越秀投資有限公司

GUANGZHOU INVESTMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 123)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS HIGHLIGHTS

- Revenue increased 52% to HK$7,065 million
- Profit for the year increased 44% to HK$1,471 million
- Profit attributable to equity holders of the Company increased 50% to HK$1,072 million
- Basic earnings per share increased 45% to HK15.46 cents per share
- Total assets increased 49% to HK$44,144 million
- Net assets per share increased 18% to HK$1.94 per share.
- Proposed to declare final dividend of HK2.5 cents per share, together with the interim dividend of HK2.3 cents per share, representing a payout ratio of 31%

Chairman's Statement

The year 2007 is a historic one for the Group, with a substantial rise in operating results.

Revenue amounted to HK$7,065 million, representing a 52% increase over the previous year. Profit attributable to equity holders amounted to HK$1,072 million, representing a 50% increase year-on-year. Basic earnings per share amounted to HK$15.46 cents, representing a 45% increase year-on-year. We recommend the distribution of a final dividend of HK$2.5 cents per share. Together with the interim dividend of HK$2.3 cents per share, the dividend payout rate for the year is 31%.

During the past year, the Chinese economy maintained its growth and per capita income rose rapidly, while people's livelihood has been improving. The GDP of China increased by 11.4%, while the GDP of Guangzhou, the third largest city in China, rose 14.5% year-on-year to RMB705.1 billion. Although in the second half of 2007 various noncommittal factors about the global economy began to surface, the Group managed to produce remarkable results.

The Property Business

During the year of 2007, the property business effectively took advantage of the golden opportunity offered by the robust domestic economy. Recognised sales area for the year totalled approximately 360,000 square metres, up 37% from the 2006 figure of approximately 260,000 square metres. Recognised property sales revenue amounted to approximately HK$3,475 million, up 77% over the previous year. Pre-sold area not yet recognised in the income statement totalled approximately 140,000 square metres, with a pre-sold revenue amounting to approximately HK$1,478 million, in which most are expected to be recognised in 2008.

During the year, the gross floor area of properties under construction transferred from the land bank category amounted to approximately 700,000 square metres, of which most are located in the city centre of Guangzhou, thereby bringing the area under construction in the city centre to approximately 1,350,000 square metres which represents 74% of the total area under construction of 1,840,000 square metres. Meanwhile, the Group's key project under construction, the over 430-metre and 103-storey Guangzhou International Financial Centre (formerly West Tower of Mega-Twin Commercial Tower, Pearl River New City), expected to be one of the top ten tallest building in the world, held a ceremony on 6 June 2007 to celebrate the completion of the underground works and the commencement of the open ground construction. Construction progressed smoothly, with casting of over 30 stories completed as at the end of 2007. The project is expected to be completed before the opening of the 16th Asian Games which will be held in Guangzhou in 2010.

During the year, the property market of Guangzhou had been prosperous with the highest bidding price of auctioned land exceeding RMB18,000. Meanwhile, China further strengthened its macroeconomic revision measures, such as tightening the money supply and gearing up enforcement actions of repossession of idle undeveloped land, in order to prevent the property market from being overheated. Coupled with the increases the interest rate of commercial banks by the People's Bank of China, the cost and risks of property development have been increased substantially. In the year, we added new land bank at relative low cost by bidding and winning at land auctions at opportune times. In December 2007, we acquired approximately 140,000 square metres of land bank in Jin Sha Zhou, Bai Yun District, Guangzhou. Together with another site in the same area through bidding in January 2008 after the reporting period, we have acquired approximately 300,000 square metres of gross floor area available for development at the average cost of approximately RMB4,200 per square metre, highlighting a substantial advantage over similar sites in the neighbourhood. The three plots of land at Jin Sha Zhou acquired by the Group are designated for non-price restricted properties. We plan to develop these sites into a large-scale low-density luxury residential project. In retrospect, together with the Jin Sha Zhou residential sites we have just acquired, the Group has demonstrated an outstanding exercise of business judgment as it has managed to repeatedly capture the opportunities to acquire quality sites at below-market prices, thereby giving such development projects a great competitive edge in terms of their future room for profits.

The Toll Road Business

The toll road business of GZI Transport Limited ("GZT") reported significant growth during the year, with profit attributable to equity holders of GZT amounting to HK$581 million, up 26.0% over the previous year's HK$461 million. In August 2007, with expectation of a total planned investment of RMB159.1 billion for construction of 2,773 kilometres of new expressways in Guangdong Province during the 11th five-year plan, GZT raised approximately HK$2,190 million (before expenses) from an open offer of approximately 557.7 million new shares so as to improve its business expansion capability and investment competitiveness. The Group has increased its equity interest in GZT by approximately 11% during the open offer through subscribing new shares it entitled under such open offer and taking up the attributable subscription rights which Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Group, gave up. After the open offer, the Group's attributable equity interest in GZT increased to 45.28%. We believe that through future acquisitions and investment, impressive returns will be brought to shareholders.

The Newsprint Business

With domestic newsprint prices reporting a substantial drop while prices for raw materials such as waste paper and for energy surged, it was a difficult period for the operation of the newsprint business. During the year, PM9 at the Nan Sha Plant successfully proceeded to trial production with the expectation that commercial production will commence in 2008, and PM8 at Hai Zhu Plant completed its technical up-grading and improving its annual production capacity from 130,000 tonnes to 170,000 tonnes. Meanwhile the Company sold certain non-core assets and workshops such as mechanical pulping and wastewater treatment facilities. In the reporting period, the operation reported a sales volume of approximately 420,000 tonnes and sales revenue increased by approximately 19%. Profit attributable to equity holders of the Group amounted to HK$21 million.

