



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 2008**

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 2008 together with the comparative figures for the previous year as follows:

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
Turnover	4	66,114	185,253
Cost of sales		(49,521)	(177,363)
Gross profit		<u>16,593</u>	<u>7,890</u>
Valuation gain on investment properties		-	147,679
Other revenue	4	867	3,242
Other net (expenses) / income	5	(6,797)	13,859
Distribution costs		(1,368)	(5,744)
Administrative expenses		(29,886)	(31,730)
(LOSS) / PROFIT FROM OPERATIONS	6	(20,591)	135,196
Finance costs	7	(4,833)	(7,490)
(LOSS) / PROFIT BEFORE TAXATION		<u>(25,424)</u>	<u>127,706</u>
Income tax	8	(471)	(40,609)
(LOSS) / PROFIT FOR THE YEAR		<u>(25,895)</u>	<u>87,097</u>
ATTRIBUTABLE TO:			
Equity shareholders of the Company		(27,134)	54,387
Minority interests		1,239	32,710
(LOSS) / PROFIT FOR THE YEAR		<u>(25,895)</u>	<u>87,097</u>
(LOSS) / EARNINGS PER SHARE	9		
- Basic and diluted (2007: restated)		<u>(1.21) cents</u>	<u>4.82 cents</u>

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
NON-CURRENT ASSETS			
Interests in leasehold land held for own use under operating leases		5,985	5,864
Property, plant and equipment		4,708	13,228
Investment properties		302,721	286,174
Interests in associates		-	-
Other financial assets		-	-
Deposits for acquisition of subsidiaries		21,351	-
Long-term other receivable		5,682	-
		340,447	305,266
CURRENT ASSETS			
Inventories		3,223	41,864
Trade and other receivables	10	32,229	45,493
Pledged and restricted bank balances		2,935	2,698
Cash and cash equivalents		80,676	34,743
		119,063	124,798
CURRENT LIABILITIES			
Trade and other payables	11	55,865	202,408
Secured bank loans		7,370	-
Non-interest bearing borrowings		-	52,407
Interest-bearing borrowings		-	83,945
Obligations under finance lease		310	-
Current taxation		1,006	505
Provisions		1,783	32,856
		66,334	372,121
NET CURRENT ASSETS / (LIABILITIES)		52,729	(247,323)
TOTAL ASSETS LESS CURRENT LIABILITIES		393,176	57,943
NON-CURRENT LIABILITIES			
Secured bank loans		49,745	-
Obligations under finance lease		646	-
Deferred tax liabilities		39,323	37,174
		89,714	37,174
NET ASSETS		303,462	20,769
CAPITAL AND RESERVES			
Share capital		180,625	301,041
Reserves		62,310	(336,283)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		242,935	(35,242)
MINORITY INTERESTS		60,527	56,011
TOTAL EQUITY		303,462	20,769

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) The Group incurred a loss of approximately HK\$25,895,000 (2007: profit of approximately HK\$87,097,000) for the year ended 31 December 2008. In addition, the Group has contracted commitments for capital expenditure of approximately HK\$53,331,000 falling due within one year of which HK\$47,649,000 has been paid up to the date of approval of these financial statements.

In preparing the consolidated financial statements, the directors of the Company have considered the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profitable and positive cash flow operations in the immediate and longer term.

In order to strengthen the capital base of the Group and to improve the Group’s financial position, liquidity and cash flows in the immediate foreseeable future and to sustain the Group as a going concern. On 2 January 2009, the holding company has granted a standby facility to the Company with limit up to RMB20 million (approximately HK\$22.6 million) which is available up to 18 months to 1 July 2010.

In the opinion of the directors of the Company, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2008 on a going concern basis.

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

In the current year, the Group has where applicable applied the following amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior adjustment is required.

2. Adoption of new and revised HKFRSs (continued)

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2008.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standard ³
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS7 (Amendments)	Improving disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ³
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁶

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

⁶ Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:												
Sales to external customers	53,050	181,602	10,872	1,769	-	-	-	-	2,192	1,882	66,114	185,253
Other revenue	36	3,125	-	-	238	31	-	-	315	42	589	3,198
Total	53,086	184,727	10,872	1,769	238	31	-	-	2,507	1,924	66,703	188,451
Segment results	523	(20,746)	4,845	149,360	(15,556)	14,965	(11,093)	(8,802)	412	375	(20,869)	135,152
Interest income											278	44
(Loss) / profit from operations											(20,591)	135,196
Finance costs											(4,833)	(7,490)
(Loss) / profit before taxation											(25,424)	127,706
Income tax											(471)	(40,609)
(Loss) / profit for the year											(25,895)	87,097

3. SEGMENT INFORMATION (Continued)

a) Business segments (Continued)

