



APEX CAPITAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 905)

ANNOUNCEMENT OF 2006 FINAL RESULTS

The Board of Directors (the "Board") of Apex Capital Limited (the "Company") presents the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December 2006 (the "Year") as follows:—

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
REVENUE	4	38	177
OTHER INCOME		195	295
ADMINISTRATIVE EXPENSES		(4,028)	(3,538)
OTHER OPERATING EXPENSES		—	(114)
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS		(6,874)	(2,043)
GAIN ON DISPOSAL OF SUBSIDIARIES		463	—
FINANCE COSTS	6	(144)	(25)
LOSS BEFORE INCOME TAX	7	(10,350)	(5,248)
INCOME TAX EXPENSE	8	—	—
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9	(10,350)	(5,248)
LOSS PER SHARE			
BASIC (HK\$)	10	(0.05)	(0.04)

CONSOLIDATED BALANCE SHEET

As at 31st December 2006

	2006 HK\$'000	2005 HK\$'000	
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, Plant and Equipment	64	219	
Investment Property	—	3,860	
Available-for-Sale Financial Assets	—	6,874	
	64	10,953	
CURRENT ASSETS			
Prepayment, Deposit Paid and Other Receivables	306	209	
Cash at Banks	6,305	52	
Financial Assets at Fair Value through Profit or Loss	—	3,096	
	6,611	3,357	
CURRENT LIABILITIES			
Other Payables	1,186	640	
Borrowings	—	121	
Amounts due to Directors	281	500	
	1,467	1,261	
NET CURRENT ASSETS	5,144	2,096	
TOTAL ASSETS LESS CURRENT LIABILITIES	5,208	13,049	
NON-CURRENT LIABILITIES			
Borrowings	—	2,565	
NET ASSETS	5,208	10,484	
EQUITY			
SHARE CAPITAL	6,000	4,000	
RESERVES	(792)	6,484	
TOTAL EQUITY	5,208	10,484	
NET ASSET VALUE PER SHARE (HK\$)	11	0.02	0.07

Notes:—

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. SUMMARY OF THE INDEPENDENT AUDITORS' REPORT

Basis of qualified opinion

As at 31 December 2005, the Group's balance sheet included an available-for-sale financial asset in an unlisted equity security ("Tianjin Standard") amounting to HK\$6,874,000. The directors have made full impairment provision of HK\$6,874,000 against this asset in the current year for the sake of prudence as they were unable to obtain any financial information relating to this entity in 2006. Grant Thornton (the "Auditors") have not been able to obtain the information they need from the Company, nor were there any satisfactory alternative procedures the Auditors could perform, in order to assess whether the amount of impairment provision and the carrying value of this asset at 31 December 2006 was fairly stated. Any adjustments to the carrying amount of this asset found to be necessary as at 31 December 2006 would have a consequential effect on the net assets of the Group at that date and the loss for the Group for the year then ended.

Qualified opinion arising from limitation of audit scope

In the Auditors' opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Auditors been able to satisfy themselves as to the carrying amount of the available-for-sale financial asset, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW OR AMENDED HKFRSs

- (a) From 1st January 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1st January 2006 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group's and the Company's accounting policies.
- (b) New or amended 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 anticipate that the adoption of such HKFRSs will not have a material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments — Disclosures ²
HKFRS 8	Operating Segments ³
HK(IFRIC) — Interpretation 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) — Interpretation 8	Scope of HKFRS 2 ³
HK(IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) — Interpretation 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) — Interpretation 11	Group and Treasury Share Transactions ⁶
HK(IFRIC) — Interpretation 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 March 2006

³ Effective for annual periods beginning on or after 1st May 2006

⁴ Effective for annual periods beginning on or after 1st June 2006

⁵ Effective for annual periods beginning on or after 1st November 2006

⁶ Effective for annual periods beginning on or after 1st March 2007

⁷ Effective for annual periods beginning on or after 1st January 2009

⁸ Effective for annual periods beginning on or after 1st January 2008

4. REVENUE

	2006 HK\$'000	2005 HK\$'000
Interest income	21	127
Dividend income	17	50
	38	177

5. SEGMENT INFORMATION

The Group makes investments in Hong Kong and in other parts of the People's Republic of China ("PRC"). These geographical markets are the basis on which the Group reports its primary segment information.

Segment information about these geographical markets is presented below:—

	Hong Kong		PRC		Total	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
REVENUE — TURNOVER	38	177	—	—	38	177
RESULT						
Segment results	(165)	(352)	(6,874)	(2,043)	(7,039)	(2,395)
Unallocated corporate expenses					(3,630)	(2,828)
LOSS FROM OPERATIONS					(10,669)	(5,223)
Finance costs					(144)	(25)
Gain on disposal of subsidiaries					463	—
LOSS BEFORE INCOME TAX					(10,350)	(5,248)
Income tax expense					—	—
LOSS FOR THE YEAR					(10,350)	(5,248)

All of the Group's turnover and contribution to operating results are attributable to its investment activities.

