THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in Omnicorp Limited.

If you have sold or transferred all your shares in **Omnicorp Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

OMNICORP LIMITED
兩儀控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 94)

MAJOR TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF
60% INTEREST IN GREENHEART AND
A CALL OPTION TO ACQUIRE THE REMAINING 39.61% INTEREST
AND NOTICE OF SGM

Financial Adviser to Omnicorp Limited

KINGSTON CORPORATE FINANCE LIMITED

A notice convening the SGM to be held at Concord Rooms 2 and 3, 8th Floor, Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong on Monday, 22 October 2007 at 3:00 p.m. is set out on pages 163 to 164 of this circular.

Whether or not you intend to attend and vote at the SGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

* *for identification purposes only*

3 October 2007

CONTENTS

In this circular, unless the context otherwise requires, the following words and phrases have the following meanings:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendors and the grant of the Option by the Vendors to the Purchaser pursuant to the Agreement;
"Agreement"	the conditional agreement for sale and purchase dated 20 August 2007 entered into between the Company, the Purchaser, the Vendors and the Guarantors in relation to the Acquisition;
"Announcement"	the announcement of the Company dated 24 August 2007 in relation to, amongst other things, the Acquisition;
"associate"	the meaning ascribed to it in the Listing Rules;
"Board" or "Directors"	the board of directors of the Company;
"Bondholder(s)"	holder(s) of the Convertible Bond(s) whose name(s) is/are registered in the register of Bondholders;
"Capital Reorganization"	the re-classification of all Class B shares in Greenheart into ordinary shares so that the issued share capital of Greenheart prior to Completion shall consist of only ordinary shares;
"Company"	Omnicorp Limited 兩儀控股有限公司*, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
"Completion"	completion of the Acquisition pursuant to the terms of the Agreement;
"connected person"	the meaning ascribed to it in the Listing Rules;
"Consideration"	the consideration payable for the Sale Shares, being HK$375,000,000 in total;
"Consideration Shares"	60,000,000 new Shares to be issued and allotted to the Vendors upon Completion as part of the Consideration;
"Conversion Period"	the period commencing from the date immediately following the date of issue of the Convertible Bonds up to 4:00 p.m. of the date which is one day prior to the date of maturity, being the date falling two years after the issue date;

* *for identification purposes only*

"Conversion Shares"	the Shares to be issued and allotted to the Vendors upon exercise of the conversion rights attaching to the Convertible Bonds;
"Convertible Bonds"	the HK$237,000,000 four (4) per cent. per annum secured convertible bonds in registered form and convertible into Conversion Shares at the initial conversion price of HK$2.00 per Conversion Share (subject to adjustment) to be issued to the Vendors upon Completion as part of the Consideration;
"Enlarged Group"	the Group as enlarged by the Acquisition;
"Greenheart"	Greenheart Resources Holdings Limited (formerly known as Magic Mail International Limited), a company incorporated in the British Virgin Islands, which is owned as to approximately 99.61% by the Vendors and approximately 0.39% by Track Star prior to Completion;
"Greenheart Group"	Greenheart and its subsidiaries;
"Group"	the Company and its subsidiaries and "**Group Company**" shall mean any of them;
"Guarantors"	Mr. Lau Tai Hang, Mr. Lei Guangyu, Mr. Chau Chi Piu, Mr. Lok Ho Ting, Ms. Ma Chun Ling, Mr. Zeng Hai Bin, Mr. Ma Ming Fai, Mr. Simon Murray, Mr. Kenneth R. James, Mr. Andy, Lai Kui Sing and Sino-Forest Corporation, who are the ultimate beneficial owners or the holding company of the corresponding corporate Vendors, being the guarantors of the corresponding Vendors in respect of their obligations under the Agreement and "**Guarantor**" shall mean any of them;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Latest Practicable Date"	28 September 2007, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular;
"Letter of Intent"	a letter of intent dated 25 July 2007 entered into between the Company, the Purchaser and the Vendors in relation to the then proposed acquisition of 70% of the issued share capital of Greenheart from the Vendors and the grant of a call option to acquire the remaining 29.61% of the issued share capital of Greenheart as disclosed in the Company's announcement dated 27 July 2007;

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Option"	the call option exercisable by the Purchaser to require the Vendors to sell the Option Shares to the Purchaser which is granted by the Vendors at no premium under the Agreement;
"Option Shares"	3,036,000,000 ordinary shares of no par value, representing the remaining approximately 39.61% of the issued share capital of Greenheart owned by the Vendors after the Capital Reorganization;
"Purchaser"	Silver Mount Group Limited, a company incorporated in the British Virgin Islands, being a wholly-owned subsidiary of the Company;
"Sale Shares"	4,599,000,000 ordinary shares of no par value, representing 60% of the issued share capital of Greenheart after the Capital Reorganization;
"Security Providers"	the Purchaser and any Group Company (other than the Purchaser and the Greenheart Group) which has provided or granted, or is proposing to provide or grant financing of any kind to any member of the Greenheart Group;
"SGM"	the special general meeting of the Company to be held to consider the ordinary resolution(s) to be proposed to approve, amongst other things, the Acquisition, the Agreement and the issue and allotment of the Consideration Shares, the Convertible Bonds and the issue and allotment of the Conversion Shares on the exercise of the conversion rights attached to the Convertible Bonds;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholder(s)"	the holder(s) of the Shares;
"Share(s)"	the ordinary share(s) of the Company of HK$0.01 each;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers;
"Track Star"	Track Star Group Limited, an indirect wholly-owned subsidiary of the Company, being interested in approximately 0.39% of the issued share capital of Greenheart as at the Latest Practicable Date;

"Valuer"	Pöyry Forest Industry Limited;
"Vendors"	Rise Jet Limited, Fortune Universe Limited, Spirit Land Limited, Fame Sea Profits Limited, Broad Joy Holdings Limited, Always Bright Group Limited, Montsford Limited, PVP Resources Limited, Forest Operations Limited, Nicholas Powell, David Van Oppen, Hwang Shiua-mei, F. Worthington-Wilmer, Graham Soutar, Winston K.W. Leong, Yip Ka Kay, Tse Nga Ying, Care Free Profits Limited, Greenheart Foundation Limited, Metrolink Holdings Limited and Sino-Capital Global Inc., who collectively own approximately 99.61% of the entire issued share capital of Greenheart as at the Latest Practicable Date and "Vendor" shall mean any of them;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong; and
"US$"	United States dollars, the lawful currency of the United States of America.

For reference in this circular only, conversion of HK$ into US$ is based on the exchange rate of US$1.00 = HK$7.8.

OMNICORP LIMITED
兩儀控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 94)

Executive Directors:
Hui Tung Wah, Samuel
Sung Yan Wai, Petrus

Independent non-executive Directors:
Wong Kin Chi *(Chairman)*
Wong Che Keung, Richard
Tong Yee Yung, Joseph

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal place of business:
Units 1505-7, 15th Floor
Shui On Centre, 6-8 Harbour Road
Wanchai
Hong Kong

3 October 2007

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF
60% INTEREST IN GREENHEART AND
A CALL OPTION TO ACQUIRE THE REMAINING 39.61% INTEREST
AND NOTICE OF SGM**

INTRODUCTION

The Board announced in the Announcement on 24 August 2007 that since the execution of the Letter of Intent, the parties had entered into further negotiation on the terms and conditions of the transactions contemplated therein and on 20 August 2007, the Company and the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendors and the Guarantors which superseded the Letter of Intent. Pursuant to the Agreement, (a) the Purchaser agreed to acquire from the Vendors the Sale Shares, representing 60% of the issued share capital of Greenheart after the Capital Reorganization at a total consideration of HK$375,000,000 to be satisfied partially in cash and partially by the issue of Consideration Shares and Convertible Bonds by the Company; and (b) the Vendors agreed to grant the Option to the Purchaser to acquire the Option Shares.

* *for identification purposes only*

The purpose of this circular is to provide you with further information regarding, among other things, (i) the details of the Acquisition and other disclosures in connection with the Acquisition as required under the Listing Rules; (ii) the valuation report on the Greenheart Group's forest and standing timber and (iii) notice of the SGM.

I. The Agreement

The principal terms of the Agreement are set out below:

Date: 20 August 2007

Parties

(a) The Vendors
(b) The Guarantors
(c) The Purchaser
(d) The Company

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors, (in respect of those corporate Vendors other than Sino-Capital Global Inc.) their respective ultimate beneficial owners, Sino-Forest Corporation (being the holding company of Sino-Capital Global Inc.) and the other Guarantors are third parties independent of and not connected with the Company and its connected persons.

Subject matter of the Acquisition

(a) The Sale Shares: 4,599,000,000 ordinary shares of no par value, representing 60% of the issued share capital of Greenheart after the Capital Reorganization; and

(b) The Option: the call option exercisable by the Purchaser to require the Vendors to sell the Option Shares, being 3,036,000,000 ordinary shares of no par value, representing the remaining approximately 39.61% of the issued share capital of Greenheart owned by the Vendors after the Capital Reorganization, to the Purchaser which is granted by the Vendors at no premium.

Please refer to the paragraph headed "Information on the Greenheart Group" below for further information on the Greenheart Group.

Consideration

The Consideration of HK$375,000,000 will be satisfied in the following manner:

(a) as to HK$18,000,000 in cash;

(b) as to HK$120,000,000 by the issue of the Consideration Shares at HK$2.00 per Consideration Share; and

(c) as to HK$237,000,000 by the issue of Convertible Bonds which are convertible into Conversion Shares at an initial conversion price of HK$2.00 (subject to adjustment) per Conversion Share during the Conversion Period.

Pursuant to the terms of the Letter of Intent, a refundable earnest money of HK$15,000,000 (the "**Earnest Money**") had been paid by the Purchaser to the Vendors' solicitors as stakeholder who had held the same in a separate interest bearing escrow account. Upon signing of the Agreement, the Earnest Money (but not the interest accrued thereon, which shall belong to the Vendors) has been treated as deposit and part payment of the Consideration (the "**Deposit**") and the Vendors' solicitors will hold the same as stakeholder until Completion, whereupon such deposit together with all interest accrued thereon will be released to the Vendors. The cash portion of the Consideration will be satisfied by the Group's internal resources.

The Consideration has been determined after arm's length negotiation taking into account (a) the size of the Concession (as hereinafter defined) and the areas where the Cutting Rights are granted and the value of the forest and standing timber contained therein owned and controlled by the Greenheart Group of not less than US$200 million as estimated by Greenheart (which has been confirmed in a valuation report by the Valuer as included in Appendix IV of this circular, in respect of which the satisfaction of the Purchaser is a condition precedent to Completion), (b) the business prospect and growth potential of the timber market which the Directors believe will be driven by strong demand from countries such as China, and diminishing supply due to deforestation in the past and stricter environmental constraints and requirements now practiced by an increasing number of countries in the world, (c) the master sale and purchase contract dated 20 July 2007 between a member of the Greenheart Group and Sino-Forest Resources Inc. ("**SFRI**"), being a subsidiary of a Guarantor (namely Sino-Forest Corporation), whereby SFRI has agreed to purchase logs from Greenheart with a total sales revenue of approximately US$6 million and (d) operating expenses and capital expenditures arising from the harvesting, processing, export and administrative related activities of the Greenheart Group which may lead to the increase in the working capital requirement of the Group.

The basis in respect of the issue price of HK$2.00 per Consideration Share and the initial conversion price of HK$2.00 per Conversion Share under the Convertible Bonds were determined after arm's length negotiation with reference to the Company's recent share price performance after the date of the Letter of Intent and before the signing of the Agreement and represents:

(a) a premium of approximately 17.65% of the closing price of HK$1.70 per Share as quoted on the Stock Exchange on 17 August 2007, being the last trading day immediately before the date of the Agreement;

(b) a discount of approximately 13.42% to the average closing price of HK$2.31 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including 17 August 2007;

(c) a discount of approximately 22.48% to the average closing price of HK$2.58 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 17 August 2007;

(d) a discount of approximately 51.34% to the closing price of HK$4.11 per Share as quoted on the Stock Exchange on 25 July 2007, being the date of the Letter of Intent; and

(e) a premium of approximately 17.65% of the closing price of HK$1.70 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Consideration Shares, when issued on Completion, and the Conversion Shares, when issued upon exercise of the Convertible Bonds of the Bondholders, will rank pari passu in all respect among themselves and with all other Shares in issue on the date of such allotment and issue.

The number of Consideration Shares represents approximately 32.67% of the existing issued share capital of the Company and assuming no further Shares shall be issued, approximately 24.63% of the then issued share capital of the Company as enlarged by the issue of the Consideration Shares. In the event that the conversion rights attaching to the Convertible Bonds are fully exercised and assuming no further Shares shall be issued, the number of Conversion Shares represents approximately 64.53% of the existing issued share capital of the Company and approximately 32.72% of the then issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.

Having considered the above factors, the Directors are of the view that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Lock-up

Each Vendor has undertaken to the Company and the Purchaser that, subject to Completion, without the prior written consent of the Company and the Purchaser, it will not dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of:

(a) any of its Consideration Shares at any time during the period from and including the date of Completion up to but excluding the date falling 3 months after Completion;

(b) more than 50% of its Consideration Shares during the period from and including the date falling 3 months after Completion up to but excluding the date falling 6 months after Completion.

The lock-up provisions in relation to the Conversion Shares are set out in the section headed "The Convertible Bonds" below.

Pre-emption rights and Co-sale rights

Upon and subject to Completion and unless and until the Option is exercised, if any holder of the shares in Greenheart (the "**Greenheart Share(s)**" and the "**Greenheart Shareholder(s)**") wishes to transfer any of its Greenheart Shares, the other Greenheart Shareholders shall have a first right of refusal to acquire such Greenheart Shares at the sale price at which it proposes to sell such Greenheart Shares to a third party.

In addition, any Greenheart Shareholder who is proposing to sell to a third party some or all of its Greenheart Shares shall inform all the other Greenheart Shareholders of any offer received from a third party and procure that such offer is extended to the other Greenheart Shareholders at the same price and on no less favourable terms and with the same completion date as those offered to that Greenheart Shareholder.

Conditions precedent

Completion is conditional upon all of the following conditions precedent being fulfilled (or, in respect of conditions (b), (c), (d), (i), (j) and (k) below, waived by the Purchaser):

(a) the completion of the Capital Reorganization;

(b) the Purchaser being satisfied with the results of the due diligence review to be conducted in relation to the transactions contemplated under the Agreement;

(c) the Purchaser being satisfied with a survey and valuation report by the Valuer, an independent international firm of forestry experts (or such other experts as may be agreed by such Vendors who together are owners of more than 50% of the Sale Shares and the Purchaser) on the Greenheart Group's forest and standing timber;

(d) the Purchaser being satisfied with legal opinions in relation to the Vendors and the Greenheart Group, in forms satisfactory to the Purchaser, confirming, among others, the capacity and authority of the Vendors in entering into and performing the Agreement, the due execution by the Vendors and validity of the Agreement, the due incorporation and valid existence of members of the Greenheart Group and the title and rights of the Greenheart Group to the Concession and Cutting Rights;

(e) the passing by the Shareholders (other than Shareholders who are required to abstain from voting under the Listing Rules or by the Stock Exchange) of ordinary resolution(s) approving the Agreement and the transactions contemplated thereunder, including the acquisition of the Sale Shares, the issue and allotment of the Consideration Shares, the creation and issue of the Convertible Bonds and the issue and allotment of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds;

(f) the Company having obtained the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares which may fall to be issued and allotted upon the exercise of the conversion rights attaching to the Convertible Bonds;

(g) if required, the Bermuda Monetary Authority granting its consent to the issue of the Consideration Shares, the Convertible Bonds and the Conversion Shares which may fall to be issued and allotted upon the exercise of the conversion rights attaching to the Convertible Bonds;

(h) all other necessary approvals or consents (if any) of the relevant governmental or regulatory authorities for the transactions contemplated in the Agreement having been obtained;

(i) such member(s) of the management of the Greenheart Group as specified by the Purchaser (if any) having entered into fixed term service contracts with the relevant members of the Greenheart Group on such terms and conditions to the satisfaction of the Purchaser;

(j) the Purchaser notifying the Vendors in writing prior to 6:00 p.m. on or before the fifth business day after 20 December 2007 (or such other date as the Vendors and the Purchaser may agree in writing) that it is satisfied with the contents of a disclosure letter to be issued by the Vendors to the Purchaser in relation to the warranties of the Vendors under the Agreement; and

(k) all warranties of the Vendors as set out in the Agreement remaining true and accurate and are not misleading in any material respect.

If the conditions above shall not have been fulfilled (or, in respect of conditions (b), (c), (d), (i) and (j) and (k) above, waived by the Purchaser) by 31 December 2007 (or such other date as agreed between the Vendors and the Purchaser), the Agreement and everything contained therein shall, subject to the liability of either party to the other in respect of any antecedent breaches, be null and void and of no effect whereupon the Deposit together with all interest thereon and all other monies (if any) paid by the Purchaser to the Vendors or the Vendors' solicitors shall be refunded to the Purchaser.

Guarantee

Pursuant to the terms of the Agreement, each Guarantor as principal obligor guarantees full prompt and complete performance of all the obligations of the relevant Vendor of which such Guarantor is the ultimate owner or the holding company under or in connection with the Agreement on a several basis.

II. The Convertible Bonds

The terms of the Convertible Bonds have been negotiated on arm's length basis and the principal terms of which are summarized below:

Principal Amount	:	HK$237,000,000.
Maturity	:	The date falling two years after the date of issue of the Convertible Bonds (the "**Maturity Date**").
Interest rate	:	4% per annum accrued on a day-to-day basis on the outstanding principal amount, payable semi-annually in arrears.
Form	:	Registered form only.
Conversion	:	Each Bondholder will have the right to convert during the conversion period mentioned below provided, inter alia, that at the time of conversion by any Bondholder, (a) such Bondholder and parties acting in concert (as defined in the Takeovers Code) with it will not become obliged to make a mandatory offer under Rule 26 of the Takeovers Code and (b) the allotment and issue of the Conversion Shares to such Bondholder will not cause the Company to be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules. These restrictions on conversion will apply throughout the term of the Convertible Bonds.

As no Bondholder can exercise the conversion rights attached to any Convertible Bonds to such extent that such Bondholder and parties acting in concert (as defined in the Takeovers Code) with it will become obliged to make a mandatory offer under Rule 26 of the Takeovers Code (the "**Control Restriction**"), any subsequent conversion of the Convertible Bonds would not result in any Bondholder and parties acting in concert with it having 30% or more shareholding in the Company and therefore would not result in a change in control of the Company. When a Bondholder exercises the conversion rights attached to any Convertible Bonds, such Bondholder will be required to confirm in the conversion notice that the Control Restriction is complied with and the Company will not proceed with the issue of any Conversion Shares if the Control Restriction is not complied with.

No rights to convert may be exercised by a Bondholder who is resident or national outside Hong Kong under the laws and regulations of which such exercise or the performance by the Company of the obligations expressed to be assumed by it thereunder or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction.

Conversion Period : Subject to the right of conversion above, each Bondholder will have the right to convert during the period commencing from the date immediately following the date of issue of the Convertible Bonds up to 4:00 p.m. of the date which is one day prior to the Maturity Date, in amounts not less than a whole multiple of HK$300,000 on such conversion, save that if at any time the outstanding principal amount of the Convertible Bond held by a Bondholder is less than HK$300,000, or if a Bondholder intends to exercise the conversion right attached to the entire principal amount of all the Convertible Bonds held by it, the Bondholder may convert the whole (but not part only) of such outstanding principal amount of the Convertible Bonds.

Conversion Price : During the Conversion Period, the Convertible Bonds are convertible into the Conversion Shares at an initial conversion price of HK$2.00 per Conversion Share subject to anti-dilutive adjustments in certain events which are customary in market transactions of this type, including without limitation: (i) share consolidation, share subdivision or reclassification; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issue of shares, options, warrants, other subscription rights or other securities; (v) issue wholly for cash of shares or issue or grant of options, warrants or other rights to subscribe for or purchase Shares for a price per Share which is less than 90% of the average closing price for a Share for the 10 consecutive dealing days preceding the relevant date (the "**Prevailing Market Price**"); (vi) issue wholly for cash by the Company or its subsidiaries of securities carrying rights of conversion into or exchange or subscription for Shares or securities which may be redesignated as Shares for a price per Share which is less than 90% of the Prevailing Market Price; (vii) modification of rights of conversion, exchange, subscription or redesignation attaching to any securities mentioned in (vi) above resulting in a consideration per Share which is less than 90% of the Prevailing Market Price; and (viii) general offer to Shareholders whereby any securities may be acquired by them at a price per Share which is less than 90% of the Prevailing Market Price.

Nevertheless, no adjustment to the conversion price will be made in relation to the issue by the Company of any convertible bonds to satisfy all or part of the total consideration for the Option Shares pursuant to the terms of the Agreement and any issue of Shares for cash consideration at a placing price of not less than HK$2.00 per Share pursuant to any proposed placing(s) (whether conditional or unconditional, and whether completion of such placing(s) takes place before or after any issue of the Convertible Bonds) by or on behalf of the Company which may be announced by the Company prior to the first issue of the Convertible Bonds.

Ranking : The Conversion Shares will rank pari passu in all respect among themselves and with all other Shares in issue on the date of such allotment and issue.

Redemption by the Company : The Convertible Bonds which remain outstanding shall be mandatorily redeemed by the Company at a redemption amount equal to the principal amount of the Convertible Bonds together with the interests accrued thereon if the same remain outstanding by 4:00 p.m. on the Maturity Date or upon the majority Bondholders giving a written notice declaring the Convertible Bonds to be immediately due and payable after the occurrence of an event of default as specified in the terms and conditions of the Convertible Bonds.

Transferability	:	The Convertible Bonds may be transferred to any person in whole multiples of HK$300,000 (or such lesser amount as may represent the entire principal amount thereof), save that any transfer to any connected person of the Company shall be subject to the requirements (if any) that the Stock Exchange may impose from time to time.
Lock-up	:	In respect of any exercise of conversion rights within 1 year after the issue date of the Convertible Bond, no Bondholder shall, without the prior written consent of the Company, dispose of (a) any Conversion Shares issued and allotted pursuant to such exercise (the "**Relevant Conversion Shares**") at any time during the period from and including the conversion date up to but excluding the date falling 3 months after the conversion date; or (b) more than 50% of the Relevant Conversion Shares during the period from and including the date falling 3 months after the conversion date up to but excluding the date falling 6 months after the conversion date, provided that there is no prohibition or restriction on any disposal of any Relevant Conversion Shares at any time as from the first anniversary of the issue date of the Convertible Bonds.
Events of default	:	All Convertible Bonds contain an event of default provision which provides that on the occurrence of certain events of default (e.g. payment and other default, dissolution of and disposals made by the Company or the Security Providers or any principal subsidiary (as defined in the terms and conditions of the Convertible Bonds) of the Company, enforcement action against the Company or any Security Providers, insolvency of the Company, Security Providers or any principal subsidiary of the Company, cross default of other indebtedness of the Company, trading suspension for a period of 60 consecutive trading days or the delisting of the Shares on the Stock Exchange), the majority Bondholders may give written notice to the Company that the Convertible Bonds are immediately due and repayable whereupon they will become so due and payable on the business day falling 7 business days of the date of such notice.

Security	**:**	The Convertible Bonds will be secured by a first mortgage over the Sale Shares incorporating an assignment of all indebtedness owing by the Greenheart Group to the Purchaser in favour of the security trustee which shall hold the benefit thereof for the Bondholders (the "**Security Trustee**"). Any advance made by any other member of the Group (other than the Greenheart Group) to the Greenheart Group from time to time will also be assigned in favour of the Security Trustee as security for the Convertible Bonds.
Listing	**:**	No application has been or will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

In view of the dilution effect of the Convertible Bonds, the Company is required to disclose by way of announcement all relevant details of the conversion of the Convertible Bonds in the following manner:

(i) the Company will make a monthly announcement ("**Monthly Announcement**") on the website of the Stock Exchange. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:

a. whether there is any conversion of the Convertible Bonds during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

b. the amount of outstanding Convertible Bonds after the conversion, if any;

c. the total number of Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and

d. the total issued share capital of the Company as at the commencement and the last day of the relevant month;

(ii) in addition to the Monthly Announcement, if the cumulative amount of the Conversion Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) up to the date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be); and

(iii) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then the Company is obliged to make such disclosure regardless of the issue of any announcements in relation to the Convertible Bonds as mentioned in (i) and (ii) above.

III. Option

The Option is exercisable by the Purchaser to require the Vendors to sell the Option Shares to the Purchaser during the period commencing from and including the date of Completion up to but excluding the date falling 18 months after the date of Completion.

The total consideration payable by the Purchaser to the Vendors for the Option Shares will be HK$247,562,500 (if the Option is exercised within 6 months after Completion) or HK$272,318,750 (if the Option is exercised after the sixth month but before the first anniversary of Completion) or HK$297,075,000 (if the Option is exercised on or after the first anniversary of Completion), which will be settled by either cash, new Shares to be issued by the Company at the price of HK$2.00 per Share or convertible bonds to be issued by the Company with conversion price of HK$2.00 per Share and other terms similar to those of the Convertible Bonds or any combination of the above as the Purchaser and the majority Vendors may agree. However, if there is or needs to be any adjustment to the conversion price of the Convertible Bonds prior to the completion of the sale and purchase of the Option Shares, the price of any such consideration shares and the conversion price of any such convertible bonds will be the then applicable conversion price of the Conversion Bonds instead of HK$2.00.

The Company will comply with the relevant requirements of the Listing Rules upon any exercise of the Option.

IV. Information on the Greenheart Group

The Greenheart Group is a natural forest concession owner and operator in Suriname, South America and currently holds a forest concession (identified as concession 725) for the exploitation of timber on a parcel of land in Suriname of approximately 126,825 hectares (the "**Concession**"). Further, pursuant to the contracts between the Greenheart Group and the relevant concession holder or owner of the relevant concession holder, cutting rights in respect of certain parcels of land in Suriname with a total area of approximately 51,140 hectares (the "**Cutting Rights**") have been granted to the Greenheart Group. Its principal business activities include (i) log harvesting, (ii) lumber processing and (iii) marketing and sales of logs and lumber products.

The financial highlights of the Greenheart Group are set out below:

	For the 7 months ended 31 July 2007 *(HK$'000)*	**For the financial year ended 31 December 2006** *(HK$'000)*	**For the financial year ended 31 December 2005** *(HK$'000)*
Total assets value	121,696	34,133	25,701
Net assets/(liabilities)	88,624	18,330	(26,770)
Loss before taxation	12,113	33,891	22,035
Loss after taxation	12,113	33,891	22,035

Note: Extracted from Accountant's Report on the Greenheart Group as set out in Appendix II.

After Completion, Greenheart will be owned as to 60.39% by the Group and become an indirect non wholly-owned subsidiary of the Company. As such, the results of the Greenheart Group will be consolidated in the financial statements of the Company after Completion.

The Concession

The Concession (identified as concession 725) is situated in the district of Sipaliwini along the Road to Apoera, Suriname and is of a total area of approximately 126,825 hectares. The Concession confers the Greenheart Group a valid and legal right to exclusively carry out timber exploitation on the parcel of land under the Concession for a term of 20 years from 6 June 1997 which is renewable for another 20 years.

The Cutting Rights

(a) Pursuant to a contract between, inter alia, Octagon International N.V. ("**Octagon**"), a wholly-owned subsidiary of Greenheart, and a local Surinamese (the "**Grantor**") who is an independent third party not connected with the Company and the Greenheart Group dated 3 March 2005, Octagon was granted the exclusive right to exploit and carry out logging and timber production operations on concessions 506 and 506a ("**Nickerie Concessions**") with a total area of 19,700 hectares, of which 12,000 hectares is situated in the District of Nickerie on both banks of the Falawatra River, Suriname and the remaining 7,700 hectares is situated in the south of the Nickerie River in the District of Sipaliwini, during the duration and validity of the concessions granted by the Government of Suriname for that purpose.

The Nickerie Concessions were granted by the Government of Suriname on 10 September 1996 for ten years and are renewable for another 10 years. The Grantor is currently applying for the renewal of the Nickerie Concessions on behalf of Octagon after the expiry of the initial term in 2006. In addition to applying for the extension of the concession period, the Greenheart Group is also applying to change the registered concession holder of the Nickerie Concessions from the Grantor to Octagon in the same application. As such, it is expected that a longer period of time is required to complete the renewal and the change of registered concession holder process. Up to the Latest Practicable Date, the renewal of the Nickerie Concessions is still in the process. In the opinion of the directors of Greenheart, the renewal process may take a further three to four months from the Latest Practicable Date. Other than longer time is required, the directors of Greenheart do not expect any other material difficulties in the renewal of the Nickerie Concessions.

(b) Pursuant to a lease with option to buy contract dated 22 June 2006 between an independent third party, and Beach Paradise N.V., a member of the Greenheart Group, it is agreed that Beach Paradise N.V. shall have the right to exploit concessions 551a, 550, 550b and 1040 ("**Dynasty Concessions**") held by a company wholly owned by the independent third party for ten years starting from 1 July 2006. The Dynasty Concessions have a total area of approximately 31,440 hectares and are situated in the District of Sipaliwini, Suriname and were granted by the Government of Suriname on 29 March 2001 for ten years and are renewable for another 10 years.

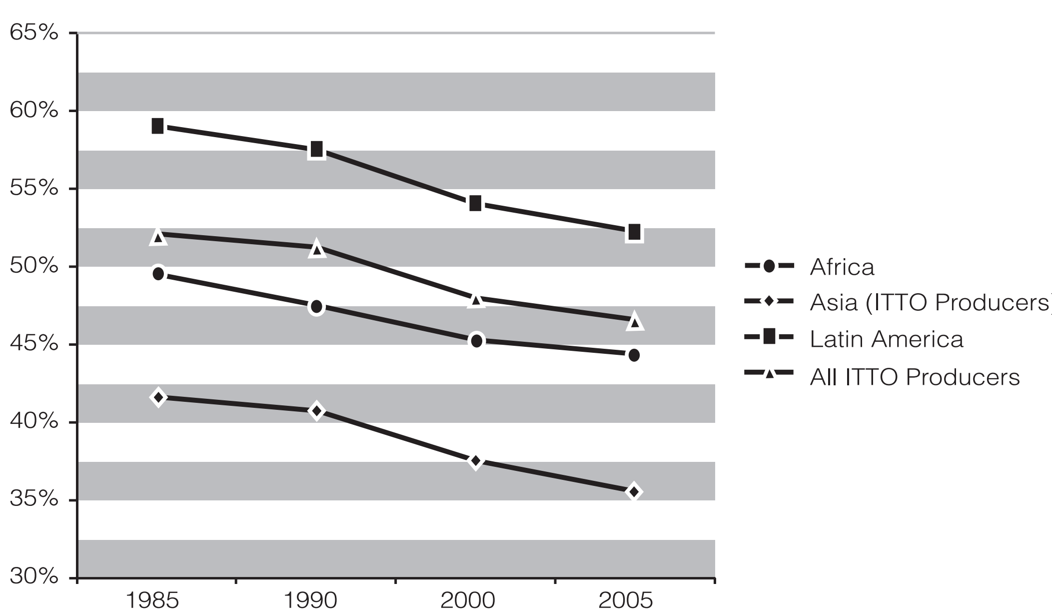
INDUSTRY OVERVIEW

Over the past decade the global tropical hardwood market has been characterised by increasing demand and diminishing supply.

