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ANNOUNCEMENT OF 2008 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

- Total revenue of HK\$282.9 million and gross profit of HK\$24.9 million for 2008.
- Group's overall results adversely affected by losses arising from fair values changes of certain investment properties and financial assets held by the Group, Regal and Regal REIT, resulting in loss for the year attributable to equity holders of the parent of HK\$126.5 million.
- The fair value losses are non-cash items and have no immediate impact on the cash flow of the Group.
- Overall financial position of the Group is solid and strong with net cash position.
- The Group will continue to allocate an important part of its resources to expand and diversify its investments and business operations, but the expansion plan will still be assessed and undertaken cautiously.

PER SHARE DATA

| | Year 2008 |
|---|-------------------|
| Proposed final dividend | HK0.5 cent |
| #Total dividends for the year | HK1.0 cent |
| *Adjusted net asset value per ordinary share | HK\$1.69 |

#the interim dividend paid for the year has been adjusted for the effect of the 10-into-1 share consolidation in October 2008

*compiled on an adjusted basis, for the purpose of reference, to restate the Group's interest in Regal based on its adjusted net assets to reflect the share of the underlying net assets of Regal REIT attributable to Regal

FINANCIAL RESULTS

For the year ended 31st December, 2008, the Group recorded a consolidated loss attributable to shareholders of HK\$126.5 million, as compared to the profit of HK\$758.6 million attained in the previous year. As explained before, a significant part of the profit attained last year was attributable to the profit contribution from Regal Hotels International Holdings Limited, the Group's listed associate, derived from the spin-off of Regal Real Estate Investment Trust implemented in March 2007.

The loss incurred by the Group for the year under review was mainly attributable to the losses arising from the changes in the fair values of certain investment properties and financial assets held by the Group (which included those held by Paliburg Holdings Limited, the listed subsidiary of the Company), Regal and Regal REIT which is a listed associate of Regal.

The decrease in the fair values of the investment properties and financial assets largely reflected the significant downturn in the financial and property market conditions in Hong Kong which, in turn, was brought about by the recent global financial crisis. These fair value losses are however non-cash items and do not have an immediate impact on the cash flow of the Group.

For the purpose of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to reflect more fairly the share of net assets as attributable to the interests held by Regal in Regal REIT, is provided in the section headed "Management Discussion and Analysis" below.

SHARE CONSOLIDATION

To achieve savings for shareholders on the trading and transaction costs for dealing in the ordinary shares of the Company, which are charged on a per board lot basis, the Company implemented earlier in October 2008 a consolidation scheme by consolidating every 10 ordinary shares of HK\$0.01 each into 1 ordinary share of HK\$0.10. Following the share

consolidation, the issued ordinary share capital of the Company as at 31st December, 2008 comprised approximately 2,310.5 million ordinary shares of HK\$0.10 each.

REVIEW OF OPERATIONS

As mentioned in the 2008 Interim Report, the Group has taken a relatively cautious approach in its investment assessment on committing to mining projects, due to the uncertainties prevailing over the global financial markets and the large amount of initial capital that would be required to start off a mining operation.

With respect to the agreement that was entered into by the Group with certain independent third party vendors to purchase a total of 51.8% equity interest in a company incorporated in Mongolia, which held certain exploration and mining licences for mineral resources in Mongolia, completion of the transaction was subject to fulfillment of certain stipulated conditions precedent. The latest date for completion of this agreement was last extended in January 2008 to 31st December, 2008. Up to 31st December, 2008, some of the conditions precedent prescribed in the agreement had not been fulfilled and/or waived. Accordingly, a termination agreement was entered into between the Group and the vendors on that same date to terminate the agreement, pursuant to which the entire deposit of HK\$10 million previously paid by the Group, together with interest earned, were returned to the Group.

Nevertheless, the proposed diversification of the Group's investment and asset portfolio still remains one of the Group's sturdy business objectives.

During the year, the Group has increased its shareholding interests in Paliburg from approximately 52.3% at the beginning of the year to approximately 57.5% as at 31st December, 2008 through share purchases in the open market. As the underlying net asset value of the Paliburg shares is substantially higher than the market price of the shares, a gain of approximately HK\$207.5 million, representing the excess over the cost of additional interests acquired in Paliburg in 2008, has been reflected in the results for the year under review.

