DRAGON HILL HOLDINGS LIMITED

（俊山集團有限公司）

(Formerly Magnum International Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 305)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

RESULTS

The Board of Directors (the "Board") of Dragon Hill Holdings Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with the comparative figures for the previous year as follows:

Consolidated Income Statement

	Notes	2006 HK$	2005 HK$
REVENUE	5	16,615,492	12,310,910
Other income and gains	6	33,803,094	236,873
Cost of trading equity investments sold		(11,256,297)	(5,000,826)
Administrative expenses		(12,669,401)	(14,157,260)
Other operating expenses		(3,571,298)	(2,428,747)
Unrealised gains on equity investments at fair value through profit or loss, net		961,328	443,365
Changes in fair value of investment properties		141,126	10,630,000
(Impairment)/reversal of impairment of loans receivable and other receivables		1,500,000	(1,622,788)
Impairment of intangible assets		–	(2,336,028)
Finance costs	7	(3,439,343)	(6,506,291)
PROFIT/(LOSS) BEFORE TAX	8	22,084,701	(8,430,792)
Tax	9	(19,000)	(325,598)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		22,065,701	(8,756,390)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		(Restated)
Basic		HK6.80 cents	HK(4.99) cents
Diluted		HK6.77 cents	N/A

Consolidated Balance Sheet

	Notes	2006 HK$	2005 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		11,641,187	151,189
Investment properties		15,814,000	43,920,000
Intangible assets		875,556	827,246
Deposit for purchase of a property		192,900	–
Total non-current assets		28,523,643	44,898,435
CURRENT ASSETS			
Loans receivable	*11*	15,221,335	14,969,290
Accounts receivable	*12*	9,298,750	1,196,327
Prepayments, deposits and other receivables	*13*	1,420,845	2,405,800
Equity investments at fair value through profit or loss		2,906,702	1,910,949
Client trust bank accounts		6,092,776	2,797,641
Cash and cash equivalents		7,606,554	7,581,554
Total current assets		42,546,962	30,861,561
CURRENT LIABILITIES			
Accounts payable	*14*	14,826,064	3,643,550
Other payables and accruals		5,314,127	51,560,285
Interest-bearing bank borrowings		808,000	–
Tax payable		52,034	52,034
Total current liabilities		21,000,225	55,255,869
NET CURRENT ASSETS/(LIABILITIES)		21,546,737	(24,394,308)
TOTAL ASSETS LESS CURRENT LIABILITIES		50,070,380	20,504,127
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		16,687,059	–
Amount due to the immediate holding company		–	42,999,147
Amount due to an intermediate holding company		–	30,920,000
Deferred tax liabilities		19,000	411,507
Total non-current liabilities		16,706,059	74,330,654
Net assets/(liabilities)		33,364,321	(53,826,527)
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*15*	3,069,152	61,502,418
Reserves		30,295,169	(115,328,945)
Total equity		33,364,321	(53,826,527)

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 Segment Reporting.

HK(IFRIC)-Int 11 shall be applied for annual periods beginning on or after 1 March 2007. This new interpretation prescribes that when the parent grants rights to equity instruments to the employees of the subsidiary, the subsidiary should account for such a scheme as an equity-settled scheme and as an equity contribution by the parent.

HKFRS 8, HK(IFRIC)-Int 7, HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-Int 10, HK(IFRIC)-Int 11 and HK (IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 January 2009, 1 March 2006, 1 May 2006, 1 June 2006, 1 November 2006, 1 March 2007 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment, HKFRS 7 and HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers different types of services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- The securities dealing and margin finance segment provides securities dealing services in acquiring, disposing of and subscribing for securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and financial accommodation to facilitate the trading of these marketable securities.
- The securities investment segment includes trading in securities and holding of securities investments.
- The consumer finance segment comprises the granting of personal loans.
- The property holding segment involves in property investment.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2006 and 2005.

