



HARBOUR CENTRE DEVELOPMENT LIMITED

Stock Code: 51

2007 Results Announcement

HIGHLIGHTS OF GROUP RESULTS

- The Group has acquired a total of 4 development sites in East China and one site in West China either solely or through joint ventures for an attributable total of HK\$7.9 billion. Total developable area attributable to the Group is about 26 million sq. ft.
- The Group's hotel and investment properties in Hong Kong benefited from favourable market conditions and reported steady earnings. Investments also benefited from exceptional market opportunities in 2007.
- Group turnover amounted to HK\$671.1 million (2006: HK\$920.9 million). The decrease was mainly due to a reduction in property sale.
- Group profit rose by 51% to HK\$638.4 million (2006: HK\$422.7 million), mainly due to a significantly higher contribution from investment.
- Earnings per share were HK\$2.03 (2006: HK\$1.34).
- Book NAV of HK\$18.25 per share as at the end of 2007.
- If hotel assets were also stated at valuation, the adjusted NAV as at the end of 2007 would have been HK\$26.67 per share. Yesterday's closing share price of HK\$12.70 would represent a discount of 52%.
- Final dividend of HK\$0.24 per share, to make full year dividends of HK\$0.29 per share, which would translate into a dividend yield of 2.3% p.a. based on yesterday's closing share price.
- As at the end of 2007, net debt was HK\$1,274.1 million (2006: net cash of HK\$1,840.2 million) and the total market value for listed securities held was HK\$2,516.6 million (2006: HK\$1,490.0 million).

- To strengthen the Group's equity base, a Rights Issue fully underwritten by parent company The Wharf (Holdings) Limited, will raise about HK\$2 billion (at the Subscription Price of HK\$12.80 per share). The latest time for Subscription is 4:00 p.m. on 17 March 2008.

DIVIDEND

An interim dividend in respect of the year ended 31 December 2007 of HK\$0.05 (2006: HK\$0.05) per share was paid on 15 October 2007, absorbing a total amount of HK\$15.8 million (2006: HK\$15.8 million). The Directors have recommended for adoption at the Annual General Meeting to be held on Friday, 16 May 2008 the payment on 23 May 2008 to shareholders registered on 16 May 2008 of a final dividend in respect of the year ended 31 December 2007 of HK\$0.24 (2006: HK\$0.24) per share, absorbing a total amount of HK\$113.4 million based on 472.5 million shares as being enlarged by the rights issue disclosed above (2006: HK\$75.6 million based on 315.0 million shares).

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REVIEW

Total revenue of the Hotel Segment grew by 2% to HK\$438.3 million while total operating profit of the Segment dropped by 4% to HK\$147.7 million. Marginal increase in turnover was mainly due to single-digit growth in average room rates being partially offset by a loss of Beverage and Food income resulting from the closure of Gripes during renovation. Increase in depreciation arising from renovation of the sixth floor of the Marco Polo Hongkong Hotel (“MPHK Hotel”) during 2007 attributed to a decrease of operating profit of the Segment. On the back of strong demand for hotel rooms during trade fairs and exhibitions, a 6% year-on-year growth in average room rate was recorded during 2007. Average occupancy was maintained at 88%.

With favourable rental growth on a robust leasing market, property investment revenue and operating profit grew by 6% and 5% to HK\$127.6 million and HK\$109.6 million respectively. The retail space of MPHK was virtually fully let, while the Star House retail units were 59% leased during 2007, which was attributable to revamp of certain areas for better tenant mix.

The Group’s investment properties, comprising the office and retail areas in MPHK and the Star House units, were revalued by an independent valuer at 31 December 2007. Net revaluation surplus after deferred tax was HK\$135.0 million during the year (2006: HK\$77.8 million).

On property sale, all of the 73 residential units of the 60 Victoria Road project have been sold as at the end of 2007.

