Dynamic Global Holdings Limited

環球動力控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 231)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The directors (the "Directors") of Dynamic Global Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:

	Note	**2007**	2006
		HK$'000	HK$'000
Turnover	*4*	**185,253**	20,210
Cost of sales		**(177,363)**	(29,087)
Gross profit / (loss)		**7,890**	(8,877)
Valuation gain on investment properties		**147,679**	-
Other revenue	*4*	**3,242**	141
Distribution costs		**(5,744)**	(7,094)
Administrative expenses		**(31,730)**	(27,409)
Other operating income / (expenses), net	*5*	**13,859**	(25,950)
PROFIT / (LOSS) FROM OPERATIONS	*6*	**135,196**	(69,189)
Finance costs	*7*	**(7,490)**	(7,887)
PROFIT / (LOSS) BEFORE TAXATION		**127,706**	(77,076)
Income tax	*8*	**(40,609)**	129
PROFIT / (LOSS) FOR THE YEAR		**87,097**	(76,947)
ATTRIBUTABLE TO:			
Equity shareholders of the Company		**54,387**	(76,654)
Minority interests		**32,710**	(293)
PROFIT / (LOSS) FOR THE YEAR		**87,097**	(76,947)
EARNINGS / (LOSS) PER SHARE	*9*		
- Basic		**1.81 cents**	(2.55) cents
- Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

	Note	**2007**	2006
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Interests in leasehold land held for own use under operating leases		**5,864**	5,652
Property, plant and equipment		**13,228**	125,300
Investment properties		**286,174**	-
Interests in associates		**-**	-
Other financial assets		**-**	-
Pledged bank balances		**-**	460
		305,266	131,412
CURRENT ASSETS			
Consumables		**683**	173
Inventories		**41,181**	195,613
Trade receivables	*10*	**7,423**	273
Due from a former director of the Company		**20,000**	-
Other receivables, deposits and prepayments		**18,070**	13,235
Tax recoverable		**-**	2,728
Pledged and restricted bank balances		**2,698**	-
Cash and cash equivalents		**34,743**	3,843
		124,798	215,865
CURRENT LIABILITIES			
Trade payables	*11*	**37,768**	53,318
Other payables and accruals		**49,988**	17,168
Deposits received on sale of properties		**19,012**	108,315
Rental deposits received		**2,680**	-
Rental received in advance		**4,662**	-
Non-interest bearing borrowings		**52,407**	76,219
Interest-bearing borrowings		**83,945**	81,804
Due to a minority shareholder		**3,707**	3,452
Due to a subsidiary of the Company's substantial shareholder		**84,591**	47,899
Tax payable		**505**	-
Provisions		**32,856**	34,535
		372,121	422,710
NET CURRENT LIABILITIES		**(247,323)**	(206,845)
TOTAL ASSETS LESS CURRENT LIABILITIES		**57,943**	(75,433)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**37,174**	-
NET ASSETS / (LIABILITIES)		**20,769**	(75,433)
CAPITAL AND RESERVES			
Share capital		**301,041**	301,041
Reserves		**(336,283)**	(398,124)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**(35,242)**	(97,083)
MINORITY INTERESTS		**56,011**	21,650
TOTAL EQUITY / (CAPITAL DEFICIENCY)		**20,769**	(75,433)

Notes:

1. Basis of preparation

a) The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

b) In preparing the consolidated financial statements, the Directors have considered the future liquidity of the Group in view of its net current liabilities position as at 31 December 2007. As at 31 December 2007, the Group had an amount of approximately HK$84,591,000 due to a subsidiary of the Company's substantial shareholder, an amount of approximately HK$3,707,000 due to a minority shareholder, interest-bearing borrowings of approximately HK$83,945,000 and non-interest bearing borrowings of approximately HK$39,607,000, which are due for repayment in 2008.

During the year, the Group experienced liquidity difficulties and had difficulty in repaying short term loans and other borrowings on time. In addition, certain buyers of the Group's properties held for sale took legal actions against the Group demanding for repayment of amounts due to them. All the legal claims against the Group were properly accrued for and disclosed in the financial statements as at 31 December 2007.

