亞洲資產(控股)有限公司
ASIAN CAPITAL RESOURCES (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8025)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This announcement, for which the directors of Asian Capital Resources (Holdings) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Asian Capital Resources (Holdings) Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of Asian Capital Resources (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007.

The Group continued to focus on and review the long-term prospects of its logistic services including freight forward services in China and Hong Kong. The Company has experienced severe competition in this division of its business, and has had to reassess the entire logistics business. The Company wishes to avoid overtrading in this particular area, and to this extent, is reviewing the turnover that can be achieved from the business and is aiming towards achieving profitability from all the divisions within the Group.

As to the information technology division of the Group's business services, over the past few years this division has contributed no more than HK$1 million to the total turnover of the Group. However, the Directors of the Company have continually been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operation. The Board has considered the following factors, including but not limited to the Group's existing investments in the logistics services and information technology sectors, and the returns that are currently achieved therefrom. On 24 December 2007 the Company entered into an agreement to purchase Guangzhou Wavecom Communication and Advertising Limited, and the Directors are of the view that this acquisition presents an exciting opportunity for the Group to expand its existing business structure and to provide an opportunity to enlarge the revenue base of the Group, particularly in the information technology sector, with regards to the provision of internet protocol television services to the southern China region, and the returns that can be generated therefrom.

During the past year, there was a 40.18% decrease in the turnover of the Group for 2007, and the loss for the year increased from HK$17 million for 2006 to HK$20 million for 2007.

Notwithstanding the management's efforts in rationalizing our operations and enhancing our cost efficiency during the last year, the aim to attain profitability is yet to be achieved. In the year ahead, the Group will continue to strengthen its ability to meet the growing demand for quality logistic services and allocate sufficient resources to develop the high potential PRC market.

Apart from the aforementioned operations, the Group continues to explore investment opportunities which are strategic to our business operations and which will contribute significantly to the return of our shareholders. To this end the Group, looking forward to 2008, has decided to explore further opportunities for development in the corporate finance sector. Hence the acquisition of Vega International Limited, which is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post acquisition advisory and professional management services. The Group considered that the acquisition represented a good attempt to expand its existing business portfolio into the area of corporate finance and development, and provides opportunities for the Group to expand its existing businesses.

New technologies, innovative business vision and a strong professional team are the key assets of the Group contributing to our competitiveness. We are confident that these attributes will not only further our business growth but will also strengthen our position as one of the leading one-stop logistic services providers, information technology and corporate finance services providers in China and Hong Kong respectively and will allow us to ultimately generate long-term and sustainable returns to our shareholders.

On behalf of the Board, we would like to take this opportunity to thank the Group's clients, suppliers, vendors, banks, business partners, consultants and shareholders for their support and trust generously given to the Group. The Board also expresses gratitude to the management and staff for their work and dedication during the past years.

Xie Xuan
Chairman

Hong Kong, 26 March 2008

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and loss attributable to shareholders

The total turnover of the Group for the year ended 31 December 2007 was approximately HK$168,397,000 (2006: HK$281,510,000) which was decreased by approximately 40.18% as compared to that of the previous financial year. The Group's gross profit margin is increased from 6.4% for the year ended 31 December 2006 to 7.9% for the current period. The increase in gross profit margin is due to the closure of the non-profitable operations in Hong Kong and the USA.

The audited consolidated loss from operations for the year was increased by 13.30% to approximately HK$20,149,000 as compared with the corresponding period last year. It was mainly due to the extremely competitive environment which impacted on the turnover of the logistics operations of the Group.

Financial cost

The financial cost of the Group for the year ended 31 December 2007 was approximately HK$312,000 (2006: HK$210,000) which was increased by approximately 48.57% as compared to that of the same period of last year.

Liquidity, financial resources and capital structure

As of 31 December 2007, the Group's borrowing consists of a loan from the ultimate holding company of HK$4,552,000. The Group had a cash balance of approximately HK$2,658,000 (2006: HK$6,237,000).

The Group continues to adopt a prudent treasury policy to maintain its cash balance either in Hong Kong Dollars, or in the local currencies of the operating subsidiaries, maintaining a minimum exposure to foreign exchange risks.

The issued share capital of the Group for the year ended 31 December 2007 has increased from HK$47,624,000 to HK$63,933,541.