New Acquisitions

On the back of continuous year on year GDP growth, strong accumulation of wealth and high saving rates, as well as wide spreading of China’s urbanisation, the Group is upbeat about the outlook of property investment and development in China. With strong financial resources including cash and listed securities, the Group has embarked on a substantial business initiative in earmarking for suitable property investment opportunities in China since 2007, in addition to its investments in MPHK and the Star House units.

The Group, since September 2007, has solely or through joint ventures with strong local property companies, acquired five excellent sites in the cities of Changzhou, Suzhou, Chongqing and Hangzhou. These investments, which the Group believes, will broaden the asset and earnings base of, and will be beneficial to the Group and its shareholders as a whole. With these acquisitions, the total developable area attributable to the Group in China as at the end of 2007 has reached about 26 million square feet. With rosy outlook for the economy in China, the Group continues to seek good investment opportunities in the Mainland in the near future.

In September 2007, the Group acquired a land lot in Jiangbei City (江北區) of Jiangbei District

(江北城), Chongqing, through a joint-venture company at a land auction for RMB2.54 billion. The Group and the China Overseas Group will jointly develop the Land, on a 55:45 ownership basis. The land lot has a total site area of about one million square feet and offers plot-ratio GFA of 2.5 million square feet attributable to HCDL. It will be developed into a high-end residential project. Development completion is scheduled in 2012.

Following the acquisition of the Chongqing site, the Group succeeded in acquiring two land parcels on Xinghu Jie (星湖街) and Xiandai Da Dao (現代大道) in Suzhou Industrial Park (蘇州園區) respectively for a total of RMB3.073 billion, at a public auction, through a joint-venture company in early October 2007. The Group and Zhong Xin Suzhou Industrial will jointly develop the sites, on an 80:20 ownership basis. The parcels command a total site area of about 5,650,000 square feet and offer plot-ratio GFA of 13.5 million square feet attributable to the group. A skyscraper landmark which will be the tallest building in Suzhou will be built at the site of Xinghu Jie (星湖街).

In mid October 2007, the Group entered into an agreement with Greentown China Holdings Limited for the joint development of a land parcel in Hangzhou. The Group and Greentown China Holdings Limited will take respectively 40% and 60% stake in the joint-venture company. The site is superbly situated in the new Hangzhou Central Business District (錢江新城) and frontal to the Qingtang Jiang (錢塘江). The land parcel, at a total consideration of RMB3.49 billion, boasts a total site area of about 906,913 square feet and offers plot-ratio GFA of 3.2 million square feet of which 1.28 million square feet is attributable to HCDL. The plan is to develop the site into a commercial, hotel and residential complex. Development completion is scheduled in 2012.

The Group's fifth site was acquired in December 2007 at a public auction for RMB1.47 billion. Ideally located in the prime area of Xinbei District (新北區), Changzhou City (常州市), the land parcel (comprising three adjacent sites No. 01 – No. 03) envisages a total site area of about 4.4 million square feet and offers a plot ratio GFA of 8.7 million square feet. Planning is underway to develop the site into a residential and hotel project. The parcel is just 5km away from the city centre, in the vicinity of China Changzhou Dinosaur Land (中華恐龍園) theme park and Xin Qu Park (新區公園) and boasts superb air-sea-land transportation links including Changzhou Civil Aviation Airport and Huning Express Railway. The project is scheduled for completion in 2012.

FINANCIAL REVIEW

(I) Review of results for the year ended 31 December 2007

Turnover

The Group's turnover for the year ended 31 December 2007 was HK\$671.1 million (2006: HK\$920.9 million). The decrease in turnover was due mainly to reduction in property sale during the year under review.

Hotel Segment recorded a total revenue of HK\$438.3 million (2006: HK\$431.1 million), with only a marginal growth of 2% due to the closure of a restaurant in Marco Polo Hongkong Hotel (“MPHK Hotel”) for renovation since November 2006 until December 2007 resulting in the reduction in food and beverage income by 9% . Room revenue managed to report a 6% year-on-year growth as higher room rates were achieved during the year under review.

