



ANEX INTERNATIONAL HOLDINGS LIMITED

安歷士國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The Board of Directors (the “Director”) of Anex International Holdings Limited (the “Company”) hereby present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007 together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
TURNOVER	3	209,701	182,324
COST OF SALES		(194,901)	(166,051)
GROSS PROFIT		14,800	16,273
OTHER REVENUE	3	5,082	901
Selling and distribution expenses		(15,166)	(14,519)
Administrative expenses		(48,279)	(40,686)
Other operating expenses	5	(3,736)	(16,836)
LOSS FROM OPERATIONS	4	(47,299)	(54,867)
Finance costs	6	(2,671)	(2,334)
Share of loss of an associate		(5,544)	(2,874)
LOSS BEFORE TAXATION		(55,514)	(60,075)
Income tax	7	131	176
LOSS FOR THE YEAR		(55,383)	(59,899)
ATTRIBUTABLE TO:			
Equity shareholders of the Company		(55,027)	(59,736)
Minority interests		(356)	(163)
LOSS FOR THE YEAR		(55,383)	(59,899)
LOSS PER SHARE			
– Basic	10(a)	(4.06 cents)	(10.13 cents)
– Diluted	10(b)	Not applicable	Not applicable

CONSOLIDATED BALANCE SHEET

31 March 2007

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		89,332	82,714
Interest in leasehold land held for own use under operating leases		4,984	5,142
Goodwill		4,957	–
Interest in an associate		–	16,108
		99,273	103,964
CURRENT ASSETS			
Inventories		94,304	34,189
Interest in leasehold land held for own use under operating leases		158	226
Trade and other receivables	8	48,793	39,655
Pledged deposits		12,019	7,320
Cash and cash equivalents		45,245	12,242
		200,519	93,632
CURRENT LIABILITIES			
Bank loans and overdrafts		26,877	23,903
Trade and other payables	9	90,036	58,202
Provision for taxation		4,015	–
Finance lease payables		1,657	1,116
		122,585	83,221
NET CURRENT ASSETS		77,934	10,411
TOTAL ASSETS LESS CURRENT LIABILITIES		177,207	114,375
NON-CURRENT LIABILITIES			
Finance lease payables		833	935
Deferred tax liabilities		18,235	5,529
		19,068	6,464
NET ASSETS		158,139	107,911
CAPITAL AND RESERVES			
Share capital		154,492	76,864
Reserves		(10,253)	30,969
Total equity attributable to equity shareholders of the Company		144,239	107,833
Minority interests		13,900	78
TOTAL EQUITY		158,139	107,911

