



## COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

# ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

## AUDITED RESULTS OF THE GROUP

The Board of Directors (the “Directors”) of COL Capital Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 together with last year’s comparative figures are as follows:–

## CONSOLIDATED INCOME STATEMENT

	For the year ended	
	31 December	
	2007	2006
	HK\$'000	HK\$'000
Revenue (excluding securities trading)	55,315	30,589
Gross proceeds from sale of investments held for trading	2,234,125	1,132,153
Total	<b>2,289,440</b>	<b>1,162,742</b>
Continuing operations:		
Revenue (excluding securities trading) (Note 2)	55,315	30,589
Net gain on investments (Note 4)	1,560,870	801,269
Other income (Note 5)	24,943	22,297
Administrative and other expenses	(78,680)	(63,489)
Finance costs	(35,801)	(10,895)
Share of losses of associates	(4,094)	–
Gain on disposal of an associate	–	1,740
Fair value changes on investment properties	37,351	6,856
Revaluation surplus on buildings	144	387
Profit before taxation	1,560,048	788,754
Taxation (Note 6)	(175,873)	(11,432)
Profit from continuing operations	1,384,175	777,322
Discontinued operation:		
Loss for the year from discontinued operation (Note 7)	(1,528)	(4,805)
Profit for the year (Note 8)	<b>1,382,647</b>	<b>772,517</b>

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Attributable to:		
Equity holders of the Company	<b>1,378,824</b>	772,468
Minority interests	<b>3,823</b>	49
	<u><b>1,382,647</b></u>	<u>772,517</u>
Dividends recognised as distribution ( <i>Note 9</i> )	<u><b>13,846</b></u>	<u>14,280</u>
Earnings per share ( <i>Note 10</i> )		
From continuing and discontinued operations		
– Basic	<u><b>HK\$4.95</b></u>	<u>HK\$2.67</u>
From continuing operations		
– Basic	<u><b>HK\$4.96</b></u>	<u>HK\$2.69</u>

## CONSOLIDATED BALANCE SHEET

	As at 31 December	
	2007	2006
	HK\$'000	HK\$'000
Non-current assets		
Investment properties	110,925	81,589
Property, plant and equipment	3,796	4,712
Prepaid lease payments	1,001	2,424
Interests in associates	368,297	–
Available-for-sale investments	849,923	557,375
Loan notes	–	50,476
Convertible bonds	–	6,626
	<u>1,333,942</u>	<u>703,202</u>
Current assets		
Available-for-sale investments	9,801	–
Loan notes	52,401	–
Inventories held for sale-finished goods	–	1,471
Investments held for trading	3,617,216	1,690,510
Debtors, deposits and prepayments ( <i>Note 11</i> )	41,284	33,708
Loan receivables	174,015	123,598
Tax recoverable	4,050	3,543
Pledged bank deposits	10,718	–
Bank balances and cash	67,824	58,007
	<u>3,977,309</u>	<u>1,910,837</u>
Assets classified as held for sale	–	134,419
	<u>3,977,309</u>	<u>2,045,256</u>

	<b>As at 31 December</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
<b>Current liabilities</b>		
Creditors and accrued charges ( <i>Note 12</i> )	<b>97,995</b>	55,480
Customers' deposits and receipts in advance	<b>14,192</b>	31,283
Other borrowings	<b>918,838</b>	170,100
Derivative financial instruments	<b>4,874</b>	–
Taxation payable	<b>171,033</b>	15,657
	<hr/> <b>1,206,932</b>	<hr/> 272,520
 Liabilities associated with assets classified as held for sale	 –	 60,044
	<hr/> <b>1,206,932</b>	<hr/> 332,564
 Net current assets	 <b>2,770,377</b>	 1,712,692
	<hr/> <b>4,104,319</b>	<hr/> 2,415,894
 <b>Capital and reserves</b>		
Share capital	<b>2,762</b>	2,829
Reserves	<b>4,097,685</b>	2,396,218
	<hr/> <b>4,100,447</b>	<hr/> 2,399,047
Equity attributable to equity holders of the Company	<b>4,100,447</b>	2,399,047
Minority interests	<b>3,872</b>	16,847
	<hr/> <b>4,104,319</b>	<hr/> 2,415,894

