MAGNIFICENT ESTATES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 201)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31st DECEMBER, 2007

RESULTS

The board of directors (the "Board") of Magnificent Estates Limited (the "Company") announces that the audited consolidated profit attributable to shareholders of the Company and its subsidiaries (together the "Group") for the year ended 31st December, 2007 amounted to HK$806,838,000 (2006: HK$110,456,000). The audited consolidated results of the Group for the year, together with comparative figures for the previous year, are as follows:

Consolidated Income Statement

For the year ended 31st December, 2007

	NOTES	**2007** *HK$'000*	2006 *HK$'000*
Revenue	*3*	**231,427**	188,771
Cost of sales		**(4,081)**	(4,111)
Other service costs		**(94,374)**	(89,419)
Depreciation and release of prepaid lease payments for land		**(22,201)**	(22,144)
Gross profit		**110,771**	73,097
Revaluation surplus/increase in fair value of investment properties		**922,619**	81,170
Gain on change in value of leasehold interest in land upon transfer to investment properties		**-**	4,980
Other income		**10,464**	5,253
(Loss) gain on fair value changes of investments held for trading		**(2,218)**	1,125
Administrative expenses		**(18,949)**	(13,864)
- Depreciation of property, plant and equipment		**(3,181)**	(566)
- Others		**(15,768)**	(13,298)
Impairment loss recognised in respect of interest in an associate		**(123)**	-
Share of loss of an associate		**(4)**	(195)
Finance costs	*5*	**(44,335)**	(18,733)
Profit before taxation	*6*	**978,225**	132,833
Income tax expense	*7*	**(171,387)**	(22,377)
Profit attributable to shareholders of the Company		**806,838**	110,456
Dividend	*8*	**12,022**	10,930
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**14.08**	2.02

Consolidated Balance Sheet
As at 31st December, 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-Current Assets			
Property, plant and equipment		**413,847**	394,780
Prepaid lease payments for land		**821,904**	596,487
Investment properties		**2,536,250**	634,330
Property under development		**39,718**	234,897
Interest in an associate		**-**	554
Available-for-sale investments		**208,771**	80,290
Deposit for acquisition of land		**4,694**	-
		4,025,184	1,941,338
Current Assets			
Inventories		**689**	615
Properties for sale		**21,534**	15,505
Investments held for trading		**20,698**	22,916
Prepaid lease payments for land		**12,223**	8,050
Trade and other receivables	*10*	**16,882**	12,343
Other deposits and prepayments		**4,506**	3,966
Deposit for acquisition of land		**-**	19,500
Trade balances due from intermediate holding companies	*10*	**32**	33
Pledged bank deposits		**110**	110
Bank balances and cash		**10,965**	6,493
		87,639	89,531
Current Liabilities			
Trade and other payables	*11*	**40,513**	41,026
Rental and other deposits received		**21,489**	7,026
Advance from immediate holding company		**530,871**	240,853
Amount due to an associate		**-**	2,269
Tax liabilities		**4,553**	4,547
Bank loans		**873,550**	315,743
		1,470,976	611,464
Net Current Liabilities		**(1,383,337)**	(521,933)
Total Assets less Current Liabilities		**2,641,847**	1,419,405
Capital and Reserves			
Share capital		**59,647**	54,647
Share premium and reserves		**2,301,145**	1,244,752
		2,360,792	1,299,399
Non-Current Liability			
Deferred tax liabilities		**281,055**	120,006
		2,641,847	1,419,405

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January 2007. The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods are prepared and presented. Accordingly, no prior year adjustment has been required.