	Property Development		Property Leasing		Investment Holding*		Resort Operation		Others		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	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	13,989	86,716	334,093	289,747	88,677	31,800	1,242	11,553	15,827	10,248	453,828	430,064
Unallocated corporate assets											5,682	-
Total assets											<u>459,510</u>	<u>430,064</u>
Segment liabilities	(31,679)	(91,678)	(111,294)	(81,691)	(13,015)	(67,341)	(45)	(43)	(15)	(6)	(156,048)	(240,759)
Unallocated corporate liabilities											-	(168,536)
Total liabilities											<u>(156,048)</u>	<u>(409,295)</u>
Other segment information:												
Capital expenditure	6	26,349	720	-	1,244	45	2	-	745	194	2,717	26,588
Depreciation and amortisation	296	318	251	-	148	132	1,554	2,118	358	288	2,607	2,856
Reversal of impairment losses on other receivables	-	(95)	-	-	-	-	-	-	-	-	-	(95)
Reversal of impairment losses on investments deposits	-	-	-	-	-	(30,000)	-	-	-	-	-	(30,000)
Impairment losses on property, plant and equipment	-	-	-	-	-	-	9,409	6,600	-	-	9,409	6,600
Impairment losses on trade receivables	-	-	-	-	-	-	-	-	-	296	-	296
Valuation gain on investment properties	-	-	-	(147,679)	-	-	-	-	-	-	-	(147,679)
Loss on disposal of property, plant and equipment, net	-	-	-	-	(18)	-	-	-	102	57	84	57
Write-off of property, plant and equipment	-	-	-	-	-	-	-	-	-	61	-	61

* Investment holding is one of the Group's segments and, accordingly, the Group's non-current financial assets, and the corresponding income / expenses were included in segment assets and segment results respectively.

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	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue to external customers	<u>-</u>	<u>-</u>	<u>66,114</u>	<u>185,253</u>	<u>66,114</u>	<u>185,253</u>
Carrying amount of segment assets	<u>88,677</u>	<u>31,800</u>	<u>370,833</u>	<u>398,264</u>	<u>459,510</u>	<u>430,064</u>
Capital expenditure	<u>1,244</u>	<u>45</u>	<u>1,473</u>	<u>26,543</u>	<u>2,717</u>	<u>26,588</u>

4. TURNOVER AND OTHER REVENUE

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

Turnover represents the aggregate of net proceeds from the sale of properties, (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 sales of consumables after elimination of all significant intra-group transactions.

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

	2008 HK\$'000	2007 HK\$'000
Sales of properties held for sale	53,050	181,602
Gross rental income from investment properties	10,872	1,769
Sale of consumables	<u>2,192</u>	<u>1,882</u>
Turnover	<u>66,114</u>	<u>185,253</u>
Interest income from banks	<u>278</u>	<u>44</u>
Interest income on financial assets not at fair value through profit or loss	278	44
Refund of business tax	-	2,831
Sundry income	<u>589</u>	<u>367</u>
Other revenue	<u>867</u>	<u>3,242</u>
Total	<u>66,981</u>	<u>188,495</u>

5. OTHER NET (EXPENSES) / INCOME

	2008 HK\$'000	2007 HK\$'000
Net loss on disposal of property, plant and equipment	(84)	(57)
Negative goodwill*	96	-
Impairment losses on property, plant and equipment	(9,409)	(6,600)
Impairment losses on trade receivables	-	(296)
Reversal of impairment losses on other receivables	-	95
Reversal of impairment losses on investment deposits	-	30,000
Waiver / (provision) for legal claims, net	2,832	(8,003)
Waiver / (provision) for compensations, net	233	(1,164)
Legal claims	(527)	(101)
Foreign exchange gain / (loss), net	110	(15)
Others	(48)	-
	<u>(6,797)</u>	<u>13,859</u>

* The amount represented the excess of the fair value of assets and liabilities of the subsidiary acquired on 5 November 2008

6. (LOSS) / PROFIT FROM OPERATIONS

(Loss) / profit from operations is arrived at after charging / (crediting):

	2008 HK\$'000	2007 HK\$'000
Amortisation of interests in leasehold land held for own use under operating leases	218	206
Depreciation for property, plant and equipment	2,389	2,650
Auditor's remuneration	577	570
Operating lease charges: minimum lease payments	2,048	1,868
Cost of inventories sold	47,899	177,363
Gross rental income from investment properties less direct outgoings of HK\$1,622,000 (2007: Nil)	<u>(9,250)</u>	<u>(1,769)</u>

7. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interest on bank loans and other interest bearing borrowings wholly repayable		
- within five years	3,768	9,194
- over five years	1,055	-
Finance charges on obligations under finance leases	<u>10</u>	<u>-</u>
Total interest expense on financial liabilities not at fair value through profit or loss	4,833	9,194
Less: Interest expense capitalized into property, plant and equipment	<u>-</u>	<u>(1,704)</u>
	<u>4,833</u>	<u>7,490</u>

The borrowing costs have been capitalised at a rate of Nil (2007: 6.58% per annum)

8. INCOME TAX

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 that reduced corporate profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2007: 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 Company's subsidiaries established in mainland China, including the foreign investment enterprise and the local investment enterprise, are subject to the PRC enterprise income tax rate of 18% to 25% and 15% respectively for the years ended 31 December 2008 and 2007.

