



LAI SUN GARMENT

Lai Sun Garment (International) Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2007

RESULTS

The Board of Directors of Lai Sun Garment (International) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 July 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2007

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
TURNOVER	2		
Continuing operations		11,414	25,278
Discontinued operation		<u>—</u>	<u>321,880</u>
		11,414	347,158
Cost of sales		<u>(1,961)</u>	<u>(137,012)</u>
Gross profit		9,453	210,146
Other revenue and gain	3	21,146	43,779
Selling and distribution costs		—	(164,872)
Administrative expenses		(30,477)	(96,013)
Other operating income/(expenses), net		4,059	(7,700)
Fair value gain on investment properties		36,394	175,899
Loss on disposal of Crocodile Garments Limited (“CGL”)		—	(179,284)
Gain on disposal of other subsidiaries, net		<u>—</u>	<u>95,668</u>

CONSOLIDATED INCOME STATEMENT (continued)*For the year ended 31 July 2007*

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
PROFIT FROM OPERATING ACTIVITIES	4	40,575	77,623
Finance costs	5	(17,915)	(23,888)
Loss on deemed disposal of interest in an associate		—	(254,369)
Excess over the cost of acquisition of additional interest in an associate		—	147,013
Share of profits and losses of associates		<u>259,013</u>	<u>11,723</u>
PROFIT/(LOSS) BEFORE TAX			
Continuing operations		281,673	134,209
Discontinued operation (including the loss on disposal of CGL)		<u>—</u>	<u>(176,107)</u>
		281,673	(41,898)
Tax	6		
Continuing operations		(6,369)	(36,912)
Discontinued operation		<u>—</u>	<u>16,900</u>
		<u>(6,369)</u>	<u>(20,012)</u>
PROFIT/(LOSS) FOR THE YEAR			
Continuing operations		275,304	97,297
Discontinued operation (including the loss on disposal of CGL)		<u>—</u>	<u>(159,207)</u>
		<u>275,304</u>	<u>(61,910)</u>

CONSOLIDATED INCOME STATEMENT (continued)*For the year ended 31 July 2007*

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company			
Continuing operations		275,304	47,480
Discontinued operation (including the loss on disposal of CGL)		<u>—</u>	<u>(168,256)</u>
		275,304	(120,776)
Minority interests		<u>—</u>	<u>58,866</u>
		<u>275,304</u>	<u>(61,910)</u>
 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	 7		
Basic			
- For profit/(loss) for the year		<u>HK17.02 cents</u>	<u>HK(7.47) cents</u>
- For profit from continuing operations		<u>HK17.02 cents</u>	<u>HK2.94 cents</u>
Diluted			
- For profit/(loss) for the year		<u>N/A</u>	<u>N/A</u>
- For profit from continuing operations		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

31 July 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,974	4,276
Investment properties		156,100	119,100
Properties under development		183,529	138,494
Interests in associates		2,656,103	2,268,218
Available-for-sale equity investments		474,860	466,946
Loan and interest receivables		—	40,730
Promissory note receivable		167,000	167,000
Total non-current assets		3,640,566	3,204,764
CURRENT ASSETS			
Debtors, deposits and other receivables	8	7,047	6,159
Loan and interest receivables		54,052	—
Cash and cash equivalents		18,401	34,692
Total current assets		79,500	40,851
CURRENT LIABILITIES			
Creditors, deposits received and accruals	9	22,831	15,648
Tax payable		231	231
Total current liabilities		23,062	15,879
NET CURRENT ASSETS		56,438	24,972
TOTAL ASSETS LESS CURRENT LIABILITIES		3,697,004	3,229,736
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		(59,745)	(31,745)
Note payable		(195,000)	(195,000)
Accrued interest payable		(41,037)	(23,313)
Deferred tax liabilities		(26,534)	(20,165)
Total non-current liabilities		(322,316)	(270,223)
		3,374,688	2,959,513

CONSOLIDATED BALANCE SHEET (continued)

31 July 2007

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		16,174	16,174
Share premium account		1,908,840	1,908,840
Asset revaluation reserve		55,494	55,494
Share option reserve		747	—
Hedging reserve		(16,954)	—
Investment revaluation reserve		273,836	265,331
Capital reserve		148,694	148,694
Exchange fluctuation reserve		206,084	58,511
Retained earnings		781,773	506,469
		<u>3,374,688</u>	<u>2,959,513</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and available-for-sale equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

Upon the disposal of all the shares of CGL, a former subsidiary of the Group, which was principally engaged in manufacture and trading of garment, and property investment, in May 2006, the Group ceased the business of manufacture and trading of garments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments of the continuing operations and discontinued operation for the years ended 31 July 2007 and 2006:

	Continuing operations								Discontinued operation			
	Property development		Property investment		Others		Subtotal		Garment operation		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	—	—	11,414	15,464	—	9,814	11,414	25,278	—	321,880	11,414	347,158
Other revenue and gain	—	—	—	—	—	—	—	—	—	20,457	—	20,457
Total	—	—	11,414	15,464	—	9,814	11,414	25,278	—	342,337	11,414	367,615
Segment results	(8)	92,846	45,847	189,312	—	617	45,839	282,775	—	(180,041)*	45,839	102,734
Interest income and unallocated other revenue and gain							21,146	16,683	—	6,639	21,146	23,322
Unallocated expense							(26,410)	(48,433)	—	—	(26,410)	(48,433)
Profit/(loss) from operating activities							40,575	251,025	—	(173,402)	40,575	77,623
Finance costs							(17,915)	(21,183)	—	(2,705)	(17,915)	(23,888)
Loss on deemed disposal of interest in an associate							—	(254,369)	—	—	—	(254,369)
Excess over the cost of acquisition of additional interest in an associate							—	147,013	—	—	—	147,013
Share of profits and losses of associates							259,013	11,723	—	—	259,013	11,723
Profit/(loss) before tax							281,673	134,209	—	(176,107)	281,673	(41,898)
Tax							(6,369)	(36,912)	—	16,900	(6,369)	(20,012)
Profit/(loss) for the year							275,304	97,297	—	(159,207)	275,304	(61,910)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Continuing operations								Discontinued operation			
	Property development		Property investment		Others		Subtotal		Garment operation			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities:												
Segment assets	184,308	138,494	156,492	119,562	—	—	340,800	258,056	—	—	340,800	258,056
Interests in associates											2,656,103	2,268,218
Unallocated assets											723,163	719,341
Total assets											3,720,066	3,245,615
Segment liabilities	6,787	710	3,778	3,272	—	—	10,565	3,982	—	—	10,565	3,982
Unallocated liabilities											334,813	282,120
Total liabilities											345,378	286,102
Other segment information:												
Depreciation	—	—	—	—	—	—	—	—	—	10,255	—	10,255
Unallocated amounts											1,812	1,709
											1,812	11,964
Capital expenditure	44,570	156,588	606	274,264	—	1,435	45,176	432,287	—	10,210	45,176	442,497
Unallocated amounts											510	—
											45,686	442,497
Fair value gain on investment properties	—	—	(36,394)	(175,899)	—	—	(36,394)	(175,899)	—	—	(36,394)	(175,899)
Write-back of provision for slow-moving inventories	—	—	—	—	—	—	—	—	—	(3,695)	—	(3,695)
Loss on disposal of CGL	—	—	—	—	—	—	—	—	—	179,284	—	179,284
Gain on disposal of other subsidiaries, net	—	(91,997)	—	—	—	(3,671)	—	(95,668)	—	—	—	(95,668)

* The segment results of garment operation for the year ended 31 July 2006 included the loss on disposal of CGL of HK\$179,284,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 July 2007 and 2006:

	Hong Kong		Mainland China		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	11,414	212,608	—	134,550	11,414	347,158
Attributable to a discontinued operation	<u>—</u>	<u>(197,144)</u>	<u>—</u>	<u>(124,736)</u>	<u>—</u>	<u>(321,880)</u>
Revenue from continuing operations	<u>11,414</u>	<u>15,464</u>	<u>—</u>	<u>9,814</u>	<u>11,414</u>	<u>25,278</u>
Other segment information:						
Segment assets	340,800	258,056	—	—	340,800	258,056
Capital expenditure	<u>45,686</u>	<u>420,909</u>	<u>—</u>	<u>21,588</u>	<u>45,686</u>	<u>442,497</u>

