8	38%	N/A	N/A
Christian Emil Toggenburger *(Appointed on 12 June 2006 and resigned on 1 June 2007)*	6/6	100%	N/A	N/A
Beat Rene Saxer *(Appointed on 12 June 2006 and removed on 21 March 2007)*	4/4	100%	N/A	N/A
Non-Executive Directors				
Huang Shih Tsai *(Appointed on 29 June 2007)*	4/6	67%	N/A	N/A
Chan I Siu Fair *(Appointed on 29 June 2007)*	3/6	50%	N/A	N/A
Hans-Peter Adelrich Josef Hess *(Appointed on 12 June 2006 and retired on 29 June 2007)*	5/8	63%	N/A	N/A
Young Mai-San *(Appointed on 12 June 2006 and resigned on 19 April 2007)*	5/6	83%	N/A	N/A
Simon Gondon Littmann *(Appointed on 16 April 2007 and resigned on 1 June 2007)*	N/A	N/A	N/A	N/A

	Board Meeting	Attendance Rate	Audit Committee	Remuneration Committee
Independent Non-Executive Directors				
Cheng Hong Kei *(Appointed on 8 June 2006)*	7/15	47%	2/2	3/3
Leung Kwan, Hermann *(Appointed on 8 June 2006)*	10/15	67%	2/2	3/3
Lum Pak Sum *(Appointed on 21 August 2007)*	3/5	60%	N/A	1/1
Tang Ka Siu, Johnny *(Appointed on 8 June 2007 and resigned on 4 April 2007)*	10/15	67%	N/A	N/A
William Montgomerie Courtauld *(Appointed on 12 June 2006 and resigned on 19 April 2007)*	5/6	83%	N/A	N/A
Frank Yu *(Appointed on 19 April 2007 and retired on 29 June 2007)*	1/2	50%	N/A	N/A

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF BEAUFORTE INVESTORS CORPORATION LIMITED

(incorporated in the Hong Kong with limited liability)

We have audited the financial statements of Beauforte Investors Corporation Limited (the "Company") and its subsidiaries (collectively referred as the "Group") from pages 22 to 60, which comprise the consolidated and Company balance sheets as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Group and the Company as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the Group had net current liabilities of approximately HK$12,891,000 and capital deficiency of approximately HK$7,462,000 as at 31 December 2007. The Group had no operating activities for the year ended 31 December 2007 and up to the date of this report. These conditions, along with other matters as set forth in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As described in note 2 to the financial statements, the major shareholder of the Company has taken measures to provide new funds to enhance the Group's existing business operations and future investment and business venture opportunities.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289
Hong Kong
25 April 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	8	–	126,137
Cost of sales		–	(126,519)
Gross loss		–	(382)
Other operating income		599	9
Administrative expenses		(6,172)	(9,174)
Loss on written off of investment properties		–	(237,000)
Impairment loss on deposits in an assets management company		–	(32,586)
Impairment loss on deposit refundable		–	(13,780)
Impairment losses recognised in respect of available-for-sale investments		–	(12,919)
Provision for loss in value of investment properties		–	(12,100)
Allowance for bad and doubtful debts		(148)	(8,762)
Finance cost	10	–	(108)
Loss before taxation	11	(5,721)	(326,802)
Income tax expense	12	–	–
Loss for the year		(5,721)	(326,802)
Dividend	15	–	–
Loss per share			
Basic	16	(1.6)cents	(93.0)cents
Diluted		N/A	N/A

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Plant and equipment	17	**103**	130
Investment properties	18	**–**	–
Available-for-sale investments	19	**–**	–
Prepayment for acquisition of subsidiaries		**5,000**	–
Prepayment for acquisition of plant and equipment		**326**	–
		5,429	130
Current assets			
Other receivables	20	**613**	306
Deposit refundable	21	**–**	–
Deposits in an assets management company	22	**–**	–
Bank balances and cash		**55**	193
		668	499
Current liabilities			
Other payables and accrued charges	23	**3,049**	2,640
Amounts due to directors	24	**10,510**	–
		13,559	2,640
Net current liabilities		**(12,891)**	(2,141)
		(7,462)	(2,011)
Capital and reserves			
Share capital	25	**140,553**	140,553
Share premium and reserves		**(148,015)**	(142,564)
		(7,462)	(2,011)

The financial statements on pages 22 to 60 were approved and authorised for issue by the Board of Directors on 25 April 2008 and are signed on its behalf by :

Cheung Chung Leung Richard
Director

Huang Wenxi
Director

Balance Sheet

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Plant and equipment	17	**25**	31
Interest in subsidiaries	26	**–**	–
Prepayment for acquisition of subsidiaries		**5,000**	–
Prepayment for acquisition of plant and equipment		**326**	–
		5,351	31
Current assets			
Other receivables		**457**	–
Bank balances and cash		**45**	81
		502	81
Current liabilities			
Other payables and accrued charges	23	**2,334**	1,907
Amounts due to directors	24	**10,510**	–
		12,844	1,907
Net current liabilities		**(12,342)**	(1,826)
		(6,991)	(1,795)
Capital and reserves			
Share capital	25	**140,553**	140,553
Share premium and reserves	27	**(147,544)**	(142,348)
		(6,991)	(1,795)

