SUN MAN TAI HOLDINGS COMPANY LIMITED
新萬泰控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 433)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the "Board") of Sun Man Tai Holdings Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007, together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007 (in HK Dollars)

	Notes	2007 $'000	2006 $'000
Turnover	4	**237,647**	48,941
Cost of sales		**(204,481)**	(45,234)
Gross profit		**33,166**	3,707
Other revenue	4	**3,567**	6,925
Administrative expenses		**(21,928)**	(11,731)
Other operating expenses		**(1,850)**	(881)
Impairment loss on property under development		**(49,772)**	(19,850)
Impairment loss on investment properties		**–**	(1,800)
Impairment loss on financial assets at fair value through profit or loss		**(15,672)**	–
Fair value loss on investment properties		**–**	(24,700)
Fair value loss on financial assets at fair value through profit or loss		**(1,286)**	–
Loss on disposal of subsidiaries		**(5,096)**	–
Loss from operations	5	**(58,871)**	(48,330)
Finance costs	6	**–**	(883)
Share of results of associates		**4,239**	692
Loss before tax		**(54,632)**	(48,521)
Taxation	7	**1,934**	(190)
Loss for the year		**(52,698)**	(48,711)
Attributable to:			
Equity holders of the Company		**(45,469)**	(41,420)
Minority interests		**(7,229)**	(7,291)
		(52,698)	(48,711)
Dividends	9	**–**	–
Loss per share for loss attributable to the equity holder of the Company			
Basis, HK cents	10	**(1.33)**	(1.25)
Diluted, HK cents	10	**N/A**	N/A

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

At 31 December 2007 (in HK Dollars)

	Notes	2007 $'000	2006 $'000
ASSETS			
Non-current assets			
Property, plant and equipment		**131,553**	144,346
Goodwill		**12,591**	12,591
Interests in associates		**39,735**	25,084
Intangible assets		**34,269**	36,119
		218,148	218,140
Current assets			
Accounts receivable	*11*	**148**	1,274
Financial assets at fair value through profit or loss		**15,469**	–
Prepayments, deposits and other receivables		**780**	2,918
Loan receivables		**–**	45,000
Investment deposits		**56,842**	83,480
Cash and bank balances		**176,748**	22,312
		249,987	154,984
Non-current assets classified as held for sale		**–**	21,200
		249,987	176,184
Total assets		**468,135**	394,324
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**56,308**	33,139
Reserves		**396,029**	320,412
		452,337	353,551
Minority interests		**8,431**	15,660
Total equity		**460,768**	369,211
LIABILITIES			
Current liabilities			
Current portion of bank loans and overdraft (secured)		**–**	14,823
Accounts payable	*12*	**68**	201
Other payables and accrued expenses		**6,858**	7,107
Tax payable		**441**	2,982
		7,367	25,113
Total liabilities		**7,367**	25,113
Total equity and liabilities		**468,135**	394,324
Net current assets		**242,620**	151,071
Total assets less current liabilities		**460,768**	369,211
Net assets		**460,768**	353,551

NOTES

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 10 April 1995 under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Rooms 3609-10, 36/F., China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company are investment holding, securities trading and property investment. The principal activities of the Company's principal subsidiaries are property investment, development and management.

In the opinion of the directors, the ultimate holding company is China Wan Tai Group Limited, which was incorporated in Hong Kong.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, properties under development and investment properties, which are carried at fair value. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Standards, amendment and interpretations effective in 2007

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKFRS 7, 'Financial Instruments: Disclosures' and the complementary amendment to HKAS 1, 'Presentation of Financial Statements – Capital Disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK (IFRIC)-Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish where or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC)-Int 10, 'Interim Financial Reporting and Impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(b) Standards, amendments and interpretations effective in 2007 but not relevant for the Group's operations

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFIC)-Int 7, 'Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies'; and

- HK(IFRIC)-Int 9, 'Reassessment of Embedded Derivatives'.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 23 (Revised), 'Borrowing Costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131. 'Disclosures about Segments of an Enterprise and Related Information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

- HK(IFIC)-Int 11, 'HKFRS 2-Group and Treasury Share Transactions' (effective from 1 March 2007). HK(IFRIC)-Int 11 provides guidance on classifying share-based payment transactions involving an entity's own equity instruments or the equity instruments of the parent. The Group will apply HK(IFRIC)-Int 11 from 1 January 2008, but it is not expected to have significant impact on the Group's financial statements.

