OMNICORP LIMITED

兩儀控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 94)

2007 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Omnicorp Limited ("the Company") announces the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2007 (the "Year") with comparative figures for 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
CONTINUING OPERATIONS			
Turnover	3	**119,552**	198,413
Cost of sales		**(115,049)**	(176,243)
Gross profit		**4,503**	22,170
Other revenue		**14,542**	6,311
Distribution costs		**(344)**	(603)
Administrative expenses		**(26,259)**	(28,726)
Other operating expenses		**(129,352)**	(29,478)
LOSS FROM OPERATING ACTIVITIES	4	**(136,910)**	(30,326)
Finance costs	5	**(7,636)**	(8,705)
Share of results of associates		**36**	(30)
LOSS BEFORE TAXATION		**(144,510)**	(39,061)
Taxation	6	**(6)**	(288)
Loss for the year from continuing operations		**(144,516)**	(39,349)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**–**	24,965
LOSS FOR THE YEAR		**(144,516)**	(14,384)

	Note	2007 HK$'000	2006 HK$'000
ATTRIBUTABLE TO:			
Equity holders of the Company		**(130,644)**	(30,656)
Minority interests		**(13,872)**	16,272
		(144,516)	(14,384)
DIVIDEND	7	**–**	30,088
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic			
– Continuing operations		**(0.72) dollars**	(0.28) dollars
– Discontinued operations		**–**	0.08 dollars
		(0.72) dollars	(0.20) dollars
Diluted			
– Continuing operations		**N/A**	N/A
– Discontinued operations		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	**2007**	2006
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Properties, plant and equipment		**11,899**	12,312
Timber concessions and cutting rights		**9,333**	–
Investment property		**1,450**	9,070
Long term investments		**6,000**	10,000
Interests in associates		**50,669**	59,717
Goodwill		**361,706**	–
		441,057	91,099
CURRENT ASSETS			
Inventories		**8,736**	54,872
Trade and other receivables	9	**15,129**	61,987
Prepayments and deposits		**2,396**	1,324
Current tax recoverable		**1**	–
Listed investments		**914**	15,247
Cash and bank balances		**254,311**	35,569
		281,487	168,999
CURRENT LIABILITIES			
Trade and other payables	10	**24,527**	27,721
Interest bearing bank borrowings		**42,545**	53,880
Other loan payable		**4,562**	–
Deposits received		**23,500**	1,888
Current tax payable		**3,313**	270
		98,447	83,759
NET CURRENT ASSETS		**183,040**	85,240
TOTAL ASSETS LESS CURRENT LIABILITIES		**624,097**	176,339
NON-CURRENT LIABILITIES			
Convertible bonds		**212,770**	–
Interest bearing bank borrowings		**–**	1,385
Deferred tax liabilities		**–**	17
		212,770	1,402
		411,327	174,937
EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS			
Share capital		**3,141**	1,504
Reserves		**353,410**	137,383
		356,551	138,887
MINORITY INTERESTS		**54,776**	36,050
		411,327	174,937

Notes:

1. **SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Stock Exchange of Hong Kong Limited.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment property which is stated at its fair value.

The principal accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2007 are consistent with those adopted in the financial statements for the year ended 31 December 2006, except for the adoption of the new and revised HKFRSs as explained in note 2 below.

(c) Judgments and estimates

The preparation of financial statements in conformity with HKFRSs requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities are as follows:

i) *Useful lives and depreciation of property, plant and equipment*

The Group determines the estimated useful lives and related depreciation charges of its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, and will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

ii) *Amortisation of timber concessions and cutting rights*

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of timber concessions. The Group determines the estimated useful lives and related amortisation charges of its timber concessions. These estimates are based on the total proven and probable reserves of the total forestry exploitation volume or contractual period from the date of commencement of commercial exploitation.

iii) *Impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

iv) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors reassess the estimations at each balance sheet date.

v) *Allowance of bad and doubtful trade and other receivables*

The Group makes the allowance of bad and doubtful trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the customers and other debtors and the current market condition. The directors reassess the allowance at each balance sheet date.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the current year, the Group has adopted the new and revised HKFRSs which are effective for accounting periods commencing on or after 1 January 2007:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
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

3. SEGMENT INFORMATION

An analysis of the Group's revenue, results, assets, liabilities and capital expenditure for the Year by business and geographical segments, as compared to the previous year, is as follows:

