森源鈦礦控股有限公司
XIAN YUEN TITANIUM RESOURCES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(formerly known as "Aurora Global Investment Holdings Limited" 旭日環球投資控股有限公司)*
(Stock code: 353)

ANNOUNCEMENT OF 2007 FINAL RESULTS

The Board of Directors (the "Board") of Xian Yuen Titanium Resources Holdings Limited ("the "Company") presents the audited consolidated annual results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31st December 2007 (the "Year") as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Revenue	*3*	**55,647**	26,523
Cost of sales		**(53,146)**	(29,240)
Gross profit/(loss)		**2,501**	(2,717)
Other income	*3*	**4,232**	7,476
Selling and distribution expenses		**(2,429)**	(1,865)
Administrative expenses		**(49,570)**	(38,299)
Deficit on revaluation of property, plant and equipment		**(26,976)**	—
Other operating expenses		**(3,084)**	(10,603)
Operating loss		**(75,326)**	(46,008)
Finance costs	*5*	**(3,235)**	(149)
Loss before income tax	*6*	**(78,561)**	(46,157)
Income tax expense	*7*	**—**	—
Loss for the year		**(78,561)**	(46,157)
Attributable to:			
Equity holders of the Company	*9*	**(79,129)**	(46,167)
Minority interests		**568**	10
Loss for the year		**(78,561)**	(46,157)
Loss per share for loss attributable to the equity holders of the Company during the year	*10*		
— Basic		**(HK cents 9.4)**	(HK cents 8.7)
— Diluted		**N/A**	N/A

** for the purpose of identification only*

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**49,129**	73,952
Prepaid lease payments		**13,926**	4,912
Deposits		**—**	3,750
Goodwill		**611,485**	—
Exploration and evaluation assets		**27,636**	—
		702,176	82,614
Current assets			
Inventories		**4,154**	4,033
Trade and bills receivables	*11*	**17,219**	4,504
Prepayments, deposits and other receivables		**95,914**	8,590
Cash at banks and in hand		**50,725**	776
		168,012	17,903
Current liabilities			
Trade payables	*12*	**19,704**	9,723
Deposits received, other payables and accruals		**43,022**	25,611
Amounts due to directors		**—**	1,143
Finance lease payables		**91**	76
Bank and other borrowings		**5,340**	5
		68,157	36,558
Net current assets/(liabilities)		**99,855**	(18,655)
Total assets less current liabilities		**802,031**	63,959
Non-current liabilities			
Finance lease payables		**130**	234
Amounts due to minority shareholders		**37,602**	924
Convertible bonds	*13*	**139,671**	—
		177,403	1,158
Net assets		**624,628**	62,801

	2007	2006
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**13,587**	5,519
Reserves	**577,460**	57,499
	591,047	63,018
Minority interests	**33,581**	(217)
Total equity	**624,628**	62,801

1. GENERAL INFORMATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. ADOPTION OF NEW OR AMENDED HKFRSs

From 1 January 2007, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2007 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies but gave rise to additional disclosures. The specific transitional provisions contained in some of these new or amended HKFRSs have been considered.

The Group has not early adopted the following 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[2]
HKFRS 2 (Amended)	Share-based Payment — Amendments Relating to Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC) — Int 12	Service Concession Arrangements[4]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) — Int 14	HKAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[5]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company are currently assessing the impact of the other new standards and interpretations but are not yet in a position to state whether they would have material impact on the Group's financial statements.

3. REVENUE AND OTHER INCOME

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

An analysis of the Group's revenue and other income is as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**55,647**	26,523
Other income		
Interest income from loan receivables	**2,745**	85
Rental and sub-leasing rental income	**989**	1,312
Sundry income	**217**	1,079
Gain on disposal of a subsidiary *(note (a))*	**281**	—
Write back of deposit received *(note (b))*	**—**	5,000
	4,232	7,476

Notes:

(a) Gain on disposal of a subsidiary

On 30 May 2007, the Group disposed of its 100% equity interest in a subsidiary, South Hill International Enterprises Limited ("South Hill") for a consideration of HK$1. As at the date of the disposal, South Hill had a net liability of HK$281,000. Accordingly, a gain of HK$281,000 was recognised in the income statement during the year. Particulars of the disposal transaction are described in note 15.

