



SHENZHEN HIGH-TECH HOLDINGS LIMITED

深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2007

RESULTS

The board of directors (the “Board”) of Shenzhen High-Tech Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December, 2007 together with the comparative figures of 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2007

	<i>Notes</i>	2007 HK\$'000	2006 HK'000
Continuing operations			
Turnover	3	31,778	17,542
Cost of sales and services		(6,974)	(4,578)
Write back of provision/(Allowance) for properties held for sale		40,840	(40,840)
Gross profit (loss)		65,644	(27,876)
Fair value gains on financial assets at fair value through profit or loss		28,679	1,062
Other income		18,314	6,552
Selling and distribution costs		(941)	(9,495)
Administrative expenses		(27,797)	(31,822)
Profit/(Loss) on disposal of subsidiaries		1,984	(579)
Gain on deemed disposals of an associate		–	106
Revaluation gain on transfer of leasehold properties to investment properties		–	8,000
Gain in fair value of investment properties		47,275	1,500
Write-off of goodwill		(11,297)	–
Share of results of associates		–	(17,910)
Share of results of joint ventures		–	(13,608)
Other expenses	4	–	(33,910)
Finance costs		–	–
Profit (Loss) before income tax	5	121,861	(117,980)
Income tax expense	6	(19,639)	(687)
Profit (Loss) for the year from continuing operations		102,222	(118,667)

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK'000</i>
Discontinued operations			
Profit for the year from discontinued operations	7	—	4,069
		<u> </u>	<u> </u>
Profit (Loss) for the year		<u>102,222</u>	<u>(114,598)</u>
Attributable to:			
Equity holders of the Company		<u>102,222</u>	<u>(114,598)</u>
		<i>HK cents</i>	<i>HK cents</i> <i>(restated)</i>
Earnings (Loss) per share			
For profit (loss) from continuing and discontinued operations attributable to the equity holders of the Company	8		
– Basic		9.13	(14.15)
– Diluted		9.10	N/A
		<u> </u>	<u> </u>
For profit (loss) from continuing operations attributable to the equity holders of the Company	8		
– Basic		9.13	(14.65)
– Diluted		9.10	N/A
		<u> </u>	<u> </u>

CONSOLIDATED BALANCE SHEET

As at 31st December, 2007

	Notes	2007 HK\$'000	2006 HK'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	245,000	150,000
Property, plant and equipment		2,016	1,894
Prepaid lease payments		3,800	3,900
Interests in associates		–	33,187
Interests in joint ventures		–	–
Loan receivable	13	3,000	–
Investments in debt securities	10	–	15,000
		<u>253,816</u>	<u>203,981</u>
Current assets			
Properties held for sale	11	479,840	264,000
Trade receivables	12	1,194	–
Other receivables, prepayments and deposits	12	1,818	2,170
Balance of consideration receivable from disposals of subsidiaries		–	28,500
Prepaid lease payments		100	100
Amounts due from associates		–	21,816
Amounts due from a joint venture		–	–
Loan receivables	13	110,891	1,201
Investments in debt securities	10	15,956	–
Available-for-sale investments	14	–	40,000
Financial assets held at fair value through profit or loss		12,187	9,995
Bank balances, deposits and cash		228,138	218,262
		<u>850,124</u>	<u>586,044</u>
Investment properties classified as held for sale	9	52,248	–
		<u>902,372</u>	<u>586,044</u>
Current liabilities			
Other payables, deposits received and accrued charges	15	42,690	23,638
Tax payables		6,432	2,499
		<u>49,122</u>	<u>26,137</u>
Net current assets		<u>853,250</u>	<u>559,907</u>
Total assets less current liabilities		<u>1,107,066</u>	<u>763,888</u>
Non-current liabilities			
Deferred tax liabilities		15,375	1,226
Net assets		<u>1,091,691</u>	<u>762,662</u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		247,944	172,233
Reserves		843,747	590,429
Total equity		<u>1,091,691</u>	<u>762,662</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Unit 702, 7th Floor, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in property investment, development and trading, securities investment and trading, and provision of financial services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

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

The consolidated financial statements have been prepared on the historical cost convention, except for investment properties and certain financial instruments, which are stated at fair values.

2. Adoption of new and amended HKFRSs

From 1st January, 2007, the Group has adopted, for the first time, the following new standards, amendments and interpretations, issued by the HKICPA, which are effective for the Group’s financial statements beginning on 1st January, 2007.

HKAS 1 Amendment	Presentation of Financial Statements-Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
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 periods have been prepared and presented. Accordingly, no prior period adjustment is required.

HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKAS 1 (Revised)	Presentation of Financial Statement ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1st January, 2009.

