



YU MING INVESTMENTS LIMITED
禹銘投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

ANNOUNCEMENT OF 2007 RESULTS

RESULTS

The Board of Directors (the “Board”) of Yu Ming Investments Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2007 as follows:

Consolidated income statement

for the year ended 31st December, 2007

	<i>Notes</i>	2007 HK\$	2006 HK\$
Continuing operations:			
Revenue	3	44,466,407	95,242,294
Other net income	4	87,137,758	16,794,959
Administrative and other operating expenses		(36,708,673)	(33,378,370)
Operating profit		94,895,492	78,658,883
Derecognition of available-for-sale financial assets and other receivable	5	–	(190,190,000)
Gain on disposal of a subsidiary and a jointly controlled entity		16,206,190	–
Finance costs	6	(8,754,668)	(5,416,588)
Share of results of associates		–	(11,920,177)
Share of results of a jointly controlled entity		1,750,778	4,458,157
Profit/(loss) before income tax	7	104,097,792	(124,409,725)
Income tax (expense)/credit	8	(1,210,216)	195,000
Profit/(loss) for the year from continuing operations		102,887,576	(124,214,725)
Discontinued operations:			
Net result for the year from discontinued operations	3,9	61,128,927	8,619,007
Profit/(loss) for the year		164,016,503	(115,595,718)

	<i>Notes</i>	2007 HK\$	2006 <i>HK\$</i>
Attributable to:			
– Equity holders of the Company		145,203,865	(155,693,187)
– Minority interests		18,812,638	40,097,469
		<u> </u>	<u> </u>
Profit/(loss) for the year		<u>164,016,503</u>	<u>(115,595,718)</u>
Dividends	10	<u> –</u>	<u> –</u>
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company (HK cents)			
	11		
– Basic			
For profit/(loss) for the year		<u>7.96</u>	<u>(9.21)</u>
For profit/(loss) from continuing operations		<u>5.13</u>	<u>(9.52)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated balance sheet
as at 31st December, 2007

	Notes	2007 HK\$	2006 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		–	1,340,000,000
Interests in associates		–	–
Interests in a jointly controlled entity		–	1,438,648
Available-for-sale financial assets		54,703,460	464,219,216
		54,703,460	1,805,657,864
Current assets			
Trade and other receivables and deposits paid	12	1,037,143	101,133,077
Available-for-sale financial assets		780	663,000
Loan to minority interests		–	25,600,000
Financial assets at fair value through profit or loss		286,635,293	17,082,000
Other restricted deposit paid		24,013,552	–
Pledged bank fixed deposits		–	10,537,895
Cash and cash equivalents		652,174,260	142,878,833
		963,861,028	297,894,805
Current liabilities			
Other payables, accrued expenses and deposits received	13	21,682,911	26,081,851
Financial liabilities at fair value through profit or loss		3,900,000	–
Borrowings		–	38,322,174
Taxation payable		1,210,216	22,996,019
		26,793,127	87,400,044
Net current assets		937,067,901	210,494,761
Total assets less current liabilities		991,771,361	2,016,152,625
Non-current liabilities			
Borrowings		–	887,971,818
Loans from minority interests		–	120,172,611
Rental deposits received		–	14,791,198
Deferred tax liabilities		–	68,500,354
		–	1,091,435,981
Net assets		991,771,361	924,716,644

	<i>Notes</i>	2007 HK\$	2006 HK\$
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		186,917,199	169,117,199
Reserves		804,854,162	563,213,846
Proposed final dividend		—	—
		991,771,361	732,331,045
Minority interests		—	192,385,599
Total equity		991,771,361	924,716,644
Net asset value per share attributable to the equity holders of the Company	14	0.53	0.43

Consolidated statement of changes in equity
for the year ended 31st December, 2007