(a) Global Forest Coverage

According to the International Tropical Timber Organisation ("ITTO"), the forest coverage of global major producer regions (i.e. Africa, Asia and Latin America) has been declining since 1985: in Africa, from 49.3% of total land area in 1985 to 44.2% in 2005; in Asia, from 41.4% in 1985 to 35.4% in 2005; and in Latin America, from 59.4% in 1985 to 52.4% in 2005. For all ITTO producer countries as a whole, the decline was from 52.7% in 1985 to 46.4% in 2005. According to Food and Agriculture Organisation of the United Nation ("FAO"), global primary forests are lost or modified at a rate of 6 million hectares per year through deforestation or selective logging. The following illustrates the forest coverage of the above ITTO producer regions during 1985 to 2005.

Forest Area/Total Area of ITTO Producers (1985-2005)



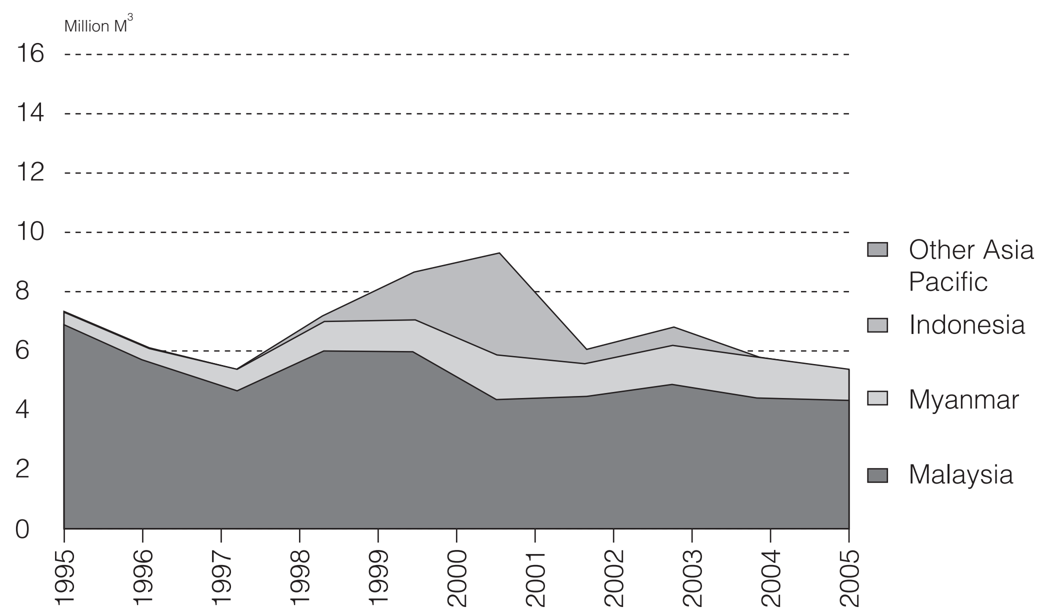
According to FAO, up to 2005, Suriname still has more than three quarters of their total land area forested. Therefore, in the opinion of Greenheart's directors, Suriname may possess one of the best preserved natural tropical rainforest assets in the world.

(b) Tropical Hardwood Log Markets

Log Export

Globally, the largest tropical hardwood log producing countries are Brazil (23 per cent.), Indonesia (18 per cent.), Malaysia (17 per cent.), India (10 per cent.), Thailand (6 per cent.) and Nigeria (5 per cent.). Asia Pacific accounted for approximately 64 per cent. of the global tropical hardwood log production in 2005. However, due to declining hardwood log availability and the implementation of policies to stop illegal logging, the export volume of tropical hardwood log from Asia Pacific countries has been decreasing since 2001 (Please see diagram below), and amounted to less than six million m^3 in 2005, which compares with over twelve million m^3 of import for the region in the same year.

Asia-Pacific Tropical Hardwood Log Exports



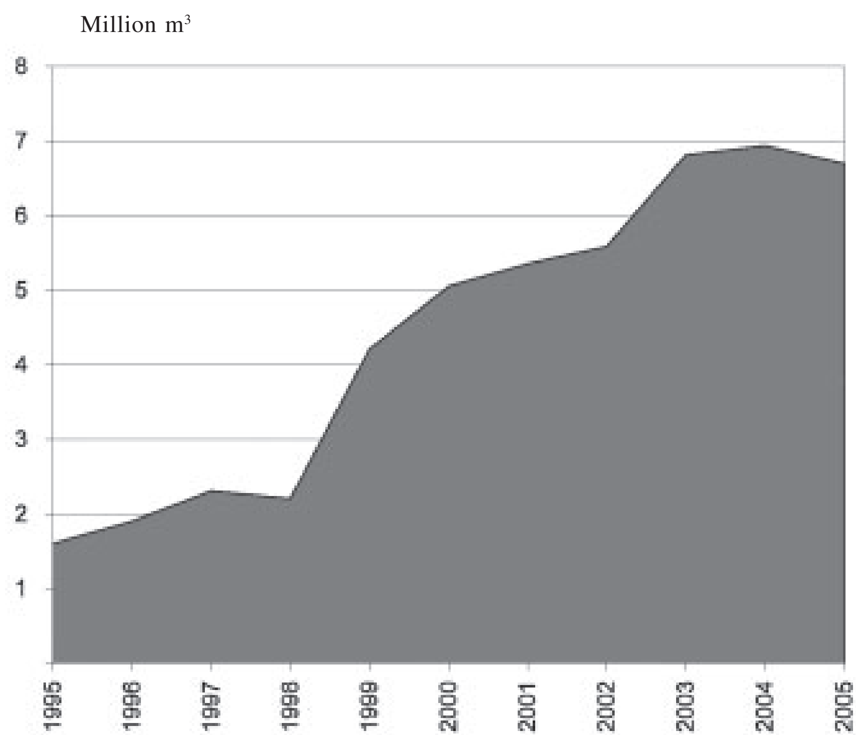
Source: Pöyry Forest Industry Limited

Log Consumption

In 2005, global tropical hardwood log consumption was estimated to be 136 million m^3 with the Asia Pacific region accounting for 64 per cent. of the worldwide tropical hardwood log market and Latin America being the second largest consumer accounting for 24 per cent. of the global consumption.

China, India, Japan and Thailand are the largest importers of tropical hardwood logs in the Asia Pacific region. China, for example, increased its imports from around two million m^3 in 1996 to approximately six million m^3 in 2005, representing a 300 per cent. rise. The following diagram illustrates the volume of tropical hardwood log imported to China from 1995 to 2005.

CHINA – Hardwood Log Imports (1995-2005)



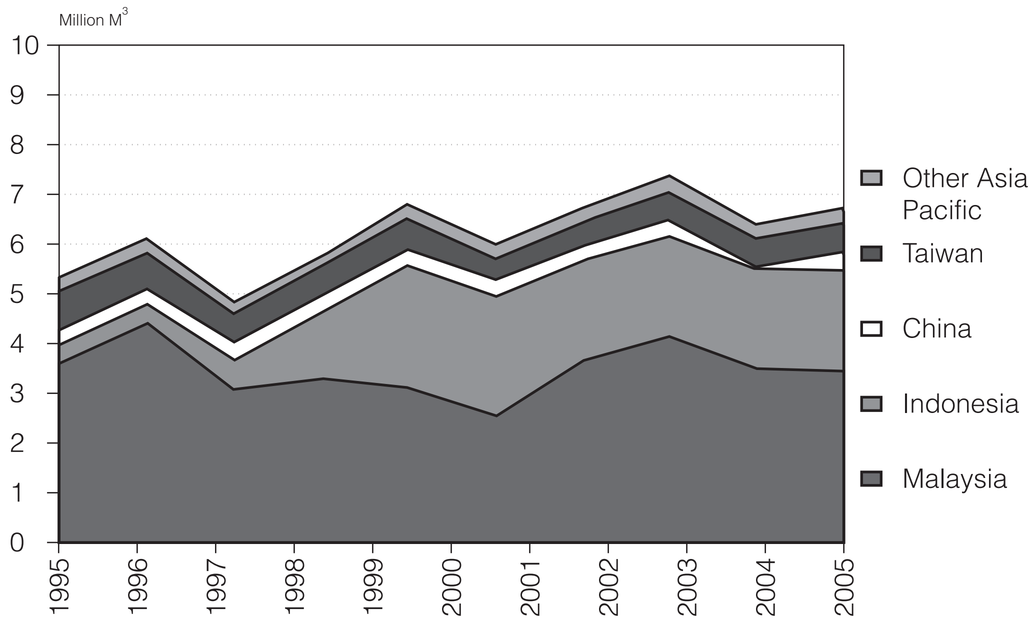
Source: Pöyry Forest Industry Limited

(c) Tropical Hardwood Lumber market

Lumber Export

The largest exporters of tropical hardwood lumber in the Asia Pacific region are Malaysia and Indonesia (see diagram below). Total lumber export for the region was estimated at under seven million m^3 in 2005 as compared with a total lumber import of close to eight million m^3 for the same year.

Asia-Pacific Tropical Hardwood Lumber Exports



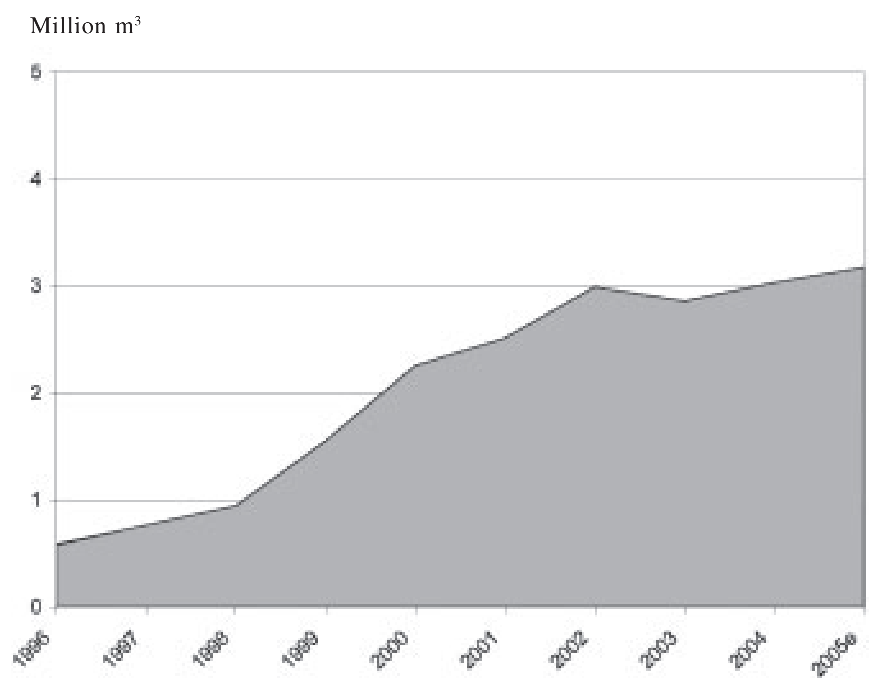
Source: ITTO

Lumber consumption

In 2005, total global hardwood lumber consumption was estimated to be 45.4 million m^3, with the Asia Pacific region accounting for 52 per cent. of the worldwide lumber consumption market. Latin America is the second largest consumer, accounting for 35 per cent. of global consumption in 2005.

The largest importers of tropical hardwood lumber in Asia Pacific are China, Thailand, Malaysia and Japan. China alone is estimated to import close to three million m^3 in 2005 increasing from less than one million m^3 in 1996. The following diagram illustrates the volume of tropical hardwood lumber imported to China from 1995 to 2005.

CHINA – Hardwood Lumber Imports (1996-2005)



Source: Pöyry Forest Industry Limited

Future demand for hardwood logs and lumber is expected to be strong in Asia Pacific owing to the following combination of factors:

- declining hardwood log availability;
- the implementation of policies to stop illegal logging in Asia Pacific; and
- growth and demand from fast growing economies led by China and India.

Greenheart Business

The Greenheart Group intends to capitalise on the supply and demand imbalance by securing further high quality concessions and operating with the objective of Sustainable Forestry Management. As at the Latest Practicable Date, the Greenheart Group has a total of 177,965 hectares of forest concessions and cutting rights in Suriname.

The Greenheart Group aims to increase annual harvesting output by stages over the next few years to a range between 200,000 m^3 – 250,000 m^3 per annum, which in the opinion of the directors of Greenheart, is within the sustainable AAC (Annual Allowable Cut) under the CELOS system. The CELOS system is a sustainable forestry management system practised by the Suriname Government and allows a maximum harvest quantities up to 40 m^3 per hectare over a 20 year growth cycle, or 2 m^3 per hectare/per year (i.e 40 m^3/20 years). Greenheart's planned maximum harvest level of 250,000 m^3 per year over the total size of concessions and cutting rights of 177,965 hectares equals only 1.4 m^3 per hectare/per year.

The Greenheart Group is planning to process all logs harvested into lumber for sale. Processing logs into lumber adds higher economic value, simplifies the distribution logistics, lower transportation costs and gives more marketing flexibility. The Greenheart Group is planning to build two sawmills, each with an annual output capacity of 50,000 m^3 of lumber which will be capable of processing 200,000 m^3 to 250,000 m^3 of logs per annum. Based on current estimates, these two sawmills are expected to be fully operational by the end of 2008. Prior to the completion of the planned sawmills, the Greenheart Group sells harvested logs principally to the industry buyers in China. When the sawmills are fully functional, the Greenheart Group intends to sell lumber not just to China, but to other parts of Asia Pacific, such as Japan and South Korea, Europe and the U.S.A.

The Company intends to maintain the employment of the existing management of Greenheart Group which includes professional forestry managers after Completion, and through sharing the expertise and experience of the existing management of Greenheart Group, provide training in respect of this new business to the Group's existing employees.

REASONS FOR THE ACQUISITION

The Group is currently principally engaged in manufacture and sale of electronic components and products, property holding and investment holding. The Company is indirectly holding 0.39% of the issued share capital of Greenheart as investment at present and should the Acquisition materialize, the Group will expand into the business of log harvesting, lumber processing, marketing and sales of logs and lumber products. While the Acquisition would involve diversification of the Group's business into new areas, the Company intends to continue the existing business of the Group after Completion. As such, the Acquisition would not result in a change of business of the Group. It is not a term of the Agreement, nor is it the intention of the Company, that there will be any change in the Board or management of the Company following the Acquisition.

The Directors consider that the diversification of business into new areas of high-growth potential which also promotes environmental protection and social sustainability will be in the interest of the Company and the Shareholders as a whole. The Directors also believe that the business prospects and growth potential of the timber market, which will be driven by strong demand from countries such as China, and diminishing supply due to deforestation in the past and stricter environmental constraints and requirements now practised by an increasing number of countries in the world, will offer a very good business opportunity to the Company. Taking into account the above, the Directors consider that the Acquisition will be instrumental for the Group to tap the increasing market demand of timber and timber products and achieve full economic promises of natural forestry resources.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE GREENHEART GROUP

On 3 March 2005, Octagon, a member of the Greenheart Group, acquired a 100% equity interests in Epro N.V., a company incorporated in Suriname with limited liability, which owns the Concession, and the exclusive cutting rights of the Nickerie Concessions. In November 2005, the Greenheart Group commenced harvesting operations and has harvested approximately 37,600 m^3 of hardwood logs up to 31 July 2007. The Greenheart Group aims to increase annual harvesting output by stages over the next few years to a range between 200,000 m^3 -250,000 m^3 per annum, which, in the opinion of the directors of Greenheart, is within the sustainable AAC (Annual Allowable Cut) under the CELOS system. The CELOS system is a sustainable forestry management system practised by the Suriname Government.

The Greenheart Group's business plan is to process all logs harvested into lumber for sale. Processing logs into lumber adds higher economic value, simplifies the distribution logistics, lowers transportation costs and gives more marketing flexibility. The Greenheart Group is planning to build two sawmills, each with an annual output capacity of 50,000 m^3 of lumber which will be capable of processing 200,000m^3 to 250,000 m^3 of logs per annum. These two sawmills are expected to be fully operational by the end of 2008. Prior to the completion of the planned sawmills, the Greenheart Group sells harvested logs principally to China. When the sawmills are fully functional, the Greenheart Group intends to sell sawn timber not just to China, but to other parts of Asia Pacific, such as Japan and South Korea, Europe and the U.S.A.

Set out in Appendix II to this circular is the accountant's report of the Greenheart Group for the three financial years ended 31 December 2004, 2005, 2006 and seven months ended 31 July 2007 (the "Reporting Periods"). Below is the management discussion and analysis on the performance of the Greenheart Group for each of the aforesaid financial years/periods:

(i) For the year ended 31 December 2004

During the year under review, Greenheart Group recorded no turnover and a net loss of approximately US$582,000. The net loss is mainly due to the travelling expenses, staff wages, on-site visits and forest surveying expenses, office expenses and overhead incurred for the seeking of good quality forest concessions in Suriname and sourcing logging and transportation equipment overseas. The working capital of the Greenheart Group was mainly financed by its director and a company which then became a shareholder of Greenheart in 2006. As at 31 December 2004, the Greenheart Group had total loan payables of US$2,435,000 and the gearing ratio, which was calculated on the basis of total loan payables to total assets, was 1.3. All these loan payables were denominated in United States Dollars, unsecured with interest charged at fixed rates. Except for US$38,000 and US$64,000 which were fully repaid in 2005 and 2006, respectively, all these loan payables were subsequently capitalized as share capital of Greenheart Group in 2005 and 2006.

(ii) For the year ended 31 December 2005

During the year under review, Greenheart Group recorded no turnover and a net loss of approximately US$2,825,000. The Greenheart Group commenced its log harvesting in November 2005 and approximately 1,100 m^3 was harvested in these two months. The net loss is mainly due to staff wages, camp overhead, forest inventory surveying expenses, road building expenditure, traveling expenses, office expenses and overhead incurred for the preparation of commercial scale log harvesting operation for the forthcoming years, a loss on disposal of fixed assets of approximately US$242,000 and finance expenses of US$205,000, of which US$151,000 was interests charged by a director who continued to provide a loan facility to the Greenheart Group to support its daily operation's financial needs. On 3 March 2005, the Greenheart Group acquired (i) 100% equity interests in Epro N.V., a company incorporated in Suriname with limited liability, which owns the Concession and (ii) the exclusive cutting rights of the Nickerie Concessions at a total cash consideration of US$1,100,000, payable by 8 installments. During the period under review, the Greenheart Group also acquired a total of US$1,354,000 fixed assets which were mainly motor vehicles, river craft, equipment and machinery used for log harvesting, delivery and related activities. As at 31 December 2005, the Greenheart Group had total loan payables of US$5,713,000 and the gearing ratio was 1.73. All these loan payables were denominated in United States Dollars, unsecured and with interests charged at fixed rates and were capitalized as share capital of Greenheart in 2006.

(iii) For the year ended 31 December 2006

During the year under review, Greenheart Group recorded a turnover of approximately US$1,091,000 and a net loss of US$4,345,000. This year signified the Greenheart Group's first full year operation of its log harvesting business. As it was still in initial stage, only approximately 27,000 m^3 log was harvested during this year and therefore a net loss was recorded.

The Greenheart Group also commenced its sales of logs business during this year and all of them were sold to China. Though it was still at a testing stage, the market seemed to be very receptive to the Greenheart Group's products and the average FOB selling prices of the logs reached US$175 per m^3. Given the continuing diminishing supply of good quality hardwood logs from traditional hardwood log exporting countries, the directors of Greenheart believe that with more extensive and direct marketing and promotion efforts, the selling price of the Greenheart Group's logs will remain strong in the forthcoming years.

On 22 June 2006, the Greenheart Group secured the right to lease together with an option to purchase the timber operations carried on by Dynasty Forestry Industry N.V. ("**Dynasty**") a local Suriname company, located at Apura, Suriname, which include a sawmill plant on a 20 hectare of land and cutting rights of the Dynasty Concessions. The directors of Greenheart, subject to certain terms and conditions to be satisfactorily fulfilled, intend to acquire the entire issued share capital of Dynasty. The directors of Greenheart believe that the location of this sawmill and the Dynasty Concessions could be an excellent location for incremental expansion for the Greenheart Group's log and sawn timber production. During the year under review, the Greenheart Group also acquired a total of USD837,000 fixed assets which mainly were logging equipment and river craft.

From the financial resource perspective, during the year under review, a total of US$6,704,000 loans from directors and various parties were capitalized as share capital of Greenheart and an additional US$3,423,000 was injected by the shareholders in the form of share capital to finance the Greenheart Group's working capital and acquisition of logging and transportation equipment. As at 31 December 2006, the Greenheart Group had a total loan payables of US$1,114,000 and the gearing ratio is 0.25. All these loan payables were denominated in United States Dollars, unsecured and with interest charged at fixed rates. Except for US$400,000 which was capitalized as share capital of Greenheart in 2007, all these loan payables were fully repaid in the seven months ended 31 July 2007.

(iv) For the seven months ended 31 July 2007

During the period under review, Greenheart Group recorded a turnover of approximately US$1,662,000 which increased by 295.7% or US$1,242,000 from US$420,000 for the seven months ended 31 July 2006 to US$ 1,662,000 for the seven months ended 31 July 2007. Such increase was primarily the result of the increase in the volume of logs sales during this period.

The net loss of the Greenheart Group amounted to US$1,553,000 for the seven months ended 31 July 2007, a decrease of US$403,000, or approximately 20.6%, from US$1,956,000 for the seven months ended 31 July 2006. As the first half year is normally affected by rainy season in Suriname, the amount of logs which can be extracted will be reduced. In addition, various measures, including mainly the reduction of redundant and non-performing expatriate logging and supporting staff, improvement of the log yard, enhancement of the working efficiency of the logging equipment and improvement of the base camp facilities etc., were taken by the Greenheart Group during the period under review to rationalize the operation of its logging activities. The directors of Greenheart believe that in the long run, such measures can substantially reduce its overall operating costs and improve both its productivity and profitability. Hence, even though the turnover increased substantially during the period under review, the net loss was not reduced proportionally as compared with the same period of last year.

In order to strengthen the Greenheart Group's financial ability to further develop its business, the Greenheart Group has issued new shares at a total consideration of US$10,565,000 to its shareholders and other investors during the period under review. Such new funding will be used for its working capital, acquisition of logging and transportation equipment and the preparation of building two new sawmills. As at 31 July 2007, the Greenheart Group did not have any external debt financing.

Remuneration Policies and Employee Information

The following illustrated the number of full time employees hired by the Greenheart Group as at 31 December 2004, 2005, 2006 and 31 July 2007 and the total staff costs (including directors' emoluments) during the Reporting Periods:

	As at 31 December			As at 31 July
	2004	**2005**	**2006**	**2007**
No. of full time employees	2	67	169	98

	For the year ended 31 December			For the seven months ended 31 July
	2004	**2005**	**2006**	**2007**
Staff costs (including directors' emoluments) *(US$'000)*	197	510	1,363	780

All full time salaried employees are being paid on a monthly basis. Certain logging and sawmill workers are being remunerated based on basic wages plus production incentives.

In addition to salaries, the Greenheart Group provides staff benefits including medical insurance, contributions to staff's provident fund based on the local statutory requirements.

Foreign Exchange Exposure

The Greenheart Group does not currently have any hedging activities against its foreign exchange exposure nor does it adopt any formal hedging policies. During the Reporting Periods, all of the Greenheart Group's sales and purchases were settled in United States Dollars while its daily operating expenses and overheads were settled in United States Dollars, Hong Kong Dollars and Suriname Dollars. The directors of Greenheart consider the Greenheart Group's risk exposure on foreign exchange as minimal.

Contingent Liabilities

As at 31 December 2004, 2005 and 2006 and 31 July 2007, the Greenheart Group did not have any material contingent liabilities.

BUSINESS REVIEW AND PROSPECTS OF THE ENLARGED GROUP

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of manufacture and sale of electronic components and products, general trading, property holding and investment holding.

As mentioned in the Company's annual report for the year ended 31 December 2006, the Directors have been actively reviewing all the Group's business and investment activities, long term strategies, and the implications of funding, management and other resources required to achieve better returns and value for the Shareholders.

During this process, the Directors are particularly enthusiastic about the wood and wood related product market in China and globally. A number of factors have driven the significant increase in demand for wood fiber in China, including the rapid economic growth supported high activity and demand in wood end use industries, population growth and urbanization, expanding wood processing capacity, construction demand and industry growth, interior decorating demand and industry growth. In fact, other than the domestic demand, China is also increasingly becoming an important player in the traded component of global wood products markets. For example, in 2005, China has overtaken Italy and became the number one exporter of furniture in the world. There is no doubt that China will remain the main focus of global wood market in the future. The Directors also believe that the zero tariff on imported logs will further encourage log imports in China. Due to overlogging, and deforestation in the past, supply of tropical hardwood has been declining, and the Directors believe the trend of strong demand of tropical hardwood versus diminishing supply will continue.

The Greenheart Group has also signed up a master sale and purchase agreement with SFRI, being a subsidiary of a Guarantor (namely Sino-Forest Corporation), whereby SFRI has agreed to purchase logs from the Greenheart Group with a total sales revenue of approximately US$ 6 million. Sino-Forest Corporation, through its wholly-owned subsidiary, Sino-Capital Global Inc., will be interested in 7,860,000 Consideration Shares (representing approximately 3.23% of the enlarged issued share capital of the Company upon Completion and issue of the Consideration Shares but assuming that the conversion rights attaching to the Convertible Bonds are not exercised) and the Convertible Bonds in the principal amount of HK$31,047,000 upon Completion. The Directors are confident that upon completion of the Acquisition, the turnover of the Enlarged Group will significantly increase in the forthcoming years.

In order to further expand the markets and increase the profitability, the Greenheart Group is now actively planning to build two sawmills with annual production capacity of approximately 50,000 m^3 of lumber each in Suriname. The Directors believe that once these sawmills become fully operational, the Greenheart Group can further enlarge its customer base to countries in Europe, North America and other Asian markets, such as Japan etc.

Both the Directors and the directors of Greenheart also intend to differentiate the Greenheart Group from traditional forestry companies through the active development of non-timber forest products and ecosystem services such as greenhouse gas emission reduction, carbon credits and waste wood utilization.

In view of the above, the Directors believe that the Acquisition will diversify and strengthen the earning base of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following fund raising activity has been carried out by the Company in the past twelve months preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds	Indended use of proceeds	Actual use of proceeds
13 June 2007	Placing of new Shares under general mandate	HK$26.2 million	As general working capital of the Group	Not yet utilized (currently retained as bank deposits)

EFFECTS ON SHAREHOLDING STRUCTURE

The following tables set out (i) the existing shareholding structure of the Company and the changes thereto as a result of the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds but before taking into account the Control Restriction; and (ii) the existing shareholding structure of the Company and the changes thereto as a result of the allotment and issue of the Consideration Shares and the Conversion Shares assuming the Convertible Bonds are exercised by the Vendors to the extent permitted under the Control Restriction.

(i) Table 1 showing the existing shareholding structure of the Company and the changes thereto as a result of the allotment and issue of the Consideration Shares and the Conversion Shares upon full conversion of the Convertible Bonds but before taking into account the Control Restriction

	As at the Latest Practicable Date		Immediately after completion of the Acquisition and issue of Consideration Shares but assuming no Convertible Bonds are exercised and no other Shares will be issued		Immediately after completion of the Acquisition and issue of Consideration Shares and assuming the Convertible Bonds are exercised in full into Conversion Shares but no other Shares will be issued	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*
Hui Tung Wah, Samuel, an executive Director	355,000	0.193	355,000	0.146	355,000	0.098
The Vendors *(Note 1)*	–	–	60,000,000	24.627	178,500,000	49.290
Mother of Tse Nga Ying, a Vendor *(Note 3)*	40,000	0.022	40,000	0.016	40,000	0.011
Other public Shareholders	183,244,152	99.785	183,244,152	75.211	183,244,152	50.601
Total	183,639,152	100	243,639,152	100	362,139,152	100

(ii) Table 2 showing the existing shareholding structure of the Company and the changes thereto as a result of the allotment and issue of the Consideration Shares and the Conversion Shares assuming the Convertible Bonds are exercised by the Vendors to the extent permitted under the Control Restriction

	As at the Latest Practicable Date		Immediately after completion of the Acquisition and issue of Consideration Shares but assuming no Convertible Bonds are exercised		Immediately after completion of the Acquisition and issue of Consideration Shares and assuming the Convertible Bonds are exercised by the Vendors to the extent permitted under the Control Restriction	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*
Hui Tung Wah, Samuel, an executive Director	355,000	0.193	355,000	0.146	355,000	0.136
The Vendors *(Notes 1 and 2)*	–	–	60,000,000	24.627	78,645,350	29.984
Mother of Tse Nga Ying, a Vendor *(Note 3)*	40,000	0.022	40,000	0.016	40,000	0.015
Other public Shareholders	183,244,152	99.785	183,244,152	75.211	183,244,152	69.865
Total	183,639,152	100	243,639,152	100	262,284,502	100

Notes:

1. The number of Shares of the Vendors in the Company indicated in Table 1 is arrived at on the assumption that the Convertible Bonds are fully converted without taking into account the Control Restriction. However, pursuant to the terms of the Convertible Bonds, the conversion rights under the Convertible Bonds shall only be exercisable to the extent, inter alia, that (i) it is permitted under the Control Restriction and (ii) the allotment and issue of the Conversion Shares to such Bondholder will not cause the Company to be in breach of the minimum public float requirement under Rule 8.08 of the Listing Rules. The effect of the Control Restriction on the shareholding structure of the Company is shown in Table 2.

2. To facilitate the administration of the Control Restriction, the Company will be entitled to presume the Vendors to be parties acting in concert unless and until a ruling or confirmation from the Securities and Futures Commission of Hong Kong to the contrary (if any) is obtained by the Vendors.

3. The mother of Tse Nga Ying is presumed to be acting in concert with Tse Nga Ying under the Takeovers Code.

As at the Latest Practicable Date, the Company has an authorized share capital of 15,000,000,000 Shares, out of which 183,639,152 Shares are issued and are fully paid up.

As at the Latest Practicable Date, there are outstanding share options granted under the share option scheme of the Company entitling the holders to subscribe for 9,684,000 Shares.

In view of the percentage of the Consideration Shares in the share capital of the Company as enlarged by the issue of the Consideration Shares and the terms of the Convertible Bonds that each holder of the Convertible Bonds will only have the right to convert to the extent permitted under the Control Restriction, it is expected that the Acquisition will not result in a change in control of the Company.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Subject to Completion, the Company will indirectly hold 60.39% of the then issued share capital of Greenheart after the Capital Reorganisation. Accordingly, Greenheart will become a non-wholly owned subsidiary of the Company and the post-Acquisition financial results of the Greenheart Group will be consolidated to the results of the Group.