(a) Business segments

For the year ended 31 December 2007

	Continuing operations					Discontinued operations			
	Electronic Components and Products	Property Investments	Building Materials and Sundry Products	Forestry and Timber	Sub-total	Smart Card Technology	Home Furniture	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	113,937	1,577	–	4,038	119,552	–	–	–	119,552
SEGMENT LOSS	(107,034)	(6,244)	(538)	(3,558)	(117,374)	–	–	–	(117,374)
Interest income					2,638	–	–	–	2,638
Other income					85	–	–	–	85
Profit on disposal of listed investments					2,512	–	–	–	2,512
Revaluation gain on listed investments					465	–	–	–	465
Impairment on interests in associates					(9,500)	–	–	–	(9,500)
Unallocated administrative and other operating expenses					(15,736)	–	–	–	(15,736)
Finance costs					(7,636)	–	–	–	(7,636)
Share of results of associates					36	–	–	–	36
LOSS BEFORE TAXATION					(144,510)	–	–	–	(144,510)
TAXATION					(6)	–	–	–	(6)
LOSS FOR THE YEAR					(144,516)	–	–	–	(144,516)

For the year ended 31 December 2006

	Continuing operations				Discontinued operations			
	Electronic Components and Products	**Property Investments**	**Building Materials and Sundry Products**	**Sub-total**	**Smart Card Technology**	**Home Furniture**	**Sub-total**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	194,667	1,577	2,169	198,413	2,896	182,447	185,343	383,756
SEGMENT PROFIT/(LOSS)	10,106	(245)	(9,307)	554	(3,458)	29,122	25,664	26,218
Interest income				1,354	–	–	–	1,354
Other income				790	–	–	–	790
Profit on disposal of subsidiaries				4,131	–	–	–	4,131
Profit on disposal of listed investments				36	–	–	–	36
Revaluation deficit on listed investments				(466)	–	–	–	(466)
Impairment on long term investments				(17,700)	–	–	–	(17,700)
Unallocated administrative and other operating expenses				(19,025)	–	–	–	(19,025)
Finance costs				(8,705)	–	(663)	(663)	(9,368)
Share of results of associates				(30)	–	–	–	(30)
LOSS BEFORE TAXATION				(39,061)	(3,458)	28,459	25,001	(14,060)
TAXATION				(288)	–	(36)	(36)	(324)
(LOSS)/PROFIT FOR THE YEAR				(39,349)	(3,458)	28,423	24,965	(14,384)

	Continuing operations								Discontinued operations					
	Electronic Components and Products		Property Investments		Building Materials and Sundry Products		Forestry and Timber		Smart Card Technology		Home Furniture		Consolidated	
	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*
ASSETS														
Segment assets	**28,121**	152,105	**4,958**	12,172	**2**	3,634	**474,109**	–	**–**	–	**–**	–	**507,190**	167,911
Unallocated assets													**215,354**	92,187
													722,544	260,098
LIABILITIES														
Segment liabilities	**38,072**	34,912	**263**	273	**1,351**	1,709	**30,031**	–	**–**	–	**–**	–	**69,717**	36,894
Unallocated liabilities													**241,500**	38,250
													311,217	75,144
CAPITAL EXPENDITURE														
Segment	**1,078**	1,886	**–**	–	**–**	–	**229**	–	**–**	–	**–**	–	**1,307**	1,886
Others													**330**	122
													1,637	2,008
DEPRECIATION AND AMORTISATION														
Segment	**7,002**	4,743	**–**	–	**–**	–	**274**	–	**–**	98	**–**	2,051	**7,276**	6,892
Others													**117**	231
													7,393	7,123
IMPAIRMENT LOSS														
Segment	**–**	–	**7,620**	1,360	**–**	9,485	**–**	–	**–**	–	**–**	–	**7,620**	10,845
Others													**9,500**	17,700
													17,120	28,545

