E2 - Capital
GROUP

ANNUAL REPORT 2007

Contents

TRANSFORMATION TO DELIVER SHAREHOLDER VALUE

CORPORATE INFORMATION

Board of Directors

Executive Directors:

Mr. FUNG Ka Pun
(Executive Co-chairman)
Dato' WONG Sin Just
(Executive Co-chairman)

Independent Non-executive Directors:

Mr. ONGPIN Roberto V
Mr. CHUNG Cho Yee, Mico
Mr. HO Kwan Tat
Dr. HUI Ka Wah, Ronnie

Audit Committee

Mr. HO Kwan Tat (Chairman)
Mr. CHUNG Cho Yee, Mico
Dr. HUI Ka Wah, Ronnie

Remuneration Committee

Dr. HUI Ka Wah, Ronnie (Chairman)
Mr. HO Kwan Tat

Nomination Committee

Dr. HUI Ka Wah, Ronnie (Chairman)
Mr. HO Kwan Tat

Investment Committee

Mr. FUNG Ka Pun
Dato' WONG Sin Just

Company Secretary

Mr. CHEUNG Chung Wai, Billy

Qualified Accountant

Mr. ONG Tiang Lock

Solicitors

Mallesons Stephen Jaques
Woo, Kwan, Lee & Lo, Solicitors

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (HK) Limited
Hang Seng Bank Limited

Share Registrar in Bermuda

Butterfield Corporate Services Limited
65 Front Street,
Hamilton,
Bermuda

Share Registrar in Hong Kong

Computershare Hong Kong Investor Services Limited
Rooms 1806-1807, 18th Floor,
Hopewell Centre,
183 Queen's Road East,
Hong Kong

Registered Office

Canon's Court,
22 Victoria Street,
Hamilton HM12,
Bermuda

Principal Place of Business in Hong Kong

Rooms 4301-4309 43/F, Jardine House,
One Connaught Place, Central,
Hong Kong

Website

www.e2capital.com

Stock Code

378

BOARD OF DIRECTORS

Executive Directors

Mr. FUNG Ka Pun, aged 62, appointed as the Chairman of the Company since 28 June 1995, is responsible for the Group's overall policy making. On 3 April 2001, he was re-designated as the Executive Co-chairman of the Company. Mr. Fung is also the Founder and Chairman of Goodwill International (Holdings) Limited, a substantial shareholder of the Company.

Mr. Fung has over 31 years of experience in finance, securities and commodities trading and corporate finance. Mr. Fung is a member of the Association of International Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Fung is an independent non-executive director of GZI Transport Limited, Lei Shing Hong Limited, Lee Hing Development Limited, Denway Motors Limited and Samling Global Limited. He is also involved in various social and charitable organisations in Hong Kong and China and is a campaign committee member, Co-chairman and member of various committees in Campaign Organising Committee of the Community Chest of Hong Kong.

Dato' WONG Sin Just, aged 42, was appointed as the Chief Executive Officer of the Company since 20 April 2000 and was re-designated as the Executive Co-chairman on 3 April 2001. Dato' Wong is a beneficiary of e2-Capital Inc. which is a substantial shareholder of the Company.

Dato' Wong possesses over 19 years of accounting, investment banking and venture capital experience. He held senior positions with a number of premier international investment banks prior to joining the Company. Dato' Wong holds a Bachelor Degree in Engineering (First Class Honours) from Imperial College, University of London and was qualified as an associate of the Institute of Chartered Accountants, England and Wales. Dato' Wong is currently the Chief Investment Officer of SBI E2-Capital Asset Management Limited, the Chairman of SBI E2-Capital Group, the Vice Chairman of China Renji Medical Group Limited and the Executive Chairman of Suncorp Technologies Limited. He is also the director and member of the audit committee of CDC Software Corporation, an independent non-executive director of China.com Inc., Capital Strategic Investment Limited and China Zenith Chemical Group Limited.

Dato' Wong is an active member of the venture capital and social communities. He serves as the Vice Chairman and board member of Monte Jade Science and Technology Association of Hong Kong, a council member of Better Hong Kong Foundation, Vice Chairman of the General Donation and Special Event Committee of the Community Chest of Hong Kong as well as a board and executive committee member of Asian Youth Orchestra.

BOARD OF DIRECTORS

Independent Non-Executive Directors

Mr. ONGPIN Robert V., aged 71, was appointed as an independent non-executive Director on 20 April 2000. He served as the Minister of Trade and Industry for the Philippine Government from 1979 to 1986, a Partner at SGV & Co. from 1967 to 1979, and the Chairman and Managing Partner of SGV prior to joining government service. Mr. Ongpin holds a Master Degree in Business Administration from Harvard University, graduated cum laude from the Ateneo de Manila University with a Degree in Business Administration, and is a Certified Public Accountant. Currently, Mr. Ongpin is the Chairman of Philweb Corporation and ISM Communications Corporation, both are listed companies in the Philippines, Connectivity Unlimited Resource Enterprise, Inc. (CURE), Eastern Telecommunications Philippines, Inc. (ETPI), Developing Countries Investment Corp. and La Flor de la Isabela, Inc. He is also the Deputy Chairman of SCMP Group Limited, a director of American Orient Capital Partners Limited and a non-executive director of Shangri-La Asia Limited.

Mr. CHUNG Cho Yee Mico, aged 47, was appointed as an independent non-executive Director on 9 March 2001. Mr. Chung graduated from the University of London with a law degree and is a qualified solicitor. He is an executive director of Pacific Century CyberWorks Limited ("PCCW"), and is responsible for the mergers and acquisitions of the PCCW Group. Mr. Chung is also an executive director of Pacific Century Insurance Holdings Limited, a non-executive Chairman and director of Capital Strategic Investment Limited and an independent non-executive director of Hong Kong Construction (Holdings) Limited.

Mr. HO Kwan Tat, aged 43, was appointed as an independent non-executive Director on 30 September 2004. He is a Certified Public Accountant (Practising), a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Ho has extensive experience in accounting and audit. He is also an independent non-executive director of The Sun's Group Limited.

Dr. HUI Ka Wah, Ronnie, JP, aged 44, was appointed as an Independent Non-executive Director on 30 September 2004. He graduated from the University of Hong Kong with a Bachelor of Medicine and Bachelor of Surgery and holds the Diploma of Child Health at Royal College of Physicians & Surgeons in Ireland and at Royal College of Physicians & Surgeons of Glasgow. Dr. Hui is a member of the Royal College of Physicians of the United Kingdom, a fellow member of the Hong Kong Academy of Medicine (Paediatrics) and the Hong Kong College of Paediatricians. Dr. Hui has been practicing as a registered medical practitioner in Hong Kong since 1987 and has been registered as Specialist in Paediatrics since 2001. Dr. Hui is a CFA charterholder, and holds the degree of Master of Business Administration conferred by Universitas 21 Global. Dr. Hui is the Head of Corporate Investment of Group Sense Limited, and Corporate Marketing Director of Quam Capital (Holdings) Limited. Dr. Hui is the Executive Director of Town Health International Holdings Co. Ltd., and Hong Kong Health Check and Laboratory Holdings Company Limited. He is the Vice Chairman & Executive Director of Core Healthcare Investment Holdings Ltd. He is also an independent non-executive director of CASH Financial Services Group Limited, Suncorp Technology Limited and Winbox International (Holdings) Limited.

CHAIRMEN'S STATEMENT

We are pleased to present herewith the Annual Report of E2-Capital (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 and we have made further progress in transforming the Company into an integrated investment firm and enhancing our belief in "Delivering Shareholder Values" during the reporting period.

Business Principles

Despite high energy prices and uncertainties of the global economies, we are able to give shareholders consistent and sustainable returns via a balanced and steady growth of an integrated investment portfolio. Under the current challenging and dynamic environment, we continue to focus on our core investments in identified geographical markets where there are good potential for growth with attractive returns.

Business Review

During the year, we continued to focus on our belief of "Delivering Shareholder Values" and to move towards becoming an integrated investment firm and regional financial services group in the Asia Pacific region. In assessing our existing and potential investments, we ensure our investment infrastructure would generate sustainable economic value to our shareholders. In streamlining the Group's operating structure, resources have been channeled directly to the main operating units with a view to further improving accountability and operating responsibility.

In terms of financial strength and resources management, the Group continues to focus on increasing shareholder wealth through prudent management and selective investments. Significant financial resources have been utilized to capture strategic investment opportunities, but the Group still maintained sufficient cash and bank balances at HK$182 million as at 31 December 2007 (2006: HK$153 million) to capture new investment opportunities. Like the previous year, the Company has zero borrowings in 2007.

As joint Chairmen, we are pleased to report that the brand name of each of the major business units in its respective industry are well respected by the market, in particular financial services and property sectors. Both SBI E2-Capital Group ("SBI E2-Capital") and Goodwill Properties Limited ("GPL") have been recognised as premium brand names among the financial community and homebuyers respectively. Our proprietary asset management arm, Winslow Asset Management Limited ("Winslow"), a Limited Partnership type of investment vehicle with a portfolio up to US$17.5 million by December 2007, performed satisfactorily during the period. This investment division had made contributions to our bottom line with operating profit of HK$58.8 million for the year ended 31 December 2007 as compared with HK$90.9 million for the same period in 2006. The global investment environment has deteriorated in the last quarter and the market turbulence in December 2007 served as a timely reminder of the high correlation and inherent volatility that could happen in financial markets. Under this challenging environment, our investment team adopted a prudent stance in managing the investment portfolio and continued to exercise our expertise on stock selection and search for appropriate investment opportunities in the Asia Pacific region. In fact, we have adopted a relatively defensive stance in managing our proprietary portfolio and focused on stocks that have low valuations with potential upside. In assessing our existing and potential investments, we ensure our investment infrastructure would generate sustainable economic value to our shareholders.

Prospects

The investment environment is still uncertain given the increasing market volatility and deterioration of the US economy. It remains unclear on how the credit woes in the US would affect the global economy and financial markets, we expect high volatility remains a feature in 2008. Therefore, we will continue to adopt a judicious stance to manage our investment activities so as to optimize returns and balanced against risk exposure.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group maintained a quick ratio of 1.1 times at 31 December 2007 as compared with 2.81 times at 31 December 2006, calculated on the basis of total bank balances and cash, short term available-for-sale investments and financial assets at fair value through profit or loss and trade and other receivables over total current liabilities. Since cash proceeds from the sales of investment securities was reinvested to further Group activities, Group bank balances and cash after distributing the 2006 final dividend of HK$20 million and 2007 interim dividend of HK$20 million, still stayed at a comfortable level of HK$182 million at 31 December 2007 (31 December 2006: HK$153 million) with the Company remaining debt free and keeping its bank balances and cash at HK$109 million as at 31 December 2007 (31 December 2006: HK$89 million).

Consolidated shareholders' funds and net tangible assets per share remained at HK$585 million and HK$1.46 respectively at 31 December 2007 (31 December 2006: HK$575 million and HK1.44 respectively), as a result of earnings retained for the year ended 31 December 2007, adjusted for the distribution of the 2006 final dividend of HK$20 million and 2007 interim dividend of HK$20 million respectively.

BUSINESS REVIEW

Financial Services

Hong Kong/China

The Hong Kong and China securities market remained robust in 2007 with the expectation of continued growth in corporate profit in 2007. Our Hong Kong/China division which covered a wide range of investment products, made up for a dominant part of our earnings for the year ended 31 December 2007. Both retail and institutional investors were very active in the market as evidenced by our significant growth in revenue. As a result, the Hong Kong/China division, SBI E2-Capital and its subsidiaries, recorded a profit before tax of HK$34.2 million for the eight months period ended 31 August 2007 (12 months of 2006: HK$17 million). On 12 June 2007, a conditional agreement was entered between SBI E2-Capital Asia Securities Group Limited (as the vendor) with an independent third party (as the purchaser) in respect of the disposal of the entire issued share capital of SBI E2-Capital Asia Securities Limited and its relevant subsidiaries at a total consideration of HK$76.76 million. The disposal was effected in order to generate cash flows for the expansion of the Group's other business and the disposal was completed on 12 September 2007.

Our research team has further expanded during the period with increased coverage on China related stocks on top of small-mid cap companies. We will continue to keep up the quality of our research products, especially as SBI E2-Capital Securities Limited has been recognized as the Best Local Brokerage House – Hong Kong during the period from 2003 to 2007 by Asiamoney.

Singapore

SBI E2-Capital Asia Securities Pte Ltd ("SECAS") registered a sterling result of net profit of S$3,000,000 in 2007 as compared to S$278,000 in 2006, an increase of 979%. This was achieved with an increase of 105% in total revenue from S$4,100,000 in 2006 to S$8,400,000 in 2007. SECAS secured 4 secondary placement engagements to act as placement agent for 3 SGX-listed companies (i.e. Jiutian Chemical, See Hup Seng and Asia Environment) to raise secondary fund raising in 2007. In addition, in 2007, SECAS also participated in 4 IPOs, acting as the underwriter and placement agent and acting as joint lead manager for one IPO.

SECAS will continue to bring quality high-growth medium-sized companies to IPO in SGX-ST and Catalist in Singapore. These companies are mainly operating in industries namely construction, tourism & leisure-related, marine-related and oil and gas industries.

On 4 February 2008, Goodwill Investment (BVI) Limited ("Goodwill Investment BVI"), a wholly-owned subsidiary of the Company, entered into an agreement with Glory High Holdings Limited ("Glory High"), a joint venture between Goodwill International (Holdings) Limited and e2-Capital Inc., pursuant to which Goodwill Investment BVI has conditionally agreed to sell, and Glory High has conditionally agreed to purchase 40% shareholding in SBI E2-Capital Asia Holdings Pte Ltd for a consideration of HK$42,000,000. SECAS is a wholly-owned subsidiary of SBI E2-Capital Asia Holdings Pte Ltd.

Fund of Funds

In view of the volatility of stock markets which accompanied with the rising market uncertainty, we have adopted a more prudent investment approach in the second part of 2007 which had resulted in lower contribution as compared with last year. Our proprietary asset management arm, Winslow Asset Management Limited ("Winslow"), a Limited Partnership type of investment vehicle to allocate funds to promising General Partnership in hedge funds and venture capital with portfolio up to US$17.5 million by December 2007, performed satisfactorily during the period. This investment division had made contributions to our bottom line with operating profit of HK$58.8 million for the year ended 31 December 2007 as compared with HK$ 90.9 million for the same period in 2006. The global investment environment has deteriorated in the last quarter and market turbulence in December 2007 served as a timely reminder of the high correlation and inherent volatility that could happen in financial markets. Under this challenging environment, our investment team adopted a prudent stance in managing the investment portfolio and continued to exercise our expertise on stock selection and search for appropriate investment opportunities in the Asia Pacific region.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRIAL

The Group's industrial business, operated through Cheung Wah Ho Dyestuffs Company Limited and Lancerwide Company Limited, remained steady with a turnover of HK$16 million (2006: HK$17.7 million) during the period. Owing to the increases in commodity prices and operating expenses, the dyestuff business reported a loss before tax of HK$4.9 million (2006: HK$2.5 million) for the year ended 31 December 2007. The trading of dyestuff is expected to remain challenging in the coming year.

