ZHONG HUA INTERNATIONAL HOLDINGS LIMITED

中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1064)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 (the "Annual Results"), together with the comparative figures for the corresponding year of 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
CONTINUING OPERATIONS			
REVENUE	*2*	**10,070**	8,790
Other income		**3,098**	1,890
Changes in fair value of the derivative component of a convertible bond		**(1,992)**	–
Gain on disposal of interests in subsidiaries		**18,057**	–
Administrative expenses		**(13,376)**	(14,071)
Other operating expenses, net		**(3,128)**	(6,925)
Finance costs	*3*	**(2,918)**	(2,367)
PROFIT/(LOSS) BEFORE TAX	*4*	**9,811**	(12,683)
Tax	*5*	**10,285**	(223)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**20,096**	(12,906)
DISCONTINUED OPERATION	*6*		
Loss for the year from a discontinued operation		**(7,272)**	(132,855)
PROFIT/(LOSS) FOR THE YEAR		**12,824**	(145,761)
Attributable to:			
Equity holders of the Company		**12,824**	(145,761)
Minority interests		**–**	–
		12,824	(145,761)

	Notes	2007 HK$'000	2006 HK$'000
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
– For profit/(loss) for the year		**HK1.82 cents**	HK(26.02) cents
– For profit/(loss) for the year from continuing operations		**HK2.84 cents**	HK(2.30) cents
Diluted			
– For profit for the year		**HK1.79 cents**	N/A
– For profit for the year from continuing operations		**HK2.79 cents**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**9,795**	13,962
Investment properties		**3,088,413**	291,800
Intangible assets		**–**	7,861
Goodwill		**–**	–
Interests in jointly-controlled entities		**–**	–
Prepaid rental		**–**	–
Deposits and other receivable		**–**	57,953
Pledged deposits		**1,676**	404
Total non-current assets		**3,099,884**	371,980
CURRENT ASSETS			
Properties held for sales		**35,407**	–
Trade receivables	9	**32,434**	25,954
Prepayments, deposits and other receivables		**22,713**	13,259
Cash and cash equivalents		**100,527**	178,602
Total current assets		**191,081**	217,815

	Notes	**2007** *HK$'000*	2006 *HK$'000*
CURRENT LIABILITIES			
Trade payables	*10*	**(25,015)**	(12,649)
Tax payable		**(19,161)**	(12,039)
Other payables and accruals		**(46,341)**	(17,187)
Due to directors		**(11,403)**	–
Interest-bearing bank and other borrowings		**(10,910)**	(5,602)
Deferred income		**–**	(18,057)
Total current liabilities		**(112,830)**	(65,534)
NET CURRENT ASSETS		**78,251**	152,281
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,178,135**	524,261
NON-CURRENT LIABILITIES			
Loan from a director		**(68,459)**	–
Amount due to a director		**(63,542)**	–
Long term other payables		**(106,956)**	–
Convertible bond		**(41,492)**	–
Promissory note		**(100,000)**	–
Interest-bearing bank and other borrowings		**(24,318)**	(19,941)
Deferred tax liabilities		**(646,545)**	(51,430)
Total non-current liabilities		**(1,051,312)**	(71,371)
Net assets		**2,126,823**	452,890
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**232,808**	122,648
Reserves		**444,650**	330,242
		677,458	452,890
Minority interests		**1,449,365**	–
Total equity		**2,126,823**	452,890

Notes:

1.1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties and the derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 7	Financial instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

Based on our discussion with management, the adoption of the above new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the financial statements.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

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

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 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 is concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represented the telecommunication and other related services income, the net invoiced value of goods sold, after allowances for returns and trade discounts and gross rental income, after elimination of all significant intra-group transactions less any applicable turnover taxes.

The following table presents revenue and results information of the Group's business segments.