	Securities dealing and margin finance		**Securities investment**		**Consumer finance**		**Property holding**		**Intersegment sales eliminations**		**Consolidated**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment revenue:												
Services provided to external customers	3,124,290	4,249,628	11,367,431	5,104,680	1,015,616	825,753	1,163,950	2,156,084	(55,795)	(25,235)	16,615,492	12,310,910
Other revenue	1,262,845	92,056	22,214	40,884	–	–	12,408,167	–	–	–	13,693,226	132,940
Segment revenue	4,387,135	4,341,684	11,389,645	5,145,564	1,015,616	825,753	13,572,117	2,156,084	(55,795)	(25,235)	30,308,718	12,443,850
Segment results	(2,073,348)	(8,901,151)	1,003,151	287,980	740,091	(1,021,990)	12,056,553	10,752,471	–	–	11,726,447	1,117,310
Unallocated revenue and gains											20,109,868	103,933
Unallocated expenses											(6,312,271)	(3,959,479)
Finance costs											(3,439,343)	(5,692,556)
Profit/(loss) before tax											22,084,701	(8,430,792)
Tax											(19,000)	(325,598)
Profit/(loss) for the year											22,065,701	(8,756,390)

	Securities dealing and margin finance		**Securities investment**		**Consumer finance**		**Property holding**		**Eliminations**		**Consolidated**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Assets and liabilities												
Segment assets	37,547,991	28,957,750	4,736,974	2,539,878	7,059,427	17,059,240	27,607,326	45,201,183	(9,137,349)	(18,718,878)	67,814,369	75,039,173
Unallocated assets											3,256,236	720,823
Total assets											71,070,605	75,759,996
Segment liabilities	16,576,342	9,108,348	145,729	134,869	44,078,515	33,370,211	37,584,300	1,350,233	(63,276,034)	(31,644,099)	35,108,852	12,319,562
Unallocated liabilities											2,597,432	117,266,961
Total liabilities											37,706,284	129,586,523
Other segment information:												
Capital expenditure	451,602	650	–	–	–	–	27,124,480	100,038			27,576,082	100,688
Depreciation	38,641	5,135	–	–	–	–	176,664	46,364			215,305	51,499
Unrealised gains on equity investments at fair value through profit or loss, net	–	–	961,328	443,365	–	–	–	–			961,328	443,365
Impairment losses/(reversal of impairment) recognised in the income statement	(1,500,000)	797,035	–	–	–	825,753	–	–			(1,500,000)	1,622,788
Changes in fair value of investment properties	–	–	–	–	–	–	141,126	10,630,000			141,126	10,630,000
Impairment of intangible assets recognised in the income statement	–	2,336,028	–	–	–	–	–	–			–	2,336,028

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2006 and 2005.

	Hong Kong		Philippines		Eliminations		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Segment revenue:								
Services provided to external customers	16,413,447	12,310,910	202,045	–	–	–	16,615,492	12,310,910
Other revenue	12,524,026	216,614	1,205,366	20,259	–	–	13,729,392	236,873
Segment revenue	28,937,473	12,527,524	1,407,411	20,259	–	–	30,344,884	12,547,783
Other segment information:								
Segment assets	68,169,461	73,735,233	11,200,698	8,489,573	(8,299,554)	(6,464,810)	71,070,605	75,759,996
Capital expenditure	27,576,082	100,688	–	–	–	–	27,576,082	100,688

5. REVENUE

Revenue (which is also the Group's turnover) is analysed as follows:

	2006	**2005**
	HK$	*HK$*
Commission and interest income from securities dealing and margin finance	3,068,495	4,224,393
Interest income from consumer finance	1,015,616	825,753
Gross property rental income	1,163,950	2,156,084
Proceeds from the sale of equity investments at fair value through profit or loss	11,367,431	5,104,680
	16,615,492	12,310,910

