NAM FONG INTERNATIONAL HOLDINGS LIMITED
南方國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1176)

2007 RESULTS ANNOUNCEMENT
AND
RESUMPTION OF TRADING

The board ("Board") of directors ("Directors") of Nam Fong International Holdings Limited (the "Company") announces the audited consolidated final results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:—

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	2	**12,254**	23,406
Rental outgoings		**(4,912)**	(7,317)
Gross profit		**7,342**	16,089
Other income		**11,355**	58,855
Loss on disposal of investment properties		**(32,035)**	(69,322)
Fair value losses on investment properties		**(16,941)**	(36,912)
Administrative expenses		**(13,156)**	(13,965)
Other operating expenses		**(4,115)**	(10,885)
Loss from operations		**(47,550)**	(56,140)
Finance costs		**—**	(519)
Share of profits of jointly controlled entities		**6,533**	—
Gain on disposal of subsidiaries		**49,795**	123,323
Profit before tax		**8,778**	66,664
Income tax	3	**(1,117)**	(6,596)
Profit for the year	4	**7,661**	60,068
Basic earnings per share	6	**0.55 cents**	4.42 cents

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**41**	18
Investment properties		**181,622**	198,000
Properties held for/under development		**7,696**	242,000
Goodwill		**4,520**	—
Investments in jointly controlled entities		**73,630**	—
Deposit for acquisition of land use rights		**10,684**	—
Prepayments for removal and relocation costs		**21,000**	—
Prepayments for construction contract		**—**	9,600
		299,193	449,618
Current assets			
Accounts receivable	*7*	**1,080**	—
Consideration receivable	*8*	**66,073**	—
Amount due from a jointly controlled entity		**125,815**	—
Prepayments, deposits and other receivables		**781**	3,805
Bank and cash balances		**2,186**	8,218
Assets of a disposal group classified as held for sale		**—**	184,012
		195,935	196,035
Current liabilities			
Accounts payable	*9*	**—**	36,595
Accruals and other payables		**12,893**	72,312
Short-term borrowings	*10*	**—**	9,000
Current tax liabilities		**1,117**	305
Liabilities associated with assets of a disposal group classified as held for sale		**—**	95,344
		14,010	213,556
Net current assets/(liabilities)		**181,925**	(17,521)
Total assets less current liabilities		**481,118**	432,097
Non-current liabilities			
Deferred tax liabilities		**3,791**	—
NET ASSETS		**477,327**	432,097
Capital and reserves			
Share capital	*11*	**163,200**	136,000
Reserves		**314,127**	296,097
TOTAL EQUITY		**477,327**	432,097

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has applied the disclosure requirements under Hong Kong Accounting Standard 1 (Amendment) "Capital Disclosures" and Hong Kong Financial Reporting Standard 7 "Financial Instruments: Disclosures" retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of those new HKFRSs but is not yet in a position to determine whether they will have a significant impact on how the results of operations and financial position are prepared and presented.

2. TURNOVER AND SEGMENT INFORMATION

(a) Primary reporting format - business segments

The Group is organised into two main business segments:

Property sales — property development and sales

Property rental — property investment and property rental activities

(b) Secondary reporting format - geographical segments

Over 90% of the Group's revenue and assets are derived from customers and operations based in the People's Republic of China (the "PRC") and accordingly, no further analysis of the Group's geographical segments is disclosed.