The financial results and operating performance of Paliburg and Regal during the year under review are set out below.

PALIBURG HOLDINGS LIMITED

For the year ended 31st December, 2008, Paliburg recorded a consolidated loss attributable to shareholders of HK\$468.8 million, as compared to the profit of HK\$1,413.8 million attained in 2007.

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2008, Regal recorded a consolidated loss attributable to shareholders of HK\$808.8 million, as compared to the consolidated profit of HK\$2,957.3 million attained in 2007 which, as explained before, included a one-off gain of HK\$2,293.5 million derived from the spin-off of Regal REIT.

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

REGAL REAL ESTATE INVESTMENT TRUST

For the year ended 31st December, 2008, Regal REIT recorded a consolidated net loss before distributions to its unitholders of approximately HK\$2,150.2 million. As already explained above, the loss incurred by Regal REIT was mainly attributable to the revaluation deficit arising from the changes in the fair values of its hotel portfolio based on the independent valuer's appraisal as at 31st December, 2008. Total distributable income for the year under

review amounted to approximately HK\$501.9 million, as compared to HK\$421.5 million for the period ended 31st December, 2007.

Further information on the principal business operations and outlook of Regal REIT, including its management discussion and analysis, was contained in Regal REIT's announcement released on 26th March, 2009.

OUTLOOK

Despite the recent financial turbulence, the overall financial position of Century City Group as a whole remains solid and strong with net cash position. The volatile market environment is expected to persist at least in the near term, but due to the tightened liquidity, it can also be expected that more investment opportunities will become available on increasingly favourable terms. In pursuit of its stated business objective, the Group will allocate an important part of its resources to expand and diversify its investments and business operations, though the expansion plan will still be assessed and undertaken cautiously. The Group will continue to watch out closely for appropriate investment opportunities in the natural resources sector, particular as regards some mining prospects that might become available with relatively less initial capital outlay but having substantial potential reserves.

Despite the challenging times ahead, the Directors are still hopeful that the Group will be able to build up and expand its investment and assets portfolio, with a view to enhancing capital growth for the long term benefits of shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Net cash outflow from operating activities during the year under review amounted to HK\$22.9 million (2007 – HK\$121.6 million). Net interest receipt for the year amounted to HK\$9.7 million (2007 – HK\$1.0 million).

Based on the consolidated balance sheet as at 31st December, 2008, the book net asset value of the ordinary shares of the Company was HK\$1.31 per share. Such book net asset value has been significantly affected by the elimination in the books of Regal of its unrealised gain on the disposal of the subsidiaries owning the hotel properties to Regal REIT in 2007 against the interest held by Regal in Regal REIT as well as the sharing by Regal of the fair value loss on the hotel properties held by Regal REIT for the year under review, which resulted in the interest held by Regal in Regal REIT having been stated at zero value as at 31st December, 2008. In order to more fairly reflect the underlying net asset value of the Group, management of the Group considers it appropriate to also present, for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to restate the Group's interest in Regal based on its adjusted net assets to reflect the share of the underlying net assets of Regal REIT attributable to Regal. Accordingly, on the basis that Regal's interest in Regal REIT were to be stated based on the published net asset value per unit of Regal REIT of HK\$2.596 as at 31st December, 2008, the adjusted net asset value of the ordinary shares of the Company would be HK\$1.69 per share.

| | As at 31st December, 2008 |
|--|----------------------------------|
| Book net asset value per ordinary share | HK\$1.31 |
| Adjusted net asset value per ordinary share | HK\$1.69 |

As at 31st December, 2008, the Group had cash and bank balances net of borrowings of HK\$102.7 million (2007 – HK\$267.0 million).

As at 31st December, 2008, certain of the Group's investment properties with a total carrying value of HK\$358.0 million (2007 – HK\$380.0 million) and certain ordinary shares in the listed associate were pledged to secure general banking facilities granted to the Group.