For the year ended 31 December 2007

	Share capital	**Share premium**	**Accumulated profits/ (losses)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2006	140,553	37,978	146,260	324,791
Loss for the year	–	–	(326,802)	(326,802)
Balance at 31 December 2006	140,553	37,978	(180,542)	(2,011)
Loss for the year	–	–	(5,721)	(5,721)
Forfeiture of unclaimed dividends *(note)*	–	–	270	270
Balance at 31 December 2007	140,553	37,978	(185,993)	(7,462)

Note: The amount represent the unclaimed dividends which were declared on or before the year ended 31 December 2000. Pursuant to the Article 159 of the Article of Association of the Company, the Board of Directors forfeited all dividends unclaimed for six years after having been declared and reverted the amount to the Company.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(5,721)**	(326,802)
Adjustments for:			
Finance cost		**–**	108
Depreciation		**27**	276
Impairment loss on deposits in an assets management company		**–**	32,586
Impairment loss on deposit refundable		**–**	13,780
Impairment loss recognised in respect of available-for-sale investments		**–**	12,919
Loss on written off of investment properties		**–**	237,000
Provision for loss in value of investment properties		**–**	12,100
Allowance for bad and doubtful debts		**148**	8,762
Waiver of amount due to a former director		**(584)**	–
(Gain)/loss on disposal of plant and equipment		**(4)**	536
Interest income		**(2)**	–
Operating cash flows before movements in working capital		**(6,136)**	(8,735)
(Increase)/decrease in other receivables		**(455)**	747
Increase in other payables and accrued charges		**1,263**	821
Decrease in held for trading investments		**–**	12,166
Decrease in derivative financial instruments		**–**	(64)
Cash (used in)/generated from operations		**(5,328)**	4,935
Interest paid		**–**	(108)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		**(5,328)**	4,827
INVESTING ACTIVITIES			
Reclassified a subsidiary to available-for-sale investments	*19(d)*	**–**	(516)
Purchase of plant and equipment		**–**	(55)
Increase in prepayment for acquisition of subsidiaries		**(5,000)**	–
Increase in prepayment for acquisition of plant and equipment		**(326)**	–
Proceeds from disposal of plant and equipment		**4**	23
Interest received		**2**	–
NET CASH USED IN INVESTING ACTIVITIES		**(5,320)**	(548)
NET CASH FROM FINANCING ACTIVITY			
Increase in amounts due to directors		**10,510**	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(138)**	4,279
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**193**	(4,086)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**55**	193

1. GENERAL

The Company is a public limited company incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading of Company's shares has been suspended since 4 July 2006.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The principal activities of the Company and the Group are investment holding, security investment and property investment. There were no significant changes in the nature of the Group's principal activities during the year.

The financial statements are presented in Hong Kong Dollars which is the functional currency of the Company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

As at 31 December 2007, the Group had net current liabilities of approximately HK$12,891,000 and capital deficiency of approximately HK$7,462,000. The Group had no operating activities for the year ended 31 December 2007 and up to the approval date of these financial statements. Nevertheless, these financial statements have been prepared on a going concern basis because the Company had entered into a subscription agreement with Ms. Huang Wenxi ("Ms. Huang") on 1 February 2008. Ms. Huang is a major shareholder and director of the Company. According to the subscription agreement, Ms. Huang will subscribe 420,000,000 new shares of the Company at a price of HK$0.4 per subscription share, for a total consideration of HK$168,000,000 (the "Subscription"). Ms. Huang and the Company had agreed to apply the net proceeds from the subscription to settle the financial obligations of the creditors and to provide the Group with new funds to enhance its existing business operations and will further enable the Group to make investments in new acquisitions or business ventures when suitable opportunities arise in the future.

The completion of the said agreement is conditional upon, among others, a proposal for the resumption in trading of shares on the Stock Exchange having been approved in principle by the Stock Exchange; and the resolutions to effect the transactions contemplated therein having been approved by the shareholders at the coming extraordinary general meeting.

In the meantime, Ms. Huang had entered into a loan agreement with the Company subsequent to the balance sheet date and had granted a shareholder's loan of HK$10,000,000 to the Group on 24 April 2008 to enable the Group to meet its financial obligations when they fall due before the Subscription is executed. According to such loan agreement, such loan amount is repayable either upon the execution of the Subscription, by offsetting against the subscription monies payable, or at a later date no earlier than twelve months from the date of the loan agreement.