	Equity attributable to equity holders of the Company							Minority interests	Total	
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Capital contribution reserve HK\$	Investment revaluation reserve HK\$	Proposed final dividend HK\$	Retained earnings HK\$	Total HK\$	HK\$	HK\$
At 1st January 2006	169,117,199	311,582,062	4,031,600	366,772	14,904,808	33,823,440	366,622,604	900,448,485	152,288,130	1,052,736,615
Fair value gain on available-for-sale financial assets	-	-	-	-	7,326,927	-	-	7,326,927	-	7,326,927
Net income recognised directly in equity	-	-	-	-	7,326,927	-	-	7,326,927	-	7,326,927
Loss for the year	-	-	-	-	-	-	(155,693,187)	(155,693,187)	40,097,469	(115,595,718)
Total recognised income and expense for the year	-	-	-	-	7,326,927	-	(155,693,187)	(148,366,260)	40,097,469	(108,268,791)
Realisation of revaluation surplus of available-for-sale financial assets on disposal	-	-	-	-	(2,329,542)	-	-	(2,329,542)	-	(2,329,542)
Impairment loss written-off to the income statement	-	-	-	-	16,401,802	-	-	16,401,802	-	16,401,802
2005 final dividend paid	-	-	-	-	-	(33,823,440)	-	(33,823,440)	-	(33,823,440)
At 31st December 2006	169,117,199	311,582,062*	4,031,600*	366,772*	36,303,995*	-	210,929,417*	732,331,045	192,385,599	924,716,644
At 1st January 2007	169,117,199	311,582,062	4,031,600	366,772	36,303,995	-	210,929,417	732,331,045	192,385,599	924,716,644
Fair value gain on available-for-sale financial assets	-	-	-	-	4,904,860	-	-	4,904,860	-	4,904,860
Net income recognised directly in equity	-	-	-	-	4,904,860	-	-	4,904,860	-	4,904,860
Profit for the year	-	-	-	-	-	-	145,203,865	145,203,865	18,812,638	164,016,503
Total recognised income and expense for the year	-	-	-	-	4,904,860	-	145,203,865	150,108,725	18,812,638	168,921,363
Realisation of revaluation surplus of available-for-sale financial assets on disposal	-	-	-	-	(28,755,477)	-	-	(28,755,477)	-	(28,755,477)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(211,198,237)	(211,198,237)
Proceeds from shares issued	33,800,000	189,280,000	-	-	-	-	-	223,080,000	-	223,080,000
Shares issuance expenses	-	(8,116,411)	-	-	-	-	-	(8,116,411)	-	(8,116,411)
Repurchase of shares	(16,000,000)	-	16,000,000	-	-	-	(76,876,521)	(76,876,521)	-	(76,876,521)
At 31st December 2007	186,917,199	492,745,651*	20,031,600*	366,772*	12,453,378*	-	279,256,761*	991,771,361	-	991,771,361

* The aggregate amount of these balances of HK\$804,854,162 (2006: HK\$563,213,846) represents the reserves in the consolidated balance sheet.

Notes to the consolidated financial statements

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Adoption of new or amended HKFRSs

2.1 From 1 January 2007, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2007 and relevant to the Group.

The adoption of these new and amended HKFRSs did not result in significant changes in the Company’s and the Group’s accounting policies. However, as a result of the adoption of HKFRS 7 Financial Instruments : Disclosures and HKAS 1 (Amendment) Presentation of Financial Statements : Capital Disclosures, there have been some additional disclosures provided as follows:

HKAS 1 (Amendment) Presentation of Financial Statements : Capital Disclosures

In accordance with HKAS 1 (Amendment) Presentation of Financial Statements : Capital Disclosures, the Company now reports on its capital management objectives, policies and procedures in each financial report.

HKFRS 7 Financial Instruments : Disclosures

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

- a sensitivity analysis, to explain the Group's market risk exposure with regards to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

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

- 2.2 The Group has not early adopted the HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

3. Revenue

The principal activities of the Group include the investments in listed and unlisted securities.

