# NORITY INTERNATIONAL GROUP LIMITED
# 耐力國際集團有限公司*

*(incorporated in Cayman Islands with limited liability)*

(Stock code: 660)

http://www.0660.hk

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECMEBER 2007

The board of Directors (the "Board") of Nority International Group Limited (the "Company") announces the audited consolidated financial statements of the Company and of its subsidiary (the "Group") for the year ended 31 December 2007 together with comparative figures for 2006 as follows:

## CONSOLIDATED INCOME STATEMENT

| | *Notes* | **2007** | 2006 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Turnover | *4* | **68,080** | 132,418 |
| Cost of sales | | **(89,844)** | (150,471) |
| Gross loss | | **(21,764)** | (18,053) |
| Other revenue | *6* | **5,752** | 3,763 |
| Selling expenses | | **(5,893)** | (13,328) |
| Administrative expenses | | **(37,317)** | (24,103) |
| Loss on disposal of subsidiaries | | **(20,460)** | – |
| Gain on deemed disposal of partial investment in a subsidiary | | **4,471** | – |
| Gain on disposal of held-for-trading investments | | **7,362** | 1 |
| Decrease in fair value of held-for-trading investments | | **(13,817)** | (406) |
| Impairment loss recognised on deposit paid for an investment in a subsidiary | | **(10,400)** | – |
| Reversal of impairment loss on freehold land and buildings in Taiwan | | – | 7,904 |
| Finance costs | *8* | **(2,667)** | (46) |
| Loss before taxation | *7* | **(94,733)** | (44,268) |
| Taxation | *9* | – | (9,645) |
| Loss for the year | | **(94,733)** | (53,913) |
| Attributable to: | | | |
| Equity holders of the Company | | **(83,877)** | (50,791) |
| Minority interests | | **(10,856)** | (3,122) |
| | | **(94,733)** | (53,913) |
| Dividends | | – | – |
| Special dividends | | **55,553** | – |
| Loss per share – basic | *10* | **HK(3.13) cents** | HK(1.89)cents |

## CONSOLIDATED BALANCE SHEET

| | Notes | 2007 HK$'000 | 2006 HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **18,133** | 20,567 |
| Prepaid lease payments | | – | 3,018 |
| Investment properties | | – | – |
| Golf club debenture | | **246** | 246 |
| Loans and receivables | | – | – |
| | | **18,379** | 23,831 |
| Current assets | | | |
| Inventories | | **9,419** | 28,916 |
| Trade and bills receivables | | **3,699** | 13,609 |
| Deposits, prepayments and other receivables | | **3,312** | 1,378 |
| Prepaid lease payments | | – | 101 |
| Held-for-trading investments | | **28,841** | – |
| Bank balances and cash | | **6,577** | 4,685 |
| | | **51,848** | 48,689 |
| Assets classified as held for sale | | – | 74,176 |
| | | **51,848** | 122,865 |
| Current liabilities | | | |
| Trade and bills payables | *12* | **22,172** | 25,568 |
| Accruals and other payables | | **15,406** | 11,957 |
| Tax payable | | **1,006** | 1,006 |
| Retirement benefit obligations | | – | 2,998 |
| Amount due to a related company | | **703** | – |
| Amount due to a former intermediate holding company | | – | 10,000 |
| | | **39,287** | 51,529 |
| Liabilities associated with assets classified as held for sale | | – | 1,500 |
| | | **39,287** | 53,029 |
| Net current assets | | **12,561** | 69,836 |
| Total assets less current liabilities | | **30,940** | 93,667 |

| | Notes | 2007 | 2006 |
|---|---|---|---|
| | | HK$'000 | HK$'000 |
| Capital and reserves | | | |
| Share capital | | **26,837** | 26,837 |
| Reserves | | **(36,516)** | 65,039 |
| (Capital deficiency)/equity attributable to equity holders of the Company | | **(9,679)** | 91,876 |
| Minority interests | | **(14,095)** | 1,791 |
| | | **(23,774)** | 93,667 |
| Amount due to a minority shareholder of a subsidiary | | **19,829** | – |
| Amount due to ultimate holding company | | **8,549** | – |
| Convertible loan note | | **26,336** | – |
| | | **54,714** | – |
| | | **30,940** | 93,667 |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in the manufacture and export of athletic, athletic-style leisure footwear and golf shoes.

The ultimate holding company of the Group is Wai Chun Investment Fund ("Wai Chun"), a private investment fund incorporated in the Cayman Islands with limited liability.