On 22 February 2008, a conditional sales and purchase agreement entered between Goodwill Investment BVI Limited and Wealth Honor International Limited pursuant to which Goodwill Investment BVI Limited has conditionally agreed to sell, inter alia all the Company's interests in Cheung Wah Ho Dyestuffs Company Limited and Lancerwide Company Limited.

PROPERTY

Goodwill Properties Limited ("GPL"), the Group's property division, was active during the period, both in Hong Kong and the PRC.

GPL acquired 2 residential sites for redevelopment in last year, No 21 Grampian Road and the majority share of Nos 23 & 25 Grampian Road in Kowloon Tong. They lie within a traditional prime residential area with many famous schools in the vicinity. The site areas are 11,935 sq ft. and 10,230 sq ft respectively. They can be redeveloped to a medium-rise luxurious residential building. In February 2008, GPL has successfully acquired 100% interest in Nos 23 & 25 Grampian Road and the re-development of the Grampian Road project is expected to start in mid 2008.

GPL will develop a site adjacent to Greenery Gardens in Yuen Long into a low-density luxurious villas development. It will be Phase II of Greenery Gardens. Planning application and architectural design are currently in progress.

Tianma Project in Shanghai, which was 13.35% held by the Group and comprises 260 luxurious villas, a 27-hole golf course and a country club in the vicinity of the She Shan National Resort District, Shanghai, China, is in progress. The golf course and the country club are in full operation, with positive contribution to the project. It has been recognized as one of the best golf clubs in China by many magazines including China Golf Magazine and Golf Digest for many years. Also, it has achieved a significant progress in villas and club memberships sales. The development works for a new phase of development with 128 villas has been commenced. The pre-selling has been started in early 2007 and it has achieved a remarkable sales result.

On 4 February 2008, Goodwill Investment BVI entered an agreement with Goodwill International (Holdings) Limited pursuant to which Goodwill Investment BVI has conditionally agreed to sell and Goodwill International (Holdings) Limited has conditionally agreed to purchase the entire issued share capital of Sinojet Properties Limited, which held 13.35% effective interest in Tianma Project for a consideration of HK$50,000,000.

Owing to the continued growth of the economy and limited supply of residential sites and flats, the Hong Kong property market is likely to become more active. The Group will participate in more sizeable new projects with higher profitability and return. In order to capture more business opportunities, GPL is very active in seeking opportunities in expanding its land bank in Hong Kong and in China.

Community Relations

E2-Capital Group continued to actively participate in community service in 2007 under the SBI E2-Capital brand name. We had partnered with Crosby Capital Partners on the public offering programme of "Shares for Care" (23 March to 14 April 2007), which directly benefited the Hong Kong Cancer Fund.

We continued to sponsor the Outward Bound Annual ball 2007 in their cause to help people to discover and develop their potential to care for themselves, others and the world around them. E2-Capital has also, for the first time, sponsored the MSF Day 2007 (Médecins Sans Frontières Hong Kong) (30 July 2007).

E2-Capital's business philosophy is to be a respected employer and steadfast community partner by giving back to the community in which we live and work.

Liquidity and financial resources

As at 31 December 2007, the Group's bank balances and cash, short term available-for-sale investments and financial assets at fair value through profit or loss totaled HK$242 million (31 December 2006: HK$234 million). Of the total borrowings of HK$175 million (31 December 2006: HK$175 million), approximately 99% are loans secured by leasehold land and properties for development located in Hong Kong, with the balance secured by mortgage loans receivable. Of these borrowings, HK$174 million is repayable within one year.

Liquidity of the Group is kept at a healthy position with a quick ratio of 1.1 times as at 31 December 2007 as compared with 2.81 times as at 31 December 2006, calculated on the basis of total bank balances and cash, short term available-for-sale investments and financial assets at fair value through profit or loss and trade and receivables over current liabilities. Long term gearing at 31 December 2007, calculated on the basis of long term debt over shareholders' funds, is 0.2% as compared with 30.18% at 31 December 2006.

With the current level of cash and marketable securities on hand as well as available banking facilities, the Group's liquidity position remains strong and it has sufficient financial resources to meet its current commitments and working capital requirement.

The Company has provided corporate guarantees for banking facilities extended to group companies, further details are described in the section under "Contingent Liabilities".

Capital structure of the group

The Group's assets and liabilities are primarily denominated in Hong Kong dollars. When seeking to optimise the returns on its funds available for investment, the Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The Group's borrowings are denominated in Hong Kong dollars and on a floating rate basis. As the tenure of a substantial amount of our borrowings is matched against the development period of the projects in progress, the Group has limited exposure to interest rate fluctuations.

Changes in composition of the Group during the period

There was no material change in the composition of the Group during the period.

Number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes

As at 31 December 2007, the Group and the jointly controlled entity employed a total of 26 and 29 full-time employees respectively. The Group operates different remuneration schemes for client service and client support and general staff. Client service personnel are remunerated on the basis of on-target-earning packages comprising salary and/or commission. Client support and general personnel are offered year-end discretionary bonuses subject to individual performance and/or the business result of the Company. Employees' cost (excluding directors' emoluments and key management compensation) amounted to approximately HK$66 million for the period ended 31 December 2007. The Group ensures that the remuneration paid to employees remain competitive and employees are rewarded within the general framework of the Group's salary and bonus system.

Details of the charges on group assets

As at 31 December 2007 prepaid lease payments, properties for development and bank deposits with an aggregate value of approximately HK$346 million have been pledged to secure banking facilities of HK$178 million granted to Group companies.

Contingent Liabilities

As at 31 December 2007, corporate guarantees were given to financial institutions for working capital facilities of associates and loan facilities of independent third parties. The aggregate amount of such facilities utilized by these companies/parties at 31 December 2007 amounted to HK$132.2 million (31 December 2006: HK$131.8 million).

In addition, the Group had provided a guarantee of HK$143,000,000 to a bank in respect of banking facilities for certain subsidiaries of its jointly controlled entity. During the year, those subsidiaries were disposed of by the jointly controlled entity and have become independent third parties to the Group. Therefore, the guarantee was classified as the guarantee for the independent third parties. None of these facilities was utilised by the independent third parties.

Exposure to fluctuations in exchange rates and related hedges

As at 31 December 2007, the Group's assets and liabilities are primarily denominated in Hong Kong dollars. When seeking to optimise the returns on its funds available for investment, the Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

Prospects

The investment environment becomes more volatile in 2008 and there are more signs to indicate a deterioration of the US economy. Investors confidence was shaken by the credit woes in the US which had strained the credit market and adversely affected the global econmy and financial markets. Under such a weak market environment, we will continue to adopt a prudent approach in managing our investments.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and provides corporate management services. The activities of its principal subsidiaries and associates are set out in notes 48 and 23, respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 32.

An interim dividend of HK5 cents per share amounting to HK$20,032,000 was paid to the shareholders during the year. The directors do not recommend the payment of final dividend.

INVESTMENT PROPERTIES

At 31 December 2007, the investment properties of the Group were revalued by an independent firm of professional surveyor and property valuer on an open market value basis at HK$1,823,000.

Details of these and other movements in the investment properties of the Group for the year are set out in note 18 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in share capital of the Company are set out in note 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2007 were as follows:

	2007	2006
	HK$'000	HK$'000
Other reserve	2,184	2,184
Retained profits	196,277	293,182
	198,461	295,366

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors

Mr. Fung Ka Pun
Dato' Wong Sin Just

Independent Non-executive directors

Mr. Ongpin Roberto V.
Mr. Chung Cho Yee, Mico
Mr. Ho Kwan Tat
Dr. Hui Ka Wah, Ronnie

DIRECTORS' REPORT

All independent non-executive directors have contracts with the Company for a period of two years, subject to retirement and re-election at the annual general meeting in accordance with the Company's Bye-laws.

The Company has received annual confirmation of independence from all independent non-executive directors and considered them as independent.

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company are set out on page 3 to 5 of the annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31December 2007, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, were as follows:-

(i) Long positions

Ordinary shares of HK$1 each of the Company

	Number of shares				
Name of director	Beneficial owner	Held by controlled corporation	Other Interests	Total	Percentage of the issued share capital of the Company
Mr. Fung Ka Pun	5,943,197	1,862,303 *(Note 1)*	—	7,805,500	1.95%
Dato' Wong Sin Just	—	—	110,000 *(Note 2)*	110,000	0.03%

(ii) Interests in associated corporations

Name of associate	Name of director	Number of shares: Beneficial owner	Number of shares: Held by controlled person	Percentage of the issued share capital of associates
SBI E2-Capital Limited	Dato' Wong Sin Just	8 *(Note 3)*	—	2%
SBI E2-Capital Asia Securities Group Limited	Dato' Wong Sin Just	1,345,368 *(Note 4)*	—	2.24%
Boxmore Limited	Mr. Fung Ka Pun	–	2,000 *(Note 5)*	20%

Notes:

(1) Mr. Fung Ka Pun has beneficial interests in Bo Hing Limited, which was interested in 1,862,303 shares of the Company as at 31 December 2007, representing approximately 0.47% in the issued share capital of the Company.

(2) Dato' Wong Sin Just has beneficial interests in e2-Capital Inc., which was interested in 110,000 shares in the Company as at 31 December 2007, representing approximately 0.03% in the issued share capital of the Company.

(3) Dato' Wong Sin Just holds 8 shares, representing approximately 2% in the issued share capital of SBI E2-Capital Limited.

(4) Dato' Wong Sin Just holds 1,345,368 shares, representing approximately 2.24% in the issued share capital of SBI E2-Capital Asia Securities Group Limited.

(5) The spouse of Mr. Fung Ka Pun has beneficial interest in 2,000 shares, representing approximately 20% in the issued share capital of Boxmore Limited.

(6) Goodwill International (Holdings) Limited and Mr. Fung Ka Pun, e2-Capital Inc. and Dato Wong Sin Just filed notices regarding their disposal of shares in the Company pursuant to the Share Purchase Agreement as required under the SFO. Accordingly, their interests in the shares of the Company subject to the Share Purchase Agreement are not shown above. Completion of the Share Purchase Agreement has not taken place as at 31 December 2007 and is subject to the satisfaction of certain conditions precedent in the Share Purchase Agreement.

Save as disclosed above, as at 31 December 2007, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 36 to the consolidated financial statements.

No option was granted or exercised since adoption of the share option scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

During the year, Dato' Wong Sin Just lent HK$5,000,000 to SBI E2-Capital Limited to finance guarantees of HK$78,000,000 provided by SBI E2-Capital Limited to a bank in respect of banking facilities granted to an independent third party. The Group accounted for 49% of HK$5,000,000 using proportionate consolidation as set out in note 24. The details of the transaction are set out in note 46(vii) to the consolidated financial statements.

In addition, SBI E2 gave its 2.24% interest in SBI E2-Capital Asia Securities Group Limited, a subsidiary of SBI E2 to Dato' Wong Sin Just as bonus payment. The details of the transaction are set out in note 46 (viii) to the consolidated financial statements.

Other than as disclosed above, no contracts of significance, to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31December 2007, so far as was known to the Directors and the Chief Executive of the Company, the following persons who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company.

(i) Long positions

Ordinary shares of HK$1 each of the Company

Name of shareholder the Company		Number of ordinary Capacity	Percentage of issued share capital of shares held
Right Precious Limited ("RPL") *(Note 2)*	Beneficial owner	288,455,917	72.00
CITIC International Assets Management Limited ("CIAM") *(Note 3)*	Held by controlled corporation	288,455,917	72.00
CITIC International Financial Holdings Limited ("CIFH") *(Note 3)*	Held by controlled corporation	288,455,917	72.00
CITIC Group *(Note 3)*	Held by controlled corporation	288,455,917	72.00

Notes:

(1) Goodwill International (Holdings) Limited and Mr. Fung Ka Pun, e2-Capital Inc. and Dato Wong Sin Just, Newmark Capital Corporation Limited, Newmark Capital Holdings Limited and Mr. Ng Poh Meng filed notices regarding their disposal of shares in the Company pursuant to the Share Purchase Agreement and Other Purchase Agreements as required under the SFO. Accordingly, their interests in the shares of the Company subject to the Share Purchase Agreement and Other Purchase Agreements are not shown above. Completion of the Share Purchase Agreement and Other Purchase Agreements has not taken place as at 31 December 2007 and is subject to the satisfaction of certain conditions precedent as referred in the Share Purchase Agreement .

(2) RPL has entered into the Share Purchase Agreement and the Other Purchase Agreements regarding its acquisition of shares in the Company from Goodwill International (Holdings) Limited, e2-Capital Inc, Dato Wong Sin Just, Newmark Capital Corporation Limited, NAPA Macao Commercial Offshore Limited, Mr Leung Wing Shing Len and an individual resident in Hong Kong. Completion of the Share Purchase Agreement and the Other Purchase Agreements has not taken place as at 31 December 2007 and is subject to the satisfaction of certain conditions precedent as referred in the Company's announcements dated 6 December 2007 and 22 February 2008.

(3) RPL is a wholly-owned subsidiary of CIAM which is held as to 40% by CIFH. CIFH is a 55% subsidiary of CITIC Group.

As at 31 December 2007:-

(a) none of the Directors had any direct or indirect interests in any assets which have since 31 December, 2006 (being the date to which the latest published audited consolidated financial statements of the Group) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group;

(b) none of the Directors was materially interested in any contracts or arrangements entered into by any members of the Group subsisting as at 31 December 2007 which is significant in relation to the business of the Group save in relation to the SBI E2 Asia Disposal Agreement and the Sinojet Disposal Agreement.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is based on their merits, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CONNECTED TRANSACTIONS

During the year ended 31 December 2007, the Group had not entered into transactions which constituted connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and are required to be disclosed in accordance with the requirements of the Listing Rules.

DISCLOSURES UNDER THE LISTING RULES

As at 31 December 2007 the aggregate amount of the financial assistance and guarantees provided by the Group to SECAS, an affiliated company as defined in the Listing Rules exceeded the relevant percentage ratio of 8% under the Listing Rules. In accordance with Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of SECAS as at 31 December 2007 and the Group's attributable interest therein are set out as follows:

	Balance sheet of an Affiliated Company	Group's attributable interest
	HK$'000	HK$'000
Non-current assets	2,523	1,729
Current assets	176,806	121,196
Current liabilities	(74,943)	(51,371)
Net current assets	101,863	69,825
Total assets less current liabilities	104,386	71,554
Non-current liabilities	—	—
Net assets	104,386	71,554
Issued capital	83,534	
Reserves	20,852	
Capital and reserves	104,386	

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not for any part throughout the year ended 31 December 2007 in compliance with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules, save for the CG Code Provision A.2.1 that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However the problem of over concentration of roles and responsibilities on one individual does not exist since the Board is co-managed by two Executive Directors who are the Executive Co-Chairmen of the Company. The Company has conducted a review on the effectiveness of its internal control system, covering all material areas including financial, operational, compliance as well as risk management function. Findings on the review are reported to the Audit Committee and no major issue is identified save for some recommendations to further strengthen controls in certain areas.