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Interest income from available-for-sale financial assets	287,354	3,267,645	-	-	287,354	3,267,645
Interest income from financial assets at fair value through profit or loss	29,250	117,000	-	-	29,250	117,000
Interest income from bank deposits	12,019,606	3,126,071	85,831	88,392	12,105,437	3,214,463
Dividend income						
– listed investments	368,676	-	-	-	368,676	-
– unlisted investments	30,546,333	86,462,629	-	-	30,546,333	86,462,629
Interest income on accrued dividend income	1,215,188	2,268,949	-	-	1,215,188	2,268,949
Rental Income	-	-	80,285,106	62,704,993	80,285,106	62,704,993
	<u>44,466,407</u>	<u>95,242,294</u>	<u>80,370,937</u>	<u>62,793,385</u>	<u>124,837,344</u>	<u>158,035,679</u>

Segment information

Segment information is presented by way of the Group's business segments.

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 services which are subject to risks and returns that are different from those of the other business segments.

No geographical analysis is presented as the Group's revenue, operating results and assets in geographical segments other than Hong Kong are less than 10% of the aggregate amount of all segments.

	Continuing operations		Discontinued operations		Consolidated	
	Securities investments		Property investment			
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Revenue	44,466,407	95,242,294	80,370,937	62,793,385	124,837,344	158,035,679
Segment result	94,895,492	78,658,883	64,363,644	43,852,036	159,259,136	122,510,919
Derecognition of available-for-sale financial assets	-	(190,190,000)	-	-	-	(190,190,000)
Gain on disposal of a subsidiary and a jointly controlled entity	16,206,190	-	36,489,913	-	52,696,103	-
Finance costs	(8,754,668)	(5,416,588)	(34,797,491)	(32,539,020)	(43,552,159)	(37,955,608)
Share of results of						
- associates	-	(11,920,177)	-	-	-	(11,920,177)
- jointly controlled entity	1,750,778	4,458,157	-	-	1,750,778	4,458,157
Profit/(loss) before income tax	104,097,792	(124,409,725)	66,056,066	11,313,016	170,153,858	(113,096,709)
Income tax (expense)/credit	(1,210,216)	195,000	(4,927,139)	(2,694,009)	(6,137,355)	(2,499,009)
Profit/(loss) for the year	102,887,576	(124,214,725)	61,128,927	8,619,007	164,016,503	(115,595,718)
Segment assets	1,018,564,488	757,106,752	-	1,345,007,269	1,018,564,488	2,102,114,021
Interests in associates	-	-	-	-	-	-
Interests in a jointly controlled entity	-	1,438,648	-	-	-	1,438,648
Total assets	1,018,564,488	758,545,400	-	1,345,007,269	1,018,564,488	2,103,552,669
Segment liabilities	25,582,911	310,667,727	-	776,671,925	25,582,911	1,087,339,652
Unallocated	1,210,216	-	-	91,496,373	1,210,216	91,496,373
Total liabilities	26,793,127	310,667,727	-	868,168,298	26,793,127	1,178,836,025
Other information						
Capital expenditure	-	-	7,330,640	318,206,382	7,330,640	318,206,382
Impairment of available- for-sale financial assets	-	16,401,802	-	-	-	16,401,802

4. Other net income

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Gain on disposal/redemption of other available-for-sale financial assets	30,946,458	7,122,477	-	-	30,946,458	7,122,477
Fair value change on financial assets at fair value through profit or loss	50,291,628	9,213,750	-	-	50,291,628	9,213,750
Reversal of impairment of available-for-sale financial assets	5,000,000	-	-	-	5,000,000	-
Exchange gain	402,415	30,250	-	-	402,415	30,250
Sundry income	497,257	428,482	3,924,602	837,200	4,421,859	1,265,682
	87,137,758	16,794,959	3,924,602	837,200	91,062,360	17,632,159

5. Derecognition of available-for-sale financial assets and other receivable

During the year ended 31 December 2006, the Group entered into an agreement with Grand China Air Company Limited (“Grand China”) (the “Grand China Agreement”) and pursuant to which, among other things, the Group agreed to dispose of the 34.2% equity interest in CR Airways Limited (now known as Hong Kong Airlines Limited) (the “CR Airways”) held by the Group at the consideration of HK\$190,000,000 in return for the 97,850,000 shares of Grand China of RMB1 each at RMB2 each (the “Grand China Shares”).