These financial statements do not include any adjustments that would result in the failure of the Group to obtain future funding. Had the going concern basis not been used, adjustments would have to be made to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these adjustments have not been reflected in the financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning on 1 January 2007. The application of the new and revised HKFRSs has had no material effect on how the results and financial position for the current and prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective for the Group's financial year beginning on 1 January 2007. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

Hong Kong Accounting Standards ("HKAS") 1 (Revised)	Presentation of Financial Statements[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HKFRS 2 (Amendment)	Share-based Payment-Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HK (IFRIC) – Interpretation ("Int") 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK (IFRIC) – Int 12	Service Concession Arrangements[4]
HK (IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009.

2 Effective for annual periods beginning on or after 1 July 2009.

3 Effective for annual periods beginning on or after 1 March 2007.

4 Effective for annual periods beginning on or after 1 January 2008.

5 Effective for annual periods beginning on or after 1 July 2008.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Interests in subsidiary

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business on the following basis:

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Sale of trading securities is recognised when the significant risks and rewards have been passed and is on trade date basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimate residual value, using the straight-line method, at the following rates per annum:

Leasehold improvement	20%
Furniture and fixtures	20%
Computer equipment	33.33%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains and losses arising from changes in the fair value of investment property are included in the consolidated income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits scheme

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including other receivables, deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collective payments, observable changes in national or local economic conditions that correlate with default on other receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Other financial liabilities

Other financial liabilities including other payables and accrued charges and amounts due to directors are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Depreciation and amortisation

The Group's net carrying value of plant and equipment as at 31 December 2007 was approximately HK$103,000. The Group depreciates the plant and equipment on a straight-line basis over the estimated useful life, and after taking into account of their estimated residual value, at the rate of 20% to 33.33% per annum, commencing from the date the asset is placed into productive use. The estimated useful life and dates that the Group places the equipment into productive use reflects the directors' estimate of the periods that the Group intend to derive future economic benefits from the use of the Group's plant and equipment.

Estimated impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant judgment. In working this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its costs, and the financial health of and near-term business and look for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

Allowances for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtor of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

6. CAPITAL RISK MANAGEMENT

The capital structure of the Group consists of debts, bank balance and cash and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include other receivables, deposit refundable, deposits in an assets management company, bank balances and cash, other payables and accrued charges and amounts due to directors. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group's exposure to interest rate risk is minimal as the Group does not have any long term interest bearing financial assets and liabilities.

Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

Liquidity risk

The Group is exposed to liquidity risk as the Group recorded net current liabilities of approximately HK$12,891,000 and capital deficiency of approximately HK$7,462,000 at the balance sheet date and have no operating activities for the year ended 31 December 2007 and up to the date of this report.

The Directors have given careful consideration on the measures currently undertaking in respect of the Group's liquidity position. As detailed in note 2, the Directors believe that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

The maturity of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, was within one year.

Fair value

The fair value of the Group's financial assets and liabilities are not materially different from the carrying amounts because of the immediate or short-term maturity of these financial instruments.

8. TURNOVER

Turnover represents the net amounts received and receivables from trading of securities for the year ended 31 December 2006.

There was no turnover for the year ended 31 December 2007.

9. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group organised into three operating divisions – treasury and investment, property and securities trading. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Treasury and investment:

The placing of deposits and investment in securities to generate income from interest, dividends and capital appreciation.

Funds are also advanced as loans to other parties on a secured or unsecured basis where suitable opportunities are identified to earn enhanced returns.

Property:

Investment in property to generate rental income.

Securities trading:

Investment in listed securities to generate profit from short-term fluctuation in price.

For the year ended 31 December 2007:

	Treasury and investment 2007 *HK$'000*	Property 2007 *HK$'000*	Securities trading 2007 *HK$'000*	Total 2007 *HK$'000*
TURNOVER				
Interest income from deposits	–	–	–	–
Rental income	–	–	–	–
Proceeds from trading of securities	–	–	–	–
Total turnover	–	–	–	–
RESULTS				
Segment results	(78)	(251)	(8)	(337)
Unallocated expenses				(5,384)
Loss for the year				(5,721)

9. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

For the year ended 31 December 2006:

	Treasury and investment 2006 *HK$'000*	Property 2006 *HK$'000*	Securities trading 2006 *HK$'000*	Total 2006 *HK$'000*
TURNOVER				
Interest income from deposits	–	–	–	–
Rental income	–	–	–	–
Proceeds from trading of securities	–	–	126,137	126,137
Total turnover	–	–	126,137	126,137
RESULTS				
Segment results	(59)	(10)	(492)	(561)
Loss on written off of investment properties	–	(237,000)	–	(237,000)
Provision for loss in value of investment properties	–	(12,100)	–	(12,100)
Allowance for bad and doubtful debts	(8,762)	–	–	(8,762)
Impairment losses recognised in respect of available-for-sale investments	(12,919)	–	–	(12,919)
Impairment loss on deposits in an assets management company	(32,586)	–	–	(32,586)
Impairment loss on deposit refundable	(13,780)	–	–	(13,780)
Unallocated expenses				(9,094)
Loss for the year				(326,802)

9. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Balance sheet

As at 31 December 2007

	Treasury and investment 2007 HK$'000	Property 2007 HK$'000	Securities trading 2007 HK$'000	Total 2007 HK$'000
ASSETS				
Segment assets	–	–	–	–
Unallocated corporate assets				6,097
				6,097
LIABILITIES				
Segment liabilities	6	704	–	710
Unallocated corporate liabilities				12,849
				13,559

As at 31 December 2006

	Treasury and investment 2006 HK$'000	Property 2006 HK$'000	Securities trading 2006 HK$'000	Total 2006 HK$'000
ASSETS				
Segment assets	–	–	–	–
Unallocated corporate assets				629
				629
LIABILITIES				
Segment liabilities	6	704	–	710
Unallocated corporate liabilities				1,930
				2,640

9. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

Other information

For the year ended 31 December 2007

	Treasury and investment 2007 *HK$'000*	**Property 2007 *HK$'000***	**Securities trading 2007 *HK$'000***	**Unallocated 2007 *HK$'000***	**Total 2007 *HK$'000***
Depreciation	**–**	**–**	**–**	**27**	**27**
Allowance for bad and doubtful debts	**–**	**–**	**–**	**148**	**148**

For the year ended 31 December 2006

	Treasury and investment 2006 *HK$'000*	Property 2006 *HK$'000*	Securities trading 2006 *HK$'000*	Unallocated 2006 *HK$'000*	Total 2006 *HK$'000*
Depreciation	–	–	–	276	276
Loss on written off of investment properties	–	237,000	–	–	237,000
Provision for loss in value of investment properties	–	12,100	–	–	12,100
Allowance for bad and doubtful debts	8,762	–	–	–	8,762
Impairment loss recognised in respect of available-for-sale investments	12,919	–	–	–	12,919
Impairment loss on deposits in an assets management company	32,586	–	–	–	32,586
Impairment loss on deposit refundable	13,780	–	–	–	13,780

9. SEGMENT INFORMATION (Continued)

(b) Geographical segments

(i) The following table provides an analysis of the Group's turnover by geographical market:

	2007	2006
	HK$'000	*HK$'000*
The People's Republic of China, excluding Hong Kong (the "PRC")	**–**	–
Hong Kong	**–**	126,137
	–	126,137

(ii) The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets	
	2007	2006
	HK$'000	*HK$'000*
The PRC	**–**	–
Hong Kong	**6,097**	629
	6,097	629

10. FINANCE COST

	2007	2006
	HK$'000	*HK$'000*
Interest on overdraft in a security company	**–**	108

11. LOSS BEFORE TAXATION

	2007 HK$'000	2006 HK$'000
Loss before taxation has been arrived at after charging (crediting):		
Directors' remuneration *(note 13)*	**1,168**	1,634
Other staff costs	**737**	1,090
Retirement benefit scheme contributions (excluding those of directors)	**30**	27
Total staff costs	**1,935**	2,751
Auditor's remuneration	**306**	420
Cost of security trading	**–**	126,519
Depreciation	**27**	276
Minimum lease rentals in respect of rented premises	**686**	1,634
Waiver of amount due to a former director	**(584)**	–
(Gain)/loss on disposal of plant and equipment	**(4)**	536
Interest income	**(2)**	–

12. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for both years.

No provision for taxation in other jurisdictions has been made as the Group did not have any assessable profits in the respective jurisdictions.

The taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2007 HK$'000	2006 HK$'000
Loss before taxation	**(5,721)**	(326,802)
Tax at domestic rate of 17.5% (2006: 17.5%)	**(1,001)**	(57,190)
Tax effect of income not taxable for tax purpose	**–**	(1)
Tax effect of expenses not deductible for tax purpose	**972**	55,576
Tax effect of tax losses not recognised	**29**	1,615
Taxation for the year	**–**	–

At the balance sheet date, the Group and the Company had unused tax losses of approximately HK$8,328,000 (2006: HK$8,164,000) and approximately HK$374,000 (2006: HK$374,000) respectively available to offset against future profits. No deferred taxation assets have been recognised due to the unpredictability of future profits streams. Tax losses may be carried forward indefinitely.

13. DIRECTORS' REMUNERATION

	2007 HK$'000	2006 HK$'000
Directors' fee		
Executive directors	**396**	936
Non-executive directors	**289**	166
Independent non-executive directors	**473**	532
Other emoluments:		
Salaries and other benefits	**–**	–
Retirement benefit scheme contributions	**10**	–
Total emoluments	**1,168**	1,634

There was no arrangement under which directors waived or agreed to waive any emoluments in the two years ended 31 December 2007 and 2006. No emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office in both years.