- HK(IFRIC)-Int 14, 'HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective from 1 January 2008). HK(IFRIC)-Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC)-Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 12, 'Service Concession Arrangements' (effective from 1 January 2008). HK(IFRIC)-Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC)-Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

- HK(IFRIC)-Int 13, 'Customer Loyalty Programmes' (effective from 1 July 2008). HK(IFRIC)-Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), arrangement is a mulitiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC)-Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

4. TURNOVER

Turnover represents securities trading, rental income, interest income and property management fee income. An analysis of the Group's turnover and other revenue is as follows:

	2007	2006
	$'000	$'000
Turnover:		
Securities trading	**231,597**	41,271
Rental income	**–**	1,171
Interest income	**2,544**	1,786
Property management fee income	**3,506**	4,713
	237,647	48,941
Other revenue:		
Royalty income	**1,480**	617
Gain on disposal of property, plant and equipment	**7**	–
Gain on disposal of property development project	**–**	6,280
Compensation interest received	**1,502**	–
Bank interest income	**143**	24
Sundry income	**435**	4
	3,567	6,925
	241,214	55,866

5. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging:

	2007	2006
	$'000	$'000
Auditors' remuneration	**400**	320
Staff costs (including directors' remuneration)		
– Wages and salaries	**5,480**	3,260
– Retirement benefits contributions	**162**	60
Depreciation of property, plant and equipment	**1,856**	1,325
Amortisation of intangible assets*	**1,850**	881
Operating lease rentals in respect of land and buildings	**1,699**	250
Gross rental income from investment properties	**–**	1,171
Less: Direct operating expenses from Investment properties that generated Rental income during the year	**–**	(325)
	–	846

* Amortisation of intangible assets has been included in other operating expenses in the consolidated income statement.

6. FINANCE COSTS

	2007	2006
	$'000	$'000
Interest on:		
Bank loans wholly repayable within 5 years	**–**	883

7. TAXATION

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year. Subsidiaries in the People's Republic of China ("PRC") are subject to PRC Enterprise Income Tax at 33% (2006: 33%).

Current tax:

	2007	2006
	$'000	$'000
Hong Kong	**–**	190
PRC	**157**	–
Over provision in prior years	**(2,091)**	–
	(1,934)	190

Deferred tax:

No provision for deferred tax liabilities has been made as the Group had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2006: Nil).

8. 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 and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

Business segment information has been chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. Details of the business segments are as follows:

(a)	Property leasing	:	The leasing of commercial premises
(b)	Interest income	:	Lending of funds to independent third parties
(c)	Property management	:	Provision of management service to commercial premises
(d)	Securities trading	:	Trading of securities listed on the Stock Exchange

Primary segment information – Business segments

Consolidated income statement
For the year ended 31 December 2007

	Securities trading $'000	Property leasing $'000	Interest income $'000	Property management $'000	Consolidated $'000
REVENUE					
Segment turnover	231,597	–	2,544	3,506	237,647
RESULT					
Segment results	12,931	–	2,544	731	16,206
Unallocated income					3,567
Unallocated corporate expenses					(23,776)
Impairment loss on property under development					(49,772)
Loss on disposal of subsidiaries					(5,096)
Share of profits of associates					4,239
Loss before tax					(54,632)
Taxation					1,934
Loss for the year					(52,698)

Consolidated balance sheet
As at 31 December 2007

	Securities trading $'000	Property leasing $'000	Interest income $'000	Property management $'000	Other $'000	Consolidated $'000
ASSETS						
Segment assets	34,206	–	–	1,315	–	35,521
Interests in associates						39,735
Goodwill and intangible assets						46,860
Unallocated corporate assets						346,019
Consolidated total assets						468,135
LIABILITIES						
Segment liabilities	–	–	–	730	–	730
Unallocated corporate liabilities						6,637
Consolidated total liabilities						7,367