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2007

	Attributable to equity shareholders of the Company									
	Share capital HK\$'000	Capital reserve HK\$'000	Dis-tributable reserve HK\$'000	Property revaluation reserve HK\$'000	Fair value reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/ (accumulated loss) HK\$'000	Sub-total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
At 1 April 2005	45,752	2,789	4,995	15,865	-	587	66,464	136,452	275	136,727
Surplus on revaluation	-	-	-	1,862	-	-	-	1,862	-	1,862
Deferred tax charged in the revaluation reserve	-	-	-	(1,220)	-	-	-	(1,220)	-	(1,220)
Exchange realignment	-	-	-	-	-	(637)	-	(637)	(34)	(671)
Net income recognised directly in equity	-	-	-	642	-	(637)	-	5	(34)	(29)
Revaluation reserve released on disposal	-	-	-	(417)	-	-	417	-	-	-
Placement of shares	9,151	-	-	-	-	-	-	9,151	-	9,151
Rights issue	21,961	-	-	-	-	-	-	21,961	-	21,961
Loss for the year	-	-	-	-	-	-	(59,736)	(59,736)	(163)	(59,899)
At 31 March 2006	<u>76,864</u>	<u>2,789</u>	<u>4,995</u>	<u>16,090</u>	<u>-</u>	<u>(50)</u>	<u>7,145</u>	<u>107,833</u>	<u>78</u>	<u>107,911</u>
At 1 April 2006	76,864	2,789	4,995	16,090	-	(50)	7,145	107,833	78	107,911
Surplus on revaluation	-	-	-	9,105	-	-	-	9,105	-	9,105
Right issue expenses	-	-	(2,779)	-	-	-	-	(2,779)	-	(2,779)
Fair value adjustment	-	-	-	-	8,783	-	-	8,783	-	8,783
Deferred tax charged in the revaluation reserve	-	-	-	(1,892)	-	-	-	(1,892)	-	(1,892)
Property revaluation reserve	-	-	-	(27)	-	-	-	(27)	27	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	13,831	13,831
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(10)	(10)
Exchange realignment	-	-	-	-	-	615	-	615	330	945
Net income recognised directly in equity	-	-	(2,779)	7,186	8,783	615	-	13,805	14,178	27,983
Revaluation reserve released on disposal	-	-	-	(709)	-	-	709	-	-	-
Rights issue	76,864	-	-	-	-	-	-	76,864	-	76,864
Bonus warrants	764	-	-	-	-	-	-	764	-	764
Loss for the year	-	-	-	-	-	-	(55,027)	(55,027)	(356)	(55,383)
At 31 March 2007	<u>154,492</u>	<u>2,789</u>	<u>2,216</u>	<u>22,567</u>	<u>8,783</u>	<u>565</u>	<u>(47,173)</u>	<u>144,239</u>	<u>13,900</u>	<u>158,139</u>
Reserves retained by:										
Company and subsidiaries	154,492	2,789	2,216	22,567	8,783	565	(47,173)	144,239	13,900	158,139
An associate	-	-	-	-	-	-	-	-	-	-
At 31 March 2007	<u>154,492</u>	<u>2,789</u>	<u>2,216</u>	<u>22,567</u>	<u>8,783</u>	<u>565</u>	<u>(47,173)</u>	<u>144,239</u>	<u>13,900</u>	<u>158,139</u>
Company and subsidiaries	76,864	2,789	4,995	16,090	-	(50)	(8,040)	92,648	78	92,726
An associate	-	-	-	-	-	-	15,185	15,185	-	15,185
At 31 March 2006	<u>76,864</u>	<u>2,789</u>	<u>4,995</u>	<u>16,090</u>	<u>-</u>	<u>(50)</u>	<u>7,145</u>	<u>107,833</u>	<u>78</u>	<u>107,911</u>

Notes:

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs has not resulted in any significant impact on the Group’s results of operations for the year and financial position as at 31 March 2007.

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKFRS 4: Insurance contracts and HKAS 37: Provisions, contingent liabilities and contingent assets. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 April 2006, in order to comply with the amendments to HKAS 39 in respect of financial guarantee contracts, the Group has changed its accounting policy for financial guarantees issued. Under the new policy, financial guarantees issued are accounted for as financial liabilities under HKAS 39 and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37.

The adoption of these amendment does not have a significant impact on the Group’s and the Company’s results of operations and financial position for financial years 2006 and 2007.

During the year, the Company acquired new subsidiaries which were engaged in real estate development and building materials business. As the manufacturing of home appliances no longer attributed over 90% of the Group’s consolidated result and assets, the Group has chosen business segment information as the primary reporting format. Comparative figures have been restated to conform with the current year’s disclosure requirements, the details of which have been disclosed in note 2.

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Home appliances: the design and manufacture of electrical appliances and trading of merchandise.

Real estate: the development and sale of commercial premises and residential properties.

Building materials: the construction work of building and construction project of building materials.

	Home appliances		Real estate		Building materials		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>203,010</u>	<u>182,324</u>	<u>-</u>	<u>-</u>	<u>6,691</u>	<u>-</u>	<u>209,701</u>	<u>182,324</u>
Segment result	(27,642)	(49,415)	(1,015)	-	(2,854)	-	(31,511)	(49,415)
Unallocated operating income and expenses							(15,788)	(5,452)
Loss from operations							(47,299)	(54,867)
Finance costs	(2,427)	(2,080)	-	-	(8)	-	(2,435)	(2,080)
Unallocated corporate expenses							(5,780)	(3,128)
Income tax credit							131	176
Loss after taxation							<u>(55,383)</u>	<u>(59,899)</u>
ASSETS								
Segment assets	184,557	179,296	87,871	-	12,089	-	284,517	179,296
Unallocated corporate assets							15,275	18,300
Consolidated total assets							<u>299,792</u>	<u>197,596</u>
LIABILITIES								
Segment liabilities	88,937	76,798	24,946	-	9,140	-	123,023	76,798
Unallocated corporate liabilities							18,630	12,887
Consolidated total liabilities							<u>141,653</u>	<u>89,685</u>
OTHER INFORMATION								
Depreciation and amortisation for the year	10,122	10,768	8	-	12	-	10,142	10,768
Unallocated corporate expenses							129	8
							<u>10,271</u>	<u>10,776</u>
Impairment of								
- trade and other receivables	1,342	1,723	-	-	20	-	1,362	1,723
- positive goodwill	-	-	-	-	2,327	-	2,327	-
Significant non-cash expenses							4,344	13,546
- write-down of inventories							<u>4,344</u>	<u>13,546</u>
Capital expenditure incurred during the year	7,908	9,035	503	-	207	-	8,618	9,035
Unallocated corporate capital expenditure							532	189
							<u>9,150</u>	<u>9,224</u>

Geographical Segments

The following table presents revenue for the Group's geographical segment based on the location of external customers.

