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OMNICORP LIMITED
兩儀控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

2008 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Omnicorp Limited ("the Company") announces the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2008 (the "Year") with comparative figures for 2007 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2008

	Notes	**2008** **HK$'000**	2007 *HK$'000* (Restated)
CONTINUING OPERATIONS			
Revenue	4	**4,773**	5,615
Cost of sales		**(3,324)**	(1,817)
Gross profit		**1,449**	3,798
Other income and gains		**10,824**	5,062
Distribution costs		**(464)**	(344)
Administrative expenses		**(40,318)**	(17,149)
Other operating expenses		**(9,833)**	(25,440)

	Notes	**2008** *HK$'000*	2007 *HK$'000* (Restated)
LOSS FROM OPERATING ACTIVITIES	5	**(38,342)**	(34,073)
Finance costs	6	**(22,367)**	(2,584)
Share of results of associates		**(50,982)**	36
LOSS BEFORE TAX		**(111,691)**	(36,621)
Tax	7	**–**	(23)
Loss for the year from continuing operations		**(111,691)**	(36,644)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	8	**(2,868)**	(107,872)
LOSS FOR THE YEAR		**(114,559)**	(144,516)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(103,528)**	(130,644)
Minority interests		**(11,031)**	(13,872)
		(114,559)	(144,516)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic			
– Continuing operations		**(0.32) dollars**	(0.20) dollars
– Discontinued operations		**(0.01) dollars**	(0.52) dollars
		(0.33) dollars	(0.72) dollars
Diluted			
– Continuing operations		**N/A**	N/A
– Discontinued operations		**N/A**	N/A
		N/A	N/A

CONSOLIDATED BALANCE SHEET
31 December 2008

	Notes	**2008** **HK$'000**	2007 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**17,523**	11,899
Prepaid land lease payment		**1,448**	–
Timber concessions and cutting rights		**9,308**	9,333
Investment property		**–**	1,450
Goodwill		**369,331**	361,706
Interests in associates		**14,687**	50,669
Available-for-sale investments		**–**	6,000
Total non-current assets		**412,297**	441,057
CURRENT ASSETS			
Inventories		**6,201**	8,736
Trade and other receivables	11	**796**	15,129
Prepayments and deposits		**1,600**	2,396
Current tax recoverable		**–**	1
Equity investments at fair value through profit or loss		**–**	914
Pledged bank deposits		**–**	16,864
Cash and cash equivalents		**111,589**	237,447
Total current assets		**120,186**	281,487
CURRENT LIABILITIES			
Trade and other payables	12	**9,564**	27,840
Interest bearing bank and other borrowings		**–**	42,545
Other loans payable		**–**	4,562
Convertible bonds		**23,485**	–
Deposits received		**22,890**	23,500
Total current liabilities		**55,939**	98,447
NET CURRENT ASSETS		**64,247**	183,040
TOTAL ASSETS LESS CURRENT LIABILITIES		**476,544**	624,097

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
NON-CURRENT LIABILITIES		
Convertible bonds	**202,113**	212,770
	202,113	212,770
NET ASSETS	**274,431**	411,327
Equity attributable to equity holders of the Company		
Issued capital	**3,141**	3,141
Equity component of convertible bonds	**45,234**	45,234
Reserves	**204,648**	308,176
	253,023	356,551
Minority Interests	**21,408**	54,776
TOTAL EQUITY	**274,431**	411,327

Notes:

1. **SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment property and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2. **IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations and amendments has had no significant financial effect.

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments [1]
HKFRS 8	Operating Segments [1]
HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items [2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments, Recognitions and Measurements – Embedded Derivatives [5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners [2]
HK(IFRIC)-Int 18	Transfer of Assets from Customers [2]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarify wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[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 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective from annual period beginning on or after 30 June 2009

* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

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 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

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

(a) Business segments

For the year ended 31 December 2008

	Continuing operations			Discontinued operations			
	Property Investments	Forestry and Timber	Sub-total	Electronic Components and Products	Building Materials and Sundry Product	Sub-total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE	1,859	2,914	4,773	5,727	–	5,727	10,500
SEGMENT RESULTS	(1,890)	(27,050)	(28,940)	(2,784)	–	(2,784)	(31,724)
Interest income and unallocated gains			4,144	–	–	–	4,144
Gain on deconsolidation of a subsidiary under winding up			6,313	–	–	–	6,313
Profit on disposal of subsidiaries			367	–	–	–	367
Corporate and other unallocated expenses			(20,226)	–	–	–	(20,226)
Finance costs			(22,367)	–	–	–	(22,367)
Share of results of associates			(50,982)	–	–	–	(50,982)
LOSS BEFORE TAX			(111,691)	(2,784)	–	(2,784)	(114,475)
TAX			–	(84)	–	(84)	(84)
LOSS FOR THE YEAR			(111,691)	(2,868)	–	(2,868)	(114,559)