Property investment revenue was up by 6% to HK\$127.6 million (2006: HK\$120.2 million) as retail rental income generated from MPMK Hotel’s retail areas continued to grow steadily. This increase was mitigated by a decrease in rental income arising from a revamp for better tenant mix of certain areas on the moving out of a major tenant from the Star House units.

Property Development Segment was down by 98% to HK\$6.7 million (2006: HK\$278.3 million) as 72 residential units at 60 Victoria Road were sold in 2006 with the remaining one unit sold during the year under review.

Investment Segment’s interest and dividend income derived from the Group’s surplus cash and investment increased by 8% to HK\$98.5 million (2006: HK\$91.3 million).

Operating Profit

The Group’s consolidated operating profit rose by 58% or HK\$224.2 million to HK\$613.7 million (2006: HK\$389.5 million). The profit improvement was mainly attributable to the Investment Segment, which increased its operating profit by 158% to HK\$355.8 million, mainly contributed from profit on disposal of certain listed investment. Hotel segment’s profit decreased by 4% to HK\$147.7 million and Property Investment segment reported operating profit growth of 5% to HK\$109.6 million.

Finance Costs

Net finance costs for the year was HK\$8.3 million (2006: Nil). The increase was due to borrowing requirement for the Group’s property investments in China. The Group’s average effective borrowing rate was 3.7% p.a..

Increase in Fair Value of Investment Properties

The Group’s investment properties were revalued as at 31 December 2007, resulting in a surplus of HK\$163.6 million (2006: HK\$94.3 million). The net surplus after deferred tax was HK\$135.0 million (2006: HK\$77.8 million) and recorded in the profit and loss account.

Share of Results after Tax of an Associate and Jointly Controlled Entities

Share of results after tax of an associate and jointly controlled entities decreased by

HK\$2.3 million (2006: HK\$6.2 million), reflecting lower property sales undertaken by the associate in 2007.

Taxation

The taxation charge for the year increased by HK\$67.3 million to HK\$134.6 million (2006: HK\$67.3 million) as a result of the increase in operating profit during the year.

Minority Interests

Minority interests for the year was HK\$0.1 million (2006: Nil), primarily due to minority interest's shareholdings of a company engaging in PRC property development project.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the year ended 31 December 2007 amounted to HK\$638.4 million (2006: HK\$422.7 million), representing an increase of HK\$215.7 million or 51%. Earnings per share were HK\$2.03 (2006: HK\$1.34).

Excluding the net investment property surplus of HK\$135.0 million (2006: HK\$77.8 million), the Group's net profit for year was HK\$503.4 million, representing an increase of 46% over last year. The favourable results were mainly due to the increase in investment income.

(II) Liquidity and Financial Resources

Shareholders' Equity

As at 31 December 2007, the Group's shareholders' equity was HK\$5,748.1 million, equivalent to HK\$18.25 per share (31 December 2006: HK\$15.17 per share).

The Group's hotel property is stated at cost less accumulated depreciation according to the prevailing Hong Kong Financial Reporting Standards. By restating the hotel property based on the valuation carried out by an independent valuer would give rise a revaluation surplus of HK\$2,653.0 million and increase the Group's shareholders' equity to HK\$8,401.1 million, equivalent to HK\$26.67 per share.

Debt and Gearing

As at 31 December 2007, the Group had a net debt of HK\$1,274.1 million, versus a net cash of HK\$1,840.2 million as at 31 December 2006. The change was mainly caused by the cash outflows for the new acquisitions during 2007 of sites in China for development.

As at 31 December 2007, the Group maintained a portfolio of investments primarily

consisting of blue chip securities, with an aggregate market value of HK\$2,516.6 million (2006: HK\$1,490.0 million). The favourable performance of the portfolio was in line with the stock markets.