Material acquisitions and disposals of subsidiaries and affiliated companies

Following the critical review of all the outside PRC units of Ever-OK International Forwarding Co., Ltd. in December, 2006, the Los Angeles branch did not live up to the Group's return expectations and suffered from weak management. A new target was set for management performance and the staff in Los Angeles could not cope with the demands. Accordingly, the Los Angeles office's operation was orderly wound-down during the first quarter of 2007 with minimum impact to the overall operation of the Group. The unit was initially set up as a complete separate entity registered in the United States and with limited liability to the Group and has been operating under strict budgets and just needed cash availability. The Directors consider that adequate accrued expenditures and financial provisions had been made for providing a true and fair disclosure for the unit.

On 14 February 2007 the Board announced that on 8 February 2007, the Company entered into a sale and purchase agreement with Mr. Xie Xuan (the "Vendor") in relation to the acquisition of 100% equity interest in Vega International Group Limited (the "Target Company") for a cash consideration of US$50,000. The purchase was financed internally within the Group. The Vendor is an executive director and the Chairman of the Company, and therefore is a connected person of the Company. As such the transaction constituted a connected transaction under Chapter 20 of the GEM Listing Rules. However the connected transaction was a transaction on normal commercial terms where each of the percentage ratios (other than the profits ratio) was equal to or more than 0.1% but less than 2.5% and the total consideration was less than HK$1,000,000, thus falling within the de minimis exemption under 20.31(2)(b) of the GEM Listing Rules which was in force at the relevant time and was therefore exempt from the disclosure and independent shareholders' approval requirements.

As to the reasons for the acquisition, the Target Company is principally engaged in the provision of services in corporate finance and investment, project planning and development, technology project brokerage services, corporate development services, management consulting and post acquisition advisory and professional management services. Immediately after the Acquisition, the Group is interested in 100% of the entire issued share capital of the Target Company. The Group considered that the Acquisition represented a good attempt to expand its existing business portfolio into the area of corporate finance and development, and provides opportunities for the Group to expand its existing businesses.

Gearing Ratio

As at 31 December 2007, the gearing ratio of the Group, expressed as a percentage of total borrowings over total assets, was 12% (31 December 2006: 27%).

Employee and remuneration policies

As at 31 December 2007, the Group employed a total of 142 employees (as at 31 December 2006: 246), of which 9 were located in Hong Kong and the remaining 133 were located in the PRC. The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

Issue of New Shares

On 12 February 2007, the Company had entered into a subscription agreement (the "Subscription Agreement") with Asian Dynamics International Limited ("Asian Dynamics"), pursuant to which it agreed to issue and allot 91,000,000 shares (the "Subscription Shares") in the capital of the Company to Asian Dynamics, representing 19.11% of the issued share capital of the Company. The issue price of each share was HK$0.10, with a total subscription price of HK$9,100,000. The Subscription Shares were issued in satisfaction of the contractual sum payable by the Company to Asian Dynamics for monies that have been advanced to the Company totaling HK$9,100,000.

Given that Asian Dynamics was a controlling shareholder of the Company then holding approximately 55.63% shareholding interest in the Company, the subscription of the Subscription Shares by Asian Dynamics constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. A circular of the Company containing, among other things, further details of the Subscription Agreement and a notice of the extraordinary general meeting was dispatched to the shareholders of the Company on 14 March 2007, and the extraordinary general meeting was held on 3 April 2007, wherein the independent shareholders of the Company voted in favour of an ordinary resolution approving the issue of new shares.

On 5 September 2007, the Company entered into subscription agreements whereby it agreed to issue 25,014,820, 35,860,262 and 11,223,231 shares to United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited respectively at the issue price of HK$0.229 per Share. The Company entered into the subscription agreements as a means to capitalizing loans that were owed to the respective companies, which will incur the benefits to the Company of being able to repay the outstanding loans without drawing on the working capital of the Company. The Shareholders of the Company approved the issue and allotment of the Subscription Shares at an EGM held on 4 October 2007. The Subscription Shares have been issued and allotted.

Grant of Options

On 5 September 2007, the Company entered into agreements with United Hill Investments Limited, Bonus Gain Limited and Always Fast International Limited whereby the Company agreed to grant 33,946,039, 48,663,704 and 15,230,300 Options respectively, with the rights to require, at any time during the option period of four years, the Company to issue and allot one Option Share upon the exercise of each Option at the Exercise Price of HK$0.275 per Option. The Shareholders of the Company approved the granting of the Options, and the issue and allotment of the Option Shares at an EGM held on 4 October 2007. The shareholding structure of the Company will not be affected until such time as the option holders decide to exercise their options.