For the year ended 31 December 2007 (Restated)

	Continuing operations			Discontinued operations			
	Property Investments *HK$'000*	Forestry and Timber *HK$'000*	Sub-total *HK$'000*	Electronic Components and Products *HK$'000*	Building Materials and Sundry Product *HK$'000*	Sub-total *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	1,577	4,038	5,615	113,937	–	113,937	119,552
SEGMENT RESULTS	(6,244)	(3,558)	(9,802)	(107,351)	(538)	(107,889)	(117,691)
Interest income and unallocated gains			2,723	–	–	–	2,723
Profit on disposal of listed investments			2,512	–	–	–	2,512
Revaluation gain on listed investments			465	–	–	–	465
Impairment on interests in associates			(9,500)	–	–	–	(9,500)
Corporate and other unallocated expenses			(20,471)	–	–	–	(20,471)
Finance costs			(2,584)	–	–	–	(2,584)
Share of results of associates			36	–	–	–	36
LOSS BEFORE TAX			(36,621)	(107,351)	(538)	(107,889)	(144,510)
TAX			(23)	17	–	17	(6)
LOSS FOR THE YEAR			(36,644)	(107,334)	(538)	(107,872)	(144,516)

(b) Geographical area

	Asia		Europe		South America		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
– Continuing operations	**1,859**	1,577	**–**	–	**2,914**	4,038	**4,773**	5,615
– Discontinued operations	**5,727**	111,218	**–**	2,650	**–**	69	**5,727**	113,937
	7,586	112,795	**–**	2,650	**2,914**	4,107	**10,500**	119,552
SEGMENT LOSS								
– Continuing operations	**(1,890)**	(6,769)	**–**	–	**(27,050)**	(3,033)	**(28,940)**	(9,802)
– Discontinued operations	**(2,784)**	(104,797)	**–**	(2,489)	**–**	(603)	**(2,784)**	(107,889)
	(4,674)	(111,566)	**–**	(2,489)	**(27,050)**	(3,636)	**(31,724)**	(117,691)

4. REVENUE, OTHER INCOME AND GAINS

Turnover represents the aggregate of the net invoiced value of goods and service sold, after allowance for returns and trade discounts and rental income.

	Group	
	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Rental income	**1,859**	1,577
Sales of logs and lumber	**2,914**	4,038
Attributable to continuing operations	**4,773**	5,615
Revenue from discontinued operations	**5,727**	113,937
	10,500	119,552

5. LOSS FROM OPERATING ACTIVITIES

	Group 2008 HK$'000	Group 2007 HK$'000
The Group's loss from operating activities (including those attributable to discontinued operations) is arrived at after charging/(crediting):		
Gross rental income	**(1,859)**	(1,577)
Less: outgoings	**558**	529
Net rental income	**(1,301)**	(1,048)
Auditors' remuneration	**1,080**	1,380
Impairment of trade and other receivables	**2,080**	5,149
Loss on write-off of prepayments and deposits	**21**	220
Loss on product claims	**–**	46,765
Loss on write-off of inventories	**–**	46,257
Cost of inventories sold	**9,811**	115,049
Depreciation on property, plant and equipment	**2,062**	7,393
Impairment on investment property	**1,450**	7,620
Impairment on interests in associates	**–**	9,500
Amortisation of timber concessions and cutting rights	**25**	7
Loss on disposal of properties, plant and equipment	**30**	661
Write-off of properties, plant and equipment	**–**	5,529
Exchange difference, net	**(346)**	621
Minimum lease payments under operating lease for land and buildings	**2,474**	3,393

	Group 2008 HK$'000	Group 2007 HK$'000
Employee benefit expenses (including Directors' emoluments):		
Wages and salaries	**18,651**	11,782
Retirement fund contributions	**174**	237
Employee share option expenses	**–**	5,374
	18,825	17,393

6. FINANCE COSTS

	Group 2008 HK$'000	Group 2007 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**571**	5,079
Interest on convertible bonds	**22,308**	2,557
	22,879	7,636
Attributable to discontinued operations *(note 8)*	**512**	5,052
Attributable to continuing operations	**22,367**	2,584
	22,879	7,636

