



APEX CAPITAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

ANNOUNCEMENT OF 2007 FINAL RESULTS

The Board of Directors (the “Board”) of Apex Capital Limited (the “Company”) presents the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2007 (the “Year”) together with the comparative figures for 2006 as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2007

	Notes	2007 HK\$'000	2006 HK\$'000
REVENUE	4	14	38
OTHER INCOME	4	25	195
ADMINISTRATIVE EXPENSES		(3,183)	(4,028)
OTHER OPERATING EXPENSES		(115)	–
IMPAIRMENT LOSS RECOGNISED IN RESPECT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS		–	(6,874)
FINANCE COSTS	6	–	(144)
GAIN ON DISPOSAL OF SUBSIDIARIES		–	463
LOSS BEFORE INCOME TAX	7	(3,259)	(10,350)
INCOME TAX EXPENSE	8	–	–
LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	9	<u>(3,259)</u>	<u>(10,350)</u>
LOSS PER SHARE	10		
BASIC (HK\$)		<u>(0.01)</u>	<u>(0.05)</u>
DILUTED (HK\$)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

As at 31st December, 2007

	<i>Note</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, Plant and Equipment		-	64
Available-for-Sale Financial Assets		-	-
		-----	-----
		-	64
CURRENT ASSETS			
Prepayment, Deposits Paid and Other Receivables		17	306
Cash at Banks		2,323	6,305
Financial Assets at Fair Value Through Profit or Loss		-	-
		-----	-----
		2,340	6,611
CURRENT LIABILITIES			
Other Payables		391	1,186
Amounts Due to Directors		-	281
		-----	-----
		391	1,467
NET CURRENT ASSETS			
		-----	-----
		1,949	5,144
NET ASSETS			
		-----	-----
		1,949	5,208
EQUITY			
SHARE CAPITAL		6,000	6,000
RESERVES		(4,051)	(792)
		-----	-----
TOTAL EQUITY		-----	-----
		1,949	5,208
NET ASSET VALUE PER SHARE (HK\$)			
	<i>11</i>	-----	-----
		0.01	0.02

Notes:–

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term 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 (“HKICPA”). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

2. SUMMARY OF THE INDEPENDENT AUDITORS’ REPORT

Basis of qualified opinion

The Group has an available-for-sale financial asset in an unlisted equity security, Tianjin Standard International Building Materials Industry Co., Ltd., for a total cost HK\$17,461,000. The directors of the Company had made full impairment provision of this amount against the carrying value of this asset in previous years for the sake of prudence as they were unable to obtain any financial information relating to this entity. Grant Thornton, Certified Public Accountants, Hong Kong (the “Auditors”) have not been able to obtain the information they need from the Company, nor were there any satisfactory alternative procedures the Auditors could perform, in order to assess whether the amount of impairment provision and the carrying value of this asset at 31st December, 2007 was fairly stated. Any adjustments to the carrying amount of this asset found to be necessary as at 31st December, 2007 would have a consequential effect on the net assets of the Group at that date and the loss for the Group for the year then ended.

Qualified opinion arising from limitation of audit scope

In the Auditors’ opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Auditors been able to satisfy themselves as to the carrying amount of the available-for-sale financial asset, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and of the Group’s loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on the Auditors’ work relating to the carrying value of an available-for-sale financial asset, the Auditors have not obtained all the information and explanations that the Auditors considered necessary for the purpose of the audit.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has adopted, for the first time, the following new standards, amendment and interpretations issued by the HKICPA, which are relevant to the Group and first effective for annual financial period beginning on 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures

The adoption of these new or amended HKFRSs did not result in significant changes to the accounting policies applied in the financial statements for the years presented but gave rise to additional disclosures as follows:

3.1 HKAS 1 (Amendment) – Capital Disclosures

HKAS 1 (Amendment) introduces additional disclosure requirements to provide information about the level of capital and the Group's capital management objectives, policies and procedures in each annual financial report.