In order to strengthen the capital base of the Group, to improve the Group's financial position, liquidity and cash flows, and to sustain the Group as a going concern, the Directors have adopted the following measures:

i) Subsequent to the balance sheet date on 17 April 2008, the Company entered into a loan agreement with a subsidiary of the Company's substantial shareholder. Under the terms of the loan agreement, new loan facilities will be made available up to a maximum of HK$60,000,000 to meet its future working capital and financial requirement. The loan facilities are repayable on 31 August 2009. On 21 April 2008, part of the loan facilities in the sum of HK$ 22,049,000 was drawn down.

ii) Subsequent to the balance sheet date on 3 January 2008, the Company entered into several loan extension agreements with loan lenders in respect of the following borrowings. Under the terms of these loan extension agreements, the Group succeeded to extend their repayment terms and the following borrowings will be due for repayments in July 2009.

- an amount of approximately HK$84,591,000 due to the subsidiary of the Company's substantial shareholder as at 31 December 2007;
- an amount of approximately HK$3,707,000 due to the minority shareholder as at 31 December 2007; and
- amounts of approximately HK$54,244,000 and HK$39,607,000 due to an independent third party under interest-bearing borrowings and non-interest bearing borrowings respectively as at 31 December 2007.

iii) The Directors are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, a private placement, an open offer or a rights issue of new shares of the Company. On 12 December 2007 and 14 December 2007, the Company entered into two conditional subscription agreements with two independent third parties;

iv) The Group is in ongoing negotiations with certain prospective buyers to sell the Group's inventories so as to finance the operations of the Group; and

v) The Directors continue to take action to tighten cost controls over various administrative and other operating expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the Directors, in light of the measures taken to date, together with expected results of other measures, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. Accordingly, notwithstanding that the Group had a consolidated net current liabilities of approximately HK$247,323,000 as at 31 December 2007, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2007 on a going concern basis.

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Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. Adoption of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognized in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

a) Business segments

The following tables present revenue, profit / (loss) and certain assets, liabilities and expenditure information for the Group's business segments.

	Property Development		**Property Leasing**		**Investment Holding**		**Resort Operation**		**Others**		**Consolidated**	
	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
Segment revenue:												
Sales to external customers	**181,602**	18,745	**1,769**	-	**-**	-	**-**	-	**1,882**	1,465	**185,253**	20,210
Other revenue	**3,125**	64	**-**	-	**31**	14	**-**	-	**42**	10	**3,198**	88
Total	**184,727**	18,809	**1,769**	-	**31**	14	**-**	-	**1,924**	1,475	**188,451**	20,298
Segment results*	**(20,746)**	(53,291)	**149,360**	-	**14,965**	(14,652)	**(8,802)**	(2,063)	**375**	764	**135,152**	(69,242)
Interest income											**44**	53
Profit / (loss) from operations											**135,196**	(69,189)
Finance costs											**(7,490)**	(7,887)
Profit / (loss) before taxation											**127,706**	(77,076)
Taxation											**(40,609)**	129
Profit / (loss) for the year											**87,097**	(76,947)

3. SEGMENT INFORMATION (Continued)

a) Business segments (Continued)

	Property Development		Property Investment		Investment Holding*		Resort Operation		Others		Consolidated	
	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
Segment assets*	**86,716**	317,514	**289,747**	-	**31,800**	1,717	**11,553**	18,853	**10,248**	9,193	**430,064**	347,277
Segment liabilities	**(91,678)**	(259,486)	**(81,691)**	-	**(67,341)**	(33,476)	**(43)**	(40)	**(6)**	(5)	**(240,759)**	(293,007)
Unallocated corporate liabilities											**(168,536)**	(129,703)
Total liabilities											**(409,295)**	(422,710)
Other segment information:												
Capital expenditure	**26,349**	8,642	**-**	-	**45**	17	**-**	-	**194**	325	**26,588**	8,984
Depreciation and amortisation	**318**	264	**-**	-	**132**	307	**2,118**	2,005	**288**	214	**2,856**	2,790
Valuation gain on investment properties	**-**	-	**(147,679)**	-	**-**	-	**-**	-	**-**	-	**(147,679)**	-
Impairment losses (reversed) / recognized on other receivables	**(95)**	-	**-**	-	**-**	59	**-**	-	**-**	(122)	**(95)**	(63)
Reversal of impairment losses on investments deposits	**-**	-	**-**	-	**(30,000)**	-	**-**	-	**-**	-	**(30,000)**	-
Impairment losses on property, plant and equipment	**-**	-	**-**	-	**-**	-	**6,600**	-	**-**	-	**6,600**	-
Impairment losses on trade receivables	**-**	-	**-**	-	**-**	-	**-**	-	**296**	-	**296**	-
Finance cost	**-**	-	**-**	-	**7,490**	7,887	**-**	-	**-**	-	**7,490**	7,887
Loss on disposal of property, plant and equipment	**-**	32	**-**	-	**-**	-	**-**	2	**57**	-	**57**	34
Write-off of property, plant and equipment	**-**	-	**-**	-	**-**	-	**-**	-	**61**	-	**61**	-
Compensation cost on pre-sale of properties under development by a court order	**-**	1,344	**-**	-	**-**	-	**-**	-	**-**	-	**-**	1,344

