



## C C LAND HOLDINGS LIMITED

## 中渝置地控股有限公司\*

(Incorporated in Bermuda with limited liability)

Website: www.ccland.com.hk

(Stock Code: 1224)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the “Board”) of C C Land Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2007 together with comparative figures for the previous year as follows:

#### CONSOLIDATED INCOME STATEMENT

	Notes	2007 HK\$'000	2006 HK\$'000
<b>REVENUE</b>	4	<b>910,759</b>	794,984
Cost of sales		( 770,813)	( 667,668)
Gross profit		<b>139,946</b>	127,316
Other income and gains	4	<b>547,763</b>	647,122
Selling and distribution costs		( 33,395)	( 17,438)
Administrative expenses		( 125,125)	( 59,611)
Other expenses		( 110,127)	( 54,781)
Finance costs	5	( 27,113)	( 13,554)
Share of profits and losses of associates		<b>3,032</b>	4,299
Share of profits and losses of jointly-controlled entities		( 4,271)	-
<b>PROFIT BEFORE TAX</b>	6	<b>390,710</b>	633,353
Tax	7	<b>512,901</b>	( 2,436)
<b>PROFIT FOR THE YEAR</b>		<b>903,611</b>	630,917
Attributable to:			
Equity holders of the parent		<b>905,495</b>	627,871
Minority interests		( 1,884)	3,046
		<b>903,611</b>	630,917

\* For identification purposes only

	Notes	2007 HK\$'000	2006 HK\$'000
<b>DIVIDEND</b>			
Proposed final	8	<u>108,315</u>	<u>90,269</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	9	<u>46.10 HK cents</u>	<u>112.4 HK cents</u>
Diluted		<u>45.85 HK cents</u>	<u>105.8 HK cents</u>

## CONSOLIDATED BALANCE SHEET

	Notes	2007 HK\$'000	2006 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		284,911	267,654
Investment properties		197,250	128,262
Prepaid lease payments		25,061	25,510
Goodwill		39,259	35,139
Interests in jointly-controlled entities		894,452	-
Interests in associates		36,333	33,300
Convertible note receivable - loan portion		32,859	30,983
Available-for-sale equity investments		426,174	46,612
Properties under development		7,804,480	6,424,561
Interest in land use rights for property development		2,060,442	-
Pledged time deposits		611,572	-
Total non-current assets		<u>12,412,793</u>	<u>6,992,021</u>
<b>CURRENT ASSETS</b>			
Properties under development held for sale		710,300	82,689
Completed properties for sale		158,871	1,365
Land development rights		290,358	-
Prepaid lease payments		657	639
Inventories		82,437	90,463
Trade receivables	10	147,842	117,519
Prepayments, deposits and other receivables		294,789	79,565
Equity investments at fair value through profit or loss		34,022	40,581
Conversion option derivative		1,858	1,743
Loans to associates		-	8,976
Tax recoverable		9,515	2,486
Due from a joint venture partner		-	39,676
Deposits with brokerage companies		12,748	344
Pledged time deposits		135,542	160,756
Restricted bank balances		28,594	-
Cash and cash equivalents		<u>1,947,116</u>	<u>1,151,788</u>
Total current assets		<u>3,854,649</u>	<u>1,778,590</u>

	Notes	2007 HK\$'000	2006 HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	213,899	133,837
Other payables and accruals		962,364	117,740
Loans from minority shareholders of subsidiaries		48,274	8,000
Interest-bearing bank and other borrowings		734,972	591,689
Tax payable		27,092	52,128
Due to a related party		19,970	20,013
Consideration payable on acquisition of an associate		-	3,000
Consideration payable on acquisition of subsidiaries		55,000	255,000
Consideration payable on acquisition of group of assets		542,372	-
Total current liabilities		<u>2,603,943</u>	<u>1,181,407</u>
<b>NET CURRENT ASSETS</b>		<u>1,250,706</u>	<u>597,183</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,663,499</b>	7,589,204
<b>NON-CURRENT LIABILITIES</b>			
Consideration payable on acquisition of a subsidiary		2,000	-
Interest-bearing bank and other borrowings		918,639	126,295
Deferred tax liabilities, net		<u>2,088,558</u>	<u>2,029,474</u>
Total non-current liabilities		<u>3,009,197</u>	<u>2,155,769</u>
Net assets		<u>10,654,302</u>	<u>5,433,435</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital	12	216,538	180,538
Reserves		9,521,430	5,155,951
Proposed final dividend		<u>108,315</u>	<u>90,269</u>
<b>Minority interests</b>		<u>9,846,283</u>	5,426,758
		<u>808,019</u>	<u>6,677</u>
Total equity		<u>10,654,302</u>	<u>5,433,435</u>

Notes:

## 1. BASIS OF PREPARATION

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

## 2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

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

## 3. SEGMENT INFORMATION

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

Sale of packaging products segment	– Manufacture and trading of watch boxes, gift boxes, spectacles cases, bags and pouches, and display units
Sale of travel bags segment	– Manufacture and trading of soft luggage, travel bags, backpacks and brief cases
Treasury investment segment	– Investments in securities and convertible notes, and provision of financial services
Property development and investment segment	– Development and investment of properties located in Mainland China

### Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group’s business segments for the years ended 31 December 2007 and 2006.