Net assets value

As at 30 June 2007, the unaudited consolidated net asset value of the Group amounted to approximately HK$165,134,000. Based on the unaudited pro forma statement of adjusted combined net asset value of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma adjusted combined net asset value of the Enlarged Group will increase by approximately 79.8% to approximately HK$296,935,000. The increase in the net asset value is primarily due to the net effect of the payment of HK$18,000,000 to the Vendors, the elimination of 0.39% interest in the Greenheart Group originally held by the Group of HK$4,156,000, the increase of attributable net assets value of HK$53,174,000 of Greenheart Group, goodwill of HK$321,826,000 and the liability component of HK$237,000,000 Convertible Bonds to be issued immediately after Completion.

Earnings

Upon Completion, the financial results of the Enlarged Group shall include 60.39% of the net earnings/loss of the Greenheart Group. In addition, the Enlarged Group will record a goodwill of an amount equivalent to the amount of premium paid by the Purchaser over the net asset value of the Greenheart Group attributable to the Enlarged Group. In accordance with the Group's current accounting policies, such goodwill will be tested annually for impairment.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction of the Company under the Listing Rules. The Acquisition and the issue of the Consideration Shares, the Convertible Bonds and the Conversion Shares on the exercise of the conversion rights attached to the Convertible Bonds which will be included in the resolution in respect of the Acquisition are subject to the Shareholders' approval at the SGM. The Company will, in compliance with the Listing Rules, convene the SGM to seek the approval of the Shareholders on the Acquisition and the issue of the Consideration Shares, the Convertible Bonds and the Conversion Shares on the exercise of the conversion rights attached to the Convertible Bonds. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors, (in respect of those corporate Vendors other than Sino-Capital Global Inc.) their respective ultimate beneficial owners, Sino-Forest Corporation (being the holding company of Sino-Capital Global Inc.) and the other Guarantors are third parties independent of and not connected with the Company and its connected persons.

To the best knowledge and belief of the Company having made all reasonable enquiries, none of the Vendors and (in respect of the corporate Vendors other than Sino-Capital Global Inc.) their ultimate owners and Sino Forest Corporation (being the holding company of Sino-Capital Global Inc.) holds any Shares as at the Latest Practicable Date. Accordingly, no Shareholder would be required to abstain from voting for the approval of the Agreement and the transactions contemplated thereunder.

INFORMATION OF THE GROUP AND THE VENDORS

The Group is currently principally engaged in manufacture and sale of electronic components and products, property holding and investment holding.

Sino-Capital Global Inc. is an indirect wholly owned subsidiary of Sino-Forest Corporation, a company listed in the Toronto Stock Exchange. Sino-Forest Corporation is one of the leading, foreign-owned commercial forestry operators in China. As at 30 June 2007, Sino-Forest Corporation has approximately 356,000 hectares of forestry plantation located in China.

Greenheart Foundation Limited is a company set up for the promotion of social benefits to the local community in Suriname.

Forest Operation Limited is a company incorporated in the British Virgin Islands and wholly owned by Mr. Simon Murray.

Other than Sino-Capital Global Inc. and Greenheart Foundation Limited, all corporate Vendors are special purpose vehicles set up for the investment in Greenheart.

SGM

The SGM will be held at Concord Rooms 2 and 3, 8th Floor, Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong on Monday, 22 October 2007 at 3:00 p.m., to consider and, if thought fit, approve, among other matters, the Acquisition and the transactions contemplated thereunder.

A notice convening the SGM to be held at Concord Rooms 2 and 3, 8th Floor, Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong on Monday, 22 October 2007 at 3:00 p.m. is set out on pages 163 to 164 of this circular. Whether or not you intend to attend and vote at the SGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PROCEDURES TO DEMAND A POLL AT GENERAL MEETING

A poll may be demanded by:

(a) the chairman of the meeting;

(b) at least three members present in person or by proxy or representative for the time being entitled to vote at the meeting;

(c) any member or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting;

(d) a member or members present in person or by proxy or representative and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or

(e) if required by the Listing Rules, by the chairman of the meeting or any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at the meeting.

RECOMMENDATIONS

The Directors consider that the terms of the Agreement, the Convertible Bonds and the Option are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to certain financial information relating to the Group and the Greenheart Group and other information set out in the appendices to this circular.

By order of the Board
Omnicorp Limited
Sung Yan Wai Petrus
Executive Director

1. THREE-YEAR FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2004, 2005 and 2006 extracted from the 2004, 2005 and 2006 annual reports of the Group. The Company's auditors Moore Stephens have not issued any qualified or modified opinion on the Group's financial statements for the three years ended 31 December 2004, 2005 and 2006.

Consolidated Income Statement
For the years ended 31 December 2004, 2005 and 2006

	2006	**2005**	**2004**
	HK\$'000	*HK\$'000*	*HK\$'000*
		(restated)	(restated)
		Note	*Note*
CONTINUING OPERATIONS			
Turnover	198,413	166,750	136,043
Cost of sales	(176,243)	(147,071)	(115,046)
Gross profit	22,170	19,679	20,997
Other revenue	6,311	4,325	31,846
Distribution costs	(603)	(905)	(808)
Administrative expenses	(28,726)	(25,303)	(27,886)
Other operating expenses	(29,478)	(22,790)	(12,502)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	(30,326)	(24,994)	11,647
Finance costs	(8,705)	(6,058)	(4,072)
Share of results of associates	(30)	(391)	1,862
(LOSS)/PROFIT BEFORE TAXATION	(39,061)	(31,443)	9,437
Taxation	(288)	(272)	(237)
(Loss)/profit for the year from continuing operations	(39,349)	(31,715)	9,200
DISCONTINUED OPERATIONS			
(Loss)/profit for the year from discontinued operations	24,965	25,307	(557)
(LOSS)/PROFIT FOR THE YEAR	(14,384)	(6,408)	8,643

Note: Figures have been restated to reflect the retrospective adjustments as required by HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" issued by the HKICPA to reclassify and re-present prior year amounts in the income statements relating to the discontinued operations.

	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
ATTRIBUTABLE TO:			
Equity holders of the Company	(30,656)	(19,791)	7,175
Minority interests	16,272	13,383	1,468
	(14,384)	(6,408)	8,643
DIVIDEND	30,088	–	–
(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic			
– Continuing operations	(0.28) dollars	(0.23) dollars	0.10 dollars
– Discontinued operations	0.08 dollars	0.09 dollars	(0.01) dollars
	(0.20) dollars	(0.14) dollars	0.09 dollars
Diluted			
– Continuing operations	N/A	N/A	N/A
– Discontinued operations	N/A	N/A	N/A

Note: There were neither extraordinary nor exceptional items for each of the three financial years ended 31 December 2004, 2005 and 2006.

Consolidated Balance Sheet
31 December 2004, 2005 and 2006

	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Properties, plant and equipment	12,312	30,995	32,077
Investment property	9,070	10,430	12,000
Long term investments	10,000	23,700	23,700
Interests in associates	59,717	50,689	64,828
Goodwill	–	21,767	21,767
	91,099	137,581	154,372
CURRENT ASSETS			
Inventories	54,872	89,964	76,446
Trade and other receivables	61,987	145,421	99,011
Prepayments and deposits	1,324	2,214	6,208
Current tax recoverable	–	3,362	1,214
Listed investments	15,247	19,568	24,265
Cash and bank balances	35,569	67,990	55,446
	168,999	328,519	262,590
CURRENT LIABILITIES			
Due to related parties	–	26	4,130
Trade and other payables	27,721	65,433	74,498
Interest bearing bank borrowings	53,880	67,152	50,032
Other loan payable	–	30,000	15,000
Deposits received	1,888	22,929	10,709
Current tax payable	270	1,951	2,040
	83,759	187,491	156,409
NET CURRENT ASSETS	85,240	141,028	106,181
TOTAL ASSETS LESS CURRENT LIABILITIES	176,339	278,609	260,553
NON-CURRENT LIABILITIES			
Interest bearing bank borrowings	1,385	3,124	3,834
Deferred tax liabilities	17	17	44
	1,402	3,141	3,878
	174,937	275,468	256,675

	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*
EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS			
Share capital	1,504	1,504	913
Reserves	137,383	199,880	192,452
	138,887	201,384	193,365
MINORITY INTERESTS	36,050	74,084	63,310
	174,937	275,468	256,675

2. AUDITED FINANCIAL INFORMATION OF THE GROUP

Set out below the audited financial statements of the Group for the year ended 31 December 2006 is a reproduction of page 33 to 88 of the 2006 annual report of the Company. References to page number are the page number of such annual report of the Company.

Consolidated Income Statement
For the year ended 31 December 2006

	Note	2006 *HK$'000*	2005 *HK$'000* (restated)
CONTINUING OPERATIONS			
Turnover	3	198,413	166,750
Cost of sales		(176,243)	(147,071)
Gross profit		22,170	19,679
Other revenue		6,311	4,325
Distribution costs		(603)	(905)
Administrative expenses		(28,726)	(25,303)
Other operating expenses		(29,478)	(22,790)
LOSS FROM OPERATING ACTIVITIES	6	(30,326)	(24,994)
Finance costs	7	(8,705)	(6,058)
Share of results of associates		(30)	(391)
LOSS BEFORE TAXATION		(39,061)	(31,443)
Taxation	9	(288)	(272)
Loss for the year from continuing operations		(39,349)	(31,715)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	10	24,965	25,307
LOSS FOR THE YEAR		(14,384)	(6,408)

	Note	2006 HK$'000	2005 HK$'000 (restated)
ATTRIBUTABLE TO:			
Equity holders of the Company	11, 30	(30,656)	(19,791)
Minority interests		16,272	13,383
		(14,384)	(6,408)
DIVIDEND	12	30,088	–
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13		
Basic			
– Continuing operations		(0.28) dollars	(0.23) dollars
– Discontinued operations		0.08 dollars	0.09 dollars
		(0.20) dollars	(0.14) dollars
Diluted			
– Continuing operations		N/A	N/A
– Discontinued operations		N/A	N/A

Consolidated Balance Sheet
31 December 2006

	Note	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Properties, plant and equipment	14	12,312	30,995
Investment property	15	9,070	10,430
Long term investments	16	10,000	23,700
Interests in associates	18	59,717	50,689
Goodwill	19	–	21,767
		91,099	137,581
CURRENT ASSETS			
Inventories	20	54,872	89,964
Trade and other receivables	21	61,987	145,421
Prepayments and deposits		1,324	2,214
Current tax recoverable		–	3,362
Listed investments	22	15,247	19,568
Cash and bank balances	23	35,569	67,990
		168,999	328,519
CURRENT LIABILITIES			
Due to related parties	24	–	26
Trade and other payables	25	27,721	65,433
Interest bearing bank borrowings	26	53,880	67,152
Other loan payable	27	–	30,000
Deposits received		1,888	22,929
Current tax payable		270	1,951
		83,759	187,491
NET CURRENT ASSETS		85,240	141,028
TOTAL ASSETS LESS CURRENT LIABILITIES		176,339	278,609
NON-CURRENT LIABILITIES			
Interest bearing bank borrowings	26	1,385	3,124
Deferred tax liabilities	28	17	17
		1,402	3,141
		174,937	275,468

	Note	2006 HK$'000	2005 HK$'000
EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS			
Share capital	29	1,504	1,504
Reserves	30	137,383	199,880
		138,887	201,384
MINORITY INTERESTS		36,050	74,084
		174,937	275,468

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Attributable to equity holders of the Company										
	Share Capital HK$'000	Share Premium HK$'000	Contributed Surplus HK$'000	Exchange Fluctuation Reserve HK$'000	Enterprises Development Fund HK$'000	Reserve Fund HK$'000	Employee Compensation Reserve HK$'000	Retained Profits/ (Accumulated Losses) HK$'000	Total HK$'000	Minority Interests HK$'000	Total Equity HK$'000
1 January 2005	913	90,219	83,274	10,269	–	–	–	8,690	193,365	63,310	256,675
Loss for the year	–	–	–	–	–	–	–	(19,791)	(19,791)	13,383	(6,408)
Currency translation differences	–	–	–	428	–	–	–	–	428	748	1,176
Transfer	–	–	–	–	15	16	–	(31)	–	–	–
	–	–	–	428	15	16	–	(19,822)	(19,363)	14,131	(5,232)
Employee share options	–	–	–	–	–	–	1,015	–	1,015	–	1,015
Movement for the year	–	–	–	–	(101)	(134)	–	–	(235)	–	(235)
Issue of new shares	591	27,104	–	–	–	–	–	–	27,695	–	27,695
Share issue expenses	–	(1,093)	–	–	–	–	–	–	(1,093)	–	(1,093)
Issue of new shares to minority shareholders	–	–	–	–	–	–	–	–	–	637	637
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	(2,357)	(2,357)
Deemed disposal	–	–	–	–	–	–	–	–	–	(1,637)	(1,637)
31 December 2005 and 1 January 2006	1,504	116,230	83,274	10,697	(86)	(118)	1,015	(11,132)	201,384	74,084	275,468
Loss for the year	–	–	–	–	–	–	–	(30,656)	(30,656)	16,272	(14,384)
Currency translation differences	–	–	–	507	–	–	–	–	507	280	787
	–	–	–	507	–	–	–	(30,656)	(30,149)	16,552	(13,597)
Movement for the year	–	–	–	–	–	118	–	–	118	–	118
Release on disposal of subsidiaries	–	–	–	(1,972)	86	–	–	–	(1,886)	(54,586)	(56,472)
Share options lapsed	–	–	–	–	–	–	(492)	–	(492)	–	(492)
Dividend paid	–	–	–	–	–	–	–	(30,088)	(30,088)	–	(30,088)
31 December 2006	1,504	116,230	83,274	9,232	–	–	523	(71,876)	138,887	36,050	174,937

Consolidated Cash Flow Statement
For the year ended 31 December 2006

	Note	2006 HK$'000	2005 HK$'000
NET CASH USED IN OPERATIONS	31(a)	(10,319)	(27,594)
Taxes paid outside Hong Kong		(1,001)	(3,194)
Interest paid		(9,368)	(7,538)
NET CASH USED IN OPERATING ACTIVITIES		(20,688)	(38,326)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,296	1,082
Purchases of listed investments		–	(3,523)
Purchases of properties, plant and equipment		(2,008)	(10,039)
Loan to associate		(9,000)	–
Repayment of loan from an associate		–	3,821
Dividends paid to minority shareholders		–	(2,357)
Proceeds from disposals of:			
Properties, plant and equipment		66	3,168
Listed investments		3,892	–
Subsidiaries	31(b)	58,713	–
Increase in pledged time deposits and guarantee funds		(194)	(5,997)
Net cash generated from/(used in) investing activities		52,765	(13,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(30,088)	–
Proceeds from issue of new shares		–	27,695
Proceeds from subscriptions of share by minority shareholders		–	637
Share issue expenses		–	(1,093)
(Repayment of)/proceeds from other loan		(30,000)	15,000
(Repayment of)/proceeds from interest bearing bank borrowings		(4,108)	15,634
Net cash (used in)/generated from financing activities		(64,196)	57,873
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(32,119)	5,702
Cash and cash equivalents at beginning of year		38,314	32,325
Effect of exchange rate changes		778	287
Cash and cash equivalents at end of year		6,973	38,314
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	35,569	67,990
Pledged time deposits and guarantee funds		(22,479)	(22,285)
Bank overdrafts	26	(6,117)	(7,391)
		6,973	38,314

Balance Sheet
31 December 2006

	Note	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	17	126,147	220,095
CURRENT ASSETS			
Prepayments and deposits		218	218
Cash and bank balances		5,568	18
		5,786	236
CURRENT LIABILITIES			
Trade and other payables		375	300
NET CURRENT ASSETS / (LIABILITIES)		5,411	(64)
TOTAL ASSETS LESS CURRENT LIABILITIES		131,558	220,031
CAPITAL AND RESERVES			
Share capital	29	1,504	1,504
Reserves	30	130,054	218,527
		131,558	220,031

Notes to the Financial Statements

31 December 2006

1. CORPORATE INFORMATION

During the Year, the Group was engaged in the following activities:

- Manufacture and sale of electronic components and products
- Manufacture and sale of contact and contactless smart card readers and related products
- Design, manufacture, sale and marketing home furniture
- Trading of building materials and sundry products
- Property holding
- Investment holding

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment property which is stated at its fair value as explained in note 2(j).

The principal accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2006 are consistent with those adopted in the financial statements for the year ended 31 December 2005, except for the adoption of the new and revised HKFRSs as explained in note 2(d) below.

(c) Judgments and estimates

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 Directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. There are no critical accounting judgments in applying the Group's accounting policies.

(d) Adoption of new and revised Hong Kong Financial Reporting Standards

During the current year, the Group has adopted the new and revised HKFRSs which are effective for accounting periods commencing on or after 1 December 2005 or 1 January 2006. The new and revised HKFRSs which are relevant to the Group's operations are as follows:

		Effective for accounting period beginning on or after
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rate	1 January 2006
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1 January 2006
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards	1 January 2006
HKFRS-Int 4	Determining whether an Arrangement contains a Lease	1 January 2006
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 December 2005

The adoption of the above new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2006. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to fair values of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(f) Goodwill on consolidation

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interests in the associates.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the income statement.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Investments in subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less any identified impairment losses. Results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(h) Investments in associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognised for the year.

When the Group's share of losses exceeds its interest in an associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

(i) Property, plant and equipment and depreciation

Property, plant and equipment, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment.

The cost of an item of property, plant and equipment (an "Item") comprises its purchase price and any directly attributable costs of bringing the item to its working condition and location for its intended use. Expenditure incurred after the Item has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the Item, the expenditure is capitalised as an additional cost of the Item.

When, in the opinion of the Directors, the recoverable amounts of property, plant and equipment have declined below their carrying amounts, provisions are made to write down the carrying amounts of such assets to their recoverable amounts. Reductions of the carrying value are charged to the income statement, except to the extent that they reverse previous revaluation surpluses in respect of the same items, when they are charged to the revaluation reserve.

The gain or loss on disposal or retirement of an item recognised in the income statement is the difference between the sale proceeds and the carrying amount of the relevant Item. On disposal of a revalued Item, the relevant portion of the revaluation reserve realised in respect of the previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% – 5%
Leasehold improvements	18% – 20% or over the lease terms whichever is shorter
Plant and machinery	9% – 25%
Furniture and equipment	12.5% – 30%
Motor vehicles	18% – 33%

(j) Investment property

Investment property is land and/or buildings which is owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment property is stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment property is accounted for as described in note 2(r).

(k) Long term investments

Long term investments are investments in equity instruments with no reliable fair value measurement and are stated at cost less any impairment as determined by the Directors.

(l) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Inventories

Inventories are valued at the lower of cost, on the weighted average basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost includes direct materials, direct labour, sub-contracting charges and, where applicable, production overheads. Net realisable value is determined by reference to estimated selling prices less all further costs to be incurred in selling and distribution.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Listed investments

Listed investments are investments in equity securities and are classified as financial assets measured at fair value through profit and loss. They are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investments basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the income statement in the period in which they arise.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at cost less allowance for bad and doubtful debts, estimated by the Group management based on prior experience and the current economic environment.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

(r) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

– sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement associated with ownership, nor effective control over the goods sold;

– proceeds on disposals of investments, including interests in subsidiaries, associates, investments in listed and unlisted shares and disposals of investment properties and properties, plant and equipment, when all conditions for disposal have been met and the risks and rewards of ownership have been transferred to the buyer;

– rental income, on the straight-line basis over the lease terms;

– interest, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

– dividends, when the shareholders' right to receive payment is established.

(s) Segment reporting

For reporting purposes, segment assets include those operating assets that are employed by a segment and segment liabilities include those operating liabilities that result from the operating activities by a segment, excluding tax assets and liabilities. Capital expenditure comprises additions to properties, plant and equipment. Business segments have been used as the primary reporting format.

(t) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. All borrowing costs are charged to the income statement in the year in which they are incurred.

(u) Operating leases

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to income statement in the accounting period in which they are incurred.

(v) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Foreign currency translation

Items included in the financial statements of each of Group's entities are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The financial statements are presented in Hong Kong dollars, which reflects the economic substance of the underlying events and circumstances relevant to the Group.

Transactions in foreign currencies are translated into functional currency at the appropriate rates ruling on the dates of the individual transactions. Monetary assets and liabilities denominated in other currencies are translated at the approximate rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, monetary assets and liabilities of the subsidiaries are translated at the appropriate rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the approximate rates ruling on the dates of transactions. Income statement items are translated at the average rate of exchange during the year. All exchange differences arising on transaction are dealt with in the income statement.

(x) 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 net profit as reported in the 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

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

(y) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition, less advances from banks repayable within three months from the date of the advance. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(z) Related parties

A party is considered to be related to the Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence;

ii) the party is an associate;

iii) the party is a member of the key management personnel of the Group;

iv) the party is a close member of the family of any individual referred to in i) or iii);

v) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in iii) or iv); or

vi) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3. TURNOVER

Turnover represents the aggregate of the net invoiced value of goods and service sold and rental income, but excludes intra-group transactions.

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Sales of electronic components and products	194,667	162,077
Rental income	1,577	1,577
Trading of building materials and sundry products	2,169	3,096
	198,413	166,750

4. SEGMENT INFORMATION

An analysis of the Group's revenue, results, assets, liabilities and capital expenditure for the Year by business and geographical segments, as compared to the previous year, is as follows:

(a) Business segments

For the year ended 31 December 2006

	Continuing operations				Discontinued operations			
	Electronic Components and Products	Property Investments	Building Materials and Sundry Products	Sub-total	Smart Card Technology	Home Furniture	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	194,667	1,577	2,169	198,413	2,896	182,447	185,343	383,756
SEGMENT PROFIT/(LOSS)	10,106	(245)	(9,307)	554	(3,458)	29,122	25,664	26,218
Interest income				1,354	–	–	–	1,354
Other income				790	–	–	–	790
Profit on disposal of subsidiaries				4,131	–	–	–	4,131
Profit on disposal of listed investments				36	–	–	–	36
Revaluation deficit on listed investments				(466)	–	–	–	(466)
Impairment on long term investments				(17,700)	–	–	–	(17,700)
Unallocated administrative and other operating expenses				(19,025)	–	–	–	(19,025)
Finance costs				(8,705)	–	(663)	(663)	(9,368)
Share of results of associates				(30)	–	–	–	(30)
LOSS BEFORE TAXATION				(39,061)	(3,458)	28,459	25,001	(14,060)
TAXATION				(288)	–	(36)	(36)	(324)
(LOSS)/PROFIT FOR THE YEAR				(39,349)	(3,458)	28,423	24,965	(14,384)

For the year ended 31 December 2005

	Continuing operations				Discontinued operations			
	Electronic Components and Products	Property Investments	Building Materials and Sundry Products	Sub-total	Smart Card Technology	Home Furniture	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	162,077	1,577	3,096	166,750	2,865	223,658	226,523	393,273
SEGMENT PROFIT/(LOSS)	8,137	1,048	(42)	9,143	(6,055)	33,428	27,373	36,516
Interest income				1,083	–	111	111	1,194
Other income				2,287	–	–	–	2,287
Write back of share of loss of an associate				1,545	–	–	–	1,545
Negative goodwill				1,505	–	–	–	1,505
Revaluation deficit on listed investments				(8,206)	–	–	–	(8,206)
Impairment on investment property				(1,570)	–	–	–	(1,570)
Amortisation and impairment on goodwill of associates				(9,608)	–	–	–	(9,608)
Write off of amounts due from associates				(1,864)	–	–	–	(1,864)
Write off of rental deposits				(239)	–	–	–	(239)
Bad and doubtful debts				(698)	–	–	–	(698)
Unallocated administrative and other operating expenses				(18,372)	–	–	–	(18,372)
Finance costs				(6,058)	(30)	(1,450)	(1,480)	(7,538)
Share of results of associates				(391)	–	–	–	(391)
LOSS BEFORE TAXATION				(31,443)	(6,085)	32,089	26,004	(5,439)
TAXATION				(272)	–	(697)	(697)	(969)
(LOSS)/PROFIT FOR THE YEAR				(31,715)	(6,085)	31,392	25,307	(6,408)

	Continuing operations						Discontinued operations					
	Electronic Components and Products		Property Investments		Building Materials and Sundry Products		Smart Card Technology		Home Furniture		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS												
Segment assets	152,105	138,650	12,172	13,281	3,634	13,308	–	24,371	–	183,355	167,911	372,965
Unallocated assets											92,187	93,135
											260,098	466,100
LIABILITIES												
Segment liabilities	34,912	20,021	273	263	1,709	2,012	–	23,718	–	80,464	36,894	126,478
Unallocated liabilities											48,250	64,137
											85,144	190,615
CAPITAL EXPENDITURE												
Segment	1,886	6,681	–	–	–	–	–	6	–	2,970	1,886	9,657
Other											122	381
											2,008	10,038
DEPRECIATION AND AMORTISATION												
Segment	4,743	3,519	–	–	–	–	98	148	2,051	2,970	6,892	6,637
Other											231	279
											7,123	6,916
IMPAIRMENT LOSS												
Segment	–	–	1,360	1,570	9,485	–	–	–	–	–	10,845	1,570
Other											17,700	–
											28,545	1,570

(b) Geographical area

	Asia		Europe		United States of America		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE								
– Continuing operations	194,088	162,422	178	–	4,147	4,328	198,413	166,750
– Discontinued operations	185,343	194,975	–	21,078	–	10,470	185,343	226,523
	379,431	357,397	178	21,078	4,147	14,798	383,756	393,273
SEGMENT PROFIT/(LOSS)								
– Continuing operations	9,749	9,123	9	–	(9,204)	20	554	9,143
– Discontinued operations	25,664	22,658	–	3,150	–	1,565	25,664	27,373
	35,413	31,781	9	3,150	(9,204)	1,585	26,218	36,516
Interest income								
– Continuing operations							1,354	1,083
– Discontinued operations							–	111
Other income								
– Continuing operations							790	2,287
– Discontinued operations							–	–
Profit on disposal of subsidiaries							4,131	–
Profit on disposal of listed investments							36	–
Write back of share of loss of an associate							–	1,545
Negative goodwill							–	1,505
Revaluation deficit on listed investments							(466)	(8,206)
Impairment on investment property							–	(1,570)
Impairment on long term investments							(17,700)	–
Amortisation and impairment on goodwill of associates							–	(9,608)
Write off of amounts due from associates							–	(1,864)
Write off of rental deposits							–	(239)
Bad and doubtful debts							–	(698)
Unallocated administrative and other operating expenses							(19,025)	(18,372)
Finance costs								
– Continuing operations							(8,705)	(6,058)
– Discontinued operations							(663)	(1,480)
Share of results of associates							(30)	(391)
Taxation								
– Continuing operations							(288)	(272)
– Discontinued operations							(36)	(697)
LOSS FOR THE YEAR							(14,384)	(6,408)

The Group's assets and liabilities are principally located in Asia. Accordingly, segment assets, segment liabilities and other information by geographical area are not separately shown.

5. RELATED PARTY TRANSACTIONS

(i) In addition to the related party transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the Year:

		Group	
		2006	**2005**
	Notes	*HK$'000*	*HK$'000*
Consultancy fee paid by the Group to Princeton Venture Partners Limited	(a)	(3,950)	(150)
Interest income charged to Princeton Venture Partners Limited	(b)	58	288
Rental income received from Princeton Venture Partners Limited	(a)	–	315
Consultancy fee received from Bizipoint Company Limited	(a)	–	360
Interest income charged to Bizipoint Company Limited	(b)	–	75
Rental income received from Bizipoint Company Limited	(a)	–	30

Notes:

(a) The considerations were determined through negotiations between the respective parties.

(b) Interest income was calculated at prime rate + 2% per annum (2005: 5%).

(ii) Details of the Group's loan to its associate as at the balance sheet date are included in note 18 to the financial statements.

(iii) Remuneration for key management personnel, including amounts paid to the Company's Directors and highest paid employees as disclosed in note 8, is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Short-term employee benefits	8,547	7,971
Post-employment benefits	62	52
Equity compensation benefits	–	484
	8,609	8,507

6. LOSS FROM OPERATING ACTIVITIES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Arrived at after crediting:		
Gross rental income	1,577	1,577
Less: outgoings	(529)	(529)
Net rental income	1,048	1,048
Interest income	1,354	1,083
Profit on disposal of subsidiaries	4,131	–
Profit on disposal of listed investments	36	–
Write back of provisions	67	303
Negative goodwill	–	1,505
Exchange gains, net	69	175
and after charging:		
Impairment on goodwill of subsidiaries	9,485	–
Amortisation and impairment on goodwill of associates	–	9,608
Revaluation loss on listed investments	466	8,206
Auditors' remuneration	1,031	1,152
Bad and doubtful debts	241	698
Write off of amount due from associates	–	1,864
Cost of inventories sold	176,243	147,071
Depreciation on properties, plant and equipment	4,974	3,798
Impairment on investment property	1,360	1,570
Impairment on long term investments	17,700	–
Loss on disposal of properties, plant and equipment	225	481
Operating lease rentals for land and buildings	3,094	3,196
Staff costs:		
Wages and salaries (including Directors' emoluments)	24,124	23,110
Retirement fund contributions	260	299
Employee share options	–	1,015

7. FINANCE COSTS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Interest and similar charges on:		
Bank loans and overdrafts wholly repayable within five years	5,817	3,438
Other loan	2,888	2,620
	8,705	6,058

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (2005: ten) directors were as follows:

		Other emoluments			
	Fees	Salaries and other benefits	Contributions to retirement schemes	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Shaw Wen Fei	–	–	–	–	–
Sung Kai Hing, Simon	–	585	7	–	592
Au Hoi Tsun, Peter	663	1,417	12	–	2,092
Hui Tung Wah, Samuel	–	1,575	7	–	1,582
Sung Yan Wai, Petrus	–	1,690	12	–	1,702
Wong Che Keung, Richard	100	–	–	–	100
Tong Yee Yung, Joseph	100	–	–	–	100
Wong Kin Chi	180	–	–	–	180
Total for 2006	1,043	5,267	38	–	6,348

		Other emoluments			
	Fees	Salaries and other benefits	Contributions to retirement schemes	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Shaw Wen Fei	–	–	–	98	98
Lui Chun Bing, Tommy	1,100	1,708	7	98	2,913
Sung Kai Hing, Simon	–	190	5	98	293
Au Hoi Tsun, Peter	120	1,548	12	37	1,717
Hui Tung Wah, Samuel	–	1,005	6	98	1,109
Sung Yan Wai, Petrus	–	1,690	12	31	1,733
Chim Chun Kwan, Sandy	–	310	10	–	320
Wong Che Keung, Richard	100	–	–	8	108
Tong Yee Yung, Joseph	100	–	–	8	108
Wong Kin Chi	100	–	–	8	108
Total for 2005	1,520	6,451	52	484	8,507

Emoluments paid to Independent non-executive Directors during the Year were HK$380,000 (2005: HK$324,000).

There were no arrangements under which a Director waived or agreed to waived any emolument during the Year.

(b) Employees' emoluments

During the Year, the five highest paid individuals included three directors (2005: four directors), details of those emoluments are set out above. The emoluments of the remaining two (2005: one) highest paid individuals were as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Salaries and other benefits	2,237	991
Contributions to retirement schemes	24	12
Share-based payment	–	6
	2,261	1,009

The emoluments of the two (2005: one) individuals with the highest emoluments were within the following bands:

	2006	**2005**
	Number of employees	*Number of employees*
HK$500,001 to HK$1,000,000	1	–
HK$1,000,001 to HK$1,500,000	1	1

9. TAXATION

Provision for Hong Kong profits tax has been made at the current rate of taxation of 17.5% on the estimated assessable profit for the year (2005: 17.5%). Taxes on income earned outside Hong Kong have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing law, practice and interpretation thereof.