	Continuing operations						Discontinued operation							
	Property investment		Corporate and others		Total		Leasing of equipment		Telecommunication and other related services		Total		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**10,070**	8,790	**–**	–	**10,070**	8,790	**3,988**	3,772	**–**	177	**3,988**	3,949	**14,058**	12,739
Other revenue and gains	**–**	–	**18,057**	–	**18,057**	–	**–**	–	**–**	–	**–**	–	**18,057**	–
Total	**10,070**	8,790	**18,057**	–	**28,127**	8,790	**3,988**	3,772	**–**	177	**3,988**	3,949	**32,115**	12,739
Segment results	**5,146**	908	**4,485**	(13,114)	**9,631**	(12,206)	**(8,937)**	(7,960)	**–**	(15,984)	**(8,937)**	(23,944)	**694**	(36,150)
Other income					**3,098**	1,890					**1,665**	54	**4,763**	1,944
Finance costs					**(2,918)**	(2,367)					**–**	(2,778)	**(2,918)**	(5,145)
Profit/(loss) before tax					**9,811**	(12,683)					**(7,272)**	(26,668)	**2,539**	(39,351)
Tax					**10,285**	(223)					**–**	–	**10,285**	(223)
Loss on disposal of interests in subsidiaries					**–**	–					**–**	(106,187)	**–**	(106,187)
Profit/(loss) for the year					**20,096**	(12,906)					**(7,272)**	(132,855)	**12,824**	(145,761)

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in the Mainland of the People's Republic of China (the "Mainland China").

3. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on:		
Bank loans	**2,362**	4,879
Finance lease	**155**	90
Convertible bond	**237**	176
Promissory note	**164**	–
	2,918	5,145
Attributable to continuing operations	**2,918**	2,367
Attributable to discontinued operations	**–**	2,778
	2,918	5,145

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Cost of services provided	**4,313**	17,758
Depreciation	**3,344**	14,156
Amortisation of intangible assets	**4,313**	5,656
Amortisation of prepaid rentals	**–**	1,025
Bank interest income	**(3,602)**	(1,909)
Gross and net rental income	**(10,070)**	(8,790)

The disclosures presented in this note for the years ended 31 December 2006 and 2007 include those amounts charged/credited in respect of the discontinued operations.

5. TAX

	2007	2006
	HK$'000	*HK$'000*
Group:		
Current – elsewhere	**1,986**	223
Deferred	**(12,271)**	–
Total tax charge/(credit) for the year	**(10,285)**	223

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The subsidiaries established in Mainland China are subject to income taxes at tax rate of 33% (2006: 33%).

On 16 March 2007, the National People's Congress approved the CIT Law of Mainland China (the "New CIT Law"), which will become effective from 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the CIT rate for domestic and foreign investment enterprises at a rate of 25%.

This change in the CIT rate will directly affect the Group's effective tax rate prospectively from 2008. The CIT rate will change from 33% to 25% effective from 1 January 2008. According to HKAS 12 "Income taxes", deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and the Group's deferred tax has been adjusted accordingly.

6. DISCONTINUED OPERATION

During the prior and current years, the following discontinued operations were noted:

(a) Pursuant to a sale and purchase agreement entered into between the Group and an independent third party in prior year, the Group agreed to dispose of its entire equity interest in a subsidiary, Telesuccess International Limited, and its wholly-owned subsidiary (the "Disposed Group"). The transaction was completed on 29 December 2006. (b) During the year, the Group has decided to cease the then business operation (the "Cessation") of 廣州遠朋天成電子科技有限公司 ("廣州遠朋") (formerly known as "Guangzhou Proland Electrical Technology Limited"). 廣州遠朋 principally engages in leasing of equipment in Mainland China. The results for the discontinued operations for the two years ended 31 December 2006 and 2007 are as follows:

	2007 *HK$'000*	2006 *HK$'000*
REVENUE	**3,988**	3,949
Cost of sales	**(4,313)**	(17,758)
Gross loss	**(325)**	(13,809)
Other income	**1,665**	54
Administrative expenses	**(2,346)**	(7,226)
Other operating expenses, net	**(6,266)**	(2,909)
Finance costs	**–**	(2,778)
Loss before tax from discontinued operations	**(7,272)**	(26,668)
Tax	**–**	–
Loss after tax from discontinued operations	**(7,272)**	(26,668)
Loss on disposal from the Disposed Group	**–**	(106,187)
	(7,272)	(132,855)
Attributable to:		
Equity holders of the Company	**(7,272)**	(132,855)
Minority interest	**–**	–
	(7,272)	(132,855)

The net cash flows of discontinued operations are as follows:

	2007 *HK$'000*	2006 *HK$'000*
Operating activities	**(592)**	(3,070)
Investing activities	**635**	54
Financing activities	**–**	–
Net cash inflow/(outflow)	**43**	(3,016)

	2007	2006
Loss per share:		
Basic, from the discontinued operations	**HK1.02 cents**	HK23.72 cents
Diluted, from the discontinued operations	**N/A**	N/A

Diluted loss per share from the discontinued operations for the years ended 31 December 2006 and 2007 have not been disclosed as the convertible bond and share options outstanding during these years had anti-dilutive effects on the basic loss per share for these years.