In connection with the execution of the Grand China Agreement, the Group agreed to (i) convert a partial principal amount of HK\$62,181,818 of the CR Airways’ Class A convertible debentures into 62,181,818 ordinary shares of HK\$1 each of CR Airways (the “Converted Shares”), which represented 34.22% of the equity holdings in CR Airways, and to dispose of the Converted Shares to Grand China in return for 97,850,000 shares of RMB1 each of Grand China ; (ii) waive its remaining investments in CR Airways’ Class A, Class C and Class D convertible debentures in the aggregate amount of HK\$111,151,515 (the “Remaining Debentures”); (iii) waive all its rights in relation to the entire principal amount and accrued interest of promissory note of HK\$16,666,667 (the “Promissory Note”) due from Mr Yip Kwong (“Mr Yip”), shareholder of CR Airways and (iv) waive the option granted by a company wholly owned by Mr Yip to purchase its shares in CR Airways (the “Option Shares”).

In June 2006, the Group completed the transfer of the Converted Shares to Grand China and waived the Remaining Debentures, Promissory Note and Option Shares (the transferred converted shares and waived assets collectively referred to as the “CR Airways Financial Assets”). However, the statutory registration procedures of the Grand China Shares to the Group are still in progress. The Group was informed by Grand China that Grand China encountered difficulty in registration of the Grand China Shares. In addition, the registration process is required to have the approval of the local authority of Hainan Province, which did not expressly support the registration of the Grand China Shares. As a result, the statutory approval of the registration of the Grand China Shares has

not been obtained and the Group is not registered as an equity shareholder of Grand China as of the date of announcement. Prior to the execution of the Grand China Agreement, as stipulated under the Grand China Agreement, Grand China undertook to produce a PRC legal opinion confirming essentially, the legality of parties' intention and performance of the Grand China Agreement under the PRC laws (the "Pre-execution Legal Opinion"). The Pre-execution Legal Opinion was produced and among other things, stated that no approval was required from shareholders of Grand China or government authority or organisation for Grand China to increase its registered capital or obtain the Converted Shares. After seeking for further professional advices from the Group's legal advisers, the Group is in the process of negotiating with Grand China in respect of the registration of the Grand China Shares or other remedies and considering possible legal action against Grand China, if necessary. However, the Group experience difficulties in negotiating with Grand China.

In view of the title uncertainty and the lack of cooperation from Grand China, the Group did not recognise the Grand China Shares and made a decision to derecognise the CR Airways Financial Assets. As a result of the derecognition of the CR Airways Financial Assets and the failure to recognise the Grand China Shares, the carrying value of the CR Airways Financial Assets in the aggregate amount of HK\$190.19 million was charged to the income statements for the year ended 31 December 2006.

During 2007, the Group still continued to discuss with Grand China's representative about a resolution, and at the same time seeking legal advice to enforce the registration. Accordingly, as at 31st December 2007 and date of this announcement, no recognition of the Grand China shares is made in the financial statements.