3. REVENUE

	2007 ***HK$'000***	**2006** ***HK$'000***
Income from operation of hotels	**197,658**	170,228
Property rental income	**32,341**	17,235
Interest income from debt securities	**1,348**	1,268
Dividend income	**80**	40
	231,427	188,771

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is mainly organised into four operations. These operations based on which the Group reports its primary segment information are as follows:

Hospitality services	- investment in and operation of hotels
Property investment	- property letting
Property development and trading	- development and trading of properties
Securities investment and trading	- investment in and trading of securities

Segment information about these businesses is presented below:

REVENUE AND RESULTS
For the year ended 31st December, 2007

	Hospitality Services HK$'000	Property Investment HK$'000	Property Development and trading HK$'000	Securities investment and trading HK$'000	Consolidated HK$'000
REVENUE					
External	**197,658**	**32,341**	**-**	**1,428**	**231,427**
SEGMENT RESULTS					
Operations	**79,299**	**30,044**	**-**	**(790)**	**108,553**
Revaluation surplus/increase in fair value of investment properties	**-**	**922,619**	**-**	**-**	**922,619**
	79,299	**952,663**	**-**	**(790)**	**1,031,172**
Other income					**10,464**
Unallocated corporate expenses					**(18,949)**
Impairment loss recognised in respect of interest in an associate					**(123)**
Share of loss of an associate					**(4)**
Finance costs					**(44,335)**
Profit before taxation					**978,225**
Income tax expense					**(171,387)**
Profit for the year					**806,838**

REVENUE AND RESULTS
For the year ended 31st December, 2006

	Hospitality Services *HK$'000*	Property Investment *HK$'000*	Property Development and trading *HK$'000*	Securities Investment and trading *HK$'000*	Consolidated *HK$'000*
REVENUE					
External	170,228	17,235	-	1,308	188,771
SEGMENT RESULTS					
Operations	54,986	16,803	2,500	2,433	76,722
Increase in fair value of investment properties	-	81,170	-	-	81,170
	54,986	97,973	2,500	2,433	157,892
Other income					2,753
Gain on change in value of leasehold interest in land upon transfer to investment properties					4,980
Unallocated corporate expenses					(13,864)
Share of loss of an associate					(195)
Finance costs					(18,733)
Profit before taxation					132,833
Income tax expense					(22,377)
Profit for the year					110,456

Geographical segments

The following is an analysis of the Group's revenue by geographical markets:

	2007 *HK$'000*	**2006** *HK$'000*
Hong Kong	**169,109**	138,936
Macau	**41,968**	32,509
Other regions in the People's Republic of China (the "PRC")	**20,350**	17,326
	231,427	188,771

5. FINANCE COSTS

	2007 *HK$'000*	**2006** *HK$'000*
Interests on :		
Bank loans wholly repayable within five years	**29,531**	12,871
Advance from immediate holding company wholly repayable within five years	**22,698**	12,320
	52,229	25,191
Less: amount capitalised in property under development	**(7,894)**	(6,458)
	44,335	18,733

6. PROFIT BEFORE TAXATION

	2007 *HK$'000*	**2006** *HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	**1,462**	1,680
Staff costs including directors' emoluments	**52,410**	56,874
Depreciation of property, plant and equipment	**19,103**	16,395
Release of prepaid lease payments for land	**9,609**	8,086
Less: amount capitalised and included in property under development	**(3,330)**	(1,771)
	6,279	6,315
Operating lease rental in respect of rented premises and equipment	**1,371**	1,242
Rental income in respect of investment properties under operating leases, less outgoings of HK$2,297,000 (2006: HK$432,000)	**(30,044)**	(16,803)

7. INCOME TAX EXPENSE

	2007 *HK$'000*	2006 *HK$'000*
The taxation charge comprises:		
Current tax		
Hong Kong	8,211	6,269
PRC	61	-
Other jurisdictions	1,457	-
	9,729	6,269
Under (over) provision in prior years		
Hong Kong	609	(46)
Other jurisdictions	-	1,324
	609	1,278
Deferred tax		
Current year	161,576	14,830
Attributable to a change in tax rate	(527)	-
	161,049	14,830
	171,387	22,377

Hong Kong Profits Tax is calculated at 17.5% (2006:17.5%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8. DIVIDEND

	2007 *HK$'000*	2006 *HK$'000*
Dividend recognised as distribution during the year:		
Final dividend in respect of the year ended 31st December, 2006 of HK0.22 cents (2006: Final dividend in respect of the year ended 31st December, 2005 of HK0.20 cents) per share	**12,022**	10,930