6. FINANCE COSTS

	2006 HK\$'000	2005 HK\$'000
Finance charges on finance leases	—	25
Interest charges on bank loan not wholly repayable within five years	144	—
	144	25

7. LOSS BEFORE INCOME TAX

	2006 HK\$'000	2005 HK\$'000
Loss before income tax is arrived at after charging/(crediting):—		
Auditors' remuneration		
— current year	244	123
— overprovision in prior year	—	(76)
Depreciation	155	234
Investment management fee	600	369
Net fair value (gain)/loss on financial assets at fair value through profit or loss	(194)	89
Loss on disposal of property, plant and equipment	—	62
Operating lease charges on office premises	219	226
Retirement benefits scheme contributions	36	22
Staff costs (including directors' remuneration but excluding retirement benefits scheme contributions)	1,630	1,155
Write off of other payables	—	(240)
	—	—

8. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided in the financial statements as the Group did not have any assessable profits during the year (2005: Nil).

At 31st December 2006, a deferred tax asset of approximately HK\$2,784,000 (2005: HK\$2,686,000) in respect of tax losses available to offset future profits was not recognised in the financial statements as it is not certain that the Group will generate future taxable profits to enable it to utilise such tax losses. This tax loss has no expiry date.

9. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss for the year of HK\$10,350,000 (2005: HK\$5,248,000), a loss of HK\$11,544,000 (2005: HK\$4,171,000) has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the consolidated loss for the year attributable to the equity holders of the Company of HK\$10,350,000 (2005: HK\$5,248,000) and on the weighted average number of 195,068,493 (2005: 136,547,945) shares in issue during the year.

Diluted loss per share amounts have not been presented because there were no dilutive potential shares.

11. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group of HK\$5,208,000 (2005: HK\$10,484,000) and the 240,000,000 (2005: 160,000,000) ordinary shares in issue.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the year, the Group recorded a loss of HK\$10,350,000 (2005: HK\$5,248,000) after deducting administrative expenses of HK\$4,028,000 (2005: HK\$3,538,000) and finance expenses of HK\$144,000 (2005: HK\$25,000). The increase in finance cost is mainly due to the acquisition of an investment property at the end of 2005.

The increase in loss is mainly due to a further provision of HK\$6,874,000 (2005: HK\$2,043,000) for impairment made in respect of the unlisted equity investment in the PRC. Please refer to the "Business Review and Outlook" paragraph for more details.

Liquidity and Capital Resources

To strengthen its liquidity and capital base, the Company convened an Extraordinary General Meeting on 23rd June 2006 to consider and approve an open offer (the "Open Offer"), change of company name and other matters.

The Company raised net proceeds of approximately HK\$4,800,000 by way of Open Offer by issuing 80,000,000 shares at a price of HK\$0.07 per share on the basis of one share for every two shares held on 23rd June 2006. The net proceeds of approximately HK\$4,800,000 have been used as to (i) approximately HK\$2,300,000 for future investment purposes in accordance with the Company's investment policy of investing in listed and unlisted companies in Hong Kong and the PRC to achieve medium term capital appreciation and (ii) approximately HK\$2,500,000 for the Company's working capital.

Change of Company name

Pursuant to a resolution passed in the Extraordinary General Meeting held on 23rd June 2006, the Company changed its name from Haywood Investments Limited to Apex Capital Limited. As requested by the Hong Kong Companies Registry, the Company adopted a trade name of Apex Ding Yang Capital Limited in Hong Kong to avoid duplication of the same name already registered by an existing company incorporated in Hong Kong. The adoption of new company name is to reflect the change of the largest shareholder in May 2005 and the subsequent change in management team.

Pledge of assets

As at 31st December 2006, the Group has no property (2005: HK\$3,860,000) pledged to bank to secure a mortgage loan granted to the Group.

Foreign currency fluctuation

Most of the underlying investments and business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange risk is minimal.

BUSINESS REVIEW AND OUTLOOK

During the year, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Summit Asset Holdings Limited ("Summit Asset") and the entire loan to Summit Asset of approximately HK\$1,688,000 to the buyer at the considerations of approximately HK\$10 and HK\$1,688,000 respectively. The disposal of this subsidiary resulted in a gain of HK\$463,000.

Double Dragon Profits Limited and Good Place Investments Limited were de-registered on 22nd December 2006 and 10th March 2006 respectively.

The Company acquired all the issued capital of a company in 2000 whose sole asset is a 21% equity interest in a sino-foreign joint venture in the PRC ("Tianjin Standard"), which is principally engaged in the manufacturing and trading of building materials and the provision of related consultancy services. The Group has not been in a position to exercise any significant influence over the financial and operating policies of Tianjin Standard and the directors were unable to contact the management of Tianjin Standard to obtain any financial information relating to Tianjin Standard in 2006. For the sake of prudence, full impairment provision of HK\$6,874,000 has been made during the year.

The Board is optimistic with the improving global and domestic economic conditions and will continue to pursue other investment opportunities which can generate stable revenue and bring business prospect and under the Group's investment philosophy and at an acceptable risk level.

Employees and remuneration policy

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

There is one employee, 4 executive directors and 3 independent non-executive directors. Remuneration policies are reviewed by the Remuneration Committee in accordance with the market situation and the performance of individual directors from time to time.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including review of annual results for the year ended 31st December 2006.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules, throughout the accounting year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of Conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with required standard set out in the Model Code during the year.

By Order of the Board
Mung Kin Keung
Executive Director

Hong Kong, 26th April 2007

As at the date of this announcement, the Board is comprised of: Executive directors Mr Mung Kin Keung, Mr Ha Wing Ho, Peter, Mr Leong Chi Wai and Mr Leung King Yue, Alex; Independent non-executive directors Mr Chee Man Sang, Eric, Mr Lo Tak Kin and Ms Yu Tin Yan, Winnie.