Year ended 31 December 2007

	Sale of packaging products HK\$'000	Sale of travel bags HK\$'000	Treasury investment HK\$'000	Property development and investment HK\$'000	Total HK\$'000
<b>(i) Income statement</b>					
Segment revenue	<u>411,141</u>	<u>419,408</u>	<u>18,805</u>	<u>61,405</u>	<u>910,759</u>
Segment results	<u>33,829</u>	<u>958</u>	<u>15,781</u>	<u>17,498</u>	68,066
Unallocated corporate expenses					( 131,429)
Unallocated corporate income					109,942
Excess over the cost of acquisition of subsidiaries	-	-	-	372,483	372,483
Share of profits and losses of associates					3,032
Share of profits and losses of jointly-controlled entities					( 4,271)
Finance costs					( 27,113)
Profit before tax					390,710
Tax					512,901
Profit for the year					<u>903,611</u>
<b>(ii) Balance sheet</b>					
<b>ASSETS</b>					
Segment assets	253,259	185,860	70,379	14,728,292	15,237,790
Interests in associates					36,333
Interests in jointly-controlled entities					894,452
Tax recoverable					9,515
Unallocated corporate assets					89,352
Total assets					<u>16,267,442</u>
<b>LIABILITIES</b>					
Segment liabilities	72,630	131,957	5,277	2,979,174	3,189,038
Tax payable					27,092
Deferred tax liabilities, net					2,088,558
Unallocated corporate liabilities					308,452
Total liabilities					<u>5,613,140</u>
<b>(iii) Other segment information</b>					
Capital expenditure					
- property, plant and equipment	5,785	1,603	-	18,753	26,141
- investment properties	-	-	-	31,630	31,630
Depreciation of property, plant and equipment	7,763	2,449	73	5,997	16,282
Amortisation of prepaid lease payments	575	67	-	15	657
Fair value gains on investments at fair value through profit or loss, net	-	-	(2,177)	-	(2,177)
Impairment/(write-back of impairment) of trade receivables	(927)	1,872	-	(503)	442
Write-back of impairment of other receivables	-	-	-	(82,194)	(82,194)
Fair value gains on investment properties	-	-	-	(28,555)	(28,555)

Year ended 31 December 2006

	Sale of packaging products HK\$'000	Sale of travel bags HK\$'000	Treasury investment HK\$'000	Property development and investment HK\$'000	Total HK\$'000
(i) Income statement					
Segment revenue	<u>316,324</u>	<u>446,517</u>	<u>31,860</u>	<u>283</u>	<u>794,984</u>
Segment results	<u>32,159</u>	<u>10,189</u>	<u>47,042</u>	<u>(716)</u>	88,674
Unallocated corporate expenses					(62,458)
Unallocated corporate income					11,354
Excess over the cost of acquisition of subsidiaries	-	-	-	605,038	605,038
Share of profits and losses of associates					4,299
Finance costs					<u>(13,554)</u>
Profit before tax					633,353
Tax					<u>(2,436)</u>
Profit for the year					<u>630,917</u>
(ii) Balance sheet					
ASSETS					
Segment assets	1,124,472	194,959	100,895	7,225,291	8,645,617
Interests in associates					33,300
Tax recoverable					2,486
Unallocated corporate assets					<u>89,208</u>
Total assets					<u>8,770,611</u>
LIABILITIES					
Segment liabilities	49,773	143,883	252	1,084,373	1,278,281
Tax payable					22,015
Deferred tax liabilities, net					2,029,474
Unallocated corporate liabilities					<u>7,406</u>
Total liabilities					<u>3,337,176</u>
(iii) Other segment information					
Capital expenditure					
- property, plant and equipment	38,823	3,418	-	147	42,388
Depreciation of property, plant and equipment	7,869	2,237	73	490	10,669
Amortisation of prepaid lease payment	573	63	-	3	639
Fair value loss on conversion option derivative	1,383	-	-	-	1,383
Fair value gains on investments at fair value through profit or loss, net	-	-	(10,013)	-	(10,013)
Impairment of trade receivables	2,288	-	-	-	2,288
Impairment of other receivables	-	-	-	46,492	46,492
Fair value gains on investment properties	-	-	-	<u>(4,861)</u>	<u>(4,861)</u>

### Geographical segments

The following table provides an analysis of the Group's revenue by geographical segments based on the location of customers, irrespective of the origin of goods:

	Segment revenue	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong	144,600	97,254
Europe	205,641	201,106
North and South America	409,338	420,805
Others	151,180	75,819
	<u>910,759</u>	<u>794,984</u>

An analysis of the carrying amounts of segment assets and capital expenditure, analysed by the geographical areas in which the assets are located has not been presented, as more than 90% of the Group's assets are situated in the People's Republic of China (the "PRC"), including Hong Kong.

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods, after allowances for returns and trade discounts, gross proceeds from sale of properties net of business tax, gain on disposal and derecognition of trading securities and dividend income from listed and unlisted investments during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2007	2006
	HK\$'000	HK\$'000
<u>Revenue</u>		
Sale of goods	830,550	762,841
Sale of properties	43,752	283
Gain on disposal of listed equity investments at fair value through profit or loss	15,543	11,860
Gain on derecognition of a listed equity investment at fair value through profit or loss	-	17,229
Dividend income from listed investments	2,657	2,317
Dividend income from unlisted investments	1,756	-
Others	16,501	454
	<u>910,759</u>	<u>794,984</u>
<u>Other income and gains</u>		
Interest income on bank deposits	54,664	14,647
Excess over the cost of acquisition of subsidiaries	372,483	605,038
Fair value gains on investments at fair value through profit or loss, net	2,177	10,013
Gain on disposal of a subsidiary	-	3,082
Gain on disposal of items of property, plant and equipment	341	-
Gain arising from redemption of convertible note receivable	-	1,334
Write-back of impairment of other receivables	82,194	-
Fair value gains on investment properties	28,555	4,861
Fair value gain on conversion option derivative	115	-
Others	7,234	8,147
	<u>547,763</u>	<u>647,122</u>