Notes:–

## 1. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRS”)

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs had no material effect on how the Group’s results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions <sup>3</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>4</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>5</sup>
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction <sup>4</sup>

- <sup>1</sup> *Effective for accounting periods beginning on or after 1 January 2009.*
- <sup>2</sup> *Effective for accounting periods beginning on or after 1 July 2009.*
- <sup>3</sup> *Effective for accounting periods beginning on or after 1 March 2007.*
- <sup>4</sup> *Effective for accounting periods beginning on or after 1 January 2008.*
- <sup>5</sup> *Effective for accounting periods beginning on or after 1 July 2008.*

The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidation and Separate Financial Statements. HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

**2. Revenue (excluding securities trading)**

	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Dividend income from listed investments	<b>36,512</b>	17,717
Interest income from loan receivables	<b>14,023</b>	9,071
Rental income	<b>4,780</b>	3,801
	<hr/>	<hr/>
	<b>55,315</b>	30,589
	<hr/> <hr/>	<hr/> <hr/>

### 3. Business and Geographical Information

#### *Business segments*

For management purposes, the Group is currently organised into three operating divisions – securities trading and investments, financial services and property investment. These divisions are the basis on which the Group reports its primary segment information.

The Group was also involved in the business of mobile phone distribution which was discontinued on 31 March 2007 (*see note 7*).

Segment information about these businesses is presented below:

#### For the year ended 31 December 2007

	Continuing operations			Discontinued operation		
	Securities trading and investments	Financial services	Property investment	Total	Mobile phone distribution	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross proceeds from sale of investments held for trading	<u>2,234,125</u>	<u>-</u>	<u>-</u>	<u>2,234,125</u>	<u>-</u>	<u>2,234,125</u>
Revenue	<u>36,512</u>	<u>14,023</u>	<u>4,780</u>	<u>55,315</u>	<u>7,681</u>	<u>62,996</u>
<i>Result</i>						
Segment result	<u>1,605,287</u>	<u>13,898</u>	<u>43,402</u>	<u>1,662,587</u>	<u>(2,087)</u>	<u>1,660,500</u>
Share of losses of associates				(4,094)	-	(4,094)
Unallocated other income				11,359	586	11,945
Unallocated corporate expenses				(74,003)	-	(74,003)
Finance costs				(35,801)	-	(35,801)
Profit before taxation				<u>1,560,048</u>	<u>(1,501)</u>	<u>1,558,547</u>
Taxation				<u>(175,873)</u>	<u>(27)</u>	<u>(175,900)</u>
Profit for the year				<u>1,384,175</u>	<u>(1,528)</u>	<u>1,382,647</u>

	<b>Securities trading and investments <i>HK\$'000</i></b>	<b>Financial services <i>HK\$'000</i></b>	<b>Property investment <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Consolidated balance sheet				
<i>Assets</i>				
Segment assets	4,564,299	174,253	115,722	4,854,274
Interests in associates				368,297
Unallocated corporate assets				88,680
				<u>5,311,251</u>
<i>Liabilities</i>				
Segment liabilities	955,935	15,861	2,301	974,097
Unallocated corporate liabilities				232,835
				<u>1,206,932</u>

