APAC RESOURCES

APAC RESOURCES LIMITED

亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

AUDITED RESULTS OF THE GROUP

The Board of Directors (the "Directors") of APAC Resources Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 together with last year's comparative figures are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	**2007** **HK$'000**	2006 HK$'000
Turnover	2	**65,348**	22,773
Gain on disposal of available-for-sale investment		**19,646**	—
Net gain from sale of trading securities		**—**	910
Revenue from sales of goods		**24,751**	19,920
Unrealised gain on trading securities		**566,796**	38,743
Interest income		**14,360**	1,181
Other operating income		**80**	419
Purchases		**(24,055)**	(19,568)
Equity-settled share option expenses		**(214,889)**	—
Salaries and allowances		**(8,041)**	(3,354)
Operating lease rental on buildings		**(1,584)**	(366)
Gain on disposal of a subsidiary		**1,536**	—
Impairment of goodwill		**—**	(3,116)
Other operating expenses		**(21,678)**	(7,396)
Finance costs	4	**(11,609)**	(2,153)

	Note	2007 HK$'000	2006 HK$'000
Profit before taxation	5	**345,313**	25,220
Income tax expense	6	**—**	(238)
Profit for the year		**345,313**	24,982
Attributable to:			
Equity shareholders of the company		**345,313**	24,982
Minority interests		**—**	—
Profit for the year		**345,313**	24,982
Dividends	7	**—**	—
Earnings per share attributable to equity shareholders of the Company			
- basic (HK cents per share)	8	**9.78**	3.10
- diluted (HK cents per share)		**9.39**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**2,198**	—
Deposit for acquisition of available-for-sale investment		**—**	20,000
Available-for-sale investment	9	**2,993,426**	—
		2,995,624	20,000
Current assets			
Inventories		**—**	1,494
Trade and other receivables	10	**233,296**	8,460
Trading securities	11	**814,957**	227,039
Pledged bank deposits		**10,526**	10,098
Cash and cash equivalents		**694,945**	12,282
		1,753,724	259,373
Current liabilities			
Trade and other payables	12	**9,018**	7,585
Margin financing		**1,797**	141,612
Income tax payable		**237**	200
		11,052	149,397
Net current assets		**1,742,672**	109,976
Total assets less current liabilities		**4,738,296**	129,976
Capital and reserves			
Share capital		**472,629**	125,900
Reserves		**4,265,667**	4,076
Total equity attributable to equity shareholders of the Company		**4,738,296**	129,976

Notes:

(1) **Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as trading securities and available-for-sale investments are stated at their fair value.

In current year, the Group has adopted all of the new and revised Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations has no material effect on how the results of operation and financial position of the Group are prepared and presented.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[5]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — INT 11	HKFRS 2 — Group and Treasury Share Transactions[2]
HK(IFRIC) — INT 12	Service Concession Arrangements[3]
HK(IFRIC) — INT 13	Customer Loyalty Programmes[4]
HK(IFRIC) — INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 March 2007

3 Effective for annual periods beginning on or after 1 January 2008

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 July 2009

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 HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

(2) **Turnover**

Turnover represents revenue generated from sales of goods as well as revenue from investments, and is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue from sales of base metals	**—**	5,788
Proceeds from sale of trading securities	**—**	2,853
Revenue from sales of fabric products and other merchandises	**24,751**	14,132
Proceeds from sale of available-for-sale investment	**40,597**	—
	65,348	22,773

(3) **Segmental information**

Primary reporting format — business segments

As at 31 December 2007, the Group comprises the following main business segments:

(i) trading in base metals;

(ii) trading in fabric products and other merchandises; and

(iii) trading and investment of listed securities

The following tables represent revenue and profit/(loss) information on each of the above business segments for the years ended 31 December 2006 and 2007, and certain assets and liabilities information regarding business segments as at 31 December 2006 and 2007 (the comparative figures for the year ended 31 December 2006 were restated to conform to current year presentation).