Commitments

As at 31 December 2007, the Group committed to properties under development in China, both by the Group and through jointly controlled entities, of a total amount of HK\$19,058.1 million, including land cost of HK\$5,092.1 million payable by installments in 2008 and 2009. The developments will be executed by stages in the forthcoming years and funded by internal financial resources, including proceeds from property pre-sales, bank loans and the proceeds from the rights issues as mentioned hereunder.

Finance and Availability of Facilities

As at 31 December 2007, the Group's available loan facilities amounted to HK\$2,500.0 million of which HK\$1,858.9 million was drawn. HK\$1,100.0 million of these loans was secured by available-for-sale investments with carrying value of HK\$2,003.6 million.

Subsequent to 31 December 2007, the Group has obtained additional committed banking facilities amounting to HK\$1,200.0 million, which was secured by the Group's hotel property.

As at 31 December 2007, the Group had exposure to foreign exchange rate fluctuations from expenditures in respect of the newly acquired China projects, which will be denominated in RMB. RMB borrowings will be sourced to finance the development cost of the China projects apart from their land cost. The Group also entered into certain forward exchange contracts primarily for management of its foreign currency assets and related interest rate exposures. The outstanding contracts were marked to market value in accordance with the accounting standard at the balance sheet date and reported a net liability of HK\$106.5 million. The Group has no other significant exposure to foreign exchange fluctuations except for those mentioned above.

Rights Issue

On 5 February 2008, the Company announced that it proposed to issue 157,500,000 new ordinary shares of HK\$0.50 each by way of a rights issue in the proportion of one rights share for every two existing ordinary shares then held by qualifying shareholders at a subscription price of HK\$12.80 per rights share ("Rights Issue"). The net proceeds from the Rights Issue of approximately HK\$2,000.0 million will be used by the Group to meet its capital requirements arising from the initiative of expanding into properties in the PRC.

(III) Human Resources

The Group has approximately 490 employees working at the Group's hotel. Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Total staff costs for year ended 31 December 2007 amounted to HK\$104.2 million (2006: HK\$105.1 million).

CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial year under review, all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, except in respect of one code provision providing for the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals with a substantial number thereof being independent Non-executive Directors.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

| | Note | 2007 HK\$ Million | 2006 HK\$ Million (restated) |
|---|------|----------------------------------|---------------------------------------|
| Turnover | 2 | 671.1 | 920.9 |
| Other net income | 4 | 357.5 | 48.7 |
| Direct costs and operating expenses | | (347.8) | (508.5) |
| Selling and marketing expenses | | (23.8) | (41.7) |
| Depreciation and amortisation | | (34.9) | (25.3) |
| Administrative and corporate expenses | | (8.4) | (4.6) |
| Operating profit | 3 | 613.7 | 389.5 |
| Increase in fair value of investment properties | | 163.6 | 94.3 |
| Finance costs | 5 | (8.3) | - |
| | | 769.0 | 483.8 |
| Share of results after tax of: | | | |
| - associate | | 4.4 | 6.2 |
| - jointly controlled entities | | (0.5) | - |
| Profit before taxation | | 772.9 | 490.0 |
| Taxation | 6(b) | (134.6) | (67.3) |
| Profit for the year | | 638.3 | 422.7 |
| Profit attributable to: | | | |
| Equity shareholders | | 638.4 | 422.7 |
| Minority interests | | (0.1) | - |
| | | 638.3 | 422.7 |
| Dividends attributable to equity shareholders | | | |
| Interim dividend paid | | 15.8 | 15.8 |
| Final dividend proposed | | 113.4 | 75.6 |
| | | 129.2 | 91.4 |
| Earnings per share | 7 | HK\$2.03 | HK\$1.34 |
| Dividends per share | | | |
| Interim dividend | | 5.0 cents | 5.0 cents |
| Final dividend | | 24.0 cents | 24.0 cents |
| | | 29.0 cents | 29.0 cents |