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group 2008 HK$'000	Group 2007 HK$'000
Current year provision:		
Hong Kong	**–**	23
Elsewhere	**84**	–
	84	23
Deferred tax	**–**	(17)
Taxation	**84**	6
Represented by:		
Tax charged to continuing operations	**–**	23
Tax charged/(credited) attributable to discontinued operation	**84**	(17)
	84	6

8. DISCONTINUED OPERATIONS

During the year, the Group took the decision to close down Lik Hang and Dong Guan Humen Kin Hang Electronic Company Limited ("DGKH"), a 77.04% indirectly owned subsidiary of the Company. These two companies were the electronic component manufacturing and trading business arm for the Group. Lik Hang was then entered into a creditors' voluntary winding up on 5 December 2008.

The Group also ceased its trading of building materials and sundry products operation during the year.

The results of the discontinued operations for the year are presented below:

	2008	2007
	HK$'000	*HK$'000*
Turnover	**5,727**	113,937
Other revenue	**2,632**	9,480
Expenses	**(10,631)**	(226,254)
Finance costs	**(512)**	(5,052)
Loss before tax from discontinued operations	**(2,784)**	(107,889)
Tax (charged)/credited	**(84)**	17
Loss for the year from discontinued operations	**(2,868)**	(107,872)

The net cash flows incurred by the discontinued operations for the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Net cash generated from operating activities	**24,952**	4,548
Net cash generated from investing activities	**16,864**	5,614
Net cash used in financing activities	**(41,644)**	(10,158)
Total net cash inflow from discontinued operations	**172**	4

9. DIVIDEND

No dividend was proposed or paid for the year (2007: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed, as the options and the convertible bonds outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

The calculations of basic and diluted loss per share are based on:

	2008	2007
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	**(100,660)**	(36,486)
From discontinued operations	**(2,868)**	(94,158)
	(103,528)	(130,644)

	Number of shares	
Shares	**2008**	2007
Weighted average number of ordinary shares in issued during the year used in the basic loss per share calculation	**314,089,152**	180,258,549

11. TRADE AND OTHER RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**2,550**	19,401
Other receivables	**326**	877
	2,876	20,278
Impairment	**(2,080)**	(5,149)
	796	15,129

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**796**	7,373
1 to 3 months	**–**	3,885
Over 3 months	**–**	3,871
	796	15,129

12. TRADE AND OTHER PAYABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade payables	**468**	8,941
Other payables	**9,096**	18,899
	9,564	27,840

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current	**3,663**	5,072
One to three months	**–**	8,779
More than three months	**5,901**	13,989
	9,564	27,840

BUSINESS REVIEW

The financial tsunami triggered by the US sub-prime crisis has driven the world economy into one of the worst recessions in modern history, impacting on every corner of the globe and every type of business activities. As a result, our Group's operating result for 2008 ("the Year") was also inevitably affected, though the Group is in a strong financial position, and has taken every precautionary measure not only to ride out this unprecedented economic down-turn, but also to capture any opportunities arising therefrom.

For the Year, the Group made a loss after tax and before minority interests of HK$114,559,000 compared with a loss of HK$144,516,000 for 2007. Net loss attributable to shareholders for the Year amounted to HK$103,528,000 compared with a net loss of HK$130,644,000 for last year.

As reported in the prior year financial statements, the Group had taken the decision to scale down its electronic components division due to extremely difficult operating environments and unsatisfactory performance. As a result, the electronic components division recorded a loss of HK$2,868,000 for the Year, as compared with a loss of HK$107,872,000 for 2007. The Group's listed subsidiary in Australia, Omnitech Holdings Limited, is now actively looking for new investment opportunities to replace the contribution from the electronic components division.

Due to the scaling down of the electronic components business, the effect of the economic down-turn, and the short-term effects of the new sales and marketing strategy implemented by the forestry and timber division, the Group's turnover for the Year decreased by 15% to HK$4,773,000 as compared to HK$5,615,000 for 2007.

As reported in the interim announcement for the first half of 2008, the Group's forestry and timber division had undergone a restructuring to streamline its management team in Suriname. Furthermore, a decision was taken during the Year to start and build up the Group's own sales team, and to sell logs directly into China instead of selling through import agents FOB ex-Suriname. While this new strategy had the short term effect of lower volume of sales and higher costs, the Group will benefit in the longer term from higher sales and margins as a result of our own direct sales and marketing efforts. A new sales office is currently being set up in Guangdong, which is one of the premier hard wood furniture and flooring manufacturing centers of China.