Primary reporting format — business segments

	Property sales		Property rental		Corporate and unallocated		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover								
External revenue	**—**	—	**12,254**	23,406	**—**	—	**12,254**	23,406
Results								
Segment results	**—**	—	**7,342**	16,089	**—**	—	**7,342**	16,089
Other income	**—**	56,889	**8,772**	240	**2,583**	1,726	**11,355**	58,855
Loss on disposal of investment properties	**—**	—	**(32,035)**	(69,322)	**—**	—	**(32,035)**	(69,322)
Fair value losses on investment properties	**—**	—	**(16,941)**	(36,912)	**—**	—	**(16,941)**	(36,912)
Other expenses	**(2,099)**	(4,834)	**(2,537)**	(10,995)	**(12,635)**	(9,021)	**(17,271)**	(24,850)
Loss from operations							**(47,550)**	(56,140)
Finance costs							**—**	(519)
Share of profits of jointly controlled entities	**6,533**	—	**—**	—	**—**	—	**6,533**	—
Gain on disposal of subsidiaries	**49,795**	—	**—**	123,323	**—**	—	**49,795**	123,323
Profit before tax							**8,778**	66,664
Income tax							**(1,117)**	(6,596)
Profit for the year							**7,661**	60,068
Assets								
Segment assets	**170,110**	260,937	**249,146**	198,875	**2,242**	1,829	**421,498**	461,641
Investments in jointly controlled entities	**73,630**	—	**—**	—	**—**	—	**73,630**	—
Assets of a disposal group classified as held for sale	**—**	184,012	**—**	—	**—**	—	**—**	184,012
Consolidated total assets							**495,128**	645,653
Liabilities								
Segment liabilities	**218**	37,841	**9,196**	7,489	**8,387**	72,882	**17,801**	118,212
Liabilities associated with assets of a disposal group classified as held for sale	**—**	95,344	**—**	—	**—**	—	**—**	95,344
Consolidated total liabilities							**17,801**	213,556
Other information								
Capital expenditure	**32**	—	**—**	—	**4**	—	**36**	—
Depreciation	**—**	—	**—**	5	**11**	24	**11**	29
Reversal of impairment losses on properties under development	**—**	56,886	**—**	—	**—**	—	**—**	56,886

3. INCOME TAX

	2007 HK$'000	2006 HK$'000
PRC enterprise income tax		
Provision for the year	**1,117**	—
Deferred tax		
PRC enterprise income tax	**—**	3,455
PRC land appreciation tax	**—**	3,141
	—	6,596
	1,117	6,596

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

The subsidiaries in the PRC are subject to PRC Enterprise Income Tax ("EIT") at 10% to 33% (2006: 33%). No provision for EIT has been made for the year ended 31 December 2006 as the subsidiaries in the PRC did not generate any assessable profits or have sufficient tax losses brought forward to set off against that year's assessable profits.

4. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2007 HK$'000	2006 HK$'000
Auditor's remuneration		
— Statutory audit	**950**	750
— Others	**380**	780
	1,330	1,530
Claims and surcharge	**1,959**	1,386
Depreciation	**11**	29
Direct operating expenses of investment properties that generated rental income	**2,957**	4,822
Direct operating expenses of investment properties that did not generate rental income	**1,955**	2,495
Directors' emoluments		
— Fees	**74**	50
— Salaries and allowances	**920**	989
— Retirement benefit scheme contributions	**12**	12
	1,006	1,051
Operating lease rentals in respect of land and buildings	**2,360**	1,695
Staff costs (including Directors' emoluments)		
— Salaries and allowances	**3,096**	2,519
— Retirement benefit scheme contributions	**48**	117
	3,144	2,636
Reversal of impairment losses on properties under development (included in "other income")	**—**	(56,886)

5. DIVIDENDS

The Directors do not recommend the payment of any dividend (2006: Nil) in respect of the year.

6. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK$7,661,000 (2006: HK$60,068,000) divided by the weighted average number of ordinary shares of 1,384,592,000 (2006: 1,360,000,000) in issue during the year.

There were no dilutive potential shares during the years ended 31 December 2007 and 2006. Therefore, no diluted earnings per share has been presented.

7. ACCOUNTS RECEIVABLE

The Group's accounts receivable, representing rental receivable from tenants, are due on presentation of invoices.

The aging analysis of accounts receivable, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 3 months	**540**	—
4 - 6 months	**540**	—
	1,080	—

The above accounts receivable are past due at the balance sheet date for which the Group has not provided for impairment loss since they have been fully settled subsequent to the balance sheet date. The Group does not hold any collateral over these balances.

8. CONSIDERATION RECEIVABLE

The consideration receivable is in connection with the disposal of certain investment properties during the year. The amount is unsecured, interest free and due on 16 December 2007. The amount was received subsequent to the balance sheet date.

9. ACCOUNTS PAYABLE

The aging analysis of accounts payable, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Over 1 year	**—**	36,595

10. SHORT-TERM BORROWINGS

	2007	2006
	HK$'000	*HK$'000*
Secured loans	**—**	9,000

At 31 December 2006, the loans were secured by the investment properties of the Group with carrying amount of approximately HK$15,500,000 and were interest bearing at 5% per annum. In January 2007, the secured loans were fully repaid.

11. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
At 31 December 2006 and 31 December 2007		
Ordinary shares of HK$0.10 each	2,000,000,000	200,000
Issued and fully paid:		
At 1 January 2006 and 31 December 2006		
Ordinary shares of HK$0.10 each	1,360,000,000	136,000
Issue of shares	272,000,000	27,200
At 31 December 2007	**1,632,000,000**	**163,200**

(a) On 7 April 2006, the Company and Zhang Suqian, an independent investor, entered into a subscription agreement in respect of the subscription of 272,000,000 ordinary shares of HK$0.10 each. Pursuant to an ordinary resolution passed on 26 November 2007, the Company alloted and issued 272,000,000 ordinary shares at HK$0.10 each to Zhang Suqian on 29 November 2007.

All these new ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

(b) The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group, prevailing, projected profitability and projected operating cash flows. The Directors regard total equity as capital, for capital management purposes.

12. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 31 January 2008, the Group entered into an agreement to acquire the land use rights of a land situated in Chaohu City, Anhui Province, the PRC at a total consideration of RMB24,050,000. This land together with the piece of land acquired in December 2007 will be developed for a project with a comprehensive mixed use community comprising office, hotel, retail, residential and pier terminal. The acquisition of the land use rights was completed in March 2008. The Group is in the process of applying for the land use rights certificate subject to the approval from the PRC Government.

(b) On 5 March 2008, the Group entered into a conditional sale and purchase agreement to dispose of its remaining 50% equity interests in Trisum Investment Limited ("Trisum") and the debts due by Trisum to the Group of approximately HK$125,815,000 at a total consideration of approximately RMB257,432,000. Trisum together with its wholly owned subsidiary, Guangzhou Jiannan House Property Development Company Limited ("GZ Jiannan") are principally engaged in property development. The disposal is still in progress up to the date of this announcement.

(c) On 11 March 2008, the Group entered into two conditional sale and purchase agreements to acquire certain properties situated in Meizhou City, Guangdong Province, the PRC at a total consideration of approximately RMB61,457,000. The acquisition is still in progress up to the date of this announcement.

(d) On 24 April 2008, the Group entered into a disposal agreement to dispose of its entire equity interests in Nam Fong Liwan Plaza Limited ("NF Liwan") and the debts due by NF Liwan to the Group of not more than HK$112,740,000 at a total consideration of HK$60,000,000. The disposal is still in progress up to the date of this announcement.

BUSINESS REVIEW

The Group is principally engaged in property development, property investment and property rental activities in the PRC.

Property Investment

The Group's major property investment is certain units in Liwan Plaza, with a total gross floor area of approximately 12,878 square meters, which is located at Shang Xia Jiu Road, Liwan District, Guangzhou, the PRC. During the year ended 31 December 2007, the net proceeds from the sale of several investment properties in Liwan Plaza amounted to approximately HK$69,965,000.

In December 2007, the Group acquired of certain floors in Royal Mediterranean Hotel, with a total gross floor area of approximately 6,098 square meters, which is located at southern side of Zhongshan Da Road, Shi Pai, Tianhe, Guangzhou, the PRC as the Group's another property investment.

Property Development

As at 31 December 2007, the Group has interests in two property development projects, one is 50% interest in Jiangnan Nam Fong Garden Phase II ("Jiangnan Garden II") development project and the other is Holiday Bay Chaohu Phase I ("Chaohu I") development project.

Jiangnan Garden II is located at Chang Gang Zhong Road, Guangzhou, the PRC, which will comprise four 30-storey towers including a 3-storey commercial podium, 27-storey residential units and a 3-storey car park at basement level with an expected total gross floor area of approximately 105,766 sq.m.. As announced on 19 March 2008, the Group entered into an agreement with an independent purchaser to dispose of the remaining 50% interest in the holding company of GZ Jiannan.

Chaohu I, the Group's core development project, which is located at Zhongmiao Town, Chaohu City, Anhui Province, the PRC, with a site area of approximately 111,595 square meters, within which the planned gross floor area is approximately 150,000 square meters. Chaohu I will be phase one of the development project with a comprehensive mixed use community comprising office, hotel, retail and residential. It is estimated by the Group that the development of Chaohu I will commence in the second quarter of 2008, with the pre-sale of residential units commence in the second quarter of 2009 and the whole will complete by the third quarter of 2010.

Prospect

The PRC economy is expected to grow in the coming years and the standards of living of its people in large cities will continue to improve. As a result, this would lead to higher levels of consumer spending and hence increases the demand for quality retail property in locations with good transportation links. Moreover, with more overseas investors investing in the PRC and the local PRC residents having higher income levels, the demand for quality residential housing in prime areas and at reasonable prices is expected to escalate further.

Besides the development project of Chaohu I and investment of certain floors in Royal Mediterranean Hotel, the Group has exerted great efforts in enhancing and expanding its property investment and development business.