3. OTHER REVENUE AND GAIN

	Continuing operations		Discontinued operation		Total	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income from bank deposits	1,686	1,682	—	3,873	1,686	5,555
Other interest income	19,456	13,011	—	—	19,456	13,011
Royalty income	—	—	—	20,457	—	20,457
Gain on disposal of equity investments at fair value through profit or loss	—	1,018	—	—	—	1,018
Dividend income from equity investments at fair value through profit or loss	—	965	—	—	—	965
Others	<u>4</u>	<u>7</u>	<u>—</u>	<u>2,766</u>	<u>4</u>	<u>2,773</u>
	<u>21,146</u>	<u>16,683</u>	<u>—</u>	<u>27,096</u>	<u>21,146</u>	<u>43,779</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Continuing operations		Discontinued operation		Total	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	1,812	1,709	—	10,255	1,812	11,964
Loss/(gain) on disposal of items of property, plant and equipment (included in administrative expenses)	(220)	—	—	14	(220)	14
Impairment/(reversal of impairment) of loan and interest receivables (included in other operating income/(expenses), net)	(4,059)	7,700	—	—	(4,059)	7,700
Write-back of provision for slow- moving inventories (included in cost of sales)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,695)</u>	<u>—</u>	<u>(3,695)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on:		
Bank loans and overdrafts wholly repayable within five years	176	2,996
Other borrowings and note payable wholly repayable within five years	<u>17,724</u>	<u>20,892</u>
Total interest expense	17,900	23,888
Bank financing charges	<u>480</u>	<u>—</u>
	18,380	23,888
Less: Amount capitalised in properties under development	<u>(465)</u>	<u>—</u>
	<u>17,915</u>	<u>23,888</u>
Attributable to continuing operations	17,915	21,183
Attributable to a discontinued operation	<u>—</u>	<u>2,705</u>
	<u>17,915</u>	<u>23,888</u>

6. TAX

No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2006: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Provision for the year:		
Deferred tax	6,369	30,060
Prior years' underprovision/(overprovision):		
Hong Kong	—	600
Mainland China	<u>—</u>	<u>(10,648)</u>
Tax charge for the year	<u>6,369</u>	<u>20,012</u>
Attributable to continuing operations	6,369	36,912
Attributable to a discontinued operation	<u>—</u>	<u>(16,900)</u>
	<u>6,369</u>	<u>20,012</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on profit/(loss) for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share for years ended 31 July 2007 and 2006 have not been disclosed as no diluting event existed during both years.

The calculation of basic earnings/(loss) per share is based on:

	2007 HK\$'000	2006 HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	275,304	47,480
From discontinued operation (including the loss on disposal of CGL)	—	(168,256)
	<u>275,304</u>	<u>(120,776)</u>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	<u>1,617,423,423</u>	<u>1,617,423,423</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

The Group's major business are property development and property investment. The major income derived is rental income. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. In view of the aforementioned and the fact that the Group's trade debtors relate to a number of diversified customers, there is no significant concentration of credit risk. Trade debtors are non-interest-bearing.

An aged analysis of the debtors, based on invoice date, at the balance sheet date is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Debtors:		
Current to 90 days	378	394
91 to 180 days	14	41
181 to 365 days	<u>—</u>	<u>27</u>
	392	462
Deposits and other receivables	<u>6,655</u>	<u>5,697</u>
	<u><u>7,047</u></u>	<u><u>6,159</u></u>

9. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

An aged analysis of the creditors, based on invoice date, as at balance sheet date is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Creditors aged within 90 days	3,803	258
Deposits received and accruals	<u>19,028</u>	<u>15,390</u>
	<u><u>22,831</u></u>	<u><u>15,648</u></u>

FINAL DIVIDEND

The Board of Directors of the Company does not recommend the payment of a dividend for the year ended 31 July 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Final Results

As a result of the disposal of the Group's shareholding in CGL in May 2006, and with the Group ceasing to engage in the now discontinued garment business, the Group recorded a turnover of HK\$11,414,000 for the year ended 31 July 2007, compared to a turnover of HK\$347,158,000 for the previous year (of which HK\$25,278,000 was derived from continuing operations and HK\$321,880,000 from discontinued operation).

For the year ended 31 July 2007, the Group recorded a consolidated profit attributable to equity holders of HK\$275,304,000, compared to a consolidated net loss of HK\$120,776,000 for the previous year (of which a net profit of HK\$47,480,000 was attributable to continuing operations and a net loss of HK\$168,256,000 was attributable to discontinued operation).

Shareholders' equity as at 31 July 2007 amounted to HK\$3,374,688,000, up from HK\$2,959,513,000 as at 31 July 2006. Net asset value per share as at 31 July 2007 was HK\$2.09, as compared to HK\$1.83 as at 31 July 2006.

Lai Fung Holdings Limited ("Lai Fung")

As at 31 July 2007, the Group held an effective 40.58% interest in Lai Fung.

For the year ended 31 July 2007, Lai Fung recorded a turnover of HK\$792,420,000 and a consolidated profit attributable to equity holders of HK\$470,351,000, representing an increase of approximately 12.7% and an increase of approximately 254.3%, respectively from the previous year.