In anticipation of the economic down turn, the forestry and timber division has not only increased its investment in sales and marketing but also adopted a more prudent logging and credit policy. As a result, a harvest-to-order policy has been strictly enforced to avoid the pile up of excess stock and to achieve higher efficiency in transports and logistics. Credit policy has been tighten to shorter collection period and minimize bad debts exposure. The management believes such policies will help to maintain a healthy and stable financial position for the Group during the current unsettled global economic.

The decrease of the Group's gross margin from 67.6% in 2007 to 30.3% for the Year was mainly due to a combination of lower sales price for the promotion of certain lesser known species to the market and higher transportation costs particularly in the first half of the Year.

The 113.8% increase in other income and gains from approximately HK$5,100,000 to HK$10,800,000 was mainly due to the one-off gain of approximately HK$6,300,000 arising from the deconsolidation of Lik Hang Electronic Components Limited ("Lik Hang") which entered into creditors winding up procedures in December 2008. Lik Hang is an indirectly owned subsidiary in the Group's electronic components division operating under Omnitech Holdings Limited, a 77.04% owned subsidiary listed on the Australian Stock Exchange.

Administrative expenses increased in the Year by approximately 135.1% or HK$23,200,000, to approximately HK$40,300,000, was resulted from additional administrative expenses contributed by the Group's forestry and timber division and the increase in headcounts and the lease of additional office area for expansion purpose.

The decrease of other operating expenses from approximately HK$25,400,000 in 2007 to approximately HK$9,800,000 in the Year was mainly due to the decrease in the impairment on the investment property of the Group from HK$7,600,000 to HK$1,500,000 in the Year.

The Group's overall results for the Year were also adversely affected by the share of losses of an associate of HK$50,982,000. The associate has invested in a forestry project in another country in South America, but the development of the project has been held up by lengthy government procedures and a change in government policy during the Year. While negotiations are continuing with the relevant government bodies, the associate considered it is prudent to make a full provision against its investment due to political uncertainties.

The Group's finance costs mainly represented interest paid for its Convertible Bonds which was issued in November 2007. The substantial increase in the Group's finance cost for 765.6% to HK$22,367,000 in the Year from HK$2,584,000 in 2007 was because only approximately two months interest was recorded in last year while a full year interest was recorded in the Year.

Equity attributable to the equity holders of the Company as at 31 December 2008 amounted to HK$253,023,000 or approximately HK$0.81 per share (31 December 2007: HK$356,551,000 or HK$1.13 per share). The decrease is in line with the operating loss incurred for the Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to sustain a good liquidity position.

As written confirmations were obtained from majority bondholders whose names appear on the register of Convertible Bonds holders of the Company as at 31 December 2008 for their agreements not to request the repayment of the Convertible Bonds upon the current maturity date (i.e. 9 November 2009) and to extend the redemption date of the Convertible Bonds further to such time as the Group, after taking into account the Group's daily operation, capital and financing needs, have sufficient funds to fully repay the Convertible Bonds and Sino-Forest Corporation ("Sino-Forest"), which is the ultimate beneficial owner of HK$212,328,000 Convertible Bonds after its acquisition of HK$167,631,000 Convertible Bonds from the original bondholders on 6 February 2009, for its agreement to enter into discussion with the Company to extend the maturity date of the Convertible Bonds from 9 November 2009 to a date not earlier than 30 April 2010, Convertible Bonds with principal amount as HK$212,328,000 was classified as long term liabilities as at 31 December 2008.

After taking into account the above, the Group's current assets and current liabilities as at 31 December 2008 were HK$120,186,000 and HK$55,939,000 (31 December 2007: HK$281,487,000 and HK$98,447,000, respectively). The Group also maintain cash and bank balances of approximately HK$111,589,000 (31 December 2007: HK$237,447,000) with no bank borrowings outstanding (31 December 2007: HK$42,545,000).

As at 31 December 2008, the Group's gearing ratio, which was calculated on the basis of bank borrowings and other loan to shareholders' fund, was Nil (31 December 2007: 13.2%).

The Group has limited exposure to the foreign exchange fluctuation risks as most of its sales are denominated in Hong Kong dollars and United States ("US") dollars, being the same currencies in which the Group's related costs and expenses are denominated. The Directors considered that the recent depreciation of the US dollars will not have material impact to the Group. During the Year, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2008.

As at 31 December 2008, there were 314,089,152 shares in issue.