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

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

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

3. Segment information

Business segments

The Group is organised into five main business segments:

- Property investment;
- Property development and trading;
- Securities investment and securities trading;
- Provision of financial services; and
- High-tech computers and servers manufacturing and related business (discontinued on 30th September, 2006)

For the year ended 31st December, 2007

	Continuing operations						Discontinued operations	Consolidated	
	Property investment	Property development and trading	Investment in securities and securities trading	Provision of financial services	Others	Eliminations	Total		High-tech computers and servers manufacturing and related business
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER									
External sales	27,921	–	–	3,857	–	–	31,778	–	31,778
Inter-segment sales	–	–	–	21,089	–	(21,089)	–	–	–
Total	<u>27,921</u>	<u>–</u>	<u>–</u>	<u>24,946</u>	<u>–</u>	<u>(21,089)</u>	<u>31,778</u>	<u>–</u>	<u>31,778</u>
SEGMENT RESULTS	<u>47,818</u>	<u>40,251</u>	<u>28,679</u>	<u>28,666</u>	<u>–</u>	<u>(21,089)</u>	<u>124,325</u>	<u>–</u>	<u>124,325</u>
Unallocated other income	–	–	–	–	–	–	17,689	–	17,689
Unallocated corporate expenses	–	–	–	–	–	–	(20,153)	–	(20,153)
Finance costs	–	–	–	–	–	–	–	–	–
Allowance for amount due from a joint venture	–	–	–	–	–	–	–	–	–
Allowance for loan to a joint venture	–	–	–	–	–	–	–	–	–
Impairment loss recognised in respect of available-for-sale investment	–	–	–	–	–	–	–	–	–
Gain on disposals of subsidiaries	–	–	–	–	–	–	–	–	–
Gain on deemed disposal of an associate	–	–	–	–	–	–	–	–	–
Share of results of associates	–	–	–	–	–	–	–	–	–
Share of results of joint ventures	–	–	–	–	–	–	–	–	–
Write-off of goodwill	–	–	–	–	–	–	–	–	–
Gain on deregistration of subsidiaries	–	–	–	–	–	–	–	–	–
Profit before income tax							121,861	–	121,861
Income tax expense							(19,639)	–	(19,639)
Profit for the year							<u>102,222</u>	<u>–</u>	<u>102,222</u>

For the year ended 31st December, 2006

	Continuing operations						Discontinued operations	Consolidated	
	Property investment	Property development and trading	Investment in securities and securities trading	Provision of financial services	Others	Eliminations	Total		High-tech computers and servers manufacturing and related business
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER									
External sales	16,196	–	–	1,148	198	–	17,542	293,916	311,458
Inter-segment sales	–	–	–	3,154	–	(3,154)	–	–	–
Total	<u>16,196</u>	<u>–</u>	<u>–</u>	<u>4,302</u>	<u>198</u>	<u>(3,154)</u>	<u>17,542</u>	<u>293,916</u>	<u>311,458</u>
SEGMENT RESULTS	<u>10,929</u>	<u>(40,840)</u>	<u>1,062</u>	<u>3,704</u>	<u>(8,632)</u>	<u>(3,154)</u>	<u>(36,931)</u>	<u>(15,648)</u>	<u>(52,579)</u>
Unallocated other income	–	–	–	–	–	–	6,019	8	6,027
Unallocated corporate expenses	–	–	–	–	–	–	(21,167)	–	(21,167)
Finance costs	–	–	–	–	–	–	–	(317)	(317)
Allowance for amount due from a joint venture	–	–	–	–	(11,306)	–	(11,306)	–	(11,306)
Allowance for loan to a joint venture	–	–	–	–	(16,751)	–	(16,751)	–	(16,751)
Impairment loss recognised in respect of available-for-sale investment	–	–	–	–	(5,853)	–	(5,853)	–	(5,853)
Gain/(Loss) on disposal of subsidiaries	(579)	–	–	–	–	–	(579)	21,352	20,773
Gain on deemed disposal of an associate	–	–	–	–	106	–	106	–	106
Share of results of associates	(27,152)	–	–	–	9,242	–	(17,910)	–	(17,910)
Share of results of joint ventures	–	–	–	–	(13,608)	–	(13,608)	–	(13,608)
Write-off of goodwill	–	–	–	–	–	–	–	–	–
Gain on deregistration of subsidiary	–	–	–	–	–	–	–	–	–
Profit/(Loss) before income tax							(117,980)	5,395	(112,585)
Income tax expense							(687)	(1,326)	(2,013)
Profit/(Loss) for the year							<u>(118,667)</u>	<u>4,069</u>	<u>(114,598)</u>

Note: Inter-segment sales are charged at prevailing market prices.