	Trading in base metals		**Trading and investment of listed securities**		**Trading in fabric products and other merchandises**		**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 from external customers	**—**	5,788	**40,597**	2,853	**24,751**	14,132	**65,348**	22,773
Segment result	**(8)**	(12)	**585,437**	38,882	**1,508**	69	**586,937**	38,939
Unallocated corporate expenses							**(231,551)**	(11,566)
Gain on disposal of a subsidiary							**1,536**	—
Finance costs							**(11,609)**	(2,153)
Profit before taxation							**345,313**	25,220
Income tax expense							**—**	(238)
Profit for the year							**345,313**	24,982
Segment assets	**226,368**	551	**3,812,668**	247,039	**5,448**	7,281	**4,044,484**	254,871
Unallocated corporate assets							**704,864**	24,502
Consolidated total assets							**4,749,348**	279,373
Segment liabilities	**5**	—	**2,195**	570	**5**	—	**2,205**	570
Unallocated corporate liabilities							**8,847**	148,827
Consolidated total liabilities							**11,052**	149,397

Secondary reporting format — geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Trading in base metals		Trading and investment of listed securities		Trading in fabric products and other merchandises		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*
Hong Kong and PRC	**—**	5,788	**—**	2,853	**7,240**	1,614	**7,240**	10,255
Australia	**—**	—	**40,597**	—	**—**	—	**40,597**	—
South East Asia	**—**	—	**—**	—	**988**	—	**988**	—
United States of America	**—**	—	**—**	—	**5,789**	—	**5,789**	—
Africa	**—**	—	**—**	—	**10,734**	12,518	**10,734**	12,518
							65,348	22,773

The following table provides an analysis of the Group's assets by geographical location of assets:

	Trading in base metals		Trading and investment of listed securities		Trading in fabric products and other merchandises		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*
Hong Kong and PRC	**226,368**	551	**184,623**	21,810	**12**	919	**411,003**	23,280
Australia	**—**	—	**3,628,045**	225,229	**—**	—	**3,628,045**	225,229
United States of America	**—**	—	**—**	—	**3,033**	—	**3,033**	—
Africa	**—**	—	**—**	—	**2,403**	6,362	**2,403**	6,362
Unallocated assets					**—**	—	**704,864**	24,502
							4,749,348	279,373

(4) **Finance costs**

	2007	2006
	HK$'000	*HK$'000*
Interest on other loans	**6,118**	958
Interest on margin financing account	**5,491**	1,195
	11,609	2,153

(5) **Profit before taxation**

Profit before taxation has been arrived at after charging the following:

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration	**330**	250
Depreciation	**179**	—
Exchange loss (net)	**2,054**	2
Legal and professional fees	**5,454**	2,290
Consultancy fee		
- settled by cash	**6,886**	—
- equity-settled share option expenses	**21,165**	—
Total consultancy fee	**28,051**	—
Staff costs, including directors' emoluments		
- salaries and allowance	**8,041**	3,354
- equity-settled share option expenses	**193,724**	—
- staff quarter	**111**	—
- Retirement benefits scheme contributions, net of nil forfeited contributions	**96**	70
Total staff costs	**201,972**	3,424

(6) **Income tax expense**

	2007	2006
	HK$'000	*HK$'000*
Hong Kong profits tax provided for the year	**—**	238

No provision for Hong Kong profits tax has been made for the year as the Group had no assessable profit. Hong Kong profits tax was calculated at 17.5% on the estimated assessable profit arising in Hong Kong during the year ended 31 December 2006.

No provision for overseas taxation has been made for the year as the subsidiaries operating in the PRC had no assessable income for PRC taxation purpose.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated income statement as follow:

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation	**345,313**	25,220
Tax at Hong Kong Profits Tax rate of 17.5%	**60,430**	4,413
Tax effect of non-deductible expenses	**38,683**	2,069
Tax effect of non-taxable income	**(105,198)**	(6,943)
Tax effect of tax loss not recognised	**6,085**	699
Income tax expense	**—**	238

At 31 December 2007, the Group had unused tax losses of approximately HK$44,755,000 (2006: HK$8,161,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

The Company had no significant unprovided deferred taxation at the balance sheet date.

(7) **Dividend**

No dividends had been paid or declared by the Company during the year (2006: nil).

(8) **Earnings per share**

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit for the year of HK$345,313,000 (2006: HK$24,982,000) and the weighted average number of 3,532,282,202 (2006: 807,098,630) ordinary shares in issue during the year.

(b) *Diluted earnings per share*

The earnings used in the calculation of diluted earnings per share are the same as those for the basic earnings per share, as outlined above.

