

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

謹代表董事會，概述深圳科技控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零六年十二月三十一日止財政年度之業務表現如下。

業績

截至二零零六年十二月三十一日止年度，本集團之持續經營業務營業額約為17,542,000港元，較去年同期之約23,502,000港元減少約25.4%；而二零零六年一月一日至二零零六年九月三十日期間本集團之已終止業務營業額約為293,916,000港元，較二零零五年全年之約417,385,000港元減少約29.6%。

截至二零零六年十二月三十一日止年度內，持續經營業務為本集團帶來虧損毛額27,876,000港元（二零零五年：溢利毛額約12,876,000港元）。本年度之持續經營業務虧損毛額主要來自本集團為就受中國宏觀調控影響之待售物業作出了約40,840,000港元之準備。二零零六年一月一日至二零零六年九月三十日止期間，已終止業務溢利毛額約為31,987,000港元，而二零零五年全年為溢利毛額約71,032,000港元。

回顧年度，本公司未計少數股東權益前之綜合虧損約為114,598,000港元（二零零五年：虧損約4,359,000港元），其中包括來自持續經營業務之虧損約118,667,000港元及已終止業務之溢利約4,069,000港元（二零零五年：持續經營業務虧損約18,026,000港元及已終止業務之溢利約13,667,000港元）。持續經營業務虧損顯著增加，主要由於(1)經審慎及保守評估後就中國待售物業作出準備及(2)計提於中國聯營公司及共同控制實體（即晶科信息）之投資及授予彼等之貸款之減值虧損準備。

由於本集團調整了中國房地產的營運策略，由二零零六年下半年開始房地產業務之銷售及分銷費用大幅減少；同時，本公司已因應現階段宏調的影響認真地為中國待售物業作出了充份之準備，預計於二零零七年本集團將毋須為待售物業及其他聯營公司及共同控制實體再作準備。

On behalf of the Board of Directors, the business performance of Shenzhen High-Tech Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31st December, 2006 is summarized in the following paragraphs.

RESULTS

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

For the year ended 31st December, 2006, the continuing operations contributed to the Group a gross loss of approximately HK\$27,876,000 (2005: a gross profit of approximately HK\$12,876,000). The gross loss of continuing operations of the year was mainly due to the provision by the Group of allowance of approximately HK\$40,840,000 for the properties held for sale as a result of the austerity control in the PRC. For the period from 1st January, 2006 to 30th September, 2006, the gross profit of discontinued operations amounted to approximately HK\$31,987,000, as compared with gross profit of approximately HK\$71,032,000 recorded in the whole year of 2005.

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

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

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財務回顧

流動資金、財務資源及負債

本集團之流動資金充裕，財務狀況穩健，於二零零六年十二月三十一日，本集團現金及銀行結餘總額維持在約218,262,000港元（於二零零五年十二月三十一日：約122,693,000港元）之水平。本集團嚴格執行應收貨款之信貸管理，以確保營運資金充裕。於二零零六年十二月三十一日之應收賬款結餘為無（於二零零五年十二月三十一日：約84,259,000港元）。於年結日之流動比率為22.42，而於二零零五年年結日為3.97。於二零零六年及二零零五年十二月三十一日，本公司及其附屬公司並沒有籌集任何銀行貸款。於二零零六年十二月三十一日，本集團之資產負債比率（以借貸總額除以股東權益為計算基準）為零（二零零五年十二月三十一日：零）。

配售新股及所得款項用途

根據於二零零六年四月二十一日訂立之配售協議，本公司以每股0.03港元之價格發行合共2,870,000,000股每股面值0.01港元之新普通股予不少於六名獨立第三方。扣除有關開支後股份發行所得款項淨額約為83,000,000港元。是次配售股份之其他詳情刊載於二零零六年四月二十一日發表之公佈。

