



ANNOUNCEMENT OF 2007 GROUP RESULTS

FINANCIAL HIGHLIGHTS

	Year 2007	Year 2006	% Change
	HK\$'M	HK\$'M	
Revenue	353.7	187.3	+88.8%
Operating profit	157.6	163.6	-3.7%
Profit for the year attributable to equity holders of the parent	1,413.8	300.1	+371.1%
Basic earnings per ordinary share	HK16.65 cents	HK3.73 cents*	+346.4%
Proposed final dividend	HK0.40 cent	HK0.30 cent	+33.3%
Total dividends for the year	HK0.58 cent	HK0.45 cent	+28.9%

* restated to reflect the effect of the Open Offer in November 2007

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

For the year ended 31st December, 2007, the Group recorded a consolidated profit attributable to shareholders of HK\$1,413.8 million, as compared with the comparative amount of HK\$300.1 million attained in the previous year.

The substantial increase in the profit achieved in the year under review was mainly attributable to the profit contribution from Regal Hotels International Holdings Limited, the Group's listed associate, which has increased significantly due to the gain derived by Regal from the spin-off of Regal Real Estate Investment Trust implemented in March 2007.

As at 31st December, 2007, the Group held approximately 45.2% shareholding interest in Regal and Regal REIT was, in turn, equity-accounted for by the Regal group as a 71.7% owned associate. Due to the elimination of the unrealised gain attributable to the interest retained by the Regal group in Regal REIT, the interest held in Regal REIT was only stated in the 2007 financial statements of Regal at a net sum of HK\$788.9 million. The interest in Regal REIT represents the most significant investment held by the Regal group and if it were to be valued based on the attributable share of the underlying net assets of Regal REIT as at 31st December, 2007, the interest held by Regal in Regal REIT would have instead been stated at HK\$7,815.2 million.

In order to more fairly reflect the underlying net asset value of the Group and for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on a proforma basis to reflect the share of net assets as attributable to the 71.7% interest held by Regal in Regal REIT as mentioned above, is provided in the section headed "Management Discussion and Analysis" below.

BUSINESS REVIEW

The Group has during the year under review disposed of some of its non-core assets, including the 10 retained duplex units and unsold car parks in the completed residential development at Rainbow Lodge, 9 Ping Shan Lane, Yuen Long for a consideration of HK\$70 million in March 2007 and the interests in the various parcels of land in Sharp Island, Sai Kung for a consideration of HK\$50 million in June 2007.

To further enlarge the capital base of the Company and to provide additional equity funds for the Group's business operations, the Company announced in September 2007 a proposal for the open offer of new shares. The open offer was extended to the shareholders of the Company on the basis of 7 open offer shares (with 3 warrants for every 7 open offer shares taken up) for 20 existing shares then held at a subscription price of HK\$0.21 per share. The open offer was not underwritten but it was very well received by the shareholders. Valid applications for assured allotments accounted for more than 95% of the shares available under the open offer and valid excess applications received represented approximately 23.8 times of the open offer shares available for excess applications.

The open offer was duly completed in November 2007 and total net proceeds of approximately HK\$552.8 million were raised. Part of the proceeds in an amount of approximately HK\$197 million was originally intended to be used for the repayment of a bank loan of the Group with maturity in February 2008. As the Group has subsequently refinanced the subject loan, the relevant proceeds have been applied as general working capital.

As of the date of this announcement, the issued ordinary share capital of the Company has been enlarged to comprise 10,191 million shares and, in addition, there are a total of 1,126 million warrants outstanding. The warrants have been listed on the Hong Kong Stock Exchange since February 2008 and carry subscription rights to subscribe for new ordinary shares of the Company at an exercise price of HK\$0.21 per share (subject to adjustments) at any time on or before 8th November, 2010. If these warrants are fully exercised, they will bring to the Company additional equity proceeds of approximately HK\$236 million.