6. Finance costs

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Interest on bank borrowings wholly repayable within five years	8,095,717	4,214,421	34,797,491	32,539,020	42,893,208	36,753,441
Interest on other borrowings	658,951	354,711	-	-	658,951	354,711
	<u>8,754,668</u>	<u>4,569,132</u>	<u>34,767,491</u>	<u>32,539,020</u>	<u>43,552,159</u>	<u>37,108,152</u>
Fair value loss on financial instruments of interest rate swap contracts	-	847,456	-	-	-	847,456
	<u>8,754,668</u>	<u>5,416,588</u>	<u>34,797,491</u>	<u>32,539,020</u>	<u>43,552,159</u>	<u>37,955,608</u>

7. Profit/(loss) before income tax

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Profit/(loss) before income tax is arrived at after charging/ (crediting):						
Impairment of interest in associates	-	6,092	-	-	-	6,092
Impairment of available-for-sale financial assets	-	16,401,802	-	-	-	16,401,802
Employee benefit expense (including directors' remuneration)	3,579,862	702,000	769,667	211,830	4,349,529	913,830
Management fee	13,343,473	13,306,316	-	-	13,343,473	13,306,316
Performance fee	12,207,829	-	-	-	12,207,829	-
Rental income from investment properties less direct outgoings of HK\$7,972,686 (2006: HK\$6,905,476)	-	-	(72,312,420)	(55,799,517)	(72,312,420)	(55,799,517)
	<u>-</u>	<u>-</u>	<u>(72,312,420)</u>	<u>(55,799,517)</u>	<u>(72,312,420)</u>	<u>(55,799,517)</u>

8. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 17.5% (2006 : 17.5%) on the estimated assessable profits for the year.

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Current tax						
Current year	1,210,216	-	3,516,297	1,072,418	4,726,513	1,072,418
Over provision in prior years	-	(195,000)	-	-	-	(195,000)
	<u>1,210,216</u>	<u>(195,000)</u>	<u>3,516,297</u>	<u>1,072,418</u>	<u>4,726,513</u>	<u>877,418</u>
Deferred tax	-	-	1,410,842	1,621,591	1,410,842	1,621,591
Total income tax expense/(credit)	<u>1,210,216</u>	<u>(195,000)</u>	<u>4,927,139</u>	<u>2,694,009</u>	<u>6,137,355</u>	<u>2,499,009</u>

9. Discontinued operations

On 21st June, 2007, the board of directors of the Company resolved to dispose of a subsidiary, Honnex Development Limited (“Honnex”), which the Group held 61.22% equity interests. It initially acquired the shares of Honnex in July 1997. Upon the completion of the transaction on 31st December, 2007, the Group received cash proceeds of HK\$372 million.

10. Dividends and proposed bonus issue of warrants

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31st December 2007. To reward our shareholders, the Directors have resolved to propose an issue of bonus warrants (“Bonus Warrant Issue”) on the basis of one warrant for every five shares held by shareholders of the Company whose names appear on the register of members on 23rd May 2008. A further announcement will be made by the Company with respect to the details of the Bonus Warrant Issue.

11. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK\$145,203,865 (2006: loss of HK\$155,693,187) and on the weighted average of 1,825,308,975 (2006: 1,691,171,989) ordinary shares in issue during the year.

Diluted earnings/(loss) per share for the years ended 31st December 2007 and 2006 were not presented as there is no dilutive potential ordinary share during the respective years.

The basic earnings/(loss) per share for continuing and discontinued operations is calculated as follows:

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Consolidated profit/(loss) for the year attributable to the equity holders of the Company for the purpose of basic earnings/(loss) per share	145,203,865	(155,693,187)
Net result for the year from discontinued operations	61,128,927	8,619,007
Less: Profit for the year attributable to minority interests from discontinued operations	(9,553,903)	(3,342,451)
	<u>51,575,024</u>	<u>5,276,556</u>
Profit/(loss) for the year attributable to the equity holders of the Company for the purpose of basic earnings/(loss) per share from continuing operations	<u>93,628,841</u>	<u>(160,969,743)</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings/(loss) per share attributable to equity holders of the Company for continuing and discontinued operations	<u>7.96</u>	<u>(9.21)</u>
Basic earnings/(loss) per share attributable to equity holders of the Company for the continuing operations	<u>5.13</u>	<u>(9.52)</u>
Basic earnings per share attributable to equity holders of the Company for the discontinued operations	<u>2.83</u>	<u>0.31</u>