The emoluments of each directors of the Company for the year are set out as follows:

Directors' fee

	2007 HK$'000	2006 HK$'000
Executive directors:		
Li Guanghao *(note a)*	**–**	200
Chen Baodong *(note b)*	**–**	200
Li Zhaohui *(note b)*	**–**	200
Cheung Chung Leung Richard *(note c)*	**150**	85
Sun Bo *(note d)*	**75**	85
Christian Emil Toggenburger *(note e)*	**63**	83
Beat Rene Saxer *(note f)*	**33**	83
Huang Wenxi *(note g)*	**75**	–
	396	936
Non-executive directors:		
Hans-Peter Adelrich Josef Hess *(note h)*	**75**	83
Young Mai-San *(note i)*	**45**	83
Simon Gordon Littmann *(note j)*	**19**	–
Chan I Siu, Fair *(note g)*	**75**	–
Huang Shih Tsai *(note g)*	**75**	–
	289	166

13. DIRECTORS' REMUNERATION (Continued)

Directors' fee (Continued)

	2007	2006
	HK$'000	*HK$'000*
Independent non-executive directors:		
Lou Aidong *(note b)*	–	63
Wang Ligui *(note b)*	–	63
Lu Wennian *(note b)*	–	63
Cheng Hong Kei *(note c)*	150	85
Tang Ka Siu, Johnny *(note k)*	39	85
Leung Kwan, Hermann *(note c)*	150	85
William Montgomerie Courtauld *(note i)*	49	79
Ku Yee Kong Derek *(note l)*	–	9
Frank Yu *(note m)*	30	–
Lum Pak Sum *(note n)*	55	–
	473	532
Retirement benefit scheme contributions of executive directors		
Cheung Chung Leung Richard	8	–
Christian Emil Toggenburger	2	–
	10	–
	1,168	1,634

Notes:

a. Retired on 29 June 2006
b. Removed on 12 June 2006
c. Appointed on 8 June 2006
d. Appointed on 8 June 2006 and retired on 29 June 2007
e. Appointed on 12 June 2006 and resigned on 1 June 2007
f. Appointed on 12 June 2006 and removed on 21 March 2007
g. Appointed on 29 June 2007
h. Appointed on 12 June 2006 and retired on 29 June 2007
i. Appointed on 12 June 2006 and resigned on 19 April 2007
j. Appointed on 16 April 2007 and resigned on 1 June 2007
k. Appointed on 8 June 2006 and resigned on 4 April 2007
l. Appointed on 8 June 2006 and resigned on 29 June 2006
m. Appointed on 19 April 2007 and retired on 29 June 2007
n. Appointed on 21 August 2007

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2006: three) were directors, whose emoluments are set out in note 13.

The emoluments of the remaining two (2006: two) highest paid individuals were as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries allowances and benefit in kind	**609**	889
Retirement benefit scheme contributions	**16**	24
	625	913

Their emoluments were within the band ranging from nil to HK$1 million. No emoluments were paid to the employees as inducement to join or upon joining the Group or as compensation for loss of office in both years.

15. DIVIDEND

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: Nil).

16. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Loss for the year	**5,721**	326,802
	'000	*'000*
Weighted average number of ordinary shares	**351,384**	351,384

There were no dilutive potential ordinary shares in existence during both years, accordingly, no diluted loss per share figures are presented.

17. PLANT AND EQUIPMENT

	Furniture and fixtures *HK$'000*	Computer equipment *HK$'000*	Leasehold improvement *HK$'000*	Total *HK$'000*
THE GROUP				
COST				
At 1 January 2006	1,425	351	–	1,776
Additions	1	19	35	55
Disposals	(1,326)	–	–	(1,326)
At 31 December 2006 and 1 January 2007	100	370	35	505
Disposals	–	(4)	–	(4)
At 31 December 2007	**100**	**366**	**35**	**501**
ACCUMULATED DEPRECIATION				
At 1 January 2006	617	249	–	866
Provided for the year	152	120	4	276
Eliminated on disposals	(767)	–	–	(767)
At 31 December 2006 and 1 January 2007	2	369	4	375
Provided for the year	20	1	6	27
Eliminated on disposals	–	(4)	–	(4)
At 31 December 2007	**22**	**366**	**10**	**398**
CARRYING VALUES				
At 31 December 2007	**78**	**–**	**25**	**103**
At 31 December 2006	98	1	31	130

17. PLANT AND EQUIPMENT (Continued)

	Leasehold improvement *HK$'000*
THE COMPANY	
COST	
Additions during the year, at 31 December 2006 and 31 December 2007	35
ACCUMULATED DEPRECIATION	
Provided for the year and at 31 December 2006	4
Provided for the year	6
At 31 December 2007	**10**
CARRYING VALUES	
At 31 December 2007	**25**
At 31 December 2006	31