3. SEGMENT INFORMATION (Continued)

b) Geographical segments

The following tables present revenue, segment assets and capital expenditure information for the Group's geographical segments.

	Hong Kong		Mainland China		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales to external customers	**-**	-	**185,253**	20,210	**185,253**	20,210
Segment assets	**31,800**	1,717	**398,264**	345,560	**430,064**	347,277
Capital expenditure	**45**	17	**26,543**	8,967	**26,588**	8,984

4. TURNOVER AND OTHER REVENUE

The principal activities of the Group are property development, property investment, resort operation and investment holding.

Turnover represents the aggregate of net proceeds from the sale of properties under development, (in the case of pre-sale of properties under development of which the pre-sale contracts were entered into prior to 1 January 2005, such proceeds are adjusted to reflect the progress of development, while the completion method is adopted for agreements entered into on or after 1 January 2005), rental income from investment properties and service income from resort operations after elimination of all significant intra-group transactions.

During the year, the Group had turnover and revenue arising from the following activities:

	2007	2006
	HK$'000	HK$'000
Sales of properties held for sale	**181,602**	-
Pre-sale of properties under development for sale	**-**	18,745
Sale of consumables	**1,882**	1,465
Rentals from investment properties	**1,769**	-
Turnover	**185,253**	20,210
Refund of business tax	**2,831**	-
Interest income	**44**	53
Sundry income	**367**	88
Other revenue	**3,242**	141
Total	**188,495**	20,351

5. OTHER OPERATING INCOME / (EXPENSES), NET

	2007 HK$'000	2006 HK$'000
Loss on disposal of property, plant and equipment, net	**(57)**	(34)
Impairment losses on property, plant and equipment	**(6,600)**	-
Impairment losses on trade receivables	**(296)**	-
Reversal of impairment losses on other receivables	**95**	63
Reversal of impairment losses on investment deposits	**30,000**	-
Provision for legal claims, net	**(8,003)**	(17,280)
Provision for compensations, net	**(1,164)**	(5,088)
Legal claims	**(101)**	(2,267)
Compensation cost on pre-sale of properties under development by a court order	**-**	(1,344)
Foreign exchange loss, net	**(15)**	-
	13,859	(25,950)

6. PROFIT / (LOSS) FROM OPERATIONS

Profit / (loss) from operations is arrived at after charging / (crediting):

	2007 HK$'000	2006 HK$'000
Cost of inventories sold	**176,743**	28,696
Cost of consumables sold	**620**	391
Depreciation	**2,650**	2,598
Amortisation of interests in leasehold land held for own use under operating leases	**206**	192
Operating lease charges: minimum lease payments in respect of land and buildings	**1,868**	1,838
Auditor's remuneration	**570**	480
Rental receivable from investment properties less direct outgoings of Nil (2006: Nil)	**(1,769)**	-

7. FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Interest on other borrowings wholly repayable within five years	**9,194**	9,886
Finance charges on obligations under finance leases	**-**	2
Total interest expense on financial liabilities not at fair value through profit or loss	**9,194**	9,888
Less: Interest expense capitalized into properties under development for sale	**-**	(94)
Less: Interest expense capitalized into property, plant and equipment	**(1,704)**	(1,907)
	7,490	7,887

The borrowing costs have been capitalised at a rate of 6.58% per annum (2006: 6.58%)

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any estimated assessable profits arising in Hong Kong during the year (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the respective jurisdictions in which the overseas subsidiaries operates, based on existing legislation, interpretations and practices in respect thereof.