Change of Name

Pursuant to the special resolution passed at the extraordinary general meeting held on 1 February 2007, the name of the Company was changed from "Asian Information Resources (Holdings) Limited 亞洲訊息（控股）有限公司" to "Asian Capital Resources (Holdings) Limited", and for identification purposes, its Chinese name to "亞洲資產（控股）有限公司)". A Certificate of Registration of Change of Name of Oversea Company in the name of "Asian Capital Resources (Holdings) Limited" and the Chinese name "亞洲資產（控股）有限公司" for the Company has been issued by the Registrar of Companies in Hong Kong under Part XI of the Companies Ordinance on 15 March 2007.

OPERATIONAL REVIEW

During the period under review, the Group continued its focuses on core business in logistics services and information technology.

The Company has a sufficient level of operations in logistic services and has sufficient assets to operate its business. Currently, the Company does not have any financial difficulties to an extent which may seriously impair the Company's ability to continue its business or which has led to the suspension of any of its operations. The Company also has sufficient assets to operate its business due to the continuing support of the major shareholder of the Company.

The Company shall focus its efforts in building up its profits through the logistics services and corporate finance businesses by way of achieving further expansion, and anticipates the coming year will provide exciting opportunities for the Company, supported by the encouraging global economic growth.

The Board is in the process of reviewing all the operations of the Group to ensure that the returns from those operations can be justified. The Board intends to dispose of all non-profitable operations within the Group. Furthermore, the Board will strive to reduce the operating costs of the Group.

Furthermore the Company is in the process of consolidating its core business of logistics services, and is constantly reviewing the return from this business to the Group. The Company has experienced severe competition in this division of its business, and has had to reassess the entire logistics business. The Company wishes to avoid overtrading in this particular area, and to this extent, is reviewing the turnover that can be achieved from the business and is aiming towards achieving profitability from all the divisions within the Group.

Performance of operating divisions

Logistics Services

Considering the importance of the business and the issues encountered by the Group last year in respect of the logistics operations, the management has put much effort to improving the operation and control through branches and subsidiaries. The effort includes but is not limited to increasing marketing efforts, widening, improving efficiency of our logistics services including freight forwarding services and keeping tighter control on the accounting records. The turnover of this operation decreased by approximately 40.18% compared to that of the previous period. This was mainly due to the fact that the Group experienced an extremely competitive environment in the PRC and that the Group closed down the non-profitable activities and branches of EverOk International Forwarding Company Ltd which impacted on the turnover of the logistics operations. With continued efforts of the management, the Company will increase quality clients for the coming year with an increasing contribution to the Group.

Furthermore, on 19 June 2007, the Water Carriage Division of the Ministry of Communication of the People's Republic of China (the MOC) issued a notice to all international liner service operators, demanding the enforcement of the "Regulations of the People's Republic of China on International Maritime Transportation", which required that; (i) when concluding agreements on negotiated rates with NVOCCs (Non-Vessel Operating Common Carriers), international liner service operators shall make sure that such NVOCCs have registered their bills of lading and paid the required surety bond in accordance with the provisions of these regulations; and (ii) an operator of international shipping services shall not accept cargo or containers from a NVOCC who fails to register its bill of lading and deposit the surety bond. The management considers it will have a negative impact on the logistic services business of the Company in the coming year as a result of higher costs and additional demand for working capital. The Board is presently observing and reviewing the overall effects of such directives in the industry as a whole and make appropriate management decisions to safe-guard the operations of the subsidiary and maintain a viable operational environment for future business pursuits. Further announcement will be made after thorough assessment.

In order to make the logistics services more profitable, with continued efforts of the management, the Company has planned to target its development into the following areas: (i) Enhancing the freight delivery and distribution services in the PRC for its clients; (ii) Developing warehouse and logistics centre in the PRC for distribution; (iii) Developing more major clients and providing them with more value added services.

Furthermore, with the "just-in-time" management concept developed in recent years, the manufacturers, the distributors and the retailers rely on frequent shipments to sustain production flows and inventory rather than accumulating inventory in their warehouses. This is also accelerating the development of the logistics services business.

