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, 2006

RESULTS
The board of directors (the "Board") of Shenzhen High-Tech Holdings Limited (the "Company") would like to announce that the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2006, together with the comparative figures of 2005, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2006

	Notes	2006 HK$'000	2005 HK$'000
Continuing operations			
Turnover	3	17,542	23,502
Cost of sales and services		(4,578)	(10,626)
Allowance for properties held for sale		(40,840)	–
Gross (loss) profit		(27,876)	12,876
Investment income		1,062	–
Other income		6,552	2,346
Selling and distribution costs		(9,495)	(3,979)
Administrative expenses		(31,822)	(28,734)
Loss on disposal of other subsidiaries		(579)	–
Gain on deemed disposal of an associate		106	–
Revaluation gain on transfer of leasehold properties to investment properties		8,000	–
Increase in fair value of investment properties		1,500	–
Write-off of goodwill		–	(4)
Share of results of associates		(17,910)	5,916
Share of results of jointly controlled entities		(13,608)	(6,303)
Other operating expenses	5	(33,910)	–
Finance costs	6	–	–
Loss before taxation	4	(117,980)	(17,882)
Taxation	7	(687)	(144)
Loss for the year from continuing operations		(118,667)	(18,026)
Discontinued operations			
Profit for the year from discontinued operations	8	4,069	13,667
Loss for the year		(114,598)	(4,359)
Attributable to:			
Equity holders of the Company		(114,598)	(4,246)
Minority interests		–	(113)
		(114,598)	(4,359)
		HK cents	*HK cents*
Loss per share – Basic			
From continuing and discontinued operations	9	(14.15)	(0.59)
From continuing operations	9	(14.65)	(2.50)

CONSOLIDATED BALANCE SHEET
As at 31st December, 2006

	Notes	2006 HK$'000	2005 HK$'000
Non-current assets			
Investment properties		150,000	115,000
Property, plant and equipment		1,894	35,057
Prepaid lease payments		3,900	4,000
Interests in associates		33,187	117,966
Interests in jointly controlled entities		–	13,084
Investments in debt securities		15,000	4,808
Deferred tax assets		–	5,731
		203,981	295,646
Current assets			
Properties held for sale		264,000	297,962
Inventories		–	76,707
Trade receivables	10	–	84,259
Other receivables		2,170	25,805
Balance of consideration receivable from disposal of subsidiaries		28,500	–
Prepaid lease payments		100	100
Amounts due from associates		21,816	22,716
Amount due from a jointly controlled entity		–	4,166
Loan to a jointly controlled entity		–	15,610
Loan to a related company		1,201	–
Available-for-sale investment		40,000	–
Investments held for trading		9,995	208
Bank balances, deposits and cash		218,262	122,693
		586,044	650,226
Current liabilities			
Trade payables	11	–	52,002
Other payables, deposits received and accrued charges		23,638	106,279
Taxation payable		2,499	5,618
		26,137	163,899
Net current assets		559,907	486,327
Total assets less current liabilities		763,888	781,973
Non-current liability			
Deferred tax liabilities		1,226	–
Net assets		762,662	781,973
Capital and reserves			
Share capital		172,233	143,533
Reserves		590,429	638,440
Total Equity		762,662	781,973

Notes:

1. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")**
In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are either effective for accounting periods beginning on or after 1st December, 2005 and 1st January, 2006. The adoption of the new HKFRSs has no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HKFRS 8	Operating segments[2]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) – INT 8	Scope of HKFRS 2[4]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[5]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[6]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[7]
HK(IFRIC) – INT 12	Service concession arrangements[8]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st January, 2009.
[3] Effective for annual periods beginning on or after 1st March, 2006.
[4] Effective for annual periods beginning on or after 1st May, 2006.
[5] Effective for annual periods beginning on or after 1st June, 2006.
[6] Effective for annual periods beginning on or after 1st November, 2006.
[7] Effective for annual periods beginning on or after 1st March, 2007.
[8] Effective for annual periods beginning on or after 1st January, 2008.