PROPERTIES

HONG KONG

Ap Lei Chau Inland Lot No. 129,

Ap Lei Chau East

This development project, in which the Group has a 30% interest, entails primarily residential accommodation comprising luxury apartments together with ancillary retail areas having total gross floor area of about 913,000 square feet, and complemented with recreational and car parking facilities. The piling works on the site are in progress. The recently announced extension of the MTR South Island Line has further stimulated the demand for properties in this locality, while the supply of luxury residential apartments in this part of Hong Kong is still relatively limited. The Group has high expectation on this joint venture project and is optimistic that significant profits will be derived.

211 Johnston Road,

Wanchai

The ground floor shops and all the office floors in this commercial building, with aggregate gross area of about 63,000 square feet, are being retained as investment properties. All the ground floor shops have been leased and the units in the office floors are in good demand, yielding increasing rental income on tenancy reversions and renewals.

THE PEOPLE'S REPUBLIC OF CHINA

Development Project in the Central Business District of Beijing

The development project is held through a Sino-foreign joint venture entity that is 59% owned by an associate which, in turn, is 50% each held by the Group and the Regal group. The Sino-foreign joint venture entity has obtained in May 2007 the Land Use Right Certificates for the Phase I land site and is continuing to work on securing the development rights over the Phase II land site comprised within the development project. As compared with the carrying costs of the Group with respect to its interest in this joint development project, the present land value of this very prominent site in the CBD of Beijing has appreciated significantly.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

Construction Business

Chatwin Engineering Limited, the Group's construction arm, has operated profitably during the year. Chatwin is presently undertaking the construction contract for the Redevelopment of Sau Mau Ping Estate Phases 13 & 16 awarded by the Housing Authority. Furthermore, Chatwin has also been engaged in most of the construction works for the asset enhancement programme at the Regal Hotels in Hong Kong, including the addition of new floor areas and a new swimming pool on the top portion of the Regal Hongkong Hotel recently completed and the construction of three additional stories on top of the Regal Riverside Hotel which is presently in progress.

Building Related Businesses

The Group operates a comprehensive range of building related businesses, including development consultancy comprising architectural, engineering and interior design services, project management, building services, estate management as well as technology-based building management systems and services operated through the Leading Technology group. These business operations have overall contributed increased profits during the year.

OTHER INVESTMENTS

As previously reported, as part of the consideration for the sale of the properties in Rainbow Lodge to Cosmopolitan International Holdings Limited, a listed company in Hong Kong, the Group is holding certain convertible bonds due 2009 in a principal amount of HK\$56 million issued by the Cosmopolitan group. These convertible bonds are convertible into 800 million new ordinary shares of Cosmopolitan at a conversion price of HK\$0.07 per share (subject to adjustments). As part of the overall transactions associated with the sale of the Rainbow Lodge properties, the Group granted to Cosmopolitan certain placement rights over these convertible bonds, which were exercisable during the one year period to 2nd March, 2008, with Cosmopolitan sharing 70% of any profits arising from the sale of such convertible bonds. The Group has recently agreed with Cosmopolitan to extend the exercise period of the placement

rights for a further period of 6 months to 2nd September, 2008, which is considered to be of mutual benefits to both parties.

In July 2007, the Group completed a share swap transaction with an independent third party, pursuant to which the Group acquired from that third party 180 million existing issued shares of Cosmopolitan for a consideration of HK\$126 million, in exchange for the Company issuing 336 million new ordinary shares, which was equivalent to an issue price of HK\$0.375 per share.

On 6th December, 2007, the Group entered into a subscription agreement with the Cosmopolitan group pursuant to which the Cosmopolitan group has agreed to issue to the Group zero coupon guaranteed convertible bonds due 2013 in a principal amount of HK\$100 million and to grant an option to the Group to subscribe for additional convertible bonds in a further principal amount of HK\$100 million. Following fulfillment of the requisite conditions, the subscription agreement was duly completed in February 2008. These convertible bonds due 2013 are convertible into new ordinary shares of Cosmopolitan at an initial conversion price of HK\$0.6 per share (subject to adjustments) and carry a redemption yield of 5% per annum.