For the year ended 31st December, 2007

	Continuing operations						Discontinued operations		Consolidated HK\$'000
	Property investment HK\$'000	Property development and trading HK\$'000	Investment in securities and trading securities HK\$'000	Provision of financial services HK\$'000	Others HK\$'000	Eliminations HK\$'000	Total HK\$'000	High-tech computers and servers manufacturing and related business HK\$'000	
Segment assets	305,053	479,918	28,143	113,929	-	-	927,043	-	927,043
Interests in associates	-	-	-	-	-	-	-	-	-
Amounts due from associates	-	-	-	-	-	-	-	-	-
Interests in joint ventures	-	-	-	-	-	-	-	-	-
Amounts due from joint ventures	-	-	-	-	-	-	-	-	-
Unallocated assets									229,145
Total assets									<u>1,156,188</u>
Segment liabilities	14,733	24,610	-	785	-	-	40,128	-	40,128
Unallocated liabilities									<u>24,370</u>
Total liabilities									<u>64,498</u>
OTHER SEGMENT INFORMATION:									
Depreciation	1,220	-	-	-	-	-	1,220	-	1,220
Unallocated depreciation	-	-	-	-	-	-	-	-	158
Amortisations of prepaid lease payments – unallocated	-	-	-	-	-	-	-	-	100
Capital additions in respect of property, plant and equipment	1,402	-	-	-	-	-	1,402	-	1,402

For the year ended 31st December, 2006

	Continuing operations						Discontinued operations	Consolidated	
	Property investment <i>HK\$'000</i>	Property development and trading <i>HK\$'000</i>	Investment in securities and trading <i>HK\$'000</i>	Provision of financial services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>		High-tech computers and servers manufacturing and related business <i>HK\$'000</i>
Segment assets	159,102	264,000	9,995	1,400	89,442	(9,225)	514,714	–	514,714
Interests in associates	33,187	–	–	–	–	–	33,187	–	33,187
Amounts due from associates	21,751	–	–	–	65	–	21,816	–	21,816
Interests in jointly controlled entities	–	–	–	–	–	–	–	–	–
Amounts due from jointly controlled entities	–	–	–	–	–	–	–	–	–
Unallocated assets									220,308
Total assets									<u>790,025</u>
Segment liabilities	4,166	9,441	–	657	3,624	–	17,888	–	17,888
Unallocated liabilities									<u>9,475</u>
Total liabilities									<u>27,363</u>
OTHER SEGMENT INFORMATION:									
Allowance for bad and doubtful debts	449	–	–	–	–	–	449	8,126	8,575
Depreciation	531	–	–	–	1,044	–	1,575	1,431	3,006
Unallocated depreciation	–	–	–	–	–	–	–	–	453
Amortisation of prepaid lease payments – unallocated	–	–	–	–	–	–	–	–	100
Capital additions in respect of property, plant and equipment	478	–	–	–	384	–	862	1,624	2,486
Allowance for amount due from a jointly controlled entity	–	–	–	–	11,306	–	–	–	11,306
Allowance for loan to a jointly controlled entity	–	–	–	–	16,751	–	–	–	16,751
Impairment loss recognised in respect of available-for-sale investment	–	–	–	–	5,853	–	5,853	–	5,853
Non-cash expenses	(579)	–	–	–	33,910	–	33,331	–	33,331

Geographical segments

	Continuing operations						Discontinued operations			
	PRC other than Hong Kong		Others		Total		PRC other than Hong Kong		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE										
External sales (by location of customers)	24,248	17,414	7,530	128	31,778	17,542	–	293,916	31,778	311,458
Other segment information (by location of assets):										
Segment assets	625,008	301,060	302,035	213,654	927,043	514,714	–	–	927,043	514,714
Capital addition	29	328	1,373	534	1,402	862	–	1,624	1,402	2,486

4. Other expenses

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Allowance for amounts due from a joint venture	–	11,306
Allowance for loans to a joint venture	–	16,751
Impairment loss on available-for-sale investment	–	5,853
	–	33,910

5. Profit (Loss) before income tax

	Continuing operation		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (Loss) before income tax has been arrived at after charging:						
Allowance for bad and doubtful debts	–	449	–	8,126	–	8,575
Allowance for inventories	–	–	–	14,246	–	14,246
Auditors' remuneration	600	1,200	–	–	600	1,200
Cost of inventories recognised as an expense	–	563	–	247,683	–	248,246
Depreciation	1,378	2,028	–	1,431	1,378	3,459
Loss on disposals of property, plant and equipment	–	43	–	–	–	43
Amortisation of prepaid lease payments	100	100	–	–	100	100
Minimum lease rentals in respect of rented premises	486	41	–	–	486	41
Exchange (gain)/loss	(256)	3,637	–	–	(256)	3,637
Write-off of other payables	(3,072)	–	–	–	(3,072)	–
Write-off of other receivables	2,582	–	–	–	2,582	–
Write-off of goodwill	11,297	–	–	–	11,297	–
and after crediting:						
Interest income on:						
– bank deposits	5,662	5,479	–	8	5,662	5,487
– loan to a joint venture	–	1,141	–	–	–	1,141
– loan to a related company	1,557	7	–	–	1,557	7
– investment in debt securities	4,029	262	–	–	4,029	262
– loan to third parties	4,200	–	–	–	4,200	–
	<u>15,448</u>	<u>6,889</u>	<u>–</u>	<u>8</u>	<u>15,448</u>	<u>6,897</u>
Gain on deregistration of subsidiaries	723	–	–	–	723	–
Write back of an amount due from a joint venture	262	–	–	–	262	–
Rental income under operating leases, less outgoings of HK\$6,974,000 (2006:HK\$646,000)	12,575	8,669	–	–	12,575	8,669