Information Technology

Over the past few years the information technology ("IT") division of the Group has only been able to contribute no more than HK$1 million in each financial year to the turnover of the Group. However, the Directors have been seeking investment opportunities to broaden the Group's income base and to expand the Group's business operation. The Board has considered the following factors, including but not limited to the Group's existing investments in the logistics services and information technology sectors, and the returns that are currently achieved therefrom. The Board has reviewed the terms of the agreement dated 24 December 2007, as set out in the circular of the Company dated 28 February 2008, and is satisfied that the proposed acquisition of Guangzhou Wavecom Communication and Advertising Limited is in line with its existing information technology platform and will provide a basis for the expansion of this platform in the area of the provision of internet protocol television services to the southern China region. The acquisition presents an exciting opportunity for the Group to expand its existing business structure and to provide an opportunity to enlarge the revenue base of the Group.

Financial Consultancy

The Group is presently in the process of developing new business to that of financial consultancy. With the acquisition of Vega International Group Limited ("Vega") the Group is now in the process of negotiating a number of contracts for the provision of financial consultancy services by Vega with companies in the southern China region. In terms of these consultancy services, they will be negotiated in the normal course of business and shareholders will be kept informed of this division as it progresses.

SUBSEQUENT EVENTS

Acquisition of a media company

On 11 January 2008, the Board announced that the Company entered into the agreement pursuant to which the Company conditionally agreed to purchase 100% equity interest of a media company in the PRC at the consideration of HK$157 million (the "Consideration"). The Consideration shall be financed by (i) the issue and allotment of 324,085,568 new Shares at HK$0.218 per Consideration Share; and (ii) the issue in aggregate of HK$86,350,000 of zero-coupon Convertible Notes convertible at the initial Conversion Price of HK$0.218 per Share with 24-month maturity. Details of purchase are set out in the circular of the Company dated 28 February 2008.

The acquisition was approved by the Independent Shareholders by way of poll at the EGM held on 14 March 2008. Details are set out in the announcement dated 14 March 2008.

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognizes that such commitment is essential in upholding the accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

Compliance with Corporate Governance Code

To ensure compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules, the Board will continue to monitor and revise the Company Code to bring our corporate governance practices in line with the changes in the environment and requirements of the Code.

In the opinion of the Directors, the Company has complied with all the provisions of the Code, for the year ended 31 December 2007, except:

(i) under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has set out in written terms the responsibilities between the chairman and chief executive officer. However, Mr. Ho Wing Yiu resigned as the chief executive officer with effect from 7 December 2006. Hence Mr. Xie Xuan, chairman of the Company, takes up the responsibilities of the chief executive officer until a replacement for the chief executive officer is found. The Company considers that under the supervision of its Board and its Independent Non-executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

(ii) under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors of the Company are appointed for a specific term. This constitutes a deviation from the code provision. However, all the Non-executive Directors of the Company are subject to retirement by rotation at annual general meetings pursuant to the articles of association of the Company;

(iii) code provision A.4.2 of the Code requires every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest but not greater than one-third) shall retire from office by rotation provided that the chairman of the board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman and the managing director, all Directors are subject to retirement by rotation. The management of the Company will strive to comply with all the provisions of the Code by ensuring that the Directors will be subject to retirement by rotation at least every three years in future;

(iv) under code provision E.1.2 of the Code, the chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Chairman of the Company, Mr. Xie Xuan, had not attended the Company's annual general meeting for 2007 due to other business commitments.

Securities Transactions by Directors

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the year ended 31 December 2007.

Board of Directors

The Board is responsible for managing the Company on behalf of the shareholders. The Board is of the view that it is the Directors' responsibility to create value for the shareholders as a whole and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The Board comprises a total of six Directors, with two executive Directors, namely Mr. Xie Xuan (Chairman) and Mr. Yang Qiulin; one non-executive Director namely Mr. Lo Mun Lam, Raymond (Vice-Chairman); three independent non-executive Directors namely Mr. Wu Jixue, Mr. Yang Zhenhong and Mr. Zhang Daorong.

The Board meets at least four times a year with additional meetings arranged when necessary, to review the financial performance, results of each quarter, material investments and other matters of the Group that require the resolution of the Board. Simultaneous conference calls may be used to improve attendance when an individual director cannot attend the meeting in person.

Confirmation of Independence

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent based on the annual confirmations received.