The Group is optimistic on the PRC property related businesses in which the Cosmopolitan group is involved and considers that the subscription of the convertible bonds due 2013 issued by the Cosmopolitan group will provide the Group with an opportunity to further share in the prospects of the PRC property market as well as in the growth potentials of the Cosmopolitan group.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

It has always been the intention of the Group to maintain a strategic controlling interest in Regal, which is one of the Group's most significant investments. As mentioned in the 2007 Interim Report, in April 2007, the Group acquired from independent third parties certain convertible bonds issued by the Regal group for a total consideration of HK\$360 million, in order to hedge against potential dilution in the Group's shareholding interest in Regal that might arise from the conversions of convertible securities issued by the Regal group. Part of the consideration for HK\$300 million was settled by way of promissory notes issued by the Group, which have been fully repaid in November 2007 with the proceeds received from the open offer.

Most of the convertible securities issued by the Regal group, including those held by the Group, have been converted during the year and as at 31st December, 2007, the Group held approximately 45.2% shareholding interest in the issued share capital of Regal.

For the year ended 31st December, 2007, Regal achieved a consolidated profit attributable to shareholders of HK\$2,957.3 million, as compared with HK\$331.3 million attained in 2006. The profit achieved in the year under review included a gain of HK\$2,293.5 million derived from the sale of the five Regal Hotels in Hong Kong to Regal REIT, as attributable to the 29.5% interest in Regal REIT effectively disposed of by the Regal group pursuant to the initial public offering of Regal REIT implemented in March 2007.

Having regard to the significantly higher underlying value of the Regal's ordinary shares as compared with the market traded price, Regal has since August 2007 repurchased an aggregate of 296.8 million ordinary shares pursuant to the repurchase mandate granted to its directors. Such repurchases have the effect of enhancing the underlying net asset value of the outstanding issued shares of Regal and would benefit the shareholders of Regal as a whole.

Further information on the principal business operations and outlook of Regal, including its management discussion and analysis, is contained in Regal's announcement separately released today.

REGAL REAL ESTATE INVESTMENT TRUST

For the period from 11th December, 2006 (the date of establishment of Regal REIT) to 31st December, 2007, Regal REIT achieved a consolidated net profit before distributions to its unitholders of HK\$2,850.2 million. This included a gain of HK\$2,044.4 million which originated from its acquisition of the five Regal Hotels in Hong Kong from the Regal group at a discount to their appraised values and a gain of HK\$591.8 million arising from the change in the fair value of these five hotels being held by Regal REIT as investment properties.

Further information on the principal business operations and outlook of Regal REIT, including its management discussion and analysis, was contained in Regal REIT's announcement released yesterday.

OUTLOOK

The adverse impact of the sub-prime loan crisis is rippling across the financial and capital markets in different parts of the world, causing uncertainties over the global economic outlook. While the Group remains optimistic of the sustaining economic growth in Hong Kong and the PRC, it is expected that market environments could be volatile from time to time. The Group is closely watching on any appropriate acquisition opportunities that may become available to replenish its property portfolio but will continue to adopt a prudent approach when making new acquisitions.

The Directors believe that, with the strengthened capital and asset base, the Group will be able to move forward successfully with its business expansion plans, thereby enhancing long-term value for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash inflow from operating activities during the year under review amounted to HK\$32.3 million (2006 – HK\$19.4 million). Net interest payment for the year amounted to HK\$10.4 million (2006 – HK\$4.9 million).