(b) Geographical area

	Asia		Europe		North and South America		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
– Continuing operations	**112,795**	194,088	**2,650**	178	**4,107**	4,147	**119,552**	198,413
– Discontinued operations	**–**	185,343	**–**	–	**–**	–	**–**	185,343
	112,795	379,431	**2,650**	178	**4,107**	4,147	**119,552**	383,756
SEGMENT PROFIT/(LOSS)								
– Continuing operations	**(111,249)**	9,749	**(2,489)**	9	**(3,636)**	(9,204)	**(117,374)**	554
– Discontinued operations	**–**	25,664	**–**	–	**–**	–	**–**	25,664
	(111,249)	35,413	**(2,489)**	9	**(3,636)**	(9,204)	**(117,374)**	26,218
Interest income								
– Continuing operations							**2,638**	1,354
– Discontinued operations							**–**	–
Other income								
– Continuing operations							**85**	790
– Discontinued operations							**–**	–
Profit on disposal of subsidiaries							**–**	4,131
Profit on disposal of listed investments							**2,512**	36
Revaluation gain/(deficit) on listed investments							**465**	(466)
Impairment on investment in associates							**(9,500)**	–
Impairment on long term investments							**–**	(17,700)
Unallocated administrative and other operating expenses							**(15,736)**	(19,025)
Finance costs								
– Continuing operations							**(7,636)**	(8,705)
– Discontinued operations							**–**	(663)
Share of results of associates							**36**	(30)
Taxation								
– Continuing operations							**(6)**	(288)
– Discontinued operations							**–**	(36)
LOSS FOR THE YEAR							**(144,516)**	(14,384)

	2007	2006
	HK$'000	*HK$'000*
Assets		
– Asia	**248,435**	260,098
– Suriname, South America	**474,109**	–
	722,544	260,098
Liabilities		
– Asia	**281,186**	75,144
– Suriname, South America	**30,031**	–
	311,217	75,144
Capital Expenditure		
– Asia	**1,408**	2,008
– Suriname, South America	**229**	–
	1,637	2,008
Depreciation and amortisation		
– Asia	**7,119**	7,123
– Suriname, South America	**274**	–
	7,393	7,123
Impairment loss		
– Asia	**17,120**	28,545
– Suriname, South America	**–**	–
	17,120	28,545

4. LOSS FROM OPERATING ACTIVITIES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Arrived at after crediting:		
Gross rental income	**1,577**	1,577
Less: outgoings	**(529)**	(529)
Net rental income	**1,048**	1,048
Interest income	**2,638**	1,354
Profit on disposal of subsidiaries	**–**	4,131
Profit on disposal of listed investments	**2,512**	36
Waiver of trade and other payables	**8,828**	–
Write-back of provisions	**–**	67
Revaluation gain on listed investments	**465**	–
Exchange gains, net	**–**	69
and after charging:		
Impairment on goodwill of subsidiaries	**–**	9,485
Revaluation loss on listed investments	**–**	466
Auditors' remuneration	**1,380**	1,031
Bad and doubtful debts	**5,149**	–
Loss on write-off of deposits and prepayments	**220**	–
Loss on product claims	**46,765**	–
Loss on write-off of inventories	**46,257**	–
Cost of inventories sold	**115,049**	176,243
Depreciation on properties, plant and equipment	**7,393**	4,974
Impairment on investment property	**7,620**	1,360
Impairment on long term investments	**–**	17,700
Impairment on interests in associates	**9,500**	–
Amortisation of timber concessions and cutting rights	**7**	–
Loss on disposal of properties, plant and equipment	**661**	225
Exchange losses, net	**621**	–
Operating lease rentals for land and buildings	**3,393**	3,094

	Group	
	2007	2006
	HK$'000	*HK$'000*
Arrived at after charging:		
Staff costs:		
Wages and salaries (including Directors' emoluments)	**11,782**	24,124
Retirement fund contributions	**237**	260
Employee share options	**5,374**	–
	17,393	24,384

5. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest and similar charges on:		
Bank loans and overdrafts wholly repayable within five years	**5,079**	5,817
Convertible bonds	**2,557**	–
Other loan	**–**	2,888
	7,636	8,705

6. TAXATION

No provision for taxation has been made by the Company as it is not subject to tax in Bermuda or elsewhere in other jurisdictions.

Provision for Hong Kong profits tax has been made at the current rate of taxation of 17.5% (2006: 17.5%) on the estimated assessable profits for the year which were earned in or derived from Hong Kong during the year. Taxes on income earned outside Hong Kong have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing law, practice and interpretation thereof.