Audit Committee

In compliance with Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee comprising Independent Non-executive Directors, namely Mr. Zhang Daorong, Mr. Wu Jixue and Mr. Yang Zhenhong, and has adopted terms of reference governing the authorities and duties of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

The attendance record of each member of the Board during the year under review is set out below:

Designation and Name	Number of meetings attended/Number of meetings held for the year ended 31 December 2007 — Board	Audit Committee
Executive Directors		
Xie Xuan *(Chairman)*	5/8	N/A
Yang Qiulin	5/8	N/A
Non-executive director		
Lo Mun Lam, Raymond *(vice-chairman)*	7/8	N/A
Independent non-executive Directors		
Wu Jixue	7/8	4/4
Yang Zhenhong	6/8	4/4
Zhang Daorong	5/8	3/4

Auditors' Remuneration

The remuneration in respect of audit services and non-audit services provided by the auditors, Messrs. Patrick Ng & Company, to the Group for the year ended 31 December 2007 amounted to HK$700,000 and HK$0 respectively.

Directors' and Auditors' Responsibilities for Accounts

Statements of Directors' responsibilities for preparing the financial statements and external auditors' reporting responsibilities as set out in the Auditors' Report.

Internal Control

The Directors have reviewed and are satisfied with their ability to comply with the policies installed as part of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions.

Breaches of the Gem Listing Rules

Breach of Rule 20.49 of the GEM Listing Rules: Warning Letter

On 9 May 2007 the GEM Listing Division concluded that the Company had breached Rule 20.49 of the Listing Rules by failing to dispatch the circular dated 14 March 2007 (the "Circular") to the shareholders within the timeframe stipulated in the GEM Listing Rules.

The facts of the case were that Rule 20.49 of the GEM Listing Rules requires a listed issuer to send a circular to shareholders within 21 days after publication of the announcement, unless the Exchange directs otherwise. The relevant announcement was published on 14 February 2007, however the Circular was dispatched on 14 March 2007, resulting in a delay of 7 days.

Taking into account all relevant factors and circumstances of the case, the Division decided that the breaches may fairly be disposed of by way of a warning letter to the Company. The Board has recognized the findings of the Division and will endeavour in future to seek legal and compliance advice in handling similar transactions.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
CONTINUING OPERATIONS			
Turnover	(4)	**168,397**	281,510
Cost of services		**(155,085)**	(263,526)
Gross profit		**13,312**	17,984
Other revenue	(4)	**904**	2,028
Administrative expenses		**(34,053)**	(38,189)
Loss from operations	(5)	**(19,837)**	(18,177)
Finance costs	(7)	**(312)**	(210)
Provision for impairment on other receivables		**—**	(34,593)
Loss before income tax expense		**(20,149)**	(52,980)
Income tax expense	(8)	**—**	—
Loss for the year from continuing operations		**(20,149)**	(52,980)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**—**	35,196
LOSS FOR THE YEAR		**(20,149)**	(17,784)
Attributable to:			
Equity shareholders of the company		**(20,149)**	(17,071)
Minority interests		**—**	(713)
		(20,149)	(17,784)
		HK cents	*HK cents*
Loss per share:	(9)		
From continuing and discontinued operations			
— Basic		**(0.03)**	(3.58)
— Diluted		**N/A**	N/A
From continuing operations			
— Basic		**(0.03)**	(10.97)
— Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**939**	1,487
Development costs		**—**	88
		939	1,575
CURRENT ASSETS			
Trade and other receivables	*(10)*	**34,453**	30,534
Cash and bank balances		**2,658**	6,237
		37,111	36,771
CURRENT LIABILITIES			
Bank overdraft		**169**	—
Trade and other payables	*(11)*	**43,327**	38,761
Obligations under finance leases		**40**	47
		43,536	38,808
NET CURRENT LIABILITIES		**(6,425)**	(2,037)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(5,486)**	(462)
NON-CURRENT LIABILITIES			
Other payables		**—**	4,796
Obligations under finance leases		**—**	40
Amount due to a director		**6,256**	5,503
Amount due to ultimate holding company		**4,552**	10,272
		(10,808)	(20,611)
NET LIABILITIES		**(16,294)**	(21,073)
CAPITAL AND RESERVES			
Share capital		**63,933**	47,624
Reserves		**(81,044)**	(69,514)
Equity attributable to shareholders of the company		**(17,111)**	(21,890)
Minority interests		**817**	817
TOTAL DEFICIT		**(16,294)**	(21,073)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2007