2. **SIGNIFICANT ACCOUNTING POLICIES**
The consolidated financial statements have been prepared under the historical cost basis except for investment properties and investments held for trading, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. **SEGMENT INFORMATION**
The analysis of the Group's turnover and results by business segments is as follows:

For the year ended 31st December, 2006

	Continuing operations						Discontinued operations	
	Property investment HK$'000	Property development and trading HK$'000	Securities trading HK$'000	Others HK$'000	Elimination HK$'000	Total HK$'000	High-tech computers and servers manufacturing and related business HK$'000	Consolidated HK$'000
TURNOVER								
External sales	16,196	–	–	1,346	–	17,542	293,916	311,458
Inter-segment sales	–	–	–	3,154	(3,154)	–	–	–
Total	16,196	–	–	4,500	(3,154)	17,542	293,916	311,458
SEGMENT RESULTS	10,929	(40,840)	1,062	(4,928)	(3,154)	(36,931)	(15,648)	(52,579)
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 jointly controlled entity	–	–	–	(11,306)	–	(11,306)	–	(11,306)
Allowance for loan to a jointly controlled entity	–	–	–	(16,751)	–	(16,751)	–	(16,751)
Impairment loss recognized in respect of available-for-sale investments	–	–	–	(5,853)	–	(5,853)	–	(5,853)
(Loss) gain 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 jointly controlled entities	–	–	–	(13,608)	–	(13,608)	–	(13,608)
(Loss) profit before taxation						(117,980)	5,395	(112,585)
Taxation						(687)	(1,326)	(2,013)
(Loss) profit for the year						(118,667)	4,069	(114,598)

For the year ended 31st December, 2005

	Continuing operations						Discontinued operations	
	Property investment HK$'000	Property development and trading HK$'000	Securities trading HK$'000	Others HK$'000	Elimination HK$'000	Total HK$'000	High-tech computers and servers manufacturing and related business HK$'000	Consolidated HK$'000
TURNOVER								
External sales	14,416	2,310	–	6,776	–	23,502	417,385	440,887
Inter-segment sales	–	–	–	2,255	(2,255)	–	–	–
Total	14,416	2,310	–	9,031	(2,255)	23,502	417,385	440,887
SEGMENT RESULTS	6,923	765	–	(3,368)	(2,255)	2,065	17,688	19,753
Unallocated other income	–	–	–	–	–	1,454	114	1,568
Unallocated corporate expenses	–	–	–	–	–	(21,014)	–	(21,014)
Finance costs	–	–	–	–	–	–	(133)	(133)
Allowance for amount due from a jointly controlled entity	–	–	–	–	–	–	–	–
Allowance for loan to a jointly controlled entity	–	–	–	–	–	–	–	–
Impairment loss recognized in respect of available-for-sale investment	–	–	–	–	–	–	–	–
(Loss) gain on disposal of subsidiaries	–	–	–	–	–	–	–	–
Gain on deemed disposal of an associate	–	–	–	–	–	–	–	–
Share of results of associates	649	–	–	5,267	–	5,916	–	5,916
Share of results of jointly controlled entities	–	–	–	(6,303)	–	(6,303)	–	(6,303)
(Loss) profit before taxation						(17,882)	17,669	(213)
Taxation						(144)	(4,002)	(4,146)
(Loss) profit for the year						(18,026)	13,667	(4,359)

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

4. **LOSS BEFORE TAXATION**

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before taxation has been arrived at after charging:						
Staff costs:						
Directors' remuneration						
– fees	**900**	1,200	**–**	–	**900**	1,200
– other emoluments	**6,034**	6,516	**–**	–	**6,034**	6,516
– retirement benefit scheme contributions	**48**	52	**–**	–	**48**	52
	6,982	7,768	**–**	–	**6,982**	7,768
Retirement benefit scheme contributions for other staff	**252**	529	**–**	–	**252**	529
Other staff costs	**6,653**	7,512	**21,219**	22,744	**27,872**	30,256
	13,887	15,809	**21,219**	22,744	**35,106**	38,553
Allowance for bad and doubtful debts	**449**	126	**8,126**	2,071	**8,575**	2,197
Allowance for inventories	**–**	345	**14,246**	2,091	**14,246**	2,436
Auditors' remuneration	**1,200**	1,100	**–**	–	**1,200**	1,100
Cost of inventories recognised as an expense	**563**	5,673	**247,683**	346,556	**248,246**	352,229
Decrease in fair value of investments held for trading	**293**	772	**–**	–	**293**	772
Allowance for properties held for sale	**40,840**	–	**–**	–	**40,840**	–
Depreciation	**2,028**	2,556	**1,431**	1,527	**3,459**	4,083
Loss on disposal of property, plant and equipment	**43**	2,012	**–**	54	**43**	2,066
Minimum lease rentals in respect of rented premises	**41**	408	**–**	4,274	**41**	4,682
Exchange losses	**3,637**	411	**–**	–	**3,637**	411
Written-off of goodwill	**–**	4	**–**	–	**–**	4
and after crediting:						
Interest income on						
– bank deposits	**5,479**	1,446	**8**	114	**5,487**	1,560
– loan to a jointly controlled entity	**1,141**	871	**–**	–	**1,141**	871
– loan to a related company	**7**	–	**–**	–	**7**	–
– debt securities	**262**	130	**–**	–	**262**	130
	6,889	2,447	**8**	114	**6,897**	2,561
Rental income under operating leases, less outgoings of HK$646,600 (2005: HK$534,700)	**8,669**	8,295	**–**	–	**8,669**	8,295
Reversal of allowance for inventories	**–**	–	**–**	2,294	**–**	2,294