The final dividend in respect of the year ended 31st December, 2007 of HK 0.24 cents per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders of the Company is based on the following data:

	2007 *HK$'000*	2006 *HK$'000*
Results for the year and results for the purpose of calculating basic earnings per share	**806,838**	110,456

	Number of shares *'000*	*'000*
Weighted average of ordinary shares for the purpose of calculating basic earnings per share	**5,729,084**	5,464,701

Diluted earnings per share figures for the years have not been shown as there were no potential dilutive ordinary shares outstanding during both of the years presented.

10. TRADE AND OTHER RECEIVABLES/TRADE BALANCES DUE FROM INTERMEDIATE HOLDING COMPANIES

Except for a credit period of 30 to 60 days granted to travel agencies and customers of the hotels, the Group does not allow any credit period to its other customers. The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	2007	2006
	HK'000	*HK$'000*
0-30 days	**11,670**	9,132
31-60 days	**2,304**	1,676
Over 60 days	**1,300**	436
	15,274	11,244

Analysed for reporting as:

Trade receivables	**15,242**	11,211
Trade balances due from an intermediate holding companies	**32**	33
	15,274	11,244
Other receivables	**1,640**	1,132
	16,914	12,376

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	2007	2006
	HK'000	*HK$'000*
0-30 days	**9,307**	4,150
31-60 days	**986**	745
Over 60 days	**3,536**	1,704
	13,829	6,599

Analysed for reporting as:

Trade payables	**13,829**	6,599
Other payables	**26,684**	34,427
	40,513	41,026

DIVIDEND

The Board recommends a final dividend of HK0.24 cents per share for the year ended 31st December, 2007 (2006: HK0.22 cents per share) to shareholders whose names appear on the register of members of the Company on 30 th May, 2008.

BOOK CLOSURE

The register of members will be closed from Monday, 26th May, 2008 to Friday, 30th May, 2008, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and determine the identity of members who are entitled to attend and vote at the Annual General Meeting to be held on Friday, 30th May, 2008, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 23rd May, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, the Group continued with its operations of property investment, development and operation of hotels.

- For the year ended 31st December 2007, the Group's income was mostly derived from the aggregate of income from operation of hotels, property rental income, interest, dividend income and proceeds from sale of insignificant assets, which is analysed as follows:

Turnover Income	**2007**	2006	Change
	HK$'000	*HK$'000*	*%*
Income from operation of hotels	197,658	170,228	+16%
Property rental income	32,341	17,235	+88%
Interest income from debt securities	1,348	1,268	+6%
Dividend income	80	40	+100%
	231,427	188,771	
Other income	10,464	5,253	+99%
Total	**241,891**	**194,024**	

The income from operation of hotels increased by 16% to HK$198 million (2006: HK$170 million). The increase of turnover for the whole year was due to better tourism visit environment and smooth running of the operations of Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai.

2007	Ramada Hotel Kowloon Avg Room Occpancy %	 Avg Room Rate HK$	Ramada Hong Kong Hotel Avg Room Occpancy %	 Avg Room Rate HK$	Best Western Hotel Taipa, Macau Avg Room Occpancy %	 Avg Room Rate HK$	Magnificent International Hotel, Shanghai Avg Room Occpancy %	 Avg Room Rate HK$
Jan	97	685	93	564	90	287	53	352
Feb	94	594	89	544	92	460	55	341
Mar	97	770	96	697	90	301	76	425
Apr	96	945	90	802	97	335	88	413
May	96	606	88	538	94	336	83	384
Jun	96	557	94	538	87	298	82	378
Jul	98	628	96	552	98	335	78	352
Aug	98	680	98	611	98	406	82	348
Sep	95	741	91	640	96	390	72	402
Oct	95	1,020	93	910	96	601	85	408
Nov	98	848	97	745	98	513	83	401
Dec	97	835	96	751	98	532	83	313
Avg/yr	96	743	93	659	95	401	77	378
2007 Total	**HK$58,932,000**		**HK$78,683,000**		**HK$39,693,000**		**HK$20,350,000**	
2006 Total	HK$53,667,000		HK$68,939,000		HK$30,295,000		HK$17,327,000	
Change	**+10%**		**+14%**		**+31%**		**+17%**	

The property rental income was derived from office buildings of Shun Ho Tower, 633 King’s Road, 19-23 Austin Avenue and shops from Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to HK$32,341,000. Although the commercial building at 633 King’s Road has been completed, the significant effect of its successful leasing would contribute to 2008 income.