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Current year provision:		
Hong Kong	265	276
Outside Hong Kong	23	23
	288	299
Deferred tax – note 28	–	(27)
Taxation	288	272

Taxation is reconciled to the loss before taxation per consolidated income statement as follows:

	2006 *HK$'000*	2005 *HK$'000* (restated)
Loss before taxation	(39,061)	(31,443)
Tax at the domestic income tax rate of 17.5% (2005: 17.5%)	(6,835)	(5,502)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	2,784	2,865
Tax effect of expenses that are not deductible in determining taxable profit	12,855	623
Tax effect of temporary differences not recognised	12	(303)
Tax effect of tax depreciation not recognised	72	2,078
Tax effect of income that are not taxable in determining taxable profit	(11,321)	(995)
Tax effect of unused tax losses not recognised	2,726	1,506
Prior year overprovision	(5)	–
Taxation	288	272

10. DISCONTINUED OPERATIONS

On 26 May 2006, the Company announced the decision of its board of Directors to dispose of Windsor Treasure Group Holdings Limited ("WTG"). WTG engages in home furniture business and is a separate business segment. The disposal of WTG was completed in July 2006.

On 29 December 2006, the Company announced OHL, an indirect non-wholly owned subsidiary, disposed of VFJ Technology Holdings Limited ("VFJ"). VFJ engages in smart card technology business and is a separate business segment. The disposal of VFJ was completed on 29 December 2006.

The results of VFJ and WTG for the period/year are presented below:

	2006 *HK$'000*			2005 *HK$'000*		
	VFJ	WTG	Total	VFJ	WTG	Total
Turnover	2,896	182,447	185,343	2,865	223,658	226,523
Interest income	–	–	–	–	111	111
Other revenue	178	1,058	1,236	38	714	752
Expenses	(6,532)	(154,383)	(160,915)	(8,958)	(190,944)	(199,902)
Finance costs	–	(663)	(663)	(30)	(1,450)	(1,480)
(Loss)/profit before tax from discontinued operations	(3,458)	28,459	25,001	(6,085)	32,089	26,004
Taxation	–	(36)	(36)	–	(697)	(697)
(Loss)/profit for the period/year from discontinued operations	(3,458)	28,423	24,965	(6,085)	31,392	25,307

The net cash flows incurred by VFJ and WTG are as follows:

	2006 *HK$'000* VFJ	WTG	Total	2005 *HK$'000* VFJ	WTG	Total
Net cash (used in)/generated from operating activities	(3,021)	1,665	(1,356)	(4,349)	19,476	15,127
Net cash (used in)/generated from investing activities	(5)	32	27	(5)	(2,357)	(2,362)
Net cash generated from/ (used in) financing activities	3,112	–	3,112	4,410	(1,068)	3,342
Total net cash inflow from discontinued operations	86	1,697	1,783	56	16,051	16,107

11. NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders dealt with in the financial statements of the Company is HK$57,893,000 (2005: HK$1,963,000).

12. DIVIDEND

	2006 *HK$'000*	2005 *HK$'000*
Special interim – HK$0.2 (2005: Nil) per ordinary share	30,088	–

No final dividend was proposed for the Year (2005: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculations of basic loss per share are based on:

	2006 *HK$'000*	2005 *HK$'000* (restated)
Net (loss) / profit attributable to ordinary equity holders of the parent company		
– Continuing operations	(43,293)	(33,131)
– Discontinued operations	12,637	13,340
	(30,656)	(19,791)
Weighted average number of ordinary shares in issue during the year	150,439,152	140,691,370

No diluted loss per share is presented for the years ended 31 December 2006 and 2005 as the exercise of share options outstanding would be anti-dilutive.

14. PROPERTIES, PLANT AND EQUIPMENT

Group

	Land and buildings situated overseas	Leasehold improvements	Plant and machinery	Furniture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
1 January 2005	4,255	8,530	39,290	9,830	4,036	65,941
Exchange difference	82	35	406	26	54	603
Additions	–	4,391	5,074	573	–	10,038
Disposals	(4,337)	(452)	(153)	(227)	(340)	(5,509)
31 December 2005 and 1 January 2006	–	12,504	44,617	10,202	3,750	71,073
Exchange difference	–	73	359	60	90	582
Additions	–	866	747	160	235	2,008
Disposals	–	(234)	–	(336)	(66)	(636)
Disposal of subsidiaries	–	(2,027)	(24,077)	(2,087)	(2,740)	(30,931)
31 December 2006	–	11,182	21,646	7,999	1,269	42,096
Accumulated depreciation						
1 January 2005	33	1,972	21,562	7,983	2,314	33,864
Exchange difference	1	2	184	11	24	222
Additions	200	1,896	3,693	612	515	6,916
Disposals	(234)	(135)	(153)	(62)	(340)	(924)
31 December 2005 and 1 January 2006	–	3,735	25,286	8,544	2,513	40,078
Exchange difference	–	24	467	37	54	582
Additions	–	2,235	4,321	419	148	7,123
Disposals	–	(118)	–	(205)	(4)	(327)
Disposal of subsidiaries	–	(628)	(14,158)	(1,378)	(1,508)	(17,672)
31 December 2006	–	5,248	15,916	7,417	1,203	29,784
Net book value						
31 December 2006	–	5,934	5,730	582	66	12,312
31 December 2005	–	8,769	19,331	1,658	1,237	30,995

15. INVESTMENT PROPERTY

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
1 January, at valuation	10,430	12,000
Impairment	(1,360)	(1,570)
31 December, at valuation	9,070	10,430
Analysed by lease term and geographical location:		
Medium term leasehold properties situated outside Hong Kong	9,070	10,430

The investment property was revalued by reference to appraisals made by Dudley Surveyors Limited, chartered surveyors, on an open market value basis based on its existing use on 31 December 2006.

Details of the investment property of the Group as at 31 December 2006 are as follows:

Location	**Lease**	**Term Use**
No. 15, Lane 2, Bao An County, Gong Yuan Road East, Shenzhen, PRC	Medium term lease	Industrial

16. LONG TERM INVESTMENTS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	10,000	23,700

In the opinion of the Directors, the underlying values of the long term investments were not less than their carrying values at the balance sheet date.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1	1
Due from subsidiaries	451,898	467,846
Due to subsidiaries	(1)	(1)
	451,898	467,846
Less: provision	(325,751)	(247,751)
	126,147	220,095

The amounts due from/to subsidiaries are unsecured, interest-free and there are no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Total issued ordinary/ registered and paid-up capital	Equity interest owned by the Group 2006	2005	Principal activities
Directly held:					
Hai Yang Investment Limited	British Virgin Islands	US$1	100%	100%	Investment holding
Team Talent Limited	British Virgin Islands	US$1	100%	100%	Investment holding
Indirectly held:					
Asia eMarket Limited	British Virgin Islands	US$152	A-share 96.2%	A-share 96.2%	Investment holding
Barnet Consultancy Limited	British Virgin Islands	US$1	100%	100%	Provision of corporate services
Best Start Services Limited	British Virgin Islands	US$1	96.2%	96.2%	Investment holding
Crown Tech Holdings Limited	British Virgin Islands	US$1	100%	100%	Investment holding
Up Crown International Limited	British Virgin Islands	US$1	96.2%	96.2%	Investment holding
Vandyke Limited	British Virgin Islands/ The People's Republic of China ("PRC")	US$1,000	100%	100%	Property holding
Omnitech Holdings Limited	Bermuda	AUD49,489,391	77.04%	77.04%	Investment holding

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the Year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

In the opinion of the Directors, the underlying values of interests in subsidiaries were not less than their carrying values at the balance sheet date.

18. INTERESTS IN ASSOCIATES

	Group 2006	Group 2005
	HK$'000	*HK$'000*
Share of net assets	50,659	50,689
Net book value of goodwill – see below	–	–
	50,659	50,689
Loan to associate	9,000	–
Interest receivable on loan to associate	58	–
	59,717	50,689

The loan to associate as at 31 December 2006 is unsecured, bearing interest at the rate of 2% per annum over prime rate and there are fixed terms of repayment.

Movements in goodwill:

	HK$'000
Cost	
1 January 2005	220,000
Elimination of accumulated amortisation upon the application of HKFRS 3	(210,392)
Impairment	(9,608)
31 December 2005 and 31 December 2006	–
Accumulated amortisation	
1 January 2005	210,392
Elimination of accumulated amortisation upon the application of HKFRS 3	(210,392)
31 December 2005 and 31 December 2006	–
Net book value	
31 December 2006	–
31 December 2005	–

Particulars of the Group's principal associates are as follows:

Name of associate	Class of shares held	Place of incorporation/ registration and operation	Equity interest owned by the Group 2006	2005	Principal activities
PVP Limited	Ordinary	British Virgin Islands	A-share 37.2% B-share 37.2%	A-share 37.2% B-share 37.2%	Investment holding
Princeton Venture Partners Limited	Ordinary	British Virgin Islands	37.2%	37.2%	Investment holding and consultancy

The above table lists the principal associates of the Group which, in the opinion of the Directors, principally affected the results of the Year, or formed a substantial portion of the net assets of the Group.

Information relating to PVP Limited and its subsidiaries ("PVP Group") as required by HKAS 28 "Accounting for investments in associates" is as follows:

PVP Group

	2006	**2005**
	HK$'000	*HK$'000*
Turnover	4,334	1,006
Loss for the year	(80)	(1,238)
Non-current assets	206,033	111,850
Current assets	9,703	25,021
Current liabilities	(9,084)	(625)
Non-current liabilities	–	–

19. GOODWILL

	Group
	HK$'000
Cost	
1 January 2005	23,225
Elimination of accumulated amortisation upon the application of HKFRS 3	(1,458)
31 December 2005	21,767
Release on disposal of subsidiaries	(12,282)
Impairment	(9,485)
31 December 2006	–
Accumulated amortisation	
1 January 2005	1,458
Elimination of accumulated amortisation upon the application of HKFRS 3	(1,458)
31 December 2005 and 31 December 2006	–
Net book value	
31 December 2006	–
31 December 2005	21,767

20. INVENTORIES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Raw materials	50,797	51,143
Work in progress	–	11,443
Finished goods	4,075	27,378
	54,872	89,964

There is HK$Nil inventory stated at net realisable value (2005: HK$815,000), included in the above.

21. TRADE AND OTHER RECEIVABLES

The aging analysis of trade and other receivables (net of provision for doubtful debts) is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Current	43,981	69,241
One to three months	15,529	21,241
More than three months	2,477	54,939
	61,987	145,421

The Group allows an average credit period of 30 to 45 days to its trade customers.

Trade and other receivables comprise the following:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Hong Kong dollars	60,594	92,819
United States dollars	1,393	7,005
Chinese Renminbi	–	45,597
	61,987	145,421

22. LISTED INVESTMENTS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Listed equity investments, at market value:		
Hong Kong	975	2,637
Overseas	14,272	16,931
	15,247	19,568

23. CASH AND BANK BALANCES

Cash and bank balances represent cash on hand and at banks and include time deposits and guarantee funds of HK$22,479,000 (2005: HK$22,285,000) pledged as security for general banking facilities provided to certain subsidiaries.

Cash and bank balances comprise the following:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Hong Kong dollars	35,076	34,868
United States dollars	135	24,571
Chinese Renminbi	76	7,444
Australian dollars	281	1,057
Euros	1	50
	35,569	67,990

24. DUE TO RELATED PARTIES

The amounts due to related parties are unsecured, interest-free and there are no fixed terms of repayment.

25. TRADE AND OTHER PAYABLES

The aging analysis of trade and other payables is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Current	11,671	34,474
One to three months	7,400	11,666
More than three months	8,650	19,293
	27,721	65,433

Trade and other payables comprise the following:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Hong Kong dollars	24,077	23,137
Australian dollars	1,709	133
Chinese Renminbi	1,935	42,163
	27,721	65,433

26. INTEREST BEARING BANK BORROWINGS

The terms of the interest bearing bank borrowings are as follows:

	Group 2006 HK$'000	Group 2005 HK$'000
Repayable on demand or within one year		
Bank overdrafts – secured	6,117	7,391
Bank loan – secured	47,763	50,146
– unsecured	–	9,615
	53,880	67,152
Repayable in the second year		
Bank loans – secured	1,284	1,289
Repayable in the third to fifth years, inclusive		
Bank loans – secured	101	1,835
	1,385	3,124
	55,265	70,276

The above secured bank borrowings are secured by:

(a) charges over time deposits and guarantee funds of approximately HK$22,479,000 (2005: HK$22,285,000);

(b) against guarantees issued by certain subsidiaries and a Director of these subsidiaries.

27. OTHER LOAN PAYABLE

The other loan was secured by a fixed charge against the Group's equity holding in a subsidiary, a floating charge against the Company's entire assets and a corporate guarantee issued by the Company. It was interest bearing at 1.25% per month and was fully repaid in 2006.

28. DEFERRED TAX LIABILITIES

	Group 2006 HK$'000	Group 2005 HK$'000
1 January	17	44
Release to profit and loss account – note 9	–	(27)
31 December	17	17

The principal components of the Group's deferred tax liabilities provided for/(deferred tax assets recognised), and the amounts not provided/(not recognised) are as follows:

	Group			
	Provided		Not provided	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accelerated capital allowances	17	17	12	(16)
Tax losses	–	–	(10,184)	(36,759)
	17	17	(10,172)	(36,775)

No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams.

29. SHARE CAPITAL

Share

	Number of ordinary shares of HK$0.01	Amount *HK$'000*
Authorised:		
1 January 2006 and 31 December 2006	15,000,000,000	150,000
Issued and fully paid:		
1 January 2006 and 31 December 2006	150,439,152	1,504

Share options

At the Special General Meeting held on 22 March 2002, a new share option scheme in compliance with the new listing requirements was approved for adoption by the Company. Please refer to the Report of the Directors for details.

At the balance sheet date, there were 4,274,000 share options outstanding under the share option scheme adopted by the Company on 22 March 2002.

The number and weighted average exercise prices of share options are as follows:

	2006		2005	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	HK$0.84	10,814,000	HK$0.95	2,720,000
Adjustment during the year for open offer	–	–	HK$0.95	544,000
Granted during the year	–	–	HK$0.80	8,510,000
Lapsed during the year	HK$0.83	(6,540,000)	HK$0.88	(960,000)
Outstanding at the end of the year	HK$0.85	4,274,000	HK$0.84	10,814,000
Exercisable at the end of the year	HK$0.85	4,274,000	HK$0.84	10,814,000

The options outstanding at 31 December 2006 had an exercise price of HK$0.95 or HK$0.80 (2005: HK$0.95 or HK$0.80) and a weighted average remaining contractual life of 2.85 years (2005: 3.96 years).

Valuation of share options

The fair value of the options granted on 14 June 2005 was calculated using the Black-Scholes Option Pricing Model. The inputs into the model were as follows:

Weighted average share price at the date of grant	HK$0.77
Exercise price	HK$0.80
Risk free rate	3.22%
Expected life	3 years
Expected volatility	41.53%
Expected dividend yield	–

Expected volatility refers to the historical volatility of share prices of the Company over the 260 trading days of the year immediately before the grant date.

The Group recognised the total expense of HK$1,015,000 for the year ended 31 December 2005 in relation to share options granted by the Company.

The Black-Scholes option pricing model was developed to estimate the fair value of the share options. The value of an option varies with different variables of certain subjective assumptions. Any changes in variables and assumptions so adopted may materially affect the estimation of the fair value of an option.

Options which are cancelled prior to their exercise date are deleted from the register of outstanding options.

30. RESERVES

Group

	Share Premium HK$'000	Contributed Surplus HK$'000	Exchange Fluctuation Reserve HK$'000	Enterprises Development Fund HK$'000	Reserve Fund HK$'000	Employee Compensation Reserve HK$'000	Retained Profits/ (Accumulated Losses) HK$'000	Total HK$'000
1 January 2005	90,219	83,274	10,269	–	–	–	8,690	192,452
Loss for the year	–	–	–	–	–	–	(19,791)	(19,791)
Currency translation differences	–	–	428	–	–	–	–	428
Transfer	–	–	–	15	16	–	(31)	–
Employee share options	–	–	–	–	–	1,015	–	1,015
Movement for the year	–	–	–	(101)	(134)	–	–	(235)
Issue of new shares	27,104	–	–	–	–	–	–	27,104
Share issue expenses	(1,093)	–	–	–	–	–	–	(1,093)
31 December 2005 and 1 January 2006	116,230	83,274	10,697	(86)	(118)	1,015	(11,132)	199,880
Loss for the year	–	–	–	–	–	–	(30,656)	(30,656)
Currency translation differences	–	–	507	–	–	–	–	507
Movement for the year	–	–	–	–	118	–	–	118
Release on disposal of subsidiaries	–	–	(1,972)	86	–	–	–	(1,886)
Share options lapsed	–	–	–	–	–	(492)	–	(492)
Dividend paid	–	–	–	–	–	–	(30,088)	(30,088)
31 December 2006	116,230	83,274	9,232	–	–	523	(71,876)	137,383

Included in the Group's accumulated losses at 31 December 2006 were accumulated losses of HK$8,281,000 (2005: HK$8,251,000) relating to associates.

Company

	Share Premium HK$'000	Contributed Surplus HK$'000	Employee Compensation Reserve HK$'000	Accumulated Losses HK$'000	Total HK$'000
1 January 2005	90,219	125,376	–	(22,131)	193,464
Loss for the year	–	–	–	(1,963)	(1,963)
Employee share options	–	–	1,015	–	1,015
Issue of new shares	27,104	–	–	–	27,104
Share issue expenses	(1,093)	–	–	–	(1,093)
31 December 2005 and 1 January 2006	116,230	125,376	1,015	(24,094)	218,527
Loss for the year	–	–	–	(57,893)	(57,893)
Share options lapsed	–	–	(492)	–	(492)
Dividend paid	–	–	–	(30,088)	(30,088)
31 December 2006	116,230	125,376	523	(112,075)	130,054

The Company's contributed surplus, which arose from the Group reorganisation on 2 July 1991, represents the difference between the nominal value of the Company's shares issued under the reorganisation scheme, in exchange for the shares in the subsidiaries and the fair value of the consolidated net asset value of the acquired subsidiaries, reduced by distributions to shareholders.

Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus is distributable to shareholders. The Companies Act of Bermuda also stipulates that a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued capital and share premium account.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of (loss)/profit before taxation to net cash used in operations

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
(Loss)/profit before taxation		
– Continuing operations	(39,061)	(31,443)
– Discontinued operations	25,001	26,004
Adjustments for:		
Profit on disposal of subsidiaries	(4,131)	–
Interest income	(1,354)	(1,194)
Interest expenses	9,368	7,539
Write back of provisions	(67)	(339)
Depreciation on properties, plant and equipment	7,123	6,916
Bad and doubtful debts	297	3,367
Write off of amount due from associates	–	1,864
Write off of rental deposit	–	239
Revaluation deficit on listed investments	466	8,206
Amortisation and impairment on goodwill of associates	–	9,608
Impairment on goodwill of subsidiaries	9,485	–
Impairment on investment property	1,360	1,570
Impairment on long term investments	17,700	–
Loss on disposal of properties, plant and equipment	243	1,415
(Profit)/loss on disposal of listed investments	(36)	14
(Write back on lapse of options)/Employee share options	(492)	1,015
Negative goodwill	–	(1,505)
Write back of share of loss of an associate	–	(1,545)
Share of results of associates	30	391
Operating profit before working capital changes	25,932	32,122
Decrease/(increase) in inventories	6,093	(12,700)
Increase in trade and other receivables	(46,534)	(48,943)
(Increase)/decrease in prepayments and deposits	(1,559)	3,842
Increase/(decrease) in trade and other payables	26,798	(9,775)
Decrease in amounts due to related parties	(8)	(4,159)
(Decrease)/increase in deposits received	(21,041)	12,019
Net cash used in operations	(10,319)	(27,594)

(b) Disposal of subsidiaries

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Net assets disposed of:		
Properties, plant and equipment	13,259	–
Inventories	29,000	–
Deposits and prepayments	2,448	–
Trade and other receivables	94,820	–
Tax recoverable	2,574	–
Cash and bank balances	37,297	–
Trade and other payables	(64,444)	–
Due to related parties	(18)	–
Tax payables	(216)	–
Short term loans	(9,615)	–
Shareholders' loan	(29,028)	–
Minority interests	(54,274)	–
	21,803	–
Goodwill on consolidation released	12,282	–
	34,085	–
Loan to subsidiaries	59,992	–
	94,077	–
Represented by:		
Cash received	96,010	–
Profit on disposal	(4,131)	–
Exchange fluctuation reserve released	1,972	–
Enterprises development fund released	(86)	–
Minority interests	312	–
	94,077	–

Analysis of net inflow of cash and cash equivalents in respect of the disposed subsidiaries:

	2006	**2005**
	HK$'000	*HK$'000*
Cash received	96,010	–
Cash and bank balances of disposed subsidiaries	(37,297)	–
	58,713	–

32. CONTINGENT LIABILITIES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Corporate guarantees given to banks and others	75,000	86,800	–	31,100

33. COMMITMENTS

	Group 2006 HK$'000	Group 2005 HK$'000
Capital commitments		
– contracted for	–	–
– authorised but not contracted for	–	–
	–	–
Total minimum commitments under non-cancellable operating leases for land and buildings due:		
As lessee		
Within one year	2,301	9,866
In the second to fifth years, inclusive	4,019	21,599
After five years	–	29,415
	6,320	60,880
As lessor		
Within one year	1,577	1,577
In the second to fifth years, inclusive	1,972	3,549
	3,549	5,126

The Company has no capital or operating lease commitments.

34. FINANCIAL INSTRUMENTS

a) Financial risk management

The Group is exposed to a variety of risks including foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk arising in the normal course of the Group's business activities.

The Group does not have any written risk management policies and guidelines. The directors monitor the financial risk management of the Group and take such measures as considered necessary from time to time to minimise such financial risks.

i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Australian dollars and Chinese Renminbi. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting the sales and purchases transactions in the same currency, whenever possible.

ii) Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations within the normal terms of transactions. The Group performs ongoing credit evaluation of the debtors' financial condition and maintains an account for allowance for doubtful trade and other accounts receivable based upon the expected collectibles of all trade and other accounts receivable.

At the balance sheet date, there were no major concentrations of credit risk.

The maximum exposure to credit risk is therefore represented by the carrying amount of each financial asset as stated in the balance sheet.

Cash is held with financial institutions of good standing.

iii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Prudent liquidity risk management implies maintaining sufficient cash. The Group monitors and maintains a level of bank balances deemed adequate to finance the Group's operations.

iv) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

b) Estimation of fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash at bank, trade and other payables) are assumed to approximate their fair values.

The fair value of non-trade balances due from/to group and related companies has not been determined as the timing of the expected cash flows of these balances cannot be reasonably determined because of the relationship.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2006

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures *
HKFRS 7	Financial Instruments: Disclosures *
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies #
HK(IFRIC)-INT 8	Scope of HKFRS 2 ø
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives @

* Effective for annual periods beginning on or after 1 January 2007
\# Effective for annual periods beginning on or after 1 March 2006
ø Effective for annual periods beginning on or after 1 May 2006
@ Effective for annual periods beginning on or after 1 June 2006

The Group has commenced assessing the potential impact of those new HKFRSs but is not yet in a position to determine whether they would have a significant impact on how its results of operations and financial position are presented.

36. COMPARATIVE FIGURES

The comparative figures in the Segment Information have been reclassified to conform to the current year's presentation. In the opinion of the Directors, the change in presentation better presents the financial characteristics of the Group.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2007.

3. INDEBTEDNESS

Borrowings

As at the close of business on 31 July 2007, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had outstanding secured bank borrowings of approximately HK$37,965,000, which comprise bank overdrafts of approximately HK$3,204,000, bank loans of approximately HK$2,222,000 and import loans of approximately HK$32,539,000. The Enlarged Group also had a secured loan of HK$2,000,000 from an authorised financial institution.

Debt securities

As at the close of business on 31 July 2007, the Enlarged Group did not have any debt securities issued outstanding, or authorised or otherwise created but unissued.

Mortgages, charges and security

As at the close of business on 31 July 2007, the Enlarged Group's time deposits and guarantee funds totalling approximately HK$13,720,000 were pledged to banks to secure the bank borrowings granted by the banks to the Enlarged Group. The Enlarged Group also had a mortgage over the entire issued share capital of a subsidiary to secure the loans granted by an authorised financial institution to the Enlarged Group.

Other commitments

As at the close of business on 31 July 2007, the Enlarged Group had outstanding minimum commitments under non-cancellable operating leases in respect of land and buildings which fall due within one year, in the second to fifth years inclusive, and over five years of approximately HK$3,738,000, HK$7,631,000 and HK$3,229,000, respectively.

The Enlarged Group also had capital commitments which were contracted but not accounted for in the financial statements of HK$5,788,000.

Contingent liabilities

As at the close of business on 31 July 2007, the Enlarged Group had contingent liabilities in respect of corporate guarantees of up to HK$57,700,000 given to banks by an indirect subsidiary of the Company.

Disclaimer

Save as disclosed above, and apart from intra-group liabilities, the Enlarged Group did not, as at the close of business on 31 July 2007, have any outstanding mortgages, charges or debentures, loan capital issued or agreed to be issued, bank overdrafts and loans, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits or any hire purchase commitments, finance lease commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there had not been any material change in the Group's indebtedness subsequent to 31 July 2007.

4. WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseen circumstances, following the investment in the Greenheart Group and after taking into account the financial resources available to the Enlarged Group including internally generated cash flows and other credit facilities available, the Enlarged Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

The following is the text of an accountants' report on the Greenheart Group, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Moore Stephens, Certified Public Accountants, Hong Kong.

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馬施雲
會計師事務所

3 October 2007

The Directors
Omnicorp Limited
Units 1505-07, Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We set out below our report on the consolidated financial information ("Financial Information") relating to Greenheart Resources Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the three years ended 31 December 2004, 2005 and 2006 and the seven months ended 31 July 2007 (the "Relevant Periods") for inclusion in the circular of Omnicorp Limited ("Omnicorp") dated 3 October 2007 (the "Circular") in connection with the proposed acquisition of 60% of the issued share capital of the Company by Omnicorp.

The Company was incorporated as an International Business Company under the International Business Companies Act of the Territory of the British Virgin Islands on 8 October 2004. It has not carried on any business since its incorporation until 10 March 2006 when it acquired 100% equity interests in Superb Able Industrial Limited, the then wholly-owned subsidiary of the Company, and became the holding company of the Group. The Group is a natural forest concession owner and operator in Suriname, South America and currently holds a forest concession for the exploitation of timber on a parcel of land in Suriname of approximately 126,825 hectares. The Group has also contracted with certain independent third party concession holders/owners and was granted cutting rights in respect of certain parcels of land in Suriname with a total area of approximately 51,140 hectares. The Group's principal business activities include (i) log harvesting, (ii) lumber processing and (iii) marketing and sales of logs and lumber products.

As at 31 July 2007, the Company had the following subsidiaries:

Name of company	Place and date of incorporation/ registration	Issued and fully paid-up capital	Equity interest attributable to the Company	Principal activities
Prime Forest Holdings Limited (formerly, Superb Resources Holdings Limited)	British Virgin Islands ("BVI") 10 August 2001	US$1	100%	Investment holding
Octagon International N.V.	Suriname 16 December 2004	US$73	100%*	Timber harvesting
Superb Manufacturing Company Limited	BVI 22 June 2006	US$1	100%*	Investment holding
Greenheart Manufacturing Company Limited	BVI 22 June 2006	US$1	100%*	Dormant
Superb Able Industrial Limited	BVI 2 July 2002	US$1	100%*	Sales of logs
Greenheart Resources (Hong Kong) Limited	Hong Kong 1 August 2006	HK$1	100%*	Provision of administrative and management services
Topwood Holdings Limited	BVI 5 July 2005	US$1	100%*	Trading of equipment
Epro N.V.	Suriname 11 October 2004	US$18	100%*	Timber concession holding
Beach Paradise N.V.	Suriname 16 December 2004	US$364	100%*	Manufacturing of sawn timber

* indirectly held through Prime Forest Holdings Limited

No audited financial statements have been prepared for the Company and its subsidiaries since their respective dates of incorporation.

For the purpose of this report, we have undertaken an independent audit of the financial statements of the respective companies in the Group for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Group and financial statements of the Company (the "Underlying Financial Statements") for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. We have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" promulgated by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements, on the basis set out in note 1 of Section VI below.

The Underlying Financial Statements are the responsibility of the directors of the Company who approve their issue. It is also the responsibility of the directors of Company to compile the Financial Information set out in this report from the Underlying Financial Statements. The directors of Omnicorp are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion on the Financial Information, based on our examination, and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of presentation set out in note 1 of Section VI below, a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004, 2005 and 2006 and 31 July 2007 and of the Group's results and cash flows for the years ended 31 December 2004, 2005 and 2006 and the seven months ended 31 July 2007.

The comparative consolidated financial information of the Group for the seven months ended 31 July 2006 have been extracted from the Group's consolidated financial statements for the same period, which were prepared by the directors of the Company solely for the purpose of this report. We have conducted a review of the consolidated financial information for the seven months ended 31 July 2006 in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. As required by the Standard, we have planned and performed the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and, accordingly, we do not express an audit opinion. On the basis of our review which does not constitute an audit, nothing has come to our attention that causes us to believe that the consolidated financial information for the seven months ended 31 July 2006 is not prepared, in all material respects, in accordance with Hong Kong Financial Reporting Standards.