5. **OTHER OPERATING EXPENSES**

	2006	2005
	HK$'000	*HK$'000*
Allowance for amount due from a jointly controlled entity	**(11,306)**	–
Allowance for loan to a jointly controlled entity	**(16,751)**	–
Impairment loss recognized in respect of available-for-sale investment	**(5,853)**	–
	(33,910)	–

6. **FINANCE COSTS**

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans wholly repayable within five years	**–**	–	**317**	133	**317**	133

7. **TAXATION**

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The charge comprises:						
PRC Enterprise Income Tax						
Current year	**40**	113	**588**	1,930	**628**	2,043
Underprovision in the prior years	**–**	31	**219**	932	**219**	963
	40	144	**807**	2,862	**847**	3,006
Deferred taxation	**647**	–	**519**	1,140	**1,166**	1,140
Taxation charge for the year	**687**	144	**1,326**	4,002	**2,013**	4,146

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 both years.

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

8. **DISCONTINUED OPERATIONS**

The loss of the period/year from the discontinuing operations is analysed as follow:

	1.1.2006 to 30.9.2006	1.1.2005 to 31.12.2005
	HK$'000	*HK$'000*
(Loss) profit of high-tech computers and servers manufacturing and related business operations for the period/year	**(17,283)**	13,667
Gain on disposal of high-tech computers and servers manufacturing and related business operations	**21,352**	–
	4,069	13,667

The results of high-tech computers and servers manufacturing and related business operations for the period from 1st January, 2006 to 30th September, 2006, which have been included in the consolidated income statement, were as follows:

	2006	2005
	HK$'000	*HK$'000*
Turnover	**293,916**	417,385
Cost of sales	**(261,929)**	(346,353)
Gross profit	**31,987**	71,032
Other income	**8,237**	11,426
Selling and distribution costs	**(32,750)**	(42,106)
Administrative expenses	**(23,114)**	(22,550)
Finance costs	**(317)**	(133)
(Loss) profit before taxation	**(15,957)**	17,669
Taxation	**(1,326)**	(4,002)
(Loss) profit for the period/year	**(17,283)**	13,667

During the period/year, the discontinued operations paid HK$86,340,000 (2005: contributed HK$38,940,000) to the Group's net operating cash flows, paid HK$1,319,000 (2005: HK$4,056,000) in respect of investing activities and contributed HK$49,848,000 (2005: paid HK$133,000) in respect of financing activities.

9. **LOSS PER SHARE**

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share (Loss attributable to equity shareholders of the Company)	**(114,598)**	(4,246)
	2006	2005
Number of shares		
Weighted average number of ordinary share for the purpose of basic loss per share	**810,055,947**	717,665,537

Note: The above weighted average number of ordinary shares for the calculation of the basic loss per share for the year ended 31st December, 2005 and 31st December, 2006 have been adjusted to take into account of the consolidation of shares of the Company approved by shareholders of the Company at the special general meeting held on 12th February, 2007.

From continuing operations

The calculation of the basic loss per share from the continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company	**(114,598)**	(4,246)
Less: Profit for the year from discontinued operations	**4,069**	13,667
Loss for the purpose of basic loss per share from continuing operations attributable to the ordinary equity holders of the Company	**(118,667)**	(17,913)

From discontinued operations

Basic earnings per share for discontinued operations is HK0.50 cent per share (2005: HK1.90 cents), based on the profit for the year from discontinued operations of HK$4,069,000 (2005: HK$13,667,000).