## 5. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	62,684	12,463
Interest on convertible note	-	5,147
Imputed interest expense from consideration payable on acquisition of subsidiaries	-	343
Imputed interest expense from consideration payable on acquisition of associates	<u>13</u>	<u>255</u>
Total interest	62,697	18,208
Less: Interest capitalised	<u>( 35,584)</u>	<u>( 4,654)</u>
	<u>27,113</u>	<u>13,554</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	2007 HK\$'000	2006 HK\$'000
Cost of inventories sold	538,084	533,498
Cost of properties sold	42,875	-
Allowance for obsolete inventories	1,453	334
Depreciation	16,282	10,669
Amortisation on prepaid lease payments	657	639
Minimum lease payments under operating leases in respect of land and buildings	3,044	2,320
Shipping and handling costs (included in selling and distribution costs)	14,022	11,258
Auditors' remuneration	3,008	2,608
Employee benefits expense (including directors' remuneration):		
Wages and salaries	55,743	31,258
Equity-settled share option expense	69,250	1,972
Net retirement benefits scheme contributions	<u>1,716</u>	<u>1,011</u>
	<u>126,709</u>	<u>34,241</u>
Foreign exchange differences, net	27,672	2,099
Impairment of goodwill arising from acquisition of associates*	-	1,900
Impairment of goodwill arising from acquisition of subsidiaries	4,848	-
Gross rental income, net of business tax	<u>( 13,873)</u>	<u>( 2,934)</u>
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	2,646	395
Interest income from convertible note receivable	<u>( 2,628)</u>	<u>( 454)</u>

\* The impairment of goodwill arising from acquisition of associates is included in share of profits and losses of associates on the face of the consolidated income statement.



## 7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rates prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof.

	2007 HK\$'000	2006 HK\$'000
Group:		
Current charge for the year		
Hong Kong	6,937	9,880
Mainland China	<u>6</u>	<u>-</u>
	<u>6,943</u>	<u>9,880</u>
Overprovision in prior years		
Hong Kong	228	( 7,136)
Mainland China	<u>( 5,600)</u>	<u>-</u>
	<u>( 5,372)</u>	<u>( 7,136)</u>
Overprovision for land appreciation tax in prior years	( 13,928)	-
Deferred tax	<u>( 500,544)</u>	<u>( 308)</u>
	<u>( 512,901)</u>	<u>2,436</u>

## 8. DIVIDEND

	2007 HK\$'000	2006 HK\$'000
Proposed final – HK\$0.05 (2006: HK\$0.05) per ordinary share	<u>108,315</u>	<u>90,269</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. No interim dividend was declared in respect of either year.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on:

	2007 HK\$'000	2006 HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	905,495	627,871
Interest on convertible note	<u>-</u>	<u>5,147</u>
Profit attributable to ordinary equity holders of the parent before interest on convertible note	<u>905,495</u>	<u>633,018</u>

	Number of shares	
	2007	2006
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,964,176,779	558,409,969
Effect of dilution – weighted average number of ordinary shares:		
Share options	10,623,238	-
Convertible note	<u>-</u>	<u>39,841,174</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>1,974,800,017</u>	<u>598,251,143</u>

## 10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the due date and net of provisions, is as follows:

	Group					
	2007			2006		
	Neither past due nor impaired HK\$'000	Past due but not impaired HK\$'000	Total HK\$'000	Neither past due nor impaired HK\$'000	Past due but not impaired HK\$'000	Total HK\$'000
Less than 1 month	107,052	21,995	129,047	98,498	8,139	106,637
1 to 2 months	-	6,360	6,360	-	2,840	2,840
2 to 3 months	-	3,809	3,809	-	2,228	2,228
Over 3 months	-	8,626	8,626	-	5,814	5,814
	<u>107,052</u>	<u>40,790</u>	<u>147,842</u>	<u>98,498</u>	<u>19,021</u>	<u>117,519</u>

The credit period is generally 60 days.

## 11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date is as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
Within 1 month	131,220	55,788
1 to 2 months	36,704	40,748
2 to 3 months	19,750	12,330
Over 3 months	<u>26,225</u>	<u>24,971</u>
	<u>213,899</u>	<u>133,837</u>

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

## 12. SHARE CAPITAL

Shares

	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Authorised:		
5,000,000,000 (2006: 50,000,000,000) ordinary shares of HK\$0.10 (2006: HK\$0.01) each	<u><b>500,000</b></u>	<u>500,000</u>
Issued and fully paid:		
2,165,382,258 (2006: 18,053,822,580) ordinary shares of HK\$0.10 (2006: HK\$0.01) each	<u><b>216,538</b></u>	<u>180,538</u>

## 13. COMPARATIVE AMOUNTS

Due to the adoption of new and revised HKFRSs during the current year, the presentation of certain items and balances in the financial statements has been revised or included to comply with the new requirements.

## RESULTS

The year 2007 is another fruitful year for the Group which benefited from the strong economic growth in the PRC and other major markets where the Group operates. The Group has achieved a record turnover and profit attributable to shareholders in the amounts of HK\$910.8 million (31 December 2006: HK\$795.0 million), representing an increase of 14.6%, and HK\$905.5 million (31 December 2006: HK\$627.9 million), an increase of 44.2%, respectively.