Details of the charge in the consolidated income statement are as follows:–

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong	**23**	265
Outside Hong Kong	**–**	23
	23	288
Deferred tax	**(17)**	–
Taxation	**6**	288

The reconciliation between loss before taxation and taxation in the consolidated income statement is as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss before taxation	**(144,510)**	(39,061)
Tax at the domestic income tax rate of 17.5% (2006: 17.5%)	**(25,289)**	(6,835)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**15,560**	2,784
Tax effect of expenses that are not deductible in determining taxable profit	**11,610**	12,855
Tax effect of temporary differences not recognised	**–**	12
Tax effect of tax depreciation not recognised	**(132)**	72
Tax effect of income that are not taxable in determining taxable profit	**(4,317)**	(11,321)
Tax effect of unused tax losses not recognised	**2,574**	2,726
Prior year overprovision	**–**	(5)
Taxation	**6**	288

7. DIVIDEND

	2007	2006
	HK$'000	*HK$'000*
Special interim – Nil (2006: HK$0.20) per ordinary share	**–**	30,088

No final dividend was proposed for the Year (2006: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculations of basic loss per share are based on:

	2007	2006
	HK$'000	*HK$'000*
Net (loss)/profit attributable to ordinary equity holders of the parent company		
– Continuing operations	**(130,644)**	(43,293)
– Discontinued operations	**–**	12,637
	(130,644)	(30,656)
Weighted average number of ordinary shares in issue during the year	**180,258,549**	150,439,152

No diluted loss per share is presented for the years ended 31 December 2007 and 2006 as the exercise of share options outstanding would be anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**19,401**	61,921
Other receivables	**877**	66
	20,278	61,987
Less: Allowance for bad and doubtful debts	**(5,149)**	–
	15,129	61,987

The aging analysis of trade and other receivables as at the balance sheet date, based on the invoice date and net of allowance, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current	**7,373**	43,981
One to three months	**3,885**	15,529
More than three months	**3,871**	2,477
	15,129	61,987

The Group allows an average credit period of 30 to 45 days to its trade customers.

Details of trade and other receivables denominated in different currencies are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong dollars	**6,043**	60,594
United States dollars	**4,435**	1,393
Australian dollars	**1,393**	–
Chinese Renminbi	**3,258**	–
	15,129	61,987

Movements in allowance for bad and doubtful debts during the year were as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
1 January	**–**	–
Impairment losses recognised	**5,149**	–
31 December	**5,149**	–

The aging analysis of the trade and other receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Neither past due nor impaired	**7,373**	43,981
Less than three months past due	**3,885**	15,529
Over three months past due	**3,871**	2,477
	15,129	61,987

Receivables that were neither past due nor impaired relate to a wide range of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

10. TRADE AND OTHER PAYABLES

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade payables	**8,941**	25,481
Other payables	**15,586**	2,240
	24,527	27,721

The aging analysis of trade and other payables at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current	**5,072**	11,671
One to three months	**8,779**	7,400
More than three months	**10,676**	8,650
	24,527	27,721

Details of trade and other payables denominated in different currencies are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong dollars	**8,850**	24,077
United States dollars	**10,835**	–
Australian dollars	**1,351**	1,709
Chinese Renminbi	**3,491**	1,935
	24,527	27,721

The directors consider that the carrying amount of trade and other payables approximates to their fair values.

BUSINESS REVIEW

For the year ended 31 December 2007 (the "Year"), Omnicorp Limited (the "Company") together with its subsidiaries (the "Group"), made a loss after tax and before minority interests of HK$144,516,000 compared with a loss of HK$14,384,000 for 2006. Net loss attributable to shareholders for the Year amounted to HK$130,644,000 compared with a net loss of HK$30,656,000 for last year. The loss for the Year was mainly due to the poor results of the Group's electronic components division ("Lik Hang"), operating under Lik Hang Holdings Limited, a wholly owned subsidiary of Omnitech Holdings Limited ("OHL"). OHL is a 77.04% owned subsidiary listed on the Australian Stock Exchange.

Total turnover of the Group for the Year amounted to HK$119,552,000, a decrease of 39.7 % compared with the turnover of HK$198,413,000 for 2006 and the gross margin decreased significantly from 11.2% for 2006 to 3.8% for the Year. This decrease in turnover and the gross margin was also mainly attributable to the disappointing operating results of Lik Hang.