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

Information in relation to the maturity profile of the borrowings and the contingent liabilities of the Group as of 31st December, 2008 is disclosed in the annual report of the Company for the year ended 31st December, 2008 (the “2008 Annual Report”), which will be despatched to shareholders on or before 30th April, 2009. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the interim report of the Company for the six months ended 30th June, 2008. Detailed information in such aspects is contained in the Company’s 2008 Annual Report.

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

The Group’s significant investments principally constitute its interest in Regal, which was held through Paliburg. The operating results of Paliburg during the year and its business prospects are contained in Paliburg’s announcement separately released today. The significant investments of Regal comprise its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal REIT, the asset management of Regal REIT, the interest in the remaining houses in Regalia Bay in Stanley and other investment businesses. The performance of Regal and its hotel operations during the year under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance, the progress and prospects on the Regalia Bay properties as well as the performance of Regal REIT are contained in Regal’s announcement separately released today.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK0.5 cent per ordinary share for the year ended 31st December, 2008 (2007 – HK1.0 cent, as adjusted for the share consolidation implemented in October 2008), absorbing an amount of approximately HK\$11.6 million (2007 – HK\$22.3 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 9th June, 2009. The final dividend being recommended is comparatively lower than that in last year as it is considered prudent for the Company to conserve cash resources under the present economic climate.

Together with the interim dividend of HK0.5 cent (as adjusted for the share consolidation) per ordinary share paid in October 2008 (2007 – HK0.5 cent, as adjusted), total dividends per ordinary share for the year ended 31st December, 2008 will amount to HK1.0 cent (2007 – HK1.5 cents, as adjusted).

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

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Thursday, 4th June, 2009 to Tuesday, 9th June, 2009, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the proposed final dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:00 p.m. on Wednesday, 3rd June, 2009. The relevant dividend warrants are expected to be despatched on or about 30th June, 2009.

YEAR END RESULTS

Consolidated Income Statement

| | Year ended 31st December, 2008 | Year ended 31st December, 2007 |
|---|-----------------------------------|-----------------------------------|
| | HK\$'M | HK\$'M |
| REVENUE (Notes 2 & 3) | 282.9 | 339.8 |
| Cost of sales | (258.0) | (258.3) |
| Gross profit | 24.9 | 81.5 |
| Other income and gains (Note 3) | 233.1 | 96.0 |
| Fair value gains/(losses) on investment properties | (22.0) | 30.0 |
| Fair value gains/(losses), net, on financial assets at fair value through profit or loss | (103.4) | 122.5 |
| Administrative expenses | (44.8) | (48.4) |
| Other operating expenses (Note 4) | (33.9) | (109.0) |
| OPERATING PROFIT (Notes 2 & 5) | 53.9 | 172.6 |
| Finance costs (Note 6) | (5.3) | (24.5) |
| Share of profits and losses of associates | (371.4) | 1,280.0 |
| PROFIT/(LOSS) BEFORE TAX | (322.8) | 1,428.1 |
| Tax (Note 7) | 3.3 | (3.4) |
| PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS | (319.5) | 1,424.7 |
| Attributable to: | | |
| Equity holders of the parent | (126.5) | 758.6 |
| Minority interests | (193.0) | 666.1 |
| | (319.5) | 1,424.7 |

DIVIDENDS

| | | |
|----------------|-------------|------|
| Interim | 11.1 | 10.7 |
| Proposed final | 11.6 | 22.3 |
| | 22.7 | 33.0 |

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

| | | |
|---------|-----------------------|----------------------------|
| Basic | HK(5.66) cents | (Restated) HK38.3 cents |
| Diluted | N/A | HK28.2 cents |