In order to more fairly reflect the Group's underlying net asset value, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on a proforma basis that the Group's interest in Regal is adjusted to reflect its attributable share of Regal's proforma net assets as adjusted for Regal's interest in Regal REIT to reflect the share of the underlying net assets attributable to Regal based on Regal REIT's reported net assets attributable to its unitholders as at 31st December, 2007:

Statement of Proforma Net Assets

	31st December, 2007
	(Unaudited)
	HK\$'M
Non-current assets	
Interest in Regal	5,562.5
Interests in other associates	613.6
Other non-current assets	711.5
	<hr/>
Total non-current assets	6,887.6
Net current assets	122.3
	<hr/>
Total assets less current liabilities	7,009.9
Non-current liabilities	(61.0)
Minority interests	(0.2)
	<hr/>
Proforma net assets attributable to equity holders of the parent	6,948.7
	<hr/>
Proforma net asset value per ordinary share	HK\$0.68
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As at 31st December, 2007, the Group had cash and bank balances net of borrowings of HK\$154.9 million (2006 – net borrowings of HK\$112.1 million, representing a gearing ratio of 2.8% based on total assets of HK\$3,958.0 million).

During the year under review, as the Group's borrowings were all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed.

Information in relation to the maturity profile of the borrowings, the pledge of assets and the contingent liabilities of the Group as of 31st December, 2007 is disclosed in the annual report of the Company for the year ended 31st December, 2007 (the "2007 Annual Report"), which will be despatched to shareholders on or before 30th April, 2008. During the year under review, the

Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the interim report of the Company for the six months ended 30th June, 2007. Detailed information in such aspects is contained in the Company's 2007 Annual Report.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed "Business Review" and "Outlook" above.

The Group's significant investments during the year principally constituted its interests in Regal. The significant investments of Regal following the spin-off of the Regal REIT on 30th March, 2007 comprised its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal REIT (which directly owns the five Regal Hotels in Hong Kong after the spin-off), the asset management of Regal REIT, the interest in the Regalia Bay development and other investment businesses. The performance of Regal and its hotel operations during the year under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance, the progress and prospects on the Regalia Bay development as well as the performance of Regal REIT are contained in Regal's announcement separately released today.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK0.4 cent per ordinary share for the year ended 31st December, 2007 (2006 – HK0.3 cent), absorbing an amount of approximately HK\$40.8 million (2006 – HK\$21.6 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 5th June, 2008. Together with the interim dividend of HK0.18 cent per ordinary share paid in October 2007 (2006 – HK0.15 cent), total dividends per ordinary share for the year ended 31st December, 2007 will amount to HK0.58 cent (2006 – HK0.45 cent), representing an increase of about 29% over the total dividends paid for the 2006 financial year.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Monday, 2nd June, 2008 to Thursday, 5th June, 2008, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the proposed final dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2010 warrants, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:00 p.m. on Friday, 30th May, 2008. The relevant dividend warrants are expected to be despatched on or about 30th June, 2008.

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2007	Year ended 31st December, 2006
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	353.7	187.3
Cost of sales	(277.5)	(164.5)
Gross profit	<u>76.2</u>	22.8
Other income and gains (Note 3)	190.5	99.7
Fair value gain upon reclassification of a property held for sale to an investment property	–	70.3
Administrative expenses	(30.7)	(27.9)
Other operating expenses (Note 4)	<u>(78.4)</u>	(1.3)
OPERATING PROFIT (Note 2)	157.6	163.6
Finance costs (Note 6)	(20.4)	(10.3)
Share of profits and losses of associates	<u>1,280.0</u>	155.4
PROFIT BEFORE TAX	1,417.2	308.7
Tax (Note 7)	<u>(3.4)</u>	(8.6)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	<u>1,413.8</u>	300.1
Attributable to:		
Equity holders of the parent	1,413.8	300.1
Minority interests	–	–
	<u>1,413.8</u>	<u>300.1</u>

DIVIDENDS

Interim	13.6	10.8
Proposed final	40.8	21.6
	<hr/> 54.4	<hr/> 32.4

EARNINGS PER ORDINARY SHARE
ATTRIBUTABLE TO EQUITY HOLDERS
OF THE PARENT (Note 8)