FINANCIAL INFORMATION

I. CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31.12.2004 US$'000	Year ended 31.12.2005 US$'000	Year Ended 31.12.2006 US$'000	1.1.2006 to 31.7.2006 US$'000 (unaudited)	1.1.2007 to 31.7.2007 US$'000
Turnover	4	–	–	1,091	420	1,662
Cost of sales		–	–	(423)	(250)	(493)
Gross profit		–	–	668	170	1,169
Other revenue	4	–	4	15	8	11
Selling expenses		(73)	(44)	(798)	(92)	(137)
Administrative and operating expenses		(507)	(2,580)	(4,088)	(1,911)	(2,498)
Loss from operating activities		(580)	(2,620)	(4,203)	(1,825)	(1,455)
Finance costs	8	(2)	(205)	(142)	(131)	(98)
Loss before taxation		(582)	(2,825)	(4,345)	(1,956)	(1,553)
Taxation	9	–	–	–	–	–
Loss for the year/period		(582)	(2,825)	(4,345)	(1,956)	(1,553)

II. CONSOLIDATED BALANCE SHEETS

	Note	31.12.2004 US$'000	31.12.2005 US$'000	31.12.2006 US$'000	31.7.2006 US$'000 (unaudited)	31.7.2007 US$'000
Assets						
Non-current assets						
Property, plant and equipment	10	24	1,039	1,699	1,616	1,597
Timber concession and cutting rights	11	–	1,209	1,201	1,206	1,197
		24	2,248	2,900	2,822	2,794
Current assets						
Due from a related company	13	330	–	–	–	–
Due from shareholders	13	–	–	–	–	259
Due from directors	13	–	–	–	8	15
Inventories	14	–	47	986	280	941
Trade and other receivables	15	5	56	282	576	339
Cash and bank balances	16	1,511	944	208	1,827	11,254
		1,846	1,047	1,476	2,691	12,808
Total assets		1,870	3,295	4,376	5,513	15,602
Equity and liabilities						
Capital and reserves						
Share capital	17	1	1	10,128	10,128	20,693
Accumulated losses		(608)	(3,433)	(7,778)	(5,389)	(9,331)
Total equity		(607)	(3,432)	2,350	4,739	11,362
Non-current liabilities						
Other payables	18	–	331	110	220	–
Current liabilities						
Loan from a related company	19	–	–	469	–	–
Loan from a shareholder	20	–	–	645	–	–
Loans from directors	21	1,485	4,982	–	–	–
Loans payable	22	950	731	–	–	–
Due to a related company	13	–	48	42	84	53
Due to directors	13	13	10	118	43	4
Receipts in advance		–	–	–	–	3,011
Trade and other payables	18	29	613	480	415	508
Other taxes payable		–	12	162	12	664
		2,477	6,396	1,916	554	4,240
Total liabilities		2,477	6,727	2,026	774	4,240
Total equity and liabilities		1,870	3,295	4,376	5,513	15,602

III. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Accumulated losses	Total
	US$'000	*US$'000*	*US$'000*
1 January 2004	1	(26)	(25)
Loss for the year	–	(582)	(582)
31 December 2004	1	(608)	(607)
Loss for the year	–	(2,825)	(2,825)
31 December 2005	1	(3,433)	(3,432)
Issue of additional shares	10,127	–	10,127
Loss for the period	–	(1,956)	(1,956)
31 July 2006 *(unaudited)*	10,128	(5,389)	4,739
Loss for the period	–	(2,389)	(2,389)
31 December 2006	10,128	(7,778)	2,350
Issue of additional shares	10,565	–	10,565
Loss for the period	–	(1,553)	(1,553)
31 July 2007	20,693	(9,332)	11,362

IV. CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended 31.12.2004 US$'000	Year ended 31.12.2005 US$'000	Year ended 31.12.2006 US$'000	1.1.2006 to 31.7.2006 US$'000 (unaudited)	1.1.2007 to 31.7.2007 US$'000
Cash flows from operating activities						
Loss before taxation		(582)	(2,825)	(4,345)	(1,956)	(1,553)
Adjustments for:						
Interest expenses		2	205	142	131	98
Interest income		–	(4)	(15)	(8)	(3)
Bad and doubtful debts		–	–	495	–	–
Amortisation		–	1	8	3	4
Depreciation		2	97	166	83	122
Loss on disposal of property, plant and equipment		–	242	11	11	–
Operating loss before changes in working capital		(578)	(2,284)	(3,538)	(1,736)	(1,332)
Decrease/(increase) in amount due from a related company		(330)	330	–	–	–
Increase in amounts due from shareholders		–	–	–	–	(259)
Increase in amounts due from directors		–	–	–	(8)	(15)
Decrease/(increase) in inventories		–	(47)	(939)	(233)	45
Increase in trade and other receivables		(1)	(51)	(721)	(520)	(57)
(Decrease)/increase in amount due to a related company		–	48	(6)	36	11
Increase/(decrease) in amounts due to directors		13	(3)	108	33	(114)
Increase in receipts in advance		–	–	–	–	3,011
Increase/(decrease) in trade and other payables		19	49	172	117	18
Increase in other taxes payable		–	12	150	–	502
Cash generated from operations		(877)	(1,946)	(4,774)	(2,311)	1,810
Interest paid		(2)	(205)	(142)	(131)	(98)

	Note	Year ended 31.12.2004 US$'000	Year ended 31.12.2005 US$'000	Year ended 31.12.2006 US$'000	1.1.2006 to 31.7.2006 US$'000 (unaudited)	1.1.2007 to 31.7.2007 US$'000
Net cash generated from operating activities		(879)	(2,151)	(4,916)	(2,442)	1,712
Cash flows from investing activities						
Interest received		–	4	15	8	3
Payments to acquire a subsidiary	24	–	(678)	(192)	(92)	(100)
Payments to acquire property, plant and equipment		(21)	(1,354)	(837)	(671)	(20)
Net cash used in investing activities		(21)	(2,028)	(1,014)	(755)	(117)
Cash flows from financing activities						
Proceeds from borrowings		2,411	3,651	2,065	951	–
Repayment of borrowings		–	(39)	(294)	(294)	(714)
Proceeds from issuance of shares		–	–	3,423	3,423	10,165
Net cash generated from financing activities		2,411	3,612	5,194	4,080	9,451
(Decrease)/increase in cash and cash equivalents		1,511	(567)	(736)	883	11,046
Cash and cash equivalents at beginning of year/period		–	1,511	944	944	208
Cash and cash equivalents at end of year/period		1,511	944	208	1,827	11,254
Analysis of cash and cash equivalents						
Bank balances		1,511	944	208	1,827	11,254

V. COMPANY BALANCE SHEETS

	Note	31.12.2004 US$'000	31.12.2005 US$'000	31.12.2006 US$'000	31.7.2006 US$'000 (unaudited)	31.7.2007 US$'000
Assets						
Non-current assets						
Investment in a subsidiary	12	–	–	1	1	–
Current assets						
Due from a subsidiary		–	–	9,761	10,073	19,384
Due from shareholders		–	–	–	–	257
		–	–	9,761	10,073	19,641
Total assets		–	–	9,762	10,074	19,641
Equity and liabilities						
Capital and reserves						
Share capital	17	1	1	10,128	10,128	20,693
Accumulated losses		(1)	(4)	(366)	(54)	(1,052)
Total equity		–	(3)	9,762	10,074	19,641
Current liabilities						
Due to a related company		–	3	–	–	–
Total liabilities		–	3	–	–	–
Total equity and liabilities		–	–	9,762	10,074	19,641

VI. NOTES TO THE FINANCIAL INFORMATION

1. Basis of presentation of consolidated financial statements

The Company is a limited liability company incorporated in the British Virgin Islands on 8 October 2004. Its principal activity is investment holding. Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"), the Company became the holding company of the Group on 10 March 2006.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group for the accounting periods prior to 10 March 2006 have been prepared under the principles of merger accounting, pursuant to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the current group structure had been in existence throughout the Relevant Periods.

The consolidated income statements and the consolidated cash flow statements of the Group for the Relevant Periods have been prepared as if the proposed group structure had been in existence throughout the Relevant Periods, or, in the case of certain companies in the Group, since their dates of incorporation to 31 July 2007 where this is a shorter period. The consolidated balance sheets of the Group as at 31 December 2003, 2004 and 2005, 31 July 2006 and 2007 have been prepared to present the assets and liabilities of the Group as if the group structure had been in existence as at those dates.

All significant intra-group transactions, cash flows and balances have been eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis. The consolidated financial statements are presented in United States dollars, the functional currency of the Group.

2. Significant accounting policies

a) Judgments and estimates

The preparation of financial statements in conformity with HKFRSs requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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 directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are as follows:

i) Useful lives and depreciation of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges of its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

ii) Amortisation of timber concession and cutting rights

Amortisation is charged to the income statement on a ractuity basis over the estimated useful lives of timber concession. The Group determines the estimated useful lives and related amortisation charges of its timber concession. These estimates are based on the total proven and probable reserves of the total forestry exploitation volume or contractual period from the date of commencement of commercial exploitation.

iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors reassess the estimations at each balance sheet date.

iv) Allowance of bad and doubtful trade and other receivables

The Group makes the allowance of bad and doubtful trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the customers and other debtors and the current market condition. The directors reassess the allowance at each balance sheet date.

b) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less provisions for depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement.

Depreciation is provided on the straight-line basis over the estimated economic useful lives of the individual assets. The principal annual rates used for this purpose are as follows:

Plant and machinery	10%
Furniture and fixtures	20%
River crafts	10%
Motor vehicles	10%

d) *Timber concession and cutting rights*

Timber concession licences and cutting rights acquired by the Group are stated at cost less accumulated amortisation and any accumulated impairment losses. These licences give the Group rights to harvest trees in the allocated concession forests in designated areas in Suriname.

e) *Investment in subsidiary*

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiary is stated in the Company's balance sheet at cost less any identified impairment losses. Results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable.

f) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the standard costing method and comprises all costs of logging, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

g) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and thereafter stated at cost less allowance for bad and doubtful debts. An allowance for bad and doubtful trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the allowance is the difference between the receivables' carrying amounts and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

h) *Trade and other payables*

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

i) *Provisions*

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities, unless the probability of outflow of economic benefits is remote.

j) *Foreign currency translation*

Group

The balance sheets of the overseas subsidiaries are translated at the rates of exchange ruling at the balance sheet date, whilst their income statements are translated at the average rates for the period/year. The exchange difference arising on the retranslation of opening net assets, and the difference between the income statements translated at the average rates and at the closing rates are taken directly to reserves.

Company

Transactions in foreign currencies are translated into United States dollars at the approximate rates ruling on the dates of the individual transactions. Monetary assets and liabilities denominated in other currencies are translated at the approximate rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

k) *Revenue recognition*

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:–

i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

iii) Sundry income

Sundry income is recognised on an actual basis.

l) *Employee benefits*

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to provident funds are recognised as an expense in the income statement as incurred.

m) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to income statement in the accounting period in which they are incurred.

n) *Borrowing costs*

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. All borrowing costs are charged to the income statement in the year in which they are incurred.

o) *Taxation*

Taxation in the income statement 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 net profit as reported in the 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases 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 the initial recognition of assets and liabilities in a transaction that affects neither the tax 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 reserve in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

p) *Cash and cash equivalents*

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition, less advances from banks repayable within three months from the date of the advance, if any.

q) *Related parties*

A party is considered to be related to the Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence;

ii) the party is a member of the key management personnel of the Group;

iii) the party is a close member of the family of any individual referred to in i) or ii);

iv) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in ii) or iii); or

v) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

r) *Segment reporting*

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen geographical segment information as the primary reporting format. No business segments analysis of the Group is presented as all the Group's turnover and trading result are generated from the log harvesting activities.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include property, plant and equipment, inventories and trade receivables, etc. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the years/periods to acquire segment assets that are expected to be used for more than one year.

3. Segmental information

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of the customers is chosen because, in the opinion of the directors, this is more relevant to the Group in making operating and financial decisions. No business segments analysis of the Group is presented as over 90% of the Group's turnover and trading results are generated from the log harvesting activities.

	Year ended 31.12.2004	**Year ended 31.12.2005**	**Year ended 31.12.2006**	**1.1.2006 to 31.7.2006**	**1.1.2007 to 31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Segment revenue					
– PRC	–	–	1,091	420	1,574
– elsewhere	–	–	–	–	88
	–	–	1,091	420	1,662
Segment assets, liabilities and other information					
Assets					
– Suriname	351	2,545	4,150	3,312	4,114
– Hong Kong	1,519	750	226	2,201	11,488
	1,870	3,295	4,376	5,513	15,602
Liabilities					
– Suriname	78	708	730	541	1,160
– Hong Kong	2,399	6,019	1,296	233	3,080
	2,477	6,727	2,026	774	4,240
Capital expenditure					
– Suriname	21	2,564	822	659	18
– Hong Kong	–	–	15	12	2
	21	2,564	837	671	20
Depreciation and amortisation					
– Suriname	1	96	172	85	124
– Hong Kong	1	2	2	1	2
	2	98	174	86	126

4. Turnover and revenue

Turnover represents the revenue from trading of logs to customers. An analysis of turnover and revenue is as follows:

	Year ended 31.12.2004 *US$'000*	Year ended 31.12.2005 *US$'000*	Year ended 31.12.2006 *US$'000*	1.1.2006 to 31.7.2006 *US$'000* (unaudited)	1.1.2007 to 31.7.2007 *US$'000*
Turnover					
Sales of logs	–	–	1,221	453	1,910
Less: Export tax	–	–	(130)	(33)	(248)
Net turnover	–	–	1,091	420	1,662
Other revenue					
Interest income	–	4	15	8	3
Sundry income	–	–	–	–	8
	–	4	15	8	11
Total revenue recognised during the year/period	–	4	1,106	428	1,673

5. Loss from operating activities

Loss from operating activities is arrived at after charging:

	Year ended 31.12.2004 *US$'000*	Year ended 31.12.2005 *US$'000*	Year ended 31.12.2006 *US$'000*	1.1.2006 to 31.7.2006 *US$'000* (unaudited)	1.1.2007 to 31.7.2007 *US$'000*
Auditors' remuneration	–	–	–	–	–
Bad and doubtful debts	–	–	495	–	–
Amortisation of timber concession	–	1	8	3	4
Cost of inventories sold	–	–	423	250	493
Depreciation of property, plant and equipment	2	97	166	83	122
Loss on disposal of property, plant and equipment	–	242	11	11	–
Operating lease rentals – land and buildings	15	49	205	102	205
Provident fund contributions (included in staff costs below)	–	–	1	–	1
Staff costs					
– directors' emoluments *(note 6)*	144	192	457	189	178
– others	53	318	906	411	602

6. Directors' emoluments

Details of the emoluments paid by the Group to the directors during the relevant periods are as follows:

	Year ended 31.12.2004	Year ended 31.12.2005	Year ended 31.12.2006	1.1.2006 to 31.7.2006	1.1.2007 to 31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Fees	144	192	457	189	178
Other emoluments	–	–	–	–	–
	144	192	457	189	178

Emoluments of the directors fell within the following bands:

	Number of director	Number of director	Number of director	Number of director	Number of director
Nil – HK$1,000,000	2	3	6	5	5

There was no arrangement under which a director waived or agreed to waive any emoluments during the relevant periods.

7. Emoluments of the five highest paid employees

The five highest paid individuals of the Group include two, three, four, three and four directors for the years ended 31 December 2004, 2005, 2006 and the seven months ended 31 July 2006 and 2007, respectively, whose emoluments are disclosed in note 5. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

	Year ended 31.12.2004	Year ended 31.12.2005	Year ended 31.12.2006	1.1.2006 to 31.7.2006	1.1.2007 to 31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Salaries and allowances	–	104	100	77	27
Retirement/pension contributions	–	–	–	–	–
	–	104	100	77	27

Emoluments of the above individuals, who are not directors of the Group, fell within the following band:–

	Number of individual	Number of individual	Number of individual	Number of individual	Number of individual
Nil – HK$1,000,000	–	2	1	2	1

8. Finance costs

	Year ended 31.12.2004	Year ended 31.12.2005	Year ended 31.12.2006	1.1.2006 to 31.7.2006	1.1.2007 to 31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Interest on other loans	2	205	142	131	98

9. Taxation

No provision for domestic taxation has been made by the Company as the Company is not subject to tax in the British Virgin Islands and elsewhere. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

The reconciliation between loss before taxation and taxation in the consolidated income statements is as follows:

	Year ended 31.12.2004 *US$'000*	**Year ended 31.12.2005** *US$'000*	**Year ended 31.12.2006** *US$'000*	**1.1.2006 to 31.7.2006** *US$'000* (unaudited)	**1.1.2007 to 31.7.2007** *US$'000*
Loss before taxation	(582)	(2,825)	(4,345)	(1,956)	(1,553)
Tax at statutory income tax rate of 36%	(209)	(1,017)	(1,564)	(704)	(560)
Tax effect of different tax rates of subsidiaries	109	326	669	267	329
Tax effect of non-deductible expenses	–	1	10	–	9
Tax effect of unused tax losses not recognised	100	690	885	437	222
Taxation	–	–	–	–	–

No provision for deferred tax has been made as there are no temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

10. Property, plant and equipment

	Plant and machinery US$'000	Furniture and fixtures US$'000	River crafts US$'000	Motor vehicles US$'000	Total US$'000
Cost					
1 January 2004	–	6	–	–	6
Additions	–	3	–	18	21
Disposals	–	–	–	–	–
31 December 2004	–	9	–	18	27
Additions	700	53	256	345	1,354
Disposals	–	(6)	(250)	–	(256)
31 December 2005	700	56	6	363	1,125
Additions	264	27	340	40	671
Disposals	–	–	–	(12)	(12)
31 July 2006 (unaudited)	964	83	346	391	1,784
Additions	65	27	–	74	166
31 December 2006	1,029	110	346	465	1,950
Additions	–	20	–	–	20
31 July 2007	1,029	130	346	465	1,970
Depreciation					
1 January 2004	–	1	–	–	1
Charge for the year	–	1	–	1	2
On disposals	–	–	–	–	–
31 December 2004	–	2	–	1	3
Charge for the year	63	6	10	18	97
On disposals	–	(4)	(10)	–	(14)
31 December 2005	63	4	–	19	86
Charge for the period	42	8	14	19	83
On disposals	–	–	–	(1)	(1)
31 July 2006 (unaudited)	105	12	14	37	168
Charge for the period	44	9	8	22	83
31 December 2006	149	21	22	59	251
Charge for the period	61	14	20	27	122
31 July 2007	210	35	42	86	373
Net book value					
31 July 2007	819	95	304	379	1,597
31 July 2006 (unaudited)	859	71	332	354	1,616
31 December 2006	880	89	324	406	1,699
31 December 2005	637	52	6	344	1,039
31 December 2004	–	7	–	17	24

11. Timber concession and cutting rights

	US$'000
Cost	
1 January 2004	–
Additions	–
31 December 2004	–
Additions	1,210
31 December 2005	1,210
Additions	–
31 July 2006 (unaudited)	1,210
Additions	–
31 December 2006	1,210
Additions	–
31 July 2007	1,210
Accumulated amortisation	
1 January 2004	–
Charge for the year	–
31 December 2004	–
Charge for the year	1
31 December 2005	1
Charge for the period	3
31 July 2006 (unaudited)	4
Charge for the period	5
31 December 2006	9
Charge for the period	4
31 July 2007	13
Net carrying amount	
31 July 2007	1,197
31 July 2006 (unaudited)	1,206
31 December 2006	1,201
31 December 2005	1,209
31 December 2004	–

12. Investment in a subsidiary

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Unlisted shares, at cost					
At beginning of year/period	–	–	–	–	1
Additions	–	–	1	1	–
Arising on group reorganisation	–	–	–	–	(1)
At end of the year/period	–	–	1	1	–

On 10 March 2006, the Company acquired 100% equity interest in Superb Able Industrial Limited("SAlL"), a limited liability company incorporated in the British Virgin Islands whose principal activity is investment holding.

During the period ended 31 July 2007, the Company underwent another group reorganisation and acquired 100% equity interest in Prime Forest Holdings Limited (formerly, Superb Resources Holdings Limited), a limited liability company incorporated in the British Virgin Islands whose principal activity is investment holding and which at the same time acquired 100% equity interest in SAIL at nominal value.

In the opinion of the directors, the recoverable amount of the investment in subsidiary is not less than the carrying amount reflected in the balance sheet and no provision for impairment is required.

13. Due from/to related companies, directors and shareholders

The amounts due from/to related companies, directors and shareholders are unsecured, interest-free and there are no fixed terms for repayment.

14. Inventories

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Timber log	–	47	986	280	908
Sawn Timber	–	–	–	–	33
	–	47	986	280	941
Less: Provision	–	–	–	–	–
	–	47	986	280	941

15. Trade and other receivables

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Trade receivables – gross	–	–	648	181	545
Less: Provision	–	–	(495)	–	(495)
Trade receivables – net	–	–	153	181	50
Other receivables	1	47	46	70	77
Prepayments and deposits	4	9	83	325	212
Trade and other receivables	5	56	282	576	339

An ageing analysis of the gross amount of trade receivables is as follows:

	31.12.2004	**31.12.2005**	**31.12.2006**	**31.7.2006**	**31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Current	–	–	388	–	–
1 to 3 months	–	–	183	181	–
Over 3 months	–	–	77	–	545
Trade receivables – gross	–	–	648	181	545

Generally, the Group has granted credit terms to its customers, ranging from 30 to 90 days.

All trade and other receivables were denominated in United States Dollars.

The directors consider that the carrying amounts of trade and other receivables approximate to their fair value.

Movements in provision for bad and doubtful debts during the years/periods were as follows:

	Year ended 31.12.2004	**Year ended 31.12.2005**	**Year ended 31.12.2006**	**1.1.2006 to 31.7.2006**	**1.1.2007 to 31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
At beginning of year/period	–	–	–	–	495
Charge to income statement	–	–	495	–	–
At end of year/period	–	–	495	–	495

16. Cash and bank balances

Details of cash and bank balances denominated in different currencies are as follows:

	31.12.2004	**31.12.2005**	**31.12.2006**	**31.7.2006**	**31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
United States dollars	1,501	700	103	1,780	11,008
Hong Kong dollars	10	244	105	47	246
	1,511	944	208	1,827	11,254

17. Share capital

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Authorised:					
50,000 ordinary shares of US$1 each	50	–	–	–	–
2,000,000,000 ordinary shares of HK$1 each	–	256,410	–	–	–
10,000,000,000 ordinary shares of no par value	–	–	–	–	–
20,000,000,000 class B shares of no par value	–	–	–	–	–
Issued and fully paid:					
1 ordinary share of US$1 each	1	–	–	–	–
1 ordinary shares of HK$1 each	–	1	–	–	–
1,505,000,000 ordinary shares of no par value	–	–	615	615	615
455,000,000 ordinary shares of no par value	–	–	7,000	7,000	7,000
140,000,000 ordinary shares of no par value	–	–	2,513	2,513	2,513
4,200,000,000 class B shares of no par value	–	–	–	–	4,200
365,000,000 class B shares of no par value	–	–	–	–	365
1,000,000,000 class B shares of no par value	–	–	–	–	6,000
	1	1	10,128	10,128	20,693

18. Trade and other payables

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Trade payables	–	–	132	–	94
Other payables and accruals	29	944	458	635	414
Trade and other payables	29	944	590	635	508

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Non-current portion	–	331	110	220	–
Current portion	29	613	480	415	508
Trade and other payables	29	944	590	635	508

An ageing analysis of trade payables is as follows:

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Current	–	–	–	–	–
1 to 3 months	–	–	132	–	94
Trade payables	–	–	132	–	94

Details of trade and other payables denominated in different currencies are as follows:

	31.12.2004	31.12.2005	31.12.2006	31.7.2006	31.7.2007
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
United States dollars	–	944	590	635	486
Hong Kong dollars	29	–	–	–	22
Trade and other payables	29	944	590	635	508

The directors consider that the carrying amounts of trade and other payables approximate their fair values.

19. Loan from a related company

Loan from a related company is unsecured, carries compound interest at 1% per month and the entire amount has been fully repaid during the seven months ended 31 July 2007.

20. Loan from a shareholder

Loan from a shareholder is unsecured, carries compound interest at 1% per month and except for US$400,000 which has been capitalised, the entire amount has been fully repaid during the seven months ended 31 July 2007.

21. Loans from directors

Loans from directors are unsecured and except for US$179,000 which carries interest at 5% per annum, the entire amount has been capitalised during the seven months ended 31 July 2006.

22. Loans payable

Loans payable are unsecured, interest-free and they do not have any fixed terms for repayment.

23. Acquisition of an indirect subsidiary

On 3 March 2005, the Group acquired all the issued shares of Epro N.V. for US$1,047,000, satisfied in cash and payable by 8 instalments. Epro N.V. holds a forest concession with a total area of 126,825 hectare in West Suriname. Except for the holding of the forest concession, Epro N.V. remained dormant since the acquisition and had no contributions to the Group's consolidated net loss during the Relevant Periods.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's book value	Fair value adjustments	Acquisition amount
	US$'000	*US$'000*	*US$'000*
Acquiree's net assets at the acquisition date			
Net identifiable assets acquired			
– timber concession and cutting rights	–	1,047	1,047
Satisfied by			
– cash			1,047

No goodwill arose on the acquisition.

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition during the years ended 31 December 2004, 2005, 2006 and the seven months ended 31 July 2006 and 2007 is as follows:

	Year ended 31.12.2004	**Year ended 31.12.2005**	**Year ended 31.12.2006**	**1.1.2006 to 31.7.2006**	**1.1.2007 to 31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cash consideration/unpaid portion at beginning of year/period	–	1,047	369	369	177
Unpaid portion at end of year/period	–	(369)	(177)	(277)	(77)
Net outflow of cash and cash equivalents	–	678	192	92	100

24. Commitments

i) *Capital commitments*

	31.12.2004	**31.12.2005**	**31.12.2006**	**31.7.2006**	**31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Contracted but not accounted for	–	–	816	834	742

ii) *Operating lease commitments*

At 31 December 2004, 2005 and 2006 and 31 July 2006 and 2007, the Group had outstanding minimum commitments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	31.12.2004	**31.12.2005**	**31.12.2006**	**31.7.2006**	**31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Within one year	1	12	119	108	119
In the second and fifth years inclusive	–	–	422	422	422
Over five years	–	–	475	519	414
	1	12	1,016	1,049	955

The Group leases a number of properties under operating leases. Except for the lease of a sawmill production plant which lasts for ten years, the other leases typically run for an initial period of one year, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted to reflect market rentals upon renegotiation of the terms of the leases.

25. Related party transactions

a) Transactions with related companies during the years/periods not disclosed elsewhere in the financial statements are summarised as follows:

	Year ended 31.12.2004	**Year ended 31.12.2005**	**Year ended 31.12.2006**	**1.1.2006 to 31.7.2006**	**1.1.2007 to 31.7.2007**
	US$'000	*US$'000*	*US$'000*	*US$'000* (unaudited)	*US$'000*
Consultancy fee paid to a related company	–	60	35	35	–
Interest charged by a director	1	151	114	114	–
Interest paid to a shareholder	–	–	4	–	41
Interest paid to related companies	–	–	8	17	25

The above transactions were made at prices and terms as agreed between the parties in the normal course of business.

b) Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 6, is as follows:

	Year ended 31.12.2004 US$'000	Year ended 31.12.2005 US$'000	Year ended 31.12.2006 US$'000	1.1.2006 to 31.7.2006 US$'000 (unaudited)	1.1.2007 to 31.7.2007 US$'000
Short-term employee benefits	144	192	457	189	178
Post employment benefits	–	–	–	–	–
	144	192	457	189	178

26. Financial risk management and estimation of fair values

a) Financial risk management

The Group is exposed to a variety of risks including foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk arising in the normal course of the Group's business activities.

The Group does not have any written risk management policies and guidelines. The directors monitor the financial risk management of the Group and take such measures as considered necessary from time to time to minimise such financial risks.

i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting the sales and purchases transactions in the same currency, whenever possible.

ii) Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations within the normal terms of transactions. The Group performs ongoing credit evaluation of the debtors' financial condition and maintains an account for allowance of bad and doubtful trade and other accounts receivable based upon the expected collectibles of all trade and other accounts receivable.

At the balance sheet date, there were no major concentrations of credit risk.

The maximum exposure to credit risk is therefore represented by the carrying amount of each financial asset as stated in the balance sheet.

Cash is held with financial institutions of good standing.

iii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Prudent liquidity risk management implies maintaining sufficient cash. The Group monitors and maintains a level of bank balances deemed adequate to finance the Group's operations.

iv) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

v) Natural risk

The Group's revenue depends significantly on the ability to harvest wood at adequate levels. The ability to harvest wood in forests may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as flood, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions nor natural disasters may diminish the supply of trees available for harvesting, or otherwise impede the Group's logging operations, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and in a timely manner.

Moreover, bad weather may adversely affect the condition of the Group's transportation infrastructure, which is critical for the Group to supply timber from the forests to the Group's manufacturing plants and customers. The Group has developed a strategy for utilizing different transportation modes and stockpiling, but its daily operations may be unfavourably affected by interruption of transportation due to bad weather or other reasons.

b) Estimation of fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of balances with related parties has not been determined as the timing of the expected cash flows of these balances cannot be reasonably determined because of the relationship.

27. Recent accounting and financial reporting pronouncements

The HKICPA has issued the following amendments, new standards and interpretations which may be/are relevant to the preparation of the Group's financial statements for the accounting period after 1 January 2007:

		Effective for accounting periods beginning on or after
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC)-Int 12	Service Concession Arrangements	1 January 2008

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that the adoption of these amendments is unlikely to have a significant impact on the Group's results of operations and financial position.

VII. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 July 2007.

Yours faithfully,
Moore Stephens
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED ASSETS AND LIABILITIES

The following is a summary of the unaudited pro forma statement of adjusted combined assets and liabilities of the Enlarged Group based on the unaudited consolidated balance sheet of the Group as at 30 June 2007, as set out in the announcement of Interim Results for the six months ended 30 June 2007 published on 21 September 2007 and the audited consolidated balance sheet of the Greenheart Group as at 31 July 2007 as set out in Appendix II to this circular. This statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group immediately upon completion of the Acquisition, as if the Acquisition took place on 30 June 2007.

Unaudited statement of adjusted combined assets and liabilities

	The Group 30.6.2007	**Greenheart Group 31.7.2007**	**Combined**	**Adjustments to reflect the Acquisition**	**Adjusted Combined**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*			
Non-current assets					
Tangible *(Note 3)*	89,796	12,457	102,253	(4,156)	98,097
Intangible	–	9,337	9,337		9,337
Goodwill *(Note 4)*	–	–	–	321,826	321,826
	89,796	21,794	111,590		429,260
Current assets *(Note 5)*	182,199	99,902	282,101	(18,000)	264,101
Current liabilities *(Note 6)*	70,108	33,072	103,180	8,956	112,136
Net current assets	112,091	66,830	178,921		151,965
Non-current liabilities *(Note 6)*	693	–	693	212,433	213,126
Minority interests *(Note 7)*	36,060	–	36,060	35,104	71,164
Net asset value	165,134	88,624	253,758		296,935

Notes:

1. The figures for the Group are based on the unaudited financial statements of the Group set out in the announcement of Interim Results for the six months ended 30 June 2007 published on 21 September 2007.

2. The figures for the Greenheart Group are based on the Accountants' Report set out in Appendix II to this circular.

3. The adjustment reflects the elimination of the 0.39% interest in the Greenheart Group originally held by the Group prior to the Acquisition.

4. The goodwill arising from acquisition of the Greenheart Group is calculated as follows:

	HK$'000	HK$'000
Consideration		375,000
Net assets of the entire Greenheart Group as of 31 July 2007	88,624	
Net assets of 60% of the Greenheart Group as of 31 July 2007		53,174
Goodwill		321,826

The consideration was calculated based on HK$18,000,000 in cash, HK$120,000,000 by the issue of the Consideration Shares at HK$2.00 per Consideration Share and HK$237,000,000 by the issue of Convertible Bonds which are convertible into Conversion Shares at the initial conversion price of HK$2.00 per Conversion Share during the Conversion Period.

The final amount of goodwill will be determined on the day of completion of the Acquisition when a further review of the value of the underlying assets of the Greenheart Group will be performed. The unaudited pro forma adjusted combined assets and liabilities of the Enlarged Group will be increased or decreased by the amount of goodwill so allocated to the underlying assets of the Greenheart Group.

