China Leason Investment Group Co., Limited
中國聯盛投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8270)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

HIGHLIGHTS

- For the year ended 31st December 2007, the Group's turnover amounted to RMB49,399,000, representing an increase of 91.7% over that of the previous year.

- For the year ended 31st December 2007, the Group's loss attributable to shareholders amounted to RMB2,500,000, whereas there was a loss of RMB6,591,000 for previous year.

- The Group's loss per share was RMB0.49 cent (2006: of RMB1.39 cent).

- The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2007.

ANNUAL RESULTS

The board of directors (the "Board") of China Leason Investment Group Co., Limited (the "Company") announces the audited results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2007 together with the comparative figures for the last financial year as follows:

Consolidated Income Statement
For the year ended 31 December 2007
(Expressed in Renminbi)

	Note	**2007**	2006
		RMB'000	*RMB'000*
Turnover	*2*	**49,399**	25,773
Cost of sales		**(22,822)**	(10,379)
Gross profit		**26,577**	15,394
Other revenue and net income	*2*	**10,063**	5,848
Distribution costs		**(5,699)**	(7,741)
Administrative expenses		**(25,569)**	(12,905)
Other operating expenses		**(2,665)**	(7,214)
Finance costs		**(1,742)**	—
Profit/(loss) before income tax	*4*	**965**	(6,618)
Income tax	*5(a)*	**(3,465)**	27
Loss for the year		**(2,500)**	(6,591)
Attributable to:			
Equity shareholders of the Company		**(2,500)**	(6,591)
Dividend		**—**	—
		RMB(cents)	*RMB(cents)*
Loss per share			
Basic	*6(a)*	**(0.49)**	(1.39)
Diluted	*6(b)*	**N/A**	N/A

Consolidated Balance Sheet
At 31 December 2007
(Expressed in Renminbi)

	Note	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		**23,367**	3,710
Prepaid lease payments for land under operating leases		**3,542**	1,568
Intangible assets		**7,110**	12,625
Deposits for acquisition of property, plant and equipment		**34,600**	—
Deposits for acquisition of interests in land under operating leases		**11,549**	—
		80,168	17,903
Current assets			
Prepaid lease payments for land under operating leases		**143**	87
Trading securities		**4,313**	2,992
Inventories		**769**	120
Trade and other receivables		**24,173**	20,195
Tax recoverable		**1,312**	794
Fixed bank deposits		**6,624**	—
Cash and cash equivalents		**45,147**	15,009
		82,481	39,197
Current liabilities			
Trade and other payables		**43,783**	12,645
Deferred income		**1,750**	1,616
Bank borrowings		**7,960**	—
Tax payable		**1,644**	70
		55,137	14,331
Net current assets		**27,344**	24,866
Total assets less current liabilities		**107,512**	42,769
Non-current liabilities			
Deferred tax liabilities		**(853)**	(441)
NET ASSETS		**106,659**	42,328
CAPITAL AND RESERVES			
Share capital		**5,922**	5,014
Reserves		**100,737**	37,314
TOTAL EQUITY		**106,659**	42,328

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

These 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 and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of the new HKFRSs on the changes in accounting polices resulting from initial application of these developments to the extend that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. TURNOVER AND OTHER REVENUE AND NET INCOME

The Company is an investment holding company. The principal activities of the Group are development and sales of computer software, resale of hardware, provision of system integration and maintenance services; and manufacture and sales of liquefied coalbed gas.

Turnover represents the sales value of goods supplied and services provided to customers, which excludes value-added and business taxes, and is after deduction of any goods returns and trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007	2006
	RMB'000	*RMB'000*
Turnover		
Sales of software	**29,810**	16,387
Sales of hardware	**5,859**	764
Maintenance and other services fees	**13,730**	8,622
Provision of liquefied coalbed gas	**—**	—
	49,399	25,773
Other revenue and net income		
Value-added tax refunds	**5,527**	2,815
Net realised and unrealised gains on trading securities	**3,676**	1,518
Interest income from bank deposits	**261**	268
Government grants received	**233**	213
Gain on disposal of subsidiaries	**—**	160
Write back of impairment loss on trade receivables	**25**	557
Net exchange gains	**141**	—
Others	**200**	317
	10,063	5,848

3. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. As all of the Group's revenue and results were substantially derived from the PRC, no geographical segment information is presented.