### 2. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and presented in Hong Kong dollars, which is the same as the functional currency of the Company.
.
Notwithstanding that the Group incurred loss of approximately HK$83,877,000 for the year ended 31 December 2007 and had capital deficiency of approximately` HK$9,679,000 as at 31 December 2007, these consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following arrangements which include, but are not limited to, the following:

(i) The Company is in process of exploring income generating investments and business venture opportunities;

(ii) The HK$20 million credit facility available to the subsidiary of the Company is guaranteed by the ultimate holding company of the minority shareholder of the subsidiary. At the balance sheet date, the unutilised amount of this credit facility amounted to approximately HK$8,286,000;

(iii) Mr. Lam Ching Kui, a director and the Chairman of the Company, has undertaken to the Company to provide continuing financial support to the Company so as to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company; and

(iv) Wai Chun has provided HK$38,000,000 to the Company and has undertaken to provide continuing financial support to the Company to enable the Company to meet in full all its financial obligations as they fall due in the foreseeable future;

The directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are effective for accounting periods beginning on or after 1 January 2007.

| | |
|---|---|
| Hong Kong Accounting Standard ("HKAS") 1 (Amendment) | Capital Disclosures |
| HKFRS 7 | Financial Instruments: Disclosures |
| HK(IFRIC) – Interpretation ("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 |

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective as at 31 December 2007. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

| | |
|---|---|
| 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 (Amendment) | Share-based Payments – Vesting Conditions and Cancellation[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 Interaction4 |

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.

## 4. TURNOVER

Turnover represents the amounts received and receivable for goods sold net of discounts, returns and sales related taxes.

## 5. SEGMENT INFORMATIION

### Segment information

During the two years ended 31 December 2007 and 2006, the Group was principally engaged in the manufacture and export of athletic, athletic-style leisure footwear and golf shoes. The directors consider that the Group operates within a single business segment. Accordingly, no business segmental information is prepared by the Group.

An analysis of the Group's turnover and results by geographical market is as follows:–

For the years ended 31 December:

| | North America | | Europe | | Other countries | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 | **2007** | 2006 | **2007** | 2006 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Turnover | **36,401** | 62,868 | **13,173** | 46,409 | **18,506** | 23,141 | **68,080** | 132,418 |
| Results | | | | | | | | |
| Segment results | **(12,814)** | (11,497) | **(3,633)** | (13,100) | **(11,210)** | (6,784) | **(27,657)** | (31,381) |
| Unallocated revenue | | | | | | | **5,752** | 3,763 |
| Unallocated expenses | | | | | | | **(37,317)** | (24,103) |
| Loss on disposal of subsidiaries | | | | | | | **(20,460)** | – |
| Gain on deemed disposal of partial investment in a subsidiary | | | | | | | **4,471** | – |
| Decrease in fair value of held-for-trading investments | | | | | | | **(13,817)** | (406) |
| Gain on disposal of held-for-trading investment | | | | | | | **7,362** | 1 |
| Impairment loss recognised on deposit paid for an investment in a subsidiary | | | | | | | **(10,400)** | – |
| Reversal of impairment loss on freehold land and buildings in Taiwan | | | | | | | **–** | 7,904 |
| Finance costs | | | | | | | **(2,667)** | (46) |
| Loss before taxation | | | | | | | **(94,733)** | (44,268) |
| Taxation | | | | | | | **–** | (9,645) |
| Loss for the year | | | | | | | **(94,733)** | (53,913) |

**Other Segment information**

For the years ended 31 December:

| | Mainland China and Hong Kong | | Taiwan | | Total | |
|---|---|---|---|---|---|---|
| | **2007** | 2006 | **2007** | 2006 | **2007** | 2006 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Capital expenditure | **7,673** | 3,748 | **–** | 18 | **7,673** | 3,766 |
| Amortisation of prepaid lease payments on land use rights | **17** | 326 | **–** | – | **17** | 326 |
| Depreciation on property, plant and equipment | **7,870** | 11,160 | **–** | 117 | **7,870** | 11,277 |
| Reversal of impairment loss on freehold land and buildings in Taiwan | **–** | – | **–** | (7,904) | **–** | (7,904) |
| Decrease in fair value of investment properties | **–** | – | **–** | 685 | **–** | 685 |
| Allowance for/(recovery of) bad and doubtful debts | **651** | (954) | **–** | – | **651** | (954) |
| Allowance for inventories | **5,351** | 7,740 | **–** | 10 | **5,351** | 7,750 |
| Impairment loss recognised on available-for-sale investments | **–** | – | **–** | 751 | **–** | 751 |
| Decrease in fair value of held-for-trading investments | **13,817** | – | **–** | 406 | **13,817** | 406 |
| Impairment loss recognised on deposit paid for an investment in a subsidiary | **10,400** | – | **–** | – | **10,400** | – |
| Gain on disposal of held-for-trading investments | **(7,362)** | – | **–** | (1) | **(7,362)** | (1) |
| Impairment loss recognised on loans and receivables | **–** | – | **–** | 711 | **–** | 711 |
| (Gain)/loss on disposal/written off of property, plant and equipment | **(1,458)** | 2,594 | **–** | (180) | **(1,458)** | 2,414 |
| Gain on disposal/written off of prepaid lease payments | **(1,965)** | – | **–** | – | **(1,965)** | – |
| Gain on disposal of available-for-sale investments | **–** | – | **–** | (41) | **–** | (41) |