During the year, Lai Fung derived a turnover of HK\$221,073,000 from gross rental income from Shanghai Hong Kong Plaza and Guangzhou Mayflower Plaza, up approximately 11.9% from the previous year. Lai Fung also derived a turnover of HK\$571,347,000 from sale of development properties, up approximately 13.0% from the previous year. Substantially most of the turnover from sale of development properties during the year was attributable to the sale of residential units at Guangzhou Eastern Place Phase IV and sale of car-parking spaces at existing phases of Guangzhou Eastern Place and the remaining apartment units of Shanghai Regents Park Phase I.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Overview of Final Results (continued)

Lai Sun Development Company Limited (“LSD”)

As at 31 July 2007, the Group held an effective 11.18% interest in LSD.

For the year ended 31 July 2007, LSD recorded a total turnover of HK\$908,906,000 and a consolidated profit attributable to equity holders of HK\$1,495,091,000, representing an increase of approximately 14.5% and 191.5%, respectively from the previous year.

During the year, LSD derived a turnover of HK\$299,886,000 from gross rental income from its investment properties portfolios and a turnover of HK\$576,796,000 from its hotel operations, up approximately 13.0% and 16.0%, respectively from the previous year.

During the year, LSD’s hotel operations achieved the following average occupancy and average daily room rate compared to the previous year:

	Effective ownership	For the year ended 31 July			
		2007		2006	
		Average occupancy (%)	Average daily room rate	Average occupancy (%)	Average daily room rate
The Ritz-Carlton Hong Kong	75%	83	HK\$2,743	85	HK\$2,411
	(2006: 65%)				
Majestic Hotel, Kowloon, Hong Kong (from 1 August 2006 to 17 July 2007, date of completion of the disposal of LSD’s interest)	50%	91	HK\$674	93	HK\$592
Caravelle Hotel, Ho Chi Minh City, Vietnam	26%	64	US\$163	64	US\$120

During the year, LSD derived a share of profits from associates of HK\$1,041,340,000, up approximately 866.4% from the previous year. The substantial increase in share of profits from associates was due to the gain on completion in sale of a 60% effective interest in the Macao Studio City Project by eSun Holdings Limited (“eSun”), in which LSD has a 34.75% interest as at 31 July 2007, and disposal of a 50% effective interest in Majestic Hotel and Majestic Centre, Kowloon, Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects

Lai Fung

Lai Fung will continue to focus on property development projects located in prime areas in core cities in China. It currently has a sizeable rental property portfolio with an aggregate gross floor area (“GFA”) attributable to the Lai Fung Group of around 200,000 sq.m., and has properties under development and land bank with an aggregate GFA attributable to the Lai Fung Group of around 1 million sq.m. in Shanghai, Guangzhou and Zhongshan.

For Lai Fung’s investment properties, given the tremendous potential in rental rates in Shanghai and Guangzhou in the next few years due to strong consumer spending and demand for office space, Lai Fung will strive to improve the rental income from its investment properties through improvement of tenant mix and major renovations.

For Lai Fung’s development properties, Lai Fung has accelerated its property development schedule and expects the completion volume to increase significantly in the next few years.

LSD and eSun

LSD will continue to improve its tenant mix in its investment properties so as to strengthen its rental income base.

LSD will continue to build up its portfolio of development properties as it invested in two new development projects, Wanchai Wood Road Project and Tai Po Road Project. LSD is also actively looking for new development projects which offer good investment returns.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

LSD and eSun (continued)

Pursuant to a sale and purchase agreement dated 7 November 2007, LSD, together with the other three existing minority shareholders of Diamond String Limited (“Diamond String”, the company which holds the property of The Ritz-Carlton Hong Kong), agreed to sell a total of a 40% interest in Diamond String to CCB International Group Holdings Limited (“CCB International”), a wholly-owned subsidiary of China Construction Bank Corporation (“CCB”), for a total consideration of approximately HK\$1,369 million (subject to adjustment). Out of the aforesaid 40% interest, LSD will sell a 16.57% interest in Diamond String and will receive a sale consideration of approximately HK\$567 million (subject to adjustment). The transaction price is determined based on HK\$15,800 per square foot in respect of the buildable GFA of the site. The transaction is expected to be completed in December 2007.

Upon completion, LSD and CCB International will hold a 60% and a 40% interest in Diamond String respectively. Both parties, through Diamond String, will invest in the redevelopment of the site of The Ritz-Carlton Hong Kong into a Grade-A office tower. The buildable GFA for the redevelopment is approximately 225,000 square feet. The preliminary estimated development cost plus interest expenses is approximately HK\$800 million. The Ritz-Carlton Hong Kong will cease operation by the end of January 2008. The redevelopment is expected to be completed in 2011.