The foreign investment enterprise and the local investment enterprise of the Company's subsidiaries is subject to a corporate income tax rate of 15%, 25% and 33% respectively for the year ended 31 December 2007.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% from 1 January 2008. For the subsidiary which was subject to a corporate income tax at a rate of 15% on its assessable profits arising in the PRC, effective on 1 January 2008, the tax rate will increase eventually to 25% in 2012.

	2007	2006
	HK$'000	HK$'000
Current tax		
PRC Enterprise Income tax	**3,435**	210
Over-provision of PRC Enterprise Income tax in prior years	**-**	(339)
	3,435	(129)
Deferred taxation		
Origination and reversal of temporary differences	**37,174**	-
Tax expense / (credit)	**40,609**	(129)

Reconciliation between tax expense / (credit) and accounting profit / (loss) at applicable tax rate:

	2007	2006
	HK$'000	HK$'000
Profit / (loss) before taxation	**127,706**	(77,076)
Notional tax on profit / (loss) before taxation, calculated at the rates applicable to the tax jurisdictions concerned	**32,508**	(12,340)
Over-provision of taxation in prior years	**-**	(339)
Tax losses not recognised	**8,101**	12,550
Tax expense / (credit)	**40,609**	(129)

9. EARNINGS / (LOSS) PER SHARE

The calculation of the basic earnings / (loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK$54,387,000 (2006: loss of approximately HK$76,654,000) and the weighted average number of ordinary shares of 3,010,410,504 (2006: 3,010,410,504).

No diluted earnings / (loss) per share has been presented for the year ended 31 December 2007 and 2006 as there were no diluted potential ordinary shares during either year.

10. TRADE RECEIVABLES

An aged analysis of trade receivables is as follows:

	2007	2006
	HK$'000	HK$'000
Aged:		
Within 3 months	**6,658**	273
More than 3 months but less than 6 months	**120**	-
More than 6 months but less than 1 year	**645**	-
	7,423	273

As at 31 December 2006 and 31 December 2007, all the trade receivables were denominated in RMB.

11. TRADE PAYABLES

An aged analysis of trade payables is as follows:

	2007	2006
	HK$'000	HK$'000
Aged:		
Within 3 months	**2,958**	20,589
More than 3 months but less than 6 months	**688**	4,264
More than 6 months but less than 1 year	**973**	9,597
More than 1 year but less than 2 years	**22,707**	4,052
More than 2 years	**10,442**	14,816
	37,768	53,318

As at 31 December 2006 and 31 December 2007, all the trade payables were denominated in RMB.

MODIFICATION IN INDEPENDENT AUDITORS' REPORT

The auditors modified their auditors' report on the consolidated financial statements for the year ended 31 December 2007 in respect of material uncertainties relating to the going concern.

Without qualifying our opinion, we draw attention to Note 1(b) above which indicate that the Group had a consolidated net current liabilities of approximately HK$247,323,000 as at 31 December 2007. The consolidated financial statements have been prepared on a going concern basis in the light of existence of new loan facilities of HK$60,000,000 provided by a subsidiary of the Company's substantial shareholder and the successful extension of the repayment terms of an amount of approximately HK$84,591,000 due to this subsidiary of the Company's substantial shareholder, an amount of approximately HK$3,707,000 due to a minority shareholder, interest-bearing borrowings of approximately HK$54,244,000 and non-interest bearing borrowings of approximately HK$39,607,000 for more than one year from the date of this report. Notwithstanding, the validity of the consolidated financial statements being prepared on a going concern basis depends upon the success of the measures to improve profitability and cash flows and the availability of financing from other resources. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as a going concern.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee, comprising all independent non-executive Directors, has reviewed the Group's annual results for the year ended 31 December 2007.

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2007 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCIF CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

DIVIDENDS

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

RESULTS FOR THE YEAR

The Group recorded an audited consolidated turnover of HK$185,253,000 (2006: HK$20,210,000) for the year ended 31 December 2007, representing an increase of 817%. The net profit attributable to equity shareholders of the Company was HK$54,387,000 (2006: net loss of HK$76,654,000).