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency and accountability to all shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2007.

DONATIONS

During the year, the Group made charitable donations amounting to HK$80,000.

POST BALANCE SHEET EVENTS

As set out in the Company's announcement dated 6 December 2007 (the "Announcement"), on 29 November 2007, certain shareholders of the Company entered into share purchase agreements (the "Share Purchase Agreements") with RPL, an independent third party to dispose of their total interest of 288,455,917 ordinary shares of HK$1 each in the share capital of the Company, representing 72% of the existing issued share capital of the Company.

Completion of the Share Purchase Agreements is conditional upon, inter alia, the completion of sale and purchase agreements to be entered into by the Company as the seller and other parties as the purchasers for the disposals of the Company's associate, SBI E2-Capital Asia Holdings Pte Limited, certain of the Company's subsidiaries and the Group's assets, details of which are set out in the Announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated results of the Group for the year ended 31 December 2007.

AUDITOR

During the year, Messrs. PricewaterhouseCoopers, who acted as auditor of the Company for the past three years, resigned and Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company. A resolution will be submitted to the annual general meeting to re-appoint the auditor, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

Mr. Fung Ka Pun	Dato' Wong Sin Just
EXECUTIVE CO-CHAIRMAN	*EXECUTIVE CO-CHAIRMAN*

20 February 2008

CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality board, sound internal control, transparency, independence and accountability to all shareholders.

The Code of Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "SEHK") throughout the year ended 31st December 2007, the Group has applied the principles and complied with the code provisions of the CG Code unless otherwise stated which in the opinion of the Board are not appropriate to follow.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code. The key corporate governance principles and practices of the Company are summarised as follows:–

BOARD COMPOSITION AND BOARD PRACTICES

The Board is mandated with promoting the success of the Company by providing leadership and supervising control of the Group's businesses.

The Board comprises two Executive Directors who are also the Executive Co-chairmen of the Company and four Independent Non-executive Directors. The Board, led by two Executive Co-chairmen, is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of annual budgets and business plans; evaluating the performance of the Group; and oversight of management. The Chairmen ensure the Board works effectively and discharges its responsibilities. All Directors (including Independent Non-executive Directors) have been consulted on all major and material matters of the Company. With the support of the Company Secretary, the Chairmen seek to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Board opines that due to the scale of its operation, it is not necessary to appoint a Chief Executive Officer and daily operation of the Group is delegated to management, department heads and various committees.

Under the Listing Rules, every listed issuer is required to have at least three Independent Non-executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The number of Independent Non-executive Directors has exceeded the minimum requirements of the Listing Rules and represented more than one-third of the total board members. Further, more than one of them have appropriate professional qualifications in accounting or related financial management expertise.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to the requirement of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The biographical details of the Directors are set out on pages 3 to 5.

All the Independent Non-executive Directors have contracts with the Company for a specified period of two years subject to retirement, rotation and approval by shareholders at the General Meeting of the Company in accordance with the Company's Bye-Laws and the CG Code.

The Board has scheduled quarterly meetings per year and meets more frequently as and when required. During the financial year ended 31 December 2007, five Board meetings were held. The attendance of individual directors to the Board meeting in year 2007 is summarised below.

Directors	Meetings Attended/Held Board of Directors
Executive Directors	
Mr. Fung Ka Pun	20/20
Dato' Wong Sin Just	20/20
Independent Non-Executive Directors	
Mr. Ongpin Roberto V.	1/20
Mr. Chung Cho Yee, Mico	1/20
Dr. Hui Ka Wah, Ronnie	2/20
Mr. Ho Kwan Tat	3/20

The Company Secretary keeps the Board Minutes of the Company for inspection by the Directors. The Board has arranged appropriate insurance cover for the directors and officers of the Group to protect them from the risk exposure arising from the businesses of the Group for indemnifying their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. Based on specific enquiry of all the directors of the Company, the directors have complied with the required standard as set out in the Model Code for the year ended 31 December 2007.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance Department which is under the supervision of the Qualified Accountant of the Company, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner.

The Statement of the Auditors of the Company regarding their reporting responsibilities on the financial statements is set out in Independent Auditor's Report on page 30.

AUDIT COMMITTEE

The Company has established an Audit Committee with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of the Audit Committee are consistent with the provisions set out in the relevant section of the CG Code and are available on the Company's website.

The Audit Committee comprises three Independent Non-executive Directors of the Company, Mr. Ho Kwan Tat, the chairman of the committee, possesses a professional accountancy qualification and has substantial experience in accounting and financial matters. In fact, all members of the committee have diversified professional experience in accounting and/or finance. No member of the Audit Committee is a former partner of the existing auditing firm of the Company.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditors in matters within the scope of the group audit. Three meetings were held during the financial year ended 31 December 2007. The attendance of individual Independent Non-executive Directors to the Audit Committee meeting in year 2007 is summarised below.

Members of the Audit Committee	Meetings Attended/Held
Mr. Ho Kwan Tat (Chairman)	3/3
Mr. Chung Cho Yee, Mico	2/3
Dr. Hui Ka Wah, Ronnie	3/3

Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after the meeting. Full minutes of audit committee meetings were kept by the Company Secretary, as secretary of the meetings.

The Group's interim report for the six months ended 30 June 2007 and the annual report for the year ended 31 December 2007 have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee ensuring that there are formal and transparent procedures for setting policies on the remuneration of the Directors. The committee is comprised of two Independent Non-executive Directors, in which Dr. Hui Ka Wah, Ronnie is the chairman of the committee. One meeting was held during the financial year ended 31 December 2007. The attendance of individual Independent Non-executive Directors to the Remuneration Committee meeting in year 2007 is summarised below.

Members of the Remuneration Committee	Meetings Attended/Held
Dr. Hui Ka Wah, Ronnie (Chairman)	1/1
Mr. Ho Kwan Tat	1/1

The terms of reference of the Remuneration Committee are consistent with the terms set out in the relevant section of the CG Code, and the terms of reference of the Remuneration Committee are available from the Company's website. No Director is involved in deciding his own remuneration.

INVESTMENT COMMITTEE

The Investment Committee was set up to ensure that there are formal and transparent procedures for planning and approving investments for the Group. The committee is comprised of two Executive Directors namely Dato' Wong Sin Just and Mr. Fung Ka Pun. The Investment Committee meets on an ad hoc basis to review and approve various investment projects to be committed by the Group.

NOMINATION COMMITTEE

The Company has a Nomination Committee to ensure fair and transparent procedures for the appointment, re-election and removal of directors to the Board. The Committee is comprised of two Independent Non-executive Directors namely, Dr. Hui Ka Wah, Ronnie and Mr. Ho Kwan Tat in which Dr. Hui Ka Wah, Ronnie is the chairman of the committee.

The Nomination Committee was established with a written terms of reference which include identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of Independent Non-executive Directors; and to make recommendations on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

INTERNAL CONTROL

The Board is ultimately responsible for maintaining a sound and effective systems of internal control and risk management of the Group. The Group's internal control and risk management system includes a well-defined management structure with limits of authority and comprehensive policies and standards.

Procedures have been designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

There is a clear division of areas of responsibility of each business and operational to ensure effective checks and balances. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, funding decisions and major investment and commitments relating to the Group's operations. Important matters are usually dealt with by way of written resolutions so that all Directors (including independent Non-executive Directors) can note and comment, as appropriates, the matters before approval is granted. The Investment Committee was formed to ensure that there are formal and transparent procedures for planning and approving investments for the Group. The Investment Committee meet on an ad hoc basis to review and approve various investment projects or products to be committed by the Group, and to monitoring and risk assessment on the investment projects to ensure in line with the investment strategy of the Group.

The Board has adopted the Internal Control Guidelines for the purpose of enhancing the internal control and risk management system within the Group. Under the Internal Control Guidelines, the key aspects of internal control were identified and written guideline and procedures are provided for helping the Management to conduct the control works. Each Business Unit also has its own operating policies and procedures to specific operational environment.

The procedures and internal controls for handling and dissemination of price-sensitive information, the Group reference is made to the "Guide on Disclosure of Price-sensitive information" issued by the SEHK in 2002. The Group has implemented policy and procedure on which strictly prohibit unauthorized use of confidential and sensitive information, and has communicated to all staff. The Group is also well aware of its obligations under the Listing Rules to announce any information that is considered to be price-sensitive.

The board, through the Audit Committee and auditors of the Group, has annually conducted a review of the effectiveness of the system of internal control and risk management operating in the Group and considers it is adequate and effective. The Management will submit a written report yearly on the effectiveness of the group's internal control and risk management system to the Board and Audit Committee for reviews. The review covers all material controls, including financial, operational and compliance controls and risk management functions. The Board is not aware of any significant areas of concern on which may affect the shareholders.

Throughout the year ended 31 December 2007, the board is satisfied that the Group has fully complied with the code provisions on internal controls as set out in the CG Code.

COMMUNICATION WITH SHAREHOLDERS

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide our shareholders and the public with the necessary information for them to form their own judgement on the Company.

AUDITORS' REMUNERATION

For the year ended 31 December 2007, the Auditors of the Company received approximately HK$2,603,000 for audit service and HK$15,700 for tax and consultancy services.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E2-CAPITAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of E2-Capital (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 126, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 February 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	NOTES	2007 HK$'000	2006 HK$'000 (Restated)
Continuing operations			
Revenue	7	181,092	144,600
Cost of sales		(19,819)	(20,705)
Gross profit		161,273	123,895
Other income		12,857	12,107
Gain on disposal of investment properties		—	2,000
Distribution expenses		(440)	(201)
Administrative expenses		(114,562)	(76,865)
Finance costs	9	(11,672)	(11,073)
Change in fair value of investment properties		213	722
Change in fair value of conversion options embedded in convertible notes		5,313	—
Change in fair value of investments held for trading		5,330	11,082
Change in fair value of financial assets designated at fair value through profit or loss		(919)	(1,436)
Impairment loss on available-for-sale investments		(11,078)	—
Impairment loss on loan to an associate		(4,434)	—
Impairment loss on investment deposit		—	(5,000)
Impairment loss on goodwill		(1,692)	(411)
Loss on disposal of subsidiaries of a jointly controlled entity	40	(4,818)	—
Share of profit of associates	23	6,711	2,494
Profit before tax		42,082	57,314
Income tax expense	10	(13,144)	(78)
Profit for the year from continuing operations		28,938	57,236
Discontinued operations			
Loss for the year from discontinued operations	11	(1,904)	(3,452)
Profit for the year	12	27,034	53,784
Attributable to:			
Equity holders of the Company		27,046	53,986
Minority interests		(12)	(202)
		27,034	53,784
Dividends	15	40,064	79,882
Earnings per share	16		
From continuing and discontinued operations			
Basic		6.75 cents	13.48 cents
From continuing operations			
Basic		7.23 cents	14.34 cents

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	NOTES	2007	2006
		HK$'000	HK$'000 (restated)
Non-current assets			
Property, plant and equipment	17	2,505	3,917
Investment properties	18	1,823	1,610
Prepaid lease payments - non-current portion	19	312,530	320,648
Properties for development	20	19,800	19,800
Goodwill	21	—	—
Intangible assets	22	—	1
Interests in associates	23	44,457	13,359
Available-for-sale investments	25	71,239	70,240
Conversion options embedded in convertible notes	25	5,447	511
Mortgage loans receivable - non-current portion	26	6,177	10,677
Club debentures		3,993	3,993
Other non-current assets	27	2,168	4,896
		470,139	449,652
Current assets			
Inventories	28	2,809	6,115
Available-for-sale investments	25	1,983	—
Financial assets at fair value through profit or loss	29	57,968	80,765
Mortgage loans receivable - current portion	26	185	239
Trade and other receivables	30	64,964	83,104
Prepaid lease payments - current portion	19	8,118	8,118
Amount due from a related company	46(iii(a))	31,876	—
Amount due from a shareholder of a jointly controlled entity	46(iii(b))	—	7,221
Loans to associates	23	132	4,383
Pledged bank deposits	31	44,220	69,425
Bank balances and cash	31	181,829	153,363
		394,084	412,733

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	NOTES	2007	2006
		HK$'000	HK$'000 (restated)
Current liabilities			
Trade and other payables	32	41,055	74,153
Amounts due to related companies	46(iii(c))	15,337	—
Taxation payable		9,683	108
Secured bank and other borrowings	33	173,537	1,073
Loan from a jointly controlled entity	34	—	368
Loans from minority shareholders of subsidiaries	34	36,709	37,203
Financial guarantee liability		568	—
		276,889	112,905
Net current assets		117,195	299,828
Total assets less current liabilities		587,334	749,480
Non-current liabilities			
Secured bank and other borrowings	33	1,010	173,489
Deferred tax liabilities	37	—	28
		1,010	173,517
		586,324	575,963
Capital and reserves			
Share capital	35	400,633	400,633
Reserves		184,770	174,397
Equity attributable to equity holders of the Company		585,403	575,030
Minority interests		921	933
		586,324	575,963

The consolidated financial statements on pages 32 to 126 were approved and authorised for issue by the Board of Directors on 20 February 2008 and are signed on its behalf by:

Mr. Fung Ka Pun	Dato' Wong Sin Just
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Attributable to equity holders of the Company								
	Share capital HK$'000	Contributed surplus HK$'000 (note a)	Revaluation reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000 (note b)	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
The Group									
Balance at 1 January 2006	400,633	82,445	5,622	(981)	3,369	102,587	593,675	1,135	594,810
Gain on fair value changes of available-for-sale investments	—	—	3,816	—	—	—	3,816	—	3,816
Exchange difference arising on translation of foreign operations	—	—	—	3,435	—	—	3,435	—	3,435
Net income recognised directly in equity	—	—	3,816	3,435	—	—	7,251	—	7,251
Profit for the year	—	—	—	—	—	53,986	53,986	(202)	53,784
Total recognised income (expenses) for the year	—	—	3,816	3,435	—	53,986	61,237	(202)	61,035
Dividends paid	—	—	—	—	—	(20,032)	(20,032)	—	(20,032)
Dividends in specie	—	—	—	—	—	(59,850)	(59,850)	—	(59,850)
Balance at 31 December 2006	400,633	82,445	9,438	2,454	3,369	76,691	575,030	933	575,963
Gain on fair value changes of available-for-sale investments	—	—	15,023	—	—	—	15,023	—	15,023
Exchange difference arising on translation of foreign operations	—	—	—	5,213	—	—	5,213	—	5,213
Net income recognised directly in equity	—	—	15,023	5,213	—	—	20,236	—	20,236
Profit for the year	—	—	—	—	—	27,046	27,046	(12)	27,034
Transfer to profit or loss on sales of available-for-sale investments	—	—	3,155	—	—	—	3,155	—	3,155
Total recognised income (expense) for the year	—	—	18,178	5,213	—	27,046	50,437	(12)	50,425
Realised upon disposal/partial disposal of subsidiaries of a jointly controlled entity	—	—	—	—	(1,788)	1,788	—	—	—
Dividends paid	—	—	—	—	—	(40,064)	(40,064)	—	(40,064)
Balance at 31 December 2007	**400,633**	**82,445**	**27,616**	**7,667**	**1,581**	**65,461**	**585,403**	**921**	**586,324**

Note:

(a) Contributed surplus represents the difference between net assets of the companies acquired and the aggregate nominal value of shares issued by the Company under the scheme of arrangement in 1992.