Consolidated Balance Sheet

| | 31st December, 2008 | 31st December, 2007 |
|---|---------------------|---------------------|
| | HK\$'M | HK\$'M |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 3.3 | 4.8 |
| Investment properties | 358.3 | 380.3 |
| Goodwill | 202.0 | 202.0 |
| Interests in associates | 4,136.8 | 4,552.3 |
| Available-for-sale investments | 14.0 | 17.9 |
| Financial assets at fair value through profit or loss | 211.3 | 308.5 |
| Loans receivable | 6.5 | 9.7 |
| Deposits | – | 10.0 |
| Other assets | 0.2 | 0.2 |
| Total non-current assets | <u>4,932.4</u> | <u>5,485.7</u> |
| CURRENT ASSETS | | |
| Financial assets at fair value through profit or loss | 192.9 | 138.3 |
| Properties held for sale | 6.0 | 6.0 |
| Inventories | 10.0 | 3.7 |
| Debtors, deposits and prepayments (Note 9) | 93.5 | 79.2 |
| Time deposits | 206.8 | 439.9 |
| Cash and bank balances | 110.5 | 74.1 |
| | <u>619.7</u> | <u>741.2</u> |
| Asset of a disposal group classified as held for sale | 249.4 | 249.4 |
| Total current assets | <u>869.1</u> | <u>990.6</u> |

Consolidated Balance Sheet (Cont'd)

| | 31st December, 2008 | 31st December, 2007 |
|---|----------------------------|----------------------------|
| | HK\$'M | HK\$'M |
| CURRENT LIABILITIES | | |
| Creditors and accruals (Note 10) | (105.9) | (102.5) |
| Tax payable | (3.7) | (4.0) |
| Interest bearing bank borrowings | – | (197.0) |
| Deposits received | (221.3) | (221.3) |
| | (330.9) | (524.8) |
| Liability directly associated with the asset of a disposal group classified as held for sale | (98.9) | (98.9) |
| Total current liabilities | (429.8) | (623.7) |
| NET CURRENT ASSETS | 439.3 | 366.9 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 5,371.7 | 5,852.6 |
| NON-CURRENT LIABILITIES | | |
| Interest bearing bank borrowings | (214.6) | (50.0) |
| Deferred tax liabilities | (6.9) | (11.0) |
| Total non-current liabilities | (221.5) | (61.0) |
| Net assets | 5,150.2 | 5,791.6 |
| EQUITY | | |
| Equity attributable to equity holders of the parent | | |
| Issued capital | 312.2 | 391.7 |
| Reserves | 2,777.4 | 2,836.4 |
| Proposed final dividend | 11.6 | 22.3 |
| | 3,101.2 | 3,250.4 |
| Minority interests | 2,049.0 | 2,541.2 |
| Total equity | 5,150.2 | 5,791.6 |

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. A disposal group classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except where otherwise indicated.

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year’s financial statements.

| | |
|-----------------------------------|---|
| HKAS 39 and HKFRS 7 Amendments | <i>Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets</i> |
| HK(IFRIC)-Int 11 | <i>HKFRS 2 – Group and Treasury Share Transactions</i> |
| HK(IFRIC)-Int 12 | <i>Service Concession Arrangements</i> |
| HK(IFRIC)-Int 14 | <i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> |

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

| | |
|--|---|
| HKFRS 1 and HKAS 27 Amendments | Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ¹ |
| HKFRS 2 Amendments | Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i> ¹ |
| HKFRS 3 (Revised) | <i>Business Combinations</i> ² |
| HKFRS 7 Amendments | Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i> ¹ |
| HKFRS 8 | <i>Operating Segments</i> ¹ |
| HKAS 1 (Revised) | <i>Presentation of Financial Statements</i> ¹ |
| HKAS 23 (Revised) | <i>Borrowing Costs</i> ¹ |
| HKAS 27 (Revised) | <i>Consolidated and Separate Financial Statements</i> ² |
| HKAS 32 and HKAS 1 Amendments | Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i> ¹ |
| HKAS 39 Amendments | Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ² |
| HK(IFRIC)-Int 9 and HKAS 39 Amendments | Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i> ⁵ |
| HK(IFRIC)-Int 13 | <i>Customer Loyalty Programmes</i> ³ |
| HK(IFRIC)-Int 15 | <i>Agreements for the Construction of Real Estate</i> ¹ |
| HK(IFRIC)-Int 16 | <i>Hedges of a Net Investment in a Foreign Operation</i> ⁴ |

HK(IFRIC)-Int 17 *Distribution of Non-cash Assets to Owners*²

HK(IFRIC)-Int 18 *Transfer of Assets from Customers*²

Apart from the above, the HKICPA also issued *Improvements to HKFRSs*^{*} which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods on or after 1st July, 2009, other amendments are effective for annual periods beginning on or after 1st January, 2009 although there are separate transitional provisions for each standard.