6. Income tax expense

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax-overseas:						
Hong Kong Profits Tax						
Tax for the year	2,161	–	–	–	2,161	–
PRC Enterprise Income Tax						
Tax for the year	3,051	40	–	588	3,051	628
Under provision in respect of prior years	–	–	–	219	–	219
	<u>5,212</u>	<u>40</u>	<u>–</u>	<u>807</u>	<u>5,212</u>	<u>847</u>
Deferred tax						
Current year	14,427	647	–	519	14,427	1,166
	<u>19,639</u>	<u>687</u>	<u>–</u>	<u>1,326</u>	<u>19,639</u>	<u>2,013</u>

During the year, Hong Kong profits tax has been provided at the rate of 17.5%. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group did not have any assessable profit in Hong Kong for the year ended 31st December, 2006.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

In 2005, pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary was exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. The PRC subsidiary was entitled to 50% reduction in 2006 and was disposed of during the year ended 31st December 2006.

7. Discontinued operations

In May, 2006, the Group entered into an agreement with 天津曙光計算機產業有限公司 (Tianjin Dawning Computer Industry Company Limited) to dispose of its 100% interest in 北京曙光天演信息技術有限公司 (Beijing Dawning Tianyan Information Technology Company Limited), 曙光信息產業(北京)有限公司 (Dawning Information Industry (Beijing) Limited) and 62.5% of its 83.1% interest in 北京曙光創新科技有限公司 (Beijing Dawning Novotech Co., Ltd.), which operates in high-tech computers and servers manufacturing and the related business (the "Discontinued Operations"), for an aggregate consideration of RMB95,000,000 (equivalent to HK\$91,346,000). 北京曙光創新科技有限公司 (Beijing Dawning Novotech Co., Ltd.) became a 20.6% associate upon completion of the disposals. This transaction was completed on 30th September, 2006.

Profit for the period from the Discontinued Operations is analysed as follows:

Period from
1st January, 2006
to
30th September, 2006
HK\$'000

Loss of high-tech computers and servers manufacturing and related business operations for the period	(17,283)
Gain on disposal of high-tech computers and servers manufacturing and related business operations	21,352
	<u>4,069</u>

The results of the Discontinued Operations for the period from 1st January, 2006 to 30th September, 2006, which were included in the consolidated income statement for the year ended 31st December 2006, were as follow:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	–	293,916
Cost of sales	–	(261,929)
	<u>–</u>	<u>(261,929)</u>
Gross profit	–	31,987
Other income	–	8,237
Selling and distribution costs	–	(32,750)
Administrative expenses	–	(23,114)
Finance costs	–	(317)
	<u>–</u>	<u>(317)</u>
Loss before income tax	–	(15,957)
Income tax expense	–	(1,326)
	<u>–</u>	<u>(1,326)</u>
Loss for the period	<u>–</u>	<u>(17,283)</u>

8. Earnings/(Loss) per share

For continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit/(Loss) attributable to equity holders of the Company	<u>102,222</u>	<u>(114,598)</u>
Number of shares	2007	2006 <i>(restated)</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share <i>(Note)</i>	1,119,882,488	810,055,947
Weighted average number of ordinary shares deemed to be issued at nil consideration on the assumed exercise of the warrants	<u>3,726,027</u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,123,608,515</u>	<u>810,055,947</u>

Note: The above weighted average numbers of ordinary shares for the calculation of the basic earnings/(loss) per share for years ended 31st December, 2006 and 31st December, 2007 have been adjusted to take into account of the consolidation of shares of the Company approved by equity holders of the Company at the special general meeting held on 12th February, 2007.

For continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company are based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit/(Loss) attributable to the equity holders of the Company	102,222	(114,598)
Less: Profit for the year from Discontinued Operations	<u>—</u>	<u>4,069</u>
Profit/(Loss) from continued operations attributable to the equity holders of the Company	<u>102,222</u>	<u>(118,667)</u>

In 2006, basic earnings per share for Discontinued Operations is HK0.50 cent per share, based on the profit for the year ended 31st December, 2006 from Discontinued Operations of HK\$4,069,000.