(b) Other reserve as at 31 December 2007 arose as a result of repurchase of the Company's listed securities and acquisition of subsidiaries of the Company and represents the excess of the nominal value of the shares repurchased over the consideration paid and goodwill reserve arising on acquisition of subsidiaries of the Company prior to 1 January 2005.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	NOTES	2007	2006
		HK$'000	HK$'000 (Restated)
Operating activities			
Profit before tax from continuing and discontinued operations		40,178	53,862
Adjustments for:			
Financial costs		11,672	11,073
Interest income		(11,438)	(10,079)
Dividends from equity investments		(4,345)	(308)
Share of profit of associates		(6,711)	(2,494)
Depreciation of property, plant and equipment		1,433	1,075
Amortisation of prepaid lease payments		8,118	8,118
Change in fair value of investment properties		(213)	(722)
Release of conversion options embedded in convertible notes upon disposal of available-for-sale investments		377	—
Change in fair value of conversion options embedded in convertible notes		(5,313)	—
Changes in fair value of investments held for trading		(5,330)	(11,082)
Change in fair value of financial assets designated at fair value through profit or loss		919	1,436
Loss (gain) on disposal of property, plant and equipment		104	(56)
Gain on disposal of investment properties		—	(2,000)
Impairment loss on inventories		228	—
Impairment loss an available-for-sale investments		11,078	—
Impairment loss on a loan to an associate		4,434	—
Impairment loss on trade receivables		1,394	189
Impairment loss on investment deposit		—	5,000
Impairment loss on goodwill		1,692	411
Gain on disposal of subsidiaries	38	(22)	—
Loss on disposal of subsidiaries of a jointly controlled entity	40	4,818	—
Loss on disposal of an associate		—	2,166
Gratuitous shares paid to staff in specie	47	2,032	—
Write back of impairment loss on mortgage loans receivable		—	(150)
Financial guarantee expense		686	—
Write back of impairment loss on trade receivables		(402)	(340)
Financial guarantee income		(118)	—
Discount on acquisition of additional interest in an associate of a jointly controlled entity	39	—	(780)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	NOTES	2007	2006
		HK$'000	HK$'000 (Restated)
Operating cash flows before movements in working capital		55,271	55,319
Decrease in inventories		3,078	314
Decrease in financial assets at fair value through profit or loss		4,950	28,754
Increase in trade and other receivables		(73,215)	(10,534)
Increase in trade and other payables		69,820	10,814
Cash generated from operations		59,904	84,667
Income tax paid		(228)	(104)
Interest paid		(11,672)	(11,073)
Interest received		11,438	10,079
Net cash generated from operating activities		59,442	83,569
Investing activities			
Dividend received from equity investments		4,345	308
Disposal of subsidiaries of a jointly controlled entity	40	6,072	—
Decrease in mortgage loans receivable		4,554	11,929
Disposal of available-for-sale investments		25,818	—
Decrease (increase) in other non-current assets		753	(92)
Disposal of subsidiaries	38	163	—
Proceeds from sale of property, plant and equipment		20	155
Proceeds from sale of investment property		—	12,000
Acquisition of investment in associates		(21,903)	(3,160)
Purchase of property, plant and equipment		(2,958)	(2,419)
Acquisition of available-for-sale investments		(23,615)	(18,584)
Acquisition of additional interest in an associate/a jointly controlled entity of a jointly controlled entity	39	(1,671)	1,968
Advance to a related company		(31,876)	—
Repayment from (advance to) a shareholder of a jointly controlled entity		7,221	(202)
Loans to associates		(183)	(2,162)
Decrease (increase) in pledged bank deposits		25,205	(5,437)
Net cash used in investing activities		(8,055)	(5,696)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	NOTES	2007	2006
		HK$'000	HK$'000 (Restated)
Financing activities			
Dividends paid		(40,064)	(20,032)
Advance from related companies		15,337	—
Repayment of loans from minority shareholders of subsidiaries		(494)	(2,503)
Loan from a jointly controlled entity (repaid) raised		(368)	311
Repayment of bank and other borrowings		(15)	(355)
Net cash used in financing activities		(25,604)	(22,579)
Net increase in cash and cash equivalents		25,783	55,294
Cash and cash equivalents at 1 January		153,363	95,704
Effect of foreign exchange rate changes		2,683	2,365
Cash and cash equivalents at 31 December, represented by bank balances and cash		181,829	153,363

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and 43/F, Jardine House, One Connaught Place, Central, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are broking services, investment banking, direct investments, industrial and management operating services and property investment.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
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

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC) - Int 12	Service Concession Arranagements[3]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisition prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity or a jointly controlled entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

Goodwill arising on acquisitions of net assets and operations of another entity or a jointly controlled entity prior to 1 January 2001 continues to be held in reserves, and will be charged to the retained profits at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a business or a jointly controlled entity (see above).

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset including financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established.

Rental income, including rental invoiced in advance from properties under operating leases, is recognised on a straight line basis over the period of the respective leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Club debentures

Club debentures are stated at cost less identified impairment loss.

Properties held for development

Properties held for development comprises the consideration for development expenditure directly contributable to the development of properties which are stated at cost less identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the exchange reserve.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as expenses when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, mortgage loans receivable, amount due from a related company, amount due from a shareholder of a jointly controlled entity, loans to associates, pledged bank deposits, and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy in impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss and loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

Financial assets, other than those financial assets at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables and mortgage loans receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables and mortgage loans receivable could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days and 30 days, respectively, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and mortgage loans receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivable or mortgage loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis, of which the interest expense is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Financial liabilities

Financial liabilities of the Group include secured bank and other borrowings, trade and other payables, amounts due to related companies, loan from a jointly controlled entity and loans from minority shareholders of subsidiaries which are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent balance sheet date, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation (if appropriate).

Impairment losses (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of assets

The Group determined whether available-for-sale investments are impaired by evaluating the duration and extent to which the fair value is less than its cost. This evaluation is subject to changes in factors such as industry and sector performance, changes in operational and financing cash flow.

The Group reviews its financial and non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The Group recognises impairment loss based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of the asset will impact the amount of impairment loss required.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment on properties for development

Management reviews the recoverability of the Group's properties for development with reference to its intended use and current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on properties for development is required, the Group takes into consideration the intended use of the properties, the current market environment, the estimated market value of the properties and/or the present value of future cash flow expected to receive. Impairment is recognised based on the higher of estimated future cash flow and estimated market value. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these properties interest, additional impairment loss may be required.

Estimated impairment of trade receivables and mortgage loans receivable

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2007, the carrying amounts of trade receivables and mortgage loans receivables are HK$4,899,000 (2006: HK$7,269,000) (net of allowance for doubtful debts of HK$7,786,000 (2006: HK$6,924,000)) and HK$6,362,000 (2006: HK$10,916,000) (net of allowance for doubtful debts of HK$1,350,000 (2006: HK$1,350,000), respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value of derivatives and other financial instruments

As described in Note 6c, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted debt and equity available-for-sale investments includes some assumptions not supported by observable market prices or rates. The carrying amounts of the available-for-sale investments and the conversion options embedded in convertible notes are HK$73,222,000 (2006: HK$70,240,000) and HK$5,447,000 (2006: HK$511,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 33, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2007	2006
	HK$'000	HK$'000
Financial assets		
Fair value through profit or loss		
– Held for trading, including conversion options embedded in convertible notes	57,707	73,122
– Designated at fair value through profit or loss	5,708	8,154
Loans and receivables (including cash and cash equivalents)	329,383	328,412
Available-for-sale investments	73,222	70,240
Financial liabilities		
Amortised cost	267,648	286,286
Financial guarantee liability	568	—

6b. Financial risk management objectives and polices

The Group's major financial instruments include available-for-sale investments, conversion options embedded in convertible notes, investments held for trading, trade and other receivables, mortgage loans receivable, amount due from a related company, amount due from a shareholder of a jointly controlled entity, loans to associates, pledged bank deposits, bank balances, trade and other payables, amounts due to related companies, borrowings, loans from a jointly controlled entity and loans from minority shareholders of subsidiaries. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency rates and equity prices. Market risk exposures are further measured by sensitivity analysis. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk. Details of each type of market risks are described as follows:

(i) *Currency risk*

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 5% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 5% of costs are denominated in other than the group entity's functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
US Dollars	**—**	3,877	**90,972**	104,946
Singapore Dollars	**—**	—	**34,178**	73,731
Others	**15**	162	**4,484**	7,377
	15	4,039	**129,634**	186,054

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Market risk (Continued)

(i) *Currency risk* (Continued)

Sensitivity analysis

The Group is mainly exposed to currency of Hong Kong, the Republic of Singapore ("Singapore") and the United States.

The following table details the Group's sensitivity to 2% and 5% increase and decrease in Hong Kong Dollars against US Dollars and Singapore Dollars, respectively. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the year end for a range from 2% to 5% change in foreign currency rates. The sensitivity analysis represents the available-for-sale investments, conversion options embedded in convertible notes, financial assets at fair value through profit or loss, trade and other receivables, pledged bank deposits, bank balances and cash and trade and other payables where the denomination in United States Dollars and Singapore Dollars, the major foreign currency risk. A positive number indicates an increase in profit or loss where United States Dollars and Singapore Dollars strengthens against Hong Kong Dollars. For weakening of United States Dollars and Singapore Dollars against Hong Kong Dollars would be an equal and opposite impact on the profit and the balance below would be negative.

	Notes	2007	2006
		HK$'000	HK$'000
Profit or loss			
– United States Dollars		1,524	1,703
– Singapore Dollars		1,709	3,687
– Others		223	357
	(I)	3,456	5,747
Other equity			
– United States Dollars	(II)	295	318

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Market risk (Continued)

(i) *Currency risk* (Continued)

Notes:

(I) This is mainly attributable to the exposure outstanding on United States Dollars and Singapore Dollars receivables and payables at year end in the Group.

(II) This is as a result of the changes in fair value of available-for-sale investments.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see Note 33 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR arising from the Group's Hong Kong dollars borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For variable-rate bank and other borrowings, the analysis is prepared assuming the amount of the outstanding borrowings at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would decrease/increase by HK$873,000 (2006: decrease/increase by HK$873,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Market risk (Continued)

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments in financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity instruments quoted in The Stock Exchange of Hong Kong Limited and unlisted equity instruments and equity link notes quoted by financial institutions. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, profit for the year ended 31 December 2007 would increase/decrease by HK$2,898,000 (2006: increase/decrease by HK$4,038,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

The Group's sensitivity to financial assets at fair value through profit or loss has not changed significantly from the prior year.

Credit risk

As at 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 41.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk

The Group has net current assets amounting to approximately HK$117,195,000 at 31 December 2007. The Group is exposed to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due.

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2007, the Group has available unutilised short-term bank loan facilities of approximately HK$59,954,000 (2006: HK$98,982,000). Details of which are set out in Note 33.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. The table for non-derivative financial liabilities has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 - 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Adjustments HK$'000	Carrying amount at 31.12.2007 HK$'000
2007							
Non-derivative financial liabilities							
Trade and other payables	—	34,003	6,096	363	593	—	41,055
Amounts due to related companies	—	—	—	15,337	—	—	15,337
Bank and other borrowings – variable rate	6.3%	6	1,124	55	184,356	(10,994)	174,547
Loans from minority shareholders of subsidiaries	—	—	—	36,709	—	—	36,709
		34,009	7,220	52,464	184,949	(10,994)	267,648

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and polices (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average effective interest rate %	Less than 1 month HK$'000	1 - 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Adjustments HK$'000	Carrying amount at 31.12.2006 HK$'000
2006							
Non-derivative financial liabilities							
Trade and other payables	—	47,193	24,298	806	1,856	—	74,153
Bank and other borrowings							
– variable rate	5.9%	7	1,092	63	183,699	(10,299)	174,562
Loan from a jointly controlled entity	—	—	—	—	368	—	368
Loans from minority shareholders of subsidiaries	—	—	605	36,598	—	—	37,203
		47,200	25,995	37,467	185,923	(10,299)	286,286

6. FINANCIAL INSTRUMENTS (Continued)

6c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (including available-for-sale unlisted securities) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Black Scholes model).

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

Revenue represents revenue arising on broking services, investment banking, direct investments, industrial and management operating services, source and distribution of digital consumer products and property investment for the year. An analysis of the Group's revenue for the year, is as follows:

	2007	2006
	HK$'000	HK$'000 (restated)
Continuing operations		
Broking commission income	87,179	41,325
Advisory fee income	10,154	4,750
Net gain on sale of securities	51,910	70,186
Sales of goods	16,048	17,701
Interest income	11,438	10,079
Dividend income	4,345	308
Rental income	18	251
	181,092	144,600
Discontinued operations		
Sales of digital customer products	784	20,793
	181,876	165,393

7. REVENUE (Continued)

Revenue from continuing operations includes investment income as follows:

	2007	2006
	HK$'000	HK$'000 (restated)
Interest on bank deposits	5,842	4,387
Interest on equity link notes	979	952
Interest on debt securities	1,290	1,659
Interest on accounts receivable arising from broking services	1,341	1,270
Interest on mortgage loans receivable	914	988
Interest - others	1,072	823
Total interest income	11,438	10,079
Dividends from equity securities	4,136	79
Dividends from equity link notes	36	—
Dividends from funds	173	229
	15,783	10,387

Investment income earned on financial assets, analysed by category of asset, is as follows:

	2007	2006
	HK$'000	HK$'000
Available-for-sale investments	4,854	1,659
Investments held for trading	572	79
Financial assets designated as fair value through profit or loss	1,188	1,181
Loan and other receivables (including bank balances and cash)	9,169	7,468
	15,783	10,387

Included above is income from listed investments of HK$572,000 (2006: HK$79,000) and from unlisted investments of HK$6,042,000 (2006: HK$2,840,000).