	Segment revenue	
	Revenue from	
	external customers	
	2007	2006
	HK\$'000	HK\$'000
Europe	92,769	90,544
North America	69,713	58,416
South America	17,095	13,760
Asia Pacific	13,832	11,111
Middle East	11,423	5,752
Oceania	4,869	2,741
	<u>209,701</u>	<u>182,324</u>

Carrying amount of segment assets and capital expenditure by location of assets are as follows:

	Segment assets		Capital expenditure	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Europe	8,941	4,394	14	13
North America	3,652	7,483	16	–
South America	4,406	6,001	–	–
Asia Pacific	280,802	176,911	9,120	9,211
Middle East	1,401	2,427	–	–
Oceania	590	380	–	–
	<u>299,792</u>	<u>197,596</u>	<u>9,150</u>	<u>9,224</u>

3. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of good sold, after allowances for returns and trade discounts and revenue from construction contracts.

An analysis of turnover and other revenue is as follows:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Sales of goods	203,010	182,324
Revenue from construction contracts	6,691	–
	<hr/> 209,701	<hr/> 182,324
Other revenue		
Interest income	1,326	120
Sales of moulds	–	63
Sales of scrap materials	966	333
Gain on disposal of property, plant and equipment	861	–
Others	1,929	385
	<hr/> 5,082	<hr/> 901
	<hr/> <u>214,783</u>	<hr/> <u>183,225</u>

4. LOSS FROM OPERATIONS

The Group's loss from operations are arrived at after charging:

	The Group	
	2007	2006
	HK\$'000	HK\$'000
a) Staff costs		
Salaries, wages and other benefits	46,647	33,375
Severance payments	371	2,165
Pension scheme contributions	609	502
	<u>47,627</u>	<u>36,042</u>
b) Other items		
Cost of inventories sold*	189,137	166,051
Depreciation	10,122	10,634
Amortisation of land lease premium	149	142
Minimum lease payments under operating leases for land and buildings (including directors' quarters)	1,737	817
Auditor's remuneration		
– audit services	600	390
– other services	110	–
	710	390
Impairment losses on trade receivables	20	13
Exchange losses, net	773	509
Share of an associate's taxation	–	271
	<u>–</u>	<u>–</u>

* Cost of inventories sold includes depreciation of HK\$7,789,000 (2006: HK\$8,088,000) and staff costs of HK\$21,251,000 (2006: HK\$16,163,000), the amount of which is also included in the respective total amounts disclosed separately above.

5. OTHER OPERATING EXPENSES

	The Group	
	2007	2006
	HK\$'000	HK\$'000
Impairment loss on goodwill	2,327	–
Impairment losses on mould deposits	1,342	955
Write-down of inventories	–	12,964
Loss on disposal of property, plant and equipment	–	2,162
Impairment loss on note receivable	–	755
Loss on disposal of a subsidiary	67	–
	<u>3,736</u>	<u>16,836</u>

6. FINANCE COSTS

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and other loans wholly repayable within five years	2,413	2,216
Finance charges on obligations under finance leases	258	118
	<u>2,671</u>	<u>2,334</u>

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

- a) Income tax in the consolidated income statement represents:

No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for financial years 2006 and 2007.

No provision for overseas profits tax has been provided as the overseas subsidiaries did not generate any profits which would have been subject to profits tax in their relevant countries for financial years 2006 and 2007.