The computation of the diluted earnings/(loss) per share for both years did not assume the exercise of the outstanding share options as because the impact of the exercise of the share options was anti-dilutive.

9. Investment properties/Investment properties classified as held for sale

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Changes to the carrying amounts in the balance sheet are summarised as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Carrying amounts at 1st January	150,000	115,000
Additions	326,893	–
Disposals	(51,920)	–
Transfer from property, plant and equipment	–	33,500
Transfer to properties held for sale	(175,000)	–
Net gain from fair value adjustments	47,275	1,500
	<u>297,248</u>	<u>150,000</u>
Investment properties classified as held for sale	(52,248)	–
	<u>245,000</u>	<u>150,000</u>

10. Investments in debt securities

The balance represents the unlisted debt securities in the PRC denominated in RMB. The effective interest rate of the investments in securities is 5.87% (2006: 5.25%) per annum.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Unlisted debt securities	<u>15,956</u>	<u>15,000</u>

The contracted maturity dates of investment securities are as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Unlisted debt securities:		
Within one year	15,956	–
In more than one year but not more than five years	–	15,000
	<u>15,956</u>	<u>15,000</u>

11. Properties held for sale

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cost	479,840	304,840
Less: Provision for impairment loss	—	(40,840)
	<u>479,840</u>	<u>264,000</u>
In Hong Kong, held on medium term lease	175,000	—
In the PRC, held on long term lease	304,840	264,000
	<u>479,840</u>	<u>264,000</u>

12. Trade and other receivables, prepayments and deposits

A defined credit policy is maintained within the Group. The general credit terms range from one to three months, except for certain well-established customers, where the terms are further extended to a maximum of one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables	1,194	—
Other receivables, prepayments and deposits	1,818	2,170
	<u>3,012</u>	<u>2,170</u>

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 30 days	446	—
31 to 90 days	748	—
	<u>1,194</u>	<u>—</u>

13. Loan receivables

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loan receivables analysed for reporting purposes as:		
Non-current portion	3,000	–
Current assets	<u>110,891</u>	<u>1,201</u>
	<u><u>113,891</u></u>	<u><u>1,201</u></u>

Included in loan receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2007	2006
Australian dollars (“AUD”)	<u><u>AUD2,000,000</u></u>	<u><u>AUD200,000</u></u>

The loan receivables include a loan to a related party with a carrying amount of HK\$13,767,000 (2006: HK\$1,201,000).

14. Available-for-sale investments

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Equity securities:		
Unlisted shares, at cost	–	45,853
Less: Impairment losses recognised	–	<u>(5,853)</u>
	<u><u>–</u></u>	<u><u>40,000</u></u>

15. Other payables, deposits received and accrued charges

As at 31st December, 2007, the balance included deposits received of approximately HK\$29,792,000 for the sales of certain properties held for sale and investment properties classified as held for sale.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31st December, 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The turnover of the continuing operations of the Group for the year ended 31st December, 2007 amounted to approximately HK\$31,778,000, representing an increase of approximately 81.2% compared to approximately HK\$17,542,000 for the year ended 31st December, 2006. There has been no turnover attributable to the discontinued operations of the Group for the year ended 31st December, 2007, as compared to approximately HK\$293,916,000 recorded in the year 2006.

For the year ended 31st December, 2007, the continuing operations of the Group contributed a gross profit of approximately HK\$65,644,000 (2006: gross loss of approximately HK\$27,876,000). The gross loss of continuing operations in the year 2006 was mainly due to the provision by the Group of allowance of approximately HK\$40,840,000 for the properties held for sale as a result of the austerity control in the PRC. According to a valuation carried out by an independent professional valuer in respect of the properties held for sales, the fair value of the properties has increased during the year, which is justified to write back the allowance of HK\$40,840,000 in the 2007. For the year ended 31st December, 2007, there was no contribution from the discontinued operations, as compared with gross profit of approximately HK\$31,987,000 in the year 2006.

The Group has managed to improve the overall profitability and delivered positive results for the year under review by reducing costs and concentration on businesses of promising return. In the year 2007, the Group's consolidated net profit was approximately HK\$102,222,000, entirely contributed from the continuing operations (2006: the net loss from continuing operations were approximately HK\$118,667,000 and net profit of HK\$4,069,000 from discontinued operations, giving to net loss of approximately HK\$114,598,000).

Excluding the effects of write-off of goodwill of HK\$11,297,000 arising from the acquisition of the remaining 51% equity interests of Twente Company Limited during the year, the gain of approximately HK\$1,984,000 on disposal of a subsidiary and the recognition of share-based compensation expenses of fair value of HK\$5,598,000 upon granting 48,900,000 share options in February, 2007, the total expenses of the Group during the year were greatly reduced, as a consequence of the realignment of the operating strategies in respect of the property business in the PRC.