(b) Write back of deposit received

In May 2006, the Company and GP Capital Limited ("GP Capital") entered into a subscription agreement for the placing of the Company's convertible notes in an aggregate principal amount of HK$40,000,000 (the "Placing"). In June 2006, the date of closing of the Placing was subsequently agreed by both parties to extend to not later than 30 June 2006. In return, GP Capital agreed to place a non-refundable amount of HK$10,000,000 with the Company which upon completion of the Placing would be used as part of the subscription monies for the convertible notes. An initial deposit of HK$5,000,000 was received by the Company prior to the expiry of the extended closing date.

On 30 June 2006, the Company received two payments totalling HK$35,000,000 from GP Capital for the purpose of settling the remaining subscription monies. However, these payments were not honoured.

In September 2006, the Company notified GP Capital of the termination of the Placing. A legal proceeding was brought by the Company and based on the court order issued on 12 February 2007, GP Capital was required to honour the outstandings of HK$35,000,000.

In the opinion of the directors of the Company, after consulting with their legal advisor, the Placing had expired and the deposit received of HK$5,000,000 was non-refundable and accordingly this amount had been credited as income to the income statement for the year ended 31 December 2006.

4. SEGMENT INFORMATION

Primary reporting format – business segments

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

(a) the manufacturing of carpets segment represents the manufacturing and sale of carpets;

(b) the trading of carpets segment represents the trading of carpets of other renowned brand names;

(c) the exploration of mine (Commercial operations has not yet been commenced during the year); and

(d) the trading of goods.

There was no intersegment sale and transfer during the year (2006: Nil).

	Manufacturing of carpets		Trading of carpets		Exploration of mine		Trading of goods		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**11,745**	8,825	**28,851**	17,698	**—**	—	**15,051**	—	**55,647**	26,523
Segment results	**(35,565)**	(17,618)	**(2,215)**	(5,506)	**(14,273)**	—	**(1,567)**	—	**(53,620)**	(23,124)
Unallocated other operating income									**2,611**	5,059
Other unallocated expense									**(24,317)**	(27,943)
Finance costs									**(3,235)**	(149)
Loss before income tax									**(78,561)**	(46,157)
Income tax expense									**—**	—
Loss for the year									**(78,561)**	(46,157)
Segment assets	**40,881**	79,535	**7,278**	7,098	**695,034**	—	**29,086**	—	**772,279**	86,633
Unallocated assets	**—**	—	**—**	—	**—**	—	**—**	—	**97,909**	13,884
Total assets	**40,881**	79,535	**7,278**	7,098	**695,034**	—	**29,086**	—	**870,188**	100,517
Segment liabilities	**15,760**	18,445	**22,556**	14,987	**147,382**	—	**13,569**	—	**199,267**	33,432
Unallocated liabilities	**—**	—	**—**	—	**—**	—	**—**	—	**46,293**	4,284
Total liabilities	**15,760**	18,445	**22,556**	14,987	**147,382**	—	**13,569**	—	**245,560**	37,716
Amortisation of prepaid lease payments	**119**	112	**—**	—	**—**	—	**180**	—	**299**	112
Depreciation	**6,406**	6,152	**173**	312	**144**	—	**136**	—	**6,859**	6,464
Unallocated depreciation	**—**	—	**—**	—	**—**	—	**—**	—	**1,542**	983
	6,406	6,152	**173**	312	**144**	—	**136**	—	**8,401**	7,447
Capital expenditure										
Property, plant and equipment	**30**	56	**24**	17	**9**	—	**—**	—	**63**	73
Unallocated capital expenditure	**—**	—	**—**	—	**—**	—	**—**	—	**5,113**	3,945
	30	56	**24**	17	**9**	—	**—**	—	**5,176**	4,018
Exploration and evaluation assets	**—**	—	**—**	—	**8,572**	—	**—**	—	**8,572**	—
Non cash expenses										
Bad debts written off	**—**	—	**—**	65	**—**	—	**—**	—	**—**	65
Write-down of inventories to net realisable value	**458**	—	**—**	—	**—**	—	**—**	—	**458**	—
Provision for impairment loss of trade and other receivables	**868**	—	**620**	314	**—**	—	**—**	—	**1,488**	314
Deficit on revaluation of property, plant and equipment	**26,976**	—	**—**	—	**—**	—	**—**	—	**26,976**	—
Impairment loss of goodwill	**—**	—	**—**	—	**—**	—	**754**	—	**754**	—
Unallocated impairment loss of goodwill	**—**	—	**—**	—	**—**	—	**—**	—	**327**	—
	—	—	**—**	—	**—**	—	**754**	—	**1,081**	—
Unallocated gain on disposal of a subsidiary	**—**	—	**—**	—	**—**	—	**—**	—	**281**	—

