2006

enterpriseAsia plc

Directors' Report and
Financial Statements
for the year ended
31 December 2006

CONTENTS

COMPANY INFORMATION

Directors	Davie Auyeung (Non-Executive Chairman) Ka Hang Lai (Chief Executive Officer) Phillip Brown (Corporate Relations Director) Philip Bing Lun Lam (Non-Executive Director)
Secretary	Phillip Brown
Company Number	3907093 (England & Wales)
Registered Office	Albion Mills Greengates Bradford West Yorkshire BD10 9TQ
Bankers	HSBC Bank plc 47 Market Street Bradford West Yorkshire BD1 1LW
Auditors	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS
Nominated Adviser	Insinger de Beaufort 131 Finsbury Pavement London EC2A 1NT
Broker	Insinger de Beaufort 131 Finsbury Pavement London EC2A 1NT
Solicitors	Orchard, Brayton, Graham LLP 24 Britton Street London EC1M 5UA
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

CHAIRMAN'S STATEMENT

The Company recorded a consolidated loss of £163,255 for the year ended 31 December 2006 (2005: £206,368).

The Company continues to develop its portfolio in the energy/waste management sector in south east China and has recently announced an investment in Jiangxi Dayu Yangchuan Hydro Power Development Co. Ltd ("JDY") in Jiangxi province of China which is to the immediate north east of Guangdong province. JDY will construct a 2.52MW hydro-electric power plant to serve Dayu township which will produce approximately 10 million kWh per year. Construction is scheduled to be completed by June 2008.

The Company is investing 1.8m Yuan (approximately £115,140) to acquire a 49% equity interest in JDY. We will also provide a shareholder's loan to JDY of 6.3m Yuan (approximately £408,800) in two phases to complete the construction. The two phases (4.1m Yuan and 2.2m Yuan) will accrue interest calculated at the Chinese national standard lending rate plus a multiplier of 130% and 150% respectively.

The investment represents a further development of the Company's declared strategy to exploit opportunities created by the strong and growing regional demand for power in China especially that which is delivered in an environmentally sensitive manner.

I am also pleased to report that the waste incineration plant in Dongguan City (in which your Company has a 9.7% interest) is continuing to perform well and, at the end of 2006, achieved a net profit of 12.3 million Yuan (approximately £796,116). This is an 11.6% increase over the same period last year and the improved performance is a result of better efficiency in plant operation.

In previous reports, I have made reference to the investment opportunities which are available elsewhere in China within our chosen sector, specifically the proposed expansion of the waste incineration plant in Dongguan City and the proposed replication of the plant in Shantou. Despite a successful placing of shares with existing shareholders in July 2006, the Company is still severely restricted in the provision of funds to exploit these opportunities. Your directors are very grateful for the continuing support from existing shareholders but, if we are to gain sufficient advantage of the network of contacts and opportunities which we have developed, we need further, substantial funding.

We have made a number of presentations to investment funds but, whilst they have expressed interest in the strategy we have outlined, such funds often indicate that our market capitalisation is too small for us to be considered as a prospective investment opportunity. Your directors now believe, therefore, that it is no longer in the best interests of the Company or its Shareholders to maintain admission to AIM. Hence, the resolution which will be submitted to shareholders at the Extraordinary General Meeting on 7 June.

I would like to stress that your directors see this very much as a positive move, designed to improve our ability to raise funds and, therefore, drive our investment programme much more quickly than we have been able to do in the recent past.

If shareholders approve the proposed de-listing, there is much work to be done to secure additional funding but I am confident that we have a strong and appealing message to deliver to prospective investors as we seek to exploit opportunities in a growing sector in a growing economy.

Davie Auyeung
Chairman

25 May 2007

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year to 31 December 2006.

Principal activities

The principal activity of the Company and Group was to invest in the energy and environmental sectors in China.

It is considered that the development of the Group and its position at 31 December 2006 are fairly set out in the accompanying financial statements.

Results and dividends

The results for the year are set out on page 9.

The directors do not recommend a dividend payment for the year.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in market price, credit risks, liquidity risk and cash flow risk.

The Company does not use derivative financial instruments to manage interest rate costs, and as such, no hedge accounting is applied.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The Company implements the policies set by the board of directors.