BUSINESS REVIEW AND PROSPECTS

Property Business

The major property projects currently invested in the PRC by the Group include Shun Jing Yuan in Beijing, a high-ended residential apartment project, and Dawning Tower in Shenzhen, property for industrial and commercial uses.

Located in Chaoyang District in Beijing, Shun Jing Yuan is an European-style luxury residential apartment project with large unit design, targeting at high-end customers with particular interest in luxury residential apartment projects. The regulating and administering policies by the State over high-ended residential projects have an impact on Shun Jing Yuan project. Under these unfavourable conditions, the Group focused on the fundamental works of the current projects and imposed strict requirements on the particulars and improved it continuously, pending for the reversal of market conditions. Meanwhile, the Group also adjusted its sales agents and strategies to save costs.

The Dawning Tower, located in Shenzhen, the PRC, continued to secure a high occupancy rate and has realised an income of approximately HK\$18,736,000 for the Group in the year 2007, representing an increase of approximately 16.8% over the year 2006.

The Group will continue to enhance the management quality of Dawning Tower and maintain good cooperation with its customers to maintain the prestigious status of Dawning Tower among commercial buildings nearby and to use its best effort to maintain a high occupancy rate of the building. It is expected that the building's occupation rate will continue to maintain at a high level in the year 2008. Dawning Tower has secured a steady future rental income. The Company, however, will continue to increase its income and control the expenses in anticipation of further improvement in the earnings and revenue from Dawning Tower.

In January, 2007, the Group acquired a further 51% equity interests in Twente Company Limited, the ultimate holding company holding certain properties located at levels 4 and 5 of Beijing East Gate Plaza in the PRC. After the acquisition, the Group has increased its investment properties in Beijing by approximately 5,100 square metres, generating a rental income of approximately HK\$5,512,000 to the Group in the year 2007. The properties have maintained a high occupancy rate.

In March, 2007, the Group purchased certain units in Admiralty Centre, Tower 1, Queensway, Hong Kong as investment property in anticipation of a steady rental income. In view of the expected appreciation in the fair value of the property exceeding the short-term target for the Group, the Group has entered into an agreement to dispose of the property on 8th October, 2007, the completion of the disposal is expected to take place on or before 29th February, 2008.

In the second half of 2007, the Group acquired the whole floor on the 20th floor of World-Wide House, Central, Hong Kong and contemplated to sell the property after renovation. An interested purchaser has confirmed to buy a portion of the property. On 13th November, 2007, a provisional agreement for sale and purchase was signed between the Group and the purchaser.

In spite of the increased stringent administrative policies, the PRC property market is constantly flourishing. Coupled with the improved national income in the PRC and stable performance in the property market in Hong Kong, the Group will continue investing and trading in the PRC and Hong Kong property market, should suitable opportunities arise. However, a cautious approach will be adopted so as to minimize relevant risks arising therefrom. Apart from the property market, the Company will continue seeking for suitable investment opportunities in other areas but with stable returns in the basis industries, i.e. projects characterized by stable cash inflows and simple management mechanism.

Capital Market Investment and Financial Services

The Group has diversified its investment portfolio to accommodate more current assets with higher liquidity, including securities and debt securities, in order to enhance the return of current assets.

From the first to third quarter of 2007, the financial and capital markets in Hong Kong as well as the PRC continued rallying. The Group achieved the profit of approximately HK\$28,679,000 from its capital market investments, increased by approximately 26 times as compared to the year 2006. The financial services of the Group maintained a modest operation, providing short to medium term loans to the business associates and partners. In view of sufficient working capital in the current period, as well as in the future, the foregoing lending activities contribute a higher return to the Group than the bank deposits interest, the Group will also pay close attention to credit risks control. At the same time, risk control policies are in place including assessing the credit risks involved and/or obtaining valuable securities.

Manufacturing of High-tech Computers and Servers and Related Business

Jingke Information

Wuhan Jingke Information Industry Co., Ltd. (“Jingke Information”) is mainly engaged in the manufacturing of quartz oscillators (semi-finished products) used in the production of various electronic products, resonators (final products), SMD and related devices. Sales revenue for the year ended 31st December, 2007 was HK\$26,491,000, representing a slight increase of approximately 13.6% over the year 2006. Jingke Information barely broke even in year 2007.

An agreement was entered into between the Group and Jingke Information on 1st March, 2004, pursuant to which the Group granted a non-revolving secured loan up to RMB15,000,000 (equivalent to approximately HK\$14,151,000). The loan was secured by each of the shareholders of Jingke Information by charging their respective equity interests in Jingke Information to the Group. In addition, Jingke Information also owes to the Group an amount of RMB8,000,000 (equivalent to approximately HK\$7,547,000). The Group is endeavouring to recover the whole or part of the outstanding receivables due from Jingke Information to the Group by the proper procedures.