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for annual periods beginning on or after 1st July, 2008

⁴ Effective for annual periods beginning on or after 1st October, 2008

⁵ Effective for annual periods ending on or after 30th June, 2009

^{*} Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and presentation of financial statements and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have significant impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No geographical segment information

is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

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

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel ownership/operation[†] and management segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

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

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

Business segments

The following table presents revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2008 and 2007.

Group

| | Property development and investment | | Construction and building related businesses | | Hotel ownership/ operation and management | | Securities investment | | Others | | Eliminations | | Consolidated | |
|--|-------------------------------------|--------------|--|--------------|---|----------|-----------------------|--------------|------------|------------|--------------|----------|----------------|----------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M |
| Segment revenue: | | | | | | | | | | | | | | |
| Sales to external customers | 17.1 | 85.5 | 263.0 | 249.5 | - | - | 2.8 | 4.3 | - | 0.5 | - | - | 282.9 | 339.8 |
| Intersegment sales | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | <u>17.1</u> | <u>85.5</u> | <u>263.0</u> | <u>249.5</u> | <u>-</u> | <u>-</u> | <u>2.8</u> | <u>4.3</u> | <u>-</u> | <u>0.5</u> | <u>-</u> | <u>-</u> | <u>282.9</u> | <u>339.8</u> |
| Segment results | <u>(9.6)</u> | <u>100.9</u> | <u>6.1</u> | <u>25.9</u> | <u>-</u> | <u>-</u> | <u>(113.9)</u> | <u>130.3</u> | <u>1.6</u> | <u>3.2</u> | <u>-</u> | <u>-</u> | <u>(115.8)</u> | <u>260.3</u> |
| Interest income and unallocated non-operating and corporate gains | | | | | | | | | | | | | 212.7 | 66.6 |
| Unallocated non-operating and corporate expenses | | | | | | | | | | | | | (43.0) | (154.3) |
| Operating profit | | | | | | | | | | | | | 53.9 | 172.6 |
| Finance costs | | | | | | | | | | | | | (5.3) | (24.5) |
| Share of profits and losses of associates | (11.9) | (56.0) | - | (0.3) | (359.5) | 1,336.3 | - | - | - | - | - | - | (371.4) | 1,280.0 |
| Profit/(Loss) before tax | | | | | | | | | | | | | (322.8) | 1,428.1 |
| Tax | | | | | | | | | | | | | 3.3 | (3.4) |
| Profit/(Loss) for the year before allocation between equity holders of the parent and minority interests | | | | | | | | | | | | | <u>(319.5)</u> | <u>1,424.7</u> |
| Attributable to: | | | | | | | | | | | | | | |
| Equity holders of the parent | | | | | | | | | | | | | (126.5) | 758.6 |
| Minority interests | | | | | | | | | | | | | <u>(193.0)</u> | <u>666.1</u> |
| | | | | | | | | | | | | | <u>(319.5)</u> | <u>1,424.7</u> |

Business segments (continued)

Group

| | Property development and investment | | Construction and building related businesses | | Hotel ownership/ operation and management | | Securities investment | | Others | | Eliminations | | Consolidated | |
|--|-------------------------------------|--------|--|--------|---|---------|-----------------------|--------|--------|--------|--------------|--------|----------------|----------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M |
| Segment assets | 366.8 | 389.4 | 83.3 | 68.8 | - | - | 418.2 | 448.4 | 7.2 | 13.7 | - | - | 875.5 | 920.3 |
| Interests in associates | 643.1 | 613.6 | - | - | 3,493.7 | 3,938.7 | - | - | - | - | - | - | 4,136.8 | 4,552.3 |
| Asset of a disposal group classified as held for sale | 249.4 | 249.4 | - | - | - | - | - | - | - | - | - | - | 249.4 | 249.4 |
| Cash and unallocated assets | | | | | | | | | | | | | 539.8 | 754.3 |
| Total assets | | | | | | | | | | | | | <u>5,801.5</u> | <u>6,476.3</u> |
| Segment liabilities | (7.0) | (4.9) | (91.6) | (85.0) | - | - | (0.9) | - | - | - | - | - | (99.5) | (89.9) |
| Liability directly associated with the asset of a disposal group classified as held for sale | (98.9) | (98.9) | - | - | - | - | - | - | - | - | - | - | (98.9) | (98.9) |
| Bank borrowings and unallocated liabilities | | | | | | | | | | | | | (452.9) | (495.9) |
| Total liabilities | | | | | | | | | | | | | <u>(651.3)</u> | <u>(684.7)</u> |
| Other segment information: | | | | | | | | | | | | | | |
| Depreciation | - | - | 0.5 | 0.5 | - | - | - | - | - | - | - | - | | |
| Capital expenditure | - | - | 0.3 | 0.9 | - | - | - | - | - | - | - | - | | |
| Other non-cash expenses | - | 0.2 | - | - | - | - | - | - | - | - | - | - | | |