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2007	**2006**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**3,532,282,202**	N/A
Shares deemed to be issued for no consideration in respect of:		
- warrants	**145,452,627**	N/A
- share options	**—**	N/A
	3,677,734,829	N/A

The calculation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of the Company's shares for the year.

Diluted earnings per share for the year ended 31 December 2006 has not been presented as there were no potential dilutive shares outstanding during that year.

(9) **Available-for-sale investments**

	2007	**2006**
	HK$'000	*HK$'000*
Listed equity securities, in Hong Kong, at fair value	**177,760**	—
Listed equity securities, in overseas, at fair value	**2,815,666**	—
	2,993,426	—

(10) **Trade and other receivables**

The Group allows an average credit period of 60 — 90 days to its trade customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of trade receivables at the balance sheet date, based on the invoice date, is as follows:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Trade receivables		
0 to 30 days	**—**	3,076
31 to 60 days	**—**	2,048
61 to 90 days	**4,559**	2,124
91 to 365 days	**611**	418
Over 365 days	**—**	130
	5,170	7,796
Other receivables	**646**	664
Purchase deposits	**226,368**	—
Other deposits and prepayment	**1,112**	—
	233,296	8,460

The aged analysis of trade receivables that are not considered to be impaired is as follows:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Neither past due nor impaired:		
Current	**—**	—
Past due but not impaired:		
0 to 30 days	**—**	3,076
31 to 60 days	**4,559**	2,048
61 to 90 days	**611**	2,124
91 to 365 days	**—**	418
Over 365 days	**—**	130
	5,170	7,796

Receivables that were past due but not impaired relate to customers that have a good track record with the Group and were fully recovered after the balance sheet date. The Group does not hold any collateral over these balances.

(11) **Trading securities**

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Trading securities, at fair value		
Listed equity securities, in Hong Kong	**2,578**	1,810
Listed equity securities, in overseas	**812,379**	225,229
	814,957	227,039

(12) **Trade and other payables**

The following is an aged analysis of trade payables at the balance sheet date:

	The Group	
	2007	**2006**
	HK$'000	*HK$'000*
Trade payables		
0 to 30 days	**—**	—
90 days to 365 days	**—**	192
over 365 days	**—**	1,754
	—	1,946
Other payables	**9,018**	5,639
	9,018	7,585

All trade and other payables are expected to be settled within one year.

FINANCIAL RESULTS

For the year ended 31 December 2007, the Group's turnover increased by 187% to HK$65,348,000 (2006: HK$22,773,000) and the net profit attributable to shareholders increased by 1,282% to HK$345,313,000 (2006: HK$24,982,000) while earnings per share of the Company increased 215% to 9.78 HK Cents (2006: 3.1 HK Cents).

As at 31 December 2007, the Group's net asset value per share increased by 900% to HK$1.00 (2006: HK$0.10).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the year under review, the Group underwent a substantial restructuring in the composition of the management team. The new management team have substantial experience in corporate management, project management and operations in resources industry. While the development of a long term planning for the establishment and expansion of business in resources industry was in process, the Group temporarily suspended trading in base metals and recorded no turnover (2006: HK$5,788,000) and a small loss of HK$8,000 (2006: HK$12,000). On the other hand, the Group's turnover and profit for fabric products and other merchandises trading business segment for year 2007 was HK$24,751,000 (2006: HK$14,132,000) and HK$1,508,000 (2006: HK$69,000) respectively. Due to intense competition and dim outlook within this market, the Group has wound down the operations in these sectors.

For the businesses of securities trading and investment, the Group recorded a turnover of HK$40,597,000 (2006: HK$2,853,000) and a profit of HK$585,437,000 (2006: HK$38,882,000) respectively for the year ended 31 December 2007, attributed mainly to the unrealized gain from its trading portfolio. Capitalizing on the promising outlook of the resources industry and the booming securities markets in the Asia Pacific region during the year, the Group invested in resources related securities in order to strengthen its securities trading portfolio and enhance shareholder return.