Business segments

The Group has the following major business segments:

Software	:	Development and sales of software relating to securities and financial industries in the PRC
Hardware	:	Sales of hardware
Maintenance and other services	:	Provision of repairs and maintenance and other technical support services for customers
Liquefied coalbed gas	:	Manufacture and sales of liquefied coalbed gas

(i) An analysis of the Group's revenue and results by business segments is as follows:

	Software		Hardware		Maintenance and other services		Liquefied coalbed gas		Consolidated total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**29,810**	16,385	**5,859**	765	**13,730**	8,623	**—**	—	**49,399**	25,773
Other revenue	**5,527**	2,815	**—**	—	**—**	—	**—**	—	**5,527**	2,815
Total	**35,337**	19,200	**5,859**	765	**13,730**	8,623	**—**	—	**54,926**	28,588
Segment results	**5,776**	3,771	**(178)**	29	**4,647**	8,456	**(1,544)**	(673)	**8,701**	11,583
Unallocated operating income and expenses									**(5,994)**	(18,201)
Finance costs									**(1,742)**	—
Profit/(loss) before income tax									**965**	(6,618)
Income tax									**(3,465)**	27
Loss for the year									**(2,500)**	(6,591)
Depreciation	**615**	830	**140**	39	**566**	442	**24**	—	**1,345**	1,311
Unallocated depreciation									**225**	45
									1,570	1,356
Amortisation	**5,526**	5,914	**2**	3	**121**	29	**—**	—	**5,649**	5,946
Impairment loss on intangible assets	**—**	2,517	**—**	—	**—**	—	**—**	—	**—**	2,517
Loss on disposal of property, plant and equipment	**7**	2	**—**	—	**—**	—	**—**	—	**7**	2
Impairment loss on trade receivables	**597**	—	**—**	—	**—**	—	**—**	—	**597**	—
Write off of trade and other receivables	**1,671**	—	**23**	—	**—**	—	**—**	—	**1,694**	—
Write back of impairment loss on trade receivables	**(25)**	(557)	**—**	—	**—**	—	**—**	—	**(25)**	(557)

(ii) An analysis of the Group's assets and liabilities by business segments is as follows:

	Software		Hardware		Maintenance and other services		Liquefied coalbed gas		Consolidated total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**41,761**	22,080	**7,897**	274	**17,778**	133	**67,585**	5,979	**135,021**	28,466
Unallocated assets									**27,628**	28,634
Total assets									**162,649**	57,100
Segment liabilities	**13,444**	6,061	**2,704**	38	**8,143**	1,616	**19,859**	990	**44,150**	8,705
Unallocated assets									**11,840**	6,067
Total liabilities									**55,990**	14,772
Capital expenditure	**558**	10,749	**1,961**	—	**2,245**	285	**15,630**	—	**20,394**	11,034
Unallocated capital expenditure									**3,022**	549
									23,416	11,583

4. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	2007	2006
	RMB'000	*RMB'000*
(a) Staff costs (excluding directors' remuneration)		
Salaries, wages and other benefits	**17,832**	15,545
Retirement benefit scheme contributions	**1,322**	1,058
Total staff costs #	**19,154**	16,603
Less: Amount capitalised as development costs	**—**	(10,404)
	19,154	6,199
(b) Other items		
Cost of inventories sold and services rendered #	**22,822**	10,379
Auditors' remuneration	**514**	403
Depreciation #	**1,570**	1,356
Amortisation of prepaid lease payments for land under operating leases	**134**	87
Amortisation of intangible assets	**5,515**	5,859
Impairment loss on intangible assets	**—**	2,517
Loss on disposal of property, plant and equipment	**7**	2
Impairment loss on trade receivables	**597**	—
Write off of trade and other receivables	**1,694**	—
Net exchange loss	**—**	235
Operating lease charges in respect of land and buildings	**987**	387
Research costs	**—**	3,871

Cost of inventories sold and services rendered includes staff costs of approximately RMB10,629,000 (2006: RMB2,204,000) and depreciation charges of approximately RMB339,000 (2006: RMB83,000) that are also included in the respective total amounts disclosed separately above for each of these types of expenses.

5. INCOME TAX

(a) Income tax

	2007	2006
	RMB'000	*RMB'000*
Current tax — Provision for the PRC enterprise income tax		
Provided for the year	**2,115**	338
Underprovision in prior years	**938**	31
	3,053	369
Deferred taxation		
Origination and reversal of temporary differences	**412**	(396)
Income tax charge/(credit)	**3,465**	(27)

Note:

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the years ended 31 December 2007 and 2006. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

Fujian Shine Science & Technology Limited ("Fujian Shine Science"), which is a subsidiary of the Company and obtained the approval from PRC tax authority on 26 February 2003, is exempted from PRC enterprise income tax for the two years starting from its first profit-making year after Fujian Shine Science became a wholly-owned foreign enterprise, and is entitled to a 50% relief on PRC enterprise income tax for the subsequent three years. Fujian Shine Science began its first two profitable year in the year ended 31 December 2003 and 2004, and was subject to PRC enterprise income tax at a rate of 12% for three years ended 31 December 2005, 2006 and 2007. Provision for PRC enterprise income tax has been made in the financial statements of Fujian Shine Science for the year ended 31 December 2007. No provision for PRC enterprise income tax has been made in the financial statements of Fujian Shine Science as Fujian Shine Science has no assessable profits for the year ended 31 December 2006.