Due to the disappointing results of Lik Hang, the Board has taken the decision to scale down the electronic component to seek better return of the Group's resources. Lik Hang has been operating in the highly competitive electronic industry characterized by thin margin and fast technology obsolescence. During the past year, the operating environments in the Pearl River Delta where Lik Hang's manufacturing facilities were located have become increasingly difficult for labour intensive manufacturing business. A number of factories have closed down and/or tried to move to other locations in other inland provinces or outside China. A number of factors including a new labour law and labour shortage, appreciation of the Chinese Yuan, and raw materials price increases have further increased operating costs and reduced margins. In an attempt to remain competitive, Lik Hang moved to product lines with a lower selling value. In the second half of the Year, for a variety of reasons, some of Lik Hang's products failed to meet the agreed product quality standards, resulting in claims from customers and lost orders, which in addition also had the effect of making certain inventories obsolete and causing a substantial increase in other operating expenses. After the end of the Year, Lik Hang's manufacturing facilities were closed down resulting in loss of fixed assets and inventories. As a result of the adverse factors highlighted above, Lik Hang recorded a significant decrease of 41.5% in revenue from HK$194,667,000 for 2006 to HK$113,937,000 for the Year and a loss of HK$107,034,000 compared with a profit of HK$10,106,000 for 2006.

As part of the continuing efforts to seek new business activities to provide better return for its shareholders, the Company completed the acquisition of 60% of Greenheart Resources Holdings Limited ("Greenheart") in November 2007 with an option to acquire the remaining 39.61% within the next 18 months. Greenheart controls tropical forest concessions and cutting rights of approximately 178,000 hectares in Suriname, South America and practises Sustainable Forestry Management which includes Reduced Impact Logging and a strict sustainable log harvesting quota under the local CELOS forestry administration system. Having commenced logging in late 2005, Greenheart currently harvests logs on a selective basis whereby only those species of logs with high commercial value as round logs and comparable durable technical property will be harvested. Greenheart also produces a small amount of lumber from a leased sawmill. Following its business plan, Greenheart is building its own new sawmill facilities with total annual output capacity of 100,000 m^3 of lumber scheduled to be operational in 2009. Full scale log harvesting will commence after that to provide the new sawmills with log input. For the Year, Greenheart contributed a loss of HK$3,558,000 from sales of HK$4,038,000, representing two months' post acquisition operating results.

Administrative expenses decreased slightly from HK$28,726,000 for 2006 to HK$26,259,000 for the Year. Other operating expenses increased from HK$29,478,000 for 2006 to HK$129,352,000 mainly due to the loss of on product claims of HK$46,765,000, loss on inventories write off of HK$46,257,000 and bad and doubtful debts of HK$5,149,000 incurred by Lik Hang.

Equity attributable to the Company's shareholders as at 31 December 2007 amounted to HK$356,551,000 or HK$1.13 per share (31 December 2006: HK$138,887,000 or HK$0.9 per share). This significant increase is mainly due to the net effect of the issuance of 103,650,000 new shares for cash, the issuance of 60,000,000 new shares and the equity components of the HK$237,000,000 convertible bonds issued in relation to the acquisition of 60% interest in Greenheart and the operating loss incurred for the Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has continued to adopt prudent financial policies.

The Group's current assets and current liabilities as at 31 December 2007 were HK$281,487,000 and HK$98,447,000, respectively (31 December 2006: HK$168,999,000 and HK$83,759,000 respectively). As at 31 December 2007, the Group had cash and bank deposits of approximately HK$254,311,000 (31 December 2006: HK$35,569,000), and short-term bank borrowings of HK$42,545,000 (31 December 2006: HK$53,880,000).

As at 31 December 2007, the Group's gearing ratio, which was calculated on the basis of bank borrowings and other loan to shareholders' funds, was 11.9% (31 December 2006: 38.8%).

The Group has limited exposure to the foreign exchange fluctuations risks as most of its sales are denominated in Hong Kong dollars and United States dollars, being the same currencies in which the Group's related costs and expenses are denominated. The Directors considered that the recent appreciation of Renminbi and depreciation of the US Dollars may have a negative but immaterial impact to the Group. During the Year, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2007.

During the Year, the Company successfully raised additional working capital through the following fund raising activities:

1) In June 2007, the Company entered into a placing agreement with a placing agent for placing an aggregate of 30,000,000 new shares at HK$0.90 per share (the "1st Placing") to independent investors. The net proceeds raised by the 1st Placing amounted to approximately HK$26,200,000, which are, as planned, being used as general working capital of the Group. Details of the 1st Placing are contained in the Company's announcement dated 13 June 2007.

2) In December 2007, the Company completed the placing of 70,000,000 new ordinary shares at HK$2.2 per share (the "2nd Placing") to independent investors. The net proceeds raised by the 2nd Placing amounted to approximately HK$148,000,000, which are being used as general working capital of the Group and for the expansion of the Group' forestry business. Details of the 2nd Placing are contained in the Company's circular dated 22 October 2007.

