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 2008

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of China Leason Investment Group Co., Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.

HIGHLIGHTS

- For the year ended 31 December 2008, the Group's turnover amounted to RMB38,598,000, representing a decrease of 22% over that of the previous year.

- For the year ended 31 December 2008, the Group's loss attributable to shareholders amounted to RMB33,585,000, whereas there was a loss of RMB2,500,000 for previous year.

- The Group's loss per share was RMB5.51 cent (2007: of RMB0.49 cent).

- The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2008.

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 2008 together with the comparative figures for the last financial year as follows:

Consolidated Income Statement

For the year ended 31 December 2008
(Expressed in Renminbi)

	Note	2008 RMB'000	2007 RMB'000
Turnover	2	**38,598**	49,399
Cost of sales		**(34,142)**	(22,822)
Gross profit		**4,456**	26,577
Other revenue and net income	2	**2,677**	10,063
Distribution costs		**(5,902)**	(5,699)
Administrative expenses		**(25,216)**	(25,569)
Other operating expenses		**(7,373)**	(2,665)
Finance costs		**(1,903)**	(1,742)
(Loss)/profit before income tax	4	**(33,261)**	965
Income tax	5	**(324)**	(3,465)
Loss for the year		**(33,585)**	(2,500)
Attributable to:			
Equity shareholders of the Company		**(33,585)**	(2,500)
Dividend		**—**	—
		RMB(cents)	*RMB(cents)*
Loss per share			
Basic and diluted	6	**(5.51)**	(0.49)

Consolidated Balance Sheet
At 31 December 2008
(Expressed in Renminbi)

	Note	2008 *RMB'000*	2007 *RMB'000*
Non-current assets			
Property, plant and equipment		**134,772**	23,367
Prepaid lease payments for land under operating leases		**13,983**	3,542
Intangible assets		**—**	7,110
Deposits for acquisition of property, plant and equipment		**7,000**	34,600
Deposits for acquisition of interests in land under operating leases		**1,311**	11,549
Available-for-sales investment		**4,800**	—
Deferred tax assets		**1,169**	—
		163,035	80,168
Current assets			
Prepaid lease payments for land under operating leases		**363**	143
Trading securities		**16,071**	4,313
Inventories		**969**	769
Trade and other receivables		**18,630**	24,173
Tax recoverable		**692**	1,312
Fixed bank deposits		**7,164**	6,624
Cash and cash equivalents		**32,215**	45,147
		76,104	82,481
Current liabilities			
Trade and other payables		**74,090**	43,783
Deferred income		**3,713**	1,750
Bank and other borrowings		**40,000**	7,960
Tax payable		**1,206**	1,644
		119,009	55,137
Net current (liabilities)/assets		**(42,905)**	27,344
Total assets less current liabilities		**120,130**	107,512
Non-current liabilities			
Deferred tax liabilities		**—**	(853)
NET ASSETS		**120,130**	106,659
CAPITAL AND RESERVES			
Share capital		**6,399**	5,922
Reserves		**113,731**	100,737
TOTAL EQUITY		**120,130**	106,659

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 computer 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:

	2008	2007
	RMB'000	*RMB'000*
Turnover		
Sales of computer software	**10,527**	29,810
Resale of computer hardware	**14,906**	5,859
Maintenance and other services fees	**13,165**	13,730
Provision of liquefied coalbed gas	**—**	—
	38,598	49,399
Other revenue and net income		
Value-added tax refund	**3,195**	5,527
Net realised and unrealised (losses)/gains on trading securities	**(2,536)**	3,676
Interest income from bank deposits	**513**	261
Government grants received	**353**	233
Write back of impairment loss on trade receivables	**839**	25
Net exchange gains	**161**	141
Others	**152**	200
	2,677	10,063

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:

Computer software	:	Development and sales of computer software relating to securities and financial industries in the PRC
Computer hardware	:	Resale of computer 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:

	Computer software		**Computer hardware**		**Maintenance and other services**		**Liquefied coalbed gas**		**Consolidated total**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**10,527**	29,810	**14,906**	5,859	**13,165**	13,730	**—**	—	**38,598**	49,399
Other revenue	**3,195**	5,527	—	—	—	—	—	—	**3,195**	5,527
Total	**13,722**	35,337	**14,906**	5,859	**13,165**	13,730	**—**	—	**41,793**	54,926
Segment results	**(20,127)**	5,776	**(3,025)**	(178)	**6,146**	4,647	**(10,288)**	(1,544)	**(27,294)**	8,701
Unallocated operating income and expenses									**(4,064)**	(5,994)
Finance costs									**(1,903)**	(1,742)
(Loss)/profit before income tax									**(33,261)**	965
Income tax									**(324)**	(3,465)
Loss for the year									**(33,585)**	(2,500)
Depreciation	**1,133**	615	**255**	140	**306**	566	**50**	24	**1,744**	1,345
Unallocated depreciation									**396**	225
									2,140	1,570
Amortisation of prepaid lease payments for land under operating leases	**100**	11	**4**	2	**39**	121	**201**	—	**344**	134
Amortisation of intangible assets	**4,093**	5,515	**—**	—	**—**	—	**—**	—	**4,093**	5,515
Impairment loss on property, plant and equipment	**202**	—	**11**	—	**108**	—	**—**	—	**321**	—
Impairment loss on intangible assets	**3,017**	—	**—**	—	**—**	—	**—**	—	**3,017**	—
Loss on disposal of property, plant and equipment	**25**	7	**16**	—	**6**	—	**—**	—	**47**	7
Impairment loss on trade receivables	**3,521**	597	**245**	—	**24**	—	**—**	—	**3,790**	597
Write off of trade and other receivables	**—**	1,671	**—**	23	**—**	—	**—**	—	**—**	1,694
Write back of impairment loss on trade receivables	**(817)**	(25)	**(22)**	—	**—**	—	**—**	—	**(839)**	(25)
Operating lease charges in respect of land and buildings	**80**	110	**60**	20	**14**	32	**—**	—	**154**	162
Unallocated operating lease charges									**984**	825
									1,138	987

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

	Computer software		Computer hardware		Maintenance and other services		Liquefied coalbed gas		Consolidated total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**16,558**	41,761	**10,207**	7,897	**14,910**	17,778	**168,812**	67,585	**210,487**	135,021
Unallocated assets									**28,652**	27,628
Total assets									**239,139**	162,649
Segment liabilities	**31,265**	13,444	**3,043**	2,704	**5,811**	8,143	**34,850**	19,859	**74,969**	44,150
Bank and other borrowings	**—**	4,804	**—**	944	**—**	2,212	**40,000**	—	**40,000**	7,960
Unallocated liabilities									**4,040**	3,880
Total liabilities									**119,009**	55,990
Capital expenditure	**468**	558	**337**	1,961	**91**	2,245	**124,021**	15,630	**124,917**	20,394
Unallocated capital expenditure									**8**	3,022
									124,925	23,416

4. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	2008	2007
	RMB'000	*RMB'000*
(a) Staff costs (excluding directors' remuneration)		
Salaries, wages and other benefits	**25,231**	17,832
Retirement benefit scheme contributions	**1,950**	1,322
Total staff costs	**27,181**	19,154
(b) Other items		
Cost of inventories sold and services rendered	**34,142**	22,822
Auditors' remuneration	**542**	514
Depreciation	**2,140**	1,570
Amortisation of prepaid lease payments for land under operating leases	**344**	134
Amortisation of intangible assets	**4,093**	5,515
Impairment loss on property, plant and equipment	**321**	—
Impairment loss on intangible assets	**3,017**	—
Loss on disposal of property, plant and equipment	**47**	7
Impairment loss on trade receivables	**3,790**	597
Write off of trade and other receivables	**—**	1,694
Operating lease charges in respect of land and buildings	**1,138**	987

5. INCOME TAX

	2008	2007
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("EIT")		
Provision for the year	**1,680**	2,115
Underprovision in prior years	**666**	938
	2,346	3,053
Deferred taxation		
Origination and reversal of temporary differences	**(2,022)**	412
Income tax charge	**324**	3,465

Note:

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the years ended 31 December 2008 and 2007.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Enterprise Income Tax Law of the PRC (the "New Tax Law"), which would become effective on 1 January 2008. Further, on 6 December 2007, the State Council released the Implementation Rules to the Enterprise Income Tax Law (the "Implementation Rules").

According to the New Tax Law, from 1 January 2008, the standard EIT rates for enterprises in the PRC will be reduced from 33% to 25%. However, an "encouraged hi-tech enterprise" will continue to be entitled to a reduced EIT rate of 15%.

Under the New Tax Law which became effective from 1 January 2008 and in accordance with "Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax" (Guo Fa [2007] No. 39) promulgated by the State Council on 26 December 2007, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the New Tax Law will be subject to a transitional tax rate beginning in the year 2008 ("Transitional tax Rate") before the new EIT rate of 25% applies. For companies currently enjoying a reduced tax rate of 15%, the Transitional Tax Rate is 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards respectively.