18. INVESTMENT PROPERTIES

	Properties at Shanghai *HK$'000*	Properties at Shandong *HK$'000*	Total *HK$'000*
THE GROUP			
VALUATION			
At 1 January 2006	35,000	237,000	272,000
Transfer from provision for the loss on a guarantee agreement	(22,900)	–	(22,900)
Provision for loss in value	(12,100)	–	(12,100)
Written off	–	(237,000)	(237,000)
At 31 December 2006 and 31 December 2007	–	–	–

18. INVESTMENT PROPERTIES (Continued)

Investment properties located in Shanghai, the PRC

On 23 March 2004, the Group entered into agreements to pledge the properties to a bank in the PRC to secure for a short-term bank loan of RMB24,000,000 (equivalent approximately of HK$22,900,000) granted to a third party. In return, the Group receives an income of 8% per annum on the face value of such loan. During the year ended 31 December 2005, the bank loan was overdue and the Group was being demanded for repayment. The property was then sequestrated by a court in the PRC. As a prudent measure, a provision for the loss of HK$22,900,000 for such guarantee contract was made in year 2005. The Company was informed that the bank was taking legal actions to dispose of the properties by force sell in year 2006. Accordingly, the provision for loss on guarantee contract previously made was transferred to the investment properties. The directors estimate that the Company is not likely to recover any significant amount after the properties are disposed of by force sell by the court. A further provision of approximately HK$12,100,000 was made to provide the full amount of loss in value of the properties in year 2006.

The properties were disposed of by force sale by the court and were written off during the year ended 31 December 2007.

Investment properties located in Shandong, the PRC

During the year ended 31 December 2004, the investment properties were disposed through the disposal of the subsidiary, Grand Noble Group Limited ("Grand Noble"). However, the purchaser of that subsidiary was defaulted in paying of the consideration. Accordingly, the Company enforced the share charge in July 2005 and resumed the ownership of the subsidiary and the investment properties.

The Company later found that the properties were awarded to a PRC company to settle the sum owned to the PRC company by Grand Noble by a court order on 11 July 2006. The properties were written off in year 2006.

19. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP	
	2007	2006
	HK$'000	*HK$'000*
Unlisted shares overseas		
Hennabun Management International Limited ("HMI") *(note a)*		
At cost	**59,000**	59,000
Impairment losses recognised	**(59,000)**	(59,000)
	–	–
Unlisted shares in PRC		
Heze Century Energy Coalchem Industrial Co. Ltd. ("Heze") *(note b)*		
At cost	**12,000**	12,000
Impairment losses recognised	**(12,000)**	(12,000)
	–	–
Zhejiang Risesun Paper Co. Ltd. ("Risesun") *(note c)*		
At cost	**7,098**	7,098
Impairment losses recognised	**(7,098)**	(7,098)
	–	–
Wuhu Dongtai Paper Mfg. Co. Ltd. ("Dongtai") *(note c)*		
At cost	**70,970**	70,970
Impairment losses recognised	**(70,970)**	(70,970)
	–	–
澤潤投資諮詢(上海)有限公司 ("Zerun") *(note d)*		
Reclassified from investment in a subsidiary	**919**	919
Impairment losses recognised	**(919)**	(919)
	–	–
	–	–

The above investments represent unlisted equity securities issued by private companies. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

19. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes:

(a) HMI was incorporated in British Virgin Islands with limited liability. It is engaged in securities trading, investment holding and provision of brokerage and financial services. At 31 December 2007, the Group owned 1.67% (2006: 1.67%) equity interests in HMI.

A full impairment loss was recognised on this investment in year 2005. At 31 December 2007, the Directors conducted a review on the above investments. According to the latest available financial information, HMI is suffering from a huge accumulated losses. Directors considered that it is unlikely for any future cash flow that would be flowed into the Company, the recognised impairment loss is adequate but not excessive.

(b) At the balance sheet date, the Group owned 11.2% (2006: 11.2%) equity interests in Heze. Heze was incorporated in the PRC with limited liability. A full impairment loss is recognised on this investment in 2006.

At 31 December 2007, Heze has not commenced business. Directors considered that it is unlikely for any future cash flow that would be flowed into the Company, the recognised impairment loss is adequate but not excessive.

(c) At the balance sheet date, the Group owned 25% equity interests each in Risesun and Dongtai which are limited company incorporated in the PRC. They were classified as associates before year 2006. Their operations have been suspended since 2004. A full provision was made for these investment in 2004. After the changes in management of the Company in June 2006, the present management has no representative in the management body nor participation in the daily operating and financing activities in Risesun and Dongtai. Accordingly, the investments in these companies were then classified as available-for-sale investments. At 31 December 2007, the Directors conducted a review on the above investments. Having considered the likelihood of the recoverability of the investments, the Directors consider the provision previously made is adequate but not excessive.

