XIN CORPORATION LIMITED
新創綜合企業有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Board") of Xin Corporation Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the "Group") for the year ended 31 March 2007 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
CONTINUING OPERATIONS			
REVENUE	6	**193,989**	155,550
Cost of sales		**(168,509)**	(136,723)
Gross profit		**25,480**	18,827
Other income and gains	6	**2,080**	1,431
Selling and distribution costs		**(248)**	(296)
Administrative expenses		**(17,499)**	(12,989)
Other expenses		**(1,897)**	(1,660)
Finance costs	7	**(4,273)**	(4,620)
PROFIT BEFORE TAX	8	**3,643**	693
Tax	9	**(3,553)**	(3,172)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**90**	(2,479)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	10	**–**	(7,855)
PROFIT/(LOSS) FOR THE YEAR		**90**	(10,334)

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Attributable to:			
Equity holders of the Company		**(7,904)**	(15,994)
Minority interests		**7,994**	5,660
		90	(10,334)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic			
– For loss for the year		**(HK3.6 cents)**	(HK15.1 cents)
– For loss from continuing operations		**(HK3.6 cents)**	(HK8.0 cents)
Diluted			
– For loss for the year		**N/A**	N/A
– For loss from continuing operations		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2007

	2007 *HK$'000*	2006 *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**163**	268
Investment properties	**20,188**	21,437
Prepaid land lease payments	**31,124**	29,816
Goodwill	**6,478**	–
Total non-current assets	**57,953**	51,521
CURRENT ASSETS		
Inventories	**1,970**	2,073
Accounts receivable	**75,869**	57,691
Prepaid land lease payments	**779**	728
Prepayments, deposits and other receivables	**1,105**	871
Cash and cash equivalents	**29,255**	5,123
Total current assets	**108,978**	66,486
CURRENT LIABILITIES		
Accounts and bills payable	**21,019**	12,925
Tax payable	**3,659**	3,172
Other payables and accruals	**22,982**	22,495
Interest-bearing bank and other borrowings	**12,079**	17,884
Loan from a minority shareholder	**644**	1,127
Due to a minority shareholder	**48,241**	25,704
Due to a related company	**18**	543
Total current liabilities	**108,642**	83,850
NET CURRENT ASSETS/(LIABILITIES)	**336**	(17,364)
TOTAL ASSETS LESS CURRENT LIABILITIES	**58,289**	34,157
NON-CURRENT LIABILITIES		
Convertible notes	**19,536**	26,674
Total non-current liabilities	**19,536**	26,674
Net assets	**38,753**	7,483

	2007	2006
	HK$'000	*HK$'000*
EQUITY		
Equity/(deficiency in assets) attributable to equity holders of the Company		
Issued capital	**4,747**	827
Equity component of convertible notes	**6,035**	10,344
Reserves/(deficits)	**27,283**	(13,295)
	38,065	(2,124)
Minority interests	**688**	9,607
Total equity	**38,753**	7,483

Notes:

1. **Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets is recognised as goodwill.

3. Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. The adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The effect of the adoption of these new and revised HKFRSs are as follows:

(a) HKAS 21 The Effects of Changes in Foreign Exchange Rates

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 or 31 March 2006.

(b) HKAS 39 Financial Instruments: Recognition and Measurement

Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue. The adoption of this amendment has had no material impact on these financial statements.

(c) HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

4. Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued and are relevant to the financial statements of the Group but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. This revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 January 2009. This standard requires an entity to capitalise all borrowing costs if they are directly attributable to the acquisition, construction or production of a qualifying asset. The choice to immediately recognise such costs as an expense is eliminated. The revised standard does not require the capitalisation of borrowing costs relating to assets measured at fair value and inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. This standard requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

HK(IFRIC)-Int 8, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 10 shall be applied for annual periods beginning on or after 1 May 2006, 1 June 2006 and 1 November 2006, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKAS 1 Amendment, HKAS 23 and HKFRS 7 may result in new or amended disclosures, these new and revised HKFRSs should not have any significant impact on the Group's results of operations and financial position.