The calculations of basic loss per share from the discontinued operations are based on:

	2007	2006
Loss attributable to equity holders of the Company from the discontinued operations	**HK$7,272,000**	HK$132,855,000
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**706,550,889**	560,120,752

7. FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2007 (2006: Nil).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$12,824,000 (2006: loss for the year attributable to ordinary equity holders of the Company of HK$145,761,000), and the weighted average number of 706,550,889 (2006: 560,120,752) ordinary shares in issue during the year.

Diluted loss per share for the year ended 31 December 2006 has not been disclosed as the convertible bond and share options outstanding during that year had anti-dilutive effects on the basic loss per share.

The calculation of diluted earnings per share for the year ended 31 December 2007 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$12,824,000 adjusted to reflect the interest on the convertible bond of HK$237,000, and the weighted average number of ordinary shares used in the calculation is the 729,002,090 ordinary shares in issue during the year. A reconciliation of the weighted average number of shares used in the basic earnings per share calculation to that used in the diluted earnings per share calculation is as follows:

Weighted average number of shares used in the basic earnings per share calculation	706,550,889
Weighted average number of shares assumed to have been issued on the conversion of a convertible bond	12,328,767
Weighted average number of shares assumed to have been issued under the share option scheme for nil consideration	10,122,434
Weighted average number of shares used in the diluted earnings per share caluclation	729,002,090

The calculation of basic earnings (2006: loss) for the year from continuing operations per share is based on the profit for the year attributable to ordinary equity holders of the Company from continuing operations of HK$20,096,000 (2006: loss of HK$12,906,000), and the weighted average number of 706,550,889 (2006: 560,120,752) ordinary shares in issue during the year.

No diluted loss per share for the year ended 31 December 2006 from continuing operations has been disclosed as the convertible bond and share options outstanding during that year had anti-dilutive effects on the basis loss per share.

The calculation of diluted earnings per share for the year ended 31 December 2007 from continuing operations is based on the profit for the year attributable to ordinary equity holders of the Company from continuing operations of HK$20,096,000, adjusted to reflect the interest on the convertible bond of HK$237,000, and the weighted average number of ordinary shares used in the calculation is the 729,002,090 ordinary shares in issue during the year (see above).

9. TRADE RECEIVABLES

An aged analysis of the trade receivables at the balance sheet date is as follows:

	2007		2006	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**7,284**	**22**	10,027	39
More than 6 months but within 1 year	**3,512**	**11**	–	–
More than 1 year but within 2 years	**4,511**	**14**	4,195	16
More than 2 years	**17,127**	**53**	11,732	45
	32,434	**100**	25,954	100
Portion classified as current assets	**(32,434)**		(25,954)	
Non-current assets	**–**		–	

The Group generally grants a credit term of 3 months to 12 months to its customers.

The age of the Group's trade receivables are based on the date of recognition of turnover and the due date of instalments as stipulated in the sale contracts.

HK$21,638,000 (2006: HK$20,121,000) included in the total trade receivables are attributable to properties sold in prior years. The legal titles of the properties sold are retained by the Group until the contracted amounts and related expenses of the properties have been fully settled.

10. TRADE PAYABLES

An aged analysis of the trade payables at the balance sheet date is as follows:

	2007		2006	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**–**	**–**	37	1
More than 6 months but within 1 year	**8**	**1**	3,581	28
More than 1 year but within 2 years	**2,305**	**8**	–	–
More than 2 years but within 3 years	**–**	**–**	84	1
Over 3 years	**22,702**	**91**	8,947	70
	25,015	**100**	12,649	100

The age of the Group's trade payables are based on the date of the goods received or services rendered.

11. COMPARATIVE AMOUNTS

Following the cessation of the leasing of equipment during the year, the principal business of the Group now mainly comprises of property investment and management and therefore the presentation of the financial statements has been revised accordingly.

BUSINESS REVIEW

The Group recorded a turnover of HK$14,058,000 (31 December 2006: HK$12,739,000) for the year ended 31 December 2007, representing an increase of 10% compared with 2006. Net profit for the year attributable to ordinary equity holders of the Company was HK$12,824,000 (31 December 2006: net loss of HK$145,761,000).

The Group's turnover during the year mainly comprised of the rental income generated from the commercial podium in Chongqing and the leasing of point-of-sale ("POS") equipment in Guangzhou.

In addition, the Group received HK$40,000,000, which was the remaining consideration receivable from the disposal of 51% equity interest in certain former subsidiaries of the Group during the year, which recognised a gain on disposal of HK$18,057,000.