BUSINESS REVIEW

The Group made a turnaround to profitability thanks mainly to the appreciation of our shopping mall in Harbin, the PRC. After its recent completion, this flagship project of the Group has been leased to a top electric appliance conglomerate in mainland China for a ten-year term, providing steady revenue for the Group in the future.

The Shanghai Fairyoung Building project has come to an end with its completion and handling over to the buyers in the year. Shuijinghu Resort Hotel, a relatively small project of the Group which is situated in Nanzhang, Hubei Province, the PRC had made no contribution to the Group in the year under review due to suspension of business pending for renovation and improvement works.

As regards the financial structure of the Group, every effort has been made to improve the financial position of the Group. In December 2007, the Company entered into subscription agreements with two independent third parties and as a result a total of 287,734,000 new shares of the Company were allotted and issued after the year end date, tapping an amount of approximately HK$38,904,514 as our working capital. Also in December 2007, the Company entered into a loan settlement agreement with Main Hero Investment Limited ("Main Hero"), a creditor of the Company, thereby a loan in the amount of HK$42,499,850 was capitalized and 314,348,000 new shares were allotted and issued to Main Hero after the year end date. These moves were attributable to the improvement in the Group's cash flow and reduction of our financial pressure, and thus beneficial to our future development.

PROSPECTS AND OUTLOOK

The operations of the Group are primarily located in mainland China, and its performance is unavoidably correlated with the macro environment of the PRC. The volatility of the global financial market and the stepping up of the austerity measures in the PRC have cast uncertainties in the economic development, and thus the Directors remain cautious in the short term. However, the Directors consider that the austerity measures are mainly implemented to deter speculative activities and to curb the mounting inflation, which may lay down the foundation for a healthier development of the economy in the PRC in the long run. The Company is hence confident in the long term economic outlook.

While the Harbin shopping mall will bring us long term steady revenue, the Group is exploring some quality hotel projects in the PRC to capitalize on the growing tourist activities in mainland China for more sources of income.

The Directors will continue their efforts in further reorganize the Group in a bid to optimize its financial position. After a successful restructuring, the Group would not rule out the possibility of diversifying into some other projects outside the property sector, so as to reduce the risk of over concentration in a single sector and to capture a reasonable return to the shareholders of the Company.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENTS

As at 31 December 2007, the Group's current assets and current liabilities were HK$124,798,000 and HK$372,121,000 respectively. The interest-bearing borrowings amounted to HK$168,536,000.

As at 31 December 2007, main charges on assets of the Group include bank balances of HK$377,000.

As at 31 December 2007, there was no capital commitments outstanding.

The Group’s gearing ratio as at 31 December 2007 was 95%, which is calculated on the Group’s total liabilities divided by its total assets.

EXCHANGE RISK

As the Group’s operations are principally in mainland China and all assets and liabilities are denominated either in Renminbi or HK dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

CONTINGENT LIABILITIES

Financial Guarantees Issued

The Group undertook guarantees in respect of mortgage loans granted by certain banks of approximately RMB3,737,000 (approximately HK$4,005,000) (2006: approximately RMB7,437,000 (approximately HK$7,422,000)) relating to the mortgage loans arranged for certain purchasers of the Group’s properties under development for sale since 2003. Pursuant to the terms of the guarantees, in the event of any default in mortgage payments by any of these purchasers, the Group is responsible to repay the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Group is entitled to take over the legal title and possession of the related properties under development for sale. The Group’s guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Group obtains the “property title certificate” for the mortgagees. Approximately RMB3,700,000 (approximately HK$3,966,000) guarantees was released in 2007 upon obtaining the “property title certificate” for the mortgagees. RMB3,327,000 (approximately HK$3,566,000) guarantee was released subsequently in January 2008. The remaining balance of RMB410,000 (approximately HK$439,000) can only be released when the mortgagee obtained the property title certificate.

No provision has been made in the financial statements as at 31 December 2007 for the financial guarantees as the directors considered the fair value of the financial guarantee contracts is insignificant.