12. Trade and other receivables and deposits paid

	2007	2006
	HK\$	HK\$
Trade receivables	–	1,481,108
Other receivables	1,037,143	99,073,016
Deposits paid	–	578,953
	<hr/>	<hr/>
	1,037,143	101,133,077
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As at 31st December 2006, included in other receivables was an amount due from a related company amounted to HK\$97,037,901, which represented dividend and interest receivables from HKIEC (the “Receivables from HKIEC”). Mr. Fung Wing Cheung, Tony is a common director of the Company and HKIEC. The amount was unsecured, bore interest at the average best lending rates offered to Hong Kong Dollars by note-issuing banks in Hong Kong less 2% and repayable when HKIEC has surplus cash after the provision of working capital, transfers to reserves and other provisions based on its budget. As at 31st December 2007, the Group has no receivable due from HKIEC upon the disposal of a subsidiary, IEC. The maximum amount outstanding during the year was HK\$97,037,901 (2006: HK\$97,037,901).

As at 31st December 2006, HK\$8,306,323 out of the Receivables from HKIEC related to the dividend and interest receivable on behalf of a related company in which Mr. Fung Wing Cheung, Tony, Mr. Fung Yiu Fai, Peter and Mr. Lee Wa Lun, Warren are common directors of the Company and the related company. As at 31st December 2006, that amount due to a related company was included in other payables.

The Group maintains defined credit policies. The following is an ageing analysis of trade receivables at the balance sheet date:

	2007	2006
	HK\$	HK\$
0-30 days	–	1,401,982
31-60 days	–	58,881
61-90 days	–	15,184
Over 90 days	–	5,061
	<hr/>	<hr/>
	–	1,481,108
	<hr/> <hr/>	<hr/> <hr/>

13. Other payables, accrued expenses and deposits received

	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Other payables and accrued expenses	21,682,911	20,469,316
Rental deposits received	–	5,612,535
	<hr/>	<hr/>
	21,682,911	26,081,851
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As at 31st December 2007, included in other payables and accrued expenses of the Group were amount due to a related company amounted to HK\$18,863,683 (2006: HK\$405,092) in respect of the management fee and performance fee charged to the Group.

As at 31st December 2006, included in other payables and accrued expenses of the Group were amount due to a related company amounted to HK\$8,711,415 of which HK\$8,306,323 represented dividend and interest receivables by the Group on behalf of a related company. The amount was fully repaid during the year.

Mr. Fung Wing Cheung, Tony, Mr. Fung Yiu Fai, Peter and Mr. Lee Wa Lun, Warren are common directors of the Company and the related company. The amount due to the related company is unsecured, interest-free and repayable on demand.

14. Net asset value per share attributable to the equity holders of the Company

The calculation of net asset value per share is based on the net assets attributable to the equity holders of the Company of HK\$991,771,361 (2006: HK\$732,331,045) and HK\$1,869,171,989 (2006: 1,691,171,989) ordinary shares in issue as at 31st December 2007.

DIVIDENDS AND PROPOSED BONUS WARRANT ISSUE

The Directors propose to preserve cash for investment activities and do not recommend any dividend for the year ended 31st December 2007. To reward our shareholders, the Directors have resolved to propose an issue of bonus warrants (“Bonus Warrant Issue”) on the basis of one warrant for every five shares held by shareholders of the Company whose names appear on the Register of Members on 23rd May 2008. A further announcement will be made by the Company with respect to the details of the Bonus Warrant Issue.

OVERVIEW

During 2007, we reshuffled our portfolio of investments by disposing of our interests in Hong Kong investment properties and AsiaWorld-Expo. We acquired rights¹ to subscribe for a 36.39% fully diluted equity interest in J. Bridge Corporation, an investment company listed on the Tokyo Stock Exchange, which holds 57.1% interests in Rotol Singapore Limited, a construction material company listed on the Stock Exchange of Singapore. We have also invested in listed securities and derivatives with exposure to listed securities.

