



ANNOUNCEMENT OF 2007 GROUP RESULTS

FINANCIAL HIGHLIGHTS

	Year 2007	Year 2006	% Change
	HK\$'M	HK\$'M	
Revenue	438.9	187.9	+133.6%
Operating profit	172.6	116.7	+47.9%
Profit for the year attributable to equity holders of the parent	758.6	106.8	+610.3%
Basic earnings per ordinary share	HK3.83 cents	HK0.65 cent	+489.2%
Proposed final dividend	HK0.10 cent	HK0.07 cent	+42.9%
Total dividends for the year	HK0.15 cent	HK0.10 cent	+50.0%

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

For the year ended 31st December, 2007, the Group recorded a consolidated profit attributable to shareholders of HK\$758.6 million, as compared with the comparative amount of HK\$106.8 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 listed associate of the Group, 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 owned approximately 52.3% interest in Paliburg Holdings Limited and Paliburg held approximately 45.2% shareholding interest in Regal. 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

In June 2007, the Company completed a placing and top-up subscription of 1,600 million new ordinary shares of the Company at a placing price of HK0.325 per share, raising equity proceeds of approximately HK\$520 million. Together with the subscription proceeds of HK\$160 million received from the subscription of the convertible bonds which were converted in full into ordinary shares during the year, total new equity funds raised by the Group in 2007 amounted to approximately HK\$680 million.

While the core investments in Paliburg, and indirectly in Regal and the Regal REIT, are generating good solid returns, the Group has planned to diversify into other business fields with long-term growth potentials. Working towards this objective, the Group has been reviewing from time to time many new potential projects and business proposals.

During the year under review, the Group has placed significant efforts and management resources in seeking to invest in the energy and natural resources sector and, as previously reported, has been actively working on the mining project in Mongolia.

Pursuant to a conditional acquisition agreement entered into with certain independent third party vendors, the Group has conditionally agreed to purchase a total of 51.8% direct or indirect interest in Chain Bright LLC, a company incorporated in Mongolia with limited liability, at a total consideration of HK\$100 million. Chain Bright was the registered holder of an exploration licence to conduct exploration for minerals in an Exploration Area located in the eastern part of Mongolia and has obtained mining licences for the mining of coal and uranium within certain parts of the Exploration Area.

In January 2008, the Group received a preliminary report prepared by an international consulting firm with mining expertise which was commissioned to assist the Group in the assessment of the mining prospects in the Exploration Area. According to the report, the Exploration Area has probable uranium occurrences based on the geographical location and the consulting firm recommends the Group to conduct further detailed exploration and investigative works to ascertain the prospects of the mineral reserves.

As announced on 21st January, 2008, the Group has entered into a supplemental agreement with the vendors principally to further extend the long-stop date for the satisfaction of the conditions precedent under the acquisition agreement to 31st December, 2008. The Group will continue to conduct further investigation and due diligence on Chain Bright, the exploitable reserves of mineral resources in the Exploration Area as well as other relevant aspects which the Group may consider to be necessary. Shareholders will be kept informed of the progress in due course.

PALIBURG HOLDINGS LIMITED

For the year ended 31st December, 2007, Paliburg 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.

To further enlarge the capital base of Paliburg and to provide additional equity funds for its business operations, Paliburg announced in September 2007 a proposal for the open offer of new shares. The Group duly subscribed for its entitlement under the open offer and made applications for excess shares. The open offer was completed in November 2007, pursuant to which the Group was allotted a total of 1,387.5 million shares, involving total subscription monies in the amount of HK\$291.4 million. Immediately following the completion of the open offer, the Group held 51.1% of the issued shares of Paliburg and 52.5% of the then outstanding warrants of Paliburg which are due in 2010 and carrying subscription rights for new shares of Paliburg at an exercise price of HK\$0.21 per share (subject to adjustment).

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

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.

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 Group is actively working to diversify its investment and business portfolio, both in the energy and natural resources as well as other business sectors that have good growth potentials. The Group will continue to invest further resources to achieve this set business objective and is confident that the diversification process will significantly benefit the Group and the shareholders in the long term.

The Group will continue to adopt a prudent approach, particularly as the overall international business environment has been seriously affected by the sub-prime loan crisis. However, the tightening of the credit market in the global scene may on the other hand make available more opportunities to the Group for its planned business expansions, particularly that each of the listed members within the Group has over the past year successfully built up a strong financial and cash position.