Property investment

Chongqing

The rental income generated from leasing of the commercial units in Gang Yu Square in Chongqing was increased during the year compared with 2006. The occupancy rate of the square in the year remained satisfactory. It is expected that the business will continue to generate a steady stream of income to the Group.

Guangzhou

In December 2007, the Group has acquired 25% attributable interest in 廣州正大房地產開發有限公司 ("Guangzhou Zheng Da") which holds the property comprising three contiguous land parcels located at Yuexiu District, Guangzhou (the "Guangzhou Property").

The Guangzhou Property is located at the most prime commercial site area in Yuexiu District, Guangzhou. Currently, part of the Guangzhou Property is used as open car park whereas the remaining part is occupied by an old building and a 2-storey non-permanent commercial building. The 2-storey non-permanent commercial building is mainly occupied by tenants engaging in the footwear wholesale business.

It is planned that the proposed development to be erected on the Guangzhou Property will be divided into two phases. The first phase development will be a redevelopment of the open carpark to a 22-storey composite building for shopping arcade and commercial office. The shopping arcade will be specialized in footwear wholesale business and it is planned that the existing tenants of the 2-storey non-permanent commercial building will be invited to move into the phase one building. The total investment amount is expected to be approximately RMB650 million and the construction is expected to be completed by 2010.

The construction of second phase development will be commenced after the completion of phase one building. The existing 2-storey non-permanent building will be demolished and redeveloped as another composite building for shopping arcade and office with ancillary facilities such as carpark and loading area whereas the existing old building will be demolished and developed as road and greenery space. It is expected that the total investment cost of the second phase development is approximately RMB600 million and the construction is expected to be completed by 2012.

During the year, Guangzhou Zheng Da had only generated minimal rental income from the rental of an old building erected on the Guangzhou Property. It is expected that the property market in the PRC will continue to prosper in coming years, and the proposed development project will provide attractive returns to the Group in the medium and long term.

Leasing of equipment

Since 2003, the Group had engaged in leasing of corded and cordless POS equipment in Guangzhou for a term of five years. The demand for POS equipment remained steady during the year but the Directors preferred to cease this operation with an objective to concentrate in property related businesses. In December 2007, the Group and its major customer mutually agreed to early terminate the leasing agreement with effect from 1 January 2008.

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its businesses with internally generated cash flows, banking facilities, net proceeds from placing of new shares and exercise of share options during the year.

Cash and bank balances of the Group as at 31 December 2007 amounted to HK$100,527,000 (2006: HK$178,602,000) and pledged deposits of HK$1,676,000 (2006: HK$404,000).

As at 31 December 2007, the Group had outstanding borrowings of approximately HK$245,179,000 (2006: HK$25,543,000) comprising interest-bearing bank loans amounted to HK$33,134,000 (2006: HK$22,933,000), convertible bonds payable amounted to HK$41,492,000 (2006: HK$nil), finance lease payable amounted to HK$2,094,000 (2006: HK$2,610,000), promissory note payable amounted to HK$100,000,000 (2006: HK$nil) and loan from a director amounted to HK$68,459,000 (2006: HK$nil). Of the Group's interest-bearing bank loans, 31%, 6%, 20% and 43% respectively are repayable within one year or on demand, in the second year, in the third to fifth years, inclusive, and beyond five years. An amount of HK$8,560,000 bank loans as at 31 December 2007 was charged at fixed interest rates (2006: HK$nil).

The Group's gearing ratio as at 31 December 2007 was 0.07 (2006: 0.04), calculated based on the Group's interest-bearing bank and other borrowings, of HK$245,179,000 (2006: HK$25,543,000) over total assets of HK$3,290,965,000 (2006: HK$589,795,000).

Material acquisition

On 9 October 2007, it was announced that the Group entered into a conditional sale and purchase agreement (as amended on 26 October 2007) with the private companies wholly owned by Ho Kam Hung, Ho Tsam Hung and Ho Pak Hung (collectively the "Vendors"), pursuant to which, amongst other things, the Vendors agreed to sell and an indirectly wholly owned subsidiary of the Company (the "Purchaser") agreed to acquire 100% equity interest in Zheng Da Real Estate Development Company Limited ("Zheng Da") at a consideration of RMB1,814,800,000 (the "Acquisition"). The principal asset held by Zheng Da is the entire equity interest in Guangzhou Zheng Da, which in turn holds the Guangzhou Property. Details of the Acquisition had been set out in a circular of the Company dated 26 November 2007.