		(Restated)
Basic	HK16.65 cents	HK3.73 cents
	<hr/> HK15.50 cents	<hr/> HK3.48 cents
Diluted	<hr/> HK15.50 cents	<hr/> <hr/> HK3.48 cents

Consolidated Balance Sheet

	31st December, 2007	31st December, 2006
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	3.0	4.0
Investment properties	380.3	350.3
Property held for future development	–	26.7
Interests in associates	4,550.0	2,980.6
Available-for-sale investments	10.0	34.7
Financial assets at fair value through profit or loss	308.5	–
Loans receivable	9.7	14.3
Total non-current assets	<u>5,261.5</u>	<u>3,410.6</u>
CURRENT ASSETS		
Financial assets at fair value through profit or loss	0.3	19.1
Properties held for sale	6.0	38.7
Inventories	3.7	6.9
Debtors, deposits and prepayments (Note 9)	75.7	87.0
Time deposits	330.2	129.3
Cash and bank balances	71.7	17.0
	<u>487.6</u>	<u>298.0</u>
Asset of a disposal group classified as held for sale	249.4	249.4
Total current assets	<u>737.0</u>	<u>547.4</u>

Consolidated Balance Sheet (Cont'd)

	31st December, 2007	31st December, 2006
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(93.5)	(98.0)
Tax payable	(4.0)	(2.8)
Interest bearing bank and other borrowings	(197.0)	(10.3)
Deposits received	(221.3)	(220.3)
	<u>(515.8)</u>	<u>(331.4)</u>
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)
Total current liabilities	<u>(614.7)</u>	<u>(430.3)</u>
NET CURRENT ASSETS	<u>122.3</u>	<u>117.1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	5,383.8	3,527.7
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	(50.0)	(248.1)
Deferred tax liabilities	(11.0)	(8.7)
Total non-current liabilities	<u>(61.0)</u>	<u>(256.8)</u>
Net assets	<u>5,322.8</u>	<u>3,270.9</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	101.9	72.1
Reserves	5,179.9	3,177.0
Proposed final dividend	40.8	21.6
	<u>5,322.6</u>	<u>3,270.7</u>
Minority interests	0.2	0.2
Total equity	<u>5,322.8</u>	<u>3,270.9</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, 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, available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. A disposal group classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except where otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases which will give rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	<i>Financial Instruments: Disclosures</i>
HKAS 1 Amendment	<i>Capital Disclosures</i>
HK(IFRIC)-Int 8	<i>Scope of HKFRS 2</i>
HK(IFRIC)-Int 9	<i>Reassessment of Embedded Derivatives</i>
HK(IFRIC)-Int 10	<i>Interim Financial Reporting and Impairment</i>

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This 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. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, certain comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements - *Capital disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in notes to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) *HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1st January, 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. 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. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

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

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;

- (c) the hotel ownership/operation* and management segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

* The listed associate, Regal, owned and operated its hotels in Hong Kong until the disposal of the hotel properties to Regal REIT for a separate listing on 30th March, 2007 and thereafter Regal leased the hotel properties from Regal REIT for hotel operations. Regal REIT has since then become an associate of Regal.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Business segments

The following table presents revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2007 and 2006.