	Issued share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Convertible note reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'000
At 1 January 2006	47,624	87,707	35,343	3,495	—	(169,572)	4,597	1,530	6,127
Transfer	—	—	—	(3,495)	—	3,495	—	—	—
Disposal of subsidiaries	—	—	(9,323)	—	—	—	(9,323)	—	(9,323)
Loss for the year	—	—	—	—	—	(17,071)	(17,071)	(713)	(17,784)
Exchange difference on consolidation	—	—	—	—	(93)	—	(93)	—	(93)
At 31 December 2006 and at 1 January 2007	47,624	87,707	26,020	—	(93)	(183,148)	(21,890)	817	(21,073)
Issue of shares	16,309	9,301	—	—	—	—	25,610	—	25,610
Loss for the year	—	—	—	—	—	(20,149)	(20,149)	—	(20,149)
Exchange difference on consolidation	—	—	—	—	(682)	—	(682)	—	(682)
At 31 December 2007	63,933	97,008	26,020	—	(775)	(203,297)	(17,111)	817	(16,294)

NOTES TO ACCOUNTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted Company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report. The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company. The principal activities of the Company and its subsidiaries (the "Group") are investment holdings, provision of on-line content information and related technical services, information technology solutions and consultancy services, educational content services and logistic services. There were no significant changes in the nature of its principal activities during the year. In the opinion of the directors, the ultimate holding company is Asian Dynamics International Limited, a company incorporated in the British Virgin Islands.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied a number of new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2007. The adoption of the new HKFRSs has no significant effect on the Group's accounting policies and amounts reported for the current and prior accounting periods in these financial statements.

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

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

(1) Effective for annual periods beginning on or after 1 March 2007
(2) Effective for annual periods beginning on or after 1 January 2008
(3) Effective for annual periods beginning on or after 1 July 2008
(4) Effective for annual periods beginning on or after 1 January 2009

3. PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Group is set out below.

Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

4. TURNOVER AND OTHER REVENUE

Turnover represents (1) project fees from the provision of project consultancy services; (2) distribution fees from the provision of content information; (3) service fees from the provision of internet solution services; (4) service fees from the provision of educational content services; and (5) service fees from the provision of logistics services and excludes intra-Group transactions as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Continuing operations:		
Content solution service and business consultation		
— project fees	**204**	204
— distribution fees	**731**	765
Internet solution service fees	**41**	461
Logistics service fees	**167,421**	280,080
	168,397	281,510
Discontinued operations:		
Educational content service fees	**—**	22
	168,397	281,532

	2007	2006
	HK$'000	*HK$'000*
Other revenue		
Continuing operations:		
Other income	**859**	1,968
Interest income	**45**	60
	904	2,028
Discontinued operations:		
Other income	**—**	454
	904	2,482

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of services	**155,085**	263,526	**—**	—	**155,085**	263,526
Staff costs (excluding directors' remuneration)						
— Wages and salaries	**11,725**	18,059	**—**	—	**11,725**	18,059
— Retirement benefits scheme contributions	**1,165**	1,439	**—**	—	**1,165**	1,439
Auditors' remuneration	**769**	810	**—**	35	**769**	845
Depreciation of property, plant and equipment	**760**	1,051	**—**	848	**760**	1,899
Amortisation of land lease premium	**—**	—	**—**	71	**—**	71
Amortisation of development costs	**88**	446	**—**	—	**88**	446
Written off of unreconciled inter-branch balance	**—**	157	**—**	—	**—**	157
Impairment on trade receivables	**6,043**	51	**—**	—	**6,043**	51
Impairment on other receivables	**305**	—	**—**	—	**305**	—
Impairment on property, plant and equipment	**147**	—	**—**	—	**147**	—
Provision for impairment on other receivables	**—**	34,593	**—**	—	**—**	34,593
Impairment of goodwill	**594**	—	**—**	—	**594**	—
Loss on disposal of property, plant and equipment	**(386)**	(32)	**—**	—	**(386)**	(32)
Operating lease rentals in respect of land and buildings	**3,022**	3,642	**—**	—	**3,022**	3,642
Legal fees	**—**	1,326	**—**	242	**—**	1,568
Net exchange loss	**385**	290	**—**	—	**385**	290