- Overall operating expenses for the Group was HK$94 million (2006: HK$89 million) for the hotel operations and HK$16 million (2006: HK$13 million) for the corporate management office. Hotel overall expenses in 2007 represented 48% on income from operation from hotels (2006: 53%), representing more efficient cost to profit margin.

The approximate operating costs and improvement costs for each operating hotel were as follows:

Name of Hotel	**HK$**
Centralized sales office	0.3 million per month
Ramada Hotel Kowloon	2.2 million per month
Ramada Hong Kong Hotel	2.7 million per month
Best Western Hotel Taipa, Macau	1.6 million per month
Magnificent International Hotel, Shanghai	0.9 million per month
Total	**HK$7.7 million per month (HK$92 million per annum)**

Administrative expenses of HK$16 million per annum or HK$1.3 million per month was for corporate office representing directors’ fees, salaries for executive staff and employees, rental, marketing expenses and office expenses.

- As at 31st December 2007, the overall debt was HK$1,404 million, of which HK$873 million was bank borrowings and HK$531 million was shareholder loan.

  Of these loans, the total interest expenses amounted to HK$52 million, of which HK$29 million was paid to bank borrowings and HK$23 million was paid to shareholder loan.

  Out of these interests totally paid, HK$8 million was capitalized and HK$44 million reflected in the expenses account.

- The accounting standards continue to have adverse impact on the results from hotel businesses, these hotels are now stated at cost less depreciation resulting in a significant impact of the following:

  (a) The properties of the Group as valued by the independent professional valuer at market value as at 31st December, 2007 and the valuation surplus (before accounting for any deferred taxes) not included in accounts are as follows:

Name of properties	**Independent professional valuation report from Dudley Surveyors Limited** At 31.12.2007 *HK$'000*		**Carrying amounts in the accounts under accounting standard** At 31.12.2007 *HK$'000*	**Valuation surplus (before accounting for any deferred taxes) not included in accounts** At 31.12.2007 *HK$'000*
Ramada Hotel Kowloon	849,200		298,572	550,628
Ramada Hong Kong Hotel	1,140,000		385,810	754,190
Best Western Hotel Taipa, Macau	456,000		272,560	183,440
Magnificent International Hotel, Shanghai	268,000		85,169	182,831
633 King's Road	1,260,000		1,260,000	-
239-247 Queen's Road West	466,000		217,791	248,209
19-23 Austin Avenue	785,000	(Note)	636,000	149,000
30-40 Bowrington Road	522,000		244,335	277,665
Shun Ho Tower	369,800		367,685	2,115
Properties at Gold Coast	41,000		21,534	19,466
Others	22,300		22,094	206
Total	**6,179,300**		**3,811,550**	**2,367,750**
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Note:

This value is based on the independent professional valuation carried out by Dudley Surveyors Limited, the independent professional valuers, taking into account the assumption that the subject property is planned for redevelopment into an 18-storey hotel with a total gross floor area of approximately 8,344 square meters. According to the building plans as approved by the Building Authority dated 17th September, 2007, the proposed hotel comprises a total of 290 guest rooms plus car park, coffee shop and retail shop facilities.

The aforesaid independent professional valuation is different from the carrying value of the same property as recognised in the Group's consolidated financial statements, as such carrying value was based on the fact that the property was held as an investment property as of 31st December, 2007, and therefore did not take into account the assumption of the hotel development potential.