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

| | 2008 HK\$'M | 2007 HK\$'M |
|---|------------------------------|------------------------------|
| <u>Revenue</u> | | |
| Rental income: | | |
| Investment properties | 15.6 | 14.1 |
| Properties held for sale | 0.4 | 0.4 |
| Construction and construction-related income | 253.8 | 237.2 |
| Proceeds from sale of properties | – | 70.0 |
| Estate management fees | 3.4 | 3.4 |
| Property development consultancy and project management fees | 5.8 | 8.9 |
| Gain/(Loss) from sale of listed investments at fair value through profit or loss, net* | (0.1) | 4.3 |
| Dividend income | 2.9 | – |
| Other operations including estate agency service | 1.1 | 1.5 |
| | <hr/> | <hr/> |
| | 282.9 | 339.8 |
| | <hr/> | <hr/> |
| <u>Other income and gains</u> | | |
| Interest income from: | | |
| Bank balances | 4.2 | 15.9 |
| Loans receivable | 2.1 | 3.0 |
| Others | 8.2 | 3.2 |
| Dividend income from: | | |
| Listed investments | 1.8 | 1.6 |
| Unlisted investments | – | 0.2 |

| | | |
|---|---------------------|-------------|
| Gain on redemption of available-for-sale investments | 9.0 | – |
| Gain on disposal of subsidiaries | – | 23.2 |
| Excess over the cost of additional interests in the listed subsidiary | 207.5 | 46.4 |
| Others | 0.3 | 2.5 |
| | <u>233.1</u> | <u>96.0</u> |

*In prior years, the Group's proceeds from sale of listed investments at fair value through profit or loss was presented under "Revenue" with the corresponding cost of sales included under "Cost of sales". During the current year, the Group has changed the presentation, as in the opinion of the Directors, it is more appropriate to include the gain/loss from sale of listed investments at fair value through profit or loss in the "Revenue" only. To conform with the current year's presentation, the revenue and cost of sales in the prior year were decreased by the same amount of HK\$99.1 million with the gross profit remaining the same.

4. Other operating expenses include the following items:

| | 2008 HK\$'M | 2007 HK\$'M |
|---|------------------------------|------------------------------|
| Loss on deemed disposal of interests in the listed subsidiary | – | 29.8 |
| Loss on deemed disposal of interests in the listed associate | – | 76.8 |
| Loss on settlement of financial assets at fair value through profit or loss | 29.5 | – |
| Loss on disposal of financial assets at fair value through profit or loss | 2.2 | – |
| | <u>2.2</u> | <u>–</u> |

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

| | 2008 HK\$'M | 2007 HK\$'M |
|---|------------------------------|------------------------------|
| Profit/(Loss) on disposal of listed investments | (0.1) | 4.3 |
| Profit on sale of properties | – | 37.1 |
| | <u> </u> | <u> </u> |

6. Finance costs of the Group are as follows:

| | 2008 HK\$'M | 2007 HK\$'M |
|---|------------------------------|------------------------------|
| Interest in respect of: | | |
| Bank loans wholly repayable within five years | 4.9 | 14.1 |
| Other loans, convertible bonds and promissory notes, wholly repayable within five years | – | 10.3 |
| | <u> </u> | <u> </u> |
| | 4.9 | 24.4 |
| Other loan costs | 0.4 | 0.1 |
| | <u> </u> | <u> </u> |
| Total finance costs | 5.3 | 24.5 |
| | <u> </u> | <u> </u> |