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
– Hong Kong	(131)	–
– Overseas	–	(176)
	<u>(131)</u>	<u>(176)</u>
Tax credit	<u>(131)</u>	<u>(176)</u>

- b) Reconciliation between tax credit and accounting loss at applicable tax rates:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	<u>(55,514)</u>	<u>(60,075)</u>
Tax at domestic income tax rate applicable of losses in the respective countries	(11,549)	(14,259)
Tax effect of non-taxable income	(1,311)	(210)
Tax effect of non-deductible expenses	1,652	503
Tax losses utilised from previous periods	(9)	–
Tax effect of losses not recognised	<u>11,086</u>	<u>13,790</u>
Tax credit	<u>(131)</u>	<u>(176)</u>

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$24,839,000 (2006: HK\$23,832,000). Trade receivables less provision for impairment losses of HK\$20,000 (2006: HK\$13,000) with the following aging analysis as of the balance sheet date:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	10,451	15,945
31 – 60 days	9,099	7,119
61 – 90 days	2,163	658
Over 90 days	3,126	110
	<u>24,839</u>	<u>23,832</u>

The Group's trading terms with its customers are mainly on credit and letters of credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 and 60 days after issuance, except for certain well-established customers where the terms are extended to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable of HK\$35,553,000 (2006: HK\$31,473,000). An aged analysis of the Group's trade payables as at the balance sheet date, based on invoice date is as follows:

	The Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	6,311	11,198
31 – 60 days	3,095	5,951
61 – 90 days	5,457	4,080
Over 90 days	20,690	10,244
	<u>35,553</u>	<u>31,473</u>

10. LOSS PER SHARE

- a) The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$55,027,000 (2006: HK\$59,736,000) and the weighted average number of 1,354,138,000 ordinary shares (2006: weighted average number of 589,558,000 ordinary shares after adjusting for the rights issue in the financial year 2007) in issue during the year.

Weighted average number of ordinary shares

	2007 No. of shares '000	2006 No. of shares '000
Issued ordinary shares at 1 April	768,642	457,525
Effect of issue of ordinary shares under placement and subscription	–	132,033
Effect of issue of ordinary shares under rights issue	585,274	–
Effect of issue of ordinary shares under bonus warrants	<u>222</u>	<u>–</u>
Weighted average number of ordinary shares at 31 March	<u><u>1,354,138</u></u>	<u><u>589,558</u></u>

- b) No diluted loss per share has been disclosed as the outstanding bonus warrants had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2007.

Diluted loss per share for year ended 31 March 2006 has not been disclosed as no diluting events existed during the year.

DIVIDENDS

The Directors do not recommend the payment of any dividend (2006: Nil) for the year ended 31 March 2007.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), which came into effect on 1 January 2005. Detailed information on the Company’s corporate government practices is set out in the Corporate Governance Report included in the Company’s Annual Report 2007 to be despatched to shareholders in due course.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, all directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code and the code of conduct regarding securities transaction by directors adopted by the Company throughout the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2007, the Group recorded a loss of HK\$55.0 million (2006: HK\$59.7 million), representing a decrease of 7.9% from the previous year. Sales turnover of the Group was risen to HK\$209.7 million (2006: HK\$182.3 million), an increase of 15.0%. Loss per share was HK4.06 cents (2006: HK10.13 cents).

The financial year ended 31 March 2007 was a year full of challenges for the Group. The costs of raw materials and labor were continuously going up and put intensive pressure on our production costs. In addition, our customers diminished their demand following with our increase of the product prices and as a result, only part of the escalated costs could be recovered. A write-down of HK\$4.3 million for unsold inventories and impairment loss of HK\$1.3 million for mould deposits were made during the year due to the dropping of certain old product lines.

In view of the persistent hardship and keen competition to the home appliances business, the Group has diversified its business and successfully developed real estate development business and building materials business. Nevertheless, the real estate development business and building materials business are newly developed and the contribution to the Group was not significant for the year ended 31 March 2007.

Financial Review

On 30 June 2006, the Company had successfully made a rights issue of one rights share for every existing share together with an issue of two bonus warrants for every five rights shares, at an issue price of HK\$0.10 per rights share, resulting in the issue of 768,642,000 shares of HK\$0.10 each for cash. As a result, a total of 307,457,000 warrants were issued which entitling the holders thereof to subscribe for new shares at an initial subscription price of HK\$0.10 per share upon exercise of one warrant. The gross proceeds amounted to HK\$76,864,000 and the net proceeds from the rights issue amounted to HK\$74,085,000. The rights issue enlarged the Group's capital base and strengthen its financial position.

For the year ended 31 March 2007, the turnover of the Group was HK\$209.7 million, representing a 15.0% increase over the corresponding figure of HK\$182.3 million in 2006. The increase in turnover was a result of the market promotion in the Group's Home Appliances Business and the launch of Building Materials Business.