8. SEGMENT INFORMATION

Business segments

For management purpose, the Group is currently organised into five operating divisions - broking services, investment banking, direct investments, industrial and management operating services and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking Services - securities broking and provision of margin financing, commodities, options and futures broking

Investment Banking - provision of corporate finance services

Direct Investments - securities trading and investments

Industrial and Management Operating Services - trading of dyestuffs

Property Investment - property development and holding

The Group was also involved in the operation of sourcing and distribution of digital consumer products, which was discontinued on 31 August 2007 (see note 11).

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Segment information about these business is presented below:

2007

	Continuing operations						Discontinued operations	
	Broking services	Investment banking	Direct investments	Industrial and management operating services	Property investment	Total	Digital consumer products	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross proceeds	98,815	3,254	275,835	16,048	935	394,887	784	395,671
Revenue	98,815	3,254	62,040	16,048	935	181,092	784	181,876
Segment results	25,228	(218)	58,765	(4,883)	(12,269)	66,623	(1,926)	64,697
Unallocated corporate expenses						(19,580)	—	(19,580)
Share of profit of associates						6,711	—	6,711
Finance costs						(11,672)	—	(11,672)
Profit before tax						42,082	(1,926)	40,156
Income tax expense						(13,144)	—	(13,144)
Gain on disposal of discontinued operations						—	22	22
Profit for the year						28,938	(1,904)	27,034

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

BALANCE SHEET

	Continuing operations						Discontinued operations	
	Broking services	Investment banking	Direct investments	Industrial and management operating services	Property investment	Total	Digital consumer products	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS								
Segment assets	46,126	7,171	309,418	8,559	351,907	723,181	—	723,181
Interests in associates	43,362	—	—	1,095	—	44,457	—	44,457
Unallocated corporate assets								96,585
Consolidated total assets								864,223
LIABILITIES								
Segment liabilities	22,419	305	2,089	2,827	647	28,287	—	28,287
Borrowings	—	—	—	1,046	173,501	174,547	—	174,547
Unallocated corporate liabilities								75,065
Consolidated total liabilities								277,899

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

OTHER INFORMATION

	Continuing operations							Discontinued operations	
	Broking services	Investment banking	Direct investments	Industrial and management operating services	Property investment	Unallocated	Total	Digital consumer products	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Capital additions in relation to acquisition of additional interest in a subsidiary of a jointly controlled entity	322	—	—	—	—	—	322	—	322
Capital additions	574	38	—	4	—	2,335	2,951	7	2,958
Depreciation and amortisation	307	78	—	309	8,118	708	9,520	31	9,551
Gain (loss) on disposal of property plant and equipment	(124)	—	20	—	—	—	(104)	—	(104)
Change in fair value of investments held for trading	—	—	5,330	—	—	—	5,330	—	5,330
Change in fair value of financial assets designated at fair value through profit or loss	—	—	(919)	—	—	—	(919)	—	(919)
Change in fair value of conversion options embedded in convertible notes	—	—	5,313	—	—	—	5,313	—	5,313
Impairment loss on inventories	—	—	—	228	—	—	228	—	228
Impairment loss on a loan to an associate	—	—	—	—	—	4,434	4,434	—	4,434
Impairment loss on trade receivables	39	—	—	1,355	—	—	1,394	—	1,394
Impairment loss on available-for-sale investments	—	—	11,078	—	—	—	11,078	—	11,078
Impairment loss on goodwill	—	1,692	—	—	—	—	1,692	—	1,692
Gain on disposal of subsidiaries	—	—	—	—	—	—	—	22	22
Financial guarantee expense	686	—	—	—	—	—	686	—	686
Financial guarantee income	118	—	—	—	—	—	118	—	118
Write back of impairment loss on trade receivables	76	—	326	—	—	—	402	—	402

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

2006

	Continuing operations						Discontinued operations	
	Broking services	Investment banking	Direct investments	Industrial and management operating services	Property investment	Total	Digital consumer products	Total
	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)
Gross proceeds	44,666	4,595	244,381	17,701	1,241	312,584	20,793	333,377
Revenue	44,666	4,595	76,397	17,701	1,241	144,600	20,793	165,393
Segment results	9,223	2,236	90,879	(2,487)	(8,605)	91,246	(3,452)	87,794
Unallocated corporate expenses						(25,353)	—	(25,353)
Share of profit of associates						2,494	—	2,494
Finance costs						(11,073)	—	(11,073)
Profit before tax						57,314	(3,452)	53,862
Income tax expense						(78)	—	(78)
Profit for the year						57,236	(3,452)	53,784

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

BALANCE SHEET

	Continuing operations						Discontinued operations	
	Broking services	Investment banking	Direct investments	Industrial and management operating services	Property investment	Total	Digital consumer products	Total
	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)
ASSETS								
Segment assets	87,761	8,369	336,244	14,272	363,023	809,669	8,976	818,645
Interests in associates	12,546	—	—	813	—	13,359	—	13,359
Unallocated corporate assets								30,381
Consolidated total assets								862,385
LIABILITIES								
Segment liabilities	42,063	748	4,139	3,802	1,007	51,759	3	51,762
Borrowings	—	—	—	1,018	173,544	174,562	—	174,562
Unallocated corporate liabilities								60,098
Consolidated total liabilities								286,422

8. SEGMENT INFORMATION (Continued)

Business segments (Continued)

OTHER INFORMATION

	Continuing operations							Discontinued operations	
	Broking services	Investment banking	Direct investments	Industrial and management operating services	Property investment	Unallocated	Total	Digital consumer products	Total
	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)	HK$'000 (restated)
Capital additions	270	3	—	303	—	1,736	2,312	107	2,419
Depreciation and amortisation	191	74	—	73	8,118	708	9,164	29	9,193
Gain on disposal of investment properties	—	—	—	—	2,000	—	2,000	—	2,000
Gain on disposal of property plant and equipment	—	—	—	56	—	—	56	—	56
Change in fair value of investments held for trading	—	—	11,082	—	—	—	11,082	—	11,082
Change in fair value of financial assets designated at fair value through profit or loss	—	—	(1,436)	—	—	—	(1,436)	—	(1,436)
Discount on acquisition of additional interest in an associate of a jointly controlled entity	—	780	—	—	—	—	780	—	780
Loss on disposal of an associate	—	2,166	—	—	—	—	2,166	—	2,166
Impairment loss on trade receivables	84	105	—	—	—	—	189	—	189
Impairment loss on investment deposit	—	—	—	—	—	5,000	5,000	—	5,000
Impairment loss on goodwill	—	—	—	411	—	—	411	—	411
Write back of impairment loss on mortgage loans receivable	—	—	—	—	150	—	150	—	150
Write back of impairment loss on trade receivables	—	—	340	—	—	—	340	—	340

8. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's operations are mainly located in Hong Kong and Singapore.

The Group's broking services, investment banking, direct investments, industrial and management operating services and property investment mainly operate in Hong Kong and Singapore (2006: Hong Kong and Singapore).

The Group's digital consumer products segment is mainly operated in Europe.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2007	2006
	HK$'000	HK$'000
Revenue:		
Hong Kong	168,626	84,401
Singapore	12,466	60,209
Europe	784	20,783
	181,876	165,393

Revenue from the Group's discontinued digital consumer products operations was derived from Napa Global Inc. and its subsidiaries (the "Napa Group") (2007: HK$784,000, 2006: HK$20,783,000).

Revenue is allocated based on the countries in which the customers or trades are located.

As the total carrying amount of segment assets and the total cost incurred during the year to acquire segment assets for each geographical segment other than Hong Kong are less than 10% of the total assets of all geographical segments, no separate disclosure is shown for segment assets by geographical segment.

9. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest on:						
Bank loans and other borrowings wholly repayable within five years	11,580	10,947	—	—	11,580	10,947
Other borrowings not wholly repayable within five years	92	126	—	—	92	126
Total borrowing costs	11,672	11,073	—	—	11,672	11,073

10. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current tax:						
Hong Kong	9,232	101	—	—	9,232	101
Singapore	814	—	—	—	814	—
Under (over) provision in prior years:						
Hong Kong	3,126	(23)	—	—	3,126	(23)
Deferred tax *(Note 37)*:						
– current year	(28)	—	—	—	(28)	—
	13,144	78	—	—	13,144	78

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation arising in other jurisdiction is at the rate prevailing in the relevant jurisdiction.

10. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2007	2006
	HK$'000	HK$'000 (restated)
Profit before tax:		
Continuing operations	42,082	57,314
Discontinued operations	(1,904)	(3,452)
	40,178	53,862
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	7,031	9,426
Tax effect of share of profit of associates	(1,174)	(436)
Tax effect of expenses not deductible for tax purpose	5,319	3,232
Tax effect of income not taxable for tax purpose	(3,353)	(16,182)
Under(over)provision in respect of prior years	3,126	(23)
Tax effect of tax losses not recognised	2,195	4,061
Tax charge for the year	13,144	78

11. DISCONTINUED OPERATIONS

On 31 March 2007, the Group entered into an agreement to dispose of its entire interest in subsidiaries, the Napa Group, which carried out all of the Group's digital consumer products operations. The disposal was completed on 31 August 2007, on which date control of the Napa Group passed to the acquirer.

The loss for the year from the discontinued operation is analysed as follows:

	2007	2006
	HK$'000	HK$'000
Loss of digital consumer products operations for the year	(1,926)	(3,452)
Gain on disposal of digital consumer products operations *(see Note 38)*	22	—
	(1,904)	(3,452)

11. DISCONTINUED OPERATIONS (Continued)

The results of the digital consumer products operations for the period from 1 January 2007 to 31 August 2007, which have been included in the consolidated income statement, were as follows:

	Period ended 31.8.2007	Year ended 31.12.2006
	HK$'000	HK$'000
Revenue	784	20,793
Cost of sales	(767)	(21,127)
Other income	29	—
Administrative expenses	(1,972)	(3,118)
Loss for the period/year	(1,926)	(3,452)

During the year, the Group's consolidated cash flow statements included net cash outflows from the Napa Group's operating activities of HK$7,606,000 (2006: HK$8,417,000 net cash inflows) and net cash outflow from the Napa Group's investing activities of HK$7,000 (2006: HK$107,000).

The carrying amounts of the assets and liabilities of the Napa Group at the date of disposal are disclosed in note 38.

12. PROFIT FOR THE YEAR

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (restated)
Profit for the year has been arrived at after charging (crediting):						
Amortisation of prepaid lease payments	8,118	8,118	—	—	8,118	8,118
Depreciation for property, plant and equipment	1,433	1,075	—	—	1,433	1,075
Total depreciation and amortisation	9,551	9,193	—	—	9,551	9,193
Auditors' remuneration						
– current year	2,603	2,600	—	—	2,603	2,600
– underprovision in prior years	68	24	18	13	86	37
Net foreign exchange (gains) losses	(2,053)	1,641	(29)	34	(2,082)	1,675
Net rental income from investment properties	18	251	—	—	18	251
Loss (gain) on disposal of property, plant and equipment	104	(56)	—	—	104	(56)
Financial guarantee expense	686	—	—	—	686	—
Financial guarantee income	118	—	—	—	118	—
Discount on acquisition of a subsidiary of a jointly controlled entity	—	(780)	—	—	—	(780)
Write back of impairment losses on financial assets						
– mortgage loans receivable	—	(150)	—	—	—	(150)
– trade receivables	(402)	(340)	—	—	(402)	(340)
	(402)	(490)	—	—	(402)	(490)

12. PROFIT FOR THE YEAR (Continued)

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (restated)
Loss on disposal of an associate	—	2,166	—	—	—	2,166
Impairment loss on inventories	228	—	—	—	228	—
Impairment losses on financial assets						
– loan to an associate	4,434	—	—	—	4,434	—
– trade receivables	1,394	189	—	—	1,394	189
– available-for-sale investments	11,078	—	—	—	11,078	—
– investment deposit	—	5,000	—	—	—	5,000
	16,906	5,189	—	—	16,906	5,189
Employee benefits expense, including directors' emoluments	76,693	42,723	1,636	2,449	78,329	45,172
Cost of inventories recognised as an expense	11,414	11,288	767	21,127	12,181	32,415

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2006: six) directors were as follow:

2007

Name of director	Fees	Other emoluments: Salary and other benefits	Other emoluments: Discretionary bonuses	Other emoluments: Contribution to retirement benefits scheme	Total 2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fung Ka Pun	—	2,880	—	12	2,892
Dato' Wong Sin Just ("Dato' Wong")	—	2,858	—	12	2,870
Ongpin Roberto V.	50	—	—	—	50
Chung Cho Yee, Mico	80	—	—	—	80
Ho Kwan Tat	120	—	—	—	120
Hui Ka Wah, Ronnie	120	—	—	—	120
	370	5,738	—	24	6,132

2006

Name of director	Fees	Other emoluments: Salary and other benefits	Other emoluments: Discretionary bonuses	Other emoluments: Contribution to retirement benefits scheme	Total 2006
	HK$'000	HK$'000	HK$'000 (Note)	HK$'000	HK$'000
Fung Ka Pun	—	2,880	2,500	12	5,392
Dato' Wong	—	2,678	2,500	9	5,187
Ongpin Roberto V.	50	—	—	—	50
Chung Cho Yee, Mico	80	—	—	—	80
Ho Kwan Tat	120	—	—	—	120
Hui Ka Wah, Ronnie	120	—	—	—	120
	370	5,558	5,000	21	10,949

No directors waived any emoluments during each of the two years ended 31 December 2007.

Note: The discretionary bonuses are determined as a percentage of the profit for the year of the Group.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2006: two) were directors of the Company whose emoluments are included in the disclosure in Note 13 above. The emoluments of the remaining three (2006: three) individuals were as follows:

	2007	2006
	HK$'000	HK$'000
Salaries and other benefits	2,673	2,122
Contribution to retirement benefits scheme	36	36
Discretionary bonuses	950	657
	3,659	2,815

The emoluments were within the following bands:

	Number of individuals	
	2007	2006
Nil - HK$1,000,000	—	2
HK$1,000,001 - HK$1,500,000	3	1

15. DIVIDENDS

	2007	2006
	HK$'000	HK$'000
Dividends recognised as distribution during the year:		
Interim paid, in respect of current year - HK5 cents per share (2006: distribution in specie *(Note)*)	20,032	59,850
Final paid, in respect of previous year – HK5 cents per share (2006: HK5 cents per share)	20,032	20,032
	40,064	79,882

Note: Pursuant to the resolution of the board of directors dated 10 May 2006, shares in Winbox International (Holdings) Limited ("Winbox"), a 38% owned associate of the Group, was fully distributed to the shareholders of the Company on the basis of 38 Winbox shares for every 100 shares in the Company. The amount of distribution in specie, approximately HK$59,850,000, represented the carrying amount of interest in Winbox at date of distribution.

The directors do not recommend the payment of a final dividend for 2007.

16. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share is based on profit for the year attributable to the equity holders of the Company of HK$27,046,000 (2006: HK$53,986,000) and 400,633,217 (2006: 400,633,217) ordinary shares for the purposes of basic earnings per share.

From continuing operations

The calculation of the basic earnings per share is based on profit for the year from continuing operations attributable to the equity holders of the Company of HK$28,950,000 (2006: HK$57,438,000) and 400,633,217 (2006: 400,633,217) ordinary shares for the purposes of basic earnings per share.

From discontinued operations

Basic loss per share for the discontinued operation is 0.47 cents per share (2006: 0.86 cents per share), based on loss for the year from the discontinued operations of HK$1,904,000 (2006: HK$3,452,000) and the denominators detailed above for basic earnings per share.

17. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 January 2006, as previously stated	923	3,423	6,324	3,095	13,765
Effect of adopting proportionate consolidation of a subsidiary of a jointly controlled entity *(note 49)*	—	297	457	—	754
At 1 January 2006, as restated	923	3,720	6,781	3,095	14,519
Additions	—	108	442	1,869	2,419
Disposals	—	(15)	(165)	(267)	(447)
Transfers	(923)	—	—	—	(923)
Exchange differences	—	30	53	—	83
At 31 December 2006	—	3,843	7,111	4,697	15,651
Acquisition of subsidiaries of a jointly controlled entity	—	156	166	—	322
Additions	—	372	357	2,229	2,958
Disposals	—	(218)	(43)	(272)	(533)
Disposal of subsidiaries of a jointly controlled entity	—	(671)	(3,524)	(2,229)	(6,424)
Disposal of subsidiaries	—	(48)	(109)	—	(157)
Exchange differences	—	13	19	—	32
At 31 December 2007	**—**	**3,447**	**3,977**	**4,425**	**11,849**
DEPRECIATION					
At 1 January 2006, as previously stated	35	3,331	5,367	2,214	10,947
Effect of adopting proportionate consolidation of a subsidiary of a jointly controlled entity *(note 49)*	—	25	50	—	75

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE GROUP (Continued)

	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2006, as restated	35	3,356	5,417	2,214	11,022
Provided for the year	—	146	538	391	1,075
Disposals	—	(15)	(66)	(267)	(348)
Transfers	(35)	—	—	—	(35)
Exchange differences	—	6	14	—	20
At 31 December 2006	—	3,493	5,903	2,338	11,734
Acquisition of subsidiaries of jointly controlled entities	—	152	104	—	256
Provided for the year	—	155	460	818	1,433
Disposals	—	(104)	(33)	(272)	(409)
Disposal of subsidiaries of jointly controlled entities	—	(642)	(2,918)	(74)	(3,634)
Disposal of subsidiaries	—	(30)	(32)	—	(62)
Exchange differences	—	9	17	—	26
At 31 December 2007	**—**	**3,033**	**3,501**	**2,810**	**9,344**
CARRYING VALUES					
At 31 December 2007	**—**	**414**	**476**	**1,615**	**2,505**
At 31 December 2006	—	350	1,208	2,359	3,917

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease, or 40 years
Leasehold improvements	Over the shorter of the term of the lease, or 20%
Furniture, fixtures and equipment	10% - 33$\frac{1}{3}$%
Motor vehicles	20%

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2006	10,000
Transfers from property, plant and equipment	888
Net increase in fair value recognised in the consolidated income statement	722
Disposals	(10,000)
At 31 December 2006	1,610
Net increase in fair value recognised in the consolidated income statement	213
At 31 December 2007	**1,823**

The fair value of the Group's investment properties at 31 December 2007 has been arrived at on the basis of a valuation carried out on that date by CB Richard Ellis Limited, independent qualified professional valuers not connected with the Group. CB Richard Ellis Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to HKIS Valuation Standards on properties, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises:

	2007	2006
	HK$'000	HK$'000
Land outside Hong Kong		
Medium-term lease	**1,823**	1,610

19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2007	2006
	HK$'000	HK$'000
Leasehold land in Hong Kong:		
Medium-term lease	320,648	328,766
Analysed for reporting purposes as:		
Current asset	8,118	8,118
Non-current asset	312,530	320,648
	320,648	328,766

The fair values of the Group's prepaid lease payments and properties for development as set out in note 20 at 31 December 2007 were HK$639,400,000 and HK$20,100,000, respectively which have been arrived at on the basis of valuation carried out on that day by CB Richard Ellis Limited, independent qualified professional valuers not connected with the Group. CB Richard Ellis Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to HKIS Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties.

20. PROPERTIES FOR DEVELOPMENT

	Total
	HK$'000
COST	
At 1 January 2006, 31 December 2006 and 31 December 2007	48,270
IMPAIRMENT	
At 1 January 2006, 31 December 2006 and 31 December 2007	28,470
CARRYING VALUE	
At 31 December 2007	**19,800**
At 31 December 2006	19,800

21. GOODWILL

	HK$'000
COST	
Arising on acquisition of additional interest in a subsidiary of a jointly controlled entity and at 31 December 2007	1,692
IMPAIRMENT	
Impairment loss recognised in the year and at 31 December 2007	1,692
CARRYING AMOUNT	
At 31 December 2007	—

22. INTANGIBLE ASSETS

	2007	2006
	HK$'000	HK$'000
Trading rights on The Stock Exchange and The Hong Kong Futures Exchange Limited, at nominal costs	—	1

The Group's licenses were acquired from third parties and carried at cost less any subsequent accumulated impairment losses. The assets were disposed of through disposal of subsidiaries of a 49% owned jointly controlled entity, SBI E2-Capital Limited ("SBI E2") as set out in note 40.

23. INTERESTS IN ASSOCIATES

	2007	2006
	HK$'000	HK$'000 (restated)
Cost of investment in associates – unlisted	39,287	14,900
Share of post-acquisition profits (losses), net of dividends received	5,170	(1,541)
	44,457	13,359
Loans to associates	132	4,383

The loans to associates are unsecured, interest free and are repayable on demand.

As at 31 December 2007, the Group had interests in the following principal associates:

Name of entity	Place/country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group %	Principal activity
Right Venture Holdings Limited	British Virgin Islands	The People's Republic of China (the "PRC")	Ordinary shares of US$1 each	35.92	Investment holding
SBI E2-Capital Asia Holdings Pte. Ltd. ("SBI E2-Capital Asia") *(Note a)*	Singapore	Singapore	Ordinary shares of SG$1 each	40	Securities trading
Draco Investments Limited	Hong Kong	Hong Kong	Ordinary shares of HK$1 each	24	Investment holding
SIIS Investment (No. 6) Limited ("SIIS Investment") *(Note b)*	British Virgin Islands	PRC	Ordinary shares of US$1 each	19.6	Investment holding

23. INTERESTS IN ASSOCIATES (Continued)

Notes:

(a) At 31 December 2007, the Group holds a 68.54% (2006: 69.40%) effective interest in SBI E2-Capital Asia, 40% (2006: 40%) of which was held directly by the Group whereas the remaining 28.54% (2006: 29.4%) was held indirectly through SBI E2. The 40% effective interest in SBI E2-Capital Asia was accounted for as an associate and the remaining 28.54% (2006: 29.4%) was accounted for using proportionate consolidation as set out in note 24.

(b) The Group holds 19.6% effective interest in SIIS Investment through SBI E2. The interest in SIIS Investment was accounted for using proportionate consolidation as set out in note 24.

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

The summarised financial information in respect of the Group's associates is set out below:

	2007	2006
	HK$'000	HK$'000 (restated)
Total assets	204,000	61,964
Total liabilities	(86,419)	(27,957)
Net assets	117,581	34,007
Group's share of net assets of associates	44,457	13,359
Revenue	57,151	83,540
Profit for the year	17,338	6,688
Group's share of results of associates for the year	6,711	2,494

24. INTEREST IN A JOINT CONTROLLED ENTITY

Following a signed contractual agreement between the shareholders of SBI E2, a former associate of the Group, on 1 January 2005 SBI E2 became a 49% owned jointly controlled entity afterwards. SBI E2 is incorporated in the Cayman Islands and SBI E2 and its subsidiaries are engaged in the provision of corporate finance services, securities and futures broking and margin financing in Hong Kong and Singapore. The Group adopted the proportionate consolidation method under HKAS 31 "Interests in Joint Ventures" to account for its interest in SBI E2. The following amounts represent the Group's 49% share of the assets and liabilities, and sales and results of SBI E2 and are included in the consolidated balance sheet and consolidated income statement.

The summarised financial information in respect of the Group's interest in the jointly controlled entity and its subsidiaries which are accounted for using proportionate consolidation with the line-by-line reporting format is set out below:

	2007	2006
	HK$'000	HK$'000 (restated)
Assets		
Non-current assets	2,394	4,543
Current assets	143,931	109,009
	146,325	113,552
Liabilities		
Non-current liabilities	—	28
Current liabilities	50,675	56,483
	50,675	56,511
	95,650	57,041
Income	106,429	55,006
Expenses	(85,968)	(46,805)
Profit after income tax expense	20,461	8,201

25. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

Available-for-sale investments comprise:

	2007	2006
	HK$'000	HK$'000 (restated)
Unlisted securities		
– Debt securities in Hong Kong with fixed interest of 6% and maturity date on 2 February 2009	—	13,377
– Debt securities in Hong Kong with fixed interest of 5% and maturity date on 28 August 2008	4,877	4,728
– Debt securities in the PRC, non-interest bearing and no fixed term of repayment	—	4,166
– Debt securities in Hong Kong, with fixed interest of 10% and maturity dates on 31 December 2009 and 2010	11,230	—
– Debt securities elsewhere, non-interest bearing and no fixed term of repayment	4,270	3,889
	20,377	26,160
Listed equity securities in Hong Kong	1,983	—
Unlisted securities		
– Equity securities in Hong Kong	—	555
– Equity securities elsewhere	50,000	35,684
– Preference shares elsewhere	862	7,841
	52,845	44,080
Total	73,222	70,240
Analysed for reporting purposes as:		
Current assets	1,983	—
Non-current assets	71,239	70,240
	73,222	70,240

25. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES (Continued)

The unlisted equity investments elsewhere as at 31 December 2007 represent investment in unlisted equity securities issued by two private entities incorporated in the PRC and the United States, respectively. They are measured at fair values by referencing to latest selling prices and by using discounted cash flow model using a growth rate of 2.9% per annum and a discount rate of 13.4%, respectively.

In the current year, the Group converted certain unlisted debt securities with carrying value of HK$46,420,000, which had been carried at fair value before the conversion.

The Group's available-for-sale investments that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Denominated in US dollars

	HK$'000
As at 31 December 2007	**17,927**
As at 31 December 2006	15,896

Included in the available-for-sale investments is three debt securities in the principal amount of HK$5,000,000, US$500,000 (equivalent to approximately HK$3,900,000) and US$1,500,000 (equivalent to approximately HK$11,700,000), respectively. The Group is entitled to convert these three debt securities into shares at pre-determined conversion prices or formula for calculation of conversion prices.

The Group classified the debt portion of these three debt securities as available-for-sale investments and the embedded derivative component as conversion options embedded in convertible notes on initial recognition. The fair value of each component of the debt securities on initial recognition and at balance sheet date are determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited, a firm of independent valuers.

The fair values of the conversion options of the unlisted debt securities are based on Black-Scholes pricing model using a rate based on the market interest rate and the risk premium specific in a range of 8.75% – 9.56% in 2007 (2006: 8.3% – 9.75%)

The effective interest rate of the debt portion of the three debt securities ranges from 8.75% to 9.75%. At 31 December 2007, the fair value of the embedded derivative component of the three debt securities were approximately HK$2,276,000, US$332,000 (equivalent to approximately HK$2,590,000) and US$74,000 (equivalent to approximately HK$581,000), respectively.

26. MORTGAGE LOANS RECEIVABLE

	2007	2006
	HK$'000	HK$'000
Variable-rate mortgage loans receivable	6,362	10,916
Analysed as		
Current	185	239
Non-current	6,177	10,677
	6,362	10,916

Included in the carrying amount of mortgage loans receivables as at 31 December 2007 is accumulated impairment loss of HK$1,350,000 (2006: HK$1,350,000).

The mortgage loans receivable is secured by sub-mortgages of second ranking on certain residential properties in Hong Kong and bears interest at Hong Kong Prime rate plus 1% per annum.

The Group allows an average credit period of 22 years to its mortgagors. The following is an aged analysis of the mortgage loans receivable net of allowance for doubtful debts at the reporting date:

	2007	2006
	HK$'000	HK$'000 (restated)
Within 1 year	185	239
1-22 years	6,177	10,677
	6,362	10,916

There is no significant mortgage loans receivable balance that is past due at the reporting date for which the Group has not provided for impairment loss. The Group holds the mortgaged properties as collateral over these balances. The average age of these receivables is 22 years (2006: 22 years).

26. MORTGAGE LOANS RECEIVABLE (Continued)

Movement in the allowance for doubtful debts:

	2007	2006
	HK$'000	HK$'000
Balance at beginning of the year	1,350	1,500
Impairment losses reversed	—	(150)
Balance at end of the year	1,350	1,350

27. OTHER NON-CURRENT ASSETS

	2007	2006
	HK$'000	HK$'000 (Restated)
Statutory and other deposits relating to the securities dealing businesses	25	2,459
Chinese antiques	2,017	2,017
Other deposits	126	420
	2,168	4,896

The statutory and other deposits relating to the securities dealing businesses were non-interest bearing.

28. INVENTORIES

	2007	2006
	HK$'000	HK$'000
Finished goods	2,809	6,115

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006
	HK$'000	HK$'000 (Restated)
Financial assets at fair value through profit or loss comprise:		
Investments held for trading	52,260	72,611
Financial assets designated at fair value through profit or loss	5,708	8,154
	57,968	80,765
Investments held for trading comprise:		
Listed securities:		
– Equity securities listed in Hong Kong	13,911	24,599
– Equity securities listed elsewhere	7,329	16,360
Unlisted equity securities	31,020	31,652
	52,260	72,611
Financial assets designated at fair value through profit or loss		
– Equity link notes	5,708	8,154

Unlisted equity securities represent funds managed by financial institutions and are measured at fair values at the balance sheet date. Their fair values are determined based on the valuation provided by the financial institutions at the balance sheet date. Accordingly, a fair value change on unlisted equity securities of HK$6,225,000 (2006: HK$5,967,000) is recognised in the consolidated income statement for the year ended 31 December 2007.

Equity link notes are designated as financial assets at fair value through profit or loss. Major terms of the equity link notes are as follows:

Principal amount	Maturity
US$900,000	2008

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The equity link notes are subject to mandatory redemption clauses at various intervals until maturity dates depending on the market prices of Hong Kong and overseas listed securities underlying the equity link notes. The equity linked notes will be redeemed based on the original principal amounts. The equity link notes are interest bearing and the interest rates range between 16% and 25.5% per annum.