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

| | 2008 HK\$'M | 2007 HK\$'M |
|---|------------------------------|------------------------------|
| Group: | | |
| Current – Hong Kong Charge for the year | 0.8 | 1.1 |
| Deferred tax expenses/(income) | (4.1) | 2.3 |
| | <u> </u> | <u> </u> |
| Total tax charge/(credit) for the year | (3.3) | 3.4 |
| | <u> </u> | <u> </u> |

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2007 – 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31st December, 2008.

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

The share of tax charge attributable to associates amounting to HK\$0.3 million (2007 – HK\$7.7 million) is included in “Share of profits and losses of associates” on the face of the consolidated income statement.

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

8. The calculation of basic earnings/(loss) per ordinary share is based on the loss for the year attributable to equity holders of the parent of HK\$126.5 million (2007 – profit of HK\$758.6 million) and on the weighted average of 2,234.4 million ordinary shares of the Company in issue during the year, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued and unissued ordinary shares of HK\$0.01 each were consolidated into one ordinary share of HK\$0.10 effective from 23rd October, 2008 (the “Share Consolidation”) (2007 – 1,979.0 million ordinary shares, as adjusted for the Share Consolidation).

No diluted loss per ordinary share is presented for the year ended 31st December, 2008 as the exercise prices of the share options of the Company, Paliburg and Regal and the subscription prices of the warrants of the Company and Paliburg outstanding during the year are higher than the average market prices of the respective ordinary shares of the Company, Paliburg and Regal and, accordingly, they have no dilutive effect on the basic loss per ordinary share. In addition, the conversions of the outstanding convertible

preference shares of the Company and Regal are anti-dilutive for the year and are not included in the calculation of diluted loss per ordinary share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2007 was based on the profit for that year attributable to equity holders of the parent, adjusted for (i) the decrease in the Group's proportionate interest in the earnings of the Paliburg group of HK\$60.9 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Regal group and all outstanding convertible preference shares of Regal were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of that year, all outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that year and the subscription rights attaching to all outstanding warrants of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the date of issue; and (ii) the interest savings on the convertible bonds of HK\$1.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that year. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue (as adjusted for the Share Consolidation) during that year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 496.6 million (as adjusted for the Share Consolidation) that would be issued assuming (i) all the 2,507.8 million convertible preference shares of the Company were converted into 250.7 million (as adjusted for the Share Consolidation) ordinary shares of the Company at the beginning of that year; (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that year; (iii) all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that year; and (iv) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that year. The exercise price of the share options of Regal outstanding during that year was higher than the average market price of the ordinary shares of Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

9. Included in debtors, deposits and prepayments is an amount of HK\$46.1 million (2007 – HK\$34.9 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

| | 2008 HK\$'M | 2007 HK\$'M |
|---------------------------------|------------------------------|------------------------------|
| Outstanding balances with ages: | | |
| Within 3 months | 47.5 | 36.3 |
| Between 4 to 6 months | 0.6 | 0.8 |
| Between 7 to 12 months | 0.1 | 0.1 |
| Over 1 year | 0.1 | 3.3 |
| | <hr/> 48.3 | <hr/> 40.5 |
| Impairment | (2.2) | (5.6) |
| | <hr/> 46.1 <hr/> | <hr/> 34.9 <hr/> |

Credit terms

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

10. Included in creditors and accruals is an amount of HK\$25.6 million (2007 – HK\$14.4 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

| | 2008 HK\$'M | 2007 HK\$'M |
|---------------------------------|------------------------------|------------------------------|
| Outstanding balances with ages: | | |
| Within 3 months | <u>25.6</u> | <u>14.4</u> |

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2008.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2008, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year ended 31st December, 2008, except that:

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

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Tuesday, 9th June, 2009. The Notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and sent to the shareholders of the Company, together with the Company’s 2008 Annual Report, in due course.

BOARD OF DIRECTORS

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

Executive Directors:

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

Independent Non-Executive Directors:

Mr. Anthony CHUANG
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 31st March, 2009