Other information
For the year ended 31 December 2007

	Securities trading $'000	Property leasing $'000	Interest income $'000	Property management $'000	Other $'000	Consolidated $'000
Capital additions	**–**	**–**	**–**	**–**	**2,787**	**2,787**
Depreciation	**48**	**–**	**–**	**25**	**1,783**	**1,856**
Impairment losses on assets under development	**–**	**–**	**–**	**–**	**49,772**	**49,772**
Impairment loss on financial assets at fair value through profit or loss	**15,672**	**–**	**–**	**–**	**–**	**15,672**
Non-cash expenses	**1,286**	**–**	**–**	**–**	**–**	**1,286**

Consolidated income statement
For the year ended 31 December 2006

	Securities trading $'000	Property leasing $'000	Interest income $'000	Property management $'000	Consolidated $'000
REVENUE					
Segment turnover	41,271	1,171	1,786	4,713	48,941
RESULT					
Segment results	(12)	(25,508)	1,786	941	(22,793)
Unallocated income					6,925
Unallocated corporate expenses					(13,495)
Impairment loss on property under development					(19,850)
Share of profits of associates					692
Loss before tax					(48,521)
Taxation					(190)
Loss for the year					(48,711)

Consolidated balance sheet

As at 31 December 2006

	Securities trading $'000	Property leasing $'000	Interest income $'000	Property management $'000	Consolidated $'000
ASSETS					
Segment assets	–	24,593	46,274	943	71,810
Interests in associates					25,084
Goodwill and intangible assets					48,710
Unallocated corporate assets					248,720
Consolidated total assets					394,324
LIABILITIES					
Segment liabilities	–	15,024	–	1,263	16,287
Unallocated corporate liabilities					8,826
Consolidated total liabilities					25,113

Other information

For the year ended 31 December 2006

	Securities trading $'000	Property leasing $'000	Interest income $'000	Property management $'000	Other $'000	Consolidated $'000
Capital additions	–	–	–	–	605	605
Depreciation	–	106	–	1,185	34	1,325
Impairment losses on assets under development	–	–	–	–	19,850	19,850
Non-cash expenses	–	24,880	–	–	881	25,761

Secondary segment information – Geographical segments

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

	Revenue		Results	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Hong Kong	**231,597**	42,442	**(2,207)**	(24,026)
PRC	**6,050**	6,499	**(56,664)**	(24,304)
	237,647	48,941	**(58,871)**	(48,330)

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Hong Kong	**303,497**	72,738	**3,317**	–
PRC	**164,638**	321,586	**35,518**	37,605
	468,135	394,324	**38,835**	37,605

9. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007 (2006: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to equity holders for the year of approximately HK$45,469,000 (2006: HK$41,420,000) and the weighted average of 3,414,586,135 (2006: 3,313,869,000) ordinary shares in issue during the year.

There were no potential dilutive shares in existence for the two years ended 31 December 2007 and 31 December 2006, accordingly, no diluted loss per share has been presented.

11. ACCOUNTS RECEIVABLE

	2007 $'000	2006 $'000
Accounts receivable	**2,009**	3,135
Less: Provision for impairment loss recognised	**(1,861)**	(1,861)
	148	1,274

Included in accounts receivable are debts which are normally due within 30 days from the date of billing. The aging analysis included as follows:

	2007 $'000	2006 $'000
0 – 30 days	**148**	1,274
31 – 365 days	**–**	–
Over 1 year	**1,861**	1,861
	2,009	3,135

The carrying amounts of accounts receivable approximate to their fair values.

12. AMOUNTS PAYABLE

	2007 $'000	2006 $'000
Due within 1 month or on demand	**68**	201

The carrying amounts of accounts payable approximately to their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS
OVERALL FINANCIAL PERFORMANCE

During the year under review, the Group recorded a turnover of approximately HK$237,647,000, representing an increase of 3.9 times over the corresponding year of 2006 (2006: approximately HK$48,941,000). The significant increase was mainly due to the increase in turnover from securities trading operation during the year. Turnover attributable from securities trading operation amounted to approximately HK$231,597,000 for the year ended 31 December 2007 (2006: approximately HK$41,271,000).

For the year ended 31 December 2007, the Group recorded a net loss from ordinary activities attributable to equity holders of the Company for approximately HK$45,469,000 (2006: loss of approximately HK$41,420,000), representing an increase in the loss of approximately 9.8% as compared to the year of 2006. Business loss was mainly due to (i) the loss of approximately HK$49,772,000 in devaluation of the Group's properties under development project; and (ii) impairment losses of approximately HK$15,672,000 on the Group's securities trading.