Nevertheless, the accelerated cost of sales increased from HK\$166.1 million in the year ended 31 March 2006 to HK\$194.9 million in the year ended 31 March 2007 and accordingly, the gross profit margin decreased from 8.9% in the year ended 31 March 2006 to 7.1% in the year ended 31 March 2007. The deterioration in gross profit margin was mainly attributed to the intense competition in Home Appliances Business which placed strong pressure on the Group's selling prices and the increase in the price of raw materials.

The Group's gearing ratio expressed as a percentage of total interest-bearing borrowings over equity attributable to the Company's equity holders, dropped from 24.9% at the beginning of the year to 21.1% as at 31 March 2007. The decrease was mainly due to the enlarged Group's capital base as a result of the aforesaid rights issue. Working capital soared from last year's level to HK\$77.9 million due to the increase of cash and bank balance from the aforesaid rights issue and the inclusion of working capital arisen from acquisition of Ancen Properties Limited) during the year.

The Group has HK\$30.4 million (2006: HK\$26.8 million) interest-bearing borrowings consisted of HK\$26.9 million (2006: HK\$23.4 million) overdraft, secured trust receipt loans, factoring loans, bills discounted and packing loans; HK\$2.4 million (2006: HK\$2.0 million) finance lease payable and other loans of HK\$1.1 million (2006: HK\$1.4 million). The aforesaid loans comprise approximately 99.7% (2006: 96.5%) thereof repayable within one year and 0.3% (2006: 2.8%) thereof repayable within the second year and the nil balance (2006: 0.7%) thereof repayable in the third year. All the loans are denominated in Hong Kong dollars. As at 31 March 2007, the Group had total cash and bank balances and pledged deposits amounting to HK\$57.2 million (2006: HK\$19.0 million).

Outlook

Home Appliances Manufacturing Business

In view of the difficulties associated with the Home Appliances Business, our management team has been taking positive steps to prune down the production cost, to adopt measures to foster a better production management, to lower wastage and inventory level. Simultaneously, we have adopted the Oracle information system to facilitate cost control and profit analysis.

Nevertheless, the industry is still under intense competition, the Group will re-position itself in the market and focus on the efficiency improvement of the operation in order to strive for better return.

Property Development Business

In the past years, the Central Government of the PRC implemented a number of regulatory measures on the property market by ways of land supply, foreign investment, finance provision and tax levy. Undoubtedly in the short term, these regulatory measures will have adverse effect on the property sector; however, with the fast economic development in China, the disposal income per capita will continue to increase and urbanization rate keeps on growing, people's demand to improve their living standards will never slow down. The Chinese property market is expected to maintain a rapid and stable development in the medium and the long-term.

Nevertheless, market players should be always aware of the risk exposure under the macro-economic environment, therefore, the Group always exercises its usual cautions when expanding business within China. Currently, the operation of the Group has diversified geographically from the second tier city – Dongguan, Guangdong Province to the first tier city – Beijing.

Dongguan, Guangdong Province

The Group is principally engaged in the development of property projects in Dongguan, Guangdong Province. In 2006, Guangdong Province experienced a relatively fast economic growth, stronger purchasing power and a continuous buoyant property market. According to the Bureau of Statistics of Guangdong Province, the GDP in Guangdong Province increased by 14.1% in 2006 and its per capita disposable income of urban residents rose by 8.4%.

At present, the Group has a residential property development project in Liaobu of Dongguan with a GFA of 47,000 square meters, and an existing shopping mall with floor space of approximately 13,000 square meters under renovation.

Beijing

As the political and cultural hub of China and the host of the 2008 Olympics, Beijing has a relatively high urban development pace with higher capacity and demand in its property market. The continuous increase in income of Beijing citizens also helps the Beijing property market to develop steadily. In 2006, the land transaction activities in Beijing were active, in particular residential sites. But the land supply within the Fifth Ring Road is becoming scarce and supply of new land is gradually focusing on rural areas beyond the Fifth Ring Road.

Recently the Group entered into joint venture agreements with the relevant parties for participating in Beijing Changping Qijiazhen District for a class 1 land development with an area of 3,300 acres or 2.2 million square meters. Changping Qijiazhen district is an outskirts of the Beijing Central District and within the area circled by the Sixth Ring Road. Upon completion and subject to relevant governmental approval, the Group through its subsidiary will hold a 52% stake in the project while the local partners would hold the rest. Besides regular income, the project would enhance the Group's capability to identify potential projects in the area due to better understanding on the local town planning and requirements during the process of land development.