	<u>Continuing operations</u>			<u>Discontinued operation</u>		<u>Unallocated</u>	<u>Consolidated</u>
	<u>Securities trading and investments <i>HK\$'000</i></u>	<u>Financial services <i>HK\$'000</i></u>	<u>Property investment <i>HK\$'000</i></u>	<u>Mobile phone Total <i>HK\$'000</i></u>	<u>distribution <i>HK\$'000</i></u>		
Other information							
Capital expenditure	-	-	-	-	-	95	95
Depreciation	-	-	139	139	18	127	284
Loss on disposal of property, plant and equipment	-	-	-	-	293	-	293
Reversal of write-down of inventories	-	-	-	-	(571)	-	(571)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(571)</u>	<u>-</u>	<u>(571)</u>



For the year ended 31 December 2006

	Continuing operations			Discontinued operation		Consolidated HK\$'000
	Securities trading and investments HK\$'000	Financial services HK\$'000	Property investment HK\$'000	Total HK\$'000	Mobile phone distribution HK\$'000	
Gross proceeds from sale of investments held for trading	1,132,153	–	–	1,132,153	–	1,132,153
Revenue	17,717	9,071	3,801	30,589	67,098	97,687
<i>Result</i>						
Segment result	835,379	8,832	9,081	853,292	(4,856)	848,436
Gain on disposal of an associate				1,740	–	1,740
Revaluation surplus on buildings				387	–	387
Unallocated other income				2,322	148	2,470
Unallocated corporate expenses				(58,092)	–	(58,092)
Finance costs				(10,895)	(2)	(10,897)
Profit before taxation				788,754	(4,710)	784,044
Taxation				(11,432)	(95)	(11,527)
Profit for the year				777,322	(4,805)	772,517

	Continuing operations				Discontinued operation		Consolidated <i>HK\$'000</i>
	Securities	Financial services	Property investment	Total	Mobile		
	trading and investments				phone distribution		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Consolidated balance sheet							
<i>Assets</i>							
Segment assets	2,332,833	127,585	88,529	2,548,947	10,232		2,559,179
Assets classified as held for sale	–	–	134,419	134,419	–		134,419
Unallocated corporate assets							54,860
Consolidated total assets							<u>2,748,458</u>
<i>Liabilities</i>							
Segment liabilities	215,280	2,658	11,138	229,076	5,083		234,159
Liabilities associated with assets classified as held for sale	–	–	60,044	60,044	–		60,044
Unallocated corporate liabilities							38,361
Consolidated total liabilities							<u>332,564</u>

	Continuing operations				Discontinued operation		Consolidated <i>HK\$'000</i>
	Securities	Financial services	Property investment	Total	Mobile	Unallocated	
	trading and investments				phone distribution		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other information							
Capital expenditure	–	–	19,114	19,114	89	12	19,215
Depreciation	–	–	141	141	92	156	389
Write-down of inventories	–	–	–	–	1,070	–	1,070
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,070</u>	<u>–</u>	<u>1,070</u>

### *Geographical segments*

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's securities trading and investments and financial services are mainly carried out in Hong Kong. Rental income from property investment is derived from Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market:

	<b>Revenue from continuing operations by geographical market</b>	
	<b>2007</b>	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>52,754</b>	28,651
The PRC	<b>2,561</b>	1,938
	<b>55,315</b>	30,589

Revenue from the Group's discontinued distribution of mobile phone was derived principally from Hong Kong (2007: HK\$7,681,000, 2006: HK\$67,098,000).

The following is an analysis of the carrying amount of segment assets, and additions to investment properties and property, plant and equipment, analysed by the geographical area in which the assets are located:

	<b>Carrying amount of segment assets</b>		<b>Additions to investment properties and property, plant and equipment</b>	
	<b>At</b>	At	<b>Year ended</b>	Year ended
	<i>31.12.2007</i>	<i>31.12.2006</i>	<i>31.12.2007</i>	<i>31.12.2006</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<b>4,817,114</b>	2,490,594	<b>95</b>	19,215
The PRC	<b>37,160</b>	68,585	-	-
	<b>4,854,274</b>	2,559,179	<b>95</b>	19,215