6. SEGMENTAL INFORMATION

(a) Primary reporting format-business segments

2007
HK$'000

	Continuing operations				Educ Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Turnover						
Sales to external customers	935	41	167,421	168,397	—	168,397
Results						
Segment results	(501)	(1,130)	(2,101)	(3,732)	—	(3,732)
Interest income				45	—	45
Unallocated corporate expenses				(9,266)	—	(9,266)
Loss from operations				(12,953)	—	(12,953)
Finance costs				(312)	—	(312)
Loss on disposal of property, plant and equipment				(389)	—	(389)
Impairment on trade receivables				(6,043)	—	(6,043)
Impairment on other receivables				(305)	—	(305)
Impairment on property, plant and equipment				(147)	—	(147)
Loss before income tax expense				(20,149)	—	(20,149)
Income tax expense				—	—	—
Loss for the year				(20,149)	—	(20,149)
Assets						
Segment assets	470	340	26,982	27,792	—	27,792
Unallocated corporate assets				10,258	—	10,258
Total assets				38,050	—	38,050
Liabilities						
Segment liabilities	(64)	(201)	(36,750)	(37,015)	—	(37,015)
Unallocated corporate liabilities				(17,329)	—	(17,329)
Total liabilities				(54,344)	—	(54,344)

	2007 HK$'000						
	Continuing operations					Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Other	Total	Educational content services	Consolidated
Other segment information							
Capital expenditure	—	—	350	332	682	—	682
Amortisation of land lease premium	—	—	—	—	—	—	—
Depreciation of property, plant and equipment	—	5	—	755	760	—	760
Amortisation of development cost	—	88	—	—	88	—	88
Impairment of goodwill	—	—	—	594	594	—	594
Impairment on trade receivables	—	—	6,043	—	6,043	—	6,043
Impairment on other receivables	—	—	305	—	305	—	305
Impairment on property, plant and equipment	—	—	147	—	147	—	147

	2006 HK$'000					
	Continuing operations				Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Turnover						
Sales to external customers	969	461	280,080	281,510	22	281,532
Results						
Segment results	677	437	16,848	17,962	22	17,984
Interest income				60	454	514
Unallocated corporate expenses				(36,199)	(1,435)	(37,634)
Loss from operations				(18,177)	(959)	(19,136)
Finance costs				(210)	(1,196)	(1,406)
Provision for impairment on other receivables				(34,593)	—	(34,593)
				(52,980)	(2,155)	(55,135)
Gain on disposal of operations				—	37,351	37,351
(Loss)/profit before income tax expense				(52,980)	35,196	(17,784)
Income tax expense				—	—	—
(Loss)/profit for the year				(52,980)	35,196	(17,784)
Assets						
Segment assets	610	61	34,995	35,666	—	35,666
Unallocated corporate assets				2,680	—	2,680
Total assets				38,346	—	38,346
Liabilities						
Segment liabilities	(663)	(93)	(35,014)	(35,770)	—	(35,770)
Unallocated corporate liabilities				(23,649)	—	(23,649)
Total liabilities				(59,419)	—	(59,419)

	2006 HK$'000					
	Continuing operations				Discontinued operations	
	Content solution and business consultation	IT enabling technology	Logistics services	Total	Educational content services	Consolidated
Other segment information						
Capital expenditure	178	8	276	462	—	462
Amortisation of land lease premium	—	—	—	—	71	71
Depreciation of property, plant and equipment	304	9	738	1,051	848	1,899
Amortisation of development cost	—	446	—	446	—	446
Impairment of goodwill	—	—	—	—	—	—
Impairment on trade receivables	—	—	51	51	—	51
Impairment on other receivables	—	—	—	—	—	—
Impairment on property, plant and equipment	—	—	—	—	—	—

(b) Primary reporting format - geographical segments

	2007 HK$'000			
	Turnover	Segment results	Segment assets	Capital expenditure
Hong Kong	976	(11,406)	6,025	170
PRC	167,421	(8,743)	32,025	522
USA and Others	—	—	—	—

	2006 HK$'000			
	Turnover	Segment results	Segment assets	Capital expenditure
Hong Kong	9,772	(12,258)	5,610	186
PRC	250,436	(4,251)	28,232	276
USA and Others	21,324	(1,275)	4,504	—

Revenue from the Group's discontinued operations was derived mainly from the PRC and Hong Kong.