The computation of the diluted loss per share for both years did not assume the exercise of the outstanding share options as its exercise would result in a decrease in the loss per share for the year.

10. **TRADE RECEIVABLES**

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

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**–**	50,657
31 to 90 days	**–**	10,352
91 to 180 days	**–**	12,174
181 to 365 days	**–**	6,689
Over 365 days	**–**	4,387
	–	84,259

11. **TRADE PAYABLES**

An aged analysis of trade payables at the balance sheet date, based on invoice dates, is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 30 days	**–**	33,602
31 to 90 days	**–**	10,152
91 to 180 days	**–**	5,867
181 to 365 days	**–**	1,251
Over 365 days	**–**	1,130
	–	52,002

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31st December, 2006 (2005: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the continuing operations of the Group for the year ended 31st December, 2006 amounted to approximately HK$17,542,000, representing a decrease of approximately 25.4% compared to approximately HK$23,502,000 recorded last year; while the turnover of the discontinued operations of the Group amounted to approximately HK$293,916,000 for the period from 1st January, 2006 to 30th September, 2006 compared to approximately HK$417,385,000 recorded in the whole year of 2005, representing a decrease of approximately 29.6%.

For the year ended 31st December, 2006, the continuing operations contributed to the Group a gross loss of approximately HK$27,876,000 (2005: a gross profit of approximately HK$12,876,000). The gross loss of continuing operations of the year 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. For the period from 1st January, 2006 to 30th September, 2006, the gross profit of discontinued operations amounted to approximately HK$31,987,000, as compared with gross profit of approximately HK$71,032,000 recorded in the whole year of 2005.

During the year under review, the Company's consolidated loss before minority interests was approximately HK$114,598,000, (2005: loss of approximately HK$4,359,000), comprising the loss attributable to the continuing operations of approximately HK$118,667,000 and the profit attributable to the discontinued operations of approximately HK$4,069,000 (2005: loss of continuing operations of approximately HK$18,026,000 and profit of discontinued operations of approximately HK$13,667,000). The drastic increase in loss for the continuing operations was mainly accountable by: (1) provision of allowance for the properties held for sale in the PRC after a prudent and conservative valuation and (2) provision of impairment loss of the investments in and loans to the associates and jointly controlled entity in the PRC, namely Jingke Information.

Consequent on the change of operating strategy in respect of the property business in the PRC by the Group, the selling and distribution expenses began to be greatly reduced in the second half of 2006. Meanwhile, the Company has critically provided of allowance for the properties held for sale in the PRC according to the austerity control measure for the time being. It is expected that there will be nearly no chance that the Group will be required to provide further allowance for the properties held for sale and the other associates and jointly controlled entity in the year 2007.

FINANCIAL REVIEW

Liquidity, Financial Resources and Liabilities

The Group has abundant working capital and is financially strong. The Group's total cash and bank deposits maintained at a level of approximately HK$218,262,000 as at 31st December, 2006 (31st December, 2005: approximately HK$122,693,000). The Group exercised strict credit control on accounts receivable to ensure the adequacy of the working capital. As at 31st December, 2006, total balance of accounts receivable was approximately nil (as at 31st December, 2005: HK$84,259,000). At the year end, the current ratio was 22.42 while it stood at 3.97 for the year end of 2005. As at 31st December, 2006 and 2005, the Company and its subsidiaries did not raise any bank loan. As at 31st December, 2006, the Group's gearing ratio (calculated on the basis of total borrowings divided by shareholders' equity) was zero (31st December, 2005: 0).

Placing of New Shares and Use of Proceeds

Pursuant to the Placing Agreement on 21st April, 2006, the Company issued 2,870,000,000 new ordinary shares in aggregate with a par value of HK$0.01 each to not less than six independent third parties at a price of HK$0.03 per share. The net proceeds from the share offer after deducting related expenses was approximately HK$83,000,000. Further details of the placing of shares were set out in the announcement dated 21st April, 2006.