As announced on 11 March 2008, the Group has acquired certain property units in Meizhou City, Guangdong Province, the PRC as the Group's investment properties with a view to enhancing the revenue stream of the Group.

Based on the Group's extensive experience in the property market in the PRC, the Group will continue to explore quality properties with a view to expanding its land bank should suitable opportunities arise.

Capitalizing on the prime opportunities arising from the ever-booming real estate market, the management team of the Group is now seeking every opportunity for more extensive cooperation. It is expected that the Group will soon stride into a stage of rapid development.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover and segmental information

Rental income

The Group's turnover represents rental income generated. Rental income decreased by 47.4% to approximately HK$12.3 million in 2007 from approximately HK$23.4 million in 2006. The decrease in rental income was mainly due to the disposal of certain investment properties in Liwan Plaza in 2007.

Gross profit

Gross profit decreased by 54.7% to approximately HK$7.3 million in 2007 from approximately HK$16.1 million in 2006, mainly due to the decrease in rental income received.

Other income

Other income decreased by 80.7% to approximately HK$11.4 million in 2007 from approximately HK$58.9 million in 2006, mainly due to there was a reversal of impairment losses on property under development in 2006.

Other operating expenses

Other operating expenses decreased by 62.4% to approximately HK$4.1 million in 2007 from approximately HK$10.9 million in 2006, primarily attributable to the decrease in other tax expenses and other expenses during the year.

Profit before tax

Profit before tax decreased by 86.8% to approximately HK$8.8 million in 2007 from approximately HK$66.7 million in 2006 mainly due to a drop in revenue from rental income generated, decrease in the gain on disposal of subsidiaries and cumulative effect of the foregoing.

Income tax

Income tax decreased by 83.3% to approximately HK$1.1 million in 2007 from approximately HK$6.6 million in 2006, primarily attributable to the charge-back of deferred tax assets in 2006.

Liquidity and capital resources

Cash position

As at 31 December 2007, the Group's bank and cash balances amounted to approximately HK$2.2 million.

Borrowings, charges on group assets and gearing ratio

As at 31 December 2006, the Group had short-term borrowings together with accrued interest of approximately HK$10 million which were secured by the investment properties of the Group with carrying amount of approximately HK$15.5 million and were interest bearing at 5% per annum. Such secured loans were fully repaid in January 2007. Accordingly, the Group had no borrowings as at 31 December 2007 and the gearing ratio as at 31 December 2007, expressed as total borrowing over the total equity was NIL (2006: 2.31%).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year, the Group acquired and disposed certain subsidiaries as follows:—

On 10 January 2007 and 21 August 2007, the Group disposed of its entire equity interest in Nam Fong Guangzhou Plaza Limited together with the assignment of debts and 50% equity interest in Trisum for a total consideration of HK$96.6 million and RMB100 million respectively. In connection with the disposals, the Group reported a gain on disposals of approximately HK$49.8 million.

On 17 December 2007, the Group acquired entire interest in Boshing Investments Limited for a consideration of HK$25 million, as a result of the acquisition, goodwill of approximately HK$4.52 million was arisen.

On 31 December 2007, the Group acquired entire interest in Graceful Link Limited along with the shareholder's loan for a total consideration of HK$90 million, as a result of the acquisition, the excess of fair value of net assets acquired over cost of acquisition arising of approximately HK$8.8 million was recognised in the income statement.

FOREIGN EXCHANGE RATE

The Group conducts its business almost exclusively in RMB except that certain receipts of sales proceeds and the borrowings are in HKD. The conversion of RMB into HKD or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HKD dollar and other foreign currencies may fluctuate and is affected by factors such as changes in China's political and economic conditions. However, the Board considers that the effect of the exposure of the Group to the foreign exchange risk is minimal.

STAFF AND REMUNERATION POLICIES

The Group had approximately 40 employees in Hong Kong and the PRC for the year. They are remunerated according to the job nature, market conditions, individual performance and qualifications. Other staff benefits include year end bonus.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Group adopted the Model Code for Securities Transactions by Directors (the "Code"), contained in Appendix 10 of the Listing Rules. Special enquiry has been made of all Directors, and Directors have confirmed that they have complied with the required standards set out in the Code throughout the year ended 31 December 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed below, the Company has complied with the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2007.

Deviations from the Code on Corporate Governance Practices and remedies:

The Company does not fully comply with code provisions A.2.1 and A.4.2 in Appendix 14.