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other interest	**312**	210	**—**	—	**312**	210
Interest on convertible notes	**—**	—	**—**	1,196	**—**	1,196
	312	210	**—**	1,196	**312**	1,406

8. INCOME TAX EXPENSE

(a) Income tax expense in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current:						
Hong Kong profits tax	**—**	—	**—**	—	**—**	—
PRC income tax	**—**	—	**—**	—	**—**	—
	—	—	**—**	—	**—**	—

No Hong Kong profits tax has been provided (2006: Nil) as the Group has no assessable profits arising in Hong Kong during the year. The statutory tax rate for Hong Kong profits tax is 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. For the year ended 31 December 2007, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC ranged from 15% to 33% (2006: 15% to 33%).

(b) A reconciliation of the tax charge/(credit) applicable to the Group's loss before income tax expense using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax charge/(credit) at the effective tax rates are as follows:

	2007	2006
	HK$'000	*HK$'000*
Loss before income tax expense		
— Continuing operations	**(20,149)**	(52,980)
— Discontinued operations	**—**	35,196
	(20,149)	(17,784)
Tax credit calculated at Hong Kong profits tax rate of 17.5%	**(3,067)**	(3,112)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(865)**	1,709
Income not subject to tax	**(705)**	(4,380)
Expenses not deductible for tax purposes	**841**	4,659
Utilisation of previously unrecognised tax losses	**—**	(110)
Unrecognised temporary differences and tax losses	**3,796**	1,234
Income tax charge for the year	**—**	—

(c) At 31 December 2007, the Group had tax losses arising in Hong Kong of approximately HK$22,226,000 (2006: HK$21,944,000) that were available for offsetting against future taxable profits. Such losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

9. LOSS PER SHARE

From continuing and discontinued operations:

(a) The calculation of basic loss per share is based on the Group's loss attributable to shareholders of approximately HK$20,149,000 (2006: HK$17,071,000) and the weighted average number of 579,825,053 shares (2006: 476,237,105 shares) in issue during the year.

(b) No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2007 and 2006.

From continuing operations

	2007	2006
	HK$'000	*HK$'000*
Loss attributable to equity holders of the company	**20,149**	17,071
Add: Profit for the year from discontinued operations	**—**	35,196
Loss for the purpose of basic loss per share	**20,149**	52,267

(a) The calculation of basic loss per share is based on the Group's loss attributable to shareholders of approximately HK$20,149,000 (2006: HK$52,267,000) and the weighted average number of 579,825,053 shares (2006: 476,237,105 shares) in issue during the year.

(b) No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2006 and 2007.

10. TRADE AND OTHER RECEIVABLES

The credit terms granted by the Group to a customer are determined on a case-by-case basis with reference to the size of sales contracts, recurrent sales with the customers and their credit history. The Group makes provision for trade receivables based on specific review. Provision is made against trade receivables after considering the amount due, creditability of customers and other qualitative factors. An ageing analysis of the trade receivables of the Group as at the balance sheet date are as follows:

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**21,811**	26,794
Prepayments, deposits and other receivables	**12,622**	3,722
Amount due from related companies	**20**	18
	34,453	30,534

	2007	2006
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 to 30 days	**3,947**	15,048
31 to 60 days	**1,708**	6,554
61 to 90 days	**452**	2,631
91 to 150 days	**1,278**	1,017
Over 150 days	**20,469**	1,595
	27,854	26,845
Less: Impairment losses	**6,043**	51
	21,811	26,794

11. TRADE AND OTHER PAYABLES

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**26,833**	29,114
Accruals and other payables	**14,245**	9,424
Advances from customers	**174**	223
Amount due shareholders	**2,075**	—
	43,327	38,761

An ageing analysis of the trade payables of the Group as at the balance sheet date, based on the date of completion of services provided by the suppliers to the Group is as follows:

	2007	2006
	HK$'000	*HK$'000*
Outstanding balances aged:		
0 to 30 days	**2,871**	16,200
31 to 60 days	**1,396**	8,394
61 to 90 days	**552**	2,653
91 to 150 days	**728**	767
Over 150 days	**21,286**	1,100
	26,833	29,114

By Order of the Board
Xie Xuan
Chairman

Hong Kong, 26 March 2008

As at the date of this announcement, the executive Directors of the Company are Mr. Xie Xuan (Chairman) and Mr. Yang Qiulin; the non-executive Director is Mr. Lo Mun Lam Raymond (Vice Chairman) and the independent non-executive Directors are Mr. Wu Jixue, Mr. Yang Zhenhong and Mr. Zhang Daorong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at http://www.airnet.com.hk.