3.2 HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 is mandatory for reporting periods beginning on 1st January, 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosure and has been adopted by the Group in its financial statements for the year ended 31st December, 2007. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature:

- a sensitive analysis explained the Group's market risk exposure in regards to its financial instruments; and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net loss or balance sheet line items.

3.3 New and amended HKFRSs that have been issued but are not effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the results and financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statement ⁵
HKFRS 2 (Amendment)	Share-based Payment – Amendments relating to Vesting Conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combinations ⁵
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions ³

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

² Effective for annual periods beginning on or after 1st March, 2007

³ Effective for annual periods beginning on or after 1st January, 2008

⁴ Effective for annual periods beginning on or after 1st July, 2008

⁵ Effective for annual periods beginning on or after 1st July, 2009

4 REVENUE AND OTHER INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue:		
Interest income	14	21
Dividend income	–	17
	<u>14</u>	<u>38</u>
Other income:		
Other payables written back	25	–
Net fair value gain on financial assets at fair value through profit or loss	–	195
	<u>25</u>	<u>195</u>

5. SEGMENT INFORMATION

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

Segment information about these geographical markets is presented below:–

	Hong Kong		PRC		Total	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue – turnover	14	38	–	–	14	38
Segment results	(3,259)	(165)	–	(6,874)	(3,259)	(7,039)
Unallocated corporate expenses					–	(3,630)
Finance costs					–	(144)
Gain on disposal of subsidiaries	–	463	–	–	–	463
Loss before income tax					(3,259)	(10,350)
Income tax expense					–	–
Loss for the year					(3,259)	(10,350)
Assets						
Segment assets	17	370	–	–	17	370
Unallocated corporate assets					2,323	6,305
Total assets					2,340	6,675
Liabilities						
Segment liabilities	(391)	(1,186)	–	–	(391)	(1,186)
Unallocated corporate liabilities					–	(281)
Total liabilities					(391)	(1,467)
Other information						
Depreciation	–	155	–	–	–	155
Impairment loss recognised in respect of available-for-sale financial assets	–	–	–	6,874	–	6,874

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

6. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest charges on bank loan not wholly repayable within five years	<u>–</u>	<u>144</u>

7. LOSS BEFORE INCOME TAX

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Loss before income tax is arrived at after charging:		
Auditors' remuneration	200	44
Depreciation of property, plant and equipment	–	155
Property, plant and equipment written off	64	–
Investment management fees	600	600
Operating lease charges on office premises	76	219
Other receivables written off	115	–
Retirement benefits scheme contributions	33	36
Staff costs (including directors' remuneration but excluding retirement benefits scheme contributions)	<u>1,406</u>	<u>1,630</u>

8. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided in the financial statements as the Group had no estimated assessable profits arising in or derived from Hong Kong during the year (2006: HK\$Nil).

At 31st December 2007, a deferred tax asset of approximately HK\$7,628,000 (2006: HK\$7,074,000) in respect of tax losses available to offset future profits was not recognised in the financial statements as it is not certain that the Group will generate future taxable profits to enable it to utilise such tax losses. This tax loss has no expiry date.

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

Of the consolidated loss attributable to the equity holders of the Company of HK\$3,259,000 (2006: HK\$10,350,000), a loss of HK\$3,252,000 (2006: HK\$11,544,000) has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to the equity holders of the Company of HK\$3,259,000 (2006: HK\$10,350,000) and on the weighted average number of 240,000,000 (2006: 195,068,493) ordinary shares in issue during the year.

Diluted loss per share has not been presented as there were no dilutive potential shares for the years ended 31st December, 2006 and 2007.

11. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31st December, 2007 of HK\$1,949,000 (2006: HK\$5,208,000) and the 240,000,000 (2006: 240,000,000) ordinary shares in issue.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year (2006: HK\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the year, the Group recorded a loss of HK\$3,259,000 (2006: HK\$10,350,000) after deducting administrative expenses and other operating expenses of HK\$3,298,000 (2006: HK\$4,028,000) and finance expenses of HK\$Nil (2006: HK\$144,000).