#### 4. Net gain on investments

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Change in fair value of investments held for trading ( <i>Note a</i> )	1,579,182	777,369
Change in fair value of derivative financial instruments ( <i>Note b</i> )	(17,716)	1,594
Net (loss) gain on disposal of available-for-sale investments	(596)	26,268
Discount on early redemption of loan notes ( <i>Note c</i> )	–	(3,962)
	<u>1,560,870</u>	<u>801,269</u>

#### Notes:

- (a) Included in change in fair value of investments held for trading, approximately HK\$319,703,000 (2006: HK\$337,871,000) represented net realised gain on disposal of investments held for trading.
- (b) Included in change in fair value of derivative financial instruments, approximately HK\$12,842,000 (2006: gain of HK\$1,594,000) represented net realised loss on derivatives.
- (c) During the year ended 31 December 2006, Allied Group Limited, the issuer of the loan notes, early redeemed all of the loan notes at HK\$43,465,000 with a discount on early redemption of HK\$3,962,000 at the request of the Group. The net redemption proceed was HK\$39,503,000.

#### 5. Other income

	Continuing operations		Discontinued operation		Consolidated	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest income from:						
– Loan notes	4,036	9,287	–	–	4,036	9,287
– Bank deposits	982	1,264	47	148	1,029	1,412
– Others	4,995	314	–	–	4,995	314
	<u>10,013</u>	<u>10,865</u>	<u>47</u>	<u>148</u>	<u>10,060</u>	<u>11,013</u>
Net exchange gain	9,538	10,668	–	–	9,538	10,668
Others	5,392	764	539	–	5,931	764
	<u>24,943</u>	<u>22,297</u>	<u>586</u>	<u>148</u>	<u>25,529</u>	<u>22,445</u>

## 6. Taxation

	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:						
Profits Tax in Hong Kong	<b>172,005</b>	11,247	<b>27</b>	95	<b>172,032</b>	11,342
Enterprise income tax in the PRC	<b>3,868</b>	185	–	–	<b>3,868</b>	185
	<b><u>175,873</u></b>	<u>11,432</u>	<b><u>27</u></b>	<u>95</u>	<b><u>175,900</u></b>	<u>11,527</u>

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

Enterprise income tax in the PRC is calculated at 33.3% of estimated assessable profit for both years except for the subsidiary which is eligible for certain tax holidays and concessions on the PRC income tax.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008.

## 7. Discontinued Operation

The Group ceased the business operation of mobile phone distribution in year 2007.

The results of the discontinued operation which represented the mobile phone distribution operation from 1 January 2007 to 31 March 2007, which have been included in the consolidated income statement, were as follows:

	<b>Period ended</b> <b>31.3.2007</b> <i>HK\$'000</i>	Year ended 31.12.2006 <i>HK\$'000</i>
Turnover	<b>7,681</b>	67,098
Cost of sales	<b>(7,501)</b>	(64,423)
Other income	<b>586</b>	148
Distribution expenses	<b>(1,050)</b>	(4,655)
Administrative and other expenses	<b>(1,217)</b>	(2,876)
Finance costs	–	(2)
	<hr/>	<hr/>
Loss before taxation	<b>(1,501)</b>	(4,710)
Taxation	<b>(27)</b>	(95)
	<hr/>	<hr/>
Loss for the period/year	<b><u>(1,528)</u></b>	<b><u>(4,805)</u></b>

During the period from 1 January 2007 to 31 March 2007, the business operation of mobile phone distribution paid HK\$4,009,000 (1.1.2006 to 31.12.2006: HK\$5,123,000) to the Group's net operating cash flows, received HK\$47,000 (1.1.2006 to 31.12.2006: HK\$23,000) in respect of investing activities and paid HK\$11,397,000 (1.1.2006 to 31.12.2006: received HK\$8,003,000) in respect of financing activities.