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash outflow from operating activities during the year under review amounted to HK\$121.6 million (2006 – inflow of HK\$14.8 million). Net interest receipt for the year amounted to HK\$1.0 million (2006 – net interest payment of HK\$9.0 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	5,564.8
Interests in other associates	613.6
Other non-current assets	933.4
	<hr/>
Total non-current assets	7,111.8
Net current assets	366.9
	<hr/>
Total assets less current liabilities	7,478.7
Non-current liabilities	(61.0)
Minority interests	(3,317.5)
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Proforma net assets attributable to equity holders of the parent	4,100.2
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Proforma net asset value per ordinary share	HK\$0.18
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As at 31st December, 2007, the Group had cash and bank balances net of borrowings of HK\$267.0 million (2006 – net borrowings of HK\$275.5 million, representing a gearing ratio of 6.6% based on total assets of HK\$4,171.1 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, which was held through Paliburg. The operating results of Paliburg during the year and its business prospects are contained in Paliburg's announcement separately released today. The significant investments of Regal following the spin-off of 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 HK0.1 cent per ordinary share for the year ended 31st December, 2007 (2006 – HK0.07 cent), absorbing an amount of approximately HK\$22.3 million (2006 – HK\$12.6 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 5th June, 2008. Together with the interim dividend of HK0.05 cent per ordinary share paid in October 2007 (2006 – HK0.03 cent), total dividends per ordinary share for the year ended 31st December, 2007 will amount to HK0.15 cent (2006 – HK0.1 cent), representing an increase of 50% over the total dividends paid for the 2006 financial year.

According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares are not entitled to any right of participation in the profits of the Company.

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 2011 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)	438.9	187.9
Cost of sales	(357.4)	(164.6)
Gross profit	81.5	23.3
Other income and gains (Note 3)	248.5	99.9
Fair value gain upon reclassification of a property held for sale to an investment property	–	70.3
Administrative expenses	(48.4)	(40.9)
Other operating expenses (Note 4)	(109.0)	(35.9)
OPERATING PROFIT (Note 2)	172.6	116.7
Finance costs (Note 6)	(24.5)	(19.2)
Share of profits and losses of associates	1,280.0	155.4
PROFIT BEFORE TAX	1,428.1	252.9
Tax (Note 7)	(3.4)	(8.6)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	1,424.7	244.3
Attributable to:		
Equity holders of the parent	758.6	106.8
Minority interests	666.1	137.5
	1,424.7	244.3

DIVIDENDS

Interim	10.7	4.9
Proposed final	22.3	12.6
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	33.0	17.5
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EARNINGS PER ORDINARY SHARE
ATTRIBUTABLE TO EQUITY HOLDERS
OF THE PARENT (Note 8)

Basic	HK3.83 cents	HK0.65 cent
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		(Restated)
Diluted	HK2.82 cents	HK0.46 cent
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Consolidated Balance Sheet

	31st December, 2007	31st December, 2006
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	4.8	5.6
Investment properties	380.3	350.3
Goodwill	202.0	202.0
Property held for future development	–	26.7
Interests in associates	4,552.3	2,981.6
Available-for-sale investments	17.9	37.4
Financial assets at fair value through profit or loss	308.5	–
Loans receivable	9.7	14.3
Deposits	10.0	–
Other assets	0.2	0.2
Total non-current assets	<u>5,485.7</u>	<u>3,618.1</u>
CURRENT ASSETS		
Financial assets at fair value through profit or loss	138.3	19.1
Properties held for sale	6.0	38.7
Inventories	3.7	6.9
Debtors, deposits and prepayments (Note 9)	79.2	91.5
Time deposits	439.9	129.8
Cash and bank balances	74.1	17.6
	<u>741.2</u>	<u>303.6</u>
Asset of a disposal group classified as held for sale	249.4	249.4
Total current assets	<u>990.6</u>	<u>553.0</u>

Consolidated Balance Sheet (Cont'd)

	31st December, 2007	31st December, 2006
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(102.5)	(110.2)
Tax payable	(4.0)	(2.8)
Interest bearing bank and other borrowings	(197.0)	(10.3)
Deposits received	(221.3)	(220.3)
	(524.8)	(343.6)
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)
Total current liabilities	(623.7)	(442.5)
NET CURRENT ASSETS	366.9	110.5
TOTAL ASSETS LESS CURRENT LIABILITIES	5,852.6	3,728.6
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	(50.0)	(337.9)
Convertible bonds	–	(74.7)
Deferred tax liabilities	(11.0)	(8.7)
Total non-current liabilities	(61.0)	(421.3)
Net assets	5,791.6	3,307.3
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	391.7	422.8
Equity component of convertible bonds	–	5.2
Reserves	2,836.4	1,329.2
Proposed final dividend	22.3	12.6
	3,250.4	1,769.8
Minority interests	2,541.2	1,537.5
Total equity	5,791.6	3,307.3