The REIT Business

GZI Real Estate Investment Trust ("GZI REIT"), in which the Group holds a 31.33% interest, reported an attributable net profit after tax of HK$226 million for the year and brought about over HK$70 million of distribution to the Group. After the reporting period, the Group sold a subsidiary to GZI REIT and the project was one of the four named projects subject to a first right of refusal granted to GZI REIT when it was listed in 2005.

FUTURE PROSPECTS

The Property Business

Looking into the future, we expect the global economy will be volatile and China will continue to implement macroeconomic revision measures. The Group has been following a prudent operation strategy, as well as maintaining bank borrowings at a reasonable level. Meanwhile, most of the land bank is located in the city centre of Guangzhou and is intended to be developed into up/mid-market residential and commercial properties, which clearly put us in an advantageous position in the current market.

The Group plans to fully utilise its advantages and integrated prowess to add quality projects at key areas by land bid. Furthermore, the Group will continue to enhance its management on the basis of the 2007 refinement of its internal management structure and business flow, in order to shorten the development cycle of properties and to increase the scale of new developments. Appropriate measures will also be adopted to expedite sales to achieve a positive cycle of capital utilisation.

Property Development

In the next few years, the Group will speed up its property completion so as to achieve the target of an average annual increase of not less than 30%. In 2008, the Group have planned to commence new developments of approximately 1,180,000 square metres. Together with approximately 1,840,000 square metres under construction as at the end of 2007, the Group expects to have a total area of approximately 3,000,000 square metres of properties completed in the next three to four years.

Investment Property

Currently, a substantial part of the investment property portfolio of the Group comprises commercial properties. Considering the phenomenal growth rate of the domestic retail sector, which is significantly higher the growth of the national GDP, the Group intends to improve on the quality of the portfolio and to generate additional cash flow for the Group by focusing on high end commercial properties with greater appreciation potential and to disposing properties with low returns, such as scattered residential parking lots and commercial properties at the right opportunity.

Land Bank

As to our land bank, the Group will make full use of its experience in the bidding for and construction of Guangzhou International Financial Centre (formerly West Tower of Mega Twin Towers, Pearl River New City) to bid for the adjacent landmark project of East Tower of Mega Twin Towers, Pearl River New City. If we succeed in the land bid, we could enjoy more flexibility in the market positioning, layout of the composite functions, provision of amenities and and marketing strategy of the twin towers which would greatly enhance the synergistic and integral development of the towers. Moreover, we will prudently bid for other quality sites in the urban area at opportune times to increase our land bank to facilitate the Group's sustainable, healthy and stable development.

Financial and Operation Management

The Group will maintain a prudent financial management policy, focusing on risk management and liquidity. Through further strengthening of its internal management and corporate governance, as well as further market segment refinement in our property products to cater forvaried market needs, the Group will bring better investment return to shareholders.

The Toll Road Business

The Group will fully capitalise on GZT's advantage of approximately HK$2,290 million cash hoard, appropriately apply financial leverage and actively enhance the investment effort to participate in the construction of State expressways in various approaches. Meanwhile, the Group will acquire matured expressway projects which can offer stable returns and new expressways in emerging markets and popular tourism localities. The Group is currently intensely proceeding with the relevant work in an orderly manner. This will establish the foundation of long-term development and sustained growth momentum for the toll road business after the completion of the relevant expressway projects.

The Newsprint Business

As the intense competition in the business is expected to continue, besides maintaining stable production and operation, the Group will also actively raise its production capacity, optimize product structure and study relevant feasible options on equity with reference to market changes.

The REIT Business

It is expected that there will be more property projects available for acquisition after the geographical scope of investment has been expanded. Currently some potential projects in cities with booming economies are under consideration. The Group will also strive to inject appropriate properties into GZI REIT to achieve a "win-win" situation through scale expansion.

In 2008, we will continue to improve the management structure, enhance corporate governance, increase operational transparency, optimize human resource configuration and expand our efforts in training so as to encourage our staff's proactive participation. The Group firmly believes that by strengthening and enhancing internal management efficiency and by adequately grasping and capitalising on market opportunities, we can bring better investment return to all shareholders in the coming year through prudent operation.

Acknowledgement

I would like to take this opportunity to thank all the directors, the management and the entire staff, for their hard work over the past year and their contributions to the Group's development. I would also like to thank all the shareholders and our friends in the banking, commercial and investment sectors for their continued strong support to the Group.

Ou Bingchang
Chairman

AUDITED RESULTS

The board of directors (the "Directors" or the "Board") of Guangzhou Investment Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") prepared under Hong Kong Financial Reporting Standards ("HKFRS") for the year ended 31 December 2007, as follow:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	**2007 HK$'000**	2006 HK$'000
Revenue	2	**7,064,573**	4,657,922
Cost of sales	4	**(5,039,638)**	(3,656,141)
Gross profit		**2,024,935**	1,001,781
Fair value gains on revaluation of investment properties		**362,139**	747,025
Other gain	3	**99,190**	—
Selling and distribution expenses	4	**(183,843)**	(193,003)
General and administrative expenses	4	**(531,054)**	(519,039)
Operating profit		**1,771,367**	1,036,764
Interest income		**75,815**	96,557
Finance costs	5	**(355,222)**	(193,891)
Share of profits less losses of			
- jointly controlled entities		**(18,835)**	60,431
- associated entities		**418,283**	375,299
Profit before tax		**1,891,408**	1,375,160
Taxation	6	**(420,049)**	(355,191)
Profit for the year		**1,471,359**	1,019,969
Attributable to			
Equity holders of the Company		**1,071,641**	712,615
Minority interests		**399,718**	307,354
		1,471,359	1,019,969
Earnings per share for profit attributable to the equity holders of the Company (expressed in HK cents per share)	7		
- Basic		**15.46**	10.64
- Diluted		**15.33**	10.42
Dividends	8	**341,729**	284,625