## 8. Profit for the year

	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging (crediting):						
Auditor's remuneration	1,402	1,020	-	-	1,402	1,020
Cost of inventories recognised as expenses	-	-	7,855	62,847	7,855	62,847
Amortisation of prepaid lease payments	25	59	-	-	25	59
Depreciation of property, plant and equipment	266	297	18	92	284	389
(Reversal of) write-down of inventories	-	-	(571)	1,070	(571)	1,070
Loss on disposal of property, plant and equipment	-	-	293	-	293	-
Staff costs, inclusive of directors' emoluments	61,784	48,948	944	3,612	62,728	52,560
Gross rental income from properties	(4,780)	(3,801)	-	-	(4,780)	(3,801)
<i>Less:</i> Direct operating expenses that generated rental income	1,423	1,535	-	-	1,423	1,535
Direct operating expenses that did not generate rental income	22	41	-	-	22	41
Net rental income	<u>(3,335)</u>	<u>(2,225)</u>	<u>-</u>	<u>-</u>	<u>(3,335)</u>	<u>(2,225)</u>

## 9. Dividends

	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim dividend, paid – HK\$0.01 per share (2006: HK\$0.01)	<b>2,762</b>	2,855
2006 Final dividend paid – HK\$0.04 per share	<b>11,084</b>	–
2005 Final dividend paid – HK\$0.04 per share	–	11,425
	<b><u>13,846</u></b>	<u>14,280</u>

The final dividend of HK\$0.04 per share for the year ended 31 December 2007 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

## 10. Earnings per share

### *From continuing and discontinued operations*

The calculation of basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Earnings for the purpose of basic earnings per share		
(Profit for the year attributable to equity holders of the Company)	<b><u>1,378,824</u></b>	<u>772,468</u>
	<b>Number</b>	Number
	<b>of shares</b>	of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b><u>278,496,620</u></b>	<u>289,070,361</u>

No diluted earnings per share have been presented as there were no potential ordinary shares issued in both years.



*From continuing operations*

The calculation of the basic earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Earnings for the year attributable to equity holders of the Company	<b>1,378,824</b>	772,468
Add: Loss for the period from discontinued operation	<b>1,528</b>	4,805
	<hr/>	<hr/>
Earnings for the purposes of basic earnings per share from continuing operations	<b>1,380,352</b>	777,273
	<hr/> <hr/>	<hr/> <hr/>

The denominators used are the same as those detailed above for basic earnings per share.

*From discontinued operation*

Basic loss per share for the discontinued operation is HK\$0.005 per share (2006: HK\$0.017 per share). The calculation of the basic loss per share was based on the loss for the period from the discontinued operation of HK\$1,528,000 (2006: loss for the year of HK\$4,805,000) attributable to the ordinary equity holders of the Company and the denominators detailed above for basic earnings per share.

**11. Debtors, deposits and prepayments**

The Group has a policy of allowing an average credit period of 30-90 days to its trade debtors.

The following is an aged analysis of trade debtors:

	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Within 90 days	<b>1,992</b>	6,150
91 – 180 days	–	992
181 – 360 days	–	258
	<hr/>	<hr/>
Other debtors, deposits and prepayments	<b>39,292</b>	26,308
	<hr/>	<hr/>
	<b>41,284</b>	33,708
	<hr/> <hr/>	<hr/> <hr/>

There is no allowance for doubtful debts in both years.

## 12. Creditors and accrued charges

Creditors and accrued charges principally comprise amounts outstanding for trade purpose and ongoing costs.

An aged analysis of trade creditors is as follows:

	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade creditors due within 90 days	29,778	14,684
Other creditors and accrued charges	68,217	40,796
	<u>97,995</u>	<u>55,480</u>

## FINANCIAL RESULTS

For the year ended 31 December 2007, the Group's total revenue increased by 96.9% to HK\$2,289,440,000 (2006: HK\$1,162,742,000) while its net profit attributable to shareholders increased by 78.5% to HK\$1,378,824,000 (2006: HK\$772,468,000). The earnings per share of the Company increased by a slightly larger scale of 85.4% to HK\$4.95 (2006: HK\$2.67) as a result of the Group's share repurchase programme.