The vibrant market in 2007 allowed the Company to issue 379,291,800 new shares for cash at HK\$0.66 per share in July. In an unexpected subsequent market correction, the Company repurchased 160,000,000 shares at HK\$0.48 per share in November 2007, improving its net asset value per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Although we sold our interests in investment properties and AsiaWorld-Expo, completion of the sale only took place in December and September respectively. Therefore, our income in 2007 still included a substantial amount from investment properties and AsiaWorld-Expo, in addition to listed securities, bonds, interest income.

Net income (after financing costs and minority interests) from our interests in AsiaWorld-Expo amounted to HK\$16.21 million, mainly derived from accrued preference dividends, and to a lesser extent management fee.

The retail property market remained tepid in 2007. Net income (after financing costs and minority interests) attributable to the Group amounted to HK\$15.09 million. timeplus in Causeway Bay had its first full year contribution in 2007, with intensive promotions to maintain its occupancy. Argyle Centre remained at full occupancy while Ginza Plaza was fully let after remarketing in the second half of 2007.

Investment in securities and bonds reported a good profit of HK\$87.56 million.

As at 31st December, 2007, our portfolio comprises mainly cash, listed securities, options, derivatives and some unlisted investment.

¹ Exercisable into 60 million shares, for an option premium of ¥299 million (HK\$21 million), with an exercise price range of ¥45-85 per share, subject to market price fluctuation. Subscription money range between ¥2.7-5.1 billion.

AsiaWorld-Expo

On 21st June, 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its interests in AsiaWorld-Expo for HK\$180 million. On 3rd August, 2007, shareholders approved the transaction. The transaction was completed on 14th September, 2007 and a gain on disposal of HK\$16.21 million was recorded.

Investment Properties

On 3rd July, 2007, the Company entered into a conditional sale and purchase agreement for the disposal of our 61.22% interests in Honnex Development Limited, the holding company of the Group's investment properties for HK\$372 million. On 9th August, 2007, shareholders approved the transaction. The transaction was completed on 31st December, 2007, with a HK\$36.49 million gain.

Equity Securities and Bonds

The Group has built up a portfolio of financial asset investment amounting to HK\$337.44 million as at 31st December, 2007, which includes listed securities and derivatives with exposure to listed securities. Our investment in listed securities reported a good profit in 2007. As our exposure to listed securities through derivative products is contingent upon outcome of certain events, our ultimate amount of investment in listed securities may be more than that stated in the financial statements.

The Group divested all of its investment in high yield bonds during 2007, reporting a good profit.

Grand China Air

Our investment in Grand China Air remains not recognised as Grand China still has not registered the Group as its shareholder. The Group is in discussion with Grand China Airs' representative about a resolution, and at the same time seeking legal advice to enforce the registration. We will keep shareholders informed once there is a significant development.

Oriental Cashmere Limited

Our investment in Oriental Cashmere Limited remains fully impaired as its level of receivables stayed at a cautiously high level, and unaudited profit remains disappointing at HK\$2.5 million for the year ended 2007.

Prospects

Volatility is the theme of the market in 2008. The major correction in the global equities market in the first quarter of 2008 is expected to have an adverse impact to our profits in 2008. As at March 2008, value of most of our investment in securities is below that as at 31st December, 2007. If the equities market stays at the same level, or falls further, we expect the Group's investment in equities and derivatives to incur significant losses in the first half of 2008. Due to the high volatility expected in the coming months which provides a prospect of recovery, no provision was made to equities and derivatives to reflect the market condition subsequent to 31st December 2007. Moreover, as the Group is cash rich and debt free, we are able to absorb shocks or even take advantage of the volatile market.

Our strategic investment in listed companies J. Bridge Corporation and indirect interests in Rotol Singapore Limited offer significant potential in strategic acquisition in Asia. We are working closely with the management of both companies in formulating their growth strategy.

As we started to invest in listed securities denominated in currencies other than HK\$ and US\$ in 2007, we expect to benefit from a weakening US\$ and HK\$ in 2008.