5. Segment information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summary details of business segments are as follows:

Continuing operations:

- the supply and procurement segment supplies office equipment and office supplies, machinery, machinery parts, lubricating oil and bunkerage for vessels; and

- the corporate and others segment consists of corporate income and expense items and holding of property.

Discontinued operations:

- the toddler cars segment manufactures and trades children's ride-on cars featuring working horns and turning wheels;

- the cycling segment manufactures and trades children's bicycles, tricycles and scooters; and

- the other toys segment comprises the manufacture and the trading of pre-school toys, plastic utensils and other fashionable toys.

In determining the Group's geographical segments, revenue are attributed to the segments based on the location of the customers. Assets are attributed to the segments based on the location of the assets.

There are no intersegment sales and transfers among the business segments.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2006 and 2007.

	Continuing operations						Discontinued operations											
	Supply and procurement		Corporate and others		Sub-total		Toddler cars		Cycling		Other toys		Sub-total		Consolidated			
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006		
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*		
Segment revenue:																		
Sales to external customers	**193,989**	155,550	**–**	–	**193,989**	155,550	**–**	4,501	**–**	2,519	**–**	3,775	**–**	10,795	**193,989**	166,345		
Other revenue and gains	**345**	91	**1,200**	–	**1,545**	91	**–**	184	**–**	103	**–**	154	**–**	441	**1,545**	532		
	194,334	155,641	**1,200**	–	**195,534**	155,641	**–**	4,685	**–**	2,622	**–**	3,929	**–**	11,236	**195,534**	166,877		
Segment results	**21,189**	15,494	**1,200**	–	**22,389**	15,494	**–**	(3,274)	**–**	(1,724)	**–**	(2,828)	**–**	(7,826)	**22,389**	7,668		
Interest income and unallocated revenue and gains					**535**	1,340							**–**	–	**535**	1,340		
Unallocated expenses					**(15,008)**	(11,521)							**–**	–	**(15,008)**	(11,521)		
Finance costs					**(4,273)**	(4,620)							**–**	(29)	**(4,273)**	(4,649)		
Profit/(loss) before tax					**3,643**	693							**–**	(7,855)	**3,643**	(7,162)		
Tax					**(3,553)**	(3,172)							**–**	–	**(3,553)**	(3,172)		
Profit/(loss) for the year					**90**	(2,479)							**–**	(7,855)	**90**	(10,334)		
Assets and liabilities																		
Segment assets	**82,491**	60,400	**55,185**	52,484	**137,676**	112,884	**–**	–	**–**	–	**–**	–	**–**	–	**137,676**	112,884		
Unallocated assets															**29,255**	5,123		
Total assets															**166,931**	118,007		
Segment liabilities	**74,403**	43,738	**22,161**	22,228	**96,564**	65,966	**–**	–	**–**	–	**–**	–	**–**	–	**96,564**	65,966		
Unallocated liabilities															**31,614**	44,558		
Total liabilities															**128,178**	110,524		
Other segment information:																		
Depreciation and recognition of prepaid land lease payments	**139**	126	**3,098**	2,660	**3,237**	2,786	**–**	1,109	**–**	620	**–**	928	**–**	2,657	**3,237**	5,443		
Impairment of items of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	1,624	**–**	892	**–**	1,357	**–**	3,873	**–**	3,873		
Impairment of investment properties	**–**	–	**446**	–	**446**	–	**–**	–	**–**	–	**–**	–	**–**	–	**446**	–		
Write-back of provision against inventories	**–**	(485)	**–**	–	**–**	(485)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(485)		
Equity-settled share option expenses	**–**	–	**–**	466	**–**	466	**–**	–	**–**	–	**–**	–	**–**	–	**–**	466		
Capital expenditure	**15**	296	**–**	–	**15**	296	**–**	185	**–**	–	**–**	–	**–**	185	**15**	481		

(b) **Geographical segments**

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2007 and 2006.