Except for the below-mentioned, the Company has applied the proceeds from the placing of new shares into intended purposes:

(i) An amount of approximately HK$30,000,000 was intended to be used for the business operation of the Group's "Dawning" branded servers. The HK$30,000,000, remaining unused, has been reserved for other investment purposes due to fact the that the shareholders of the Company passed a resolution and approved the disposal of server business at a special general meeting held on 26th July, 2006; and

(ii) An amount of approximately HK$10,000,000 was intended to be used to finance the capital investment in the production facilities and equipment of Jingke Information. Such amount remaining unused, but the amount of HK$10,000,000 will be used for other investment purpose for the reason set out in the paragraph headed "Jingke Information" below..

Very Substantial Disposal, Substantial Acquisition and Disposal

On 29th May, 2006, three wholly-owned subsidiaries of the Group (as vendor) and Tianjin Dawning Computer Industry Company Limited (as purchaser) entered into an equity transfer agreement, in which, the transferor agreed to dispose of the entire interests in Beijing Dawning Tianyan Information Technology Company Limited and Dawning Information Industry (Beijing) Limited and 62.5% of its 83.1% interest in Beijing Dawning Novotech Co., Ltd. to the transferee at a total consideration of RMB95,000,000. Further details of the transaction were set out in the circular to the shareholders of the Company dated 30th June, 2006.

Pursuant to an agreement dated 27th December, 2006, a wholly-owned subsidiary of the Company (as purchaser) agreed to acquire 51% of the issued capital of Twente Company Limited ("Twente") and its shareholders' loan. The acquisition was completed on 23rd January, 2007, the consideration of the acquisition was HK$63,000,000 and was satisfied by the Company by issue and allotment of an aggregate of 2,739,130,434 new ordinary shares. After the acquisition, Twente became a wholly-owned subsidiary of the Company. Further details of the acquisition were set out in the circular to the shareholders of the Company dated 15th January, 2007.

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

Capital Expenditure

The Group had incurred an aggregate amount of approximately HK$2,486,000 (2005: HK$5,224,000) as capital expenditure during the year 2006.

Pledge of Assets

As at 31st December, 2006, the Group had no pledge of assets and deposits with the bank in order to obtain general and short-term banking facility.

Employees' and remuneration policy

The Group hired about 330 employees including managerial, executive and technical staffs and production labour in China and Hong Kong at 31st December, 2006 (31st December, 2005: about 700). The level of remuneration, promotion and the magnitude of remuneration adjustment are determined according to the job duties, working performance and professional experience of the staff. All staffs and directors in Hong Kong office have participated in the mandatory provident fund scheme. Other employees' benefits include the granting of share options by the Company.

Foreign Exchange and Currency Risk

All income and funds applied to purchases of raw materials, services obtained, spare parts and equipment and the payroll were denominated in the Hong Kong dollars and Renminbi; therefore, it was not necessary to use any financial instruments for hedging purpose, and the Group's exposure to fluctuation of exchange rates was minimal. During the year under review, the Group has not involved in any hedging activities. As at 31st December, 2006, cash in hand and bank balances of the Group were denominated principally in the currencies of Hong Kong dollars, US dollars and Renminbi.

Contingent Liabilities

On 26th January, 2005, the Company has executed a corporate guarantee of RMB8,000,000 (equivalent to approximately HK$7,692,000) in favour of the CITIC Industrial Bank, Wuhan Branch in respect of a loan facility of the abovementioned guarantee amount granted to a jointly controlled entity of the Group. The jointly controlled entity failed to repay the loan facility fallen due. According to a corporate guarantee granted against the loan facility by the Company, the Company paid RMB8,000,000 for the jointly controlled entity to settle the loan facility. The banking facility was fully repaid on 25th January, 2006. (As at 31st December, 2005: bank facility of RMB8,000,000 (equivalent to approximately HK$7,547,000) was granted to the jointly controlled entity and was fully utilised).

As at 31st December, 2005 and 2006, the Company has not provided any guarantee to any bank for bank loans granted to its subsidiaries. Save as disclosed above, the Group had no material contingent liability at the balance sheet date.

BUSINESS REVIEW

Property Business

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

Located in Chaoyang District, Beijing, Shun Jing Yuan is an European-style luxury residential apartment project with large unit design targeting at high-end customers. The regulation and administering policies by the State over high-end residences 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 strategies to achieve the best economic efficiency.