Shanghai Shine Science & Technology Limited ("Shanghai Shine Science"), which is a subsidiary of the Company and obtained a certificate of "Software Enterprise" on 10 April 2002, is entitled to a 50% relief on PRC enterprise income tax. Accordingly, Shanghai Shine Science is subject to PRC enterprise income tax at a rate of 15% (2006: 15%) for the year ended 31 December 2007.

No provision for PRC enterprise income tax has been made in the financial statements of Fuzhou Xinwangluo Network Company Limited ("Xinwangluo"), as Xinwangluo has sufficient tax loss the offset the assessable profits for the year ended 31 December 2007. No provision for PRC enterprise income tax has been made in the financial statements of Xinwangluo, as Xinwangluo has no estimated assessable profits for the year ended 31 December 2006.

No provision for PRC enterprise income tax has been made in the financial statements of Shaxi Yangcheng Shuntai Energy Development Company Limited ("Yangcheng Energy") and Shanxi Qinshui Shuntai Energy Development Limited ("Qinshui Energy"), subsidiaries of the Company, as Yangcheung Energy and Qinshui Energy have no estimated assessable profits for the years ended 31 December 2007 and 2006.

On 16 March 2007, 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 PRC. 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% for Xinwangluo from 1 January 2008.

6. LOSS PER SHARE

(a) *Basic loss per share*

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of approximately RMB2,500,000 (2006: RMB6,591,000) and the weighted average of 514,728,000 (2006: 473,000,000) ordinary shares in issue during the year.

(b) *Diluted loss per share*

No diluted loss per share was shown for the year ended 31 December 2007 and 2006 as there were no dilutive potential ordinary shares outstanding during both years.

7. STATEMENT OF CHANGE IN EQUITY

Group

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Merger reserve** *RMB'000*	**General reserve** *RMB'000*	**Common welfare reserve** *RMB'000*	**Share option reserve** *RMB'000*	**Translation reserve** *RMB'000*	**Retained profits/ (accumulated losses)** *RMB'000*	**Total** *RMB'000*	**Minority interests** *RMB'000*	**Total** *RMB'000*
At 1 January 2006, as previously reported	5,014	34,845	(2,351)	2,903	1,421	603	(97)	6,888	49,226	155	49,381
Transfer to general reserve	—	—	—	1,421	(1,421)	—	—	—	—	—	—
At 1 January 2006, as restated	5,014	34,845	(2,351)	4,324	—	603	(97)	6,888	49,226	155	49,381
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	—	—	(307)	—	(307)	—	(307)
Loss for the year	—	—	—	—	—	—	—	(6,591)	(6,591)	—	(6,591)
Profit appropriations	—	—	—	106	—	—	—	(106)	—	—	—
Total recognised income and expenses for the year	—	—	—	106	—	—	(307)	(6,697)	(6,898)	—	(6,898)
Forfeiture of employee share options	—	—	—	—	—	(603)	—	603	—	—	—
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(155)	(155)
At 31 December 2006 and 1 January 2007	5,014	34,845	(2,351)	4,430	—	—	(404)	794	42,328	—	42,328
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	—	—	(67)	—	(67)	—	(67)
Loss for the year	—	—	—	—	—	—	—	(2,500)	(2,500)	—	(2,500)
Profit appropriations	—	—	—	921	—	—	—	(921)	—	—	—
Total recognised income and expenses for the year	—	—	—	921	—	—	(67)	(3,421)	(2,567)	—	(2,567)
Issue of new shares	908	65,990	—	—	—	—	—	—	66,898	—	66,898
At 31 December 2007	5,922	100,835	(2,351)	5,351	—	—	(471)	(2,627)	106,659	—	106,659

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31st December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a consolidated turnover of RMB49,399,000 for the year, representing a increase of approximately 91.7% compared with last year. The increase was mainly attributable to:

- Since the Shine Securities Integrate Management Platform 6.0 was successfully introduced to the market in 2007, many signed sales contracts were accounted during the year and therefore, incurred inspiring growth in turnover.