6. OTHER INCOME AND GAINS

	2006	**2005**
	HK$	*HK$*
Other income		
Dividend income from listed investments	22,214	40,884
Recovery of bad debts	976,547	–
Others	123,806	140,656
	1,122,567	181,540
Gains		
Gain on disposal of subsidiaries	12,408,167	–
Gain on the waiver of loan advances and related interest by former holding companies and a former fellow subsidiary	20,073,702	–
Foreign exchange gains, net	198,658	55,333
	32,680,527	55,333
	33,803,094	236,873

7. FINANCE COSTS

	2006	**2005**
	HK$	*HK$*
Interest on bank overdrafts wholly repayable within five years	1,416	12,015
Interest on bank loans wholly repayable after five years	193,311	–
Interest on amounts due to former holding companies/ holding companies	3,244,616	6,494,276
	3,439,343	6,506,291

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	2006 *HK$*	2005 *HK$*
Auditors' remuneration	768,000	750,000
Depreciation	215,305	52,575
Employee benefits expense (including directors' remuneration):		
Wages, salaries and allowances	4,557,643	7,063,026
Pension scheme contributions	72,506	297,433
Termination benefits	356,710	236,721
	4,986,859	7,597,180
Minimum lease payments under operating leases in respect of land and buildings	1,712,610	1,392,886
and after crediting:		
Gross property rental income	1,163,950	2,156,084
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	(65,431)	(112,192)
Net rental income	1,098,519	2,043,892
Bank interest income	100,129	120,124
Interest income for loans receivable	2,414,068	2,501,438
	2,514,197	2,621,562
Net gain on trading of equity investments at fair value through profit or loss	1,072,462	547,219

9. TAX

No provision for Hong Kong profits tax has been made for the current and prior years as the Group has available tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong during the two years.

	2006 *HK$*	2005 *HK$*
Deferred tax	19,000	325,598

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue, adjusted by the rights issue, conversion of convertible preference shares, issuance of additional shares and the consolidation of shares, during the year.

The basic earnings/(loss) per share for the current year and the prior year have been adjusted to reflect the rights issue and the consolidation of shares during the year which are described in the section "SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE PREFERENCE SHARES" below.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A diluted loss per share amount for the year ended 31 December 2005 has not been disclosed, as the share options outstanding during the prior year had an anti-dilutive effect on the basic loss per share for the prior year.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2006 *HK$*	2005 *HK$*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	22,065,701	(8,756,390)

	Number of shares 2006	 2005 *(Restated)*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	324,679,041	175,320,460
Effect of dilution – weighted average number of ordinary shares:		
Warrants	1,232,877	–
	325,911,918	175,320,460

11. LOANS RECEIVABLE

Loans receivable comprise margin clients accounts receivable and a consumer finance loan receivable of HK$8,205,719 (2005: HK$8,969,290) and HK$7,015,616 (2005: HK$6,000,000), respectively.

12. ACCOUNTS RECEIVABLE

Accounts receivable arise from the Group's securities dealing and brokerage business with settlement terms of two days after the trade date.

Details of the accounts receivable of the Group as at the balance sheet date, based on the transaction date and net of provisions, are as follows:

	2006 *HK$*	2005 *HK$*
Not yet due	8,982,258	1,083,493
0 – 30 days	316,492	112,834
	9,298,750	1,196,327

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2006 *HK$*	2005 *HK$*
Prepayments	360,035	367,026
Deposits	888,302	1,170,251
Other receivables	172,508	868,523
	1,420,845	2,405,800

Other receivables are non-interest-bearing and have no fixed terms of repayment.

14. ACCOUNTS PAYABLE

Accounts payable arise from the Group's securities dealing and brokerage business with settlement terms of two days after the trade date.