BUSINESS REVIEW

The principal activities of the Group are (i) securities trading; (ii) property investments; (iii) property developments and (iv) property management. Details analyses on each of the business operation have been summarised below:

Securities Trading

During the year of 2007, the Group focused on the securities trading operation and recorded a turnover of approximately HK$231,597,000 (2006: approximately HK$41,271,000). The substantial result attributable from the securities trading operation was a profit of approximately HK$12,931,000 for the year ended 31 December 2007 (2006: loss of approximately HK$12,000). The securities which the Group traded during the year were all listed on the Stock Exchange.

However, the Group's current investment portfolios were affected by the short-term fluctuation of the Hong Kong Stock Market during the first quarter of 2008 which leads to the market value of several securities held by the Group were decreased as compared to the cost. As a result, a loss of approximately HK$1,286,000 for changes in fair value of the Group's trading securities and impairment loss of approximately HK$15,672,000 were recognised in the income statement during the year under review. Nevertheless, the Group is confident that the fluctuation is temporary and the market value of the Group's investment portfolios will improve in coming year.

Property Investments and Development

Hong Kong

During the year under review, the Board had re-assessed the property investment strategies of the Group. Due to the low return and occupancy rates, the Group had disposed all the investment properties in Hong Kong at the consideration of approximately HK$21,200,000 in February 2007. Details of such disposals were disclosed in the circular issued by the Company dated 12 April 2007. In the future, the Board will closely monitor the property market in Hong Kong and identify suitable property with investment value to maximize the interests of the Company and shareholders in the future.

Shanghai, the PRC

The Group acquired the entire interest in Shanghai Minhang Weixing Horticultural Land ("Weixing") at a consideration of HK$83,479,610 on 26 June 2006. However, as at 26 March 2007, being nine months of the acquisition, the legal title of Weixing was not yet transferred to the Group. On 10 April 2007, the Company announced that a termination agreement (the "Termination Agreement") in relation to the acquisition of Weixing had been entered into by Weixing and Sun Man Tai International Architectural Decoration Design Co., Limited, a wholly owned subsidiary of the Company, being the purchaser (the "Purchaser") of Weixing. According to the Termination Agreement, Weixing had to refund the consideration of HK$83,479,610 plus an interest penalty of HK$1,502,633 to the Purchaser. On 9 May 2007, the Company announced that the compensation payment of approximately HK$84,982,243 in connection to the termination of the acquisition of the entire interest in Weixing had been fully received by the Company in April 2007.

Xian, the PRC

As at 31 December 2007, the Group still held a property development project in Xian which ranked as the second key project of Xian by the local government. This property development project is a high-class villa-type residential construction project in Xian, the construction process of which was satisfactory during the year. The Group's property development team has been closely monitoring the project and expects the property development will bring positive return to the Group in coming year.

Changchun, the PRC

The Group is optimistic to the commercial property market of mainland China due to the high growth of consumer market, particularly in the north-east of China. The sales volume in the retailing industry in Jilin Province amounted to RMB199.9 billion (approximately HK$210.4 billion) for the year ended 31 December 2007, representing a growth of approximately 19.3% over the previous year. In view of this, the Group decided to enter an acquisition agreement at a consideration of RMB270,000,000 (approximately HK$284,210,530) to acquire a shopping mall in Changchun City on 28 February 2007. The average occupancy rates of the shopping mall for the periods ended 31 December 2006 and 31 December 2007 were approximately 36% and 48% respectively. Furthermore, the occupancy rate had been increased to approximately 74% as at 29 February 2008 and there were several potential tenants under negotiation. Therefore, the Board considers the shopping mall in Changchun City will bring a positive return and steady rental income to the Company.

Property Management

For the year ended 31 December 2007, the Group recorded a turnover of approximately HK$3,506,000 attributable from its property management operation, representing a decrease of 25.6% as compared to approximately HK$4,713,000 for the year ended 31 December 2006. The decrease was mainly due to the Group obtained only one building management contracts during the year.