Group

	North America		Europe		Singapore		Asia Pacific Region (including Hong Kong and Mainland China but excluding Singapore)		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**–**	1,141	**–**	6,248	**193,989**	155,550	**–**	3,406	**193,989**	166,345
Attributable to discontinued operations	**–**	(1,141)	**–**	(6,248)	**–**	–	**–**	(3,406)	**–**	(10,795)
Revenue from continuing operations	**–**	–	**–**	–	**193,989**	155,550	**–**	–	**193,989**	155,550
Other segment information:										
Segment assets	**–**	–	**–**	–	**82,491**	63,344	**84,440**	54,663	**166,931**	118,007
Capital expenditure	**–**	–	**–**	–	**15**	296	**–**	185	**15**	481

6. Revenue, other income and gains

Revenue, which is also the Group's turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains is as follows:

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
Sale of goods	**193,989**	155,550	**–**	10,795	**193,989**	166,345
Other income						
Interest income	**372**	267	**–**	–	**372**	267
Rental income	**1,200**	654	**–**	–	**1,200**	654
Others	**351**	487	**–**	441	**351**	928
	1,923	1,408	**–**	441	**1,923**	1,849
Gains						
Gain on disposal of items of property, plant and equipment	**157**	23	**–**	–	**157**	23
	157	23	**–**	–	**157**	23
	2,080	1,431	**–**	441	**2,080**	1,872

7. Finance costs

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on:		
Bank loans and other loan wholly repayable within five years	**962**	4,619
Convertible notes and bonds	**3,311**	30
	4,273	4,649
Attributable to discontinued operations	**–**	29
Attributable to continuing operations reported in the consolidated income statement	**4,273**	4,620
	4,273	4,649

8. Profit/(Loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories sold	**168,509**	136,723	**-**	6,726	**168,509**	143,449
Depreciation of items of property, plant and equipment	**146**	1,665	**-**	2,620	**146**	4,285
Depreciation of investment properties	**2,312**	430	**-**	-	**2,312**	430
Recognition of prepaid land lease payments	**779**	728	**-**	-	**779**	728
Minimum lease payments in respect of land and buildings	**389**	450	**-**	155	**389**	605
Auditors' remuneration	**1,020**	1,180	**-**	-	**1,020**	1,180
Employee benefits expense (excluding directors' remuneration):						
Wages and salaries	**1,906**	1,590	**-**	1,732	**1,906**	3,322
Equity-settled share option expenses	**-**	86	**-**	-	**-**	86
Pension scheme contributions	**140**	124	**-**	21	**140**	145
	2,046	1,800	**-**	1,753	**2,046**	3,553
Exchange differences, net	**1,450**	2,194	**-**	(43)	**1,450**	2,151
Impairment of items of property, plant and equipment	**-**	-	**-**	3,873	**-**	3,873
Impairment of investment properties	**446**	-	**-**	-	**446**	-
Write-back of provision against inventories	**–**	(485)	**-**	-	**-**	(485)
Net rental income	**1,200**	654	**-**	-	**1,200**	654

At 31 March 2007, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2006: Nil).

9. Tax

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

	2007	2006
	HK$'000	*HK$'000*
Group:		
Current – elsewhere and tax charge for the year	**(3,553)**	(3,172)

A reconciliation of the tax expense/(credit) applicable to the profit/(loss) before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates is as follows:

Group – 2007

	Hong Kong	**Singapore**	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Profit/(loss) before tax	**(15,903)**	**21,152**	**(1,606)**	**3,643**
Tax at the applicable tax rate	**(2,783)**	**3,807**	**(531)**	**493**
Income not subject to tax	**(285)**	**(284)**	**–**	**(569)**
Expenses not deductible for tax	**1,338**	**30**	**–**	**1,368**
Tax losses not recognised	**1,730**	**–**	**531**	**2,261**
Tax charge at the Group's effective rate	**–**	**3,553**	**–**	**3,553**
Tax charge attributable to discontinued operations *(note 10)*				**–**
Tax charge attributable to continuing operations reported in the consolidated income statement				**3,553**