There were no sales between the geographical segments during the two years ended 31 December 2007 and 2006.

## 6. OTHER REVENUE

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income | **1,042** | 269 |
| Subcontracting fee income | **525** | 513 |
| Management income | **94** | 447 |
| Gain on disposal of property, plant and equipment | **1,458** | – |
| Gain on disposal of prepaid lease payments | **1,965** | – |
| Gain on disposal of available for sale investments | **–** | 41 |
| Sales of scrap materials | **–** | 1,738 |
| Dividend income | **–** | 3 |
| Others | **668** | 752 |
| | **5,752** | 3,763 |

## 7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):–

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Auditors' remuneration | **500** | 649 |
| Cost of inventories recognised as an expenses (excluding staff costs and depreciation on property, plant and equipment) | **63,019** | 111,338 |
| Staff costs, including directors' emoluments and retirement benefit costs | **42,408** | 38,653 |
| Net exchange loss | **504** | 879 |
| Amortisation of prepaid lease payment on land use rights | **17** | 326 |
| Depreciation on property, plant and equipment | **7,870** | 11,277 |
| Allowance for/(recovery of) bad and doubtful debts | **651** | (954) |
| (Gain)/loss on disposal/written off of property, plant and equipment | **(1,458)** | 2,414 |
| Decrease in fair value of held-for-trading investments | **13,817** | 406 |
| Impairment loss recognised on deposit paid for an investment in a subsidiary | **10,400** | – |
| Impairment loss recognised on available-for-sale investments | **–** | 751 |
| Allowance for inventories | **5,351** | 7,750 |
| Gain on disposal of held-for-trading investments | **(7,362)** | (1) |
| Gain on disposal of prepaid lease payments | **(1,965)** | – |
| Gain on disposal of available-for-sale investments | **–** | (41) |
| Reversal of impairment loss on freehold land and buildings in Taiwan | **–** | (7,904) |
| Decrease in fair value of investment properties | **–** | 685 |

## 8. FINANCE COSTS

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans and overdrafts wholly repayable within five years | **360** | 46 |
| Effective interest expenses on convertible loan note (Note) | **2,307** | – |
| | **2,667** | 46 |

*Note*

The Company issued a HK$28,836,800, 2% convertible loan note ("Conversion Note") on 29 March 2007. The Conversion Note is denominated in Hong Kong dollars and entitles the holder to convert it into ordinary shares of the Company at any time after the sixth month of the date of issue of the Conversion Note. The Conversion Note contains two components, the liability and equity element. The equity element is presented in equity heading "convertible note reserve". The effective interest rate of the liability component is 12.57%

## 9. TAXATION

No Hong Kong profits tax have been provided for 2007 and 2006 as the Group has no assessable profits in Hong Kong for both years.

## 10. LOSS PER SHARE

The calculation of basic loss per share was based on the Group's loss attributable to equity holders of the Company of approximately HK$83,877,000 (2006: HK$50,791,000) and the weighted average number of ordinary shares of 2,683,726,120 (2006: 2,683,726,120) in issue during the year.

Pursuant to the resolutions passed at the Annual General Meeting held on 25 May 2007, the Company subdivided each of the existing and unissued shares of HK$0.1 each in the share capital of the Company into 10 shares of 0.01 each (the "Share Subdivision"). The Share Subdivision took place on 28 May 2007.

For the purpose of calculating the basic loss per share attributable to the ordinary equity holders of the Company, the number of shares as increased by the Share Subdivision is taken for the whole year, regardless of the date in the year when the Share Subdivision took place. Comparative figure for 2006 is restated using the same increased number of shares.

The computation of diluted loss per share for the year ended 31 December 2007 does not assume the conversion of the Company's outstanding convertible loan note since its exercise would result in a decrease in loss per share.