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	**2007** **HK$'000**	2006 HK$'000
ASSETS			
Non-current assets			
Interests in toll highways and bridges		**6,795,284**	1,943,681
Property, plant and equipment		**5,222,910**	2,354,331
Investment properties		**5,984,228**	5,625,185
Leasehold land and land use rights		**4,277,157**	4,737,407
Interests in jointly controlled entities		**419,388**	898,170
Interests in associated entities		**3,119,252**	2,995,294
Goodwill		**119,186**	—
Other non-current assets		**17,375**	324,096
Available-for-sale financial assets		**979,903**	418,269
Deferred tax assets		**71,240**	135,689
		27,005,923	19,432,122
Current assets			
Properties under development		**2,370,664**	2,230,173
Properties held for sale		**953,934**	728,951
Leasehold land and land use rights		**4,399,341**	2,182,789
Prepayments for land use rights		**3,139,344**	1,272,233
Inventories		**277,307**	233,895
Trade receivables	9	**477,692**	585,226
Other receivables, prepayments and deposits		**835,558**	420,630
Taxation recoverable		**177,575**	142,062
Charged bank deposits		**96,733**	72,609
Cash and cash equivalents		**3,587,607**	2,305,854
		16,315,755	10,174,422
Non-current assets held for sale		**822,704**	15,000
		17,138,459	10,189,422

	Note	2007 HK$'000	2006 HK$'000
LIABILITIES			
Current liabilities			
Trade payables	**10**	**577,319**	198,428
Land premium payable		**1,200,083**	637,134
Other payables and accrued charges		**5,155,391**	5,220,253
Borrowings		**2,550,115**	2,076,346
Taxation payable		**452,928**	189,657
		9,935,836	8,321,818
Liabilities associated with non-current assets held for sale		**98,748**	—
		10,034,584	8,321,818
Net current assets		**7,103,875**	1,867,604
Total assets less current liabilities		**34,109,798**	21,299,726
Non-current liabilities			
Borrowings		**10,075,733**	3,762,647
Deferred tax liabilities		**3,275,377**	2,560,921
		13,351,110	6,323,568
Net assets		**20,758,688**	14,976,158
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**712,192**	680,354
Other reserves		**8,853,108**	6,897,267
Retained earnings			
- Proposed dividends	**8**	**178,113**	156,781
- Others		**4,086,662**	3,402,485
		13,830,075	11,136,887
Minority interests		**6,928,613**	3,839,271
Total equity		**20,758,688**	14,976,158

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standard, amendment and interpretations are mandatory for the financial year ended 31 December 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

Except for HKAS 1 (Amendment) and HKFRS 7, the adoption of the above interpretations do not have material impact to the Group's principal accounting policies or presentation of financial statements.

According to HKAS 1 (Amendment), an entity shall disclose information that enable users of the financial statements to evaluate the entity's objective, policies and processes for managing capital, including (a) qualitative information about its objectives, policies and processes for managing capital; (b) summary quantitative data about what it manages as capital; (c) any changes on (a) and (b) from the previous period; (d) whether during the period it complied with any externally imposed capital requirements to which it is subject; and (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The HKFRS 7 requires disclosure of (a) the significance of financial instruments for an entity's financial position and performance; and (b) qualitative and quantitative information about its exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures include description of management's objective, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risks including sensitivity analysis to market risk, based on information provided internally to the entity's key management personnel.

The following new standard, amendment/revisions to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007
HK(IFRIC)-Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC)-Int 13	Customer Loyalty Programmes	1 July 2008
HK(IFRIC)-Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Group has already commenced an assessment of the related impact of adopting the above new standard, amendment/revisions to standard and interpretations to the Group.

Management anticipates that the adoption of HK(IFRIC)-Int 12 for the year ending 31 December 2008 will result in accounting for the Group's toll infrastructures as intangible assets instead of tangible assets on a retrospective basis. Management is in the process of assessing the related financial impact on the Group's financial statements.

For the remaining standard, amendment/revisions to standards and interpretations, the Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

2 Revenue and segment information

Revenue recognised is as follows:

	2007 HK$'000	2006 HK$'000
Sales revenue		
- Sales of properties	**3,475,031**	1,966,685
- Sales of newsprint	**1,609,717**	1,352,070
	5,084,748	3,318,755
Toll revenue from toll operations	**870,778**	448,531
Property management fee income	**262,689**	213,388
Rental income	**261,922**	229,727
Others	**584,436**	447,521
	7,064,573	4,657,922

Revenue and segment results for the year are as follows:

Primary reporting format - business segments

The Group operates primarily in Hong Kong and China and in the following business segments:

- Properties and others - development, selling and management of properties and holding of investment properties and others
- Toll operations - development, operation and management of toll highways and bridges
- Paper - manufacturing and selling of newsprint paper

There are no significant sales between these business segments.

Secondary reporting format - geographical segments

The Group's three business segments are principally managed in Hong Kong and China:

Hong Kong - properties
China - properties, toll operations and paper
Others - properties

There are no significant sales between these geographical segments.