除下述者外，本公司已將配售新股所得款項運用於指定用途：

- (i) 其中約30,000,000港元擬用於本集團「曙光」品牌之服務器業務運營。由於本公司股東於二零零六年七月二十六日之股東特別大會上通過決議案及批准出售事項，該30,000,000港元尚未動用，但已保留作其他投資用途；及
- (ii) 其中約10,000,000港元擬用於撥付晶科信息於生產設施及設備之資本投資，該款項尚未動用，但由於下述關於「晶科信息」的段落所陳述情況之緣故，本公司擬將該10,000,000港元用於其他投資用途。

FINANCIAL REVIEW

Liquidity, Financial Resources and Liabilities

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

Placing of New Shares and Use of Proceeds

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

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

- (i) An amount of approximately HK\$30,000,000 was intended to be used for the business operation of the Group's "Dawning" branded servers. The HK\$30,000,000, remaining unused, has been reserved for other investment purposes due to fact that the shareholders of the Company passed a resolution and approved the disposal of server business at a special general meeting held on 26th July, 2006; and
- (ii) An amount of approximately HK\$10,000,000 was intended to be used to finance the capital investment in the production facilities and equipment of Jingke Information. Such amount remaining unused, but the amount of HK\$10,000,000 will be used for other investment purpose for the reason set out in the paragraph headed "Jingke Information" below.

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財務回顧 (續)

非常重大的出售、重大收購及出售事項

於二零零六年五月二十九日，本集團三家全資附屬公司（為賣方）與天津曙光計算機產業有限公司（為買方）訂立股權轉讓協議，據此，賣方同意出售其於北京曙光天演信息技術有限公司之全部權益、曙光信息產業（北京）有限公司之全部權益，以及其於北京曙光創新科技有限公司之83.1%權益中的62.5%權益予買方，總代價為人民幣95,000,000元。交易之其他詳情刊載於二零零六年六月三十日寄發予股東之通函。

根據於二零零六年十二月二十七日簽訂之協議，本公司之全資附屬公司作為買方同意收購 Twente Company Limited（「Twente」）已發行股本51%權益及股東貸款，該收購事項已於二零零七年一月二十三日完成，收購代價為63,000,000港元，以發行本公司2,739,130,434股新普通股方式支付。於收購完成後，Twente成為本公司的全資附屬公司。有關收購事項的詳情刊載於二零零七年一月十五日寄發予股東之通函。

除上文所披露者外，於回顧年度內，本集團並沒有參與任何重大收購及出售。

資本開支

於二零零六年年度內，本集團之資本開支合計為2,486,000港元（二零零五年：為5,224,000港元）。

資產抵押

於二零零六年十二月三十一日，本集團並無為獲得一般銀行融資或短期貸款而抵押資產及銀行存款。

僱員及酬金政策

於二零零六年十二月三十一日，本集團於中國及香港共聘用約330名僱員（包括管理、行政、技術及生產部員工）（於二零零五年十二月三十一日：約700名）。本集團根據員工之職責、工作表現及專業經驗釐定僱員之酬金、晉昇及薪酬調整幅度。在香港全體僱員及執行董事均已參與強制性公積金計劃。其他僱員福利包括本公司授出之購股權。

FINANCIAL REVIEW (Continued)

Very Substantial Disposal, Substantial Acquisition and Disposal

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

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

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

Capital Expenditure

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

Pledge of Assets

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

Employees' and remuneration policy

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

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財務回顧 (續)

外匯及外幣風險

由於所得之收入以及購買材料、獲得之服務、零件及設備之款項及薪金均以港元及人民幣定值，故毋須採用任何金融工具作對沖用途，而本集團之匯率變動風險亦較低。在回顧年度內，本集團並無參與任何對沖活動。於二零零六年十二月三十一日，本集團之現金及銀行結餘以港元、美元及人民幣為主要幣值。