Under code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board has chairman to provide leadership to the Board in terms of establishing policies and business directions and monitor the daily operation of the Group. The Company is currently looking for a suitable person to be responsible for the daily management of the Company's business as a whole as a remedy for such deviation.

Under code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. Since the articles of association of the Company provide that all Directors (except chairman) shall be subject to retirement by rotation, the Company did not comply with this provision, the Company is considering to amend the articles of association of the Company to remedy the situation.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

Basis for qualified opinion

(1) Scope limitation — Prior year audit scope limitation affecting corresponding figures

As previously explained in our report dated 30 May 2007 on the Group's financial statements for the year ended 31 December 2006, due to lack of certain books and records of an ex-subsidiary, Guangzhou Suinan Property Development Company Limited ("GZ Suinan"), which was disposed of during the year ended 31 December 2006, we were unable to assess as to whether GZ Suinan's turnover, the loss on disposal of investment properties held by GZ Suinan and GZ Suinan's loss for the year of approximately HK$9,839,000, HK$55,188,000 and HK$60,595,000 respectively, and the gain on disposal of GZ Suinan of approximately HK$123,323,000 included in the consolidated income statement of the Group for the year ended 31 December 2006, were free from material misstatements; and as to whether the related amounts recorded in the consolidated cash flow statement and the related amounts disclosed in the notes to the financial statements in respect of GZ Suinan for the year ended 31 December 2006 were free from material misstatements. In addition, we were unable to satisfy ourselves that the analysis of net liabilities of approximately HK$150,257,000 of GZ Suinan as at the date of disposal was free from material misstatement. We qualified our opinion on the financial statements for the year ended 31 December 2006 in respect of this scope limitation accordingly.

Any adjustments that might have been found necessary in respect of the above would have had a consequential impact on the related amounts recorded in the consolidated income statement and in the consolidated cash flow statement; and the related disclosures thereof for the year ended 31 December 2006.

(2) Scope limitation — Prior year audit scope limitation affecting opening balances

As previously explained in our report dated 30 May 2007 on the Group's financial statements for the year ended 31 December 2006, we were not provided with sufficient evidence regarding the recoverability of certain investment properties, the legal title of which were held by GZ Suinan, with total carrying value of approximately HK$122,400,000 as at 31 December 2006. The abovementioned properties were frozen by the court in respect of GZ Suinan's additional tax of approximately RMB10,361,000 together with interest and penalty levied by the Taxation Bureau of Guangzhou City and GZ Suinan's overdue payment of approximately RMB5,000,000 due to a creditor. Accordingly, we were unable to satisfy ourselves as to whether the abovementioned properties were fairly stated in the consolidated balance sheet as at 31 December 2006. We qualified our opinion on the financial statements for the year ended 31 December 2006 in respect of this scope limitation accordingly. As further detailed in note 16(d) to the financial statements, during the current year, the Group disposed of the abovementioned properties (after recording a fair value loss of approximately HK$20,400,000) for a total consideration, net of selling expenses, of HK$69,965,000. Accordingly, a loss on disposal of investment properties of approximately HK$32,035,000 was charged to the consolidated income statement in the current year.

Any adjustments that might have been found necessary in respect of the above would have had a consequential impact on the opening balances of net assets of the Group as at 1 January 2007, the Group's results for the years ended 31 December 2007 and 2006 and the related disclosures thereof in the financial statements.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to obtain sufficient evidence concerning the corresponding figures mentioned in point 1 of the "Basis for qualified opinion" paragraphs; and the opening balances mentioned in point 2 of the "Basis for qualified opinion" paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors. The committee has reviewed the accounting principles and practice adopted by the Group and discussed with the management regarding auditing, internal control and financial reporting matters including the review of the Company's audited results for the year ended 31 December 2007.

APPRECIATION

The Board would like to take opportunity to thank the shareholders, the management and the staff members for their dedication and support.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares ("Shares") of the Company has been suspended with effect from 9:30 a.m. on 2 May 2008 pending the issue of this final results announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 19 May 2008.

By Order of the Board
Tong Shi Jun
Chairman

Hong Kong, 16 May 2008

As at the date hereof, the board of Directors of the Company comprises Mr. Tong Shi Jun (Chairman), Mr. Zhao Lishen, Mr. Chiu Kong, Ms. Huang Ling and Ms. Zhu Jun as executive Directors and Mr. Yuen Wai Ho, Mr. Chen Song Sheng and Ms. Zhou Mei Zhen as independent non-executive Directors.