Price risk

The Company is exposed to price risk as a result of its operations and those of its subsidiaries. Given the size of the Company, the cost of managing exposure to price risk is considered to exceed the potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Credit risk

The Company has implemented policies that require credit checks where appropriate.

Liquidity and cash flow risk

The Company actively monitors its financial position to ensure the Company has sufficient available funds for operations and planned expansions.

Creditor payment policy

The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with these terms, subject to the supplier fulfilling its obligations. On average, payment is made to suppliers around thirty days after receipt of invoice. The Company aims to pay small company suppliers within seven days after receipt of invoice.

Directors' interests in shares

The directors who have held office and their beneficial interest in the shares of the Company during the year and at the date of this report are set out below:

	Ordinary shares	
	31 December 2006	31 December 2005
Phillip Brown	-	-
Philip Bing Lun Lam	-	-
Ka Hang Lai*	-	-
Davie Auyeung	74,000	74,000

**See note on "Substantial share interests" below.*

Substantial share interests

The following interests in 3% or more of the issued ordinary share capital have been notified to the Company as at 8 May 2007.

	Number	Percentage
Try On Limited	5,471,850	65.3%
Beechvale Holdings Limited	1,812,289	21.6%

Ka Hang Lai has a 50% (2005: 50%) interest in Try On Limited.

Directors' responsibilities

Company law requires the directors to prepare financial statements that give a true and fair view of the state of affairs of the Company and the Group and of the profit and loss of the Group for the financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

The combined code

The Company aims to comply with the principles set out in Section 1 of the Combined Code.

Detailed below are provisions that have not been complied with:

The Group's business has not developed sufficiently, in the directors' opinion, to warrant the establishment of an audit committee and a remuneration committee. Consequently, there are no reports prepared by management relating to the interim and annual accounts and to the system of internal control. A report to the shareholders by the Board detailing the remuneration policy and benefits has not been prepared.

Going concern

The financial statements have been prepared on a going concern basis, since the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

With effect from 16 April 2007, MRI Moores Rowland LLP merged its business with that of Mazars LLP, following which MRI Moores Rowland LLP will resign as auditors to the company. The directors will appoint Mazars LLP to fill the casual vacancy caused by their resignation and, in accordance with sections 385 of the Companies Act 1985, a resolution to reappoint Mazars LLP will be put to the Annual General Meeting.

By order of the Board

Phillip Brown
Director

INDEPENDENT AUDITORS' REPORT

To the shareholders of enterpriseAsia plc

We have audited the financial statements of enterpriseAsia plc for the year ended 31 December 2006 which comprise consolidated profit and loss account, consolidated and company balance sheet, consolidated cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out in these financial statements.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, Directors' Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the shareholders of enterpriseAsia plc

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and Parent Company's affairs as at 31 December 2006 and of the Group's loss for the year then ended; and

- the information given in the directors' report is consistent with the financial statements; and

- the financial statements have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland LLP
Chartered Accountants

Registered Auditor

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Note	**2006** £	2005 £
Turnover	3	**82,623**	71,403
Administrative expenses		**(272,217)**	(292,314)
		(189,594)	(220,911)
Other operating income		**3,482**	4,839
Operating loss	4	**(186,112)**	(216,072)
Interest receivable and similar income	5	**22,857**	9,704
Loss on ordinary activities before taxation		**(163,255)**	(206,368)
Tax on loss on ordinary activities	6	**-**	-
Loss for the year		**(163,255)**	(206,368)
Basic and diluted loss per share (pence)	8	**(2.98)**	(7.64)

The profit and loss account has been prepared on the basis that all operations are continuing.

There are no recognised gains and losses other than those passing through the profit and loss account.

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	Note	**2006** £	2005 £
Fixed assets			
Intangible fixed assets	9	**332,308**	346,154
Tangible fixed assets	10	**1,649**	1,241
Fixed asset investments	11	**202,025**	202,025
Debtors due after more than one year	13	**145,808**	-
		681,790	549,420
Current assets			
Investments	12	**-**	-
Debtors	13	**18,770**	88,932
Cash at bank and in hand		**1,272,881**	491,518
		1,291,651	580,450
Creditors: amounts falling due within one year	14	**(58,085)**	(51,259)
Net current assets		**1,233,566**	529,191
NET ASSETS		**1,915,356**	1,078,611
CAPITAL AND RESERVES			
Called up share capital	15	**83,800**	31,168
Share premium account	16	**1,614,180**	666,812
Profit and loss account	16	**217,376**	380,631
Shareholders' funds – equity interests	17	**1,915,356**	1,078,611

Approved and authorised for issue by the Board of Directors on 25 May 2007.