或然負債

本公司已於二零零五年一月二十六日與中信實業銀行武漢分行簽訂人民幣8,000,000元（約相等於7,692,000港元）之公司擔保，作為其向本集團一間共同控制實體批出上限與上述保證金額相同之銀行授信之抵押。由於該共同控制實體於貸款融資到期日未能如期償還，本公司已根據貸款融資的擔保條款付出人民幣8,000,000元，作為該共同控制實體以該款全數清還貸款融資。貸款融資於二零零六年一月二十五日悉數償還。（二零零五年十二月三十一日：貸款融資人民幣8,000,000元（約相等於7,547,000港元）乃授予該共同控制實體，並被悉數動用）。

於二零零五年及二零零六年十二月三十一日，本公司並沒有就附屬公司所獲得銀行貸款向銀行作出擔保。除上文所披露者外，於結算日，本集團並無重大或然負債。

FINANCIAL REVIEW (Continued)

Foreign Exchange and Currency Risk

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

Contingent Liabilities

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

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

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業務回顧

房地產業務

本集團目前投資的主要房地產項目包括北京的高檔住宅項目順景園和深圳的工業及商業物業曙光大廈。

順景園項目位於北京市朝陽區，為歐式大戶型豪華公寓，目標客戶為高端客戶。國家在對高檔住宅的調控政策，對順景園項目產生了影響。面對這些不利的外部條件，本集團著重做好項目的基礎工作，對項目細節嚴格要求，不斷完善，等待市場時機的好轉；同時調整了銷售策略以達致最佳之經濟效益。

於二零零六年本集團對深圳曙光大廈的經營管理在下列兩方面進行了調整和整合：(1)最大可能保持較高的使用率；及(2)加強內部管理，減少人員及各方面開支，進一步提高規範管理的水平之同時亦提高經濟效益。

本集團將會繼續強化曙光大廈管理質素，與客戶維繫良好合作關係，使曙光大廈繼續成為高質素之商廈。曙光大廈的租金收入穩定。儘管如此，本公司仍會繼續努力增收節支，以提高曙光大廈之盈利收益。

本集團正在不斷物色優質的物業，以期增加物業投資的收入。

資本市場投資及金融服務

於二零零六年內，香港以至中國之金融及資本市場暢旺，為提高閒置資金的使用效率，於年內本集團於資本市場之投資活動增加，在資本市場之投資活動為本集團帶來溢利。本集團的金融服務業務維持在有限度的運作。預計於二零零七年內，本集團會在穩健的前提下繼續於資本市場之投資活動。

BUSINESS REVIEW

Property Business

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

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

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

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

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

Capital Market Investment and Financial Services

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

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MANAGEMENT DISCUSSION AND ANALYSIS

高科技電腦及服務器製造及相關業務

曙光

於二零零六年五月二十九日，本公司三家全資附屬公司，中國曙光信息產業集團有限公司、曙光信息產業（深圳）有限公司及深科高新實業（深圳）有限公司（作為賣方）與天津曙光計算機產業有限公司（作為買方）訂立股權轉讓協議。據此，賣方同意出售其於北京曙光天演信息技術有限公司之全部權益、曙光信息產業（北京）有限公司之全部權益，及北京曙光創新科技有限公司（「出售公司」）之83.1%權益中的62.5%權益（「出售事項」），總代價為人民幣95,000,000元。本集團出售有關權益，乃鑒於(i)本公司尚未與過往曾向賣方就高科技電腦及服務器發展提供技術支持之中國科學院，就新型高科技電腦及服務器之未來發展達成任何有關技術支持及所有權之協議；及(ii)本公司亦預計，發展迅速、產品使用週期較短及資本密集之高科技電腦及服務器市場的未來發展將會產生巨額費用，而未來新開發產品之前景並不明朗，不足以支持此類投資，本公司決定精簡其業務，並重新分配資源，發展更穩定、增長潛力更佳及風險相對更低之新項目，因此進行出售事項。本公司股東於二零零六年七月二十六日舉行之股東特別大會上批准出售事項。有關出售事項之詳情已刊載於二零零六年六月三十日寄發予本公司股東的通函（「通函」）內。