Details of the accounts payable of the Group as at the balance sheet date, based on the transaction date, are as follows:

	2006 *HK$*	2005 *HK$*
Not yet due	8,752,427	1,013,054
0 – 30 days	3,581,524	424,543
Over 30 days	2,492,113	2,205,953
	14,826,064	3,643,550

15. SHARE CAPITAL

	2006	2005
	HK$	*HK$*
Authorised:		
25,000,000,000 (2005: 1,000,000,000) ordinary shares of HK$0.004 (2005: HK$0.10) each	100,000,000	100,000,000
1,521,400,000 convertible preference shares of HK$0.001 each (2005: Nil)	1,521,400	–
	101,521,400	100,000,000
Issued and fully paid:		
767,288,049 (2005: 615,024,175) ordinary shares of HK$0.004 (2005: HK$0.10) each	3,069,152	61,502,418

The detailed movements of the Company's authorised and issued share capital during the year is summarised in the section "SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE PREFERENCE SHARES" below.

16. DISPOSAL OF SUBSIDIARIES

On 20 June 2006, the Group disposed of its entire 100% equity interest in Lismore Properties Limited and its subsidiaries (collectively the "Lismore Group") to Magnum (Guernsey) Limited ("MGL"), who ceased to be the Group's immediate holding company on the same date, for a consideration of HK$56,366,892, resulting in a gain on disposal of HK$12,408,167. The Lismore Group was engaged in property investment immediately before the disposal.

The carrying amounts of the assets and liabilities of the Lismore Group immediately before the disposal were as follows:

	Note	*HK$*
Net liabilities disposed of:		
Property, plant and equipment		197,905
Investment properties		43,920,000
Prepayments, deposits and other receivables		444,169
Cash and bank balances		692,643
Other payables and accruals		(884,485)
Deferred tax liabilities		(411,507)
Amounts due to the Group		(56,366,891)
		(12,408,166)
Gain on disposal of subsidiaries	6	12,408,167
Amounts due to the Group disposed of		56,366,891
Sale consideration		56,366,892

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$
Cash and bank balances disposed of and net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(692,643)

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the year:

	Notes	2006	2005
		HK$	*HK$*
Interest expense charged by the immediate holding company	*(i)*	1,412,584	3,008,689
Interest expense charged by an intermediate holding company	*(i)*	1,832,032	3,485,587
Waiver of loan advances and related interest by the holding companies and a fellow subsidiary	*(ii)*	20,073,702	–
Management fee income charged to a fellow subsidiary	*(iii)*	22,950	48,600

Notes:

(i) The interest expenses were charged by MGL, the former immediate holding company, and Magnum Enterprise Sdn Bhd ("MESB"), a former intermediate holding company, during the year which arose from their respective advances to the Group. MGL and MESB ceased to be the holding companies of the Group after the change of the controlling shareholder of the Group on 20 June 2006.

(ii) During the year, the Group entered into a deed of settlement with Dragon Hill Development Limited ("DHDL"), MGL, MESB and Magnum Investment Limited ("MIL"), a former fellow subsidiary, to settle the outstanding advances and related interest payables due by the Group to MGL, MESB and MIL at 20 June 2006 with an aggregate amount of HK$124,440,764 by HK$104,367,062. The payable of HK$104,367,062 was fully settled on 20 June 2006 by (a) the sale consideration of the Lismore Group of HK$56,366,892 (note 16); and (b) the subscription proceeds of HK$48,000,170 from the issue of the convertible preference shares as the section "SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE PREFERENCE SHARES" below, resulting in a gain on the waiver of loan advances and related interest of HK$20,073,702.

(iii) Management fee income was related to the administrative services provided to a former fellow subsidiary of the Group.

(b) Outstanding balances with related parties:

	2006 *HK$*	2005 *HK$*
Due to the immediate holding company	–	65,418,436
Due to an intermediate holding company	–	55,531,255
Due to a fellow subsidiary	–	246,457

POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 2 March 2007, the Company, Liuzhou Wuling Motors Company Limited 柳州五菱汽車有限責任公司 ("Wuling") and Dragon Hill Development Limited ("DHDL") entered into a framework agreement (the "Framework Agreement") in relation to the proposed investment by the Company in Liuzhou Wuling Motor Industrial Company Limited ("Wuling Industrial").