Building Materials Business

The business has been developed since in the middle of the year with concentrating in marble, trendy and light-weight building materials supply and installation. We are confident that marble, trendy and light-weight building materials would be in high demand and should become the mainstream in the building industry in the coming years. Besides, with the rapid development in property market in Macau, China and Hong Kong, the Group's contract sum of the incomplete projects is now amounting to HK\$84.4 million. As the projects are still worked in progress, the contribution to the Group will be realized in the coming year. We shall closely monitor any associated business opportunities in the building materials markets.

With China's rapid economic growth, continued rise in people's disposable income, accelerated urbanization, appreciation of Renminbi and excess capital liquidity, the Group expects the prosperity of the property market will continue to grow. In accordance with our overall development strategy, the Group will adopt prudent approach in investment and strive for best return for shareholders.

EVENT AFTER BALANCE SHEET DATE

- (a) Subsequent to the balance sheet date on 12 June 2007, Anex Properties Holdings Limited, ("APHL") a wholly-owned subsidiary of the Company, as the purchaser and Mr. Li Jianchuan ("Mr. Li") as the vendor entered into the sale and purchase agreement (the "Agreement") pursuant to which APHL agreed to acquire 95% equity interest in 東莞市安歷士物業管理有限公司, (Dongguan Anex Property Management Company Limited) ("DAPMCL") from Mr. Li for a consideration of US\$1.9 million (equivalent to approximately HK\$14.8 million). Upon the completion of the Agreement, DAPMCL will become a subsidiary of the Company.

Mr. Li has given an undertaking in favour of APHL dated 12 June 2007 (the "Undertaking"). Pursuant to the terms of the Undertaking, Mr. Li has undertaken to APHL, among other things, to transfer 52% interest in 北京金濟房地產開發有限公司 (Beijing Jinji Property Development Company Limited) ("Beijing Jinji") to DAPMCL for a consideration of RMB5.2 million (equivalent to approximately HK\$5.36 million), which represents 52% of the existing registered capital of Beijing Jinji. Save for the Undertaking, the Company and/or APHL and Mr. Li have not entered into any written agreement regarding the proposed transfer of 52% interest in Beijing Jinji.

- (b) Subsequent to the balance sheet date on 22 June 2007, the Company, Mr. Cheng Tun Nei, ("Mr. Cheng"), a director and a substantial shareholder of the Company, and Taiwan Securities (Hong Kong) Limited ("Placing Agent") entered into the agreement pursuant to which the Placing Agent has agreed to procure, on a best-effort basis, the purchasers to purchase up to 307,000,000 existing shares, at the placing price of HK\$0.50 per share owned by Mr. Cheng.

Pursuant to the Agreement, Mr. Cheng has conditionally agreed to subscribe up to 307,000,000 new shares at the placing price of HK\$0.50 per share.

On 26 June 2007, the Placing Agent has successfully placed 307,000,000 existing shares at placing price of HK\$0.50 per share. Moreover the subscription of new shares to Mr. Cheng was completed on 6 July 2007. The net proceeds from the top-up subscription were HK\$148.7 million.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The Group's audited financial statements for the year ended 31 March 2007 has been reviewed by the Audit Committee.

The figures in respect of the announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's external auditor, CCIF CPA Limited to the amounts set out in the Group's audited financial statements for the year. The work performed by CCIF CPA Limited 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 CCIF CPA Limited on the announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 30 June 2006, rights issue of one rights share for every existing share together with an issue of two bonus warrants for every five rights shares was made, at an issue price of HK\$0.10 per rights share, resulting in the issue of 768,641,743 shares of HK\$0.10 each for a total cash consideration. As a result, a total of 307,456,696 warrants were issued which entitling the holders thereof to subscribe for new shares at an initial subscription price of HK\$0.10 per share upon exercise of one warrant. The gross proceeds amounted to HK\$76,864,000 and the net proceeds from the rights issue was HK\$74.0 million.

Save as disclosed above, during the year ended 31 March 2007, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.anex-int.com). The Company's annual report for 2007 will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Cheng Tun Nei
Chairman

Hong Kong, 25 July 2007.

As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Mr. Cheng Tun Nei, Mr. Kwok Hon Lam, Dr. Siu Miu Man, Mr. Kwok Chi Hang, Peter and Mr. Cheng Tze Kit, Lary, one non-executive director, namely Mr. Yeung Chee Tat, and three independent non-executive directors, namely Mr. Chan Sun Kwong, Mr. Chow Nim Sun, Nelson and Mr. Lam Kwok Cheong.

* *For identification purpose only*