Interests in Associates

As at 31 December 2007, the Group held 27% interests in Tonghua Heng An Pharmaceutical Holding Company Limited ("Heng An"), which is principally engaged in the manufacturing and production of pharmaceutical products in the PRC. During the year, profit contribution to the Group from Heng An was approximately HK$4,239,000, representing an increase of approximately 5 times as compared to last corresponding year of approximately HK$692,000. Such increase was mainly due to the expansion of Heng An as one additional production line was available for manufacturing during the year.

In order to capture the investment opportunity in property market in the PRC, during the year, the Group acquired 44% equity interests in a property development company - Tonghua Yong Ji Real Estate Company Limited ("Yong Ji") for a consideration of RMB10,000,000. Yong Ji currently has one residential construction project in the PRC and the expected completion date will be June 2009.

PROSPECTS

Strong domestic and overseas demand lifted mainland China's economic growth to an estimated 11.5% in 2007 from 10.7% a year earlier. Looking ahead, while the global economic outlook is clouded by the US sub-prime and credit crisis, the Mainland economy is expected to maintain growth momentum. The Group has been actively seeking for property in the PRC to expand the property investment, development and management business. Therefore, the Group had entered an acquisition agreement to acquire a shopping mall in the Changchun City on 28 December 2007 at a consideration of RMB270,000,000. The Board has noted the robust economic performance of the shopping mall and thus the Board is of the view that the steady improvement in its financial performance, in terms of the growth in turnover, growth in occupancy rate, net profit and valuation of the shopping mall will increase the interest of the Company and shareholders.

Moreover, the Group would continue to seek for other high quality property investment projects in the PRC in the coming future especially north-east of China to maximize the return to our shareholders.

DIVIDENDS

The Board has resolved not to recommend any final dividend for the year ended 31 December 2007 (2006: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operation with internally generated cashflow. During the year under review, the Group recorded a net cash inflow of approximately HK$155,472,000 (2006: HK$772,000).

The Group expressed its gearing ratio as a percentage of bank borrowing over total shareholders' equity. As at 31 December 2007, the Group's gearing ratio was nil (2006: 0.04) because the Group does not have any bank borrowing during the year under review.

The Group is of good liquidity and sufficient solvent ability. As at 31 December 2007, the Group's current ratio was approximately 33.9 (2006: 7.0). The substantial increase in current ratio was mainly due to the increase in cash and bank balance and decrease in bank borrowing during the year under review.

As at 31 December 2007, the Group's debt to equity ratio was approximately 0.02 while it was 0.07 in 2006. The ratio was calculated by dividing the total liabilities of approximately HK$7,367,000 (2006: HK$25,113,000) by the total shareholders' equity of approximately HK$452,337,000 (2006: HK$353,551,000).

The Board believes that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

CAPITAL STRUCTURE AND TREASURY POLICIES

Capital Structure

The capital structure of the Group as at 31 December 2007 has been summarised below:

	2007	2006
	HK$'000	HK$'000
Current Assets	**249,987**	176,184
Current Liabilities	**7,367**	25,113
Shareholders' equity	**452,337**	353,551

Current assets include cash and cash equivalent of approximately HK$176,748,000 (2006: HK$22,312,000) and investment deposits of HK$56,842,000 (2006: HK$83,480,000).

Current liabilities mainly comprised of tax payable, accrual and other payables.

Treasury Policies

During the year ended 31 December 2007, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. For the year ended 31 December 2007, the Group did not employ any financial instruments for hedging purpose and did not engage in foreign currency speculative activities.

BORROWINGS AND BANKING FACILITIES

As at 31 December 2007, the Group does not have any bank borrowing. As at 31 December 2006, total bank borrowing of the Group was approximately HK$14,823,000 which was denominated in Hong Kong dollars. Such bank borrowing mainly consisted of a mortgage loan granted for the purpose of facilitating the investment property of the Group. The mortgage loan is not at fixed interest rates and is secured by the investments held by the Group. The mortgage loan has been fully settled upon disposal of the investment properties in February 2008.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2007, the Group had no material contingent liabilities (2006: Nil) and capital commitments (2006: Nil).

PLEDGE AND CHARGES OF GROUP ASSETS

As at 31 December 2007, the Group does not have any pledged assets (2006: HK$21,200,000).