Wuling Industrial is a stated-owned limited company established in the People's Republic of China ("PRC") and is currently a wholly-owned subsidiary of Wuling. Wuling Industrial and its subsidiaries, is principally engaged in the manufacturing of motor vehicle engines, parts and special mini vehicles. Pursuant to the Framework Agreement, the Company will subscribe for a 51% of the enlarged registered capital of Wuling Industrial for a consideration of approximately RMB391 million (approximately HK$395 million). The Framework Agreement is subject to the formal execution of the agreements by the Company, Wuling and DHDL and approval from relevant government authorities in Guangxi, PRC, Stock Exchange and shareholders of the Company. The Framework Agreement will be terminated and cease to have any effect if the Company, Wuling and DHDL fail to enter into the agreements within three months from the date of the Framework Agreement (or a later date to be determined by the Company, Wuling and DHDL).

DIVIDEND

At the balance sheet date, the Company did not have any reserves available for cash/in specie dividend distributions (2005: Nil).

BUSINESS REVIEW AND PROSPECTS

The principal business activities of the Group during the year continue to be: (1) securities dealing and brokerage and provision of margin financing; (2) securities trading and investment holding; (3) money lending; and (4) property investment.

During the year, the Group recorded revenue of HK$16.6 million representing an increase of 35.0% compared to last year. This was mainly attributable to the increase in the securities trading activities of the Group from HK$5.1 million in 2005 to HK$11.4 million in 2006 in response to the active stock market in Hong Kong. Meanwhile, revenue from property investment declined from HK$2.2 million in 2005 to HK$1.2 million in 2006 due to the disposal of the Group's interests in Lismore Properties Limited and its respective subsidiaries (the "Lismore Group") to Magnum (Guernsey) Limited during the year.

The disposal of the Lismore Group and the waiver of the loan advances and related interest charged by Magnum (Guernsey) Limited, Magnum Enterprise Sdn Bhd and Magnum Investment Limited during the year enabled the Group to register a gain of HK$32.5 million. As a result, the Group achieved a net profit of HK$22.1 million for the year 2006.

The financial position of the Group had been significantly improved in this year. As at 31 December 2006, the Group's net asset value amounts to HK$33.4 million as compared to the net deficiencies of HK$53.8 million in last year. The improvement was mainly attributable to the capital reduction exercise (as below mentioned), a number of fund raising exercises and the net profit achieved by the Group during the year.

The management believes the business environment for its securities dealing and brokerage division will continue to be tough and challenging. The abolition of the minimum commission and the active participation of the banks in the retail securities market create a highly competitive business environment to the local brokers. The Group is now undergoing a cost trimming process to ensure our competitiveness in the securities industry. Meanwhile, the satisfactory progress in resolving the long overdue accounts is expected to benefit our next year's operations. The funds collected will be applied for the expansion programmes of securities dealing and brokerage through the provision of additional services and the broadening of our client base.

Following the disposal of the Lismore Group as abovementioned, the Group acquired two commercial properties near the Central district which are used as the Group's office premises and for rental purposes. The acquisitions provided a cost saving effect to our operation and a steady income for our property investment division. All the properties not occupied for own use had been rented out at the moment.

Besides, the Group is also continuously seeking other new business opportunities for our long term strategy. On 6 March 2007, we announced the entering into a framework agreement with Wuling in relation to the proposed formation of a sino-foreign joint venture enterprise for the development of the manufacturing and trading businesses of motor vehicle engines, parts and special mini vehicles in the PRC. The Group believes there is great potential in the automobile industry in the PRC and would like to explore the business opportunities with a reputable local enterprise. The details of the Framework Agreement had been fully described in the Company's announcement dated 6 March 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Change of controlling shareholder and company name

During the year, the controlling shareholder of the Company was changed from Magnum Corporation Berhad to Dragon Hill Development Limited upon completion of the Share Sale Agreement (as defined in the circular of the Company dated 29 April 2006) on 20 June 2006. The details in relation to the change of the controlling shareholder and the other related transactions had been fully described in the Company's circulars dated 29 April 2006 and 22 June 2006.