Any unutilised tax holidays can continue until expiry while tax holidays will be deemed to start from 1 January 2008, even if the company is not yet turning to a profit position.

In addition, according to the New Tax Law, the Company's subsidiaries in the PRC are subject to withholding tax on the dividends paid to their foreign investors out of profits earned subsequent to 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 RMB33,585,000 (2007: RMB2,500,000) and the weighted average of 609,160,000 (2007: 514,728,000) ordinary shares in issue during the year.

(b) *Diluted loss per share*

There were no dilative potential shares during 2008 and 2007, and diluted loss per share is the same as basic loss per share.

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*	**Translation reserve** *RMB'000*	**Retained profits/ (Accumulated losses)** *RMB'000*	**Total** *RMB'000*
At 1 January 2007	5,014	34,845	(2,351)	4,430	(404)	794	42,328
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(67)	—	(67)
Loss for the year	—	—	—	—	—	(2,500)	(2,500)
Profit appropriations	—	—	—	921	—	(921)	—
Total recognised income and expenses for the year	—	—	—	921	(67)	(3,421)	(2,567)
Issue of new shares	908	65,990	—	—	—	—	66,898
At 31 December 2007 and 1 January 2008	5,922	100,835	(2,351)	5,351	(471)	(2,627)	106,659
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(464)	—	(464)
Loss for the year	—	—	—	—	—	(33,585)	(33,585)
Total recognised income and expenses for the year	—	—	—	—	(464)	(33,585)	(34,049)
Issue of new shares	477	47,043	—	—	—	—	47,520
At 31 December 2008	6,399	147,878	(2,351)	5,351	(935)	(36,212)	120,130

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a consolidated turnover of RMB38,598,000 for the year, representing a decrease of approximately 22% compared with last year. The decrease was mainly attributable to:

- Since the Shine Securities Integrate Management Platform 6.0 was introduced to the market in 2007, many signed sales contracts were accounted during the year 2007. In the past year, China's securities market experienced a continuous sluggishness which was influenced by the global financial crisis and the deterioration of surrounding financial environment led to a difficult position for the industry. Meanwhile, to stabilize the operation of the market during the Olympics period, the securities dealers delayed their upgrading plans for IT system, which decrease the sale of the Group's software.

Loss attributable to shareholders was approximately RMB33,585,000, compared with loss attributable to shareholders of approximately RMB2,500,000 for last year, mainly due to:

- The Company's gross profit for the year was RMB4,456,000, a decrease of approximately RMB22,121,000 compared with that of last year, due to a 22% or RMB10,801,000 decrease in the turnover during the year and therefore, the Group's loss attributable to shareholders was enlarged.

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 decreased by approximately RMB7,386,000 compare with last year. The decrease is mainly due to the loss on trading securities was RMB2,536,000 (2007: Gain on trading securities was RMB3,676,000).

Distribution Expenses

There was no material fluctuation for both years.

General and Administrative Expenses

There was no material fluctuation for both years.

Other Operating Expenses

The other operating expenses were approximately RMB7,373,000 in the year, while it was approximately RMB2,665,000 in the previous year.

Other operating expenses increased by RMB4,708,000 mainly because increase in impairment loss of trade receivables, property, plant and equipment and intangible asset of approximately RMB3,193,000, RMB321,000 and RMB3,017,000 respectively offset by the drop in write-off of bad debts of RMB1,694,000.

Liquidity and Financial Resources

As at 31 December 2008, the Group had net assets of approximately RMB120,130,000 including total cash, bank and deposits balances of approximately RMB39,379,000. 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 33%. Further, the Group had not charged on any of its assets as at 31 December 2008.

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 2008, the Group had an aggregate of 270 employees, of which 157 were research and development staff, 53 were engineering and customer service staff, 46 were administrative staff and 14 were marketing staff. Staff cost, excluding directors' emoluments, was approximately RMB27,181,000 (2007: RMB19,154,000) for the year ended 31 December 2008.

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

During the year ended 31 December 2008 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 2008. Each member of the Audit Committee has unrestricted access to the Group's external auditors and the Management.

During the financial year 2008, the audit committee has held four meetings. The Group's results for the year 2008 have been reviewed and commented by the audit committee members.

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 2008.

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

Hong Kong, 27 March 2009

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, and Mr. Shi Liang; the non-executive Director are 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 will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.