Secondary reporting format — geographic segments

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

	Hong Kong		Macau		PRC		Malaysia		USA		Japan		France		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue																
Sales to external customers	**12,830**	12,471	**440**	866	**20,525**	9,386	**795**	—	**6,005**	3,800	**673**	—	**14,379**	—	**55,647**	26,523
Segment assets	**700,880**	20,982	**—**	—	**169,308**	79,535	**—**	—	**—**	—	**—**	—	**—**	—	**870,188**	100,517
Capital expenditure																
Property, plant and equipment	**5,137**	3,962	**—**	—	**39**	56	**—**	—	**—**	—	**—**	—	**—**	—	**5,176**	4,018
Exploration and evaluation assets	**—**	—	**—**	—	**8,572**	—	**—**	—	**—**	—	**—**	—	**—**	—	**8,572**	—
	5,137	3,962	**—**	—	**8,611**	56	**—**	—	**—**	—	**—**	—	**—**	—	**13,748**	4,018

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank and other borrowings due within one year	**140**	15
Interest on other borrowings due within five years	**—**	111
Finance leases	**30**	23
Imputed interest on convertible bonds	**3,065**	—
	3,235	149

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting) the following:

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**43,483**	19,878
— including write-down of inventories to net realisable value	**458**	—
Depreciation *(note (a))*		
— owned assets	**8,298**	7,371
— leased assets	**103**	76
	8,401	7,447
Amortisation of prepaid lease payments	**299**	112
Operating lease charges on land and buildings	**3,474**	3,093
Auditors' remuneration	**809**	534
Loss on disposals of property, plant and equipment**	**490**	2
Impairment loss of goodwill**	**1,081**	—
Bad debts written off**	**—**	65
Fair value of options granted to a third party for consultancy services rendered	**—**	1,020
Fair value of options granted to directors and employees included in staff cost	**—**	9,757
Provision for impairment loss of trade and other receivables**	**1,488**	314
Outgoings in respect of leasing properties	**905**	1,096
Under-provision of value added tax and the corresponding penalty arising in previous years**	**—**	8,938
Exchange difference, net	**320**	(4)
Staff cost, including directors' emoluments	**19,495**	24,243

** Included in "Other operating expenses" on the face of the consolidated income statement.

(a) Depreciation expenses of HK$5,779,000 (2006: HK$5,538,000) has been expensed in cost of inventories sold and HK$2,622,000 (2006: HK$1,909,000) in administrative expenses.

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for both years. PRC foreign enterprise income tax has not been provided as the PRC subsidiaries incurred a loss for taxation purposes for both years.

8. DIVIDENDS

The board of directors did not recommend any payment of dividends during the year (2006: Nil).

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to equity holders of the Company of HK$79,129,000 (2006: HK$46,167,000), a loss of HK$151,756,000 (2006: HK$40,087,000) has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company of approximately HK$79,129,000 (2006: HK$46,167,000) and on the weighted average of ordinary shares of 838,233,260 (2006: 528,332,055) in issue.

No diluted loss per share is presented for the year ended 31 December 2007 as the outstanding convertible bonds and share options were anti-dilutive. No diluted loss per share was presented for the year ended 31 December 2006 as outstanding share options were anti-dilutive.

11. TRADE AND BILLS RECEIVABLES

The Group normally allows trading credit terms ranging from 30 to 120 days to established customers. Ageing analysis of trade and bills receivables, net of provision, as at the balance sheet date, based on the date of recognition of the sale, is as follows:

	2007	2006
	HK$'000	*HK$'000*
1-90 days	**7,871**	3,567
91-120 days	**5,899**	153
121-365 days	**3,449**	471
Over 1 year	**2,677**	2,050
	19,896	6,241
Less: Provision for impairment of trade receivables	**(2,677)**	(1,737)
Trade and bills receivables — net	**17,219**	4,504

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

12. TRADE PAYABLES

Ageing analysis of the trade payables as at the balance sheet date, based on the receipts of goods purchased, is as follows:

	2007	2006
	HK$'000	*HK$'000*
1-90 days	**9,017**	5,926
91-120 days	**5,696**	2,603
121-365 days	**2,306**	967
Over 1 year	**2,685**	227
	19,704	9,723

13. CONVERTIBLE BONDS

On 5 November 2007, the Company issued zero coupon convertible bonds (the "Convertible Bonds") in the principal amount of HK$365,000,000 as part of the consideration for the acquisition of Kanson Development Limited ("Kanson"). The Convertible Bonds bear no interest with a maturity date on 4 November 2012 (the "Maturity Date") and are convertible into shares of the Company at the conversion price of HK$0.60 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation, capitalisation issues and rights issues) at any time after the issue date. At Maturity Date, the Company may consider liaising with the holders of the Convertible Bonds to extend the Maturity Date of the Convertible Bonds or the Company may repay the Convertible Bonds at any price as to be agreed between the Company and the holders of the Convertible Bonds.

The fair value of the liability component, included in the Convertible Bonds, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in the convertible bond equity reserve in shareholders' equity.

The Convertible Bonds recognised in the balance sheet are calculated as follows:

	2007	2006
	HK$'000	*HK$'000*
Proceeds of issue	**365,467**	—
Equity component	**(189,421)**	—
Liability component on initial recognition	**176,046**	—
Exercise of the Convertible Bonds	**(39,440)**	—
Imputed interest expense	**3,065**	—
Liability component at 31 December	**139,671**	—

The fair value of the liability component of the Convertible Bonds at the date of issue amounted to approximately HK$176 million.

Interest expense on the bonds is calculated using the effective interest rate method by applying interest rate of 15.70% per annum to the liability component.

During the year, 136,000,000 ordinary shares were issued in aggregate, at the conversion price of HK$0.60 per share, to the bond holders upon the conversion of the Convertible Bonds. As a result, there was an increase in the share capital and share premium of HK$1,360,000 and HK$80,240,000 respectively.

Subsequent to the balance sheet date, another 100,000,000 ordinary shares were issued in aggregate to the bond holders upon the conversion of the Convertible Bonds. As a result, there is a further increase in the share capital and share premium of HK$1,000,000 and HK$59,000,000 respectively. This conversion has not yet been reflected in the financial statements for the year ended 31 December 2007.

14. BUSINESS COMBINATIONS

(a) Win Alliance Development Limited ("Win Alliance")

On 15 February 2007, the Group completed the acquisition of 70% equity interests in Win Alliance, through Wise Mount Management Limited, a 100% indirectly-owned subsidiary of the Company, at the consideration comprising of cash of HK$5,000,000 and consideration shares of HK$7,200,000. Win Alliance's principal activity is trading of goods and it has a wholly-owned subsidiary, namely 唐山勝盟工藝製毯有限公司, whose principal activity is manufacturing of carpets. Goodwill arising from this acquisition has been fully impaired during the year.

Details of net identifiable assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	
— Cash paid	5,000
— Fair value of shares issued	7,200
Total purchase consideration	12,200
Fair value of net identifiable assets acquired	(11,446)
Goodwill	754

The identifiable assets and liabilities arising from the acquisition are as follows:

	Fair value *HK$'000*	**Acquiree's carrying amount** *HK$'000*
Property, plant and equipment	8,676	8,676
Prepaid lease payments	9,000	9,000
Trade receivables	2,499	2,499
Prepayments, deposits and other receivables	1,633	1,633
Cash at banks and in hand	1	1
Trade payables	(2,274)	(2,274)
Deposits received, other payables and accruals	(3,184)	(3,184)
Net assets	16,351	16,351
Minority interests (30%)	(4,905)	
Net identifiable assets acquired	11,446	
Purchase consideration settled in cash		(5,000)
Cash at banks and in hand in the subsidiaries acquired		1
Cash outflow on acquisition		(4,999)

Since the acquisition, Win Alliance and its subsidiary contributed a revenue and a loss of HK$14,378,000 and HK$835,000 respectively to the Group for the period ended 31 December 2007.

Had the acquisition been taken place at 1 January 2007, the revenue and the loss of the Group for the year ended 31 December 2007 would have been approximately HK$58,047,000 and HK$78,551,000 respectively. The proforma information is for illustrative purposes only and is not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007 nor are they intended to be projection of future results.