## FINAL DIVIDEND

The Directors are pleased to recommend a final dividend of HK\$0.05 (31 December 2006: HK\$0.05) per share to our shareholders whose names appear on the Register of Members of the Company on 2 May 2008. Subject to approval at the forthcoming Annual General Meeting, dividend warrants will be sent to shareholders on or about 13 May 2008.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 29 April 2008 to 2 May 2008 (both days inclusive), during this period no share transfers will be registered. In order to be eligible to attend and vote at the Annual General Meeting of the Company to be held on 2 May 2008 and to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 28 April 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The principal activities of the Group are PRC property development and investment, manufacture and sale of packaging products and soft luggage, and treasury investments. Revenue and profit attributable to shareholders for the Group increased respectively by 14.6% to HK\$910.8 million (31 December 2006: HK\$795.0 million) and 44.2 % to HK\$905.5 million (31 December 2006: HK\$627.9 million). The revenues of the PRC property business, packaging business, luggage business and other businesses are HK\$61.4 million, HK\$411.2 million, HK\$419.4 million and HK\$18.8 million respectively.

The substantial increase in profit attributable to shareholders was mainly due to the first full year contribution from the PRC property development and investment business acquired in November 2006. Other incomes recorded a substantial gain of HK\$372.5 million (31 December 2006: HK\$605.0 million) from excess of fair value over the cost of acquisition of a subsidiary during the year, as well as the recovery of receivables and fair value gain on investment properties of a total of HK\$110.7 million (31 December 2006: HK\$4.9 million). The National People's Congress approved on 16 March 2007 the Corporate Income Tax Law which became effective from 1 January 2008. The corporate income tax rate applicable to the Group's subsidiaries in China would then decrease from 33% to 25%. As a result, a tax credit of HK\$506.3 million in respect of deferred tax liabilities was recorded in the year. Consistent with previous years, the manufacturing business and treasury investment business kept providing stable income to the Group which contributed HK\$34.8 million (31 December 2006: HK\$42.3 million) and HK\$15.8 million (31 December 2006: HK\$47.0 million) to the Group's segmental profits respectively.

In accordance with the Hong Kong Financial Reporting Standards, an equity-settled share option expense in the amount of HK\$74.9 million (31 December 2006: HK\$2.0 million) in respect of share options granted to certain directors, eligible employees of the Group and those who had contributed to the Group was recorded under other expenses. The increase in selling and distribution costs, administrative expenses, and finance costs are attributable to the new PRC property business acquired in late 2006.

Earnings per share for the year was 46.10 HK cents (31 December 2006: 112.4 HK cents as adjusted to reflect the consolidation of the Company's shares on 11 January 2007) and diluted earnings per share was 45.85 HK cents (31 December 2006: 105.8 HK cents as adjusted to reflect the consolidation of the Company's shares on 11 January 2007).

## **PRC PROPERTY AND INVESTMENT BUSINESS**

In 2007, the central government adopted a series of macro-economic control policies to ensure the healthy and steady development of the property market. These policies aim to control the influx of foreign moneys into the property market and curb the hoarding of vacant lands, further increase land supply and the supply of affordable decent housing in order to stabilize property prices in certain cities, and to maintain property price levels affordable to the citizens.

According to the National Bureau of Statistics of China, the gross domestic product ("GDP") of China in 2007 was RMB24,661.9 billion, an year-on-year increase of 11.4%, which was 0.3 percentage point higher than last year. The total investment in real estates development in 2007 was RMB2,528.0 billion, up by 30.2% from the same period last year. Investment in commercial residential buildings in 2007 reached RMB1,801.0 billion, an increase of 32.1%.

Strong economic growth and continuous improvement in the living standards of the fast-growing urban community are major forces driving the healthy growth of the property market. The Group believes that the implementation of such macro-control policies is necessary and effective for the continuous development of a healthy property market in China in the long run.

The Group owns over a total of 11.4 million sq.m. (attributable interests of about 8.09 million sq.m.) of quality landbank in Chongqing, Chengdu, the Sichuan Province, and Kunming. The Group is enjoying the benefits from China's "Go West" policy where the central government is investing heavily in Chongqing's infrastructure to build up Chongqing as the "Gateway to the West". In addition, in June 2007, Chongqing and Chengdu were awarded the status of "Comprehensive Reform Trial Zones District". By expediting the urban-rural integration and the building of modernized rural areas, and by allocating massive sums for infrastructure development, the economic growth of both Chongqing and Chengdu is expected to be more than robust. This definitely makes Chongqing as well as its neighborhood areas like the Sichuan Province the main beneficiaries under this policy. In fact, the GDP of Chongqing and Sichuan in 2007 increased by 15.6% and 14.2% respectively, much higher than the nation's average. The encouraging GDP growth and the

increase in the household disposable income provide the driving force for the growth in the property market of Chongqing and the Sichuan Province. The directors believe that the property market in Chongqing and Sichuan will continue to flourish in the coming years. The Group aims to strengthen its land bank reserves in these locations and is poised to become a premium property developer in the Western part of China.

### Property Development and Sales Performance

The Group's overall strategy is to develop properties for the middle and high end of the market. The majority of the Group's property projects are residential properties for sale. In 2007, the Group completed 104,495 sq.m. of Verakin New Park City in Chongqing.