If the valuation of the Group's properties by the independent professional valuer was accounted for in the financial statements, the net asset value of the Group will be increased as follows:

	HK$'000
Total net assets (before deferred tax) of the Group	2,360,792
Add: Valuation surplus (before accounting for any related taxes) not recognized in the Account	2,367,750
Adjusted equity attributable to shareholders of the Company	4,728,542
Adjusted net asset value per share	HK$0.8

(b) Reduction of hotel operating profits due to depreciation of the hotel properties amounting to HK$22 million for the year under review.

(c) The Group's audited consolidated profit attributable to shareholders of the Company for the year ended 31st December, 2007 amounted to HK$806,838,000. If excluding deprecation and release of prepaid lease payments for land (HK$25,382,000), increase in fair value of investment properties (HK$922,619,000) and its consequent deferred tax (HK$161,049,000), after tax operating profit attributable to shareholders of the Company for the year ended 31st December, 2007 would be HK$70,650,000.

FUTURE PROSPECTS

- For the year under review, the investment properties such as Shun Ho Tower and shops in Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau remained fully let. It is expected that the rental revenue from these properties will continue to increase.

  The construction of the grade A office building at 633 King's Road was completed in June 2007. Leasing of the commercial space is well underway. As of the date of this announcement, only 6 floors of the 33 floors in the 300,000 sq. ft. office building is still yet to be leased. It is expected that the rental income of the Group will be significantly increase by the building in the second half of 2008. The effect of full occupancy of the building will be reflected in the year of 2009.

  For the year under review, there was no significant property being disposed. However, the houses at Gold Coast, New Territories are already available for rental income or disposal.

- For the year under review, the turnover income for the 4 hotels was amounted to HK$198 million.

Name of Hotel	**Avg Room Rates**		
	2007	**2006**	**Change**
	HK$	HK$	
Ramada Hotel Kowloon	743	675	+10%
Ramada Hong Kong Hotel	659	595	+11%
Best Western Hotel Taipa, Macau	401	322	+25%
Magnificent International Hotel, Shanghai	378	366	+3%

In the coming year, it is envisaged that the hotel business should further improve due to continuous increase of inbound tour from global interests in Asia and implementation of the CEPA and further relaxation of mainlanders to travel freely and the Olympic effects. The management of the hotels will endeavour to maintain the high occupancy but will focus on obtaining higher room rates.

The hotel turnover for the first three months of 2008 of the four hotels amounted to HK$51,587,000, which represented 17% increase compared to the same period last year.

	Ramada Hotel Kowloon		**Ramada Hong Kong Hotel**		**Best Western Hotel Taipa, Macau**		**Magnificent International Hotel, Shanghai**	
2008	Avg Room Occpancy	Avg Room Rate	Avg Room Occpancy	Avg Room Rate	Avg Room Occpancy	Avg Room Rate	Avg Room Occpancy	Avg Room Rate
	%	HK$	%	HK$	%	HK$	%	HK$
Jan	97	786	95	674	96	432	75	297
Feb	95	677	92	616	96	556	64	286
Mar	97	862	93	756	97	446	84	387
2008 Total (Jan to Mar)		**HK$15,097,000**		**HK$20,404,000**		**HK$11,403,000**		**HK$4,683,000**
		============		============		============		===========
2007 Total (Jan to Mar)		HK$13,395,000		HK$18,104,000		HK$8,570,000		HK$4,141,000
		============		============		===========		===========
Change		**+13%**		**+13%**		**+33%**		**+13%**

- Subsequent to 31st December 2006, the Group completed the following acquisitions:-

Name of Properties	**Acquisition Cost**	**Independent Revaluation**	**Change**
	HK$'000	HK$'000	
239-243 Queen's Road West	99,404	466,000	+128%
245-247 Queen's Road West	104,593		
19-23 Austin Avenue	520,093	785,000	+51%
30-40 Bowrington Road	238,855	522,000	+119%
249-251 Queen's Road West	97,401	-	-
Total:	**1,060,346**		
	========		

The overall acquisition costs of the development sites subsequent to 31st December 2006 amounted to HK$1,060 million.