As at 31 December 2007, the Group's net asset value per share increased by 75.1% to HK\$14.85 (2006: HK\$8.48).

## DIVIDENDS

The Directors recommend the payment of a final dividend of HK\$0.04 per share (2006: HK\$0.04), amounting to approximately HK\$11,047,000 (2006: HK\$11,084,000), to shareholders whose names appear on the Register of Members of the Company on 26 June 2008. The proposed final dividend, together with the interim dividend of HK\$0.01 per share (2006: HK\$0.01) paid on 5 November 2007, will amount to a total dividend of HK\$0.05 per share (2006: HK\$0.05 per share), totaling approximately HK\$13,809,000 (2006: HK\$13,939,000), for the full financial year of 2007. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, dividend warrants are expected to be dispatched on or before 25 July 2008.

## **PROPOSED BONUS ISSUE OF WARRANTS**

The Board proposed a bonus issue of warrants (the “Bonus Warrant Issue”) to the shareholders on the basis of one warrant for every five shares held by such shareholders whose name appear on the Register of Members on 26 June 2008. The final terms of the Bonus Warrant Issue, which shall be issued subject to the compliance of the relevant rules and regulations of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), have not yet been finalized. A further announcement will be made by the Company in respect to the details of the Bonus Warrant Issue. A circular setting out the details of the Bonus Warrant Issue will also be sent to the shareholders as soon as practicable.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 23 June, 2008 to Thursday, 26 June, 2008, both days inclusive, during which no share transfer will be effected. In order to qualify for the proposed final dividend for the year ended 31 December 2007, all transfer of shares duly accompanied by the relevant certificates must be lodged with the company’s branch registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong no Later than 4:00 p.m. on Friday, 20 June 2008.

## **REVIEW OF OPERATIONS**

The year ended 31 December 2007 saw a very vibrant equity market which was underpinned by optimistic economic and consumer sentiments, large scale initial public offerings of shares and strong global liquidity. However, these positive factors were overshadowed in the later part of the year by the domino effects of the meltdown of the US sub prime mortgage market and the subsequent concern over the credit crunch leading to a slowdown of the US economy. Nevertheless, the Group’s business in trading and investment in financial securities achieved increases in revenue to HK\$2,270,637,000 (2006: HK\$1,149,870,000) and profit to HK\$1,605,287,000 (2006: HK\$835,379,000). Major profit contributions came from the net gain on investments of HK\$1,560,870,000 (2006: HK\$801,269,000) which included an unrealized gain from fair value changes on investments held for trading of HK\$1,259,479,000 (2006: HK\$439,498,000), and dividend income from listed investments of HK\$36,512,000 (2006: HK\$17,717,000). As at 31 December 2007, the Group maintained a long-term investment portfolio of available-for-sale investments of HK\$849,923,000 (2006: HK\$557,375,000), loan notes of Nil (2006: HK\$50,476,000) and convertible bonds of Nil (2006: HK\$6,626,000) and a trading portfolio of listed securities of HK\$3,617,216,000 (2006: HK\$1,690,510,000).

The Group's money lending business recorded a revenue of mainly interest income of HK\$14,023,000 (2006: HK\$9,071,000) and a profit of HK\$13,898,000 (2006: HK\$8,832,000) during the year under review. As at 31 December 2007, the Group's loan portfolio amounted to HK\$174,015,000 (2006: HK\$123,598,000).

Of the Group's investment properties located in Hong Kong and China, a revenue of HK\$4,780,000 (2006: HK\$3,801,000) and a profit of HK\$43,402,000 (2006: HK\$9,081,000) was achieved, mainly due to the gain of HK\$13,753,000 from the disposal of an interest in an investment property located at Buji Town in Shenzhen, China for a consideration of RMB102,550,000 and the revaluation gain of HK\$23,598,000 from the Group's investment properties. As at 31 December 2007, the Group's investment properties portfolio amounted to HK\$110,925,000 (2006: HK\$81,589,000).