POST BALANCE SHEET EVENTS

a) The Company entered into two conditional subscription agreements with two subscribers on 12 December 2007 and 14 December 2007 respectively. According to the subscription agreements, the two subscribers agreed to subscribe for an aggregate of 287,734,000 shares at a subscription price of HK$0.13521 per share in an aggregate amount of HK$38,904,514. The shares were allotted to the two subscribers on 28 January 2008 and 29 February 2008 respectively. The Company received HK$33,281,500 in 2007 as included in "Other payables and accruals" in the consolidated balance sheet and the Company's balance sheet and the remaining HK$5,623,014 was received subsequent to the balance sheet date on 29 February 2008.

b) On 12 December 2007, the company also entered into a conditional loan settlement agreement with a loan lender pursuant to which, the loan will be settled in full by capitalizing the loan (the principal amount together with accrued interest up to the date of agreement amounted to HK$42,499,850) into the capital of the Company by means of issuing and allotting 314,348,000 shares to the loan lender. The amount of HK$42,499,850 comprised principal of HK$29,700,000 included in interest-bearing borrowings and interest payable of HK$12,799,850 included in non-interest bearing borrowings. The shares were allotted on 28 January 2008.

c) Subsequent to the balance sheet date on 17 April 2008, the Company entered into a loan agreement with a subsidiary of the Company's substantial shareholder. Under the terms of the loan agreement, loan facilities up to a maximum of HK$60,000,000 can be granted to the Company to meet its future working capital and financial requirement. The loan facilities are repayable on 31 August 2009. On 21 April 2008, part of the loan facilities in the sum of HK$ 22,049,000 was drawn down to provide new working capital to the Company.

d) Subsequent to the balance sheet date on 3 January 2008, the Company entered into a loan extension agreement with the subsidiary of the Company's substantial shareholder. Under the terms of the loan extension agreement, the Group succeeded to extend its repayment term and the amount of approximately of HK$84,591,000 due to this subsidiary of the Company's substantial shareholder as at 31 December 2007 will be due for repayment in 31 July 2009.

e) Subsequent to the balance sheet date on 3 January 2008, the Company entered into a loan extension agreement with a minority shareholder. Under the terms of the loan extension agreement, the Group succeeded to extend its repayment term in respect of the amount of approximately HK$3,707,000 due to the minority shareholder as at 31 December 2007 and such amount will be due for repayment in 28 July 2009.

f) Subsequent to the balance sheet date on 3 January 2008, the Company entered into a loan extension agreement with an independent loan lender in respect of interest-bearing borrowings of approximately HK$54,244,000 and non-interest bearing borrowings of approximately HK$39,607,000 as at 31 December 2007. Under the terms of this agreement, the Group succeeded to extend their repayment terms and these two amounts will be due for repayment in 28 July 2009.

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of approximately 50 employees, who are remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training is provided to staff from time to time. The Group currently does not have any share option scheme for employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the Period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE OF CORPORATE GOVENANCE PRACTICE

During the year, the Company has complied with the code provisions in the Code of Corporate Governance Practice (the "CGP Code") contained in Appendix 14 to the Listing Rules, except the deviations from the CGP Code as described below:

Under provision A.4.1 of the CGP Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the independent non-executive directors of the Company are appointed for a specific term but all of them would be subject to retirement by rotation in accordance with the Company's Bye-laws. The Board will review this practice from time to time and change this practice when considered necessary. The existing Bye-laws of the Company governing the retirement of Directors deviate from the CGP Code provisions in the following aspects: (i) unlike the other Directors, the Chairman and/or Managing Director is not subject to retirement by rotation; (ii) new Directors appointed to fill casual vacancies are subject to election by shareholders at the first annual general meeting instead of the first general meeting after their appointments; and (iii) the Directors who are subject to retirement by rotation are not explicitly subject to retirement at least once every three years. The Board will review the above-mentioned practice from time to time and amend the Bye-laws of the Company when considered necessary.

By Order of the Board
Chen Jung Hsin
CEO & Executive Director

Hong Kong, 21 April 2008

As at the date of this announcement, the board of Directors comprises Mr. Chen Jung Hsin and Mr. Li Wing Sum, Steven as executive Directors; and Dr. Dong Ansheng, Mr. Poon Chiu and Mr. Wu Fengchun as independent non-executive Directors.