Group

	Property development and investment		Construction and building related businesses		Hotel ownership/ operation and management		Securities investment		Others		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:														
Sales to external customers	85.5	23.8	249.5	133.2	-	-	18.7	30.3	-	-	-	-	353.7	187.3
Intersegment sales	-	-	-	5.8	-	-	-	-	-	-	-	(5.8)	-	-
Total	<u>85.5</u>	<u>23.8</u>	<u>249.5</u>	<u>139.0</u>	<u>-</u>	<u>-</u>	<u>18.7</u>	<u>30.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5.8)</u>	<u>353.7</u>	<u>187.3</u>
Segment results	<u>100.9</u>	<u>158.9</u>	<u>25.9</u>	<u>8.8</u>	<u>-</u>	<u>-</u>	<u>126.1</u>	<u>6.9</u>	<u>1.5</u>	<u>2.1</u>	<u>-</u>	<u>(0.1)</u>	<u>254.4</u>	<u>176.6</u>
Interest income and unallocated non-operating and corporate gains													9.2	12.5
Unallocated non-operating and corporate expenses													(106.0)	(25.5)
Operating profit													157.6	163.6
Finance costs													(20.4)	(10.3)
Share of profits and losses of associates	(56.0)	4.3	(0.3)	-	1,336.3	151.2	-	-	-	(0.1)	-	-	1,280.0	155.4
Profit before tax													1,417.2	308.7
Tax													(3.4)	(8.6)
Profit for the year before allocation between equity holders of the parent and minority interests													<u>1,413.8</u>	<u>300.1</u>
Attributable to:														
Equity holders of the parent													1,413.8	300.1
Minority interests													-	-
													<u>1,413.8</u>	<u>300.1</u>

Business segments (continued)

Group

	Property development and investment		Construction and building related businesses		Hotel ownership/ operation and management		Securities investment		Others		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment assets	389.4	419.2	68.8	39.8	-	-	310.3	19.2	10.6	15.7	-	-	779.1	493.9
Interests in associates	613.6	620.5	-	0.3	3,936.4	2,381.3	-	-	-	-	-	(21.5)	4,550.0	2,980.6
Asset of a disposal group classified as held for sale	249.4	249.4	-	-	-	-	-	-	-	-	-	-	249.4	249.4
Cash and unallocated assets													420.0	234.1
Total assets													<u>5,998.5</u>	<u>3,958.0</u>
Segment liabilities	(4.9)	(4.8)	(85.1)	(88.7)	-	-	-	-	-	(0.1)	-	-	(90.0)	(93.6)
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)	-	-	-	-	-	-	-	-	-	-	(98.9)	(98.9)
Bank and other borrowings and unallocated liabilities													<u>(486.8)</u>	<u>(494.6)</u>
Total liabilities													<u>(675.7)</u>	<u>(687.1)</u>
Other segment information:														
Depreciation	-	-	0.5	0.5	-	-	-	-	-	-	-	-	-	-
Capital expenditure	-	-	0.9	1.0	-	-	-	-	-	-	-	-	-	-
Other non-cash expenses	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-

3. Revenue (which is also the Group's turnover), other income and gains are analysed as follows:

	2007 HK\$'M	2006 HK\$'M
<u>Revenue</u>		
Rental income:		
Investment properties	14.1	6.3
Properties held for sale	0.4	5.6
Construction and construction-related income	237.2	128.5
Proceeds from sale of properties	70.0	10.7
Estate management fees	3.4	3.4
Property development consultancy and project management fees	8.9	1.3
Proceeds from sale of financial assets at fair value through profit or loss	18.7	30.3
Other operations including estate agency service	1.0	1.2
	<u>353.7</u>	<u>187.3</u>
<u>Other income and gains</u>		
Interest income from:		
Bank balances	5.1	2.8
Loans receivable	3.0	5.6
Dividend income from:		
Available-for-sale listed investments	1.3	1.4
Unlisted investments	0.2	–
Fair value gains on investment properties	30.0	80.0
Fair value gains on financial assets at fair value through profit or loss, net		
- held for trading	0.1	4.3
- designated as such upon initial recognition	126.5	–

Gain on disposal of subsidiaries	23.2	–
Gain on deemed disposal of interests in the listed associate	–	4.8
Others	1.1	0.8
	<u>190.5</u>	<u>99.7</u>

4. Other operating expenses include the following items:

	2007 HK\$'M	2006 HK\$'M
Depreciation	1.4	1.3
Loss on deemed disposal of interests in the listed associate	76.8	–
	<u>76.8</u>	<u>–</u>