On 16 March 2007, the People's Republic of China (the "PRC") 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 the PRC enterprise income tax at a rate of 15% on its assessable profits arising in the PRC, effective on 1 January 2008, such tax rate will gradually transit to applicable tax rate of 25%.

Under the Provisional Regulations on Land Appreciation Tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

	2008	2007
	HK\$'000	HK\$'000
Current tax		
PRC Enterprise Income Tax	939	3,435
Over-provision in prior years		
PRC Enterprise Income Tax	(468)	-
	471	3,435
Deferred taxation		
Origination and reversal of temporary differences	-	37,174
Tax expense	471	40,609
Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:		
	2008	2007
	HK\$'000	HK\$'000
(Loss)/profit before taxation	(25,424)	127,706
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profit in the tax jurisdictions concerned	(2,972)	32,508
Over-provision of taxation in prior years	(468)	-
Tax effect of unused tax losses not recognised	3,911	8,101
Tax expense	471	40,609

9. (LOSS) / EARNINGS PER SHARE

The calculation of the basic (loss) / earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK\$27,134,000 (2007: profit of approximately HK\$54,387,000) and the weighted average number of ordinary shares of 2,236,345,171 (2007 (restated): 1,128,903,939) in issue during the year calculated as adjusted to reflect the share consolidation during the year.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2008 has accounted for the effect of share consolidation and issuance of new shares pursuant to the open offer which were completed during the year ended 31 December 2008. The corresponding weighted average number of ordinary shares of 2007 has been retrospectively adjusted to reflect the effect.

Diluted (loss)/ earnings per share equals to the basic (loss)/ earnings per share as there were no potential dilutive ordinary shares outstanding for both years.

10. TRADE AND OTHER RECEIVABLES

	2008 HK\$'000	2007 HK\$'000
Trade receivables	9,603	7,719
Less: allowance for doubtful debts	<u>(278)</u>	<u>(296)</u>
	9,325	7,423
Due from a former director	-	20,000
Other receivables	<u>11,140</u>	<u>11,770</u>
Loans and receivables	20,465	39,193
Prepayment and deposits	11,764	6,300
	<u>32,229</u>	<u>45,493</u>

An aged analysis of trade receivables is as follows:

	2008 HK\$'000	2007 HK\$'000
Aged:		
Within 3 months	7,202	6,658
More than 3 months but less than 6 months	63	120
More than 6 months but less than 1 year	<u>2,060</u>	<u>645</u>
	<u>9,325</u>	<u>7,423</u>

11. TRADE AND OTHER PAYABLES

	2008	2007
	HK\$'000	HK\$'000
Trade payables	34,456	37,768
Other payables and accrued charges	16,199	49,988
Deposits received on sale of properties	97	19,012
Rental deposits received	-	2,680
Rental received in advance	5,113	4,662
Due to a minority shareholder	-	3,707
Due to a subsidiary of the Company's substantial shareholder	-	84,591
	55,865	202,408

An aged analysis of trade payables is as follows:

	2008	2007
	HK\$'000	HK\$'000
Aged:		
Within 3 months	-	2,958
More than 3 months but less than 6 months	-	688
More than 6 months but less than 1 year	124	973
More than 1 year but less than 2 years	5,360	22,707
More than 2 years	28,972	10,442
	34,456	37,768

MODIFICATION IN INDEPENDENT AUDITOR'S REPORT

The auditor's report on the consolidated financial statements for the year ended 31 December 2008 was modified in respect of material uncertainties relating to the going concern as follows:

“Without qualifying our opinion, we draw attention to note 1(b) above concerning the adoption of the going concern basis on which the financial statements have been prepared. The consolidated financial statements have been prepared on a going concern basis notwithstanding that the Group incurred a loss of approximately HK\$25,895,000 for the year ended 31 December 2008. In addition, the Group had contracted commitments in respect of the capital expenditure of approximately HK\$53,331,000 falling due within one year of which HK\$47,649,000 has been paid up to the date of this report. The validity of the consolidated financial statements being prepared on a going concern basis depends upon the continuing credit facility granted by the holding company and cash flow generated from future operations. These conditions 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 2008.

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2008 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 2008 (2007: Nil).

RESULTS OF THE YEAR

The Group recorded an audited consolidated turnover of HK\$66,114,000 (2007: HK\$185,253,000), representing a drop of 64%, and net loss of HK\$25,895,000 (2007: net profit of HK\$87,097,000), respectively, for the year ended 31 December 2008.