As a result of the aforesaid change of the controlling shareholder, the name of the Company was changed from Magnum International Holdings Limited to Dragon Hill Holdings Limited with effect from 15 January 2007.

Comments on segment information

During the year under review, revenue from (1) securities dealing and brokerage and margin finance; and (2) securities trading and investment continued to be the main business segments of the Group which accounted for 19% and 68% respectively of the total revenue. Geographically, revenue generated in Hong Kong accounted for nearly 99% of the total revenue for the year 2006.

Liquidity and capital structure

As a result of a series of corporate restructuring and fund raising exercises carried out during the year, the liquidity position of the Group had been significantly improved. As at 31 December 2006, the Group maintained total net asset value of HK$33.4 million compared to a net deficiency position as of 31 December 2005.

The intercompany advances from Magnum Corporation Berhad, the former holding company of the Company and its subsidiaries (the "Magnum Group") had been fully settled during the year. As at 31 December 2006, the aggregate bank borrowings of the Group amounted to HK$17.5 million which were secured by the properties of the Group.

The Group's gearing ratio (borrowing to net assets) as at the end of the year was 52.4%, a significantly improved level as compared to last year.

Significant investments held

The Group holds some listed investments in Hong Kong and the Philippines. As at 31 December 2006, such investments amounted to HK$2.9 million.

Acquisitions and disposals

During the year, the Group disposed its entire interests in Lismore Properties Limited and its subsidiaries (the "Lismore Group") to the Magnum Group during the year.

Following the disposal of the Lismore Group as abovementioned, the Group acquired two commercial properties near the Central district which are used as the Group's office premises and for rental purposes. The acquisitions provided a cost saving effect to our operation and a steady income for our property investment division. The total value of the properties held by the Group as at 31 December 2006 amounted to HK$26.3 million.

Pledge of assets

As at 31 December 2006, the office premises and the investment properties held by the Group with an aggregate value of HK$26.3 million have been pledged to secure the bank loans.

Exposure to fluctuation in exchange rates

As the Group's main businesses and assets are geographically located in Hong Kong, its exposure to fluctuations in exchange rates and currencies are minimal.

Contingent liabilities

As at 31 December 2006, there were no material contingent liabilities to the Group.

Remuneration of employees

As at 31 December 2006, the Group had 20 employees, including directors and senior management. The standard remuneration package of the employees include salaries, commissions (as appropriate), a medical scheme, a company's provident fund scheme, a company's share option scheme, a year end double pay and a discretionary bonus based on performance, in which the salaries are subject to annual revision.

The terms of the Company's share option scheme are in accordance with the Listing Rules. As at 31 December 2006, the Company had no options outstanding under the Company's share option scheme.

SHARE CAPITAL, SHARE OPTIONS, WARRANTS AND CONVERTIBLE PREFERENCE SHARES

Share capital

Pursuant to a special resolution passed at a special general meeting of the Company on 23 May 2006, the following transactions took place on 19 June 2006:

(a) a reduction of the par value of each issued ordinary share of the Company from HK$0.10 to HK$0.001 by canceling the paid-up capital to the extent of HK$0.099 on each issued ordinary share, resulting in a reduction of the Company's issued share capital from HK$61,502,418 to HK$615,024;

(b) a transfer of the credit arising from the cancellation of the paid-up capital in the amount of HK$60,887,394 to the contributed surplus; and

(c) a subdivision of each unissued ordinary share in the Company with the par value of HK$0.10 into 100 new unissued ordinary shares in the Company with the par value of HK$0.001 each, resulting in an increase in authorised ordinary shares from 1,000,000,000 shares to 100,000,000,000 shares.