#### Presales in the year 2007 comprised of the following projects:-

**California One** – The project comprises of apartments, a hotel, an office block and car-parks with a total GFA of about 52,000 sq.m. and is expected to be completed in the first half of 2008. Pre-sale activities started in March 2007 and all units were sold during the year.

**No. 1 Peak Road** – Part of a mega residential complex of 969,020 sq.m., the project comprises of 755 high-end residential units with a total GFA of about 77,700 sq.m. and car-park spaces of about 20,600 sq.m.. The first phase of 383 residential units with a total GFA of about 31,000 sq.m. was launched to the market for pre-sale in late 2007. About two-thirds of all the units were sold and the Group is planning to launch the second phase of the project for sale in the second quarter of 2008.

**Verakin New Park City** – A high-end multi-phased residential and commercial project with a total GFA of about 1.6 million sq.m. of which the Group has a 51% interest. A total GFA of about 152,000 sq.m. was pre-sold as at 31 December 2007.

As of 13 March 2008, details of projects held under development are as follows:

Locations/Land Lot Nos	Expected completion date	GFA (sq.m.)	The Group's interests
Chongqing, Yubei District			
- 15,16,17-1	2008-2010	969,020	100.0%
- 9	2010 or after	364,433	100.0%
- 10-1	2010 or after	349,962	100.0%
- 6-1	2010 or after	84,747	100.0%
- 19	2010 or after	382,770	100.0%
- 4	2010 or after	596,374	100.0%
- 35	2010	242,448	100.0%
- 3-1	2010 or after	301,288	100.0%
- 1	2008	52,000	100.0%
- Longta No. 3 and Longta No. 4 She, Longxi Street Zone	2010 or after	338,806	100.0%
- Others	2010 or after	131,613	100.0%
Chongqing, Jiangbei District			
- Huaxin Street, Jie Dao Qiao Bei Village, No.1 Zhongxin Section	2010 or after	1,029,879	25.0%
Chongqing, Nan'an District			
	2008-2016	1,554,103	51.0%
Chongqing, Wanzhou District, Jiangnan New District			
	2010 or after	351,134	100.0%
Chengdu, Wen Jiang District			
- 12/1/65	2009-2010	555,000	50.0%

Chengdu, Dujiangyan District	2009	61,000	100.0%
Chengdu, Jinjiang District	2009-2011	413,273	50.0%
Chengdu, Jintang County	2010 or after	2,226,011	60.0%
Meishan, Pengshan County - Binjiang New Town	2010 or after	1,000,005	60.0%
Sichuan, Dazhou, Tongchuan District	2010 or after	364,390	95.0%
Kunming, Gaoxin District			
- R-1-7	2009	25,862	70.0%
- R-1-10	2009	36,584	70.0%
<b>Total</b>		<b>11,430,702</b>	

### **Land Development**

In February 2007, the Group acquired a 60% interest of a property company at a consideration of HK\$171 million. The subject property company owns the land development rights for two projects in Dujiangyan, a famous tourist attraction in Chengdu, with a total site area of approximately 902,000 sq.m.. The land development entails layout works for the land tracts, and tenants relocation to bring them to a condition ready for sale in land auctions. The Group will share the profit from the auctions according to pre-determined profit sharing ratios as stipulated in the contract with the local PRC authority and this puts the Group in an advantageous position to bid for the land at the subsequent auctions. During the year, the Group took part in the first auction and succeeded in securing the first land lot with a GFA of 61,217 sq.m. at a price of RMB106.5 million. The Group will participate in the subsequent auctions for the remaining land lots. It is expected rapid economic growth will generate a strong demand for high-end residential properties in the area, giving the Group a competitive advantage with long-term growth prospects.

### **Investment Property**

Success for a property developer can be facilitated by retaining premium properties having excellent potential for capital appreciation as long term investments. Combined with properties under development, the portfolio will generate a strong sales and recurrent income to maintain the Group's positive growth momentum going forward.

### **Completed Investment Properties**

The total book value of the Group's investment properties amounted to HK\$197.3 million as at 31 December 2007, comprising an aggregate GFA of 74,534 sq.m.. The portfolio comprises properties of diversified usage: Commercial (38.0%), Residential (5.2%) and Car-park spaces (56.8%). The prime locations of the Group's investment properties had resulted in the overall occupancy rate at a high level of 75.2%, with rental income during the year amounting to HK\$13.9 million. According to an appraisal conducted by an independent valuer, the investment properties contributed a revaluation gain of HK\$28.6 million during the year under review.

A summary breakdown of the investment properties is shown below:

<b>Property Location</b>	<b>Usage</b>	<b>Attributable GFA (sq.m.)</b>	<b>Occupancy rate</b>	<b>The Group's interest</b>
California Garden Longxi Town, Yubei District, Chongqing, PRC	Commercial	22,060	53.2%	100%
	Residential	3,866	13.8%	100%
	Car Park	15,646	100.0%	100%
California City Garden Longxi Town, Yubei District, Chongqing, PRC	Commercial	4,685	28.4%	100%
	Car Park	12,094	100.0%	100%
Kechuang Building, Longxi Town, Yubei District, Chongqing, PRC	Car Park	3,691	100.0%	100%
Huijingtai Longxi Town, Yubei District, Chongqing PRC	Commercial	1,541	6.5%	100%
	Car Park	10,951	100.0%	100%
<b>Total</b>		<b>74,534</b>		

### **Investment Properties under Development**

With the recently acquired Special Economic Zone status for Chongqing and Chengdu, which translates into massive central government's spending in Chongqing's infrastructures, preferential tax policies, and other positive measures, we expect many large overseas corporations to be attracted to the region. The property leasing market thus looks extremely promising. Careful studies will be performed by the Group in order to maintain a balanced portfolio of properties developed for sale and held for investments.