(b) Go On Foundate Company Limited ("Go On")

On 29 March 2007, the Group acquired 100% equity interests in Go On at a cash consideration of HK$2 through a wholly-owned subsidiary, namely Aurora International Enterprises Limited. Goodwill arising from this acquisition has been fully impaired during the year.

Details of net identifiable liabilities acquired and goodwill are as follows:

	HK$'000
Fair value of net identifiable liabilities acquired	**327**
Total purchase consideration	
— Cash paid	**—**
Goodwill	**327**

The identifiable assets and liabilities arising from the acquisition are as follows:

	Fair value *HK$'000*	**Acquiree's carrying amount** *HK$'000*
Property, plant and equipment	284	284
Deposits received, other payables and accruals	(313)	(313)
Finance lease payables	(298)	(298)
Net identifiable liabilities acquired	(327)	(327)

	HK$'000
Purchase consideration in cash	—
Cash at banks and in hand in the subsidiary acquired	—
Cash outflow on acquisition	—

Since the acquisition, Go On contributed no revenue and a loss of HK$103,000 to the Group for the period ended 31 December 2007.

Had the acquisition been taken place at 1 January 2007, the revenue and the loss of the Group for the year ended 31 December 2007 would have been approximately HK$55,647,000 and HK$78,593,000 respectively. The proforma information is for illustrative purposes only and is not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007 nor are they intended to be projection of future results.

(c) Kanson

On 5 November 2007, the Group acquired 51% equity interests in Kanson through a wholly-owned subsidiary, namely Smooth Way International Limited ("Smooth Way"). Kanson also has 100% equity interests in Hong Kong Forest Source Mining Industry Holding Company Limited, Beijing Forest Source Mining Industry Developing Company Limited and Qinghai Forest Source Mining Industry Developing Company Limited, the principal activity of all of which is the exploration of mine.

Details of net identifiable assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
— Cash paid	100,000
— Fair value of convertible bonds issued	365,467
— Fair value of shares issued	175,500
Total purchase consideration	640,967
Fair value of net identifiable assets acquired	(29,482)
Goodwill	611,485

Zero-coupon convertible bonds with face value of HK$400,000,000 will be issued on the fifth business day following the date of receipt of mining licence in respect of the underlying mine. As at 31 December 2007, the Group has not yet obtained the mining license and thus these convertible bonds have not been issued and not included in the purchase consideration above. The purchase consideration and the fair value of net identifiable assets acquired were determined provisionally and are subject to change upon the receipt of the mining licence; thus the goodwill was also determined provisionally.

The identifiable assets and liabilities arising from the acquisition are as follows:

	Fair value *HK$'000*	**Acquiree's carrying amount** *HK$'000*
Property, plant and equipment	2,598	2,598
Exploratory and evaluation assets	19,064	19,064
Prepayments, deposits and other receivables	15,270	15,270
Cash at banks and in hand	20,875	20,875
Net identifiable assets	57,807	57,807
Minority interests (49%)	(28,325)	
Net identifiable assets acquired	29,482	
Purchase consideration settled in cash		(100,000)
Cash at banks and in hand in the subsidiaries acquired		20,875
Cash outflow on acquisition		(79,125)

Goodwill arose in the business combination because the cost of the combination paid for the revenue growth as from the exploration of mine.

Since the acquisition, Kanson and its subsidiaries contributed no revenue and a loss of HK$3,007,000 to the Group for the period ended 31 December 2007.

Had the acquisition been taken place at 1 January 2007, the revenue and the loss of the Group for the year ended 31 December 2007 would have been approximately HK$55,647,000 and HK$89,816,000 respectively. The proforma information is for illustrative purposes only and is not necessarily indicative of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 January 2007 nor are they intended to be projection of future results.

15. DISPOSAL OF A SUBSIDIARY

As mentioned in note 3 to the financial statements, on 30 May 2007, the Group disposed of its 100% equity interest in South Hill for a consideration of HK$1. Particulars of the disposal transaction are as follows:

	HK$'000
Net liabilities disposed of:	
Property, plant and equipment	**373**
Prepayment, deposits and other receivables	**143**
Cash at banks and in hand	**3**
Finance lease payables	**(272)**
Deposits received, other payables and accruals	**(528)**
	(281)
Gain on disposal of a subsidiary	**281**
Total consideration	**—**
Satisfied by cash	**—**

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of South Hill is as follows:

	HK$'000
Total consideration	**—**
Cash at banks and in hand disposed of	**(3)**
Net cash outflow in respect of the disposal of a subsidiary	**(3)**

BUSINESS REVIEW

During the year, carpet manufacturing and trading were the core business of the Group. However, while the turnover of the core business was substantially increased, the Group suffered a loss of HK$37.8 million in manufacturing and trading of carpet segments which include the deficit on revaluation of property, plant and equipment of HK$27 million. The loss of HK$10.8 million, excluding the deficit on revaluation of property, plant and equipment, was mainly due to the low profit margin of our goods as we faced very keen pricing competition in Hong Kong, PRC and overseas.