Pursuant to a special resolution passed at the aforesaid special general meeting of the Company on 23 May 2006, the authorised share capital of the Company was increased from HK$100,000,000 to HK$101,521,400 effective on 19 June 2006 by the creation of 1,521,400,000 convertible preference shares of HK$0.001 each.

On 28 July 2006, the Company proposed to raise approximately HK$9,700,000, before expenses, by issuing 307,512,087 ordinary shares of HK$0.001 each (the "Rights Share") at a price of HK$0.03155 per ordinary share by way of the rights issue (the "Rights Issue") on the basis of one Rights Share for every two ordinary shares held by the existing shareholders. A total number of 307,512,087 ordinary shares of HK$0.001 each were allotted and issued upon completion of the Rights Issue on 5 September 2006.

On 9 November 2006, the Company allotted and issued a total of 123,000,000 ordinary shares of HK$0.001 each for cash to independent third parties at a price of HK$0.0508 per share for a total cash consideration, before expenses, of HK$6,248,400.

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 27 November 2006, the issued and unissued ordinary shares of HK$0.001 each of the Company underwent a share consolidation exercise in which every four issued and unissued ordinary shares of HK$0.001 each of the Company were consolidated into one ordinary share of HK$0.004 each of the Company (the "Share Consolidation Exercise"). With effect from 27 November 2006, the completion date of the Share Consolidation Exercise, the composition of the authorised share capital of the Company in respect of the ordinary shares of the Company amounting to HK$100,000,000 was changed from 100,000,000,000 ordinary shares of HK$0.001 each to 25,000,000,000 ordinary shares of HK$0.004 each.

Convertible preference shares

On 20 June 2006, the Company issued 1,521,400,000 convertible preference shares (the "Convertible Preference Shares") with a nominal value of HK$48,000,170 to DHDL, the controlling shareholder of the Company. The Convertible Preference Shares are non-voting, freely transferable and not entitled to any right of participation in the profits of the Company. Holders of the Convertible Preference Shares are not entitled to any right of participation in the profits of the Company. Holders of the Convertible Preference Shares are not entitled to any dividend distribution whether in cash or otherwise. The Company does not have the right to redeem the outstanding shares or do the shareholders have the rights to sell back the shares to the Company.

The Convertible Preference Shares are convertible into the Company's ordinary shares at any time at the conversion price, which is initially HK$0.03155 per ordinary share, subject to adjustment, of the Company at anytime immediately upon allotment and issue of the Convertible Preference Shares and until conversion of all the Convertible Preference Shares in full.

Upon completion of the Rights Issue as abovementioned on 5 September 2006, the conversion price of the Convertible Preference Shares was adjusted to HK$0.02372 per ordinary share of HK$0.001 each of the Company.

DHDL exercised its conversion rights attaching to the Convertible Preference Shares in full on 26 September 2006 and 11 October 2006 in which 1,300,000,000 and 723,615,935 ordinary shares of HK$0.001 each of the Company were issued respectively to DHDL.

Warrants

Pursuant to the ordinary resolutions passed at a special general meeting of the Company on 23 December 2006, on 29 December 2006 the Company issued warrants (the "Warrants"), in the aggregate amount of HK$49,800,000, attaching the rights to subscribe the ordinary shares of HK$0.004 each of the Company at an initial subscription price (subject to adjustments in accordance with the warrant instrument) of HK$0.332 per ordinary share for a period of three years commencing from the date of issue. The Warrants were issued at an issue price totaling HK$2,400,000.