Ka Lai
Director

Phillip Brown
Director

COMPANY BALANCE SHEET
As at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible fixed assets	10	**644**	35
Fixed asset investments	11	**1,322,176**	421,397
		1,322,820	421,432
Current assets			
Debtors	13	**10,785**	10,984
Cash at bank and in hand		**189,873**	270,695
		200,658	281,679
Creditors: amounts falling due within one year	14	**(47,509)**	(43,748)
Net current assets		**153,149**	237,931
NET ASSETS		**1,475,969**	659,363
CAPITAL AND RESERVES			
Called up share capital	15	**83,800**	31,168
Share premium account	16	**1,614,180**	666,812
Profit and loss account	16	**(222,011)**	38,617
Shareholders' funds – equity interests	17	**1,475,969**	659,363

Approved and authorised for issue by the Board of Directors on 25 May 2007.

Ka Lai
Director

Phillip Brown
Director

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	18	**(240,388)**	(273,921)
Returns on investments and servicing of finance			
Bank interest received		**22,857**	9,704
Net cash inflow for returns on investments and servicing of finance		**22,857**	9,704
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets		**(1,114)**	(317)
Proceeds on disposal of tangible fixed assets		**-**	8
Payments to acquire intangible fixed assets		**-**	(360,000)
Payments to acquire fixed asset investments		**-**	(50,000)
Net cash outflow for capital expenditure		**(1,114)**	(410,309)
Net cash outflow before management of liquid resources and financing		**(218,645)**	(674,526)
Financing			
Issue of new shares		**1,000,000**	686,000
Net cash inflow from financing		**1,000,000**	686,000
Exchange difference		**8**	-
Net increase in cash in the year	18(b)	**781,363**	11,474

1. PRINCIPAL ACCOUNTING POLICIES

1.1 Accounting convention
The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards
The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom.

1.3 Going concern
The financial statements have been prepared on a going concern basis.

1.4 Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	50% straight line
Furniture and fixtures	25% straight line
Office equipment	33% straight line

The carrying value of the tangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 Operating leases
Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

Rentals payable under operating leases are recognised as an expense on a straight line basis over the lease term.

1.6 Investments
Investments are stated at cost less impairment in value.

1.7 Basis of consolidation
The consolidated financial statements include the financial statements of the parent company and its subsidiaries made up to 31 December 2006, except where indicated below:

Some investments that would normally be included as associates have not been included in the group figures as, under FRS 9 "Associates and joint ventures", these investments are part of an investment portfolio and are disclosed as unlisted investments and current asset investments at the lower of cost and net realisable value.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.8 Foreign currency translation

Foreign currency transactions

Monetary assets, current asset investments and monetary liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rate ruling at the date of transaction. All gains or losses arising on exchange are taken to the profit and loss account.

Foreign operations

Assets and liabilities of foreign operations arising on the acquisition of foreign operations are translated to Sterling for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are recognised directly in equity. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

1.9 Financial instruments

The Group does not undertake any trading activity in financial instruments. Additional information on the Group's financial instruments are provided in note 19.

1.10 Pension costs

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by the independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately. Contributions payable to the Group's pension scheme are charged to the profit and loss account in the year to which they relate and are accounted for in accordance with FRS17.

1.11 Intangible assets

Domain name

The initial cost of acquiring the domain name is capitalised and amortised over a sharing period of five years in equal annual instalments. Annual impairment reviews will be carried out.

Right of profit sharing

The initial cost of acquiring right of profit sharing is capitalised and amortised over a sharing period of twenty-six years in equal annual instalments. Annual impairment reviews will be carried out.

1.12 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS 19 “Deferred Tax”. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.13 Share based payments

The share options programme allows the Group’s employees to acquire shares of the Company. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

2. PARENT COMPANY RESULTS

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included as part of these financial statements. The Company's loss for the financial year was £183,394 (2005: £185,129).