Primary Reporting Format - Business Segments

	Properties and others		Toll operations		Paper		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*
Revenue	**4,584,078**	2,857,321	**870,778**	448,531	**1,609,717**	1,352,070	**7,064,573**	4,657,922
Segment results	**1,298,032**	816,537	**410,244**	184,784	**142,224**	82,360	**1,850,500**	1,083,681
Interest income							**75,815**	96,557
Unallocated operation costs							**(79,133)**	(46,917)
Finance costs							**(355,222)**	(193,891)
Share of profits less losses of								
- Jointly controlled entities	**(6,653)**	(14,782)	**(12,182)**	75,213	**—**	—	**(18,835)**	60,431
- Associated entities	**104,057**	134,045	**314,226**	241,254	**—**	—	**418,283**	375,299
Profit before taxation							**1,891,408**	1,375,160
Taxation							**(420,049)**	(355,191)
Profit for the year							**1,471,359**	1,019,969
Capital expenditure	**88,768**	360,342	**4,655,774**	5,273	**3,013,305**	472,044	**7,757,847**	837,659
Depreciation and amortisation	**179,409**	112,041	**237,092**	114,122	**44,441**	74,667	**460,942**	300,830

	Properties and others		Toll operations		Paper		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**24,986,841**	19,794,688	**9,403,559**	2,530,249	**5,918,826**	3,063,982	**40,309,226**	25,388,919
Interests in jointly controlled entities	**191,515**	227,000	**227,873**	671,170	**—**	—	**419,388**	898,170
Interests in associated entities	**1,363,731**	1,249,478	**1,755,521**	1,745,816	**—**	—	**3,119,252**	2,995,294
Unallocated assets							**296,516**	339,161
Total assets							**44,144,382**	29,621,544
Segment liabilities	**6,144,598**	5,642,690	**144,879**	57,308	**731,351**	334,373	**7,020,828**	6,034,371
Unallocated liabilities							**16,364,866**	8,611,015
Total liabilities							**23,385,694**	14,645,386

Secondary Reporting Format - Geographical Segments

	Revenue		Capital expenditure		Total assets	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**87,596**	611,097	**679,729**	2,168	**1,252,508**	991,199
China	**6,974,121**	4,044,409	**7,078,118**	835,491	**42,555,820**	28,252,008
Overseas	**2,856**	2,416	**—**	—	**39,538**	39,176
	7,064,573	4,657,922	**7,757,847**	837,659	**43,847,866**	29,282,383
Unallocated assets					**296,516**	339,161
Total assets					**44,144,382**	29,621,544

3 **Other gain**

	2007	2006
	HK$'000	HK$'000
Gain on disposal of property, plant and equipment	**99,190**	—

4 **Expenses by nature**

Cost of sales, selling and distribution expenses and general and administrative expenses included the following:

	2007 HK$'000	2006 HK$'000
Advertising and promotion expenses	**169,288**	152,874
Cost of inventories/properties sold included in cost of sales	**4,214,463**	3,106,855
Direct operating expenses arising from investment properties		
- that generate rental income	**55,994**	42,972
- that did not generate rental income	**169**	129
Depreciation		
- Owned property, plant and equipments	**139,743**	108,875
- Leased property, plant and equipments	**36**	36
Amortisation/depreciation of interests in toll highways and bridges (included in cost of sales)	**235,299**	111,624
Amortisation of leasehold land and land use rights	**85,864**	80,295
Operating leases		
- Hire of plant and workshops	**17,350**	17,350
- Land and buildings	**8,250**	7,373
(Reversal of)/provision for doubtful debts	**(16,186)**	6,457
Auditor's remuneration	**9,530**	8,019
Employee benefit expenses	**599,820**	500,651
(Reversal of)/provision for impairment of available-for-sale financial assets	**(2,476)**	10,982
(Reversal of)/provision for impairment of properties under development and properties held for sale	**(1,031)**	12,843
Provision for impairment of property, plant and equipment	**—**	1,959
Provision for impairment of leasehold land	**23,357**	—
Maintenance expenses of toll highways and bridges	**61,159**	41,005
Loss on partial disposal of an associated entity	**—**	2,656
Provision for impairment of goodwill	**3,671**	—
Reversal of provision for other receivables	**(71,516)**	—
Others	**221,751**	155,228
	5,754,535	4,368,183

5 **Finance costs**

	2007 **HK$'000**	2006 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**492,816**	244,620
Bank loan handling fees	**5,406**	—
Interest on		
- loans from minority shareholders of subsidiaries	**16,627**	15,620
- loan from a substantial shareholder	**—**	375
- loans from related companies	**2,784**	3,266
Others	**(14,615)**	—
Total borrowing costs incurred	**503,018**	263,881
Less: amount capitalised as properties under development and property, plant and equipment	**(147,796)**	(69,990)
	355,222	193,891

6 **Taxation**

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

(b) China enterprise income taxation is provided on the profits of the Group's subsidiaries, associated entities and jointly controlled entities in China in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises (the "Old China Tax Law"). The principal income tax rate is 33 per cent.

On 16 March 2007, the National People's Congress approved the Corporate Income tax Law of the PRC (the "New CIT Law"), under which all domestic-invested enterprises and foreign-invested enterprises will be subject to a standard corporate income tax rate of 25 per cent with effect from 1 January 2008. As a result of the new CIT Law and the reduction of the corporate income tax rate, deferred taxation on temporary differences that are expected to be reversed after 1 January 2008 have been reduced with approximately HK$250,959,000 and HK$21,443,000 credited to the income statement and equity respectively in 2007.