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

| | Note | 2007 HK\$ Million | 2006 HK\$ Million |
|--|------|--|-------------------------|
| Non-current assets | | | |
| Fixed assets | | | |
| Investment properties | | 1,827.0 | 1,663.0 |
| Leasehold land | | 15.2 | 15.2 |
| Other properties, plant and equipment | | 104.9 | 63.4 |
| Interest in an associate | | 0.8 | 0.8 |
| Interest in jointly controlled entities | | 1,964.6 | - |
| Available-for-sale investments | | 2,516.6 | 1,490.0 |
| Long term receivables | | 1.7 | 3.1 |
| Employee benefits | | 8.5 | 6.7 |
| | | 6,439.3 | 3,242.2 |
| Current assets | | | |
| Inventories | | 988.7 | 7.6 |
| Trade and other receivables | 8 | 425.2 | 78.8 |
| Bank deposits and cash | | 132.4 | 1,840.2 |
| Pledged bank deposits | | 452.4 | - |
| | | 1,998.7 | 1,926.6 |
| Current liabilities | | | |
| Trade and other payables | 9 | 187.2 | 140.5 |
| Derivative financial liabilities | | 106.5 | - |
| Bank loans | | 1,278.9 | - |
| Taxation payable | | 80.3 | 22.6 |
| | | 1,652.9 | 163.1 |
| Net current assets | | 345.8 | 1,763.5 |
| Total assets less current liabilities | | 6,785.1 | 5,005.7 |
| Non-current liabilities | | | |
| Bank loans | | 580.0 | - |
| Deferred income | | - | 0.8 |
| Deferred taxation | | 260.0 | 226.9 |
| | | 840.0 | 227.7 |
| NET ASSETS | | 5,945.1 | 4,778.0 |
| Capital and reserves | | | |
| Share capital | | 157.5 | 157.5 |
| Reserves | | 5,590.6 | 4,620.5 |
| Shareholders' equity | | 5,748.1 | 4,778.0 |
| Minority interests | | 197.0 | - |
| TOTAL EQUITY | | 5,945.1 | 4,778.0 |

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial report are consistent with those used in the annual financial statements for the year ended 31 December 2006 except for the changes in accounting policies as described below.

(a) HKFRS 7, Financial instruments: Disclosures

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial instruments: Disclosure and presentation.

(b) HKAS 1, Presentation of financial statements: Capital disclosure

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the group's and the company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

2. SEGMENT INFORMATION

(a) Business segments

(i) Revenue and results

| | Revenue | | Results | |
|---|--------------|------------|--------------|------------|
| | 2007 | 2006 | 2007 | 2006 |
| | HK\$ | HK\$ | HK\$ | HK\$ |
| | Million | Million | Million | Million |
| | | (restated) | | (restated) |
| Hotel and restaurants | 438.3 | 431.1 | 147.7 | 153.2 |
| Property investment | 127.6 | 120.2 | 109.6 | 104.3 |
| Property development | 6.7 | 278.3 | 0.6 | (6.0) |
| Investments and others | 98.5 | 91.3 | 355.8 | 138.0 |
| | 671.1 | 920.9 | 613.7 | 389.5 |
| Increase in fair value of investment properties | | | 163.6 | 94.3 |
| Finance costs | | | (8.3) | - |
| | | | 769.0 | 483.8 |
| Associate | | | 4.4 | 6.2 |
| Property development | | | 4.4 | 6.2 |
| Jointly controlled entities | | | (0.5) | - |
| Property development | | | (0.5) | - |
| Profit before taxation | | | 772.9 | 490.0 |

(ii) Assets and liabilities

| | Assets | | Liabilities | |
|--------------------------|----------------|---------|----------------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| | HK\$ | HK\$ | HK\$ | HK\$ |
| | Million | Million | Million | Million |
| Hotel and restaurants | 171.3 | 132.1 | 121.4 | 82.0 |
| Property investment | 1,871.1 | 1,695.6 | 21.4 | 22.0 |
| Property development | 3,278.9 | 9.2 | 5.0 | 36.6 |
| Investments and others | 2,531.9 | 1,491.7 | 145.9 | 0.7 |
| | 7,853.2 | 3,328.6 | 293.7 | 141.3 |
| Unallocated | 584.8 | 1,840.2 | 2,199.2 | 249.5 |
| Total assets/liabilities | 8,438.0 | 5,168.8 | 2,492.9 | 390.8 |

Included in the property development segment is the Group's attributable interest in property development projects undertaken by an associate and jointly controlled entities, which totals HK\$1,965.4 million (2006: HK\$0.8 million).