Group – 2006

	Hong Kong *HK$'000*	Singapore *HK$'000*	Total *HK$'000*
Profit/(loss) before tax (including loss from discontinued operations)	(22,619)	15,457	(7,162)
Tax at the applicable tax rate	(3,958)	3,091	(867)
Income not subject to tax	(349)	(114)	(463)
Expenses not deductible for tax	655	195	850
Tax losses not recognised	3,652	–	3,652
Tax charge at the Group's effective rate	–	3,172	3,172
Tax charge attributable to discontinued operations *(note 10)*			–
Tax charge attributable to continuing operations reported in the consolidated income statement			3,172

10. Discontinued operations

On 31 August 2005, pursuant to a sale and purchase agreement entered into between the Group and an independent third party, the Group agreed to dispose of its entire equity interest in Gadgets Yard Limited and its subsidiary (together known as the "GY Group") together with the relevant shareholder's loan. The GY Group was engaged in the design, manufacture and sale of a wide range of toys.

The results of the discontinued operations for the year are presented below:

	2007 ***HK$'000***	2006 *HK$'000*
Revenue	**–**	10,795
Expenses	**–**	(18,621)
Finance costs	**–**	(29)
Loss before tax	**–**	(7,855)
Tax	**–**	–
Loss for the year from the discontinued operations	**–**	(7,855)

The net cash flows incurred by the discontinued operations are as follows:

	2007	2006
	HK$'000	*HK$'000*
Operating activities	–	(5,696)
Investing activities	–	(189)
Financing activities	–	4,650
Net cash outflow	–	(1,235)
Loss per share:		
Basic, from the discontinued operations	–	HK7.1 cents
Diluted, from the discontinued operations	–	N/A

The calculation of basic loss per share from the discontinued operations is based on:

	2007	2006
Loss attributable to ordinary equity holders of the Company from the discontinued operations	–	HK$7,495,000
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**N/A**	105,861,138#

Weighted average number of ordinary shares for year ended 31 March 2006 had been restated to reflect the open offer during the year ended 31 March 2007.

Diluted loss per share amount for the year ended 31 March 2006 has not been disclosed as the convertible note and bonds and share options outstanding during that year had an anti–dilutive effect on the basic loss per share from the discontinued operations.

11. Loss per share attributable to ordinary equity holders of the Company

The calculation of basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company for the year of HK$7,904,000 (2006: HK$15,994,000), and the weighted average of 218,723,611 (2006: 105,861,138, restated to reflect the open offer during the year ended 31 March 2007) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 March 2007 and 2006 have not been disclosed, as the convertible notes and share options outstanding during these years had anti–dilutive effects on the basic loss per share for these years.

FINAL DIVIDEND

The Board does not recommend to pay any final dividend for the year ended 31 March 2007 (2006: Nil).

CHAIRMAN'S STATEMENT

For the year ended 31 March 2007, the Group's turnover was approximately HK$193,989,000 which was about 16.6% greater than that of the last year (2006: HK$166,345,000). Net loss attributable to equity holders of the Company was HK$7,904,000 (2006: HK$15,994,000), recording an improvement of 50.6%. The improvement in both turnover and results was mainly due to the Group's focus on the supply and procurement business.

Business overview

Following the disposal of a loss-making group of subsidiaries engaged in the toys business in August 2005, the Group has been concentrating on the profit-making supply and procurement business. For the year under review, the performance by the supply and procurement business was satisfactory. It recorded a turnover HK$193,989,000 (2006: HK$155,550,000), representing an increase of 24.7% and a profit of HK$21,189,000, representing an increase of 36.8% as compared to HK$15,494,000 for the last year.