In addition, during the Year, the Company issued 60,000,000 new ordinary shares at HK$2.00 as part of the consideration for the acquisition of 60% interest in Greenheart and 3,650,000 share options pursuant to the Company's share option scheme were also exercised resulting in the issue of 3,650,000 new ordinary shares for a total cash consideration of approximately HK$3,380,000.

As at 31 December 2007, the Company had 314,189,152 shares in issue.

PLEDGE ON ASSETS

As at 31 December 2007, the Group pledged bank balances in the amount of HK$16,864,000 (31 December 2006: HK$22,479,000) as securities for banking facilities to certain subsidiaries.

PROSPECTS

The management is very disappointed with the overall loss of the Group for the Year, and particularly the poor results of the electronic components division. Given the increasingly difficult operating environments in the Pearl River Delta for this type of labour intensive manufacturing business and the added risks of a strong Chinese Yuan, raw material cost hikes and low product margins, the Company has decided to scale down the electronic component business to seek better return on its resources.

The Board is particularly excited by the acquisition of Greenheart, which now forms the foundation of a forestry and timber division. The Board believes that demand for wood and related products globally and particularly in China, India, and other emerging markets will continue to remain strong driven by higher living standards. On the other hand global supply of wood fiber is diminishing due to over-logging and deforestation, competitive use of scarce land resource for agriculture and other types of plantation such as palm oil, sugar cane and bio-fuel produces. The current world trend of preserving forest for carbon credit to combat global warming will also add to the tightening supply of timberland. The Board is confident that the forestry and timber business will provide exciting contribution and return to the Company in the future.

The management of the Company and Greenheart believe and practice Sustainable Forestry Management. A Social Responsible Corporate Policy is also adopted with the setting up of Greenheart Foundation, which together with the Group provide employment, job training, and other assistance to local communities. Greenheart also differentiates itself from traditional forestry companies through the active development of non-timber forest products and ecosystem services such as greenhouse gas emission reduction, various types of carbon and bio-diversity credits, and waste wood utilization. Such non-timber income will eventually provide additional revenue and profit to the Company while contributing to the protection of the tropical rain forest and its rich bio-versity.

While the Company will continue to expand its tropical hard wood business in Suriname and surrounding countries in South America, the Company has also planned to enter the soft wood and plantation business in China and nearby countries, to broaden the wood fiber supply source of the Company. As a result after the Year end on 10 January 2008, the Group announced that it entered into a Memorandum of Understanding ("MOU") with an independent third party for the acquisition of 100,000 hectares of plantation land with approximately 10 to 12 million cubic meters of standing timber of mostly pine and Chinese fir in Jiangxi and Fujian Province in China ("the Proposed Acquisition"). Following that, on 27 February 2008, the Group announced that it entered into another MOU with a wholly owned subsidiary of Sino-Forest ("the SF Subsidiary"), a company listed on the Toronto Stock Exchange with a market capitalization value of around US$3 billion at the date of this announcement and a strategic shareholder of the Group, in relation to the proposed engagement of the SF Subsidiary to provide certain management and consultancy services for the plantation and forestry operation of the Group in China ("The Proposed Engagement"). The Directors believe that should this Proposed Acquisition materialize, it will significantly increase the size of the Group's timberland holdings and provide an entry into the exciting wood plantation business for fast growing species such as eucalyptus and poplar in China.

EMPLOYEES AND REMUNERATION POLICIES

While the Group will continue to adopt strict financial discipline and cost control, it will actively pursue a personnel policy which will provide performance based rewards and incentives in order to retain and attract high caliber executives and employees.

As at 31 December 2007, the Group had approximately 850 employees, out of which approximately 780 were production workers in China and Suriname. In addition to the provision of annual bonuses, medical insurance and in-house and external training programs, discretionary bonuses and share options are also available to employees based on their individual performance. The remuneration policy and packages of the Group are reviewed from time to time.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed the Group's audited financial statements for the Year, including the accounting principles and practices adopted by the Group.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, Moore Stephens, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the Year with the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

By Order of the Board
Sung Yan Wai
Acting Managing Director

Hong Kong, 7 April 2008

As at the date hereof, the Board of Directors of the Company comprises two executive Directors, namely Messrs. Hui Tung Wah, Samuel and Sung Yan Wai, Petrus and three independent non-executive Directors, namely Messrs. Wong Che Keung, Richard, Tong Yee Yung, Joseph and Wong Kin Chi.

Website: http://www.omnicorplimited.com

* *For identification purpose only*