During the year under review, the Group completed the following acquisitions:

(i) 126,269,550 shares in Mount Gibson Iron Limited ("MGX"), representing approximately 15.92% of the issued share capital of MGX as at 31 December 2007, for an aggregate consideration of approximately HK$825,486,000;

(ii) 28,000,000 shares and 14,000,000 options (at nil consideration and exercisable over the same number of shares) in Australasian Resources Limited ("ARH") representing approximately 7.29% of the issued share capital of ARH as at 22 March 2007, for an aggregate consideration of approximately HK$174,846,000. Subsequent to the partial realization in its investment in ARH, the Group's shareholding in ARH decreased to 5.60% as at 31 December 2007;

(iii) 862,912,520 shares in China Primary Resources Holdings Limited ("CPR") representing approximately 11.54% of the issued share capital of CPR ("Conditional Acquisitions") as at 31 December 2007. The Conditional Acquisition was completed on 14 November 2007 and was settled by way of issue of 287,637,505 new shares by the Company.

MGX and ARH are companies, in resources-based sector, incorporated in Australia with their shares listed on the Australian Stock Exchange while CPR is a company incorporated in Cayman Islands with its shares listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. MGX's principal businesses are mining of hematite iron ore at Tallering Peak Project and Koolan Island Project and exploration and development of hematite iron ore deposit in Extension Hill Project in Australia. ARH's principal activity is mineral exploration. Recent development of ARH includes the Balmoral South Iron Ore Project with respect to the right to mine 1 billion tonnes of magnetite ore from part of the Balmoral South Project situated in the Pilbara region of Western Australia, and the Sherlock Bay Nickel Project situated in the West Pilbara region of Western Australia with respect to exploiting the nickel sulphide deposit contained in that project area. CPR's principal activities involved trading of fibre glass reinforced plastic pipes ("FRP

Pipes"), raw materials and composite materials and production of FRP Pipes and polyethylene pipes ("PE Pipes") in the PRC. Moreover, CPR is a party of a joint venture company engaging principally in mine prospecting and mining of metal and minerals, processing, sale, export and import of mining by-products.

Termination of the Acquisition of an Iron Ore Mine in Mongolia

On 16th February 2007, the Group entered into a conditional acquisition agreement (the "Conditional Acquisition Agreement"), subject to satisfaction of certain conditions precedent including financial, legal and technical due diligences, to acquire the entire share capital of China Mineral Resource Limited ("CMR") for an aggregate consideration of HK$450,000,000. The Group understands from the vendor that CMR owned the rights of exploration and exploitation of an iron ore mine in Mongolia. On 28 November 2007, the Company received a final draft of the technical report from the technical adviser appointed by the Company. Given that the directors were not satisfied with the results of such technical due diligence, the Company had re-negotiated with the vendor regarding the terms and conditions of the Conditional Acquisition Agreement. As the Company was unable to reach any agreement with the vendor, on 1 February 2008, the Company served a notice of termination of the Conditional Acquisition Agreement to the vendor on 1 February 2008. There is no impact on the business or financial of the Group as a result of the termination of the Conditional Acquisition Agreement.

FINANCIAL RESOURCES, BORROWINGS AND CAPITAL STRUCTURE

As at 31 December 2007, the Group's non-current assets amounted to HK$2,995,624,000 (2006: HK$20,000,000) and net current assets amounted to HK$1,742,672,000 (2006: HK$109,976,000) with a current ratio of 158.7 times (2006: 1.7 times) calculated on the basis of the Group's current assets over current liabilities.

All the Group's borrowings are arranged on a short-term basis in Hong Kong Dollars, repayable within one year and secured by marketable securities. The Group's financial structure was tremendously improved during the year as a result of a series of fund raising exercises. As at 31 December 2007, the Group had borrowings of HK$1,797,000 (2006: HK$141,612,000) and a gearing ratio of 0% (2006: 49.9%) calculated on the basis of the Group's net borrowings (after cash and cash equivalents) over the sum of total equity and net borrowings.

During the year under review, the capital base of the Company was successfully strengthened by way of rights issue of 1,259 million shares at HK$0.3 per share raising gross proceeds of HK$378 million and by way of various placements of 800 million shares at HK$0.3 per share in February 2007, 665 million shares at HK$1.29 per share in July 2007 and 400 million shares at HK$1.48 per share in October 2007 raising gross proceeds of HK$240 million, HK$858 million and HK$592 million respectively financing the Group's investments in resources-based sector.

FOREGIN EXCHANGE EXPOSURE

For the year under review, the Group's assets were mainly denominated in Australian Dollar while the liabilities were mainly denominated in Hong Kong Dollar. As a substantial portion of the assets was held as long-term investments, there would be no material immediate effect on the cash flow of the Group. In light of this, the Group did not actively hedge for the risk arising from the Australian Dollar denominated assets.