No diluted loss per share had been presented for the year ended 31 December 2006 as there was no diluting event during that year.

## 11. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging from 30 to 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the reporting date:

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | 4 | 6,035 |
| 31-60 days | – | 1,419 |
| 61-90 days | – | 2,720 |
| Over 90 days | – | 3 |
| Total | 4 | 10,177 |

## 12. TRADE AND OTHER PAYABLES

An ageing analysis of trade payables is as follows:

| | **2007** | 2006 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | **7,454** | 14,085 |
| 31-60 days | **337** | 8,433 |
| 61-90 days | **104** | 1,223 |
| Over 90 days | **2,563** | 1,719 |
| | **10,458** | 25,460 |
| Bills payable | **11,714** | 108 |
| | **22,172** | 25,568 |

The average credit period on purchases of goods ranging from 60 to 90 days.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Performance

The Group had capital deficiency of approximately HK$9.68 million as at 31 December 2007 and had incurred loss attributable to equity holders of the Company for the year ended 31 December 2007 amounted to approximately HK$83.9 million.

Significant factors attributing to the loss of the year were: disposal of the Company's non-core business resulted in a loss of HK$20.5 million, provision of HK$13.8 million made against investments held-for-trading and HK$10.4 million written off against a deposit paid on the acquisition of an investment in a subsidiary.

**Business Review and Prospects**

Following the Company's disposal of the non-core business in January 2007, the Group's main business was the holding of 65% equity interest in Nority Limited, a manufacturer and exporter of athletic and athlete-style footwear.

The existing business of manufacture of footwear is facing severe competition and it is envisaged that this will continue in future. Management is considering to adjust operations to fit a more efficient model resulting in the scaling down of some internal operations on footwear manufacturing.

The Directors of the Company are actively seeking and exploring potential business and investment opportunities and potential projects to broaden and strengthen the profit centres which will ultimately maximise benefit to the shareholders.

**Liquidity and Financial Resources**

The Company received proceeds amounting to approximately HK$75,555,000 on the disposal of its entire interest in Nority (BVI) and its subsidiaries. As stipulated in the terms of the disposal agreement and on the completion of the disposal, a Special Dividend of HK$0.207 per share, totalling approximately HK$55,553,000, was paid out of the proceeds of the disposal.

The net proceeds of the disposal amounting to approximately HK$20,002,000 together with the proceeds from the issue of the Convertible Note of HK$28,836,800 would be utilised as general working capital of the Company.

The Chairman, together with the Company's ultimate holding company, have given undertaking to provide continuing financial support to the Company to enable the Company to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Company.

The Directors consider that the Group will have sufficient cash resources to satisfy its future working capital and financial requirements.

**Dividend**

A Special Dividend was declared and paid in January 2007 of HK$0.207 totalling HK$55,553,000.

The Directors do not recommend the payment of a final dividend (2006: Nil).

**Capital structure**

On 27 February 2007, the Company issued a Convertible Note to an independent third party in the principal amount of HK$28,836,800 at 2% and an initial conversion price of HK$0.0538 per share.

Pursuant to the resolutions passed at the Annual General Meeting held on 25 May 2007, the Company subdivided each of the existing and unissued shares of HK$0.10 each into 10 shares of HK$0.01 each. The share subdivision took place on 28 May 2007. The shares, previously traded in board lots of 2,000 shares, were changed to be traded in board lots of 10,000 shares.

All the issued and unissued shares rank pari passu in all respects with the then subdivided shares. The share subdivision would not result in any change in the relative rights of the shareholders.

**Share option sheme**

Share option scheme ("Scheme") of the Company was adopted by the shareholders of the Company on 10 June 2003 to comply with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 15 March 2007, 26,800,000 share options were granted to three directors of the Company in respect of their future service to be provided to the Group. The price of the Company's share at the date of grant was HK$2.36. Following the resignation of these three directors in December 2007, the share options granted to them were cancelled on their respective date of resignation in December 2007. No options have been exercised by these three directors since the date of grant up to the date of cancellation.

Except for the 26,800,000 share options as mentioned above, no other share options have been granted by the Company under the Scheme.

Approximately HK$17,857,000 of employee benefit expense has been included in the consolidated income statement for 2007 (2006: Nil), the corresponding amount of which has been credited to share option reserve. No liabilities were recognised on the equity-settled share-based payment transactions. When the share options were subsequently cancelled in December 2007, the amount previously recognised in share option reserve was transferred to accumulated losses.

**Pledge of assets and contingent liabilities**

As at 31 December 2007, the Group had not pledged any assets and there are no significant contingent liabilities.