The Directors therefore considered that the disposal of part of the carpet manufacturing and trading business would allow the Group to focus on and to spare additional resources to fund its investment in the mining business. For further details, please refer to the Company's circular dated 21 April 2008.

On 16 January 2008, the Company has entered into a non-binding memorandum of understanding with an independent third party to dispose of Orient Carpet Manufacturing (HK) Limited and Huizhou Orient Carpet Manufacturing Company Limited. Please refer to the announcement of the Company dated 16 January 2008 for further information.

On 10 March 2008, the Company has entered into a share sale agreement with an independent third party to dispose of International Carpet Company Limited for a total consideration of HK$200,000. For details, please refer to the circular of the Company dated 21 April 2008.

On 8 April 2008, Smooth Way (a wholly-owned subsidiary of the Company) as a purchaser entered into an agreement with Ms. Leung Lai Ching, Margaret ("Ms. Leung"), a substantial shareholder of the Company, pursuant to which Smooth Way conditionally agreed to acquire from Ms. Leung the 49% equity interests in Kanson for a total consideration of HK$960.78 million to be paid to Ms. Leung by the issue of the convertible bonds. Please refer to the Company's announcement dated 18 April 2008 for further details.

LOGISTICS AND FINANCIAL BUSINESS

In July 2007, the Group, through its wholly-owned subsidiary, Aurora Logistic Capital Assurance Limited, acquired 51% interests of Hebei Da Sheng Warranty Company Limited ("Da Sheng"). The principal business of Da Sheng is to support PRC enterprises by acting as the guarantor of the enterprise, and by providing guarantees to financial institutions to secure credit facilities to the enterprise, thereby allowing the enterprise to obtain additional credit limit. The business of Da Sheng has not yet been commenced and it is anticipated that further time and capital is required for developing the logistics and financial business of Da Sheng. During the year, Aurora Logistic Finance Group Inc. and its subsidiaries including Da Sheng recorded a loss of HK$5.1 million. The Directors considered that the disposal of partial interest in Da Sheng would allow the Company to focus on and to spare additional resources to fund its investments in the mining business. For further details, please refer to the Company's circular dated 21 April 2008.

TRADING OF GOODS

In March 2007, the Group acquired 70% interest of Win Alliance which enables the Group to expand its source of income from the trading of seamless steel and other goods. For the year ended 31 December 2007, the turnover of this segment of our business was HK$15 million (2006: Nil) and the loss of this segment is HK$813,000 (2006: Nil). The Group will endeavour to improve the gross profit of trading and further explore the customer base to contribute a profit in the future.

XIAOHONGSHAN (LITTLE RED MOUNTAIN) MINERAL PROPERTY

In November 2007, the Group acquired 51% equity interests of Kanson from Ms. Leung Lai Ching, Margaret, through Smooth Way International Limited, a wholly-owned subsidiary of the Company. Qinghai Forest Source Mining Industry Developing Company Limited (Kanson's wholly-owned subsidiary), a wholly foreign owned enterprise established in the PRC, holds an exploration license of a mineral property in 2km by 1km rectangular area of Little Red Mountain located in Inner Mongolia (the "Mine").

Current status/latest development of the Mine held by Kanson

The relevant key metallurgical tests on the samples from the Mine have been completed by the Changsha Research Institute of Mining and Metallurgy, the Changsha Central South University and the Sichuan University that are all leading testing facilities and institutes in the PRC with specialized expertise in the beneficiation processes of iron, titanium and phosphate products from ore rock. The test results have been reviewed by an external panel of PRC experts in the relevant fields and were considered to be appropriate and sufficient for use in the feasibility studies of the project.