3. TURNOVER

The principal activities of the Group and the Company are investment holding during the year.

The turnover represented the investment income generated from the right to share profits of Dongguan Bohai Environmental Protection Resources Development Company Limited.

4. OPERATING LOSS

This is stated after charging/(crediting):	**2006** **£**	2005 £
Depreciation of tangible fixed assets	**698**	550
Operating lease charges on premises	**17,732**	14,165
Directors' remuneration for qualifying services	**59,136**	59,938
Auditors' remuneration		
Hong Kong – audit fee	**15,726**	11,171
UK – audit fee	**17,989**	13,521
UK – other services	**-**	135
Exchange (gain) loss, net	**(18,241)**	7,301

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 **£**	2005 £
Bank interest	**22,857**	9,704

6. TAXATION

	2006 £	2005 £
Taxation: current tax charge	**-**	-
Factors affecting the tax charge for the year:		
Loss on ordinary activities before tax	**(163,255)**	(206,368)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% *(2005: 30%)*	**(48,977)**	(61,910)
Effects of:		
Non-deductible expenses	**96**	206
Tax losses unutilised:		
- UK	**54,923**	55,332
- Overseas	**(6,042)**	6,372
	48,977	61,910
Current tax charge	**-**	-

The Company has estimated losses of £1,762,236 (2005: £1,579,163) available for carry forward against future taxable profits of the same trade.

There is no corporation tax charge for the year due to the losses incurred during the year.

7. EMPLOYEES

Number of employees	2006 Number	2007 Number
The average monthly number of employees (including directors) during the year was:		
Investment management	**4**	4
Administration	**3**	2
	7	6

Employment costs (including directors)	2006 £	2005 £
Wages and salaries	**83,485**	81,171
Other costs	**9,842**	9,472
	93,327	90,643

8. LOSS PER SHARE

	2006 £	2005 £
Loss for the year	**163,255**	206,368
Weighted average number of shares in issue	**5,481,663**	2,699,795
Dilution effect of share in options	**-**	-
Diluted weighted average number of shares	**5,481,663**	2,699,795
Basic loss per share (pence)	**2.98**	7.64
Diluted loss per share (pence)	**2.98**	7.64

9. INTANGIBLE FIXED ASSETS

Group	**Profit sharing rights** £
Cost	
At 1 January 2006 and **at 31 December 2006**	**360,000**
Provision for amortisation / impairment	
At 1 January 2006	13,846
Charge / provision for the year	13,846
At 31 December 2006	**27,692**
Net book value	
At 31 December 2006	**332,308**
At 31 December 2005	346,154

10. TANGIBLE FIXED ASSETS

	Group				Company		
	Leasehold improvements	**Furniture and fittings**	**Office equipment**	**Total**	**Office equipment**	**Furniture and fittings**	**Total**
	£	£	£	£	£	£	£
Cost							
At 1 January 2006	3,263	1,682	12,591	17,536	568	71	639
Additions	-	-	1,114	1,114	832	-	832
Exchange difference	(51)	(25)	(174)	(250)	-	-	-
At 31 December 2006	**3,212**	**1,657**	**13,531**	**18,400**	**1,400**	**71**	**1,471**
Accumulated depreciation							
At 1 January 2006	3,263	1,116	11,916	16,295	568	36	604
Charge for the year	-	414	284	698	206	17	223
Exchange difference	(51)	(17)	(174)	(242)	-	-	-
At 31 December 2006	**3,212**	**1,513**	**12,026**	**16,751**	**774**	**53**	**827**
Net book value							
At 31 December 2006	**-**	**144**	**1,505**	**1,649**	**626**	**18**	**644**
At 31 December 2005	-	566	675	1,241	-	35	35

11. FIXED ASSET INVESTMENTS

Group	Listed investments £	Unlisted investments £	Total £
Cost			
At 1 January 2006 and			
at 31 December 2006	**2,660,429**	**1,527,307**	**4,187,736**
Provision for impairment			
At 1 January 2006 and			
at 31 December 2006	**2,508,404**	**1,477,307**	**3,985,711**
Net book value			
At 31 December 2006	**152,025**	**50,000**	**202,025**
At 31 December 2005	152,025	50,000	202,025

Information on the listed investments:

Listed investments as at the year end consisted of the following:

Name of company	Place of incorporation	Class of shares held	Proportion of nominal value of issued capital held by the Group 2006	2005
Value Convergence Holdings Limited	Hong Kong	Ordinary	1.67%	1.70%

The market value of 4,247,022 shares of Value Convergence Holdings Limited at 31 December 2006 was £329,054 (2005: £164,328).