(c) China land appreciation tax is levied at progressive rates ranging from 30 per cent to 60 per cent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the consolidated income statement comprises:

	2007	2006
	HK$'000	HK$'000
Company and subsidiaries		
Current taxation		
- Hong Kong profits tax	**2,786**	2,547
- China enterprise income tax	**167,724**	126,982
- China land appreciation tax	**316,148**	75,618
Deferred taxation		
- Origination and reversal of temporary difference	**127,380**	101,778
- Impact of change in tax rate	**(250,959)**	—
- Under-provision in prior years	**56,970**	48,266
	420,049	355,191

7 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	**1,071,641**	712,615
Weighted average number of ordinary shares in issue ('000)	**6,930,782**	6,698,470
Basic earnings per share (HK cents)	**15.46**	10.64

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding during the year which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	**1,071,641**	712,615
Weighted average number of ordinary shares in issue ('000)	**6,930,782**	6,698,470
Adjustments for share options ('000)	**57,732**	139,365
Weighted average number of ordinary shares for diluted earnings per share ('000)	**6,988,514**	6,837,835
Diluted earnings per share (HK cents)	**15.33**	10.42

8 **Dividends**

The dividends paid in 2007 and 2006 were approximately HK$321 million (HK4.6 cents per share) and HK$595 million (HK8.89 cents per share) respectively. The directors recommend the payment of a final dividend of HK2.5 cents per ordinary share, totaling approximately HK$178 million. Such dividend is to be approved by the shareholder at the Annual General Meeting on 3 June 2008. These financial statements do not reflect this dividend payable.

	2007	2006
	HK$'000	HK$'000
Interim, paid, of HK2.3 cents (2006: HK1.89 cents) per ordinary share	**163,616**	127,844
Final, proposed, of HK2.5 cents (2006: HK2.3 cents) per ordinary share	**178,113**	156,781
	341,729	284,625

9 **Trade receivables**

The Group has defined credit policies for different businesses. The credit terms of the Group are generally within three months. The ageing analysis of trade receivables is as follows:

	2007	2006
	HK$'000	HK$'000
0 - 30 days	**211,793**	123,068
31 - 90 days	**161,820**	113,451
91 - 180 days	**23,470**	83,952
181 - 365 days	**65,581**	139,282
Over 1 year	**117,596**	244,227
	580,260	703,980
Less: provision for impairment of trade receivables	**(102,568)**	(118,754)
	477,692	585,226

10 **Trade payables**

The ageing analysis of the trade payables is as follows:

	2007	2006
	HK$'000	HK$'000
0 - 30 days	**109,559**	61,916
31 - 90 days	**257,029**	69,648
91 - 180 days	**193,915**	49,640
181 - 365 days	**6,831**	7,965
1 - 2 years	**9,858**	8,741
Over 2 years	**127**	518
	577,319	198,428

11 **Events after the balance sheet date**

On 3 January 2008, the Group entered into an agreement with SDIC Communications Co., to acquire an additional 2.78% equity interest in an associated entity, Guangdong Humen Bridge Co., Ltd., for a consideration of RMB194,600,000. A deposit of HK$17,375,000 (equivalent to approximately RMB16,680,000) was paid on 28 September 2007. The acquisition was completed in late January 2008, which was financed by internal funds.

On 14 January 2008, the Group entered into an agreement with GZI REIT, an associated entity of the Group, to dispose of the entire equity interest of Metrogold Development Limited ("Metrogold"), a subsidiary of the Group, at an initial consideration of approximately HK$532,400,000 which will be satisfied by the issuance of GZI REIT's shares equivalent to HK$203,200,000 together with cash of HK$329,200,000, and an adjustment payment which will be determined based on the net assets value of Metrogold at the date of completion. The disposal is expected to complete within 2008.

On 9 April 2008, the Group entered into a letter of intent with Yunnan Provisional Transport Bureau and China Yunnan Road Construction Group Company, for a proposed investment in Kunming, Yunnan, China pursuant to which the parties intend to establish a company upon fulfillment of certain conditions as set out in the letter of intent. The total investment and the registered capital of the company are expected to be approximately HK$6,770 million and HK$2,370 million, respectively, of which the Group is expected to contribute 80% of the registered capital.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Property Business

- *Sold Properties*

Property development in the year of 2007 achieved remarkable results. Recognized sales area for the current year amounted to approximately 360,000 square metres and relevant revenue amounted to approximately HK$3.475 billion, representing an increase of 37% and 77% respectively year on year. Residential properties contributed the main portion, accounting for 84% of the total recognized sales area, and amounted to approximately 300,000 sq. m.; while office and commercial properties contributed accounted for the remaining 16%. Benefiting from the robust economic growth of Guangzhou, the average selling price of recognized sales area increased substantially by 29% to approximately HK$9,700 per square metres, setting a strong base for the Group's profitability in 2007.

Main recognized sales areas are set out as follows:

Project Name	Land Use	GFA (sq. m.)	Location
Springland Garden	Residential	78,700	Hai Zhu, Guangzhou
Cong Hua Glade Village	Villa	51,800	Cong Hua, Guangzhou
Xing Hui Ya Yuan	Residential	47,300	Tian He, Guangzhou
Jiang Nan New Mansion	Residential	45,900	Hai Zhu, Guangzhou
Bingjiang Yiyuan	Residential	38,300	Hai Zhu, Guangzhou
Victory Plaza (Tower Building portion)	Office	30,800	Tian He, Guangzhou
Yue Xiu City Plaza	Office	23,300	Yue Xiu, Guangzhou
Southern Le Sand	Villa	21,200	Nan Sha, Guangzhou
Yue Xiu New Metropolis Plaza	Office	1,600	Yue Xiu, Guangzhou
Other Projects	N/A	19,700	N/A
Total		approx. 360,000	

Pre-sold area not yet recognized in the income statement during the year amounted to approximately 140,000 square metres generating revenue of approximately HK$1.478 billion.