Share options

During the year, a number of 4,050,000 share options granted to the employees to subscribe for the ordinary share of HK$0.001 each of the Company were lapsed in accordance with the terms of offer. On 13 July 2006, the remaining 7,200,000 share options granted and outstanding were tendered for cancellation at the offer price of HK$0.001 per option made by DHDL under the mandatory unconditional offer for cancellation of all outstanding options.

As at 31 December 2006, there was no share option being granted and outstanding.

PURCHASE, REDEMPTION AND 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.

CORPORATE GOVERNANCE

During the year, the Company has applied the Principles and the code provisions as set out in the Code on Corporate Governance Practices ("CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and complied with most of the Code Provisions save for certain deviations as detailed below:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The former Chairman of the Company, Mr Lim Teong Leong shared the role of the Chief Executive Officer of the Company whereas the present Chairman of the Company, Mr Lee Shing also acts as the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.1
Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

During the year, the terms of appointment of the independent non-executive directors are such that their terms of office will expire when they are required to retire by rotation in accordance with the Company's Bye-laws.

To ensure compliance with Code Provision A.4.1, the Company will enter into service contracts with the independent non-executive directors for a specific term of three years following their re-election in the forthcoming 2007 annual general meeting of the Company.

Code Provision A.4.2
Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointments. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company's Bye-laws deviate from Code Provision A.4.2 of the CG Code which provides that one-third of the directors for the time being (save for the Chairman/Managing Director), or if their number is not three nor a multiple of three, then the number nearest to one-third, shall retire from office and being eligible, offer themselves for re-election at annual general meetings and that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, when he/she shall be eligible for re-election.

The Board is of the opinion that the members of the Company give the power to the Board to fill up the casual vacancy is to enable the Board to run the Company more efficiently. It is adequate for the person filling up the casual vacancy be retired and to be elected at the next Annual General Meeting because should there be any Special General Meeting other than Annual General Meeting, the Board should be focusing on the issue at hand for the Special General Meeting instead of diverting its attention to academic issue i.e. the election of the person appointed for the casual vacancy.

Nevertheless, in order to ensure compliance with Code Provision A.4.2, a special resolution will be proposed at the forthcoming 2007 annual general meeting of the Company to amend its Bye-laws so that all directors will be subject to retirement by rotation once every three years and any new director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment.

Code Provision B.1.1
The Company re-established the Remuneration Committee with the approved terms of reference during the year. The Remuneration Committee currently comprises three independent non-executive directors including Mr Zuo Duofu (Chairman of Remuneration Committee), Mr Yu Xiumin and Mr Cheng Kin Wah Thomas. A meeting of the Remuneration Committee has been held after the year end to consider and approve the remuneration packages offered to the executive directors.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Own Code and the Model Code throughout the year ended 31 December 2006.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules applicable to the current year, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Before the resignation of Mr Soo Tho Him Yip on 2 March 2006, the Audit Committee comprised 3 independent non-executive directors namely Messrs Soo Tho Him Yip, Wong Ming Shiang and Lim Eng Ho. Subsequent to Mr Soo Tho's resignation, the Audit Committee comprised the remaining 2 independent non-executive directors until they were replaced by the newly appointed executive and independent non-executive directors during the year.

The Audit Committee currently comprises three independent non-executive directors including Mr Cheng Kin Wah Thomas (Chairman of Audit Committee), Mr Yu Xiumin and Mr Zuo Duofu, among them one independent non-executive director possesses the appropriate professional qualifications or accounting or related financial management expertise.

The financial statements for the year ended 31 December 2006 have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

BOARD OR DIRECTORS

As at the date of this announcement, the Board comprises Mr Lee Shing (Chairman), Ms Liu Yaling, Mr Wang Shaohua and Mr Pei Qingrong as executive directors and Mr Yu Xiumin, Mr Zuo Duofu and Mr Cheng Kin Wah, Thomas as independent non-executive directors.

By Order of the Board
Lee Shing
Chairman

Hong Kong, 17 April 2007

"Please also refer to the published version of this announcement in The Standard."