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	-	-	103.4	30.4	0.5	0.5	-	-	438.9	187.9
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>103.4</u>	<u>30.4</u>	<u>0.5</u>	<u>0.5</u>	<u>-</u>	<u>(5.8)</u>	<u>438.9</u>	<u>187.9</u>
Segment results	<u>100.9</u>	<u>158.9</u>	<u>25.9</u>	<u>8.8</u>	<u>-</u>	<u>-</u>	<u>130.3</u>	<u>6.9</u>	<u>3.2</u>	<u>2.7</u>	<u>-</u>	<u>(0.1)</u>	<u>260.3</u>	<u>177.2</u>
Interest income and unallocated non-operating and corporate gains													66.6	12.6
Unallocated non-operating and corporate expenses													(154.3)	(73.1)
Operating profit													172.6	116.7
Finance costs													(24.5)	(19.2)
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													1,428.1	252.9
Tax													(3.4)	(8.6)
Profit for the year before allocation between equity holders of the parent and minority interests													<u>1,424.7</u>	<u>244.3</u>
Attributable to:														
Equity holders of the parent													758.6	106.8
Minority interests													666.1	137.5
													<u>1,424.7</u>	<u>244.3</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	-	-	448.4	19.2	13.7	20.3	-	-	920.3	498.5
Interests in associates	613.6	620.5	-	0.3	3,938.7	2,382.3	-	-	-	-	-	(21.5)	4,552.3	2,981.6
Asset of a disposal group classified as held for sale	249.4	249.4	-	-	-	-	-	-	-	-	-	-	249.4	249.4
Cash and unallocated assets													754.3	441.6
Total assets													<u>6,476.3</u>	<u>4,171.1</u>
Segment liabilities	(4.9)	(4.8)	(85.0)	(88.6)	-	-	-	-	-	(0.2)	-	-	(89.9)	(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>(495.9)</u>	<u>(671.3)</u>
Total liabilities													<u>(684.7)</u>	<u>(863.8)</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	103.4	30.4
Other operations including estate agency service	1.5	1.7
	<hr/> 438.9 <hr/>	<hr/> 187.9 <hr/>
<u>Other income and gains</u>		
Interest income from:		
Bank balances	15.9	2.9
Loans receivable	3.0	5.6
Others	3.2	–
Dividend income from:		
Available-for-sale listed investments	1.6	1.4
Unlisted investments	0.2	–

Fair value gains on investment properties	30.0	80.0
Fair value gains/(loss), net, on financial assets at fair value through profit or loss		
- held for trading	(4.0)	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
Excess over the cost of additional interests in the listed subsidiary	46.4	–
Others	2.5	0.9
	248.5	99.9

4. Other operating expenses include the following items:

	2007 HK\$'M	2006 HK\$'M
Depreciation	2.1	2.0
Loss on disposal of interests in the listed subsidiary	–	33.9
Loss on deemed disposal of interests in the listed subsidiary	29.8	–
Loss on deemed disposal of interests in the listed associate	76.8	–

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

	2007 HK\$'M	2006 HK\$'M
Profit on disposal of listed investments	4.3	2.5
Profit on sale of properties	37.1	3.0

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	14.1	13.5
Other loans, convertible bonds and promissory notes, wholly repayable within five years	10.3	5.7
	24.4	19.2
Other loans costs	0.1	–
Total finance costs	24.5	19.2

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\$758.6 million (2006 – HK\$106.8 million) and on the weighted average of 19,789.9 million (2006 – 16,509.1 million) ordinary shares of the Company in issue 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 Paliburg group of HK\$60.9 million assuming all 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, all outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the year and the subscription rights attaching to all outstanding warrants of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the date of issue; and (ii) the interest savings on the convertible bonds of HK\$1.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company 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 4,966.4 million that would be issued

assuming (i) all the 2,507.8 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of the year; (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of the year; (iii) all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the year; and (iv) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the year. 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 (i) the decrease in the Group's proportionate interest in the earnings of the Paliburg group of HK\$9.9 million (as restated) 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 and all outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that year; and (ii) the interest savings on the convertible bonds of HK\$4.7 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company 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 during that year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 5,814.0 million that would be issued assuming (i) all the 3,527.0 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of that year; and (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into 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 prices of the warrants of the Company and the share options of the Company and Regal outstanding during that year were higher than the average market prices of the respective ordinary shares of the Company and 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\$19.9 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	36.3	18.3
Between 4 to 6 months	0.8	0.1
Between 7 to 12 months	0.1	–
Over 1 year	3.3	8.6
	<hr/> 40.5	<hr/> 27.0
Impairment	(5.6)	(7.1)
	<hr/> 34.9 <hr/>	<hr/> 19.9 <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. Kenneth NG Kwai Kai

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Jimmy LO Chun To

Miss LO Po Man

Independent Non-Executive Directors:

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 27th March, 2008