Yunnan Green-Land

On 21st March, 2007, the Company has disposed of its entire interests in Treasure Land Enterprises Limited, a wholly-owned subsidiary of the Company, the only asset of which is the holding of 11,187,456 shares in the share capital of Yunnan Green-Land Biological and Science Company Limited (“Yunnan Green-Land”), at a consideration of approximately RMB40,051,000. Yunnan Green-Land is mainly engaged in the sale, design and project contracting of horticultural plants. Details of the disposal were set out in the Company’s circular dated 4th April, 2007.

Dawning – Discontinued operations

On 30th September, 2006, the Group completed the disposals of manufacturing of high-tech computers and servers and the related business. Details of the disposals were set out in the Company's circular dated 30th June, 2006. During the nine months ended 30th September, 2006, turnover and net loss after taxation of manufacturing of high-tech computers and servers and related business were approximately HK\$293,916,000 and HK\$17,283,000 respectively.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group managed to maintain its liquidity at a healthy level, with the Group's cash and bank deposits totalling HK\$228,138,000 as at 31st December, 2007 (31st December, 2006: approximately HK\$218,262,000). The Group exercised strict credit control on its accounts receivable to ensure the adequacy of the working capital. As at 31st December, 2007, accounts receivables of the Group amounted to HK\$1,194,000 (31st December, 2006: Nil). The current ratio as at 31st December, 2007 was 18.37 while that as at 31st December 2006 was 22.42. As at 31st December, 2007 and 31st December, 2006, the Group did not have any outstanding bank loan. As at 31st December, 2007 and 31st December, 2006, the Group's gearing ratio (on the basis of total borrowings divided by shareholders' equity) was maintained at a level of zero.

Treasury Management

In respect of financial resources management, the Group continued diversification of its investment portfolio to accommodate more current assets with higher liquidity, including securities, in order to enhance the return of current assets. The aggressive and yet prudent financial resources management policy would be continued to maximize investments return within a reasonable risk level.

Share Consolidation

On 13th February, 2007, the consolidation of every 20 shares of HK\$0.01 each in the issued and unissued ordinary share capital of the Company into 1 share of HK\$0.20 each was approved by the shareholders of the Company at the special general meeting held on 12th February, 2007. Further details were set out in the Company's circular dated 15th January, 2007.

Subscription of new shares and use of proceeds

- (1) Pursuant to the subscription agreement dated 7th June, 2007, an independent third party subscribed 110,000,000 new ordinary shares of HK\$0.20 each of the Company at a subscription price of HK\$0.62 per share. After deducting the related expenses, the net proceeds from the issuance of new shares were approximately HK\$68,100,000. Further details of this subscription of shares were set out in the announcement of the Company dated 7th June, 2007.

The net proceeds arising from the subscription of new shares were reserved and to be invested in some other suitable investment opportunities to be identified by the Company.

- (2) Pursuant to the subscription agreement dated 5th July, 2007, an independent third party, subscribed 96,600,000 new ordinary shares of HK\$0.20 each of the Company at a subscription price of HK\$0.53 per share. After deducting the related expenses, the net proceeds from the issuance of new shares were approximately HK\$51,100,000. Further details of this subscription of shares were set out in the announcement of the Company dated 5th July, 2007.

The net proceeds arising from the subscription of new share were used to pay to a wholly-owned subsidiary as shareholder's loan for paying the balance amount for acquisition of the properties on 20th floor of World-Wide House, Central, Hong Kong and other related costs.

Issue of unlisted warrants

Pursuant to a placing agreement entered into between the Company and a placing agent on 8th October, 2007, the Company issued to two independent third parties 240,000,000 warrants in total, with each being allocated with 120,000,000 warrants, at an issue price of HK\$0.015 per warrant in cash.

The first subscription price is HK\$0.42 per share at which holder of warrant may subscribe for the shares of the Company during the period from the first date of the issue of the warrants to the expiry of the 24th month. And the second subscription price is HK\$0.45 per share at which holder of warrant may subscribe for the shares of the Company during the period from the first date of 25th month from the issue of the warrants to the expiry of the 36th month. Both subscription prices will be subject to adjustment based on the prescribed formula as set out in the instrument creating the warrants for the happening of normal adjustment events. Further details of this issue of unlisted warrants were set out in the announcement of the Company dated 9th October, 2007.

Pledge of Assets

As of 31st December, 2007, the Group has not pledged any of its assets and bank deposits to obtain general banking facilities or short term bank borrowings.

Employees' Remuneration and Benefits

The Group (including Jingke Information) had about 300 employees including managerial, executive and technical staffs and production labour in Hong Kong and the PRC as at 31st December, 2007 (31st December, 2006: about 330). The level of remuneration, the promotion and the magnitude of remuneration adjustment are justified according to their job duties, working performance and professional experience. All staff and executive directors in Hong Kong office have participated in the mandatory provident fund scheme. Other employees' benefits include the granting of share options by the Board of the Group under the share option scheme adopted by the Company.