During the year 2006, the Group made certain adjustments and integrations to the operation and management of Dawning Tower in Shenzhen regarding two aspects: (1) to maximize the potential for maintaining high occupation rate; and (2) to reinforce internal management, reduce the expenses from workforce and overheads, further improve the regulation and management level as well as to enhance the economic efficiency.

The Group will continue to enhance the management quality of Dawning Tower and maintain a good cooperation relationship with customers making Dawning Tower keeping on being a high quality commercial building. Even so, the Company will keep endeavoring to increase income and control expenses so as to ensure a high-level rental income from the Dawning Tower.

The Group continues to identify quality properties, in anticipation of increasing the income from properties investment.

Capital Market Investment and Financial Services

In year 2006, financial and capital markets in Hong Kong as well as the PRC rallied. In order to better use the idle fund, the Group's investing activities in capital markets increase during the year, the investing activities in capital markets generated a profit to the Group. The financial services maintained a low level operation. It is anticipated that in 2007 the Group, under the prudent premise, will go on with investing activities in capital markets.

MANUFACTURING OF HIGH-TECH COMPUTERS AND SERVERS AND RELATED BUSINESS

Dawning

On 29th May, 2006, China Dawning Information Industry Group Limited, Dawning Information Industry (Shenzhen) Limited and Shenke High-Tech Industrial (Shenzhen) Limited which are three wholly-owned subsidiaries of the Company as transferor entered into an equity transfer agreement with Tianjin Dawning Computer Industry Limited as transferee, pursuant to which the transferor agreed to dispose of their entire interests in Beijing Dawning Tianyan Information Technology Company Limited and Dawning Information Industry (Beijing) Limited and 62.5% of its 83.1% interest in Beijing Dawning Novotech Co., Ltd. (the "Disposed Companies") (the "Disposal") for a total consideration of RMB95,000,000. Reasons for the disposal were (i) the Company has yet to reach any agreement regarding the technical support and the ownership for future development of new model high-tech computers and servers with Chinese Academy of Sciences which provided technical support to the transferor for the development of high-tech computers and servers in the past; and (ii) the Company also expected that substantial costs would be incurred in the future development of the high-tech computers and server market which is fast moving with a short product life cycle and capital intensive and the prospects of newly developed products is not certain enough to sustain such investment, and the Company has decided to streamline its business and redeploy its resources in the development of new projects with certain and better growth potential and lower risk and to implement the Disposal accordingly. The Disposal was approved by the shareholders of the Company at the special general meeting held on 26th July, 2006. Details of the Disposal are set out in the circular (the "Circular") to all shareholders of the Company dated 30th June, 2006.

Up to 31st December, 2006, the Group received RMB66,500,000 in respect of the Disposal, representing 70% of the total consideration, with the remaining balance to be paid to the transferor by the transferee under the conditions as specified in the section headed "Conditions" in the Circular.

From 1st January, 2006 to 30th September, 2006 (the date of completion of the Disposal for accounting purpose), the Disposed Companies achieved a total sales of approximately HK$293,916,000 (2005: HK$417,385,000) and loss after taxation attributable to Disposed Companies to the Group were approximately HK$17,283,000 (2005: profit after taxation of approximately HK$13,667,000).

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 in the year was approximately HK$23,316,000, representing an increase of approximately 32.79% over last year.

Despite the Jingke Information recorded a higher operating growth this year than last year, the operating result did not match with cost of investment by the Group, the return on investment is not satisfactory. The operating growth of Jingke Information is still at a lower level while the company is still facing certain some difficulties in its development.

An agreement entered into between the Group and Jingke Information on 1st March, 2004, pursuant to which the Group granted a non-revolving secured loan of up to RMB15,000,000 (equivalent to approximately HK$14,151,000). The loan was secured by each the shareholders of Jingke Information by charging their respective equity interests in Jingke Information to the Group. According to the information set out in the section headed "Contingent Liabilities", Jingke Information also has the amount due to the Group of RMB8,000,000.

In order to collect most of the above two receivables, an application has been sent to Wuhan Intermediate People's Court in a litigation against Jingke Information for recovering an equivalent amount due to the Group, and the Wuhan Intermediate People's Court has decided judicially to treat the related assets of Jingke Information as the seized properties by legal authority. Once the award is issued, the properties seized can be used as the guarantees of above two receivables.