Information on the unlisted investments:

Name of company	Country of incorporation /registration	Class of shares held	Proportion of the nominal value of issued capital held by the Group 2006	2005	Nature of business
iBASE Holdings Limited	Hong Kong	Ordinary	49%	49%	E-commerce business solutions
Net Fun Limited	Hong Kong	Ordinary	8%	8%	Computer games provider
Lucky Man Investment Limited	Hong Kong	Ordinary	2%	2%	Investment holding

11. FIXED ASSET INVESTMENTS (CONTINUED)

Company	**Loan to subsidiary undertakings £**	**Shares in subsidiary undertakings £**
Cost		
At 1 January 2006	421,397	10,584,251
Additions	901,778	-
Disposals	(999)	(1)
At 31 December 2006	**1,322,176**	**10,584,250**
Provision for impairment		
At 1 January 2006	-	10,584,251
Charge for the year	999	-
Eliminated on disposal	(999)	(1)
At 31 December 2006	**-**	**10,584,250**
Net book value		
at 31 December 2006	**1,322,176**	**-**
At 31 December 2005	421,397	-

The amounts due from subsidiary undertakings are unsecured, interest-free and repayable after one year.

Information on principal subsidiary undertakings:

Name of company	**Country of incorporation /registration**	**Class of shares held**	**Proportion of the nominal value of equity held by the** *Group*	*Company*	**Nature of business**
enterpriseAsia Limited	Hong Kong	Ordinary	-	100%	Investment holding
Alternative Enterprises Limited	British Virgin Islands	Ordinary	100%	-	Investment holding
E-Market Assets Limited	British Virgin Islands	Ordinary	100%	-	Investment holding
E-Force Enterprises Limited	British Virgin Islands	Ordinary	100%	-	Investment holding
enterpriseAsia Consultants Limited	British Virgin Islands	Ordinary	100%	-	Investment holding
Dongguan Environmental Investment Limited	Hong Kong	Ordinary	100%	-	Dormant

12. CURRENT ASSET INVESTMENTS

Group

	Unlisted investments	Loan to an investee company	Convertible loans	Total
	£	£	£	£
Cost				
At 1 January 2006 and				
at 31 December 2006	8,837	68,586	130,501	207,924
Provision for impairment				
At 1 January 2006 and				
at 31 December 2006	8,837	68,586	130,501	207,924
Net book value				
At 31 December 2006	**-**	**-**	**-**	**-**
At 31 December 2005	-	-	-	-

Information on the unlisted investments:

Name of company	Country of incorporation /registration	Class of shares held	Proportion of the nominal value of issued capital held by the Group	Nature of business
Chinese Education Holding Company Limited	Hong Kong	Ordinary	45% (2005 : 45%)	Provision of overseas placement programme
Hong Kong Institute of Vocational Learning Limited	Hong Kong	Ordinary	40% (2005 : 40%)	Provision of tutorial classes

Loan to investee company

The loan to investee company represents an amount due from Chinese Education Holding Company Limited. The amount was provided against as the company is loss making and there is little expectation of recovery.

Convertible loan

This is a convertible loan of HK$1,500,000 (£130,501) due from iBASE Holdings Limited to a fellow subsidiary, Alternative Enterprises Limited. It is unsecured and interest was accrued on outstanding loan amounts on a daily basis at the prevailing Hong Kong Dollar prime lending rate less two percentage points and was originally due on 18 January 2004. Both parties agreed that the outstanding loan should be settled by instalments commencing from November 2004. However, no repayment of loan has been made during the year.