Given the persistent losses in recent years and with no sign of improvement, the Group discontinued its mobile handset distribution business in March 2007.

## **PRINCIPAL ASSOCIATED COMPANIES**

The share of losses of associates of the Group for the year ended 31 December 2007 was HK\$4,094,000 (2006: nil).

Following the completion of the placing agreement to acquire 124 million shares of Shanghai Allied Cement Limited ("SAC") in June 2007, the Group's shareholding in SAC has increased to approximately 27%, making SAC an associate of the Group. SAC is an investment holding company and through its subsidiaries engages in the manufacture and distribution of clinker, cement and slag powder. For the year under review, SAC recorded a turnover of HK\$434,300,000 (2006: HK\$384,931,000) and a loss of HK\$21,658,000 (2006: Profit of HK\$387,000). In September 2007, SAC announced that it had entered into a conditional agreement to acquire the entire issued share capital of Redstone Gold Limited ("Redstone"), a company engaged in the business of gold mining in Yunnan Province, China, for an aggregate consideration of HK\$1 billion to be partially settled by the issue of 530,000,000 new shares of SAC and payment of cash of HK\$470 million. A conditional placing agreement was also entered into to place 600,000,000 new shares of SAC on a fully underwritten basis. The vendor has warranted to SAC that the target mines will together maintain their JORC gold resources of not less than 50 tonnes (metric) of contained gold metal in total at the completion of the acquisition. SAC is in the process of carrying out its due diligence exercise on Redstone and the circular containing, inter alia, a notice to convene a special general meeting to approve the acquisition, is expected to be despatched to shareholders by 30 June 2008. With the recent rally in the gold market, the Group believes that this acquisition represents a good opportunity for SAC to develop its investment and business in the natural resources sector.

In July 2007, the Group acquired 40% of the entire issued share capital of Printronics Electronics Limited (“PEL”) for an aggregate consideration of approximately HK\$181.8 million. PEL is an investment holding company and is the registered and beneficial owner of 41,319,704 fully paid up shares of Tianjin Printronics Circuit Corporation (“TPC”), representing approximately 21.01% of the equity of TPC. TPC is a company incorporated in China and its shares are listed as “A-Share” on the Shenzhen Stock Exchange. The principal business activity of TPC is the manufacture and sale of printed circuit boards.

## **FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES**

The Group continued to maintain a strong financial position. As at 31 December 2007, the Group’s non current assets consisted mainly of investment properties of HK\$110,925,000 (2006: HK\$81,589,000); property, plant and equipment of HK\$3,796,000 (2006: HK\$4,712,000); prepaid lease payments of HK\$1,001,000 (2006: HK\$2,424,000), interest in associates of HK\$368,297,000 (2006: nil) and long-term investments of HK\$849,923,000 (2006: HK\$614,477,000). These non-current assets were principally financed by shareholders’ funds. As at 31 December 2007, the Group had net current assets of HK\$2,770,377,000 (2006: HK\$1,712,692,000) and current ratio of 3.3 times (2006: 6.1 times) calculated on the basis of the Group’s current assets over current liabilities.

All the Group’s borrowings are arranged on a short term basis in Hong Kong Dollars and US Dollars, repayable within one year and secured on certain investment properties, investments held for trading, available-for-sale investments and securities brokers house deposit. As at 31 December 2007, the Group had borrowings of HK\$918,838,000 (2006: HK\$170,100,000) and a gearing ratio of 20.5% (2006: 4.7%), calculated on the basis of the Group’s net borrowings (after pledged bank deposits and bank balances and cash) over shareholders’ fund.