5. The adjustment reflects the payment of consideration of HK$18,000,000 in cash for the Acquisition.

6. The adjustment reflects the issue of Convertible Bonds to finance the Acquisition, which is calculated as follows:

	HK$'000
Present value of the principal HK$237,000,000 repayable at the end of two years	204,133
Present value of the interest HK$9,480,000 payable semi-annually in arrears in the second year	8,300
	212,433
Present value of the interest HK$9,480,000 payable semi-annually in arrears within one year	8,956
Total liability component	221,389
Equity component (by deduction)	15,611
Proceeds of the bond issue	237,000

The present value of the liability component is calculated using a discount rate of 7.75%, the market interest rate that the Group is likely to pay for external debt financing.

7. Minority interests will be increased by the 39.61% interest in the Greenheart Group upon Completion.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants of the Company, Moore Stephens, Certified Public Accountants, Hong Kong.

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CERTIFIED PUBLIC ACCOUNTANTS

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馬施雲
會計師事務所

3 October 2007

The Directors
Omnicorp Limited
Units 1505-07, Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

Dear Sirs

We report on the unaudited pro forma financial information of Omnicorp Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors for illustrative purposes only, to provide information about how the acquisition of 60% interest in the share capital of Greenheart Resources Holdings Limited (the "Acquisition") might have affected the financial information presented, for inclusion as Appendix III to the circular of Omnicorp Limited dated 3 October 2007 (the "Circular"). The basis of preparation of the pro forma financial information is set out on Section A of Appendix III to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group had the Acquisition actually occured as at 30 June 2007 or any future date.

Opinion

In our opinion:

a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Moore Stephens

Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from an independent international firm of forestry experts, Pöyry Forestry Industry Limited, New Zealand

PÖYRY FOREST INDUSTRY LIMITED
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3 October 2007

The Board of Directors
Omnicorp Limited
Units 1505-7, 15th Floor,
Shui On Centre, 6-8 Harbour Road,
Wanchai, Hong Kong

The Board of Directors
Greenheart Resources Holdings Limited,
Suites 2708-10 27/F Dah Sing Financial Centre,
108 Gloucester Road,
HONG KONG

Dear Sirs,

At the request of the Board of Directors of Greenheart Resources Holdings Limited ("Greenheart"), the Board of Directors of Omnicorp Limited ("Omnicorp") and their financial advisors, Pöyry Forest Industry Limited ("Pöyry") has carried out a Standing Stock valuation of Greenheart's forestry concession and cutting rights areas in Suriname. These include concessions 725, 506 and 506a (hereinafter collectively referred as Epro FMU) and concessions 551a, 550, 550b and 1040 (hereinafter collectively referred as Dynasty concessions) as at 31st July 2007.

Pöyry certifies the following statements to be true to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- Pöyry has no present or prospective interest in the subject properties, and no personal interest or bias with respect to the parties involved.

The report has been prepared by staff consultants and office support personnel of Pöyry. The valuation of the Standing Stock within the Epro FMU is derived based on the due diligence review and on site inspection of the Greenheart operations conducted by Pöyry in the mid of 2006, updated using information provided by Greenheart. The valuation of the Standing Stock within the Dynasty concessions is derived based on the data provided by Greenheart and extrapolation of information and observations from the Epro FMU which is located east of the Dynasty concessions.

Pöyry is a global client and technology-oriented consulting and engineering services firm with offices in 45 countries. It has three core areas of expertise encompassing the forest industry, energy, and infrastructure & environment sectors. Group companies employ 5,600 experts. Pöyry is listed on the Helsinki Stock Exchange.

The Forest Industry Consulting business group provides advice to its clients in business strategy, processes and operations designed to enhance stakeholder value. The business group's expertise covers the complete supply chain from raw materials to technology, markets and financing. Consulting and advisory services are provided in three main practice areas:

- Management Consulting
- Investment Banking
- Operations Management

Pöyry Forest Industry Limited is an independent management company within the Pöyry Group and is recognised as one of the world's leading advisors to the global forest industry. The cornerstones of its operations are its strong business understanding and industry expertise. The business group's global network of over 300 experts covers all major forest products regions in the world.

1 VALUATION SUMMARY

On specific instructions from Greenheart and Omnicorp, Pöyry has prepared a Standing Stock valuation of the Greenheart concessions in Suriname, South America. The Greenheart natural forest concession area known as (i) the Epro FMU, includes three adjoining concessions, 725, 506 and 506A and (ii) the Dynasty concession, includes four areas referred as to concessions 551a, 550, 550b and 1040.

The Standing Stock Valuation means using the present market value per unit volume of log, the estimated harvesting and distribution costs and the total merchantable volume of log in the concessions as a basis for coming up with the estimated value.

The valuation approach followed in this report complies fully with the International Financial Reporting Standards for Agriculture (IFRS41).

The Standing Stock value of Epro FMU's harvesting and log sales business as at 31st July 2007 is USD248.3 million. Details of the derivation are provided in Appendix A.

The Standing Stock value of Dynasty concessions' harvesting and log sales business as at 31st July 2007 is USD47.3 million. Details of the derivation are provided in Appendix B.

2 SCOPE AND LIMITING CONDITIONS

This report presents an estimated value of the standing stock of Epro FMU and Dynasty concessions as at 31st July 2007.

Epro FMU valuation:

This 2007 valuation for Epro FMU largely relies on information provided to Pöyry by Greenheart and its subsidiaries for an earlier due diligence review and on site inspection of the Greenheart Operations conducted by Pöyry in the mid of 2006, and incorporates updated information relating to operational costs and harvested area. Previous work by Pöyry in the Epro FMU sought to verify the key data provided through independent field assessment, interviews with management and government and research agencies, internal sources and a review of relevant literature. No such review has been conducted for information used in this 2007 valuation.

This update appraisal assumes that the conditions observed at the sites visited are representative of the balance of Greenheart's concession and that the same conditions exist in 2007.

Dynasty Concessions valuation:

This valuation for Dynasty concessions is based largely on information extrapolated from Epro FMU and did not include an independent forest inspection to verify the information provided by Greenheart.

Legal matters are beyond the scope of this report and any existing liens and encumbrances (if any) have been disregarded. With the exception of the relevant government royalties and taxes, the harvest rights to the concession have been appraised as though free and clear, and under responsible and competent management. Pöyry has relied upon the confirmation by Greenheart that the rights to the forest concession which are the basis of this valuation are owned by Greenheart.

Nothing in this report is, or should be relied upon as, a promise by Pöyry as to the future growth, yields, costs or returns of these forests. Actual results may be different from the opinions contained in this report, as anticipated events may not occur as expected and the variation may be significant.

3 VALUATION METHODOLOGY FOR FOREST RESOURCES

The methods employed to value forest resources generally fall into three approaches:

- Application of values demonstrated in transactions involving comparable assets.
- Assessment of the cost of replacement.
- Assessment of the present value of the future cash flows from the forest resources (or "Expectation" approach)

Recognised appraisal practice requires that all three methods be considered. It is the valuer's responsibility to then apply their professional judgement in the weighting given to the respective results.

3.1 Transaction Approach

Where there is plentiful transaction evidence, then appraisers are inclined to award this the greatest authority. With forest assets it is commonly the case that the evidence is both sparse and equivocal. The less similar the "comparable" examples become, then the more uncertain the process by which such evidence is extended to the subject property. This may severely limit the application of this approach.

3.2 Costs Approach

This approach has a well recognised role in appraisal practice generally, but finds less expression in forest valuation. In Pöyry's experience, it is mostly confined to the valuation of young plantation forest crops.

3.3 Expectation Approach

In the absence of readily applicable transaction evidence the general recommendation is to turn to methodologies based on discounted cash flow analysis ("DCF"). In their most common expression, these derive the Present Value (PV, or NPV) of future projected cash flows. Notwithstanding the requirement to form assumptions concerning future growth, costs and markets, this method is observed to most closely emulate the way in which informed buyers and sellers derive transaction values. Thus, in the absence of immediately comparable transaction results an Expectation approach at least reflects the methods by which market participants arrive at their values.

If the Expectation approach provides a general case, there is one special case within this where the forest asset may be assessed on the basis of its standing stock. The special circumstances involve the assumption that the resource can be harvested immediately. If this is indeed the case then the discounting period is zero. This situation may apply with relatively small tracts which contain mature timber. Other necessary requirements are sufficient harvesting capability and a market capacity to absorb all of the harvested volumes at once.

3.4 Preferred Approach

A preferred approach to forest valuation would involve using all three main methods of appraisal and then weighting the results. In practice the comparable sales and cost approaches may quickly fall from serious contention. This leaves the expectation approach as the method that is most commonly demonstrated on an international basis.

3.5 Requirements of the Accounting Standards

Hong Kong Accounting Standard 41 (Agriculture) treat forests as regenerating assets which are required to be accounted for at 'fair value'. This standard is drawn up largely in line with International Financial Reporting Standard 41 (Agriculture) ("IFRS-41") and identifies the three valuation approaches described above. In recognising the difficulties in finding applicable transaction evidence, the standard assigns most attention to the Expectation approach which it refers to under the title of "DCF".

Ambiguous wording in Paragraph 21 of the IFRS-41 was interpreted in some localised jurisdictions to suggest that the IFRS-41 contemplated a standing stock approach. Following widespread reaction to the anachronistic expression, the IASB has indicated that it will be releasing revised wording for Paragraph 21 in October 2007. This will result in the standard providing an unequivocal recommendation of DCF-based approaches.

3.6 Approach Adopted for the Greenheart Valuation

At the request of Greenheart and Omnicorp, Pöyry has conducted a Standing Stock valuation of the Greenheart business.

4 SURINAME

Suriname is one of the smallest independent states on the South American continent, covering some 163 270 square kilometres. It is located on the North East Coast of the continent between latitudes 1˚10' and 6˚ north and separates Guyana to the west from French Guiana to the east. The North Atlantic Ocean forms the northern border. Suriname was previously a Dutch colony, gaining its independence in 1975. Subsequent to independence, Suriname suffered a period of instability culminating in a civil war between 1986 and 1991. Stability returned with a democratically elected civilian government in 1991. Prudent financial management of the economy has seen the situation largely brought under control with inflation rates back down to manageable levels and international investment beginning to flow into the country.

The small population of Suriname of 440,000 (2007 est.) is ethnically diverse. East Indians (Hindustani) are the largest group comprising 37% of the population. Creoles (mixed white and black) comprise 31%, Javanese 15% and Maroons (originating from escaped black slaves) 10%. Of the balance, the indigenous Amerindian population forms only 1-2% of the total.

Natural resources include timber, fish, kaolin, shrimp, bauxite, gold and small amounts of nickel, copper, platinum and iron ore.

The economy is dominated by the mining industry (predominantly bauxite and gold) which accounts for more than a third of the countries GDP. The forest industry currently makes a minimal contribution to the economy.

4.1 Suriname Land Use

Approximately 90% of Suriname (14.8 million ha) remains under natural forest cover which forms an extension of the Amazon basin. Arable land comprises less than 0.5% of land area.

The broad classification of land use is shown in Table 4-1.

Table 4-1:
Land Use Classification

Class (Zone)	**Area (000 ha)**	**%**
Permanent Production Forest	9,216	56.2
Temporarily Maintained Forest	2,642	16.1
Conversion Forest	259	1.6
Permanent Protection Forest	881	5.4
Special Protected Forest	893	5.5
Other Forest Conservation Areas	1,168	7.1
Non-forest Conservation Areas	761	4.6
Other Land	370	2.2
Water bodies	210	1.3
Total Area	**16,400**	**100**

Source: SBB August 2003

A significant proportion (3.7 million ha) of the 14.8 million ha of forest is classified as protection or conservation forest. Included in this total are 12 conservation reserves, the largest being the CSNR nature reserve at 1.6 million ha.

Table 4-2:
Suriname Conservation Areas

Reserve	**Land Area ha**
Herenrits Nature Reserve	87
Coppename Monding Nature Reserve	10,500
Wai wai Nature Reserve	37,000
Galibi Natrue Reserve	1,500
Peruvia Nature Reserve	31,000
Boven Coesewijne Nature Reserve	27,000
Copie Nature Reserve	28,000
Wanekreek Nature Reserve	51,000
Brinckheuvel Nature Reserve	6,000
Brownsberg Nature Park	17,600
CSNR Nature Reserve	1,600,000
Sipaliwini Nature Reserve	77,300
Total Nature Reserves	**1,886,987**
Water bodies	42,013
Total Conservation Areas	**1,929,000**

Source: SBB August 2003

4.2 Suriname Forestry Sector

The forestry sector in Suriname has suffered difficult times since the end of the civil war in 1991. The main limitations to progress have been a lack of skilled workers, outdated equipment and a lack of capital investment. Recently there have been positive signs of development and improved management and control by SBB (Foundation for Management and Control).

Utilization of the forest is controlled and allocated through licences or concessions awarded by the Suriname Ministry of Forests and Lands. Of the 14.8 million ha of forest cover, around 15% is under some form of licence.

There are three types of concession:

- Large concessions of 100-150,000 ha issued for 20 years
- Medium sized concessions of 10-100,000 ha issued for 10 years
- Small concessions of up to 10,000 ha issued for 5 years.

Concessions can be renewed for a second term provided the concessionaire has adhered to the conditions of the licence. The second term is for the same period of time as the first term.

Within these types there are a range of sizes. Small concessions of up to 5,000 ha are the most common. Large licences of 100,000 to 150,000 ha are restricted to substantial organisations and carry the requirement to process the material in Suriname.

4.3 Forest Management Act of Suriname

In the early 1990s the Suriname Government, with foreign technical assistance, revised its forestry legislation into a fully modernised Forest Management Act. This Act was passed in 1992. The legislation established a clear basis for restricting all timber harvesting to that carried out under proper management regimes. Under the Forest Management Act of Suriname, forests may only be open to exploitation once an inventory has been made of the timber in the concession area and a proper management plan has been drawn up. Only on acceptance of this plan can a felling licence be awarded.

The Act provides the basis for the application of more detailed regulations stipulating the species, sizes and volumes of timbers that may be extracted. Currently, only trees greater than 35 cm in diameter which are listed on the official commercial species list may be felled.

The Act also places clear limits on the size of concessions. Normally, concessions will be limited to 5,000 ha per concessionaire but can be increased up to 150,000 ha for operators with sawmills. Exceptionally, 150,000 ha concessions may be allocated to 'integrated' timber industries. No concessions may be handed out to companies that cannot prove they are financially secure and possess the required skills to carry out the management plans. The Act also protects as much as possible the common law rights of the inhabitants of the interior living in tribes in their villages and settlements, as well as their agricultural plots.

The Act lays the basis for the collection of royalties on production and fees based on the concession area from the concessionaire. The actual level of payments is to be determined by the Ministry of Forests and Lands of Suriname. In addition, there is provision for collection of compensation for marketable trees identified in the Forest Management Plan ("FMP") as either not felled, or felled and not removed.

From observations made in the field, perusal of relevant documents and discussions with the regulatory agency Stiching voor Bosbeheer & Bostoezicht ("SBB"), it appears that Greenheart currently complies with the Forest Management Act of Suriname.

4.4 Potential of Suriname Forest Industry

The Suriname forest industry has been and remains significantly underdeveloped. To date it has lacked available skilled labour, capital and infrastructure. The environment now appears to be changing with a conducive and encouraging regulatory environment, prudent financial management of the country, and a developing interest from offshore forestry companies and investors. The Suriname economy is currently exposed to fluctuating revenues due to its dependence on mining as a generator of export receipts. This means the government is strongly motivated to develop alternative sources of revenue to reduce its exposure to the vagaries of international mineral commodity prices.

The growing shortages of tropical hardwood logs from traditional sources, driven to an increasing extent by burgeoning Chinese demand growth, is focusing attention on countries such as Suriname with untapped forest resources.

In Pöyry's view, Greenheart is well placed to capitalise on this opportunity and to potentially become a dominant force in the industry.

5 RISKS

The main risks to Greenheart's Suriname forestry business are:

- The level of and trend in product prices.
- Operational costs.
- Market acceptability of the wide range of species comprising the harvest.
- Forest productivity and the achievable cutting cycle.
- Potential economic shocks to the Suriname economy.
- Potential operational restrictions from Forest Stewardship Council ("FSC") certification.
- Capital cost and operating risks of the lumber processing strategy.
- Biotic and abiotic risks:
  - Storm damage
  - Fire
  - Pests and disease
- Competing land use rights.

5.1 Trends in Product Prices

The Standing Stock valuation assumes all volume is harvested and sold at an instant in time and therefore, no price growth assumptions are required.

5.2 Operational Costs

The Standing Stock valuation assumes all volume is harvested and sold at an instant in time and therefore, no operational cost change assumptions are required.

5.3 Market Acceptability

Both concessions contain a wide range of tree species, some of which are unknown internationally. The characteristics of some of these as yet unknown species have been tested while the suitability of others remains untested. The Pöyry base case valuation assumes that these species will be marketable at a lower price than the better known species.

5.4 Economic Shocks to the Suriname Economy

The Suriname economy is dependent on the mining industry and is strongly affected by commodity cycles. This can potentially raise the costs and increase the difficulties of doing business in the country. The forest industry offers an alternative source of revenue that may eventually reduce the economy's exposure to cyclic fluctuations driven by mineral prices. The government is favourably disposed towards the industry for this reason, among others. During periods of low commodity prices the Suriname exchange rate is likely to be low compared to other currencies provide some offset to increased costs.

5.5 Potential Restrictions from FSC Certification

Greenheart intends to pursue a programme aimed at achieving FSC certification for its Suriname business. This is likely to bring benefits in terms of market access and more positive perceptions by environmentalists. However, balancing these benefits, certification may introduce restrictions that could impinge unfavourably on Greenheart's operations and cost structure. Pöyry is not able to assess the balance of favourable and unfavourable impacts at this time.

5.6 Biotic & Abiotic Risks

Suriname lies to the South of the hurricane belt which affects the Southern United States and the Caribbean. The risks of major catastrophic damage are therefore lower than in some other tropical areas. Losses to storms do occur and Pöyry has observed this in parts of the EPRO FMU. In general however, these losses should be already captured in the yield forecasts.

Pathogens can cause major losses in growth and even tree death. However, impacts tend to be species specific. Pöyry anticipates a relatively low risk of commercially significant disease and pest damage in the EPRO FMU due to the indigenous nature and wide species diversity of Suriname's forests.

Fire risk is an ever present danger to most forests. In the case of Suriname's forests, the risk is somewhat mitigated by the high rainfall received by the area. Greenheart will need to ensure it has an adequately trained and equipped force able to fight forest fires and minimise resulting damage.

5.7 Competing Land Use Rights

Forest concessions in Suriname do not convey exclusive rights to the land. It is possible to have geographically overlapping rights to different resources. A little over 50% of the EPRO FMU is covered by mining exploration and/or reconnaissance licences covering bauxite, gold and granite. This leaves open the potential for future land use conflict. The only active mining in the project area however, is a granite quarry which is unlikely to cause any land use conflict. Pöyry understands that Greenheart is seeking to maintain a cooperative dialogue with potentially competing land users to minimise the possibility of future conflicts.

Yours faithfully,

Andy Fyfe
President (Asia Pacific)

Brian Johnson
Senior Consultant

Pöyry Forest Industry Limited

APPENDIX A VALUATION OF THE STANDING STOCK OF EPRO FMU

1 SITE DESCRIPTION

1.1 Forest Location

The EPRO Forest Management Unit (EPRO FMU) evaluated by Pöyry is located in Suriname, South America and comprises three forestry concessions. Greenheart's subsidiary EPRO NV currently holds operating licenses for these concessions 725, 506 and 506a. The three areas are contiguous and are located in Sipaliwini District, to the west of Suriname's commercial forestry belt. They lie between 4°44' to 5°11' N and 56°30' to 57°00' W (Figure 1-1).

Figure 1-1:
Forest Location

1.2 Forest Area

The registered official area for the EPRO FMU is as follows:

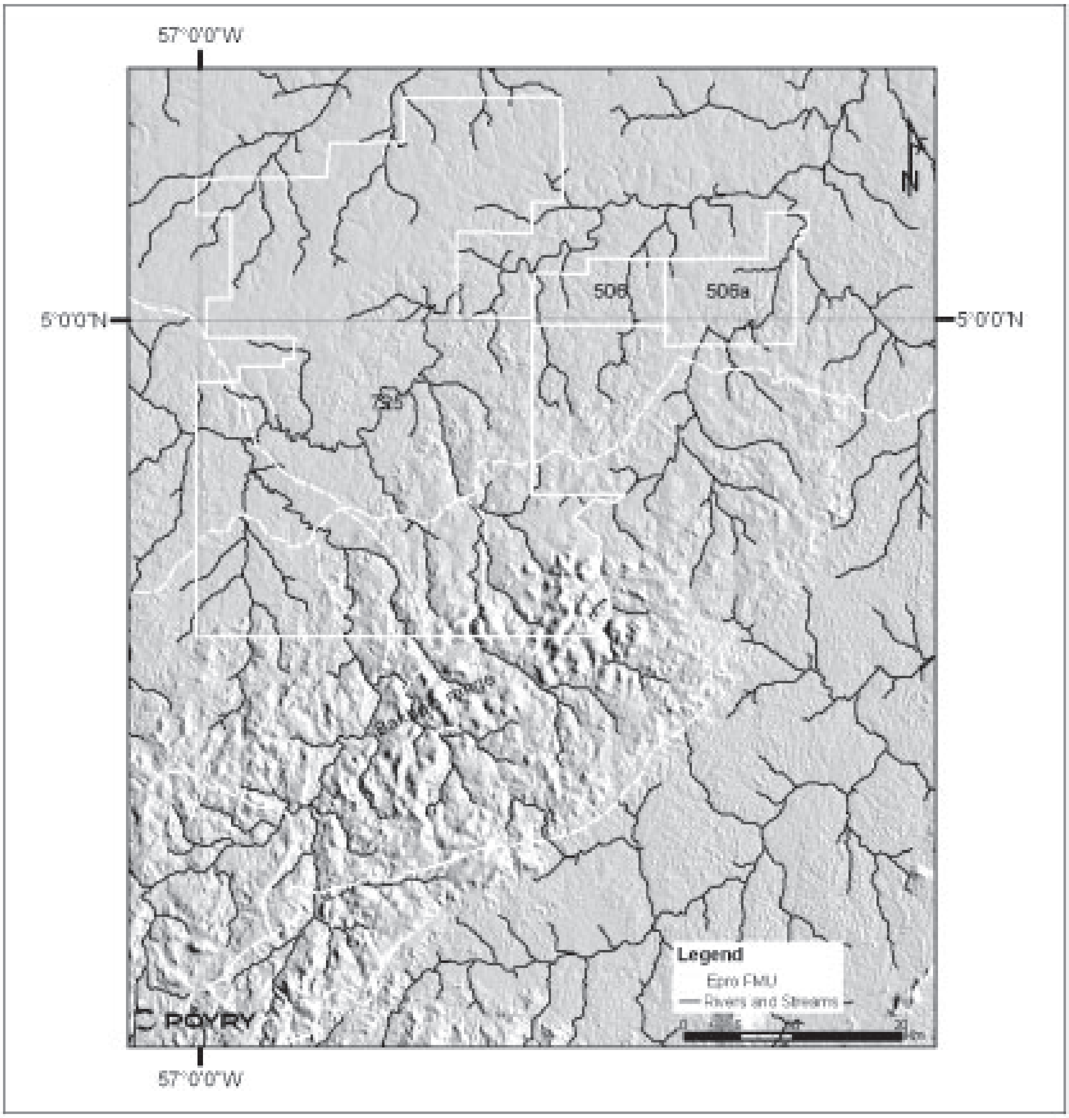
•	Concession 725	126,825 ha
•	Concession 506	12,000 ha
•	Concession 506a	7,700 ha
	Total	146,525 ha

While the total official concession area is 146,525 ha, the assessed total area of the EPRO FMU currently held by Greenheart (concessions 725, 506 and 506a) is 158,610 ha. The discrepancy is believed to be due to inexact mapping of the concession areas by the Suriname forest authorities. Of this total, some 118,604 ha are regarded as productive forest.

1.3 Topography and Slope

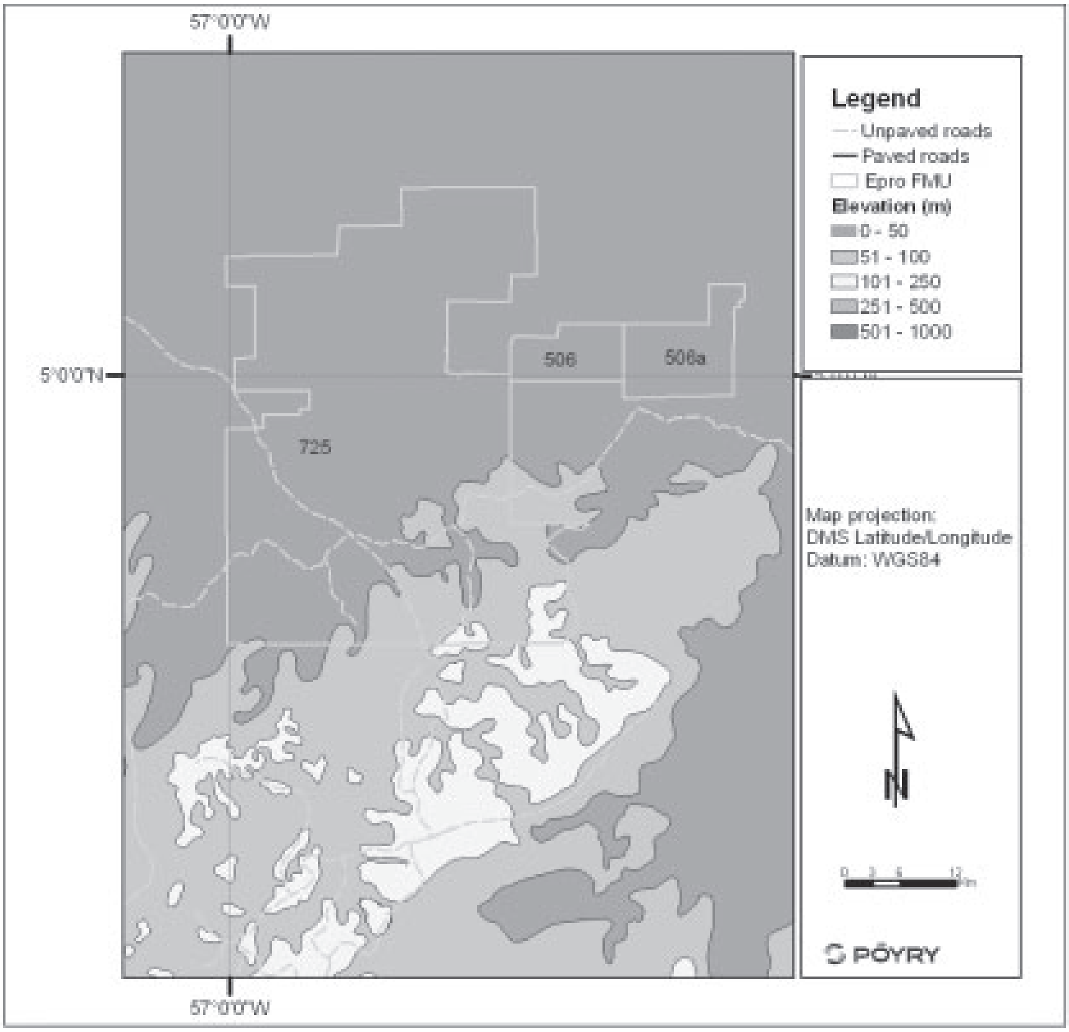
A majority of the EPRO FMU is characterized by gently undulating hills and river valleys. Elevation tends to increase to the south-east around the Bakhuis range of mountains. Approximately 2.5% of the total area is unsuitable for harvesting due to excessive slope (>15°).

Figure 1-2:
Topography



The Bakhuis range rises to 460 m elevation in the south-east of the EPRO FMU. The remainder of the area is characterized by gently undulating hills and river valleys (Figure 1-3). According to the FMP, only 17% of the entire current operational area rises above 100 m in elevation and just 3% (of concession 725) is classed as "difficult" terrain (class 4 on a scale of 1-5).

Figure 1-3:
Elevation



1.4 Geology

The geology of the EPRO FMU is varied but can be divided into distinguishable segments. The NW is dominated by brown quartz sands and clayish/silty gravels with scattered outcrops of white quartz sands. The SW consists of medium-to coarse-grained granites. The central portion consists of metamorphic gneisses while the SE portion is formed of ortho-pyroxene-bearing metamorphics with outcrops of bauxite and laterite.

1.5 Soils

The coastal area of Suriname is dominated by clay soils combined with some sandy soils in a fertile plain area. The hinterland areas however, are characterized by low fertility acid soils and, to a lesser extent, by savannah soils.

The EPRO FMU can be broadly divided into two soil types:

- Sandy to clayish loams in the NW (with areas of bleached medium/coarse sands).

- Gravelly clays in the SE.

Between these are found alluvial loams and clays associated with the Nickerie basin.

1.6 Hydrology

The drainage of the EPRO FMU is dominated by the Nickerie River that traverses through the centre of the area, generally in a north-easterly direction. The entire EPRO FMU area falls within the drainage of the Nickerie River, which continues in a northerly then westerly direction before discharging into the mouth of the Corantijn River (Figure 1-4). Sub-watersheds exist within the EPRO FMU, which drain into the Marataka (to the west), the Falawatra River (to the east) and Mozes Creek (to the south), among other smaller watercourses (Figure 1-5).