截至二零零六年十二月三十一日止，就出售事項本集團收到人民幣66,500,000元，為總代價之70%，餘款將按通函「條件」一節所訂明之條件下由買方支付予賣方。

於二零零六年一月一日至二零零六年九月三十日（就會計而言之完成出售已終止業務之日期），出售公司取得銷售總額約293,916,000港元（二零零五年：約417,385,000港元）及除稅後虧損17,283,000港元（二零零五年：除稅後溢利約13,667,000港元）。

MANUFACTURING OF HIGH-TECH COMPUTERS AND SERVERS AND RELATED BUSINESS

Dawning

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

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

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

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

高科技電腦及服務器製造及相關業務 (續)

晶科信息

武漢晶科信息產業有限公司(「晶科信息」)主要從事各類電子產品所需的石英晶體頻率片(半成品)、諧振器(成品)、SMD和相關器件的生產。本年度銷售收入約為23,316,000港元,比上年增長約32.79%。

儘管晶科信息本年度的經營與上年相比有所增長,但是其經營業績與本集團的投資額之間並不配比,投資回報並不理想。晶科信息的經營增長是在低水平上實現的增長,在發展上仍面臨一些障礙。

根據本集團與晶科信息於二零零四年三月一日訂立之協議,本集團授予晶科信息最多為人民幣15,000,000元(約相等於14,151,000港元)之非循環抵押貸款。該貸款由晶科信息各股東將各自於晶科信息之權益抵押予本集團作抵押。根據「或然負債」一節所述,晶科信息亦尚欠本集團人民幣8,000,000元之款項。

為確保上述兩項債權能夠得到最大程度的收回,本集團已向武漢法院申請對晶科信息主要資產進行了訴訟保存,武漢法院已經裁定對相關財產進行了財產保存。一旦仲裁裁決下發,則已查封資產可作為債務償還之保證。

雲南綠大地

雲南綠大地生物科技股份有限公司(「雲南綠大地」)為本集團參股企業,主要從事園林花卉的苗木銷售、設計及工程承包,為全國少數幾家擁有園林工程一級資質的企業。雲南綠大地之股東於二零零六年十二月十六日之股東大會批准後擴大已發行股本,本集團應佔雲南綠大地之應佔權益由20%降至17.78%。於二零零六年雲南綠大地在業務方面,著重抓了承接的幾個大項目的施工、驗收和收款工作,同時調整公司策略,裁減了經營效益不理想的分支機構。雲南綠大地爭取於國內發行新股並上市之計劃,未能順利於二零零六年通過。

於二零零七年三月二十一日,本公司以人民幣40,051,092.48元之代價出售本公司全資附屬公司Treasure Land Enterprises Limited之全部股權, Treasure Land Enterprises Limited之唯一資產為持有雲南綠大地之股本中11,187,456股股份。出售事項之詳情載於本公司寄發予股東日期為二零零七年四月四日之通函內。

MANUFACTURING OF HIGH-TECH COMPUTERS AND SERVERS AND RELATED BUSINESS (Continued)

Jingke Information

Wuhan Jingke Information Industry Co., Ltd. ("Jingke Information") is mainly engaged in the manufacturing of quartz oscillators (semi-finished products) used in the production of various electronic products, resonators (final products), SMD and related devices. Sales revenue in the year was approximately HK\$23,316,000, representing an increase of approximately 32.79% over last year.

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

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

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

Yunnan Green-Land

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

On 21st March, 2007, the Company has disposed of its entire interest in Treasure Land Enterprises Limited, a wholly-owned subsidiary of the Company, the only asset of which is the holding of 11,187,456 shares in the share capital of Yunnan Green-Land, at a consideration of RMB40,051,092.48. The details of the disposal were set out in the circular dated 4th April, 2007 to the Company's shareholders.