(iii) Other information

| | Capital expenditure | | Increase in interest in jointly controlled entities | | Depreciation and amortisation | |
|-----------------------|-------------------------|-------------------------|---|-------------------------|-------------------------------|-------------------------|
| | 2007 HK\$ Million | 2006 HK\$ Million | 2007 HK\$ Million | 2006 HK\$ Million | 2007 HK\$ Million | 2006 HK\$ Million |
| Hotel and restaurants | 76.4 | 23.9 | - | - | 34.9 | 25.3 |
| Property investment | 0.4 | 7.8 | - | - | - | - |
| Property development | - | - | 1,964.6 | - | - | - |
| Total | 76.8 | 31.7 | 1,964.6 | - | 34.9 | 25.3 |

The Group has no significant non-cash expenses other than depreciation and amortisation.

(b) Geographical segments

| | Revenue | | Results | |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2007 HK\$ Million | 2006 HK\$ Million | 2007 HK\$ Million | 2006 HK\$ Million |
| Hong Kong | 639.9 | 896.0 | 483.0 | 364.8 |
| Singapore | 30.9 | 24.9 | 130.7 | 24.7 |
| China | 0.3 | - | - | - |
| Turnover/operating profit | 671.1 | 920.9 | 613.7 | 389.5 |

| | Assets | |
|-----------|-------------------------|-------------------------|
| | 2007 HK\$ Million | 2006 HK\$ Million |
| Hong Kong | 3,759.5 | 4,071.5 |
| Singapore | 1,292.2 | 1,097.3 |
| China | 3,386.3 | - |
| Total | 8,438.0 | 5,168.8 |

| | Capital expenditure | | Increase in interest in jointly controlled entities | |
|-----------|-------------------------|-------------------------|---|-------------------------|
| | 2007 HK\$ Million | 2006 HK\$ Million | 2007 HK\$ Million | 2006 HK\$ Million |
| Hong Kong | 76.8 | 31.7 | - | - |
| China | - | - | 1,964.6 | - |
| Total | 76.8 | 31.7 | 1,964.6 | - |

No inter-segment revenue has been recorded during the current and prior year.

3. OPERATING PROFIT

| | 2007 | 2006 |
|---|----------------|---------|
| | HK\$ | HK\$ |
| | Million | Million |
| Operating profit is arrived: | | |
| After charging: | | |
| Cost of inventories sold | 32.0 | 291.7 |
| Depreciation and amortisation | 34.9 | 25.3 |
| Staff costs, including retirement scheme costs HK\$2.7 million (2006: HK\$2.6 million) | 104.2 | 105.1 |
| Auditors' remuneration | 0.6 | 0.6 |
| Foreign exchange loss | 74.2 | - |
| and crediting: | | |
| Rental income less direct outgoings including contingent rentals HK\$40.3 million (2006: HK\$27.4 million) | 112.7 | 107.9 |
| Interest income on bank deposits | 50.6 | 61.3 |
| Dividend income from listed investments | 47.9 | 30.0 |

4. OTHER NET INCOME

| | 2007 | 2006 |
|---|----------------|---------|
| | HK\$ | HK\$ |
| | Million | Million |
| Release of deferred income | 0.8 | 0.8 |
| Profit on disposal of available-for-sale investments (including HK\$122.5 million (2006: HK\$1.7 million) transferred from the investments revaluation reserve) | 356.7 | 47.9 |
| | 357.5 | 48.7 |

5. FINANCE COSTS

| | 2007 | 2006 |
|---|----------------|---------|
| | HK\$ | HK\$ |
| | Million | Million |
| Interest on bank borrowings wholly repayable within five years | 6.2 | - |
| Other finance costs | 2.1 | - |
| | 8.3 | - |

6. TAXATION

- (a) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 17.5% (2006: 17.5%).