In the 11th Five Year Plan, the Chongqing Municipal Government encourages intensive development in urban areas, and the northern part of Chongqing is the ideal site for the new city centre. Being the "North Window" of Chongqing, the Yubei District is strategically important in the whole development blueprint of Chongqing. The Group's core land bank in the Yubei District is situated right at the heart of the Yubei District of Chongqing, a district where the regional government administration offices, major highway junctions and a new rail transportation hub are located. The land bank has been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes. In view of the prime location of these projects, the Group intends to keep the trophy commercial properties for rental purposes and is expected to build up the investment property portfolio in the coming four years. Once completed, this portfolio will form a solid base of recurrent rental income and cash flow for the Group.

### **Land Bank**

Undoubtedly, land bank is the main key to success for a property developer. In addition to the acquisition of Chongqing Zhongyu in November 2006, the Group has been very successful in acquiring quality land banks in different locations in Western China such as in Chongqing, Chengdu, the Sichuan Province, and Kunming, during the year. This led to the increase in the Group's total land bank reserves to a GFA of over 11.4 million sq.m. (attributable GFA amounts to 8.09 million sq.m.). These acquisitions enable the Group to reap the benefits of the medium and long term positive contributions of the property sectors in these territories.

The Group will continue its efforts to acquire land banks with great upside development potential by means of merger or acquisition of target property development companies, and through normal channels from the Government.

During the year, the Group acquired 11 new projects in Western China, adding a total new land bank of approximately GFA 8 million sq.m..

<b>Acquired Date</b>	<b>Location</b>	<b>Approximate Total GFA (sq.m.)</b>	<b>Attributable Interests</b>
January 2007	Wenjing, Chengdu	555,000	50%
May 2007	Kunming, Yunnan	62,446	70%
August 2007	Pengshan, Sichuan	1,000,005	60%
August 2007	Jiangbei, Chongqing	1,029,879	25%
September 2007	Dujiangyan, Chengdu	61,000	100%
September 2007	Yubei, Chongqing	338,806	100%
September 2007	Jinjiang District, Chengdu	413,273	50%
October 2007	Verakin City, Chongqing	1,658,598	51%
October 2007	Dazhou, Sichuan	364,390	95%
December 2007	Jintang, Chengdu	2,226,011	60%
December 2007	Wanzhou, Chongqing	351,134	100%

As of 13 March 2008, the Group's total land bank stood at 11,579,527 sq.m.. The Group's land bank comprises a well-diversified portfolio of properties. The breakdown by usage is as follows:

<b>Usage</b>	<b>Completed Properties held for Investment GFA (sq.m.)</b>	<b>Properties held for Own Use GFA (sq. m.)</b>	<b>Completed Properties held for Sales GFA (sq. m.)</b>	<b>Land held for Future Development GFA (sq. m.)</b>		<b>Total GFA (sq. m.)</b>
				<b>Total</b>	<b>Attributable</b>	
Commercial	28,286	9,128	3,108	797,092	692,147	837,614
Residential	3,866		38,513	6,475,295	4,548,285	6,517,674
Office				348,201	348,201	348,201
Hotel & Serviced apartment				151,192	151,192	151,192
Townhouse & villa				2,863,011	1,695,107	2,863,011
Others (Car-park spaces and other auxiliary facilities)	42,382	15,226	8,316	795,911	650,354	861,835
<b>Total</b>	<b>74,534</b>	<b>24,354</b>	<b>49,937</b>	<b>11,430,702</b>	<b>8,085,286</b>	<b>11,579,527</b>

The breakdown of the land bank for development by location is as follows:

<b>Location</b>	<b>Total GFA (sq. m.)</b>	<b>Attributable GFA (sq. m.)</b>	<b>Percentage</b>
Chongqing	6,748,577	5,214,656	59.1
Sichuan			
- Chengdu	3,255,284	1,880,744	28.5
- Pengshan	1,000,005	600,003	8.7
- Dazhou	364,390	346,171	3.2
Yunnan			
- Kunming	62,446	43,712	0.5
<b>Total</b>	<b>11,430,702</b>	<b>8,085,286</b>	<b>100.0</b>



## **Investors Relations**

The Group is committed to continuous communications with our shareholders and potential investors and believes that transparency can enhance corporate value. In addition to the Company's international roadshows after the interim and final results announcements, the management of the Company also actively participated in various investment forums organized by various leading investment institutions. In 2007, our management met about 600 investors all over the world. Site visits and property tours were arranged to give investors a better understanding of the Group's project developments.

In order to give timely updates to the investors, the Group has a column of "Investor Relations" on its corporate website [www.ccland.com.hk](http://www.ccland.com.hk). All investor-related information is included in this column. The Group also maintains an updated distribution list of investors to provide them with information on the Group's latest developments.

## **MANUFACTURING BUSINESS**

### **Packaging Business**

The packaging business continued to report satisfactory results in the year, and achieved record revenue, despite continued rises in wages, material costs, and the appreciation of the Renminbi. Sales revenue and gross profit in the packaging business increased by 30.0% and 16.3% to HK\$411.2 million and HK\$71.9 million respectively (31 December 2006: HK\$316.3 million and HK\$61.8 million respectively). This was primarily attributable to growing demands in the major markets to which the Group sells, and contributions delivered by vertical expansion into the point of sales display business. The vertical integration was the result of an acquisition of a 51% in the issued share capital of a company in April 2007. This expansion complements the existing product lines, and provides room for further growth.