PLEDGE OF ASSETS

As at 31 December 2007, the Group's trading securities of HK$3,628,045,000 (2006: HK$225,229,000) were pledged to a stock-broking firm to secure short term credit facility granted to the Group and the Group's bank deposits of HK$10,526,000 (2006: HK$10,098,000) were pledged to a bank to secure banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at the date of this report, the Group has 23 employees. The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance with its remuneration policies reviewed on a regular basis.

PROSPECT

Mr. Liu Yongshun was appointed as the Chief Executive Officer of the Company in July 2007. He is experienced in raw material supply management for iron and steel making, technology development and management, purchase and logistics management, mineral resource development, project management and raw material trading and contributes to the Company's business growth and expansion into the resources industry. After the introduction of a new management team by Mr. Liu, the Group added trading in iron ore as a supplementary business strategy by utilizing the expertise of Mr. Liu and the other members of the Company's new management team. The corporate strategies of trading and investment in resources related business which include i) attracting small to mid-sized PRC steel mills to become strategic shareholders in the Company and consolidating their demand for resources, ii) securing long term production iron ore off-take for the small to mid-sized PRC steel mills, iii) creating a direct and efficient platform for small to mid-sized PRC steel mills to trade and invest in overseas resources and iv) identifying quality investments in the resources related sector and investment in resources assets either through corporate investments or direct project interests.

Due to the increasing global demand for resources and commodities together with robust economies of China and India, the Group is optimistic about the outlook on resource-based sector. In line with this, the Group has already strengthened its business in trading of base metals and resources related commodities in the first quarter of the year 2008.

On the other hand, given the recent global financial turmoil and possible recession in the US economy, the Group will be more cautious in its investment activities in 2008. With strong financial position, however, the Group will continue to identify, evaluate and acquire strategic interests in quality natural resources assets in order to maximize returns for shareholders.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save for the new shares issued as follows:

Date	Nature of Transaction	Number of Shares Issued	Price per Share	Aggregate Consideration
1 February, 2007	Rights issue on the basis of one new share for every existing share	1,259,000,000	HK$0.30	HK$377.7 million
28 February, 2007	Placing of shares	800,000,000	HK$0.30	HK$240 million
20 July, 2007	Placing of shares	665,000,000	HK$1.29	HK$857.8 million
17 October, 2007	Placing of shares	400,000,000	HK$1.48	HK$592 million
15 November, 2007	Allotment and issue of shares for acquisition of equity interests in CPR	287,637,505	N/A	862,912,520 shares of CPR
From 28 February 2007 to 31 December 2007	Exercise of warrants *(Note)*	55,653,550	HK$0.30	HK$16.7 million
	Total number of shares issued	3,467,291,055		

Note: On 5 February 2007, the Company issued a total of 251,800,000 bonus warrants as a result of the rights issue completed on 1 February 2007.

CORPORATE GOVERNANCE

The Company has complied with the applicable 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 (the "Listing Rules") for the year ended 31 December 2007 except that all the independent non-executive directors of the Company were not appointed for a specific term since they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

The Company has also adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2007.

REVIEW OF RESULTS BY AUDIT COMMITTEE AND EXTERNAL AUDITORS

The Group's annual results for the year ended 31 December 2007 have been reviewed by the Audit Committee of the Company. The figures in respect of this announcement of the Group's results for the year 31 December 2007 have been agreed by the Group's external auditors, Messrs. Graham H.Y. Chan & Co., to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Graham H.Y. Chan & Co. 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 HKICPA and consequently no assurance has been expressed by Messrs. Graham H.Y. Chan & Co. on this announcement.

By Order of the Board
Cao Zhong
Chairman

Hong Kong, 16 April 2008

As at the date of this announcement, the directors are:

Executive Directors:
Mr. Cao Zhong *(Chairman)*
Mr. Liu Yongshun *(Chief Executive Officer)*
Mr. Zhou Luyong *(Deputy Chief Executive Officer)*
Ms. Chong Sok Un
Mr. Chen Zhaoqiang
Mr. Yue Jialin

Independent Non-executive Directors:
Mr. Wong Wing Kuen, Albert
Mr. Chang Chu Fai, Johnson Francis
Mr. Alan Stephen Jones
Mr. Robert Moyse Willcocks

* *For identification purpose only*