The decrease in loss is mainly due to no provision (2006: HK\$6,874,000) for impairment made in respect of the unlisted equity investment in the PRC.

Financial position

The Group had no debt as at 31st December 2007 (2006: HK\$Nil).

Charges on assets

As at 31st December, 2007, there were no charges on the Group's assets (2006: HK\$Nil).

Foreign currency fluctuation

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

Contingent liabilities

The Group had no contingent liabilities as at 31st December, 2007 (2006: HK\$Nil).

BUSINESS REVIEW AND OUTLOOK

Financial year 2007 has been a significant year for Apex Capital Limited. The Group has completed a restructuring of its senior leadership in which a new Board has been introduced that comprises professionals with diverse and far-reaching expertise in business management, legal and financial management.

Year 2007 has been a year of extremely volatility in the equity markets in China and Hong Kong. With the massive liquidity inflow from mainland China and overseas, speculating on the strong growth of the Chinese economy and the appreciation of the Chinese Yuan, equity valuation was driven to level that only reflect nothing but the best case scenario. The Board has been extremely cautious since its appointment to the office for fear of destruction of shareholders' value, if we decided to get invested for the sake of investing. Nevertheless, we have been constantly evaluating investment opportunities made available to the Group in accordance to strict investment guidelines formulated by your board.

Our cautiousness had paid off towards the end of Year 2007 when there were early signs that high equity valuation could no longer withstand the force of gravity. Not only had the Group avoided the volatility in the equity markets in both China and Hong Kong, we have also managed to achieve a reduction in expenses that has resulted in a significant reduction in loss for the year.

We remain cautious as a result of the sub-prime debacle in the US and further tightening of the macro economy in mainland China. Nevertheless, with the stabilizing of equity markets subsequent to the massive correction in January 2008, year 2008 will be a year of opportunity and growth for the Group and the Board in confident in creating value for its shareholders.

Finally, I would like to extend my gratitude to all my fellow directors and the Company's investment manager during the year 2007. I look forward to their continued support in the years ahead.

Employees and remuneration policy

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

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

The Group's total staff costs (including directors' emoluments) for the year under review amounted to approximately HK1.4 million (2006: approximately HK\$1.6 million).

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of annual results for the year ended 31st December, 2007.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31st December, 2007, except for certain deviations which are summarised below:

1. CODE PROVISION A.1.1

Code provision A.1.1 states that regular Board meetings should be held at least four times a year at regular interval.

Due to the changes of the senior leadership and Mr. MUNG Kin Keung, the chairman of the Board, spent much time in mainland China to explore investment opportunities, three regular board meetings were held during 2007. After the completion of the appointment of directors, the Board are more focus on future development, board meetings will be held at least 4 times in 2008.

2. CODE PROVISION E.1.2

Code provision E.1.2 states that the Chairman of the Board should attend the annual general meeting of the Company.

Due to other business commitment, Mr. MUNG Kin Keung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 21st June, 2007. However, arrangements including the attendance of members of different board committees had been in place to ensure the general meeting was in order.

3. CODE PROVISION B.1.3.

The terms of reference of the remuneration committee provides the discharge of certain specific duties by the remuneration committee.

No remuneration committee was held during the financial year of 2007. The remuneration committee of the Company will hold its meeting in 2008 to discuss and approve the remunerations of directors and employee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
HA Wing Ho, Peter
Executive Director

Hong Kong, 24th April, 2008

As at the date of this announcement, the board of directors comprises Mr. MUNG Kin Keung, Mr. HA Wing Ho, Peter, Mr. LEONG Chi Wai and Mr. LEUNG King Yue, Alex as executive directors; Mr. CHEE Man Sang, Eric, Mr. LO Tak Kin and Ms. YU Tin Yan, Winnie as independent non-executive directors.