MATERIAL ACQUISITION

On 28 December 2007, Longwell International Holdings Limited, a wholly owned subsidiary of the Group entered into an acquisition agreement to acquire 100% equity interests in Chang Chun Rong Xin Economy and Trade Company Limited ("Rong Xin") at a consideration of RMB270,000,000. As at 31 December 2007, an initial deposit of RMB54,000,000 had been paid to proceed with the acquisition. Such deposit is refundable if any of the conditions precedent of the acquisition is not fulfilled or waived.

The sole asset of Rong Xin is the entire interest of a commercial property located at 9 Chongqing Lu, Chongyang District, Changchun City, Jilin Province, the PRC, which has an aggregate commercial area of 9,197.27 square meters. The commercial property is a 7-storey shopping mall in the centre of Changchun City.

The Board considered that the acquisition of Rong Xin will enable the Group to extend its current property management business to the PRC, which is in line with the Group's principal business. Given the surging property market price and increasing rental cost in commercial building in the PRC in recent years, the Board expects that the acquisition will generate profit and steady cashflow to the Group.

FUND RAISING ACTIVITIES

During the year under review, the Group successfully raised approximately HK$135.7 million by way of rights issue and placing of new shares. The following summarizes the fund raising activities of the Group during the year ended 31 December 2007:

1. On 29 October 2007, the Company raised approximately HK$96.4 million after deduction of expenses by way of rights issue pursuant to which 1,656,934,450 rights shares were issued at the subscription price of HK$0.06 per rights share on the basis of one rights share for every two existing shares held on the record date.

   The net proceeds received from the rights issue has been used as to (i) approximately HK$64.2 million for possible investment on property related projects, out of which approximately HK$56.8 million has been paid as the security deposit for the acquisition of Rong Xin, and the remaining will be utilised for the payment of part of the remaining balance of the acquisition; and (ii) approximately HK$32.2 million will be used for general working capital of the Group.

2. On 17 December 2007, the Company raised approximately HK$39.3 million after deduction of expenses by way of placing of new shares pursuant to the general mandate. The net proceeds received from the placing of new shares will be utilised for the payment of part of the remaining balance of the acquisition of Rong Xin.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2007, the Group employed 74 full time employees (2006: 53 employees) in Hong Kong and the PRC. Employee remuneration packages are structured and reviewed with reference to the nature of the jobs, market condition and individual merits. The Group also provides other employee benefits which included year end double pay, mandatory provident fund and medical insurance. Total staff costs for the year ended 31 December 2007 were approximately HK$5,480,000 (2006: HK$3,260,000).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. Throughout the year ended 31 December 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and complied with all the applicable code provisions of the Code, except the following:

Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2007, the Company had appointed Mr. Guan Guoxing ("Mr. Guan") as the executive director of the Company and the chairman of the Board on 12 December 2006 and 12 January 2007 respectively. Mr. Guan resigned as the chairman of the Board, executive director and member of the Corporate Governance Committee on 4 December 2007. Mr. Ji Jian Xun, an executive director of the Company, has been appointed as the chairman of the Board and member of the Corporate Governance Committee to fill the vacancy of Mr. Guan on 4 December 2007. Mr. Chiu Yeung, executive director of the Company, had also been appointed as the chief executive officer of the Company on 12 January 2007.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code for the year under review.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors of the Company, namely Mr. Mu Xiangming, Dr. Cheng Chak Ho and Mr. Lo Wa Kei Roy. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process and internal control of the Group. The audit committee had reviewed the Group's financial statements for the year ended 31 December 2007.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend our gratitude to customers and shareholders for their continuous support and our staff for their invaluable dedication and contribution in the past year.

PUBLICATION OF ANNUAL REPORT

A full text of the Company's 2007 Annual Report will be sent to the shareholders and published on the website of the Stock Exchange and the Company in due course.

On Behalf of the Board
Chiu Yeung
Executive Director

Hong Kong, 20 March 2008

As at the date of this announcement, the executive directors are Mr. Ji Jian Xun, Mr. Jin Jiu Xin, Mr. Chiu Yeung and Mr. He Hui Min and the independent non-executive directors are Mr. Mu Xiangming, Mr. Lo Wa Kei Roy, Dr. Cheng Chak Ho and Ms. Li Mei.