13. DEBTORS

		Group		Company	
		2006	2005	**2006**	2005
	Note	**£**	£	**£**	£
Due after more than one year					
Debtor	13(a)	**145,808**	-	**-**	-
Current assets					
Debtor	13(a)	**-**	71,403	**-**	-
Due from a related company	13(c)	**-**	1,201	**-**	-
Prepayments and accrued income		**18,241**	16,328	**10,785**	10,984
Due from a director	13(b)	**529**	-	**-**	-
		18,770	88,932	**10,785**	10,984
		164,578	88,932	**10,785**	10,984

13(a) DEBTOR

The accounts receivables represents the share of the profits of Dongguan Bohai Environmental Protection Resources Development Company Limited. In the opinion of the Group's directors, the amounts are expected to be received after one year.

13(b) DUE FROM A DIRECTOR

The amounts due are unsecured, interest-free and have no fixed repayment term, the maximum amount outstanding during the year was £529. At the balance sheet date, no provision had been made for non-repayment of the advance.

13(c) DUE FROM A RELATED COMPANY

The amount due is unsecured, interest-free and has no fixed repayment terms.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Other creditors	**6,293**	6,409	**4,751**	4,839
Accruals	**49,443**	41,208	**40,645**	35,297
Due to directors	**2,349**	3,642	**2,113**	3,612
	58,085	51,259	**47,509**	43,748

15. SHARE CAPITAL

	2006	2005
	£	£
Authorised:		
300,000,000 ordinary shares of 1p each	**3,000,000**	3,000,000
Allotted, issued and fully paid:		
8,380,004 ordinary shares of 1p each		
(2005: 3,116,847 ordinary shares of 1p each)	**83,800**	31,168

On 20 July 2006, the issued share capital of the Company was increased to £83,800 by allotting 5,263,157 ordinary shares of 1p each, at a premium of 18p each, for the provision of additional working capital and for expansion of the Company's investments in China's energy and environmental sectors. These shares rank pari passu with the existing shares in all respects.

Share option scheme

As at 31 December 2006 the Company had a share option scheme under which options for ordinary shares of 1 pence were granted to two previous directors as an incentive to achieve the Company's strategy. The Company also has further options granted for 1p ordinary shares as part of the original placing and offer for subscription. The number of shares exercisable pursuant to the share option scheme is as follows:

Number of shares	Exercise price per share	Exercise period ending
9,000	£10	7 February 2010

16. STATEMENT OF MOVEMENTS ON RESERVES

Group	**Share premium account** £	**Profit and loss account** £
At 1 January 2006	666,812	380,631
Issue of share capital	947,368	-
Retained loss for the year	-	(163,255)
At 31 December 2006	**1,614,180**	**217,376**

Company

At 1 January 2006	666,812	(38,617)
Issue of share capital	947,368	-
Retained loss for the year	-	(183,394)
At 31 December 2006	**1,614,180**	**(222,011)**

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2006	2005	**2006**	2005
	£	£	**£**	£
Loss for the financial year	**(163,255)**	(206,368)	**(183,394)**	(185,129)
Net reduction from shareholders' funds	**(163,255)**	(206,368)	**(183,394)**	(185,129)
Issue of share capital	**1,000,000**	686,000	**1,000,000**	686,000
Opening shareholders' funds	**1,078,611**	598,979	**659,363**	158,492
Closing shareholders' funds	**1,915,356**	1,078,611	**1,475,969**	659,363

18. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Operating loss	**(186,112)**	(216,072)
Depreciation of tangible fixed assets	**698**	550
Amortisation of intangible fixed assets	**13,846**	13,846
Loss on disposal of tangible fixed assets	**-**	106
Increase in debtors	**(75,646)**	(68,227)
Increase/(decrease) in creditors	**6,826**	(4,124)
Net cash outflow from operating activities	**(240,388)**	(273,921)

18(a) ANALYSIS OF NET FUNDS

	1 January 2006	**Cash flow**	**31 December 2006**
	£	£	£
Net cash:			
Cash at bank and in hand	491,518	781,363	1,272,881
Net funds	491,518	781,363	1,272,881

18(b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006	2005
	£	£
Increase in cash in the year	**781,363**	11,474
Movement in net funds in the year	**781,363**	11,474
Opening net funds	**491,518**	480,044
Closing net funds	**1,272,881**	491,518

19. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, other debtors and creditors balances that arise from its operations. Short-term debtors and creditors have been excluded from all of the following disclosures under the exemption contained in FRS13. The main purpose of these financial instruments is to finance the Group's operations.