Figure 1-4:
Hydrology of EPRO FMU

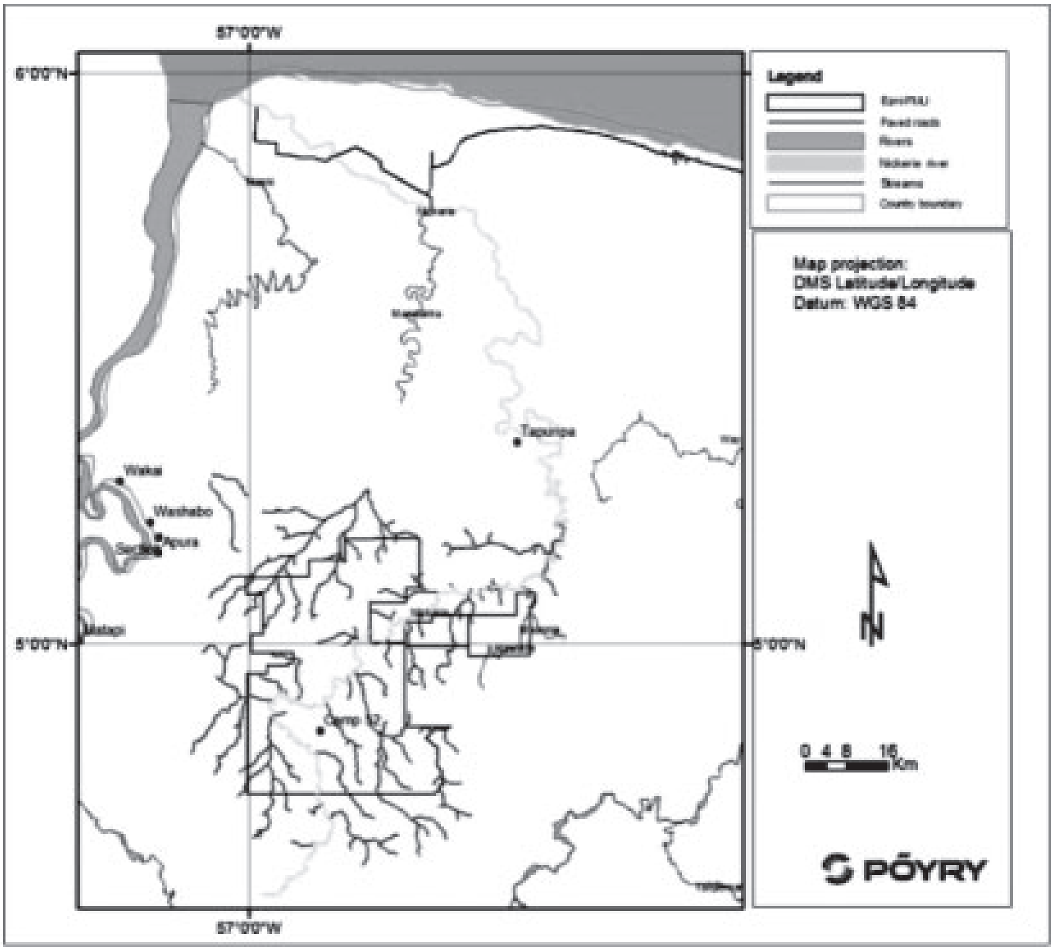
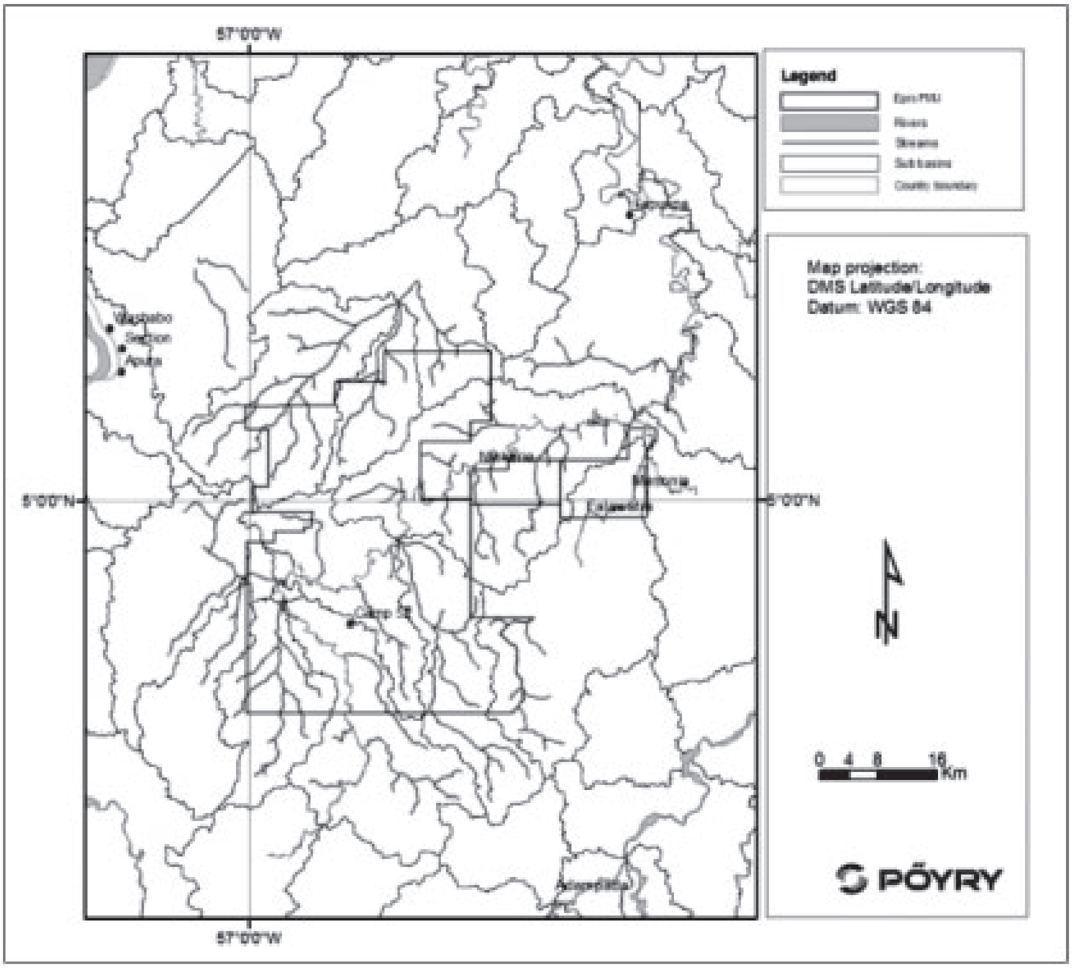


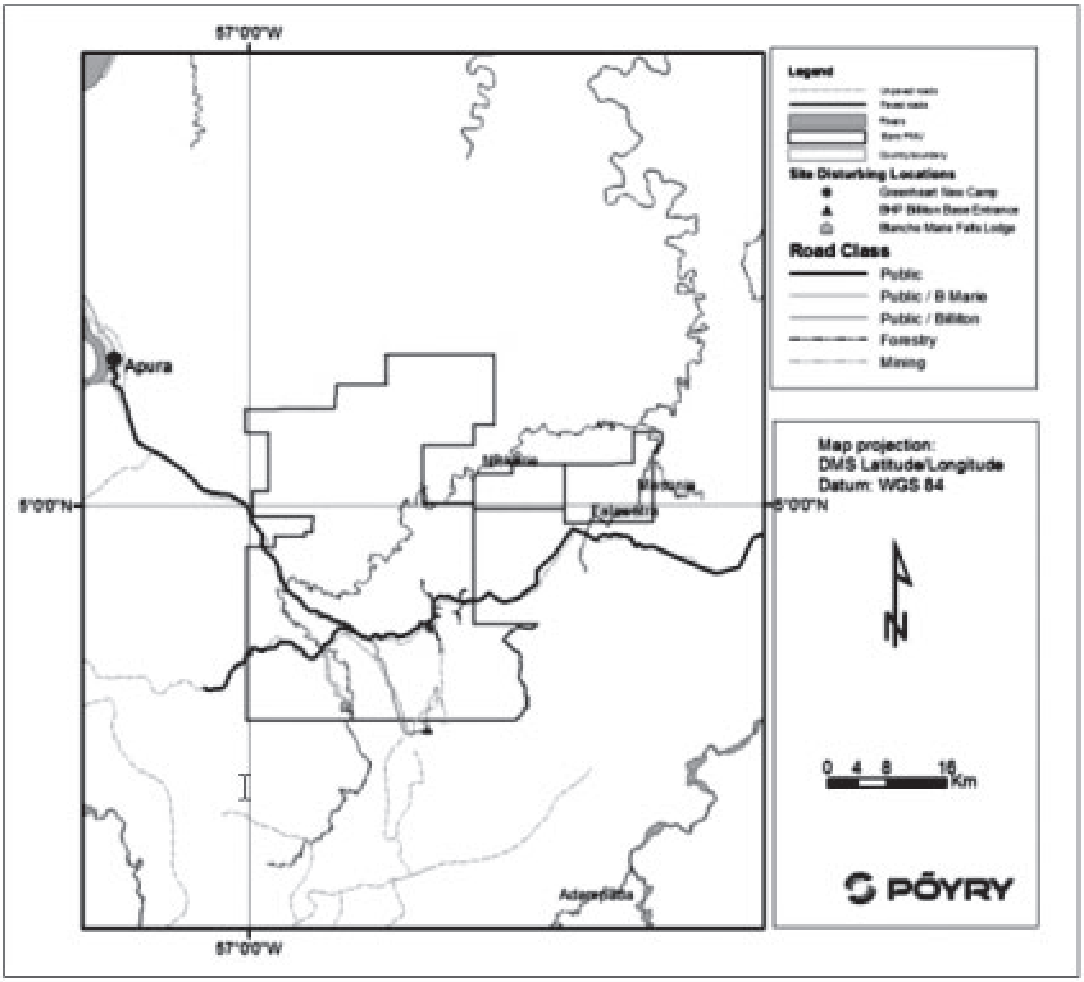
Figure 1-5:
Drainage for the EPRO FMU



1.7 Access and Surrounding Land-Use

The main access to the EPRO FMU is by the east-west road linking Apura to Zanderij and thereafter Paramaribo (Figure 1-6). The eastern sections of this road were constructed in the 1980s though apparently little if any maintenance has been conducted. Therefore, though vehicular access is possible from the east, the road is only readily passable by 4WD vehicles and medium-sized buses. The journey from Paramaribo takes around 9 hours. The result is that relatively little vehicular traffic accesses the EPRO FMU from the east. Within the EPRO FMU, and to Apura, the road is in good condition (though not paved) as it is maintained by Greenheart and other users. The 70 km journey from the base camp to Apura takes less than 90 minutes in a 4WD vehicle.

Figure 1-6:
Road Access



Apart from the logging roads that Greenheart has constructed, there are other roads and trails that branch from the main artery. According to an official road map, these trails could provide vehicular access at two other points into the EPRO FMU from external sources. However, of the three roads running south, only one allows vehicular access into the concession and that originates at the BHP Billiton camp just south of the EPRO FMU. This road does continue north after the base camp to the airstrip, but thereafter turns south again and becomes impassable just over the EPRO FMU boundary. The road running south from the camp becomes impassable after 5 km and the trail accessing Blanche Marie Falls terminates there.

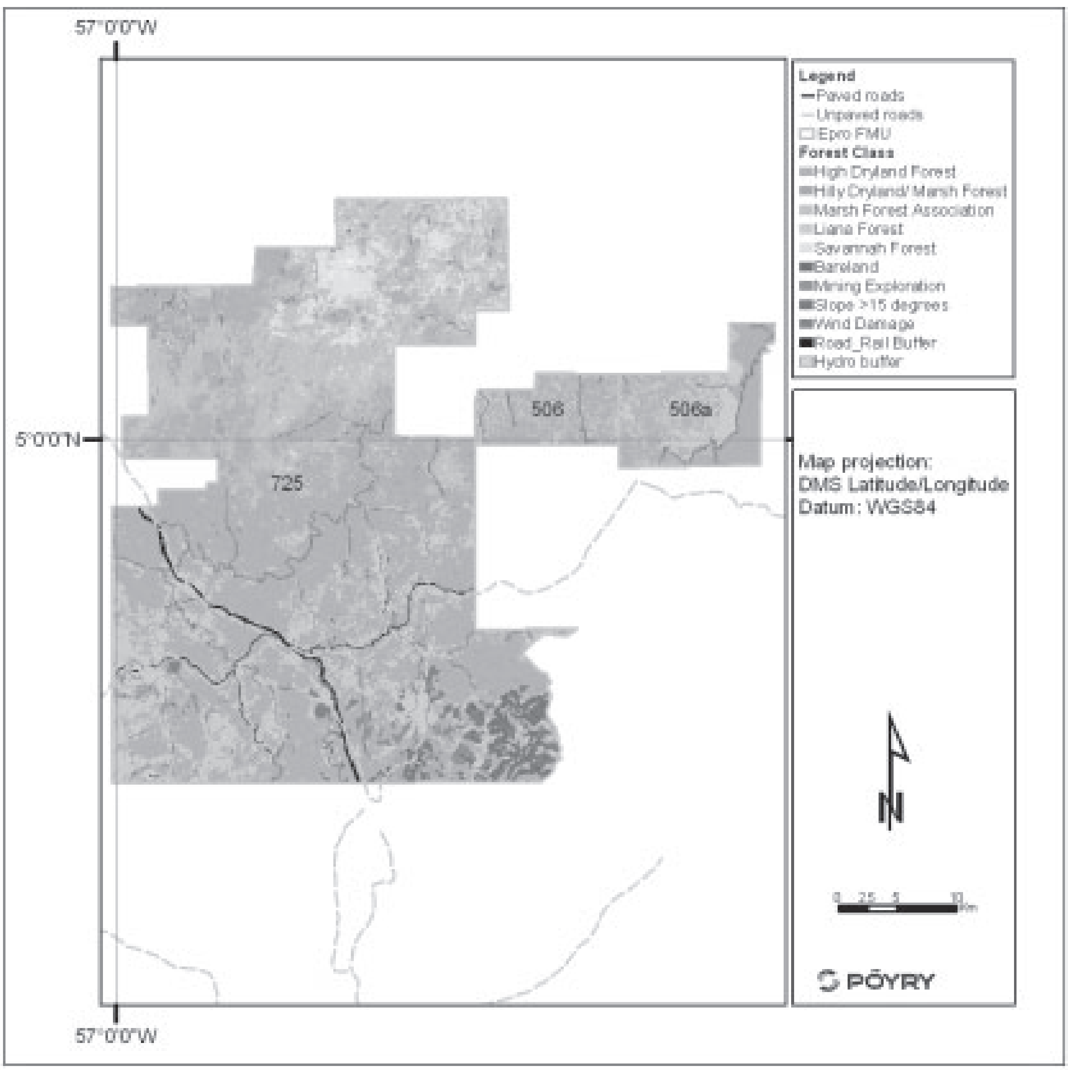
The EPRO FMU is surrounded on all sides by other forestry concessions though only a few of these to the west appear to be currently operational.

2 FOREST DESCRIPTION

2.1 Forest Classification

The existing CELOS (Centre for Agricultural Research in Suriname) forest classification was evaluated to provide an indication of the main forest classes over the concession areas. This classification was updated using a time-series of satellite imagery and further refined using information gathered during the aerial and field inspections (Figure 2-1). The images provided coverage over all of the area.

Figure 2-1:
Forest Classification Map



The CELOS classification differentiates five forest classes. Based on field and aerial inspection of the EPRO FMU, Pöyry identified four productive forest classes. Three of these classes are recognised as having a high percentage of closed forest cover. The fourth class comprises the 50% of the area identified as Liana Forest which carries sufficient forest cover to be considered by Pöyry to be productive. It is difficult spectrally to identify areas of pure Liana Forest. In this context the definition of Liana Forest describes a range of forest types and conditions, spanning sparsely stocked forest, scrub and forest dominated by liana vines.

Figure 2-2:
Forest Class Suitability

Forest Class	Productivity Class
High Dryland Forest	Suitable
Hilly Dryland Marsh Forest	Suitable
Marsh Forest Association	Suitable
Liana Forest	50% suitable
Savannah Forest	Unsuitable

High Dryland Forest occupies lower elevations, mixing with marsh forest closer to the river basins to the north of the EPRO FMU and hilly dryland/marsh forest on the border of concession 704. The species composition is diverse, with over 110 tree species observed in the 1,800 ha surveyed by Greenheart. Walaba (Eperua grandiflora), kimboto (Pradosia spp.) and bolletrie (Manilkara bidentata) contribute 35% of the forest volume. Dominant trees in the forest canopy can reach heights of 55 to 60 m and tree diameters of 70+ cm.

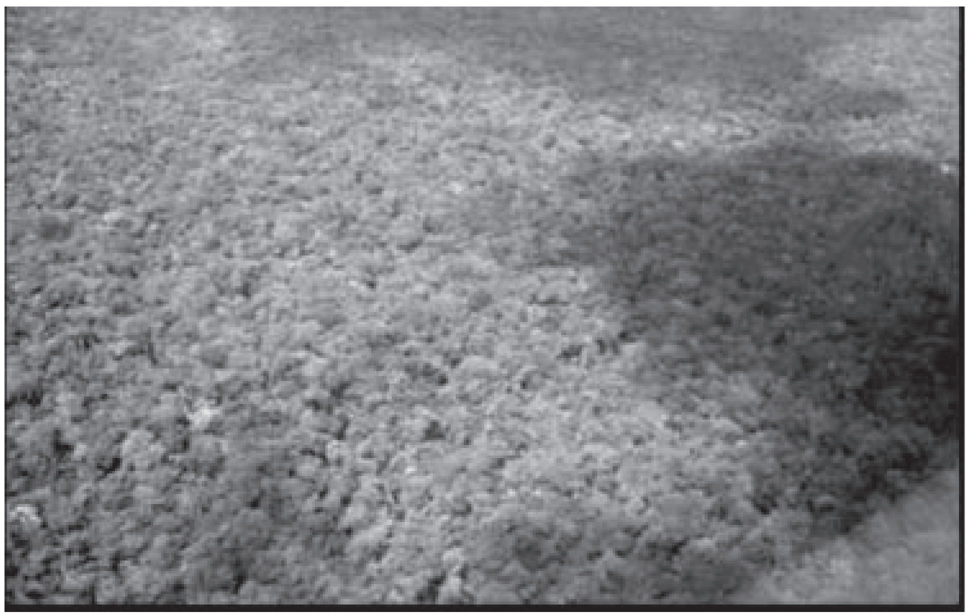
Figure 2-3:
High Dryland Forest

Hilly Dryland/Marsh Forest predominantly occurs around the Bakhuis mountain range. Only a small area of this forest type is found in the EPRO FMU, but it is more common in adjacent concessions.

Figure 2-4:
Hilly Dryland/ Marsh Forest

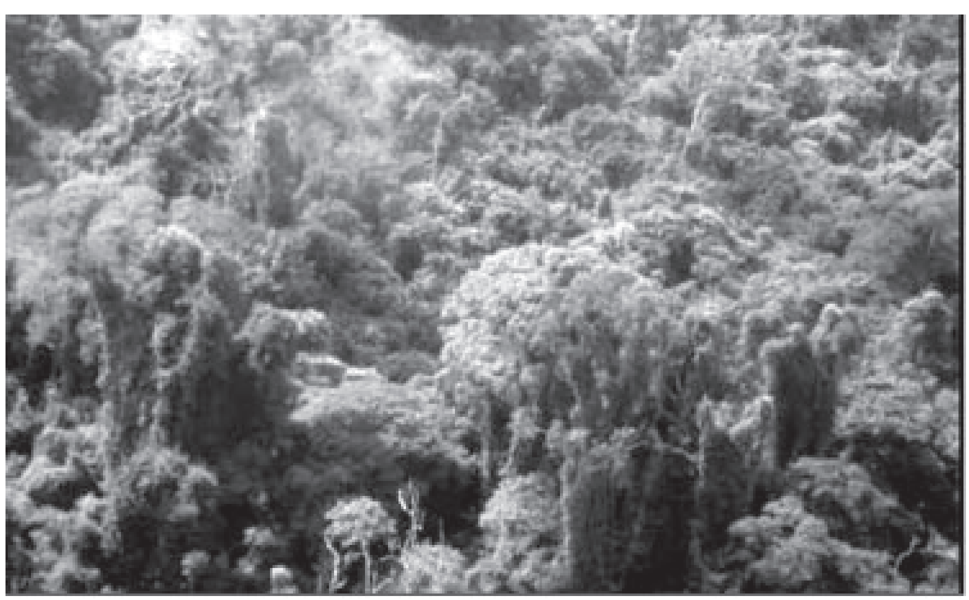
Marsh Forest Association is found in low lying areas around main river catchments. Previous inventories, the topography and the spatial pattern of the forest canopy indicate that some of these areas are seasonally inundated.

Figure 2-5:
Marsh Forest Association



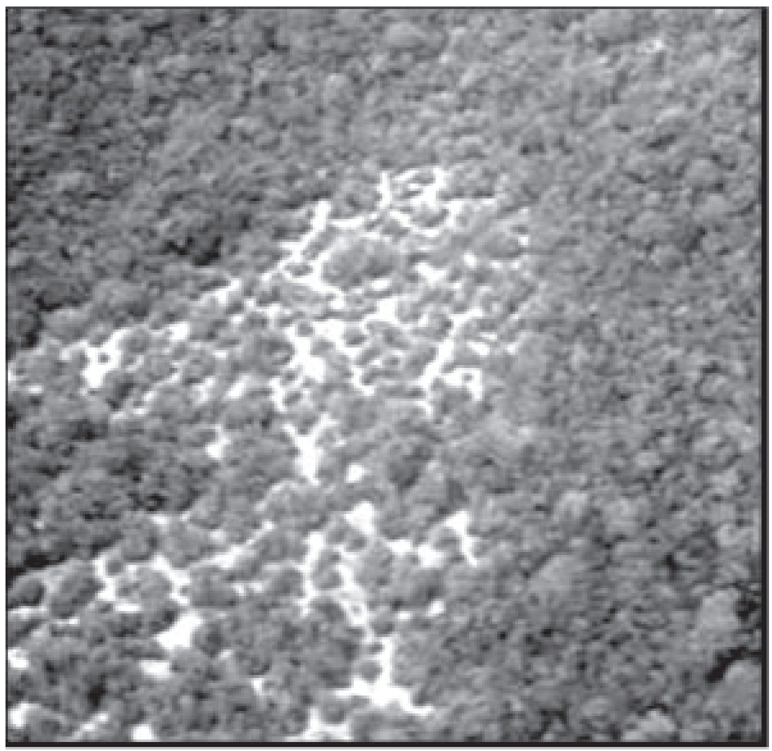
The description **Liana Forest** is used here in a generic sense and covers a broad range of cover types including sparsely stocked areas, scrub and areas dominated by liana vines.

Figure 2-6:
Liana Forest



Savannah Forest is found on the white sandy soils that occur sporadically in the north of the EPRO FMU. Typically, these are shrub and grassland mixtures not reaching a substantial height.

Figure 2-7:
Savannah Forest



2.2 Non-Forest Areas, Slope and Riparian Buffers

Several non-forest classes were also identified, including bareland or agricultural plots, mining activities and wind damage. It is possible that misclassification could occur between the areas identified as wind damaged and those identified as mining, as spectrally these areas are similar.

Figure 2-8:
Forest Disturbance Caused by Mining Exploration and Wind Damage

River networks and the slope classification were generated using elevation data at a 90 m resolution obtained from the Shuttle Radar Topography Mission (SRTM). The road locations were obtained using GPS or from existing GIS layers created during the 2000 forest inventory.

These data were used as a basis to remove buffer zones and areas of excessive slope from the forest classification using the following criteria:

- Riparian buffers alongside rivers in accordance with the Guyanese Forest Harvesting Code of Practice. That is 20 m for main rivers and 15 m for secondary streams;
- 50 m buffers either side of public roads;
- Slopes exceeding the normal 15º operating limit of ground based harvesting equipment.

2.3 Forest Areas

The gross area of each forest class was calculated from the classification map by removing the area associated with non-forest, slope areas and buffer zones. A further correction was made to account for small forest gaps that would not be detected by the satellite imagery. The gross area was reduced by 10% for dryland forest types and 15% for the marsh forest type to account for this. Larger reductions were made to the marsh forest type to account for inaccessibility in low lying swampy areas. The Liana Forest is also identified as containing merchantable volume. Overall, only 50% of the area is considered merchantable as, from a satellite mapping perspective, the Liana Forest class also contains areas of sparsely stocked forest and scrub which do not contain merchantable forest. In reality some limited log recovery may occur from the savannah, mining and wind-damaged forest types. Table 2-1 provides a summary of area and forest types for the EPRO FMU.

Table 2-1:
Forest Types and Areas for the EPRO FMU

Forest Type/ Landuse	Productivity Class	Classified Area (ha)	Net Area (ha)	% Productive Area
High Dryland Forest	Productive	91,316	82,185	51.8%
Hilly Dryland Forest	Productive	2,614	2,352	1.5%
Marsh Forest Association	Productive	28,679	24,377	15.4%
Liana Forest	50% productive	19,381	9,690	6.1%
Savannah forest	Non productive	8,017		
Bareland	Non productive	299		
Mining Exploration	Non productive	793		
Wind Damage	Non productive	1,684		
Riparian buffers	Non productive	2,057		
Road and rail buffer	Non productive	1,337		
Slope areas >15¢X	Non productive	2,433		
Total		**158,610**	**118,604**	**74.8**

Pöyry conducted an inspection of the Greenheart operations between 12 April and 4 May 2006. This involved:

- Aerial and ground inspections of the resource.
- Audit checks of field inventory.
- Audit checks of log tally assessments.
- Inspecting harvesting and distribution operations and facilities.
- Interviewing Greenheart management and field staff.

- Interviews with regulatory authorities and research personnel.
- The use of satellite imagery, oblique aerial photographs and GPS traces to forest type and map the resource.
- Reviewing information provided by Greenheart management, external sources and Pöyry internal sources.

The information provided by Greenheart or other external sources has not been independently verified by Pöyry.

The concession is covered in largely unmodified natural tropical rainforest. The topography of the area is characterised by gently undulating hills and river valleys which rise in elevation towards the south-east adjoining the Bakhuis range. From its field inspections, satellite imagery analysis and oblique aerial photogrammetry Pöyry has identified four productive forest classes.

The productive and unproductive areas of the EPRO FMU are:

Table 2-2:
Forest Types and Areas for the EPRO FMU

Forest Type/Landuse	Classified Area (ha)	Productive Area (ha)	Productive Area (%)
High Dryland Forest	91,316	82,185	51.8%
Hilly Dryland Forest	2,614	2,352	1.5%
Marsh Forest Association	28,679	24,377	15.4%
Liana Forest	19,381	9,690	6.1%
Unproductive Forest & Bareland	10,793		
Riparian Reserves and Buffers	5,827		
Total	**158,610**	**118,604**	**74.8%**

Harvesting has been undertaken in the resource since Greenheart assumed ownership in 2005. During this time an estimated 1,689 ha has been harvested.

Forest Type/Landuse	Productive Area (ha)	Harvested	Remaining Unharvested Area (ha)
High Dryland Forest	82,185	1,171.0	81,014
Hilly Dryland/Liana Forest	12,042	171.0	11,871
Marsh Forest Association	24,377	347.0	24,030
Total	**118,604**	**1,689**	**116,915**

3 PRODUCT YIELDS

Pöyry has reviewed the available information on Suriname forests. This includes information collected from a series of forest inventories covering parts of the Suriname productive forest resource and the Greenheart pre harvest inventory of the first 500 ha of the EPRO FMU. Pöyry has also inspected the project area both from the ground and from aerial inspections. Pöyry has reviewed the available information for this valuation and has adopted the recoverable yields by forest type illustrated below:

Recoverable Yield by Forest Type

EPRO FMU	Extractable Volume m^3/Gross ha
High Dryland Forest	37.1
Hilly Dryland/Liana Forest	19.4
Marsh Forest Association	30.8

The Suriname forests contain a wide range of tree species with 40-60 species present in any one particular area of forest. In the EPRO FMU Kimboto tends to be the most numerous of the commercial species contributing around 17% of the harvest volume.

Occurrence of 10 Most Numerous Species by Volume in the EPRO FMU

Species Common Name	Volume m^3/Gross ha	% Occurrence
Kimboto	5.1	17.6
Ingipipa	3.0	10.4
Walaba	2.9	10.1
Bolletrie	1.4	5.0
Gindya-udu	1.2	4.1
Maka-grin/Groenhart	1.1	3.8
Hoogland babun	0.7	2.4
Mora	0.7	2.4
Witte pinto-locus	0.6	2.1
Kopi	0.6	2.0
Balance	11.6	40.1
Total	**28.9**	**100.0**

On average, the top 10 species by volume comprise around 60% of the total merchantable volume per hectare within the project area. Market knowledge of Suriname species varies. Outside of the domestic market, China currently imports the broadest range of Suriname species. Gaining full value market acceptance for all species in other markets may take time. Greenheart is planning to maximise returns within the shortest possible timeframe by processing all logs into lumber. Lumber is expected to be easier to market than raw logs, as species with similar characteristics can be more easily grouped and sold as parcels. Pöyry considers that this strategy should minimise market risk.

4 PRODUCT OUT-TURN

Pöyry has grouped the various commercial species into seven export price groups.

Proportion of Log Volume by Price Group by Forest type

Price Goup Export	High Dryland forest	Hilly Dryland/ Liana forest % Out-turn	Marsh Forest Association
1	0.5	0.6	0.8
2	4.3	2.2	8.6
3	17.3	18.5	19.4
4	25.5	51.9	24.2
5	45.6	22.8	41.9
6	0.3	0.2	0.2
7	6.5	3.8	4.9
Total	**100**	**100**	**100**

5 VALUATION ASSUMPTIONS

The principal assumptions used in the preparation of a standing stock value of Greenheart's Suriname forestry business are:

- The valuation currency is US dollars.
- The valuation date is 31st July 2007.
- The harvest profile assumes all the merchantable volume within the concession is harvested and sold at midnight 31st July 2007.
- Harvesting and distribution costs applying in 2007 are assumed.
- All logs are exported.

The costs of production adotped are illustrated below. These costs have been revised based on data provided by Greenheart, and Pöyry's experience in similar harvesting operations.

FOB Cost Structure for Export Logs

	USD/m^3 FOB Paramiribo
Harvesting	23.40
Cartage	12.70
Barging	17.01
Handling & FOB costs	14.30
Royalties	5.75
Export Taxes	24.00
Total FOB Costs	**97.16**

Greenheart has signed a contract for sale of 34,285 m^3 of selected log species from Groups 2 – 5 during the period 20 July 2007 and 31 January 2009. These contract prices have been adopted in this valuation in deriving average group prices to be applied as illustrated below. Where no contract price exists, Pöyry has adopted the price for each species based on Pöyry's assessment of value and product acceptance in the export market in 2006.

Assumed Log Prices

Price Group	Logs USD/m^3 FOB Paramaribo
1	675
2	175
3	175
4	170
5	148
6	100
7	95

The table below illustrates the calculation of value apportioned to each log price group. The FOB value for species in Group 7 is lower than the assumed production costs, resulting in a negative stumpage for this group. Pöyry has assumed that until prices increase the Group 7 species will not be harvested.

Price Group	Volume (m^3)	Logs USD/m^3 FOB Paramaribo	Production Costs (USD/m^3)	Stumpage Unit value (USD/m^3)	Stumpage Revenue (USD)
	A	B	C	D	E
1	22,558	675.00	97.16	577.84	13,035,037
2	198,709	175.00	97.16	77.84	15,467,497
3	706,685	175.00	97.16	77.84	55,008,379
4	1,065,571	170.00	97.16	72.84	77,616,192
5	1,731,502	148.50	97.16	50.34	87,163,799
6	9,796	100.00	97.16	2.84	27,821
7	–	95.00	97.16	-2.16	–
Total	**3,734,821**	**163.65**	**97.16**	**66.49**	**248,318,726**

Stumpage Unit Value (D) = B - C

*Value (E) = A * D*

Under instruction from Greenheart and Omnicorp, Pöyry have adopted a standing Stock valuation methodology. This method does however have particular limitations when applied to a large forest resource business and Pöyry considers that these results should be read with the limitations in mind. The fundamental feature of the method is that it assumes all of the standing volume in a particular resource can be marketed at one specific point of time without impacting demand, prices or the related cost of doing so. Such impact should be taken into account when considering the "liquidation" of a large amount of resource at a specific point in time.

The Standing Stock value of Epro FMU's harvesting and log sales business as at 31st July 2007 is USD248.3 million.