Foreign Exchange and Currency Risk

All income and funds applied to the purchases of raw materials, spare parts and equipment and the payments of salaries were dominated in Hong Kong dollars and Renminbi; therefore, it was not necessary to use any financial instruments for hedging purpose, and the Group's exposure to the fluctuation of the exchange risk was minimal. During the year under review, the Group has not engaged in any hedging activities. As of 31st December, 2007, cash in hand and bank balances of the Group were mainly denominated in Hong Kong dollars, US dollars and Renminbi.

Disposals and Acquisitions

On 23rd January, 2007, Asset Partners Group Limited, a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity in and shareholder's loan in the sum of approximately HK\$22,638,000 advanced by the vendor to Twente Company Limited, which was an associate of the Group as at 31st December, 2006, at a consideration of HK\$63,000,000. The consideration was satisfied by the issuance of new shares of the Company. Further details were set out in the Company's circular dated 15th January, 2007.

In March, 2007, the Company completed its acquisition of 100% equity interests in and the shareholder's loan to Sharp World Investments Limited at a consideration of HK\$17,500,000 which was satisfied by issuance of the new shares of the Company. Further details were set out in the Company's circular dated 13th March, 2007.

On 16th March, 2007, the Company entered into the sale and purchase agreement to sell its 100% equity interests in Treasure Land Enterprises Limited for approximately RMB40,051,000 (equivalent to HK\$40,051,000). Further details were set out in the Company's circular dated 4th April, 2007.

On 25th May, 2007, Stadium Holdings Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement to sell the properties situated at Suites 04, 05, and 06 on 19th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong for HK\$51,920,000. The disposal was completed on 20th August, 2007.

Pursuant to the agreement dated 5th July, 2007 entered into by the Company, the Company agreed to purchase the entire interests in and the shareholder's loan of Glory Faith Holdings Limited ("Glory Faith") at a total consideration of HK\$28,500,000. Further details were set out in the Company's circular dated 20th July, 2007.

Glory Faith has submitted a form of tender on 4th June, 2007 for the purchase of a property situated at 20th Floor of World-Wide House, No. 19 Des Voeux Road Central, Hong Kong (the "Property") at a price of HK\$155,000,000 and paid a tender payment of HK\$9,000,000 upon signing of the tender on 13th June, 2007 and has entered into a memorandum agreement and paid a further deposit of HK\$6,500,000 upon signing. The purchase of the Property was completed on 31st August, 2007. Currently, the Property is classified as properties held for sale, and necessary development works were done to increase the potential value of the Property.

Save as disclosed above, the Group had not participated in any substantial acquisition and disposal during the year under review.

Contingent Liabilities

The Group had no material contingent liability as at 31st December, 2007 and 31st December, 2006.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to attend and vote at the annual general meeting of the Company to be held on Tuesday, 15th April, 2008, the register of the members of the Company will be closed from Thursday, 10th April, 2008 to Monday, 14th April, 2008, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 9th April, 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company confirms that, having made specific enquiries of all the directors, all directors have complied with the required standards as set out in the Model Code during the year ended 31st December, 2007.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions of the Code of Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has also complied with all the code provisions under the CG Code except for the deviations from code provisions A.2.1. and A.4.1. which are explained in the following relevant paragraphs.

Under the code provision A.2.1., the responsibilities between the chairman and chief executive officer should be divided. Currently, the office of chief executive officer is vacant. The roles and functions of the chief executive officer have been performed by the Board of the Company and the directors believe that such arrangement enables different talents and expertise of the directors to be best utilized to the benefits of the Group as a whole.

Under the code provision A.4.1., non-executive directors should be appointed for a specific term and subject to re-election. Non-executive directors of the Company are not appointed for a specific term but they are subject to the retirement by rotation at least once every three years in accordance with the by-laws of the Company.

Save as those mentioned above and in the opinion of the directors, the Company has complied with all the code provisions as set out in the CG Code for the year ended 31st December, 2007.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, including Mr. Liu Sing Piu, Chris, Mr. Lee Kuo Ching, Stewart, and Miss Chong Kally. The principal duties of the Audit Committee include the review of the Company’s financial reporting procedure, internal controls and results of the Group. The audited consolidated financial statements have been reviewed by the Audit Committee.

By order of the Board
Shenzhen High-Tech Holdings Limited
Wong Chung Tak
Chairman

Hong Kong, 28th February, 2008

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wong Chung Tak and Mr. Tse Kam Fai, one non-executive Director, namely Mr. Wong Ngo, Derick, and three independent non-executive Directors, namely Mr. Liu Sing Piu, Chris, Mr. Lee Kuo Ching, Stewart and Miss Chong Kally.