BUSINESS REVIEW

During the year under review, the Company's principal activity continued to be investment holding, whilst its subsidiaries were mainly engaged in property investment and development in the PRC.

There was no longer any revaluation gain from investment properties, but instead impairment loss on property, relating to our Shuijinghu Resort Hotel was recorded in the year. With the completion of our Shanghai Fairyoung Building project, sale of properties held for sale dropped significantly in the year. All these had contributed towards the substantial decrease in the turnover and the turnaround to a net loss for the year.

Our Harbin Commercial Building generated long-term steady rental income for the Group with a long lease signed with a PRC conglomerate. The Group had no other active business during the year due to shortage of funds.

In order to improve its financial position, the Company announced on 18 July 2008 to propose, among others, capital reorganisation, open offer and loan capitalisation, which were all duly passed by the shareholders at a special general meeting of the Company held on 9 September 2008. The capital reorganization, which involved the increase in authorised share capital, share consolidation, capital reduction, share subdivision, share premium cancellation and elimination of accumulated losses, was duly completed during the year.

PROSPECTS AND OUTLOOK

With part of the proceeds from the open offer, the Company has acquired the remaining 30% interests in Harbin Dynamic Global Property Company Limited ("HDGP") in November 2008. As HDGP's main asset, the Harbin Commercial Building, has kept on bringing us long term steady revenue, the acquisition enables the Group to completely control over the business performance of HDGP and enhance its contribution of revenue and profit to the Group without deduction of minority interests.

In a bid to capitalize on the growing tourist activities in mainland China, the Group entered into an acquisition agreement for investing in Xiang Quan Hotel, Zhuhai City, Guangdong Province at the end of 2008. Through the arrangement of granting the hotel operation rights to the contractor of Xiang Quan Hotel, the Group will secure steady return on its investment in this hotel project in future.

In order to ride on the booming domestic consumption market, the Group has proceeded to run wine trading business in mainland China, but no contribution therefrom was recorded in the year. We do not rule out the possibility of exploring into other areas of business in China when opportunities arise.

2009 will still be a very tough year, but the economy in mainland China will still grow, perhaps at a lower rate. We are confident that China will be one of the countries which can resume sound economic growth when the global financial crisis subsides, and the Group with its strong presence in China will be benefited from it in future.

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

As at 31 December 2008, the Group's current assets and current liabilities were HK\$119,063,000 and HK\$66,334,000 respectively. The total secured bank loans and obligations under finance lease amounted to HK\$58,071,000.

As at 31 December 2008, main charges on assets of the Group include bank balances of HK\$2,274,000 and investment properties of HK\$302,721,000.

As at 31 December 2008, capital commitments mainly consisted of acquisition of interests in subsidiaries and contribution for long term investment amounting to HK\$82,260,000.

The Group's gearing ratio as at 31 December 2008 was 34%, which is calculated on the Group's total liabilities divided by its total assets.

FOREIGN EXCHANGE RISK

The Group's operations are principally in mainland China and all assets and liabilities are denominated either in Renminbi or Hong Kong dollars. The Directors considers that the Group does not have any material exposure to fluctuations in exchange. Therefore, no hedging measures have been taken at present.

CONTINGENT LIABILITIES

Financial Guarantees Issued

As at 31 December 2008, the Group undertook guarantees in respect of mortgage loans granted by certain banks of RMB Nil (HK\$Nil) (2007: approximately RMB3,737,000 (approximately HK\$4,005,000)) 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. All the guarantees have been released when the mortgagees obtained their property title certificates during the year ended 31 December 2008.

POST BALANCE SHEET EVENTS

- a) On 24 November, 2008, the Group entered into a conditional sale and purchase agreement with a minority shareholder to acquire 30% equity interest held by the minority shareholder in HDGP, a non wholly-owned subsidiary of the Group for a total cash consideration of HK\$51 million.

The acquisition has been completed on 8 April 2009 and HDGP become a wholly-owned subsidiary of the Group upon completion of the acquisition.

- b) On 11 December 2008, the Group entered into a conditional sale and purchase agreement with an independent third party to acquire the entire equity interest of and the shareholder's loan to Xiang Quan Hotel Company Limited for a total consideration of HK\$50 million (subject to adjustment) (comprising HK\$28 million cash payment and HK\$22 million to be satisfied by issue shares of the Company).

On 19 January 2009, the parties entered into a supplemental agreement whereby the total consideration has been adjusted to HK\$46,929,000 (comprising HK\$28 million cash payment and HK\$18,929,000 to be satisfied by issue of consideration shares). The acquisition is expected to be completed on or before 30 June 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 year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE OF CORPORATE GOVERNANCE 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, 17 April 2009

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