Loss attributable to shareholders was approximately RMB2,500,000, compared with loss attributable to shareholders of approximately RMB6,591,000 for last year, mainly due to:

- The Company's gross profit for the year was 26,577,000, an increase of approximately RMB11,183,000 compared with that of last year, due to a 91.7% or RMB23,626,000 growth in the turnover during the year and therefore, the Group's loss attributable to shareholders was improved.

Other Revenues

The major revenue was the tax refund on value added tax for the sales and distribution of the Group's own software. The amount was increased by approximately RMB2,712,000 compare with last year.

Distribution Expenses

The amount was smaller mainly due to the cost of market promotion expenses is less than last year as the new products of the Group became mature and successfully launched in the market in the year of 2007.

General and Administrative Expenses

Office expenditures was the major element. The cost was increased compared with that of last year, mainly due to:

- In order to expand and develop the new business in Shanxi Province, the Group invested part of the resources in the developing of the liquified coalbed gas business, and therefore, incurred additional administrative expenses; and

- The operating of the offices in Beijing and Shanxi Province respectively, resulted in an increase of expenditure in relation to rental and salaries, etc.

Other Operating Expenses

The other operating expenses were approximately RMB2,665,000 in the year, while it was approximately RMB7,214,000 in the previous year, and the decrease was mainly due to:

- A decrease in impairment loss on intangible assets from approximately RMB2,517,000 in 2006 to Nil in 2007;

- Saving in research costs in 2007.

Liquidity and Financial Resources

As at 31 December 2007, the Group had net assets of approximately RMB106,659,000 including total cash, bank and deposits balances of approximately RMB51,771,000. The Group has implemented disciplined financial and risk managements. The Group's gearing ratio, calculated by dividing Group's total external borrowings by its shareholders fund was 7.5%. Further, the Group had not charged on any of its assets as at 31 December 2007.

During the year, the Group has not entered into any material transactions or significant investment which are classified as notifiable transactions as defined under Chapter 19 of the GEM Listing Rules.

Employees

As a software solution provider, people are the Group's most valuable assets. Accordingly, human resources framework is one of the Group's critical strategic policies.

The Group is a "people-oriented" and "equal opportunity" employer whereas its staff selection and promotion process will only be determined with reference to employees' own merits and their competency in relation to their responsibility. Employee remuneration includes basic salaries and benefits-in-kind such as medical and insurance coverage, retirement benefits scheme, and other discretionary incentives etc.

Employee remuneration is maintained at market competitive level and will be regularly reviewed within the general framework of the Group's human resources system. Remuneration policy is basically determined with reference to individual performance as well as financial results of the Group which will be revised from time to time when performances of staff is warranted.

As at 31 December 2007, the Group had an aggregate of 254 employees, of which 144 were research and development staff, 51 were engineering and customer service staff and 14 were marketing staff. Staff cost, excluding directors' emoluments, was approximately RMB19,154,000 (2006: RMB16,603,000) for the year ended 31 December 2007.

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

During the year ended 31 December 2007 neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed Shares.

AUDIT COMMITTEE

The Company's Audit Committee was established on 28 July 2003 and is currently composed of all three Independent Non-executive Directors of the Company, namely, Mr. Luo Wei Kun, Mr. Yan Chang Ming and Ms. Pang Yuk Fong (Chairman). The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports; (b) To serve as a focal point for communication between Directors, the external auditors and internal auditors; (c) To assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and the effectiveness of the Group's internal control system; and (d) To review the appointment of external auditors on an annual basis as well as to ensure independence of the continuing auditor.

At the meetings, the Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its system of internal control and has made suggestions to improve them. The Committee also carried out and discharged its other duties set out in HKSE Code. In the course of doing so, the Committee has met the company's management and qualified accountant several times during 2007. Each member of the Audit Committee has unrestricted access to the Group's external auditors and the Management.

CODE OF CORPORATE GOVERNANCE PRACTICES OF THE GEM LISTING RULES

The Company has applied the principles and complied with the code provision set out in the Code of Corporate Governance Practices contained in appendix 15 of the GEM Listing Rules for the year ended 31 December 2007.

By order of the Board
China Leason Investment Group Co., Limited
Wong Zhong Sheng
Chairman

Hong Kong, 26 March 2008

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, and Mr. Shi Liang; the non-executive Director are Mr. Chang Jian, Mr. Kwok Shun Tim and Mr. Ye Jingxin and the independent non-executive Directors are Mr. Yan Chang Ming, Mr. Luo Wei Kun and Ms. Pang Yuk Fong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.