## MATERIAL INVESTMENTS HELD, SIGNIFICANT ACQUISITIONS AND DISPOSALS

On 6 November 2006, the Group had entered into a disposal agreement with Micon and South China Industries Limited ("South China Industries") to dispose of the entire equity interest in Nority (BVI) Limited and its subsidiaries to Micon at a total consideration of approximately HK$75,555,000 in cash. The disposal was completed on 5 January 2007.

On 5 January 2007, subscription shares of Nority Limited were allotted and issued to Micon at a consideration of approximately HK$3.5 million. As a result, the Company's equity interests in Nority Limited decreased from 100% to 65%.

## POST BALANCE SHEET EVENTS

Subsequently to the balance sheet date, the Company entered into two heads of agreements for proposed acquisitions.

The first heads of agreement was entered into by the Company and Wai Chun with independent third parties ("Vendors") on 10 February 2008, pursuant to which the Company and Wai Chun will acquire 78% and 22% of the issued share capital of First Target Company from the vendors respectively for not less than US$89.8 million. The consideration payable by the Company for 78% interests will be US$70.044 (equivalent to approximately HK$546.35 million), to be satisfied by issue and allotment of new shares of the Company based on the average closing price of the shares as quoted on the Stock Exchange of Hong Kong for the five trading days prior to the signing of this first heads of agreement which is equivalent to HK$1.704 per new share.

First Target Company is a company incorporated in the BVI and interested in 85% equity interests in a company incorporated in Indonesia which owns a coal mine in Indonesia.

The second heads of agreement was entered into between the Company and United Mining & Materials Co., Ltd.("UMMC") on 13 February 2008, pursuant to which the Company will acquire the entire issued share capital of United Mineral Resources Pte. Ltd. ("UMR") and the entire issued share capital of United Resources (Indonesia) Co., Ltd. ("UR") from UMMC for not less than US$92.25 million (approximately HK$719.55 million). US$45 million (equivalent to approximately HK$351 million) of which will be satisfied by cash and the remaining balance of US$47.25 million (equivalent to approximately HK$368.55 million) will be satisfied by the issue and allotment of 216,285,211 new shares of the Company at the price of HK$1.704 each.

US$5 million (equivalent to approximately HK$39 million) has been paid by the Company to UMMC upon signing of this second heads of agreement as refundable deposit. Another US$5 million will be paid upon signing of the definitive agreement and the remaining US$35 million will be paid upon completion of the proposed acquisition.

UMMC is a company incorporated in the BVI with limited liability. It owns the entire issued share capital of UMR which is a company incorporated in the Republic of Singapore with limited liability and the entire issued share capital of UR which is a company incorporated in the BVI with limited liability.

The sole assets of UMR are (1) the ownership of 85% beneficial interest in 3 concession-owing Indonesian companies ("KP Companies") that control a series of exploration and mining permits containing substantial identified quantities of the iron bearing titano-magnetite sands ("Iron Sand Deposit"); and (2) 99% of the entire issued share capital of P.T. UMR Indonesia Ltd. ("P.T. UMR"), a company incorporated in Indonesia with limited liability which is a mining services company that maintains an exclusive contract with the KP Companies to develop and exploit the Iron Sand Deposit.

The sole asset of UR is the ownership of 1% of the entire issued share capital of P.T. UMR.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December 2007, neither the Company nor its subsidiary purchased, sold or redeemed any of the listed securities.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2007.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities by Directors of Listed Companies ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding non-compliance with the Model Code during the year and they all confirmed full compliance with the required standard as set out in the Model Code.

## AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Shaw Lut, Leonardo, Mr Frank Hu and Mr Chan Chun Wai, Tony. The principal duties of the Audit Committee include the review of the Group's audit plan and process with the Auditors, the independence of the Auditors and the Group's financial statements and system of internal control in accordance with its terms of reference. The Committee held one meeting in April 2008.

The Committee is satisfied with its review of the audit fees and the independence of the Auditors and recommended to the Board the re-appointment of the Auditors for 2008 at the forthcoming Annual General Meeting.

The Group's annual results for the year ended 31 December 2007 have been reviewed by the Audit Committee.

By Order of the Board
**Nority International Group Limited**
**Louisa Lam**
*Company Secretary*

Hong Kong, 28 April 2008

** for identification purpose only*

*As at the date of this announcement, the Board comprises Mr Lam Ching Kui, Mr Alexander Yueh, Mr Chen Wei as Executive Directors; Mr Shaw Lut, Leonardo, Mr Frank Hu and Mr Chan Chun Wai, Tony as Independent Non-Executive Directors.*