(b) Taxation in the consolidated profit and loss account represents:

| | 2007 | 2006 |
|---|---------------------|-------------------|
| | HK\$ | HK\$ |
| | Million | Million |
| | <u> </u> | <u> </u> |
| Current taxation | | |
| Provision for Hong Kong profits tax for the year | 101.7 | 47.6 |
| Overprovision in respect of prior years | (0.2) | (0.2) |
| | <u>101.5</u> | <u>47.4</u> |
| Deferred taxation | | |
| Origination and reversal of temporary differences | 4.5 | 3.4 |
| Change in fair value of investment properties | 28.6 | 16.5 |
| | <u>33.1</u> | <u>19.9</u> |
| Total tax charge | <u>134.6</u> | <u>67.3</u> |

(c) Share of an associate's tax for the year ended 31 December 2007 of HK\$0.8 million (2006: HK\$0.7 million) is included in the share of results after tax of an associate.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the year of HK\$638.4 million (2006: HK\$422.7 million) and on 315.0 million (2006: 315.0 million) ordinary shares in issue throughout the year ended 31 December 2007. For the year under review and the preceding year, there is no difference between the basic and diluted earnings per share.

8. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as at 31 December 2007 as follows:

| | 2007 | 2006 |
|--------------------------------------|---------------------|-------------------|
| | HK\$ | HK\$ |
| | Million | Million |
| | <u> </u> | <u> </u> |
| Trade receivables | | |
| Due within 30 days | 64.2 | 48.0 |
| Due after 30 days but within 60 days | 2.9 | 6.6 |
| Due after 60 days but within 90 days | 0.4 | 0.9 |
| | <u>67.5</u> | <u>55.5</u> |
| Other receivables | 351.1 | 12.6 |
| Amounts due from fellow subsidiaries | 6.6 | 10.7 |
| | <u>425.2</u> | <u>78.8</u> |

The Group has defined credit policies for each of its core business. The general credit terms allowed range from 0 to 60 days.

9. TRADE AND OTHER PAYABLES

Included in this item are trade creditors with an ageing analysis as at 31 December 2007 as follows:

| | 2007 | 2006 |
|--------------------------------------|----------------|---------|
| | HK\$ | HK\$ |
| | Million | Million |
| Trade creditors | | |
| Due within 30 days | 15.0 | 14.0 |
| Due after 30 days but within 60 days | 6.1 | 5.6 |
| | 21.1 | 19.6 |
| Other payables and provisions | 118.2 | 81.8 |
| Amounts due to fellow subsidiaries | 12.4 | 11.3 |
| Amounts due to an associate | 35.5 | 27.8 |
| | 187.2 | 140.5 |

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

11. REVIEW OF RESULTS

The financial results for the year ended 31 December 2007 have been reviewed with no disagreement by the Audit Committee of the Company. Also, this preliminary results announcement has been agreed with the Company's Auditors.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any listed securities of the Company during the financial year under review.

BOOK CLOSURE

The Register of Members of the Company will be closed from Friday, 9 May 2008 to Friday, 16 May 2008, both days inclusive, for the purpose of determining shareholders' entitlements to the proposed final dividend. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4.30 p.m. on Thursday, 8 May 2008.

By Order of the Board

Wilson W. S. Chan

Company Secretary

Hong Kong, 11 March 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Gonzaga W. J. Li, Mr. T. Y. Ng and Mr. Clement K. H. Wong, together with three independent non-executive Directors, namely, Mr. H. M. V. de Lacy Staunton, Mr. Michael T. P. Sze and Mr. Man Kou Tan.