APPENDIX B VALUATION OF THE STANDING STOCK OF DYNASTY CONCESSIONS

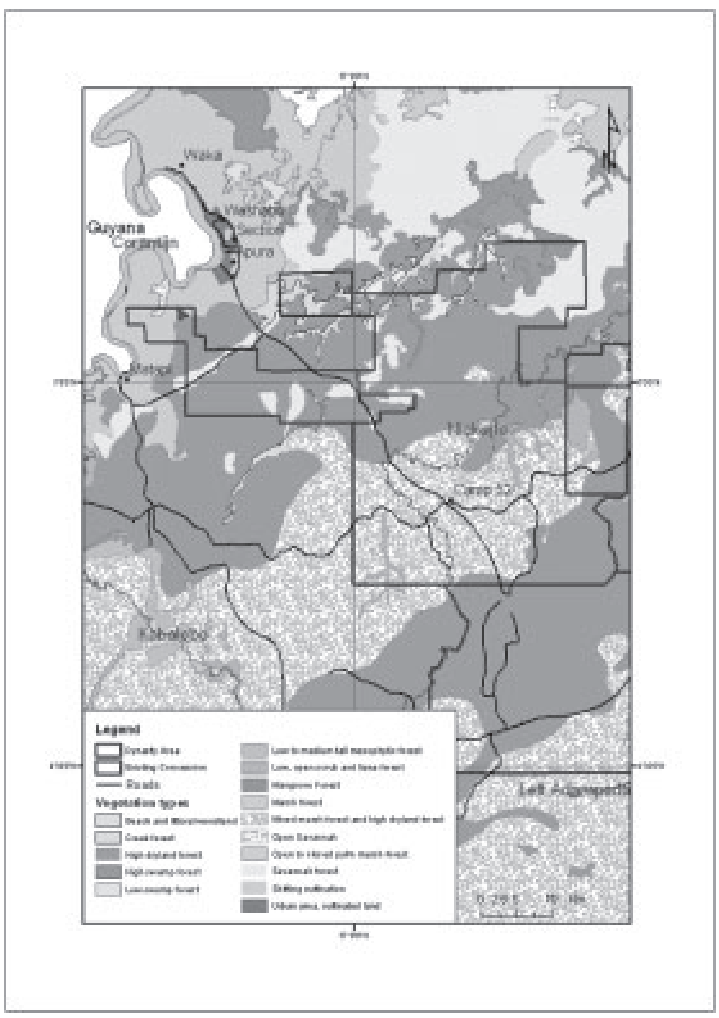
1 SITE DESCRIPTION OF DYNASTY CONCESSIONS

1.1 Forest Location

The concessions evaluated by Pöyry are located in Suriname, South America and comprises four forestry concessions. Dynasty Forestry Industry N.V. currently holds operating licenses for these concessions 551a, 550, 550b and 1040 located in the Sipaliwani District.

The areas 550, 551a and 550b are joined whilst concession area 1040 is located to the north west. All areas are located to the west of Suriname's commercial forestry belt and adjoining Greenheart's other concession area, "EPRO FMU". The Dynasty concessions are considerably closer to Apura river port than EPRO FMU and road transport costs in this valuation have been adjusted to reflect that.

Figure 1-1:
Forest Location



1.2 Forest Area

The official area for combined Dynasty Concessions is 31,440ha. Pöyry's analysis of the GIS data representing the Dynasty concessions currently held by Greenheart is slightly higher at 32 218 ha. The discrepancy is believed to be due to inexact mapping of the concession areas by the Suriname forest authorities. A breakdown of this area by concession is as follows:

• Concession 550	12,333 ha
• Concession 550b	9,056 ha
• Concession 551a	4,239 ha
• Concession 1040	6,590 ha
Total	32,218 ha

Of this total, some 23,559 ha (73%) are regarded as productive forest.

2 FOREST DESCRIPTION OF DYNASTY CONCESSIONS

2.1 Forest Classification

The existing CELOS ("Centre for Agricultural Research in Suriname") forest classification was evaluated to provide an indication of the main forest classes over the concession areas. This classification will be updated by Pöyry using a time-series of satellite imagery and refined using information gathered during the aerial and field inspections yet to be conducted.

The CELOS classification differentiates four forest classes within the area. Three of these classes are recognised as having a high percentage of closed forest cover. The fourth class comprises the area identified as Savannah Forest which carries insufficient forest cover to be considered by Pöyry to be productive.

Figure 2-1:
Forest Class Suitability

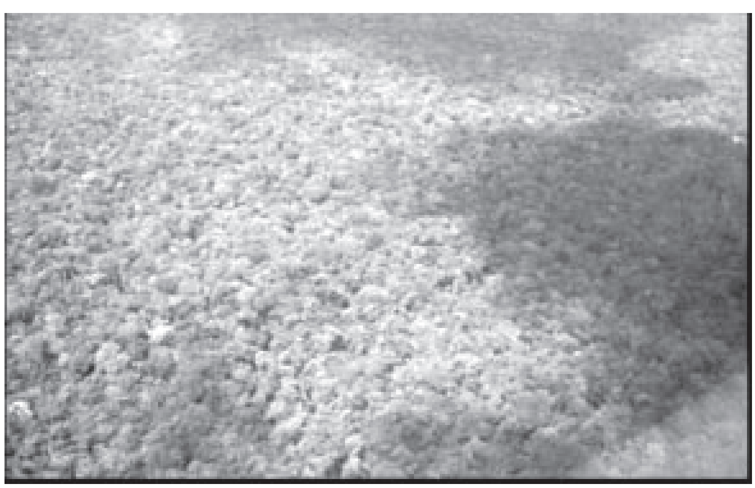
Forest Class	Productivity Class
High Dryland Forest	Suitable
Marsh Forest	Suitable
Creek Forest Association	Suitable
Savannah Forest	Unsuitable

High Dryland Forest occupies lower elevations, mixing with marsh forest closer to the river. The species composition is typically diverse. Dominant trees in the forest canopy can reach heights of 55 to 60 m and tree diameters of 70+ cm.

Figure 2-2:
High Dryland Forest

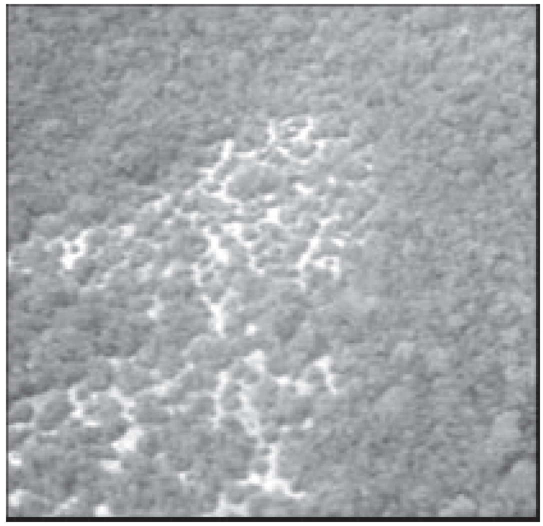
Marsh Forest Association is found in low lying areas around main river catchments. Previous inventories, the topography and the spatial pattern of the forest canopy indicate that some of these areas are seasonally inundated.

Figure 2-3:
Marsh/Creek Forest Association



Savannah Forest is found on the white sandy soils that occur sporadically in the central part of the concession. Typically, these are shrub and grassland mixtures not reaching a substantial height.

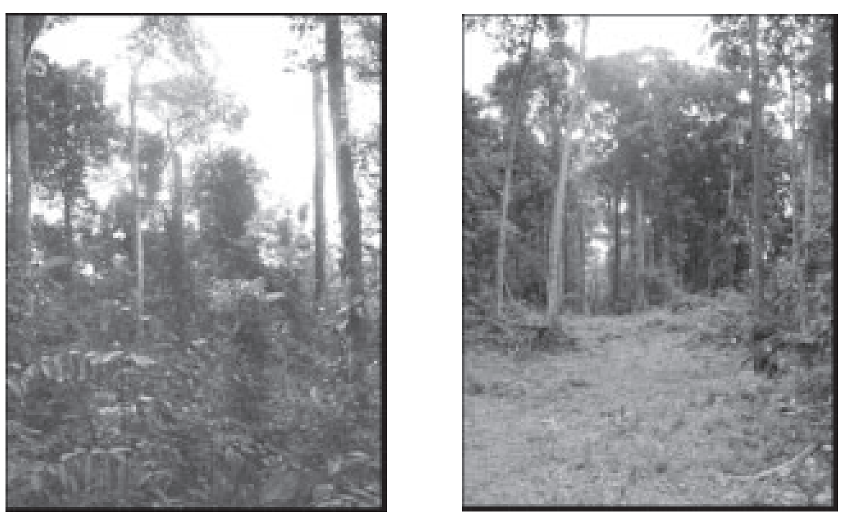
Figure 2-4:
Savannah Forest



Non-Forest Areas, Slope and Riparian Buffers

Several non-forest classes are also likely to be identified once the image analysis and aerial inspections are completed. These include bareland or agricultural plots, mining activities and wind damage.

Figure 2-5:
Forest Disturbance Caused by Mining Exploration and Wind Damage



Adjustments were made to the gross concession area for Dynasty using figures derived during analysis of the EPRO FMU concessions. These data were used as a basis to remove buffer zones and areas of excessive slope from the forest classification using the following criteria:

- Riparian buffers alongside rivers in accordance with the Guyanese Forest Harvesting Code of Practice. That is 20 m for main rivers and 15 m for secondary streams;
- 50 m buffers either side of public roads;
- Slopes exceeding the normal 15¢X operating limit of ground based harvesting equipment.

2.2 Forest Areas

The gross area of each forest class was calculated from the classification map by removing the area associated with non-forest, slope areas and buffer zones. A further correction was made to account for small forest gaps that would not be detected by the satellite imagery. The gross area was reduced by 10% for dryland forest types and 15% for the Swamp forest type to account for this. In reality some limited log recovery may occur from the savannah, mining and wind-damaged forest types. Table 2-1 provides a summary of area and forest types for the Dynasty concessions derived from a high level review of immediately available forest classification data. Pöyry have ordered more detailed satellite imagery and will incorporate the results of its analysis in the final value derivations for the Dynasty concessions in due course.

Table 2-1:
Forest Types and Areas for the EPRO FMU

Forest Type/ Landuse	Productivity Class	Area (ha)	% Gross Area
High Dryland Forest	Productive	18,807	58%
Marsh Forest Association	Productive	4,752	15%
Sub Total Productive		23,559	73%
Savannah forest	Non productive		
Bareland	Non productive		
Mining Exploration	Non productive		
Wind Damage	Non productive	8,658	27%
Riparian buffers	Non productive		
Road and rail buffer	Non productive		
Slope areas >15°	Non productive		
Total		**32,217**	**100%**

3 PRODUCT YIELDS

Pöyry has reviewed the available information on the Dynasty concessions and other Suriname forests. This includes information collected from a series of forest inventories covering parts of the Suriname productive forest resource and the Dynasty pre harvest inventory of the first 200 ha of the Concession area. This inventory indicates a recoverable volume of 15.1m^3 / gross ha (20.6m^3 / productive ha.). Pöyry's experience in Suriname suggests that Inventory data typically underestimates merchantable volume by around 30% and that recoverable volume in the order of 19m^3 to 37m^3 / productive ha are achievable. In this valuation Pöyry have adopted an average recoverable volume of 30m3/productive ha across both the dominant productive forest types identified in the preliminary review of available data.

The inventory data suggests a different species dominance than is present in the EPRO FMU concessions with Bolletri making up the largest portion. An analysis conducted by Pöyry suggests however that the gross log value per hectare is similar to the EPRO FMU indicating that although the species mix may be different the Dynasty concessions contain species of similar value to those in the EPRO FMU.

SPECIES	Volume (m^3/ha)	%
Bolletri	3.6	23.8
Gindya-udu	1.4	9.3
Kopi	0.9	6.0
Hooglaand gronfolo	0.8	5.3
Pikin-misiki	0.7	4.6
Mawsi-kwari	0.7	4.6
Ingipipa	0.6	4.0
Witte pinto-locus	0.6	4.0
Kimboto	0.5	3.3
Sali	0.5	3.3
Balance	4.8	31.8
Total	**15.1**	**100**

On average, the top 10 species by volume comprise around 68% of the total merchantable volume per hectare within the project area. Market knowledge of Suriname species varies. Outside of the domestic market, China currently imports the broadest range of Suriname species. Gaining full value market acceptance for all species in other markets may take time. Greenheart is planning to maximise returns within the shortest possible timeframe by processing all logs into lumber. Lumber is expected to be easier to market than raw logs, as species with similar characteristics can be more easily grouped and sold as parcels. Pöyry considers that this strategy should minimise market risk

4 PRODUCT OUT-TURN

Pöyry has grouped the various commercial species into seven export price groups.

Proportion of Log Volume by Price Group

Price Goup **Export**	**Volume %**
1	0.1
2	2.4
3	8.9
4	35.3
5	50.8
6 (restricted)	0
7 (untested)	2.5
Total	**100**

5 VALUATION ASSUMPTIONS

The principal assumptions used in the preparation of a standing stock value of Greenheart's Suriname forestry business are:

- The valuation currency is US dollars.
- The valuation date is 31st July 2007.
- The harvest profile assumes all the merchantable volume within the concession is harvested and sold at midnight 31st July 2007.
- Harvesting and distribution costs applying in 2007 are assumed.
- All logs are exported.

As Dynasty concessions are located just west to the Epro FMU, the costs of production adotped for Dynasty concessions are same as the one for Epro FMU and are illustrated below. These costs have been revised based on data provided by Greenheart, and Pöyry's experience in similar harvesting operations.

FOB Cost Structure for Export Logs

	USD/m^3 FOB Paramiribo
Harvesting (incl camp and roads)	25.80
Cartage	5.40
Barging	17.01
Handling & FOB costs	14.30
Royalties	5.75
Export Taxes	24.00
Total FOB Costs	**92.26**

Greenheart has signed a contract for sale of 34,285 m^3 of selected log species from Groups 2 – 5 during the period 20 July 2007 and 31 January 2009. These contract prices have been adopted in this valuation in deriving average group prices to be applied as illustrated below. Where no contract price exists, Pöyry has adopted the price for each species based on Pöyry's assessment of value and product acceptance in the export market in 2006.

Assumed Log Prices

Price Group	**Logs USD/m^3 FOB Paramaribo**
1	675
2	175
3	175
4	170
5	148
6	100
7	95

The table below illustrates the calculation of value apportioned to each log price group. The FOB value for species in Group 7 is lower than the assumed production costs, resulting in a negative stumpage for this group. Pöyry has assumed that until prices increase the Group 7 species will not be harvested.

Price Group	**Volume (m^3)**	**Logs USD/m^3 FOB Paramaribo**	**Production Costs (USD/m^3)**	**Stumpage Unit value (USD/m^3)**	**Stumpage Revenue (USD)**
	A	**B**	**C**	**D**	**E**
1	948	675.00	92.26	582.74	552,562
2	17,281	175.00	92.26	82.74	1,429,792
3	63,230	175.00	92.26	82.74	5,231,635
4	249,756	170.00	92.26	77.74	19,416,069
5	359,138	149.60	92.26	57.34	20,592,989
6	0	100.00	92.26	7.74	0
7	16,416	95.00	92.26	2.74	44,980
Total	**706,769**	**159.14**	**92.26**	**66.88**	**47,268,026**

Stumpage Unit Value (D) = B - C

*Value (E) = A * D*

Under instruction from Greenheart and Omnicorp, Pöyry have adopted a standing Stock valuation methodology. This method does however have particular limitations when applied to a large forest resource business and Pöyry considers that these results should be read with the limitations in mind. The fundamental feature of the method is that it assumes all of the standing volume in a particular resource can be marketed at one specific point of time without impacting demand, prices or the related cost of doing so. Such impact should be taken into account when considering the "liquidation" of a large amount of resource at a specific point in time.

The Standing Stock value of Dynasty Concessions' harvesting and log sales business as at 31st July 2007 is USD47.3 million.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised:		*HK$*
15,000,000,000	Shares of HK$0.01 each	150,000,000
Issued and fully paid:		*HK$*
183,639,152	Shares of HK$0.01 each	1,836,391.52

3. INTERESTS OF DIRECTORS

(a) Interests in Securities

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions

(i) Interests in the Shares

Name of Director	**Capacity**	**Number of Shares**	**Percentage of issued share capital of the Company (%)**
Hui Tung Wah, Samuel	Beneficial owner	280,000	0.15
	Family interest *(Note)*	75,000	0.04
		355,000	0.19

Note: These 75,000 Shares were jointly owned by Mr. Hui Tung Wah, Samuel and his spouse.

(ii) Interest in share options of the Company

The Company adopted a share option scheme at its general meeting held on 22 March 2002. Each option gives the holder the right to subscribe for one Share. Details of the interests of Directors in the share options as at the Latest Practicable Date were as follows:

Name of Director	**Number of share options as at 1 January 2007**	**Date of grant**	**Exercise price per share of the Company**	**Exercise period**	**Number of share options as at the Latest Practicable Date**
Wong Kin Chi	70,000	14/06/2005	HK$0.80	15/06/2005 – 14/06/2010	70,000
	–	16/04/2007	HK$0.46	17/04/2007 – 16/04/2012	30,000
	–	14/06/2007	HK$1.36	15/06/2007 – 14/06/2012	50,000

Name of Director	Number of share options as at 1 January 2007	Date of grant	Exercise price per share of the Company	Exercise period	Number of share options as at the Latest Practicable Date
Sung Yan Wai, Petrus	240,000	14/07/2003	HK$0.95	15/07/2003 – 14/07/2008	240,000
	250,000	14/06/2005	HK$0.80	15/06/2005 – 14/06/2010	250,000
	–	16/04/2007	HK$0.46	17/04/2007 – 16/04/2012	300,000
	–	14/06/2007	HK$1.36	15/06/2007 – 14/06/2012	1,200,000
Hui Tung Wah, Samuel	800,000	14/06/2005	HK$0.80	15/06/2005 – 14/06/2010	800,000
	–	16/04/2007	HK$0.46	17/04/2007 – 16/04/2012	50,000
	–	14/06/2007	HK$1.36	15/06/2007 – 14/06/2012	300,000
Wong Che Keung, Richard	72,000	14/07/2003	HK$0.95	15/07/2003 – 14/07/2008	72,000
	70,000	14/06/2005	HK$0.80	15/06/2005 – 14/06/2010	70,000
	–	16/04/2007	HK$0.46	17/04/2007 – 16/04/2012	30,000
	–	14/06/2007	HK$1.36	15/06/2007 – 14/06/2012	50,000
Tong Yee Yung, Joseph	72,000	14/07/2003	HK$0.95	15/07/2003 – 14/07/2008	72,000
	70,000	14/06/2005	HK$0.80	15/06/2005 – 14/06/2010	70,000
	–	16/04/2007	HK$0.46	17/04/2007 – 16/04/2012	30,000
	–	14/06/2007	HK$1.36	15/06/2007 – 14/06/2012	50,000

(iii) Interest in share options of associated corporation

Share options were granted by Omnitech Holdings Limited ("**OHL**"), which was owned as to 77.04% by the Company, under a share option scheme adopted by the Company on 20 May 2004. Each option gives the holder the right to subscribe one share. Details of the interests of Directors in the share options as at the Latest Practicable Date were as follows:

Name of Director	Number of share options as at 1 January 2007	Date of grant	Exercise price per share in OHL	Exercise period	Number of share options as at the Latest Practicable Date
Sung Yan Wai, Petrus	75,000	18/05/2005	AUD0.069	18/05/2005-18/05/2008	75,000

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Other Interests

As at the Latest Practicable Date,

(i) none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up;

(ii) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting as at the date of this circular and which was significant in relation to the business of the Enlarged Group; and

(iii) none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group:

Interest in the Shares

Name of Shareholder	Capacity	Number of shares	Approximate percentage of interest held
Planet Adventure Limited	Beneficial owner	9,300,000	5.06%
Huen Wing Ming, Patrick	Corporate *(Note 1)*	9,450,000	5.15%
Zeng Hai Bin	Corporate *(Note 2)*	41,447,700	22.57%
Lau Tai Hang	Corporate *(Note 3)*	25,543,350	13.91%
Sino-Forest Corporation	Corporate *(Note 4)*	23,383,500	12.73%
Chau Chi Piu	Corporate *(Note 5)*	16,725,450	9.11%
Ma Ming Fai	Corporate *(Note 6)*	14,030,100	7.64%
Lei Guangyu	Corporate *(Note 7)*	13,226,850	7.20%
Wang Yu Fan	Corporate *(Note 7)*	13,226,850	7.20%
Ma Chun Ling	Corporate *(Note 8)*	10,513,650	5.73%

Notes:

1. Planet Adventure Limited and Patova International Limited were wholly owned by Mr. Huen Wing Ming, Patrick who was deemed to be interested in 9,300,000 Shares and 150,000 Shares held by Planet Adventure Limited and Patova International Limited respectively under the SFO.

2. Subject to the terms and conditions of the Agreement, an aggregate of 13,932,000 Consideration Shares and up to 27,515,700 Conversion Shares would be allotted and issued to Montsford Limited which was wholly owned by Mr. Zeng Hai Bin. Mr. Zeng Hai Bin was deemed to be interested in these Shares under the SFO.

3. Subject to the terms and conditions of the Agreement, an aggregate of 8,586,000 Consideration Shares and up to 16,957,350 Conversion Shares would be allotted and issued to Rise Jet Limited which was wholly owned by Mr. Lau Tai Hang. Mr. Lau Tai Hang was deemed to be interested in these Shares under the SFO.

4. Subject to the terms and conditions of the Agreement, an aggregate of 7,860,000 Consideration Shares and up to 15,523,500 Conversion Shares would be allotted and issued to Sino-Capital Global Inc. which was a wholly-owned subsidiary of Sino-Forest Corporation. Sino-Forest Corporation was deemed to be interested in these Shares under the SFO.

5. Subject to the terms and conditions of the Agreement, an aggregate of 4,470,000 Consideration Shares and up to 8,828,250 Conversion Shares would be allotted and issued to Fame Sea Profits Limited and an aggregate of 1,152,000 Consideration Shares and up to 2,275,200 Conversion Shares would be allotted and issued to Greenheart Foundation Limited. Both Fame Sea Profits Limited and Greenheart Foundation Limited were wholly owned by Mr. Chau Chi Piu who was deemed to be interested in these Shares under the SFO.

6. Subject to the terms and conditions of the Agreement, an aggregate of 4,716,000 Consideration Shares and up to 9,314,100 Conversion Shares would be allotted and issued to PVP Resources Limited which was wholly owned by Mr. Ma Ming Fai. Mr. Ma Ming Fai was deemed to be interested in these Shares under the SFO.

7. Subject to the terms and conditions of the Agreement, an aggregate of 3,576,000 Consideration Shares and up to 7,062,600 Conversion Shares would be allotted and issued to Fortune Universe Limited and an aggregate of 870,000 Consideration Shares and up to 1,718,250 Conversion Shares would be allotted and issued to Spirit Land Limited. Fortune Universe Limited is wholly-owned by Mr. Lei Guang Yu and Spirit Land Limited was jointly by Mr. Lei Guang Yu and his spouse, Ms. Wang Yu Fan. Accordingly, Mr. Lei Guang Yu and Ms. Wang Yu Fan were deemed to be interested in these Shares under the SFO.

8. Subject to the terms and conditions of the Agreement, an aggregate of 3,534,000 Consideration Shares and up to 6,979,650 Conversion Shares would be allotted and issued to Always Bright Group Limited which was wholly owned by Ms. Ma Chun Ling. Ms. Ma Chun Ling was deemed to be interested in these Shares under the SFO.

Save as disclosed in this section headed "Substantial Shareholders", as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by the Company and/or member(s) of the Enlarged Group within two years immediately preceding the date of this circular which are or may be material:

(i) a conditional deed of assignment dated 23 November 2005 entered into between Hai Yang Investment Limited ("**Hai Yang**"), a wholly-owned subsidiary of the Company, as assignor, OHL, a 77.04% owned subsidiary of the Company, as assignee and VFJ Technology Holdings Limited ("**VFJ**"), a 53.2% owned subsidiary of the Company, as debtor in relation to the assignment of part of the debt due from VFJ to Hai Yang in the amount of HK$16,363,299.50;

(ii) a loan agreement dated 30 November 2005 entered into between, inter alia, Talent Sino Holdings Limited ("**Talent Sino**"), a wholly-owned subsidiary of the Company, as borrower, AMS Corporate Finance Limited ("**AMS**") and Great Charm International Limited ("**Great Charm**") as lenders and the Company as guarantor in relation to a term loan facility of up to HK$30,000,000;

(iii) a supplemental deed dated 22 May 2006 entered into between, inter alia, Talent Sino as borrower, AMS and Great Charm as lenders and the Company as guarantor in relation to the extension of the repayment date of the term loan facility mentioned in paragraph (ii) above;

(iv) a conditional agreement dated 22 May 2006 entered into between Talent Sino as vendor, Triple Express Enterprises Limited as purchaser and the Company as guarantor for the sale and purchase of the 20,820 ordinary shares representing approximately 51.52% of the entire issued share capital of and shareholder's loan to Windsor Treasure Group Holdings Limited at a total consideration of HK$96,000,000;

(v) a put and call option deed dated 21 July 2006 entered into between Best Start Services Limited ("**Best Start**"), a 96.2% owned subsidiary of the Company, Up Crown International Limited ("**Up Crown**"), a 96.2% owned subsidiary of the Company and Mr. Frank Hudson ("**Mr. Hudson**") in relation to 4,000,000 shares in TZ Limited whereby Best Start and Up Crown agreed to grant to Mr. Hudson call options (the "**Call Options**") to purchase and Mr. Hudson agreed to grant to Best Start and Up Crown put options to require Mr. Hudson to purchase 4,000,000 shares in TZ Limited (the "**TZ Shares**") at an exercise price of AUD0.55 per share of TZ Limited;

(vi) a deed of variation dated 27 October 2006 entered into between Best Start, Up Crown and Mr. Hudson in relation to the extension of the exercise period of the Call Options for one month as mentioned in paragraph (v) above;

(vii) a loan agreement dated 24 November 2006 entered into between Hillking Profits Limited ("**Hillking**"), a wholly-owned subsidiary of the Company, as lender and PVP Limited ("**PVP**") as borrower pursuant to which Hillking agreed to make available to PVP an unsecured revolving loan facility of up to the maximum principal amount of HK$9,000,000;

(viii) a second deed of variation dated 11 December 2006 entered into between Best Start, Up Crown and Mr. Hudson in relation to the extension of the completion date of the sale and purchase of the TZ Shares from 1 December 2006 to 20 December 2006 as mentioned in paragraphs (v) and (vi) above;

(ix) a sale and purchase agreement dated 29 December 2006 entered into between OHL, Hai Yang and Best Treasure Technology Limited ("**Best Treasure**") in relation to the disposal by OHL of 2,594,724 shares in the issued share capital of VFJ and the total amount owed by VFJ to OHL in the amount of HK$19,450,475 and the disposal by Hai Yang of the total amount owed by VFJ to Hai Yang in the amount of HK$11,527,297.35 to Best Treasure at a total consideration of HK$10,000;

(x) a conditional placing agreement dated 13 June 2007 entered into between the Company and Kingston Securities Limited in relation to the placing of 30,000,000 new Shares at a price of HK$0.90 per placing share;

(xi) the master sales and purchase contract dated 20 July 2007 entered into between Greenheart, Superb Able Industrial Limited ("**SAIL**"), a member of the Enlarged Group, and SFRI in relation to the supply of logs by SAIL to SFRI under which an option was granted by Greenheart to SFRI for the subscription of a maximum of 1,000,000,000 new Class B shares of Greenheart at a subscription price of US$0.006 per Class B share which is exercisable during the period from 20 July 2007 to 20 January 2008;

(xii) a conditional placing agreement dated 2 August 2007 entered into between the Company and Kingston Securities Limited in relation to the placing of 70,000,000 new Shares at a price of HK$3.00 per placing share; and

(xiii) the Agreement.

6. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

8. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading positions of the Group since 31 December 2006, being the date to which the latest published audited financial statements of the Group were made up.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given their reports, opinions or advice which are included in this circular:

Name	Qualification
Moore Stephens	Certified Public Accountants
Pöyry Forest Industry Limited	An independent international firm of forestry experts

As at the Latest Practicable Date,

(a) none of the above experts had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(b) each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with copies of its letter and/or reports and the references to its name included in the forms and contexts in which they are respectively included; and

(c) none of the above experts had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of Enlarged the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2006, the date to which the latest published audited financial statements of the Group were made up.

12. MISCELLANEOUS

(a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is at Units 1505-7, 15th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

(c) Man Sau Ying, Karen, an associate member of the Hong Kong Institute of Chartered Secretaries, is the company secretary of the Company.

(d) Tam Wing Yiu, Alex, an associate member of the Hong Kong Institute of Certified Public Accountants, is the qualified accountant of the Company.

(e) The branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 1505-7, 15th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for each of the two years ended 31 December 2006;

(c) the report from Moore Stephens in relation to financial information of Greenheart as set out in Appendix II to this circular;

(d) the report from Moore Stephens in relation to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(e) the valuation report prepared by the Valuer, the text of which is set out in Appendix IV to this circular;

(f) the material contracts referred to in the section headed "Material Contracts" in this Appendix;

(g) the letters of consent referred to in the section headed "Qualifications and Consents of Experts" in this appendix;

(h) this circular.

OMNICORP LIMITED
兩儀控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 94)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Omnicorp Limited (the "Company") will be held at Concord Rooms 2 and 3, 8th Floor, Renaissance Harbour View Hotel, No.1 Harbour Road, Wanchai, Hong Kong on Monday, 22 October 2007 at 3:00 p.m. to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

"**THAT**

(a) (i) the Agreement as defined and described in the circular of the Company dated 3 October 2007 (the "**Circular**"), a copy of the Agreement marked "A" together with a copy of the Circular marked "B" being tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed;

(ii) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of and permission to deal in the Consideration Shares (as defined below), the allotment and issue of up to 60,000,000 new shares (the "**Consideration Shares**") in the capital of the Company credited as fully paid pursuant to the terms of the Agreement be and are hereby approved;

(iii) conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares (as defined below), the creation and issue of the Convertible Bonds (as defined in the Circular) pursuant to the Agreement, and the allotment and issue to the holders of the Convertible Bonds, upon exercise of the conversion rights attaching to the Convertible Bonds, of shares in the capital of the Company credited as fully paid (the "**Conversion Shares**") in accordance with the terms and conditions of the Convertible Bonds, be and are hereby approved;

* *for identification purposes only*

(b) the directors of the Company (the "**Directors**") be and are hereby authorized to:

(i) execute all such other documents and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated under the Agreement and completion thereof as he may consider necessary, desirable or expedient to give effect to the Agreement and the transactions contemplated thereunder, including, without limitation, exercising or enforcing any right thereunder and to agree to any amendment to any of the terms of the Agreement;

(ii) allot and issue the Consideration Shares pursuant to the Agreement; and

(iii) issue the Convertible Bonds and/or the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds,

save that the mandates given under this Resolution (b)(ii) and (iii) are in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 18 May 2007 or such other general or special mandate(s) which may from time to time be granted to the Directors prior to the passing of this Resolution."

By order of the board of Directors
Omnicorp Limited
Sung Yan Wai, Petrus
Executive Director

Hong Kong, 3 October 2007

Notes:

(1) Any shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. A shareholder who is a holder of two or more Shares may appoint more than one proxy to attend and vote on the same occasion.

(2) In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.

(3) Completion and return of the form of proxy will not preclude members from attending and voting at the annual general meeting or any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

(4) Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.