During the year under review, the issued share capital of the Company was further reduced from HK\$2,828,835 to HK\$2,761,835 as a result of the repurchase of 6,700,000 (2006: 14,596,000) shares, with par value HK\$0.01 each, for an aggregate consideration of HK\$32,377,000 (2006: HK\$46,378,000).

In December 2007, the Company proposed an open offer of 276,183,547 offer shares at HK\$4.00 per offer share to qualifying shareholders on the basis of one offer share to every share held (the “Open Offer”) on a fully underwritten basis to raise approximately HK\$1.1 billion and an issue of two warrants for every five offer shares. However, on 11 February 2008 the underwriter, Vigor Online Offshore Limited, gave notice to the Company to terminate the underwriting agreement in view of the recent change in the market condition in Hong Kong and the significant fluctuation in the share price of the Company which, in the sole and absolute opinion of the underwriter, made it impractical to proceed. As a result, the Open Offer and the issue of warrant were terminated.

During the year under review, the Group’s assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, RMB, New Taiwan Dollar and Malaysian Ringgit. Because of its short-term nature, the Group had not actively hedged risks arising from the Australian Dollar, RMB and Malaysian Ringgit denominated assets and transactions. As the exchange rates of the New Taiwan Dollar were relatively stable during the year, the Group was not materially affected by its exposure to these currencies.

## **CHARGE ON GROUP ASSETS**

As at 31 December 2007, the Group’s investment properties, investments held for trading, available-for-sale investments, bank balances, cash, and securities brokers house deposit with respective carrying values of HK\$33,300,000 (2006: HK\$26,640,000), HK\$3,121,898,000 (2006: HK\$1,210,235,000), HK\$460,628,000 (2006: HK\$115,607,000) and HK\$10,718,000 (2006: HK\$196,000) were pledged to banks and securities brokers house to secure short term credit facilities granted to the Group.

## **EMPLOYEES**

The Group had 15 employees as at 31 December 2007 (2006: 31). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

## **PROSPECTS**

The Group expects 2008 to be a very challenging and difficult year as evidenced by the sell-off in equity markets towards the end of 2007 and into the first quarter of 2008. The knock-on effects of the credit crunch and the fears of a recession in the world's largest economy of the US have adversely affected sentiments in the global financial markets and the investment environment. Although aggressive monetary measures have been implemented by the US authorities to ease liquidity and the robust demand by Asian countries will help to mitigate the situation, nevertheless the Group anticipates greater challenges ahead.

The performance of the Group's activities in trading and investment in financial securities is measured by mark-to-market accounting standards and the volatility of the financial markets will affect the Group's results for 2008. It is estimated that, based on the closing market price, substantial unaudited unrealized loss from fair value changes on investments held for trading was incurred in the first two months of 2008.

In December 2007, the Group had proposed an Open Offer to strengthen its capital base but unfortunately, the Open Offer was terminated by the underwriter due to the recent change in the market condition in Hong Kong and the significant fluctuation in the share price of the Company. However, the financial position of the Group remains strong and the Group will continuously review and adjust its investment strategies and investment portfolio in light of the market environment to seek and identify grossly undervalued investment and business opportunities in the China, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the year, the Company repurchased a total of 6,700,000 ordinary shares in the capital of the Company on the Stock Exchange in the range from HK\$3.15 to HK\$8.13 for a total consideration of HK\$32,377,000. The said shares were subsequently cancelled.

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

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the year ended 31 December 2007.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct regarding Director’s securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2007.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 as set out in the Preliminary Announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

By Order of the Board  
**Chong Sok Un**  
*Chairman*

Hong Kong, 8 April 2008

*As at the date of this announcement, the Board comprises Ms. Chong Sok Un (Chairman), Dato’ Wong Peng Chong and Mr. Kong Muk Yin as executive directors and Messrs. Lo Wai On, Lau Siu Ki and Zhang Jian as independent non-executive directors.*