CHARGES ON GROUP ASSETS

As at 31 December 2008, the Group pledged 4,599,000,000 ordinary shares of no par value, representing 60% of the issued share capital of Greenheart Resources Holdings Limited ("Greenheart"), a 60.39% indirectly owned subsidiary of the Company, and all indebtedness owing by Greenheart and its subsidiaries ("Greenheart Group") to the Group (other than the Greenheart Group) as securities in favour of the holders of the Convertible Bonds.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the Year, the Group spent approximately HK$7,716,000 (31 December 2007: approximately HK$1,636,000) on acquisition of property, plant and equipment.

The capital commitments of the Group were HK$297,075,000 as at 31 December 2008 (2007: HK$253,519,000).

SHARE OPTION SCHEME

As at 31 December 2008, there were options for 14,074,000 ordinary shares of HK$0.01 each in the share capital of the Company granted by the Company pursuant to the option scheme, as adopted by the shareholders of the Company on 22 March 2002, which were valid and outstanding. 744,000 options were lapsed during the Year.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2008, the number of employees of the Group was about 138. Employees' cost (including directors' emoluments) amounted to approximately HK$18,825,000 for the Year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the pension scheme for the staff in Suriname. The Group also has a share option scheme to motivate valued employees.

PROSPECTS

While the world economy will take some time to get through the current economic down turn, China is considered to be in relative healthy position and is generally expected to lead the world out of the recession.

2009 will still be a year full of challenges. Nevertheless the management remains cautiously optimistic about the prospects of the Group's business in 2009 and beyond.

The Group has always adopted a prudent financial policy, and is in strong financial health with practically no debt, other than the Convertible Bonds which are now mostly held by Sino-Forest, the single largest shareholder of the Group.

Demand for tropical hard wood and wood fibre in general remains strong, particularly in countries like China. While sales price across the board has softened, the price reduction is relatively mild. On the other hand, costs are also falling. The reduction in freight and other transportation costs is expected to help to restore or improve margins.

The setting up of our own sales force for China is now starting to produce results. We are pleased to see that Suriname wood species are well accepted by customers in Guangdong. After Guangdong, the Group will set up another sales office in East China, and at a later stage North China.

While maintaining a more cautious approach, the Group still continues to implement its investment program in the forestry and timber business. The Group plans to build its new sawmill within the next 18 months. At the same time, the Group continues to implement its capital expenditure program to build up its logging and logistic capacity step by step.

The forestry and timber business practices Sustainable Forestry Management and Reduced Impact Logging. It is also aiming to obtain FSC certification. Through Greenheart, the Group has continued to commit resources to a Social Responsible Policy in Suriname, creating employment and training for local people and participating in community projects. During the Year, for example, we helped to repair 150km of a main trunk road which greatly reduces traveling time between the capital of the country to its western regions. The Group believes strongly in the Triple Bottom Lines Concept, namely Business, Environments, and Society and believes that under such a policy everybody benefits in the long run.

The Group is also strengthening its business collaboration with our strategic partner, Sino-Forest, to capitalize on the latter's strong presence in China. Such collaboration is expected to bring strong business synergy and benefits to both parties.

The Group still aims to become a world leading hard wood supplier, and is also looking for acquisition opportunities as a fast track to achieve that goal.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 5 June 2009. The notice of Annual General Meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CORPORATE GOVERNANCE

During the Year, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

Further information of the Company's corporate governance practices will be sent out in the Corporate Governance Report of the Company's 2008 Annual Report which will be sent to the shareholders on or before 30 April 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors ("Code of Conduct") on terms no less exacting than the required standards set out in the Model Code in Appendix 10 of the Listing Rules ("the Code"). The Company has made specific enquiries with each director and each of them confirmed that he had complied with the required standard set out in the Code and the Code of Conduct during the year.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors. During the year, the Audit Committee convened two meetings and reviewed with management the accounting principles and practices adopted by the Group in the course of its review of the financial statements, and also considered various auditing, internal control and financial reporting matters of the Group.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2008, including the accounting principles and practices adopted by the Group, which have been audited by the Company's external auditor.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2008 have been agreed by the Group's auditors, Moore Stephens, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Independent Non-executive Directors. The Remuneration Committee met once during the year and reviewed the remuneration packages of the Executive Directors as well as the annual bonus for executives and management staff.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the members of the Board for their highly efficient performance, to shareholders, and business partners for their long-term support and trust, as well as to all our dedicated staff for their hard work!

By Order of the Board
Sung Yan Wai
Acting Managing Director

Hong Kong, 23 April 2009

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

Website: http://www.omnicorplimited.com

* *For identification purpose only*