The following table shows the details of main pre-sold areas:

Project Name	Land Use	GFA (sq. m.)	Location
Springland Garden	Residential	42,300	Hai Zhu, Guangzhou
Southern Le Sand	Villa	35,100	Nan Sha, Guangzhou
Victory Plaza (Tower Building portion)	Office	22,100	Tian He, Guangzhou
Cong Hua Glade Village	Villa	17,100	Cong Hua, Guangzhou
Ling Nan Ya Yuan (formly Fu Hai Garden)	Office	6,200	Yue Xiu, Guangzhou
Bingjiang Yiyuan	Residential	3,000	Hai Zhu, Guangzhou
Other Projects	N/A	17,400	N/A
Total		approx. 140,000	

- *Land Bank*

During the year, the Group has added two non-price restricted sites in Jin Sha Zhou, Bai Yun District, Guangzhou at an opportune time with relative low cost. The site area for the two sitesamounted to approximately 90,000 square metres with total gross floor area for development of approximately 140,000 square metres and an average land cost of RMB3,756 per square metre. Together with another residential site in the same area with gross floor area of approximately 160,000 square metres acquired at land auction after the reporting period in January 2008, the Group has aggregate land bank of approximately 300,000 square metres in Jin Sha Zhou available for future development. Details of newly added land bank are listed below:

Project Name	Acquisition Date	Land Use	Land Area (sq. m.)	GFA (sq. m.)	Premium (RMB mn)	Land Cost (RMB/ sq. m.)
B3709B07 Jin Sha Zhou, Guangzhou	2007.12.06	Residential	43,958	68,135	265	3,889
B3709B08 Jin Sha Zhou, Guangzhou	2007.12.06	Residential	45,881	71,116	258	3,628
B3711B03 Jin Sha Zhou, Guangzhou	2008.01.08	Residential	103,436	160,326	735	4,584
Total			193,275	299,577	1,258	4,199

At the end of 2007, the aggregate land bank of the Group amounted to 3.33 million square metres in terms of gross floor area. Major projects of its land bank are set out as follows:

Major Project Name	**Land Use**	**GFA (sq. m.)**	**Location**
Southern Le Sand	Villa/Office/ Commercial	1,490,000	Nan Sha,Guangzhou
Liwan Property (cement plant project)	Residential/ Commercial	450,000	Li Wan, Guangzhou
Jiang Nan New Mansion	Residential	230,000	Hai Zhu, Guangzhou
Springland Garden	Residential	180,000	Hai Zhu, Guangzhou
B2-10, Pearl River New City	Office	170,000	Tian He, Guangzhou
Cong Hua Glade Village	Villa	146,000	Cong Hua, Guangzhou
B3709B07,B3709B08, Jin Sha Zhou	Residential	140,000	Bai Yun, Guangzhou
Jiangnan New Village, phase 3 & 4	Residential	138,000	Hai Zhu, Guangzhou
Sports Stadium Building	Office	125,000	Yue Xiu, Guangzhou
D3-7, Pearl River New City	Office	110,000	Tian He, Guangzhou
Other projects	N/A	150,000	N/A
Total		approx. 3,300,000	

- *Properties Under Development*

As at 31 December 2007, total areas of properties under development of the Group amounted to approximately 1,840,000 square metres, mainly comprising by 8 projects which are listed below:

Major Project Name	**Land Use**	**GFA (sq. m.)**	**Estimated Next Completion Date**	**Location**
Guangzhou International Financial Centre (West Tower of Mega-Twin Commercial Tower, Pearl River New City)	Office/Apartment/ Hotel/Commercial	450,000	2010	Tian He, Guangzhou
Asia Pacific Century Plaza	Office/Hotel/ Commercial	232,000	2011	Tian He, Guangzhou
Xing Hui Yun Jin (Pearl River New City E3-1)	Residential/ Apartment	186,000	2011	Tian He, Guangzhou
Springland Garden	Residential	190,000	2008	Hai Zhu, Guangzhou
Ke Yi Hao Yuan (Jiangnan New Village phase 4)	Residential	162,000	2009	Hai Zhu, Guangzhou
Ling Nan Ya Yuan (formerly Fu Hai Garden)	Residential	90,000	2008	Bai Yun, Guangzhou
Southern Le Sand	Villa/Office/ Commercial	440,000	2008	Nan Sha, Guangzhou
Other projects	N/A	85,000	N/A	N/A
Total		approx. 1,840,000		

- *Investment Properties*

During the past year, investment properties sold amounted to approximately 15,000 square metres, while newly added area of investment properties transferred from the properties under development category was amounted to approximately 60,000 square metres, thereby bringing the area of investment properties of the Group as at 31 December 2007 to approximately 730,000 square metres, representing a 6.9% increase compared with the year of 2006. The investment properties portfolio comprised approximately 45% of commercial properties, approximately 16% of office, and the remaining balance of approximately 39% of other properties. The revenue of investment properties and property management business amounted to approximately HK$525 million, representing a substantial increase of 18.4% over the previous year. During the period, revaluation gain of investment properties amounted to approximately HK$362 million (2006: HK$747 million). One subsidiary company named Guangzhou Yicheng Property Management Company Limited was awarded the Class I certificate by the Ministry of National Construction Department of China for its property management ability, which is an excellent recognition of the Group's high quality and more value added property management services itprovided to tenants and users of properties under its management.

The table below displays the details of the Group's major investment properties at the end of 2007:

Major Properties Name	Land Use	GFA (sq. m.)	Location
Tian Hui Cheng Plaza (Tian He Rail Station East Commercial Plaza)	Commercial	85,000	Tian He, Guangzhou
Jin Han Building	Office	46,000	Yue Xiu, Guangzhou
Guang Yuan Cultural Centre	Commercial	32,000	Bai Yun, Guangzhou
Xiangkang Commercial Plaza	Commercial	29,000	Bai Yun, Guangzhou
Huangshi Garden	Commercial	29,000	Bai Yun, Guangzhou
Hong Fa Building	Office	17,000	Tian He, Guangzhou
Jiangxing Building	Office	16,000	Hai Zhu, Guangzhou
Yue Xiu City Plaza	Commercial	15,000	Yue Xiu, Guangzhou
XingHuiGuoJi	Commercial	13,000	Tian He, Guangzhou
Other projects (include carpark of approximately 5,500)	N/A	448,000	N/A
Total		approx. 730,000	

- *Other Businesses*

During the year of 2007, the revenue generated by the decoration business amounted to approximately HK$142 million, representing an increase of 31%, while the revenue from the supermarket business, with more than 100 outlets, amounted to approximately HK$380 million.