At maturity date, if the equity link notes, depending on the market prices of the underlying equity securities and certain pre-determined price levels, are still outstanding, the equity link notes will be redeemed by the issuer at the principal amounts in cash or shares which may be lower than the principal amounts.

The equity link notes are measured at fair value at the balance sheet date. Their fair values are determined based on the valuation provided by the financial institutions at the balance sheet date. Accordingly, a fair value change on equity link notes of HK$919,000 (2006: HK$1,436,000) is recognised in the consolidated income statement for the year ended 31 December 2007.

The Group's financial assets at fair value through profit or loss that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	HK$'000
US Dollars	33,723	44,821
Singapore Dollars	3,939	1,014
Others	1,421	5,993
	39,083	51,828

30. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	HK$'000 (restated)
Trade receivables	4,899	7,269
Accounts receivable arising from the ordinary course of business of dealing in securities	18,935	47,684
Broker receivables	33,262	9,207
Other receivables	7,868	18,944
Total trade and other receivables	64,964	83,104

There is no significant balances of accounts receivable arising from the ordinary course of business of dealing in securities and broker receivables are past due at the reporting date for which the Group has not provided for impairment loss. The credit risk on accounts receivable arising from the ordinary course of business of dealing in securities and broker receivables is limited because the counterparties are financial institutions with high credit ratings.

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	HK$'000
US Dollars	14,343	16,947
Others	1,679	—
	16,022	16,947

30. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows an average credit period of 30-90 days to its trade customers. The following is an aged analysis of the trade receivables net of allowance for doubtful debts at the reporting date:

	2007	2006
	HK$'000	HK$'000 (restated)
0-60 days	2,937	3,703
61-90 days	625	578
Over 90 days	1,337	2,988
	4,899	7,269

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 73% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,337,000 (2006: HK$2,988,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 60 days (2006: 60 days).

30. TRADE AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired:

	2007	2006
	HK$'000	HK$'000
91-120 days	1,337	2,988

The Group has provided fully for all receivables over 120 days because historical experience is such that receivables that are past due beyond 120 days are generally not recoverable.

Movement in the allowance for doubtful debts:

	2007	2006
	HK$'000	HK$'000
Balance at beginning of the year	6,924	7,250
Impairment losses recognised on receivables	1,394	189
Amounts written off as uncollectible	(9)	(105)
Impairment losses reversed	(402)	(410)
Amounts eliminated upon disposal of subsidiaries of SBI E2	(121)	—
Balance at end of the year	7,786	6,924

31. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 5% (2006: 0.01% to 5.04%).

The pledged deposits carry interest rates which range from 2.5% to 5%. The pledged bank deposits will be released upon settlement of relevant bank borrowings.

Pledged bank deposit of HK$6,000,000 (2006: HK$6,000,000) represents deposits pledged to banks to secure banking facilities granted to the Group and the remaining balance of HK$38,220,000 (2006: Nil) represents deposits to a bank to secure banking facilities granted to an independent third party. The deposits have been pledged to secure short-term bank loans/undrawn facilities and are therefore classified as current assets.

Pursuant to a letter of undertaking given by the Company to a bank, the Company covenanted to maintain deposits of not less than SGD12,500,000 (equivalent of HK$63,425,000) in 2006 with a bank as one of the conditions precedent to a bank guarantee in favour of the Monetary Authority of Singapore on behalf of SBI E2-Capital Asia, a subsidiary of SBI E2, which was 69.4% indirectly owned by the Company. The pledged bank deposits were released during the year.

The Group's pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	HK$'000
US Dollars	24,979	27,282
Singapore Dollars	30,239	72,717
Others	1,384	1,384
	56,602	101,383

32. TRADE AND OTHER PAYABLES

The following is an aged analysis of accounts payable at the balance sheet date:

	2007	2006
	HK$'000	HK$'000
Trade payables	1,892	2,478
Accounts payable arising from the ordinary course of business of dealing in securities	18,784	38,746
Other payables	20,379	32,929
	41,055	74,153

	2007	2006
	HK$'000	HK$'000
0 - 60 days	908	1,449
61 - 90 days	621	223
Over 90 days	363	806
	1,892	2,478

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payable is within the credit timeframe.

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007	2006
	HK$'000	HK$'000
US Dollars	—	3,877
Others	15	162
	15	4,039

33. SECURED BANK AND OTHER BORROWINGS

	2007	2006
	HK$'000	HK$'000
Bank loans	173,487	173,458
Other loan	1,060	1,104
	174,547	174,562
Carrying amount repayable:		
On demand or within one year	173,537	1,073
More than one year, but not exceeding two years	51	172,495
More than two years but not more than five years	151	165
More than five years	808	829
	174,547	174,562
Less: Amounts due within one year shown under current liabilities	(173,537)	(1,073)
Amount shown as non-current liabilities	1,010	173,489

As at the balance sheet date, the Group has the following undrawn borrowing facilities:

	2007	2006
	HK$'000	HK$'000
Floating rate		
– expiring within one year	4,954	4,982
– expiring beyond one year	55,000	94,000
	59,954	98,982

33. SECURED BANK AND OTHER BORROWINGS (Continued)

The Group's variable-rate bank loans are as follows:

	2007	2006
	HK$'000	HK$'000
Hong Kong Prime Rate + 0.5% per annum	1,047	1,018
Hong Kong Prime Rate - 1.5% per annum	24,190	24,190
HIBOR + 0.82% per annum	148,250	148,250
	173,487	173,458

In addition, the Group has a variable-rate other loan which carries interest at Hong Kong Prime Rate plus 1.5% per annum.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's variable-rate borrowings are 4.2% to 9.3% (2006: 4.6% to 9.8%).

Bank loans are secured by the prepaid lease payments, properties for development and bank deposits at carrying values of HK$320,648,000 (2006: HK$328,766,000), HK$19,800,000 (2006: HK$19,800,000) and HK$6,000,000 (2006: HK$6,000,000), respectively. Other loan is secured by mortgage loans receivable of HK$1,512,000 (2006: HK$1,425,000).

34. LOANS FROM A JOINTLY CONTROLLED ENTITY/MINORITY SHAREHOLDERS OF SUBSIDIARIES

The loans from a jointly controlled entity/minority shareholders of subsidiaries are unsecured, non-interest bearing and are repayable on demand.

35. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$1 each		
Authorised:		
At 1 January 2006, 31 December 2006 and 31 December 2007	750,000,000	750,000
Issued and fully paid:		
At 1 January 2006, 31 December 2006 and 31 December 2007	400,633,217	400,633

36. SHARE-BASED PAYMENT TRANSACTIONS

Since the expiration of the previous share option scheme on 14 December 2002, no share option scheme has been adopted until adoption of a new share option scheme on 12 October 2007 (the "Adoption Date"). Pursuant to a resolution passed on 12 October 2007, the Company's new share option scheme (the "New Scheme"), was adopted for the primary purpose of providing incentives to directors and eligible employees. The Company may by resolution in general meeting at any time terminate the operation of the Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Scheme.

36. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Under the Scheme, the Board of Directors of the Company may, at their absolute discretion, grant options to the following classes of participants, to subscribe for shares of the Company:

(i) any employees or proposed employees (whether full-time or part-time and including any executive directors), consultants or advisers of or to the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Group holds an equity interest;

(ii) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(iii) any suppliers of goods or services to any members of the Group or any Invested Entity;

(iv) any customers of the Group or any Invested Entity;

(v) any person or entities that provide research, development or other technological support to the Group or any Invested Entity; and

(vi) any shareholders of any members of the Group or any Invested Entity or any holders of any securities issued by any members of the Group or any Invested Entity.

No option under the Scheme was granted or exercised since its adoption.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options may be exercised at any time within a period of 10 years commencing on the Adoption Date. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

37. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1 January 2006 and 31 December 2006	(28)
Credit to consolidated income statement for the year	28
At 31 December 2007	—

At 31 December 2007, the Group has estimated unused tax losses of HK$517,862,000 (2006: HK$505,319,000) available for set off against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Such losses can be carried forward indefinitely.

38. DISPOSAL OF SUBSIDIARIES

As referred to in note 11, on 31 August 2007, the Group discontinued its digital consumer products operations at the time of disposal of its subsidiaries, the Napa Group. The net assets of the Napa Group at the date of disposal were as follows:

	31.8.2007
	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	95
Trade and other receivables	46
	141
Gain on disposal	22
Total consideration	163
Satisfied by:	
Cash	163
Net cash inflow arising on disposal:	
Cash consideration	163

The impact of the Napa Group on the Group's results and cash flows in the current and prior periods is disclosed in note 11.

39. ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE/A JOINTLY CONTROLLED ENTITY OF A JOINTLY CONTROLLED ENTITY

On 8 December 2006, SBI E2 acquired additional 51% in the issued share capital of an associate for consideration of HK$3,008,000. This acquisition had been accounted for using the purchase method by SBI E2. As the Group adopted the proportionate consolidation method to account for its interest in SBI E2, the Group had shared 49% of the consideration which was HK$1,474,000. The associate was engaged in provision of corporate finance services.

On 31 August 2007, SBI E2 acquired additional 50% in the issued share capital of a jointly controlled entity for consideration of HK$6,641,000. This acquisition has been accounted for using the purchase method by SBI E2. The amount of goodwill arising as a result of the acquisition was HK$3,453,000. As the Group adopted the proportionate consolidation method to account for its interest in SBI E2, the Group has shared 49% of the consideration and the goodwill which were HK$3,254,000 and HK$1,692,000, respectively. The jointly controlled entity is engaged in provision of corporate finance services.

39. ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE/A JOINTLY CONTROLLED ENTITY OF A JOINTLY CONTROLLED ENTITY (Continued)

The Group's interest of net assets acquired in the transaction, and the goodwill arising, are as follows:

	2007 Acquiree's carrying amount before combination and fair value	2006 Acquiree's carrying amount before combination and fair value
	HK$'000	HK$'000
Net assets acquired:		
Property, plant and equipment	66	—
Other non-current assets	—	13
Trade and other receivables	474	325
Bank balances and cash	1,583	1,968
Trade and other payables	(460)	(52)
Taxation payable	(101)	—
	1,562	2,254
Goodwill (discount on acquisition)	1,692	(780)
	3,254	1,474
Total consideration satisfied by:		
Cash	3,254	—
Deferred consideration	—	1,474
	3,254	1,474
Net cash outflow (inflow) arising on acquisition:		
Cash consideration paid	3,254	—
Bank balances and cash acquired	(1,583)	(1,968)
	1,671	(1,968)

The deferred consideration for 2006 was settled in cash by SBI E2 in January 2007.

The acquired subsidiary by SBI E2 contributed loss of HK$1,514,000 (2006: HK$1,351,000) to the Group's profit for the period between the date of acquisition and the balance sheet date.

40. DISPOSAL OF SUBSIDIARIES OF A JOINTLY CONTROLLED ENTITY

On 12 September 2007, SBI E2 disposed of its entire interest in certain subsidiaries which are engaged in provision of broking services. The Group's interest in net assets of the disposed subsidiaries of SBI E2 at the date of disposal were as follows:

	12 September 2007
	HK$'000
NET ASSETS DISPOSED OF	
Property, plant and equipment	2,790
Intangible assets	1
Other deposits	1,975
Available-for-sale investments	1,915
Trade and other receivables	90,791
Financial assets at fair value through profit or loss	22,258
Bank balances and cash	31,540
Trade and other payables	(105,410)
Taxation payable	(3,430)
	42,430
Loss on disposal	(4,818)
Total	37,612
Satisfied by:	
Cash	37,612
Net cash inflow arising on disposal:	
Cash consideration	37,612
Bank balances and cash disposed of	(31,540)
	6,072

During the year, the disposed subsidiaries of SBI E2 contributed HK$85,938,000 (2006: HK$38,215,000) to revenue, HK$13,342,000 (2006: HK$709,000) to profit for the year, HK$109,664,000 (2006: HK$10,354,000) to the Group's net operating cash flows, paid HK$53,244,000 (2006: HK$4,117,000) in respect of investing activities.

41. CONTINGENT LIABILITIES

At the balance sheet date, the Group has the following contingent liabilities:

(a) Corporate guarantees given to financial institutions for banking facilities of associates and loan facilities of independent third parties in addition to collateral provided by these companies. The aggregate amount of such facilities utilised by these companies and parties at 31 December 2007 were as follows:

	2007	2006
	HK$'000	HK$'000
Guarantees given to banks in respect of banking facilities utilised by associates	4,250	131,831
Guarantees given to banks in respect of banking facilities utilised by independent third parties	128,000	—
	132,250	131,831

(b) The Group provided a guarantee of HK$143,000,000 to a bank in respect of banking facilities for certain subsidiaries of its jointly controlled entity. During the year, those subsidiaries were disposed of by the jointly controlled entity and have become independent third parties to the Group. Therefore, the guarantee was classified as the guarantee for the independent third parties. None of these facilities was utilised by the independent third parties.

(c) SBI E2 provided a guarantee of HK$78,000,000 to a bank in respect of banking facilities for an independent third party. As the Group holds 49% of SBI E2, guarantee of HK$38,220,000 was shared by the Group under proportionate consolidation.

(d) The Company provided a corporate guarantee of S$13,020,000 (equivalent to approximately (HK$70,555,000) to a bank in respect of banking facilities for SBI E2-Capital Securities Pte Limited. Included in $13,020,000 was a guarantee for a maximum amount of S$12,000,000 (equivalent to approximately HK$65,028,000) plus any overdue interest and expense incurred by the bank in enforcing the corporate guarantee under a guarantee to be provided by the bank in favour of the Monetary Authority of Singapore ("MAS") for SBI E2-Capital Asia Securities Pte. Ltd. to comply with regulatory requirements of the MAS.

42. OPERATING LEASES

The Group as lessee

	2007 HK$'000	2006 HK$'000
Minimum lease payments paid under operating leases during the period:		
Premises	5,707	5,943

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2007 HK$'000	2006 HK$'000
Within one year	4,776	3,481
In the second to fifth years inclusive	3,479	1,928
	8,255	5,409

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

The Group as lessor

Property rental income earned during the year was HK$18,000 (2006: HK$251,000). Certain of the Group's properties was held for rental purposes, with a carrying amount of HK$1,823,000. All of the properties held have committed tenants for the next 19 months.

42. OPERATING LEASES (Continued)

The Group as lessor (Continued)

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2007	2006
	HK$'000	HK$'000
Within one year	64	60
In the second to fifth year inclusive	38	139
	102	199

43. CAPITAL COMMITMENT

At 31 December 2007, capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of properties for development is HK$21,660,000 (2006: Nil).

44. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employees.

The total cost charged to income of HK$806,000 (2006: HK$738,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting period. As at 31 December 2007, contributions of HK$370,000 (2006: HK$342,000) due in respect of the reporting period had not been paid over the MPF Scheme.