Yunnan Green-Land

Yunnan Green-Land Biological and Science Company Limited ("Yunnan Green-Land") is a company, in which the Group has interests, is mainly engaged in the sale, design and project contracting of horticultural plants, and is one of the few companies possessing class 1 qualifications in garden engineering in the PRC. Yunnan Green-Land has increased its share capital upon shareholders' approval at a general meeting on 16th December, 2006, the Group's interests in Yunnan Green-Land has been reduced from 20% to 17.78%. In 2006, Yunnan Green-Land undertook certain major projects in respect of construction, acceptance inspection and receivables collection. In mean-time, the company adjusted its strategies to shut down certain branches with unsatisfactory operating results. The planning of Yunnan Green-Land's striving for issue of new shares through domestic listing status was unsuccessful and disapproved in 2006.

On 21st March, 2007, the Company has disposed of its entire interest 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 at a consideration of RMB40,051,092.48. The details of the disposal were set out in the circular to the Company's shareholders dated 4th April, 2007.

TREASURY MANAGEMENT

In respect of financial resources management, the Group diversified its investment portfolio to accommodate more current assets with higher liquidity, including securities, in order to enhance the return of current assets. Meanwhile, the Group also formulated an aggressive and yet prudent financial resources management policy, with an aim of continuously identifying investment objectives within a reasonable risk level.

Currently, the Group has handily sufficient financial resources and will make active efforts to identify new investment projects. The Group has not yet identified any particular industry as the target; however, it is making a preliminary research on a number of industries through extensive studies of the soundness of return on investment, management standard and risk avoidance as its fundamental conditions for new projects selection. Newly solicited business may be carried out steadily by the following means: (1) undertaking projects with stable returns in the basis industries, i.e. projects characterized by stable cash inflows and simple management mechanism, which may act as a mainstay of the Company; (2) undertaking real estate projects, as the Group has currently accumulated certain experience in the properties industry and may proceed with such projects on the basis of its comprehensive analysis of the projects, feasibility and risk factors on various modes of residential and commercial properties, 1st class land development, hotel properties and so on; and (3) to acquire equity interests in certain companies which may be listed in one or two years and assist them to be listed, that will increase the Group's assets base and income after their listing.

During the past few years, the Company continued to make active efforts to adjust assets structure and improve the internal management. In 2006, the Group has further adjusted assets structure and improved the internal management in a greater pace; the purpose of which was to lay a solid foundation for the development for the year 2007 onwards. For the time being, after part of the ill-efficient and low-yield assets having been disposed of, the assets currently held are of better ability to store value and earn high yield. Meanwhile, the Group has abundant financial resources and the ability to invest. The Company will enhance the control in investment analyses and strategic planning, and prudently seek potential projects for investment. After the work of aligning the human resources structures in 2006, the operation costs were greatly reduced; at the same time new roles and responsibilities were created, the cost of human resources was reduced to lower level than ever. Based on the foresaid changes in fundamental factors, the Group has full confidence in its sustainable operations and profit-earning ability in 2007, and the management believes that year 2007 will be a year of the Group's favourable turnabout.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transaction by directors as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding director's securities transactions. The Company confirms that, having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code for the year ended 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 Friday, 25th May, 2007, the register of members of the Company will be closed from Wednesday, 23rd May, 2007 to Friday, 25th May, 2007, both days 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 Tuesday, 22nd May, 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 below.

Code provision A.2.1. stipulates that the responsibilities between the chairman and chief executive officer should be divided. Upon the resignation of Mr. Gong Hanbing as executive director and President of the Company on 30th March, 2006, the roles and functions of the chief executive officer have been performed by the Board of the Company and the directors believed that such arrangement enable different talents and expertise of the Directors to be best utilized to the benefits of the Group.

Code provision A.4.1 stipulates that 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 Bye-laws of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, currently includes Mr. Liu Sing Piu, Chris, Mr. Lee Kuo Ching, Stewart and Miss Chong Kally. The Audit Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the financial statement for the year ended 31st December, 2006 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st December, 2006 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

By order of the Board
Wong Chung Tak
Chairman

Hong Kong, 20th April, 2007

As at the date of this announcement, the Board of the Company 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. Lee Kuo Ching, Stewart, Mr. Liu Sing Piu, Chris and Miss Chong Kally.