The above acquisitions provided a valuable opportunity for the Group to develop more than 1,000 hotel rooms in the busiest city locations with significant capital gain and income potentials.

Queen's Road Hotel Development

A 435 rooms hotel development has been approved by the relevant authorities, foundation works is in progress.

Austin Avenue, Tsimshatsui

A 300 rooms hotel development has been approved by the relevant authorities. Demolition of the old building is expected to commence in June 2008.

Bowrington Road, Causeway Bay

A 265 rooms hotel development has been approved by the relevant authorities, foundation works is in progress.

The corporate strategy is to build hotels on grade B commercial locations which are usually not ideal for office development, too expensive for residential development but most suitable for hotel business in terms of low acquisition costs and high yields. The Group benefits from the development of these hotels from good operating incomes, but most importantly is their capital value gain. Such strategy has successfully helped to increase the value of the Group substantially:-

	2007	**2006**	**2005**	**2004**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Adjusted Shareholders' Fund	4,729	3,226	2,590	1,915
Adjusted Net Asset Value Per Share	HK$0.80 per share	HK$0.62 per share	HK$0.47 per share	HK$0.35 per share

At 31st December 2007, the overall debt was HK$1,404 million (2006: HK$ 557 million) of which, HK$ 873 million (2006: HK$ 316 million) was external bank loans and HK$ 531 million (2006: HK$ 241 million) was advance from a shareholder. Gearing ratio was approximately 59% (2006: 43%) or 29.6% against funds employed of HK$2,361 million (2006: HK$1,299 million) or Fully Revalued Net Assets of HK$4,729 million respectively. The increase of borrowings of HK$847 million was due to acquisition costs of the development sites of HK$1,060 million subsequent to 31st December 2006 and the subsequent construction costs. It is estimated that a further of HK$500 million will be required for the construction costs of the acquired development sites in the next two or three years.

The increase of above borrowings and increase of banks lending rate has caused the financing expenses during 2007 to increase by 137% (HK$44 million) which has significantly affected the operating results for the year of 2007.

The Board is carefully studying various options to lower existing level of the Group's debts.

The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal.

Looking ahead, the financing situation will be improved by, more interest expenses will be capitalized due to properties under development, substantial increase of income rental derived from 633 King's Road and significant lowering at bank lending rate.

During the financial year under review, there were no significant changes in the Group's staffing level and remuneration and benefit were set with reference to the market.

Looking ahead, the Board considers that the global low interest rate economy will continue to uphold a strong expanding economy and continue to fuel international travels. The implementation by the PRC Government of CEPA and the furtherance of relaxation of mainland travelers to visit Hong Kong and the Olympic effect help stimulate further regional tourism. It is envisaged that the hotel business should further improve in the coming year confirming the Group's correct strategy to build up a portfolio of prime 4-star hotels in Hong Kong and major cities of China. The continuous increase of inbound tourists justified the Group's intention to expand the Group's hotel assets. The recent inflationary environment in Hong Kong will accelerate rising property prices also add momentum to the Hong Kong business environment. The Group will continue to acquire quality hotels and investment/development properties should the opportunity arises.

Purchase, sale or redemption of listed securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

Corporate Governance

(a) Compliance with the Code on Corporate Governance Practices

During the year, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules except the following:

Code Provision A.2.1

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William CHENG Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It will also facilitate the planning and execution of the Company's strategy and is hence, for the interests of the Company and its shareholders.

Code Provision A.4.1

Non-executive directors of the Company have no set term of office but retire from office on a rotational basis at least once every three years. Amendment to the articles of association of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 27 May 2005 whereby every director shall be subject to retirement by rotation at least once every three years. The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are no less exacting than those in the Code.

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the audited financial results of the Group for the year ended 31st December, 2007.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

By Order of the Board

William Cheng Kai Man
Chairman

Hong Kong, 18th April, 2008

As at the date hereof, the Board comprises seven Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and, Mr. Albert Hui Wing Ho; two are Non-executive Directors, namely Mr. David Cheng Kai Ho and Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.