Whilst the packaging business remains as a steady contributor to the Group's revenue and profit, the financial year 2007 was challenging in view of higher overheads and operating costs. The packaging group is committed to maintaining a broad product range, and to delivering quality products, flexible and reliable services.

### **Luggage Business**

The turnover of the luggage business decreased by 6.1% to HK\$419.4 million. A net profit of HK\$1.8 million was recorded in the year compared to last year's HK\$7.0 million due to reduced orders from an existing customer, and the slower ramp-up sales from new customers in the year. The fall in sales was the result of the customer reducing order maximum limit with each of their suppliers due to its internal policy. Our management moved swiftly to address the problem by strengthening marketing ability and expanding the customer base. A comprehensive improvement program was put in place to smooth out production processes, rationalize product development and raise productivity. Revenue is expected to return to normal in the second half of 2008 after the product development cycles for new customers are completed.

The Group expects stiff market competition to continue in the coming year. The management will streamline productivity and seek to expand its customers base including that in the PRC market.

### **Other Business**

Turnover of the treasury investment for the year amounted to HK\$18.8 million (31 December 2006: HK\$31.9 million), and recorded a segment profit of HK\$15.8 million (31 December 2006: HK\$47.0 million). The reported profits represented contributions from unrealized holding gain of securities of HK\$2.2 million (31 December 2006: HK\$10.0 million), and gain on disposal of securities of HK\$13.5 million (31 December 2006: HK\$29.1 million).

The share of profits of the 30% owned associated company, Technical International Holdings Limited, amounted to HK\$3.0 million (31 December 2006: HK\$4.3 million). The corkscrew and kitchenware products are undergoing a redevelopment cycle, after having been in the market for several years. Emphasis is placed on developing new product lines, which will substantially mature in the coming year.

## **PROSPECTS**

### **PRC Property Development and Investment Business**

During the year, the PRC government continued to promulgate a series of macro-economic control measures to regulate the real estate market, including land administration, loans, orderly execution of transactions in the market, and control over excessive increases in housing prices. There are signs that the real estate industry is moving into a consolidation phase. In view of the prosperous economic development in China, it is unlikely that significant adverse changes in the property market will take place in the short to medium term.

The rapid economic growth, the trend in the appreciation of the Renminbi (“RMB”), the accelerating rate of urbanization, and the increasing income per capita of domestic residents will sustain strong demand for real estates. The Group is confident that its PRC property business will grow in a steady and sustained manner.

To ensure that all projects are developed to the highest standards, the Group has taken on a team of highly qualified and experienced project managers especially in the sector of commercial and retail development projects to strengthen the corporate infrastructure, and has spared no efforts in enlisting the services of internationally renowned architects, town planners and designers. The sales and marketing teams will also be expanded to meet the demands in both Chongqing and Chengdu.

### **Manufacturing Business**

The Group faces several potential challenges in 2008 from the slowing of the US economy, one of the major markets to which the Group exports, rising labour cost, and an appreciating RMB increasing our operating costs. The US economy may not be able to rely on spendings in the coming months as property values slump and the unemployment rate rises.

However, the US economy may not be as bad as it first appeared. The recent government’s rescue plan and interest rate cuts may stimulate consumer spending. Manufacturing exports from strong growth overseas had narrowed the US trade gap in the fourth quarter of 2007. The growth overseas is expected to continue in the medium term, particularly in the Asian economy.

Nonetheless, the Group’s core businesses are well positioned for the future, although with fundamentally different challenges and opportunities. The packaging business is on a much more stable footing, and will focus on enhancing productivity and efficiency in its manufacturing processes to counter the increases in operating costs. We expect the growth and profitability of the point of sales display business to grow significantly in the financial year 2008.

The stiff market competition in the luggage business is expected to continue into the year 2008. Revenue is expected to suffer in the short term. The expansion of the customers base looks promising. Trial orders from new customers are in the product development stage. Taking into account the lead time needed in product development, the business is expected to be back on track in the last quarter of 2008. The Group will endeavour to improve its margin by implementing stringent cost controls, improving productivity to achieve a lower cost structure and more competitive products under development. We will continue to leverage our operation know-how to expand our services and to develop products for different market segments.

## FINANCIAL REVIEW

### Investments

At 31 December 2007, the Group held a portfolio of listed securities with a market value of HK\$34.0 million (31 December 2006: HK\$40.6 million) and a convertible note of HK\$34.7 million (31 December 2006: HK\$32.7 million) issued by a company listed on The Stock Exchange of Hong Kong Limited. The amount of dividends, interest and other income from investments for the year was HK\$7.0 million (31 December 2006: HK\$2.8 million). The unrealized holding gain on listed securities reflected in the current year amounted to HK\$2.2 million (31 December 2006: HK\$10.0 million). The Group's PRC subsidiary has investments in equity securities held for long term purpose amounting to HK\$426.2 million. (31 December 2006: HK\$46.6 million). The substantial increase was due to the sharp increase in share price of the Bank of Communication Co. Ltd's A shares following its listing on the Shanghai Stock Exchange on 15 May 2007.

### Borrowings and Financial Leverage

Of the Group's total borrowings as at 31 December 2007, HK\$735 million (representing approximately 44%) was repayable within one year, of which HK\$300 million had been repaid as at the reporting date, HK\$578 million (representing approximately 35%) was repayable between one to two years and HK\$341 million (representing approximately 21%) was repayable between two to five years. Secured debt accounted for approximately 80% of total borrowings as at 31 December 2007.

As of 31 December 2007, the gearing ratio for the Group was 16.8% based on total borrowings of HK\$1,654 million and shareholders' equity of HK\$ 9,846 million.

Total foreign currency borrowings (excluding RMB borrowings) amounted to the equivalent of HK\$35 million and RMB borrowings amounted to the equivalent of HK\$1,313 million. Foreign exchange exposure for the Group is relatively small comparable to its total asset base.

Taking into account the financial resources available to the Group, the Group had total undrawn bank loan and overdraft facilities of HK\$67 million and cash on hand of HK\$2,723 million as at 31 December 2007.

In addition, the Group signed a facility agreement on 3 January 2008 for an unsecured HK\$1.95 billion 3-Year Term Credit Facility for general corporate funding requirements of the Group. The interest rate is HIBOR plus 140 basis points. The participants included four reputable international and local banks.

### Contingent Liabilities

At 31 December 2007, the Group had the following contingent liabilities:

- Guarantees given to banks in connection with facilities granted to an associated company in the amount of HK\$13.5 million. (31 December 2006: HK\$12.0 million).
- Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$231.5 million (31 December 2006: HK\$29.7 million).

### Pledge of Assets

At 31 December 2007, the Group has pledged the followings:

- |    |   |  |
|----|---|--|
| a. | Leasehold properties as security for general banking facilities granted to the Group.             | HK\$6.1 million                        |
| b. | Fixed deposits and bank balances as security for general banking facilities granted to the Group. | HK\$614.7 million<br>& USD17.0 million |

- c. Properties under development and investment properties pledged to secure banking facilities granted to the Group, a former shareholder of a subsidiary acquired during the year and a related company of the Group's former joint venture partner. RMB2,666.6 million

### **Exchange Risks**

Sales and purchase transactions of the Group's manufacturing business are primarily conducted in US dollars, Hong Kong dollars and/or RMB, while transactions for the property business are dominated in RMB. The exposure to foreign exchange risk is thus minimal.

### **Post Balance Sheet Event**

On 3 January 2008, a Facility Agreement was signed with a consortium of international and local banks for a HK\$1.95 billion 3-Year Term Credit Facility which carries interest at HIBOR + 1.4% per annum. The proceeds of the Facility will be used for general corporate funding requirements of the Group.

### **EMPLOYEES**

At 31 December 2007, the Group had approximately 5,655 employees. The Group remunerates its staff based on their merit, qualification and competence. The Group has also established an incentive bonus scheme, in which the benefits are determined based on the performance of individual employees. Employees are eligible to be granted share options under the Company's share option scheme at the discretion of the Board of Directors. Other benefits include contribution to a provident fund scheme or mandatory provident fund, and medical insurance.

During the year, options to subscribe for 29,360,000 shares in total at exercise prices of HK\$4.81, HK\$5.26, HK\$5.37, HK\$8.73, HK\$15.22 and HK\$15.34 per share respectively were granted on even dates under the share option scheme to certain directors and eligible employees (including certain employees joining after the balance sheet date) of the Group. Total fair value of these share options granted was approximately HK\$98.0 million. An amount of HK\$69.3 million was charged as equity-settled share option expense to the income statement for the year ended 31 December 2007.

### **CORPORATE GOVERNANCE**

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

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing non-executive directors of the Company are appointed for a specific term. Instead, the tenure of non-executive directors is governed by Bye-law 87 of the Company's Bye-laws, which requires a director to retire by rotation at the annual general meeting at least once every three years. A retiring director is eligible for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Following the resignation of Mr. Wong Wai Kwong David on 26 July 2007 as independent non-executive director, audit committee member and remuneration committee member of the Company, the number and qualification of independent non-executive director of the Company failed to meet the requirements under Rule 3.10 of the Listing Rules. Also, the composition of the Company's audit committee failed to meet the requirement under Rule 3.21 of the Listing Rules and a majority of members of the remuneration committee was temporarily not formed by independent non-executive directors. Nevertheless, on 1 October 2007, Dr. Wong Lung Tak Patrick and Mr. Leung Yu Ming Steven were each appointed as independent non-executive director, audit committee member and remuneration committee member of the Company. On the same date Mr. Wong Yat Fai was re-designated as non-executive director and ceased to be the member of both audit committee and remuneration committee of the Company. After the aforesaid appointments and change in directorship, the Company has fulfilled the requirements under the relevant Listing Rules.

## **AUDIT COMMITTEE**

The audit committee has reviewed the accounting principles and practices adopted by the Group and the consolidated results for the year ended 31 December 2007.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

## **PUBLICATION OF THE RESULTS AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.ccland.com.hk](http://www.ccland.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2007 Annual Report will be despatched to the shareholders in due course and will be available at the websites of the Company and the Stock Exchange at the same time.

By order of the Board  
**Lam How Mun Peter**  
*Deputy Chairman and Managing Director*

Hong Kong, 19 March 2008

*As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, Mr. Lam Hiu Lo, Mr. Leung Chun Cheong, Mr. Leung Wai Fai, Ms. Poon Ho Yee Agnes, Mr. Tsang Wai Choi, Dr. Wong Kim Wing and Mr. Wu Hong Cho as Executive Directors; Mr. Wong Yat Fai as Non-executive Director; and Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick, JP as Independent Non-executive Directors.*