(d) At the balance sheet date, the Group owned 100% in Zerun. After the changes in management of the Company in June 2006, the present management appointed legal advisors to locate the previous management and staff of Zerun. However, as informed by the legal advisors, they were unable to contact them. Consequently, the present management of the Company have neither representative in the management body nor the ability to govern the operating and financing policies in Zerun. Accordingly, the investment in Zerun was classified as available-for-sale investments. A full impairment loss is recognised on this investment.

At 31 December 2007, the Directors conducted a review on the above investments. Having considered the likelihood of the recoverability of the investment, the Directors considered the recognised impairment loss is adequate but not excessive.

The net assets of Zerun at the date of reclassification were as follows:

	HK$'000
Other receivables	1,214
Cash and bank balance	516
Other payables	(190)
Amount due from a shareholder	(621)
	919

Zerun had no contribution to the Group's turnover and profit for the year ended 31 December 2006.

20. OTHER RECEIVABLES

THE GROUP

	2007	2006
	HK$'000	*HK$'000*
Other receivables	**4,333**	3,878
Less: Allowance for doubtful debts	**(3,720)**	(3,572)
	613	306

Movement in the allowance for doubtful debts

	2007	2006
	HK$'000	*HK$'000*
Balance at beginning of the year	**(3,572)**	(3,572)
Impairment loss recognised	**(148)**	(8,762)
Eliminated on written off	**–**	8,762
Balance at end of the year	**(3,720)**	(3,572)

THE COMPANY

	2007	2006
	HK$'000	*HK$'000*
Other receivables	**492**	35
Less: Allowance for doubtful debts	**(35)**	(35)
	457	–

There was no movement in the allowance for doubtful debts for both years.

21. DEPOSIT REFUNDABLE

THE GROUP

On 12 April 2005, the Group entered into a share transfer agreement with a third party to acquire 80% equity interests in Daoqin Hospital Management Company Limited (上海道勤醫院投資管理有限公司) ("Daoqin Hospital") at a consideration of HK$30,200,000 (the "Acquisition"). Daoqin Hospital is a company established in the PRC with limited liability and was established for the purpose of provision of hospital management services. During the year ended 31 December 2005, the Group made partial payment of HK$13,780,000.

According to the agreement, if the Acquisition was not completed in December 2005, the Acquisition would be cancelled and the Group would entitle to recover the payment made.

The Acquisition has not been completed on 27 April 2006, the Group entered into another agreement to cancel the Acquisition and the Counterparty is required to refund the payment to the Group within fifteen days from the date of agreement. The Group has not received the payment as at 31 December 2006 and up to the report date.

The Company has attempted to take legal action to recover the amount. However, as advised by the legal advisor, they were unable to contact the parties concerned. A full provision was made for the year ended 31 December 2006. At 31 December 2007, the Directors reviewed the situation. Having considered the likelihood of the recoverability was very remote, the Directors considered the recognised impairment loss is adequate but not excessive.

22. DEPOSITS IN AN ASSETS MANAGEMENT COMPANY

THE GROUP

The amount of approximately HK$32,586,000 represents the deposits placed in an assets management company (the "Manager") which was a limited company incorporated in the PRC. The Manager was engaged in investment advisory, asset management and other related business. The deposit was contracted for the period from 1 July 2004 to 1 July 2005. The amount was overdue and no repayment schedule was made.

The Company was informed that the Manager was in the process of liquidation in the PRC. Based on this information, the directors considered the likelihood of the recoverability of the amount was very remote and a full provision was made for the year ended 31 December 2006.

The ex-director, Mr. Li Zhaohui has equity interests in the Manager. Mr. Li Zhaohui was appointed as a director of the Company on 19 October 2004 and was removed on 8 June 2006.

During the year ended 31 December 2007 and 2006, no interest income was received from the Manager. The maximum balance outstanding was HK$32,586,000 during the year ended 31 December 2007 and 2006.

At 31 December 2007, the Directors reviewed the situation and considered the recognised impairment loss is adequate but not excessive.

23. OTHER PAYABLES AND ACCRUED CHARGES

THE GROUP AND THE COMPANY

Other payables and accrued charges comprise accrued expenses and sundry payables, which are expected to be settled within one year.

24. AMOUNTS DUE TO DIRECTORS

THE GROUP AND THE COMPANY

	2007	2006
	HK$'000	*HK$'000*
Cheung Chung Leung Richard	**3,270**	–
Huang Wenxi	**7,240**	–
	10,510	–

The amounts are unsecured, interest-free and repayable on demand.

25. SHARE CAPITAL

	Number of ordinary shares of HK$0.4 each	**Nominal value**
	'000	*HK$'000*
Authorised:		
At 31 December 2006 and 31 December 2007	1,000,000	400,000
Issued and fully paid:		
At 31 December 2006 and 31 December 2007	351,384	140,553

There was no movement in the Company's share capital during the years ended 31 December 2007 and 2006.

26. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries	**544,138**	543,923
	544,139	543,924
Impairment losses recognised	**(544,139)**	(543,924)
	–	–

The amounts due from subsidiaries are unsecured and interest-free. In the opinion of the directors, demand for repayment for the amounts due from subsidiaries will not be made within the next twelve months from the balance sheet date. Accordingly, the amounts are classified as non-current.

In view of the operating loss position of certain subsidiaries, impairment losses were recognised with reference to their recoverable amounts.

Details of the Company's subsidiaries at 31 December 2007 are set out in note 33.

27. SHARE PREMIUM AND RESERVES

	Share premium	**Accumulated profits/(losses)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
THE COMPANY			
At 1 January 2006	37,978	146,218	184,196
Loss for the year	–	(326,544)	(326,544)
At 31 December 2006	37,978	(180,326)	(142,348)
Loss for the year	–	(5,466)	(5,466)
Forfeiture of unclaimed dividends *(note)*	–	270	270
At 31 December 2007	**37,978**	**(185,522)**	**(147,544)**

The Company has no reserves available for distribution for both years.

27. SHARE PREMIUM AND RESERVES (Continued)

The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance.

Note: The amount represent the unclaimed dividends which were declared on or before the year ended 31 December 2000. Pursuant to the Article 159 of the Article of Association of the Company, the Board of Directors forfeited all dividends unclaimed for six years after having been declared and reverted the amount to the Company.

28. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and the employees are required to contribute 5% of the salaries to the MPF Scheme. During the year, the Group made contribution of approximately HK$40,000 (2006: HK$27,000) to the MPF Scheme.

29. OPERATING LEASE COMMITMENTS

THE GROUP AND THE COMPANY

The Group and the Company as lessee

At the balance sheet date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Within one year	**1,252**	477
In the second to fifth year inclusive	**812**	278
	2,064	755

Operating lease payments represent rentals payable by the Group for its office premises. Lease is negotiated for a term of two years and rentals are fixed for two years.

30. CAPITAL COMMITMENTS

THE GROUP AND THE COMPANY

	2007	2006
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the financial statements	**159**	–
Capital expenditure in respect of the acquisition of subsidiaries authorised but not contracted for	**65,000**	–

31. SEQUESTRATION OF ASSETS

At 31 December 2006, investment properties located at Shanghai with nil carrying value was sequestrated by a court in the PRC for a legal claim of approximately HK$22,900,000. The properties were disposed of by force sale by the court during the year ended 31 December 2007.

32. RELATED PARTY TRANSACTIONS

(a) During the year, a former director of the Company waived the amount of approximately HK$584,000 due to him.

(b) Compensation of key management personnel

The details of the remuneration of directors and other members of key management during the two years ended 31 December 2007 and 2006 were disclosed in notes 13 and 14 respectively.

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

33. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries, all of which are limited company, as at 31 December 2007 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activity
			Direct	Indirect	
			%	%	
Noble Congress Limited	British Virgin Islands*	1 ordinary share of US$1 each	100	–	Investment holding
Waytung Group Limited	Hong Kong	1 ordinary share of HK$1 each	100	–	Investment holding
Accurate City Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Active Chance Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Asiawell Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Best Energy International Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Investment holding
China Eastern Energy Holdings Limited	Samoa/PRC	1 ordinary share of US$1 each	–	100	Investment holding
Digital Faith Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Eastern Good Limited	British Virgin Islands/ PRC	1 ordinary share of US$1 each	–	100	Dormant
Elite City Investment Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Max Margin Group Limited	British Virgin Islands/ PRC	1 ordinary share of US$1 each	–	100	Property investment

33. PARTICULARS OF SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activity
			Direct %	Indirect %	
Ocean Pearl Investments Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Profit Guidance Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Rosedale Investments Trading Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Sincere Leader Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
True Leader International Limited	British Virgin Islands*	1 ordinary share of US$1 each	–	100	Dormant
Toprich International Investments Limited	Hong Kong	6,160,000 ordinary shares of US$1 each	–	100	Investment holding
Up Global Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100	Dormant
Grand Noble Group Limited	British Virgin Islands/ PRC	2 ordinary shares of US$ 1 each	–	100	Properties holding

* These companies have no specific principal place of operation.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

	Year ended 31 December				
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
TURNOVER	**–**	126,137	41,199	18,232	35,000
LOSS FOR THE YEAR	**(5,721)**	(326,802)	(78,755)	(249,708)	(21,000)

	As at 31 December				
	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
TOTAL ASSETS	**6,097**	629	359,860	384,621	640,000
TOTAL LIABILITIES	**(13,559)**	(2,640)	(35,068)	(3,168)	(200,000)
NET (LIABILITIES) ASSETS	**(7,462)**	(2,011)	324,792	381,453	440,000