The Acquisition is to be completed in four tranches. The consideration for the first tranche for acquisition of 25% equity interest in Zheng Da is RMB453,700,000 (equivalent to approximately HK$480,468,000 as at 17 December 2007) which was satisfied on 17 December 2007 as follows:

(i) by the issue of 243,800,000 new shares in the capital of the Company (the "Consideration Shares") to the Vendors (or their designated nominee) at an issue price of HK$0.25 per Consideration Share;

(ii) by the procurement of the issue of convertible bonds in the aggregate principal amount of HK$84,000,000 to the Vendors (or their designated nominee);

(iii) in cash of approximately HK$235,518,000 (or the equivalent amount in RMB); and

(iv) promissory notes issued by the Company to the Vendors (or their designated nominee) for HK$100,000,000 in aggregate.

The consideration for the second tranche for acquisition of further 26% equity interest in Zheng Da is RMB471,848,000 which will be satisfied on or before 31 May 2008 as follows:

(i) the issuance of convertible bonds in the aggregate principal amount of HK$244,440,000; and

(ii) the balance to be settled by way of cash and/or promissory notes in the agreed form.

The consideration for the third tranche for acquisition of further 24% equity interest in Zheng Da is RMB435,552,000 which will be satisfied on or before 31 October 2008 as follows:

(i) the issuance of convertible bonds in the aggregate principal amount of HK$225,680,000; and

(ii) the balance to be settled by way of cash and/or promissory notes in an agreed form.

The consideration for the fourth tranche for acquisition of the remaining 25% equity interest in Zheng Da is RMB453,700,000 which will be satisfied on or before 31 March 2009 as follows:

(i) the issuance of convertible bonds in the aggregate principal amount of HK$235,200,000; and

(ii) the balance to be settled by way of cash and/or promissory notes in an agreed form.

The first tranche was completed on 17 December 2007. The second tranche, the third tranche and the fourth tranche were not due as at 31 December 2007.

Completion of disposal of subsidiaries

In November 2002, it was announced that the Group was contracted to dispose of certain assets to an independent third party at a consideration of HK$350,000,000 payable by installments. In January 2007, the Group entered into an agreement with the purchaser to further reschedule the repayment date of the remaining consideration of HK$40,000,000 to a date not later than 31 January 2008. The remaining consideration of HK$40,000,000 was received from the purchaser in December 2007, and a gain of HK$18,057,000 was recognised in the income statement during the year. In this connection, the Group has received the total consideration of HK$350,000,000 from the purchaser and the transaction was completed in December 2007.

PROSPECTS

The Group was principally engaged in property investment and leasing of point-of-sale equipment in the Mainland China during the year and will focus on property investment and development in the coming year. The acquisition of Guangzhou Property during the year has expanded the Group's property investment protfolio in the Mainland China. The Directors believe that the Guangzhou Property is a prime property development project which will deliver attractive return, both in terms of capital gain and future recurring income from the rental of commercial units and property sales, to the Group in the medium to long term spectrum. In this respect, the Directors are optimistic that the development potential and prospect of the property market and the continuing economic growth in the Mainland China will serve to facilitate the business growth of the Group.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be temporarily closed from Wednesday, 27 August 2008 to Thursday, 28 August 2008, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance at the Company's annual general meeting to be held on Thursday, 28 August 2008 all completed transfer forms accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:00 p.m. on Tuesday, 26 August 2008.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the bye-laws of the Company, the Chairman and the Managing Director of the Company shall not be subject to retirement by rotation. However, the Chairman and the Managing Director of the Company had voluntarily retired by rotation every three years and offered themselves for re-election at the Company's general meetings in the past years. The Directors consider that this practice is in line with the spirit of the Code' practice.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry to the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

The Annual Results had been reviewed by the Audit Committee of the Company.

DISCLOSURE OF INFOMRATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Group for the year ended 31 December 2007 containing all information required by Appendix 16 of the Listing Rules will be published on the web site of the Stock Exchange in due course.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 18 April 2008

As at the date of this announcement, the board of directors of the Company comprises: (i) Messrs. Ho Tsam Hung, Ho Kam Hung and Yang Jia Jian as executive directors; (ii) Ms. Lam Kuo and Mr. Young Kwok Sui as non-executive directors; and (iii) Messrs. Lawrence K. Tam, Ms. Wong Miu Ting, Ivy and Mr. Wong Kui Fai as independent non-executive directors.

* *For identification purposes only*