The prospect of recovering our investment in Grand China Air remains uncertain, but we expect our constant negotiation with Grand China Air's representative to bear fruit.

Financial position

The Group has no debt as at 31st December, 2007, compared to over HK\$1 billion as at 31st December, 2006. After the disposal of its interests in properties investment and AsiaWorld-Expo, the Group has bank balances and cash of HK\$652.17 million and financial asset investments amounted to HK\$337.44 million as at 31st December, 2007.

Foreign exchange exposure

As at 31st December, 2007, the Group held available-for-sale financial assets denominated in currencies other than HK\$ for an equivalent amount of HK\$158.81 million. The Group is therefore exposed to currency risk, as the value of the securities and foreign currencies will fluctuate due to the changes in exchange rates.

The Group at present does not have any contracts to hedge against its foreign exchange risks. Should the Group consider its exposure and fluctuation in foreign currency justify hedging, the Group may use forward or hedging contracts to reduce the risks.

Guarantee

During 2007, the Company has given a guarantee to a bank to secure the outstanding indebtedness due by its properties holding company which was included in the accounts of the discontinued operation, for an amount attributable to the Group's equity interests in that subsidiary. The guarantee was released on 31st December, 2007, following the completion of the disposal of our interests in investment properties. Accordingly, the amount of guarantee provided by the Company in respect of the property holding company to this bank as at 31st December, 2007 was nil (31st December, 2006: the outstanding indebtedness due by the property holding company to the bank under the guarantee of the Company amounted to approximately HK\$714 million).

The Company has given a guarantee to a financial institution to secure borrowing facilities available to a wholly-owned subsidiary in the amount not exceeding equivalent US\$20 million. There was no outstanding indebtedness as at 31st December, 2007 (31st December, 2006: approximately €0.8 million).

Staff costs

The Group's total staff costs (including directors' emoluments) for the year under review amounted to approximately HK\$4.35 million (2006: approximately HK\$0.91 million).

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year, the Company entered into an agreement in September 2007 for the off-market repurchase of 160,000,000 issued shares of the Company from the Company's shareholders, ASM Asia Recovery (Master) Fund and ASM Hudson River Fund. The off-market repurchase was completed in November 2007, at an aggregate consideration of HK\$76.8 million in cash, representing HK\$0.48 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

1. CODE PROVISION A.1.1

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

Three regular Board meetings were held during 2007. Due to a few changes in directorship during the second half of the year following the Board’s decision to dispose of the interests in certain major subsidiaries and associates of the Group, a board meeting was held for reviewing and approving the interim results of the Group on 31st August 2007. Then not long before year end, there were changes in the Group’s directorship. After the appointment and re-designation of some directors by the end of 2007, board meetings will be held at least 4 times under the new Board structure in 2008.

2. CODE PROVISION E.1.2

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

Due to other business commitment, Mr. Tony FUNG Wing Cheung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23rd May, 2007. However, arrangements including the attendance of members of different board committees had been in place to ensure the general meeting was in order.

3. CODE PROVISION B.1.3

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

No remuneration committee meeting was held during the financial year of 2007. The remuneration committee of the Company held its meeting in March 2008 to discuss and approve the remuneration of executive director(s) and director’s fee of all members of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 31st March, 2008

As at the date of this announcement, the executive directors are Mr. Warren LEE Wa Lun (Managing Director), Mr. LEE Seng Hui and Mr. Edwin LO King Yau; the non-executive directors are Mr. Tony FUNG Wing Cheung (Chairman), Mr. Peter FUNG Yiu Fai, Mr. Arthur George DEW and Mr. Peter LEE Yip Wah; Mr. Mark Wong Tai Chun is an alternate director to Mr. Arthur George DEW; and the independent non-executive directors are Mr. Alexander CHOW Yu Chun, Mr. Ambrose SO Shu Fai and Mr. Albert HO.