45. BALANCE SHEET

The balance sheet of the Company as at 31 December 2007 are as follows:

	NOTES	2007	2006
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		1,693	2,198
Interests in subsidiaries		1,214,284	1,214,284
Club debentures		979	979
Other non-current assets		2,017	2,017
		1,218,973	1,219,478
Current assets			
Trade and other receivables		749,017	805,395
Loans to associates		125	3,116
Pledged bank deposits		6,000	63,425
Bank balances and cash		109,194	89,332
		864,336	961,268
Current liabilities			
Trade and other payables		1,484,215	1,484,747
Net current liabilities		(619,879)	(523,479)
		599,094	695,999
Capital and reserves			
Share capital	35	400,633	400,633
Reserves	(a)	198,461	295,366
		599,094	695,999

45. BALANCE SHEET (Continued)

Note:

(a) Reserves

	Other reserve	Retained profits	Total
	HK$'000	HK$'000	HK$/000
At 1 January 2006	2,184	305,650	307,834
Profit for the year	—	7,564	7,564
Dividends paid	—	(20,032)	(20,032)
At 31 December 2006	2,184	293,182	295,366
Loss for the year	—	(56,841)	(56,841)
Dividends paid	—	(40,064)	(40,064)
At 31 December 2007	2,184	196,277	198,461

46. RELATED PARTY TRANSACTIONS

(i) During the year, the Group entered into the following transactions with related parties:

	Management fee income		Management fee expense		Advisory fee expense	
	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
SBI E2	1,428	1,108	816	168	—	—
SBI E2-Capital Asia	—	—	—	—	25	293
	1,428	1,108	816	168	25	293

(ii) Key management compensation

The remuneration of directors and other movements of key management compensation during the year was as follow:

	2007	2006
	HK$'000	HK$'000
Short-term benefits	11,052	22,470
Retirement benefits scheme contributions	72	113
	11,124	22,583

46. RELATED PARTY TRANSACTIONS (Continued)

(iii) Balances with related parties

	2007	2006
	HK$'000	HK$'000
Loans to associates *(Note (23))*	132	4,383
Amount due from a related company *(Note a)*	31,876	—
Amount due from a shareholder of a jointly controlled entity *(Note b)*	—	7,221
Amounts due to related companies *(Note c)*	15,337	—
Loan from a jointly controlled entity *(Note (34))*	—	368
Loans from minority shareholders of subsidiaries *(Note (34))*	36,709	37,203

Notes:

(a) The balance represented amount due from SBI E2-Capital Asia Securities Limited to the jointly controlled entity of which Dato' Wong is a director who is also an executive director of the Company. The balance was unsecured, non-interest bearing and was repayable on demand.

(b) The balance was unsecured and was repayable on demand. Except for a loan of HK$3,800,000 which bore interest at Hong Kong Prime Rate plus 1.5% per annum, the remaining balance was non-interest bearing. The amount was fully repaid during the year.

(c) The balances represented amounts of HK$10,045,000 and HK$5,292,000 due to Dato' Wong and Mr. Yu Kam Kee, Lawrence ("Mr. Yu"), a shareholder of China Renji Medical Group Limited ("China Renji") (formerly known as Softbank Investment International (Strategic) Limited) which is a shareholder of SBI E2. The balances were unsecured, non-interest bearing and were repayable on demand.

(iv) On 20 June 2006, Goodwill Investment (BVI) Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with ebizal (Holdings) Limited, a wholly owned subsidiary of China Renji, which is a shareholder of SBI E2, of which one of the executive directors and Chairman namely Dato' Wong was also an executive director of the Company, in respect of the acquisition of 24% interest in Draco Investments Limited from China Renji for a cash consideration of approximately HK$1,250,000. The acquisition was completed in June 2006.

46. RELATED PARTY TRANSACTIONS (Continued)

(v) On 31 October 2007, SBI E2 acquired 40% in the issued share capital of SIIS Investment from China Renji for a cash consideration of HK$3,276,000. The interest in SIIS Investment was accounted for as interest in an associate of SBI E2 which is proportionate consolidated by the Group as set out in note 23.

(vi) As of 31 December 2007, the Group had investments in China Renji, which were included in financial assets at fair value through profit or loss of HK$9,549,000 (2006: HK$12,966,000), available-for-sale investments of HK$4,877,000 (2006: HK$18,105,000) and conversion option embedded in convertible notes of HK$2,276,000 (2006: HK$511,000).

(vii) During the year, Dato' Wong and Mr. Yu lent HK$5,000,000 and HK$10,800,000 to SBI E2 to finance guarantees of HK$78,000,000 provided by SBI E2 to a bank in respect of banking facilities granted to an independent third party. As the Group holds 49% of SBI E2, guarantees of HK$38,220,000 were shared by the Group under proportionate consolidation as set out in note 24. The amounts of HK$2,450,000 and HK$5,292,000 lent by Dato' Wong and Mr. Yu were included in amounts due to related parties as set out in 46(iii)(c).

In addition, SBI E2 pledged bank deposit of HK$78,000,000 of which HK$38,220,000 was shared by the Group under proportionate consolidation to a bank to secure the banking facilities.

(viii) On 15 January 2007, SBI E2-Capital Asia Limited ("SBI E2 Asia"), a subsidiary of SBI E2, gave its 2.24%, 0.53% and 0.13% interest in one of its subsidiaries with the fair value of these interest in the subsidiaries of HK$3,203,000, HK$758,000 and HK$186,000 to its three directors, Dato' Wong, Mr. Ong Tiang Lock and Mr. Cheung Chung Wai, Billy as bonus without consideration. They are also directors of certain subsidiaries of the Company.

47. MAJOR NON-CASH TRANSACTION

On 15 January 2007, SBI E2 Asia, gave its 2.9% interest in one of its subsidiaries with the fair value of HK$4,147,000 to its three directors as bonus without consideration as set out in note 46(viii). The amount of HK$4,147,000 was accounted for as employee benefits expense. As the Group holds 49% of SBI E2 Asia through SBI E2, HK$2,032,000 was shared by the Group under proportionate consolidation.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place/country of incorporation/ operations	Class of share capital	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company Direct %	Indirect %	Principal activities
Access Way Investment Limited	Hong Kong	Ordinary	HK$2	—	100	Property development
Active Way International Limited	Hong Kong	Ordinary	HK$2	—	100	Property development
Capital Guru Group Limited	British Virgin Islands/Singapore	Ordinary	US$1	—	100	Investment holding
Cash Level Investments Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Investment holding
Cheung Wah Ho Dyestuffs Company Limited	Hong Kong	Ordinary Non-voting deferred shares *(Note)*	HK$1,000 HK$800,100	—	70	Trading of dyestuffs
Elite Way International Development Limited	Hong Kong	Ordinary	HK$1,000,000	—	75	Property development
Fair Winner Ltd	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Investment holding
Full Success Investments Limited	Hong Kong	Ordinary	HK$2	—	100	Property holding
Goodwill Investment (BVI) Limited	British Virgin Islands/Hong Kong	Ordinary	US$100	100	—	Investment holding
Goodwill Properties (Holdings) Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Investment holding
Goodwill Properties Limited	Hong Kong	Ordinary	HK$2	—	100	Investment holding
Oceanpass Holdings Limited	British Virgin Islands/Hong Kong	Ordinary	US$1,000	—	75	Property development

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place/country of incorporation/ operations	Class of share capital	Paid up issued/ registered ordinary share capital	Proportion ownership interest held by the Company Direct %	Indirect %	Principal activities
Paper Rich Investments Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Investment holding
Profit Union Investments Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Investment holding
Right Max Development Limited	Hong Kong	Ordinary	HK$1,000,000	—	75	Property development
Right Way Holdings Limited	Hong Kong	Ordinary	HK$10	—	70	Property development
Sinojet Properties Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Property development
Winslow Investment Management Limited	British Virgin Islands/Hong Kong	Ordinary	US$1	—	100	Investment holding

Note: The non-voting deferred shares are not owned by the Company. These non-voting deferred shares carry no voting rights and holders are not entitled to participate in the profits of the company.

The above table listed the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Company. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

49. COMPARATIVE FIGURES

In the current year, the accounting treatment of 69.4% effective interest in SBI E2-Capital Asia, of which 40% was held directly by the Group and the remaining 29.4% was held indirectly through a 49% owned jointly controlled entity at 31 December 2006 as set out in note 23, has been changed. The directors are of the opinion that such change is for the purpose of better presentation of financial information. In prior year, the 69.4% effective interest in SBI E2-Capital Asia was accounted for as an associate using the equity method of accounting. In the current year, only 40% direct interest in SBI E2-Capital Asia was accounted for as an associate using the equity method of accounting and the remaining 29.4% effective interest was accounted for using proportionate consolidation as set out in note 24 as the entity is a subsidiary of the jointly controlled entity. Accordingly, the following comparative figures of the consolidated income statement and the consolidated balance sheet have been changed.

49. COMPARATIVE FIGURES (Continued)

Consolidated income statement for the year ended 31 December 2006:

	2006	2006
	HK$'000 (original)	HK$'000 (restated)
Continuing operations		
Revenue	159,503	144,600
Cost of sales	(41,832)	(20,705)
Gross profit	117,671	123,895
Other income	12,093	12,107
Gain on disposal of investment properties	2,000	2,000
Distribution expenses	(201)	(201)
Administrative expenses	(74,260)	(76,865)
Finance costs	(11,073)	(11,073)
Change in fair value of investment properties	722	722
Change in fair value of investments held for trading	11,082	11,082
Change in fair value of financial assets designated at fair value through profit or loss	(1,436)	(1,436)
Impairment loss on investment deposit	(5,000)	(5,000)
Impairment loss on goodwill	(411)	(411)
Share of profit of associates	2,675	2,494
Profit before tax	53,862	57,314
Income tax expense	(78)	(78)
Profit for the year from continuing operations	53,784	57,236
Discontinued operations		
Loss for the year from discontinued operations	—	(3,452)
Profit for the year	53,784	53,784

49. COMPARATIVE FIGURES (Continued)

Consolidated balance sheet at 31 December 2006:

	2006 (original) HK$'000	2006 (restated) HK$'000
Non-current assets		
Property, plant and equipment	3,390	3,917
Investment properties	1,610	1,610
Prepaid lease payments - non-current portion	328,766	320,648
Properties for development	19,800	19,800
Intangible assets	1	1
Interests in associates	22,581	13,359
Available-for-sale investments	73,254	70,240
Conversion options embedded in convertible notes	511	511
Mortgage loans receivable - non-current portion	10,677	10,677
Club debentures	—	3,993
Other non-current assets	4,527	4,896
	465,117	449,652
Current assets		
Inventories	6,115	6,115
Financial assets at fair value through profit or loss	80,765	80,765
Mortgage loans receivable - current portion	239	239
Trade and other receivables	79,029	83,104
Prepaid lease payments - current portion	—	8,118
Amount due from a shareholder of a jointly controlled entity	7,221	7,221
Loans to associates	4,383	4,383
Pledged bank deposits	63,425	69,425
Bank balances and cash	150,790	153,363
	391,967	412,733

49. COMPARATIVE FIGURES (Continued)

Consolidated balance sheet at 31 December 2006:

	2006 (original) HK$'000	2006 (restated) HK$'000
Current liabilities		
Trade and other payables	68,852	74,153
Taxation payable	108	108
Secured bank and other borrowings	1,073	1,073
Loan from a jointly controlled entity	368	368
Loans from minority shareholders of subsidiaries	605	37,203
	71,006	112,905
Net current assets	320,961	299,828
Total assets less current liabilities	786,078	749,480
Non-current liabilities		
Secured bank and other borrowings	173,489	173,489
Loan from a minority shareholder of a subsidiary	36,598	—
Deferred tax liabilities	28	28
	210,115	173,517
	575,963	575,963
Capital and reserves		
Share capital	400,633	400,633
Reserves	174,397	174,397
Equity attributable to equity holders of the Company	575,030	575,030
Minority interests	933	933
	575,963	575,963

50. POST BALANCE SHEET EVENTS

As set out in the Company's announcement dated 6 December 2007 (the "Announcement"), on 29 November 2007, certain shareholders of the Company entered into share purchase agreements (the "Share Purchase Agreements") with RPL, an independent third party to dispose of their total interest of 288,455,917 ordinary shares of HK$1 each in the share capital of the Company, representing 72% of the existing issued share capital of the Company.

Completion of the Share Purchase Agreements is conditional upon, inter alia, the completion of sale and purchase agreements to be entered into by the Company as the seller and other parties as the purchasers for the disposals of the Company's associate, SBI E2-Capital Asia, certain of the Company's subsidiaries and the Group's assets, details of which are set out in the Announcement.

RESULTS

	Year ended 31 December				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$'000 (restated)	**HK$'000**
Revenue	51,703	354,530	98,693	144,600	**181,092**
(Loss) profit before tax	(121,653)	71,630	49,525	53,862	**40,178**
Income tax expense	(2,473)	(1,965)	(2)	(78)	**(13,144)**
(Loss) profit for the year	(124,126)	69,665	49,523	53,784	**27,034**
Attributable to:					
Equity holders of the Company	(124,398)	67,062	50,511	53,986	**27,046**
Minority interests	272	2,603	(988)	(202)	**(12)**
	(124,126)	69,665	49,523	53,784	**27,034**

ASSETS AND LIABILITIES

	At 31 December				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$'000 (restated)	**HK$'000**
Total assets	700,848	623,682	871,002	862,385	**864,223**
Total liabilities	(180,696)	(55,805)	(276,192)	(286,422)	**(277,899)**
	520,152	567,877	594,810	575,963	**586,324**
Equity attributable to equity holders of the Company	519,991	566,751	593,675	575,030	**585,403**
Minority interests	161	1,126	1,135	933	**921**
	520,152	567,877	594,810	575,963	**586,324**

PARTICULARS OF MAJOR PROPERTIES

At 31 December 2007

PROPERTIES HELD FOR DEVELOPMENT

Property	Type	Lease expiry	Gross floor area (S.M.)	Effective % held	Stage of completion	Anticipated completion
Lot Nos. 3250 B6B, B6RP, B7, B9RP & B13 and 4643 in DD 104 Yuen Long	Residential	2047	1,205.5 sq.m	100%	10%	2008
No. 21 Grampian Road (The Remaining Portion of New Kowloon Inland Lot No. 1418 and The Extension Thereto), Kowloon Tong, Kowloon	Residential	2047	1,108.80 sq. m	75%	Completed	—
No. 23 & 25 Grampian Road (Section A New Kowloon Inland Lot No. 1418 and The Extension Thereto), Kowloon Tong, Kowloon	Residential	2047	950.40 sq. m	69.4%	Completed	—

PROPERTIES HELD FOR INVESTMENT

Location	Type	Lease term
廣州海珠區新港西路石泉街 12 號 201 室	Commercial	Long-term lease
廣州海珠區新港西路石泉街 12 號 206 室	Commercial	Long-term lease