The redeveloped office tower will become a landmark property in Central, Hong Kong. Part of the redeveloped property, upon its completion, will be used by CCB as offices of its Hong Kong operations.

eSun’s Macao Studio City Project will dramatically transform its businesses. Given its mega-scale and its unique positioning in Macau - a new integrated leisure, entertainment, convention and retail centre in Asia, we expect Macao Studio City will stand as the major entertainment destination for visitors from Greater China and other parts of the world. It will become an important platform for the eSun Group to expand and monetarize its entertainment and media expertise. Upon completion of Macao Studio City Project, the eSun Group will become an operator of integrated leisure and entertainment venues as well as a provider of media and entertainment contents and services. On the media and entertainment businesses, the eSun Group will continue to consolidate its position in the media and entertainment industry.

Foundation work of Macao Studio City commenced in April of 2007 and is expected to be completed by December 2007. Construction of the superstructure is expected to commence by the end of 2007 or early 2008. First phase of the project is scheduled to open in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

79 Hoi Yuen Road, Kwun Tong, Hong Kong

On completion of this joint redevelopment with CGL, the Group will retain the retail portion of this redeveloped property with a GFA of about 100,000 square feet. This redevelopment is expected to be completed by the end of 2009 and by then will augment the Group's recurring rental income base.

Liquidity and Financial Resources

The Group has diverse sources of financing comprising internal funds generated from the Group's business operations, interest income generated from the promissory note, dividend income from investment in a listed associate and bank and other borrowings.

As at 31 July 2007, total borrowings (comprising a secured bank loan of HK\$28 million, note payable of HK\$195 million and a loan of HK\$32 million payable to the late Mr. Lim Por Yen) amounted to HK\$255 million. As at that date, consolidated net assets of the Group amounted to HK\$3,375 million. The debt to equity ratio as expressed in a percentage of total borrowings to consolidated net assets as at that date was approximately 7.6%. The Group's borrowings were maintained as floating rate debts.

The note payable of HK\$195 million and a loan of HK\$32 million payable to the late Mr. Lim Por Yen have maturity dates on 30 April 2006 and 30 November 2005, respectively. The Group has received confirmation from the executor of the estate of the late Mr. Lim Por Yen that such note and loan payables are not repayable within one year from the balance sheet date.

As at 31 July 2007, certain investment properties with carrying value of approximately HK\$152 million were pledged to a bank to secure banking facilities granted to the Group. In addition, the Group's properties under development with carrying cost of HK\$184 million and certain share in a subsidiary held by the Group were pledged to a bank to secure a construction loan facility for financing the redevelopment of that property.

As at 31 July 2007, the Group had cash and bank balances amounted to approximately HK\$18 million and unutilised banking facility of HK\$393 million (including HK\$333 million unutilised banking facility for financing the construction costs of property redevelopment project), which was considered adequate to cover the working capital requirement of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity and Financial Resources (continued)

The Group's monetary assets and liabilities and transactions are principally denominated in Hong Kong dollar. The Group does not have any significant exposure to exchange rate risk.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with 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 throughout the accounting period covered by the Annual Report save for the deviations from code provision A.4.1.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive Directors of the Company was appointed for a specific term. However, all Directors of the Company are subject to the retirement provisions in the Articles of Association of the Company which provide that the Directors for the time being shall retire from office by rotation once every three years since their last election at each annual general meeting and a retiring Director shall be eligible for re-election.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 July 2007 have been reviewed by the audit committee of the Company. The audit committee comprises the three independent non-executive Directors of the Company, namely, Mr. Wan Yee Hwa, Edward, Mr. Leung Shu Yin, William and Mr. Chow Bing Chiu.

REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 July 2007 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong

REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT BY AUDITORS (continued)

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 Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 21 December 2007. Notice of the Annual General Meeting and the Company's Annual Report for 2006-2007 will be despatched to shareholders in due course.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 9 November 2007

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Kin Ming, Mr. Lam Kin Ngok, Peter, Mr. Shiu Kai Wah, Mr. Lam Kin Hong, Matthew, Mr. Tam Kin Man, Kraven, Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Ms. Leung Churk Yin, Jeanny; the non-executive Directors are Madam U Po Chu, Mr. Chiu Wai, Madam Lai Yuen Fong and Miss Lam Wai Kei, Vicky (alternate Director to Madam Lai Yuen Fong); and the independent non-executive Directors are Mr. Wan Yee Hwa, Edward, Mr. Leung Shu Yin, William and Mr. Chow Bing Chiu.