It is and has been throughout the period under review the Group's policy that no trading in financial instruments shall be undertaken. The Group operates a central treasury function in the UK.

The main risk arising from the Group's financial instruments is foreign currency risk. The Board reviews and agrees policies for the management of these risks and these are summarised below. These policies have remained unchanged throughout the period.

Foreign currency risk

The Group intends to continue to expand internationally and therefore its results could be affected significantly by currency fluctuations. The Group's existing fixed assets current asset investments are primarily based overseas, in particular Asia. These investments and the revenue generated from these investments are principally denominated in Yuan and Hong Kong Dollars.

The Group operates its treasury function centrally in the UK where surplus funds are maintained in Sterling. The Board monitors all foreign currency exposure but the Group does not currently hedge against movements in the exchange rates of Sterling and foreign currencies in respect of any financial assets and liabilities.

The table below shows the Sterling equivalent of the Group's exposure in respect of assets and liabilities denominated in foreign currencies:-

Hong Kong Dollars

	Assets/(Liabilities)	
	2006	2005
	£	£
Fixed assets		
Intangible fixed assets	**332,308**	346,154
Tangible fixed assets	**1,005**	1,206
Fixed asset investments	**202,025**	202,025
	535,338	549,385
Current assets		
Debtors	**7,985**	6,545
Cash at bank and in hand	**1,083,008**	220,823
	1,090,993	227,368
Creditors: amounts falling due within one year	**(10,576)**	(7,511)
Net current assets	**1,080,417**	219,857
NET ASSETS	**1,615,755**	769,242

19. FINANCIAL INSTRUMENTS (CONTINUED)

Yuan

	Assets/(Liabilities)	
	2006	2005
	£	£
Debtors	**145,808**	71,403

20. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year the Group had the following transactions with related parties:

Related party	**Relationship**	**Nature**	**2006**	2005
			£	£
Chinese Education Holding Company Limited & Hong Kong Institute of Vocational Learning Limited	Investee companies	Expenses incurred on behalf of the company	**932**	2,206
Lucky Man Investment Limited	Controlled by the father of a director	Acquisition of intangible assets	**-**	360,000
Mr. Lai Kin Sang, Dickson	Father of a director	Acquisition of fixed asset investments	**-**	50,000
Second Curve Consultants Limited	Common director	Rental and administrative services fee received	**952**	2,521

At the balance sheet date the Group had the following balances with related parties:

		Group		Company	
Related party balance	**Relationship**	**2006**	2005	**2006**	2005
		£	£	**£**	£
Due from a related company	Common directors	**-**	1,201	**-**	-
Due from a director	Director	**529**	-	**-**	-
Due to directors	Directors	**(2,349)**	(3,642)	**(2,113)**	(3,612)

21. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	2006	2005
	£	£
Within one year	12,566	-

22. NET ASSET VALUE PER SHARE

The net asset value per share and the net asset value attributable to ordinary shareholders were as follows:

	Net asset value per share 2006	**Net asset value attributable to ordinary shareholders 2006**	Net asset value per share 2005	Net assets value attributable to ordinary shareholders 2005
Ordinary 1p shares	**22.86p**	**£1,915,356**	34.61p	£1,078,611

Basic net asset value per ordinary share is 22.86p which is based on net assets at the year end and on 8,380,004 ordinary shares (2005: 3,116,847 ordinary shares), being the number of ordinary shares in issue at the year end.

23. ULTIMATE CONTROLLING PARTY

Try On Limited owns 65.3% of the Company. 50% of Try On Limited is owned by Ka Hang Lai, a director of the Company, and the other 50% is owned by Mr. Lai's father.

24. POST BALANCE SHEET EVENTS

On 24 April 2007, the Group entered into a joint venture agreement with two joint venture parties to establish a company, Jiangxi Dayu Yangchuan Hydro Power Development Co. Ltd., which is incorporated in the People's Republic of China ("PRC"). The Group was committed to inject 49% of the joint venture's registered capital of £115,140 (1.8 million Yuan) and to grant a loan of £408,800 (6.3 million Yuan) to the joint venture for the construction of a hydroelectric power plant in Yangchuan of PRC. One of the other joint venture parties is a company in which the father of the Company's director has beneficial interest.