An additional diamond drilling program has been carried out at the Mine and the relevant geological report is being compiled. The feasibility study report which is required for the application of the mining license for the Mine is under preparation. Support letters for the provision of water, power and land for the mining development at the Little Red Mountain mine site (Inner Mongolia) and at the processing plant site at Yumen (Gansu) have been provided by the local government. Temporary site offices have been set up at the Little Red Mountain mine site.

FUTURE PLAN AND PROSPECTS

The Board is encouraged by the continuing increase in the global demands for iron and titanium products. According to a summary report on the International Titanium Association (ITA) 23rd Annual Meeting and Conference, the overall demand for the use of titanium in all segments of the industry is expected to grow from 80,000 tonnes in 2006 to 107,000 tonnes in 2010, increasing by 34%. Strong global demands for iron ore come from Asia, particularly China. This has resulted in a significant world-wide price increase of iron ore. According to the information obtained from Chinaccm.com, in 2007, China has imported around 0.38 billion tonnes of iron ore which amounted to about 50% of its annual demand. Also, the Chinese government has continued to encourage the development of iron ore mines and the beneficiation of iron and associated products, resulting in a steady upward trend in the pricing of iron and titanium products in the domestic market in the PRC. Therefore, the Board is optimistic about the Company's mining business.

We will dedicate more resources to the exploration and development of the Mine at Little Red Mountain, such as registration of the mineral resources, delineation of the approved mining area, project feasibility study and application of the mining license. It is anticipated that the above work will be completed within the third quarter of 2008. Upon acquisition of the mining license, detailed design and development work could commence. Apart from the future business plan as discussed above, the Company will continue to put efforts on the aspects of operational improvement and cost-effectiveness enhancement in order to achieve higher returns to shareholders.

CHANGE OF NAME

Pursuant to the approval of shareholders at an extraordinary general meeting held on 1 February 2008, the name of the Company has been changed from "Aurora Global Investment Holdings Limited" to "Xian Yuen Titanium Resources Holdings Limited" and the Company has adopted a new Chinese name "森源鈦礦控股有限公司" to replace "旭日環球投資控股有限公司" for identification purposes only.

CURRENT AND GEARING RATIO

As at 31 December 2007, the Group has total assets of approximately HK$870 million (2006: HK$101 million), total liabilities of HK$246 million (2006: HK$38 million), indicating a gearing ratio 0.28 (2006: 0.37) on the basis of total liabilities over total assets. The current ratio of the Group for the year was 2.47 (2006: 0.49).

CHARGES ON ASSETS

As at 31 December 2007, the Group had no interest-bearing bank borrowings and assets was pledged. (2006: Nil).

CONTINGENT LIABILITIES

As at 31 December 2007, the Group did not have any significant contingent liabilities.

EMPLOYEE INFORMATION

As at 31 December 2007, the Group employed approximately 191 full-time employees (2006: 139), mostly at the Group's subsidiary factories for manufacturing carpets. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually in line with industry practice. The Group also provides provident fund schemes (as the case may be) to its employees depending on the location of such employees.

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.

REMUNERATION COMMITTEE

The Remuneration Committee, established in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, comprises the three independent non-executive Directors of the Company and the Chairman of the Company, is responsible for reviewing and evaluating the remuneration packages of the executive directors and senior management of the Company and making recommendations to the board of directors from time to time.

NOMINATION COMMITTEE

The Nomination Committee, established in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, comprises the three independent non-executive Directors of the Company and the Chairman of the Company, is responsible for making recommendations to the Board on the appointment of Directors and senior management.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial results of the Group for the year ended 31 December 2007. The Audit Committee comprises the three independent non-executive Directors of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring high standards of corporate governance practices. Throughout the year ended 31 December 2007, the Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2007.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (http://www.irasia.com/listco/hk/xianyuen) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The annual report of the Company for 2007 containing all the information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.

By order of the board
Xian Yuen Titanium Resources Holdings Limited
Law Fei Shing
Chief Executive Officer and Executive Director

Hong Kong, 25 April 2008

As at the date of this announcement, the executive Directors are Mr. Tam Owen (chairman), Dr. Yuen Clement Ming Kai (vice-chairman), Mr. Law Fei Shing (chief executive officer), Mr. So Chi Keung, Mr. Fok Po Tin, Mr. Leung Kai Hung and Mr. Yeung Delon; the non-executive Director is Mr. Lam Shing Tsun Edmond and the independent non-executive Directors are Mr. Lum Pak Sum, Mr. Wan Hon Keung and Mr. Sun Tak Keung.