5. An analysis of profit/(loss) on sale of investments or properties of the Group is as follows:

	2007 HK\$'M	2006 HK\$'M
Profit/(Loss) on disposal of listed investments	(0.5)	2.5
Profit on sale of properties	37.1	3.0
	<u>37.1</u>	<u>3.0</u>

6. Finance costs of the Group are as follows:

	2007 HK\$'M	2006 HK\$'M
Interest in respect of:		
Bank loans wholly repayable within five years	11.6	9.3
Other loans and promissory notes, wholly repayable within five years	8.8	1.0
	<u>20.4</u>	<u>10.3</u>
Total finance costs	20.4	10.3

7. The tax charge for the year arose as follows:

	2007 HK\$'M	2006 HK\$'M
Group:		
Current – Hong Kong		
Provision for tax in respect of profits for the year	1.1	0.9
Overprovision in prior years	–	(0.7)
Current – Overseas		
Overprovision in prior years	–	(0.3)
Deferred tax expenses	2.3	8.7
Total tax charge for the year	3.4	8.6

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 17.5% (2006 – 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

The share of tax charge attributable to associates amounting to HK\$7.7 million (2006 – HK\$10.9 million) is included in “Share of profits and losses of associates” on the face of the consolidated income statement.

Deferred tax expenses have been calculated by applying the rate that is expected to apply in the year when the asset is realised or the liability is settled.

8. The calculation of basic earnings per ordinary share is based on the profit for the year attributable to equity holders of the parent of HK\$1,413.8 million (2006 – HK\$300.1 million) and on the weighted average of 8,489.7 million (2006 – 8,044.7 million, as restated) ordinary shares of the Company in issue during the year, as adjusted for the effect of the Open Offer during the year.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2007 is based on the profit for the year attributable to equity holders of the parent, adjusted for (i) the decrease in the Group's proportionate interest in the earnings of the Regal group of HK\$75.4 million; and (ii) the dividend income from the convertible preference shares of Regal of HK\$1.4 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Regal group and all convertible preference shares of Regal were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of the year. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 135.2 million that would be issued at no consideration assuming (i) all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the year; and (ii) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the date of issue. The exercise price of the share options of Regal outstanding during the year is higher than the average market price of the ordinary shares of Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2006 was based on the profit for that year attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the Regal group's earnings of HK\$17.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Regal group were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of that year. The weighted average number of

ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue (as restated) during that year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 82.1 million (as restated) that would be issued at no consideration assuming all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that year. The conversion of the outstanding convertible preference shares of Regal was anti-dilutive for that year and was not included in the calculation of diluted earnings per ordinary share. In addition, the exercise price of the share options of Regal outstanding during that year was higher than the average market price of the ordinary shares of Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

9. Included in debtors, deposits and prepayments is an amount of HK\$34.9 million (2006 – HK\$18.4 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	2007 HK\$'M	2006 HK\$'M
Outstanding balances with ages:		
Within 3 months	34.2	18.3
Between 4 to 6 months	0.8	0.1
Between 7 to 12 months	0.1	–
	<hr/> 35.1	<hr/> 18.4
Impairment	(0.2)	–
	<hr/> 34.9 <hr/>	<hr/> 18.4 <hr/>

Credit terms

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

10. Included in creditors and accruals is an amount of HK\$14.4 million (2006 – HK\$7.5 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	2007 HK\$'M	2006 HK\$'M
Outstanding balances with ages:		
Within 3 months	14.4	7.4
Between 4 to 6 months	–	0.1
	<hr/> 14.4 <hr/>	<hr/> 7.5 <hr/>

The trade creditors are non-interest bearing and are normally settled within 90 days.

11. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2007.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2007, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year ended 31st December, 2007, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group’s corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Thursday, 5th June, 2008. The Notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and sent to the shareholders of the Company, together with the Company’s 2007 Annual Report, in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Mr. Donald FAN Tung
(Chief Operating Officer)
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP
Mr. NG Siu Chan
Hon Abraham SHEK Lai Him, SBS, JP
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 27th March, 2008