The Toll Road Business

The toll road business reported significant growth during the year, with recorded toll revenue of approximately HK$871 million, representing a substantial increase of 94.1% which was mainly attributable to Guangzhou Northern Second Ring

Expressway Co., Ltd. ("GNSR Expressway Co.") being converted into a subsidiary of the Group. With the satisfactory performance of jointly controlled entities and associated companies, profit attributable to equity holders of GZT amounted to approximately HK$581 million, representing a 26.0% increase over the amount of HK$461 million of the same period of the previous year. During the reporting period, the Group had increased its interest in GZT from 34.3% to 45.28% through the open offer.

In line with its business strategy, the Group has been striving to increase the weight of its investments in expressways. In September 2007, the Group exercised its pre-emption right to acquire an additional 2.78% interest in Humen Bridge Co. for the consideration of RMB194.6 million, increasung its equity interests in Humen Bridge Co. from 25% to 27.78% after the acquisition.

The Newsprint Business

As domestic newsprint prices dropped substantially while prices for raw materials such as waste paper and energy soared significantly, the operation of the newsprint business was difficult during the reporting period. During the year, PM9 at the Nan Sha Plant successfully proceeded to trial production and PM8 at the Hai Zhu Plant completed its technical up-grading. Meanwhile the Group sold some non-core assets and workshops such as mechanical pulping and wastewater treatment facilities. In the reporting period, the operation reported a sales volume of approximately 420,000 tonnes and sales revenue increased by approximately 19%. Profit attributable to equity holders of the Group amounted to HK$21 million.

REIT Business

During the year of 2007, the GZI REIT, in which the Company holds a 31.33% interest, reported a stable growth. The consolidated net profit after tax before transactions with the Unitholders amounted to HK$364 million, representing an increase of 49%. Excluding the effect of fair value gain of investment properties, the net profit after tax attributable to Unitholders amounted to HK$226 million, up by 9.28%, which brought along distribution in excess of HK$70 million to the Group.

FINANCIAL REVIEW

Financial Overview

1. **Total revenue reached historical high**

   During the year, profit attributable to equity holders increased to approximately HK$1,072 million, up 50% over the previous year. Total turnover reached approximately HK$7,065 million, up 52% over the previous year, of which revenue from property business grew by 60% to approximately HK$4,584 million, revenue from toll road business rose by 94% to approximately HK$871 million. Overall gross profit increased to approximately HK$2,025 million, up 102% over the previous year, with gross profit margin improved to 29% from 22% of the previous year.

2. **Keeping a solid financial position with sufficient cash**

   As at 31 December 2007, the Group's working capital remained at approximately HK$7,100 million, increased by approximately HK$5,236 million as compared to approximately HK$1,867 million of the previous year. Cash balances amounted to approximately HK$3,587 million with undrawn committed banking facilities amounted to approximately HK$6,200 million. The Group possesses a solid financial position with sufficient cash to provide a supportive channel for the Group's future business development.

3. **Healthy investments and acquisitions bring to the Group a profitable return**

   During the year, GZT acquired additional equity interest in two toll roads with rapidly growing traffic volume. In March 2007, the Group completed its acquisition of an additional 20% equity interest in GNSR Expressway Co. at a net cash outflow of approximately HK$533 million, On the other hand, GZT exercised its pre-emptive right to acquire an additional 2.78% equity interest in Humen Bridge Co. and paid a deposit of HK$17.4 million. In August 2007, the Group utilised approximately HK$1,500 million in the subscription of the open offer of GZI Transport. Upon completion, the Group's interest in GZI Transport increased to 45.28% from 34.30%. The above investments and acquisitions broght to the Group profitable return during the year. It is expected they will continue to make sizable contribution to the revenue of the Group in future. During December of 2007, the Group acquired two pieces of land in Jin Sha Zhou, Bai Yun District, Guangzhou at a consideration of RMB523 million, which is considered to be a relatively low price with reference to the then prevailing auction prices for similar sites in the same area at an opportune.

4. **Total assets and shareholders'equity reported significant growth with the gearing ratio maintained at a comfortable level**

   At 31 December 2007, total assets of the Group increased by 49% to approximately HK$44,144 million, shareholders' equity increased by 24% to HK$13,830 million. Due to RMB appreciated by approximately 6% in 2007, the shareholders' equity of the Group increased by approximately HK$800 million accordingly. The significant increase in total assets and shareholders' equity will enhance shareholders'value of the Company.

Operating profit analysis

Cost of sales of newsprint business rose dramatically and its operating profit of newsprint business slashed down as compared to previous year, whereas total revenue from property business reached its historic high, toll road business maintained a strong yet stable growth, the Group's operating profit therefore reported a significant growth of 71% to HK$1,771 million.

Included in the other gain was the profit derived from a disposal of certain non-core assets of the newsprint business during the year.

During the year, finance costs grew by 83% to HK$355 million. In addition to the increase in bank borrowings, a persistent rise in average RMB interest rate during the year resulted in an increase in the interest expenses on the Group's RMB bank borrowings.

During the year, the interest coverage (measured by the ratio of earnings before interest, tax, depreciation and amortisation to interest expenses) was 4.4 times, over that of 4.26 times reported in last year.

During the year, the Group's share of profits after taxation from jointly controlled entities recorded a net loss of HK$19 million, mainly contributed by the GWSR Expressway Co. which commenced its operation in late December 2006 and as expected, was operated at a loss in its initial stage of operation when traffic flow has not yet reached its normal level.