Since April 2004, the Group has been commencing its supply and procurement business in Asia Pacific Region by formation of a joint venture company namely as "Xin Procurement and Trading Pte. Ltd." ("Xin Procurement") in which the Group and Huang & Co (Singapore) Pte. Ltd. ("HCSPL") own 51% and 49% equity interest respectively. With the improvement in the economy of Southeast Asia Region, tight cost control and the appreciation of Singapore dollars, the Group recorded double-digit growth in both turnover and results of the supply and procurement business in the year. In order to strengthen the Group's investment with stable revenue-generating power, the Group, on 22 November 2006, entered into a sale and purchase agreement to acquire from HCSPL an additional 24% equity interest in the entire issued share capital of Xin Procurement (the "Sale Shares") and the rights of and benefits in a loan of S$120,000 (equivalent to HK$600,000) advanced from HCSPL to Xin Procurement, representing 24% of the total principal amount of the shareholders' loans in Xin Procurement (the "Sale Loan"). Upon completion on 28 February 2007, the Group has 75% equity interest in Xin Procurement. The management believes that the supply and procurement business is expected to be one of major engines for the Group's growth.

Prospects

In the long term, Asia Pacific Region's economic performance remains promising and continues to have a positive effect on the local economy. The management is confident that the supply and procurement business will continue to be benefited from the improving economic prospects. To strengthen the prospects of further growth, we will continue to expand its existing operations, to look for new investment opportunities and to diversify its business.

Appreciation

Finally, on behalf of the board, I would like to thank all our shareholders for their continual support and to all our staff their contributions during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the year ended 31 March 2007, the Group recorded its turnover of HK$193,989,000 (2006: HK$166,345,000) and its loss attributable to equity holders of the Company was HK$7,904,000 (2006: HK$15,994,000).

Charge on the Group's assets

Certain investment properties and prepaid land lease payments of the Group in Mainland China with an aggregate carrying value of HK$17,769,000 as at 31 March 2007 (2006: HK$25,565,000) were pledged to secure bank borrowing advanced to the Group.

Contingent liabilities

In the opinion of the directors, there was no significant contingent liabilities noted as at 31 March 2007 (2006: Nil).

Pending litigations

As at 31 March 2007, there was no pending litigations (2006: Nil).

Liquidity and financial resources

As at 31 March 2007, the Group's total indebtedness (representing the total interest-bearing borrowings and convertible notes from banks and loan providers) was approximately HK$31,615,000 (2006: HK$44,558,000) will be repayable within one to three years. All borrowings of the Group are at fixed or floating interest rates and mainly denominated either in Hong Kong dollars or Renminbi or Singapore dollars. As at 31 March 2007, the Group has current ratio of 1.00 (2006: 0.79) based on current assets of HK$108,978,000 and current liabilities of HK$108,642,000.

As at 31 March 2007, the Group had neither unutilised banking facilities nor any hedging financial statements. The Group's net current assets were HK$336,000 and its gearing ratio (total indebtedness divided by equity attributable to equity holders of the Company) was 0.83 as at 31 March 2007. Since there was a negative equity attributable to equity holders of the Company of HK$2,124,000 in the previous year, calculation of gearing ratio was not applicable.

On 30 March 2006, pursuant to the subscription agreement entered on 15 February 2006 between the Group and Vision Century Group Limited ("Vision Century"), the controlling shareholder of the Company, a 1% per annum convertible note in principal amount of HK$37,000,000 (the "Convertible Note") was issued to Vision Century. The Convertible Note is repayable in three years or convertible into the Company's ordinary share of HK$0.01 at an initial conversion price of HK$0.205 each, which was subsequently adjusted to HK$0.141 per conversion share as a result of the open offer on 16 October 2006 as stated herein.

In order to strengthen the capital base of the Group and to improve the Group's financial position, on 16 October 2006, the Company effected an open offer with assured allotment of three offer shares for every share of HK$0.01 each held by shareholders as at 26 September 2006. The open offer resulted in the issue of 248,112,042 new ordinary shares of HK$0.01 each in the Company at a price of HK$0.12 per share. Cash proceeds of approximately HK$29,773,000, before the related expenses, were received by the Company. For details, please refer to the Company's prospectus dated 26 September 2006. As a result of the open offer, the conversion price of the Convertible Note, the exercise price and the aggregate number of the share options were adjusted accordingly. For details, please refer to the Company's announcement dated 20 October 2006. On 1 March 2007 and 5 March 2007, two tranches of the Convertible Note of principal sum of HK$10,000,000 each at the adjusted conversion price of HK$0.141 per share were converted into a total of 141,843,970 shares. As at 31 March 2007, the outstanding principal sum of the Convertible Note was HK$17,000,000.

On 22 November 2006, the Group entered into a conditional sale and purchase agreement to acquire from HCSPL (i) the Sale Shares; and (ii) the Sale Loan at an aggregate consideration of HK$7,126,560. For details, please refer to the Company's circular dated 29 January 2007. Upon completion on 28 February 2007, the Group's equity interest in Xin Procurement was increased to 75% and the consideration was satisfied by the Company issuing HCSPL a convertible note in principal sum of HK$7,126,560 at an initial conversion price of HK$0.17 per share (the "New Convertible Note").

Post balance sheet events

On 17 April 2007, HCSPL exercised its right to convert the New Convertible Note of principal amount of HK$7,126,560 into 41,920,941 ordinary shares of HK$0.01 each of the Company at a conversion price of HK$0.17 per share. The conversion resulted in an increase in share capital and share premium account of HK$419,000 and HK$6,707,000, respectively.

On 30 April 2007 and 30 May 2007, 3,072,000 and 1,024,000 share options were exercised by the directors of the Company, respectively, at an exercise price of HK$0.23 per share.

On 20 June 2007, the Company entered into (i) a conditional placing agreement with Interchina Securities Limited (the "Placing Agent") in relation to the placing by the Placing Agent, on a best effort basis, of the Company's convertible notes with principal amount up to HK$100,000,000 (the "Notes") to independent third parties (the "Placing Agreement"). The Notes are convertible into new shares of the Company at initial conversion price of HK$0.28 per share. Upon exercise in full of the Notes with principal amount of HK$100,000,000, 357,142,857 new shares will be issued, representing 68.6% of the existing issued share capital of the Company as at the date of the Placing Agreement; and (ii) a conditional option agreement with Vision Century to which the Company has conditionally agreed to grant to Vision Century an option exerciseable during the option period to subscribe for convertible notes to be issued by the Company with principal amount up to HK$100,000,000 (the "New Vision Century Notes") at consideration of HK$10 (the "Option Agreement"). The terms of the New Vision Century Notes will be identical to those of the Notes, as disclosed above. Among other things, completion of the Placing Agreement and the Option Agreement is inter-conditional and subject to the approval of the Placing Agreement, the Option Agreement and the issue of the Notes and the New Vision Century Notes by the independent shareholders of the Company at the forthcoming special general meeting to be held on 6 August 2007. For details, please refer to the Company's circular dated 19 July 2007.

Foreign currency exposure

The Group has transactional currency exposures in United States dollars, Singapore dollars and Malaysia Ringgit. Such exposures arise from the Group's procurement business. The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Human resources

As at 31 March 2007, the Group employed a total of 15 employees, among which, 6 staff were based in Hong Kong and 9 were in Singapore. Apart from competitive remuneration package offered to the employees, discretionary bonuses and share options are granted to eligible staff based on individual performance.

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

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

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2007, except for the following deviations:

Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The position of the chairman of the Board is currently held by Mr. Lo Ming Chi, Charles. The Company does not at present have any officer with the title "chief executive officer" but the division of responsibilities between the chairman and chief executive officer have been clearly established and set out in writing. The Company might consider appointing a chief executive officer in the event it could locate appropriate personnel.

Code Provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to the Bye-Law 87 of the Company where provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee also reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2007. As at the date of this announcement, the audit committee comprises three independent non-executive directors of the Company.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.xincorp.com.hk). The annual report of the Company for the year ended 31 March 2007 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

On behalf of the Board
Lo Ming Chi, Charles
Chairman

Hong Kong, 25 July 2007

As at the date of this announcement, the Board comprises Mr. Lo Ming Chi, Charles (Chairman), Mr. Yu Wai Man, Mr. Wilson Ng, Mr. Ng Wee Keat and Mr. Ng Eng Leng as executive directors and Mr. Wong Kwok Tai, Mr. Lau Pok Lam and Mr. Ko Kwong Woon, Ivan as independent non-executive directors.

* *For identification only*