Share of profits after taxation from associated entities amounted to approximately HK$418 million, increased by 11% over the previous year. Such increase was mainly attributable to the satisfactory growth of Humen Bridge, Shantou Bay Bridge and the Northern Ring Road during the year. Net profit contributed by GZI REIT (a 31.33% interest associate) amounted to HK$114 million, representing an increase of 42% for the year. The Group is entitled to a distribution of approximately HK$70 million.

As a result of the reduction of the corporate income tax rate under the new China Income Tax Law, deferred taxation on temporary differences that are expected to be reversed after 1 January 2008 have been reduced with approximately HK$251 million being credited to income statement during the year. Apart from this, the Group recorded a taxation charge of approximately HK$671 million.

Liquidity and financial resources

As at 31 December 2007, the Group's working capital increased to HK$7,100 million(2006: HK$1,867 million). Current ratio was 1.70 times (2006: 1.22 times). Cash and cash equivalent amounted to HK$3,587 million (2006: HK$2,300 million). Undrawn committed banking facilities amounted to HK$6,200 million.

The Group recognise the importance of healthy liquidity position to the substainability of the operations of the Group. The Group's major sources of liquidity are from recurring cash flow of its businesses and committed bank facilities.

Capital structure

The Group's capital structure is summarized as follow :

	31 December	
	2007	**2006**
	HK$'000	*HK$'000*
Bank borrowings (floating rate)		
Denominated in RMB	6,633,992	4,388,349
Denominated in Euro dollars	1,135,994	204,253
Denominated in United States dollars	66,088	37,242
Denominated in Hong Kong dollars	4,401,494	707,445
Total bank borrowings	12,237,568	5,337,289
Unsecured other borrowings	387,818	501,353
Finance lease	100	136
Overdrafts	362	215
Total debts	12,625,848	5,838,993
Ageing analysis:		
Repayable within one year	2,550,115	2,076,346
In the second year	6,280,623	1,142,596
In the third to fifth year	1,217,196	2,170,313
Over five year	2,244,494	—
With no fixed repayment terms	333,420	449,738
Total debts	12,625,848	5,838,993
Less: Cash balances and cash	(3,587,607)	(2,305,854)
Net bank borrowings	9,038,241	3,533,139
Shareholders' equity(excluding minority interests)	13,830,075	11,136,887
Total capitalisation	22,868,316	14,670,026
Gearing ratio	40%	24%

During the year, bank borrowings increased by HK$6,900 million, of which 53% were in HKD, most of these new borrowings were negotiated on terms and at cost which were more favourable when compared to borrowings of previous year. As a result, it is expected there will be substantial savings in future interest expenses. Approximately HK$5,000 million of the Group's bank borrowings are secured while 20% of the bank borrowings will be due for repayment within one year.

Interest rate exposure

Interest expenses accounted for a significant proportion of the Group's finance costs. The Group's policy on interest rate risk management is to monitor and review from time to time the interest rate fluctuation, and refinance at a lower cost for existing loans or enter into new bank facilities when favourable pricing opportunities arise. Interest rate swaps to hedge exposure to floating rates will be used as and when appropriate.

Foreign exchange exposure

Since the business operations of the Group are mainly based in Mainland China, revenue and cash flows are primarily in RMB. The main cash outflows in Hong Kong related to cash dividend payment to shareholders and repayment of bank borrowings. The Group's financing strategy is to raise financing in HKD or other currencies, and further invest in RMB-denominated assets in Mainland China, thereby reducing the Group's overall borrowing cost and at the same time enjoy the leverage provided by the appreciation of RMB. Currently RMB is keeping a relatively appreciation trend, the currency exposure is therefore considered to be minimal. The Group will from time to time review and monitor the risks relating to foreign exchange and will adopt appropriate currency swaps as and when appropriate to hedge its currency exposure.

Capital commitment

As at 31 December 2007, the Group had financial commitments in respect of equity capital to be injected into a jointly controlled entity and an associated entity of approximately HK$305.6 million (2006: two jointly controlled entities of approximately HK$637.29 million).

As at 31 December 2007, the Group's share of capital commitments of a jointly controlled entity not included in the above amounted to approximately HK$94.24 million (2006: HK$244 million).

Other than the above, the Group also has capital commitments in respect of property, plant and equipment amounted to approximately HK$1,531 million as at 31 December 2007 (31 December 2006: HK$3,772 million).

The Group has no other material capital commitments as at 31 December 2007.

Contingent liabilities

The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to mortgage loans arranged for purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks whilst the Group will then be entitled to take over the legal title and possession of the related properties. Such guarantees will terminate upon issuance of the relevant property ownership certificates. As at 31 December 2007, total contingent liabilities relating to these guarantees amounted to HK$774 million (2006: HK$494 million).

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices ("Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2007, except for the following deviations:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Ou Bingchang is the Chairman and General Manager of the Company. The Chairman is responsible for overseeing the operation of the Board and providing leadership and direction towards achieving the Company's objectives. In contrast the General Manager of the Company is responsible for the operation of the business under the direction of the Board and the implementation of the policies and strategies set by the Board. The combination of the roles of the Chairman and the General Manager in one person is intended to ensure that the Board is in full control of the affairs of the Company and that the policies and strategies set by the Board would be efficiently and effectively implemented.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

REVIEW OF ANNUAL RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2008 to Tuesday, 3 June 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 26 May 2008.

By order of the Board
Ou Bingchang
Chairman

Hong Kong, 16 April 2008

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:	OU Bingchang (Chairman), LIANG Yi, TANG Shouchun, WANG Hongtao, LI Xinmin, HE Zili and ZHOU Jin
Independent Non-executive Directors:	YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose