C C LAND HOLDINGS LIMITED

中渝置地控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1224)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

FINANCIAL HIGHLIGHTS

- Turnover was HK$795 million (+78.6%)
- Profit attributable to equity holders was HK$627.9 million (+1,424%)
- The Board of Directors recommended the payment of a final dividend of HK$0.05 per share

The Board of Directors of C C Land Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2006** *HK$'000*	2005 *HK$'000*
REVENUE	4	**794,984**	445,248
Cost of sales		**(667,668)**	(373,110)
Gross profit		**127,316**	72,138
Other income and gains	4	**647,122**	18,636
Selling and distribution costs		**(17,438)**	(10,794)
Administrative expenses		**(59,611)**	(35,450)
Other expenses		**(54,781)**	(1,642)
Finance costs	5	**(13,554)**	(704)
Share of profits and losses of associates		**4,299**	5,211
PROFIT BEFORE TAX	6	**633,353**	47,395
Tax	7	**(2,436)**	(4,374)
PROFIT FOR THE YEAR		**630,917**	43,021

Attributable to:			
Equity holders of the parent		**627,871**	41,203
Minority interests		**3,046**	1,818
		630,917	43,021
DIVIDEND			
Proposed final	*8*	**90,269**	23,637
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*9*	**112.4 HK cents**	10.5 HK cents
Diluted		**105.8 HK cents**	N/A

CONSOLIDATED BALANCE SHEET

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**267,654**	161,934
Investment properties		**128,262**	44,670
Prepaid lease payments		**25,510**	25,213
Goodwill		**35,139**	34,553
Interests in associates		**33,300**	38,455
Convertible note receivable — loan portion		**30,983**	14,441
Available-for-sale equity investments		**46,612**	—
Properties under development		**6,424,561**	—
Total non-current assets		**6,992,021**	319,266
CURRENT ASSETS			
Properties under development held for sale		**82,689**	—
Completed properties for sale		**1,365**	—
Prepaid lease payments		**639**	636
Inventories		**90,463**	86,014
Trade receivables	*10*	**117,519**	94,538
Prepayments, deposits and other receivables		**79,565**	8,795
Equity investments at fair value through profit or loss		**40,581**	50,211
Conversion option derivative		**1,743**	226
Loans to associates		**8,976**	3,000
Tax recoverable		**2,486**	294
Due from a joint venture partner		**39,676**	—
Deposits with brokerage companies		**344**	33,636
Pledged time deposits		**160,756**	2,000
Cash and cash equivalents		**1,151,788**	160,049

Total current assets		**1,778,590**	439,399
CURRENT LIABILITIES			
Trade and bills payables	*11*	**133,837**	100,079
Other payables and accruals		**147,853**	30,250
Loan from minority shareholders of a subsidiary		**8,000**	8,000
Interest-bearing bank borrowings		**591,689**	15,448
Tax payable		**22,015**	11,310
Due to a related party		**20,013**	—
Consideration payable on acquisition of associates		**3,000**	—
Consideration payable on acquisition of subsidiaries		**255,000**	—
Total current liabilities		**1,181,407**	165,087
NET CURRENT ASSETS		**597,183**	274,312
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,589,204**	593,578
NON-CURRENT LIABILITIES			
Consideration payable on acquisition of associates		**—**	2,790
Consideration payable on acquisition of subsidiaries		**—**	4,657
Interest-bearing bank borrowings		**126,295**	—
Deferred tax liabilities, net		**2,029,474**	2,750
Total non-current liabilities		**2,155,769**	10,197
Net assets		**5,433,435**	583,381

		2006	2005
	Notes	***HK$'000***	*HK$'000*
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*12*	**180,538**	39,395
Reserves		**5,155,951**	516,697
Proposed final dividend		**90,269**	23,637
		5,426,758	579,729
Minority interests		**6,677**	3,652
Total equity		**5,433,435**	583,381

Notes

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include 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.

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.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 27 Amendment	Consolidated and Separate Financial Statements: Amendments as a consequence of the Companies (Amendment) Ordinance 2005
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

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:

Sales of packaging products segment	—	Manufacture and trading of watch boxes, gift boxes, spectacles cases, bags and pouches, and display units
Sales of travel bags segment	—	Manufacture and trading of soft luggages, 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 the 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 2006 and 2005.

Year ended 31 December 2006

	Sales of packaging products	Sales of travel bags	Treasury investment	Property development and investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(i) Income statement					
Segment revenue	316,324	446,517	31,860	283	794,984
Segment results	32,159	10,189	47,042	(716)	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					(13,554)
Profit before tax					633,353
Tax					(2,436)
Profit for the year					630,917
(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					89,208
Consolidated total assets					8,770,611

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					7,406
Consolidated total liabilities					3,337,176

(iii) Other segment information

Capital expenditure	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
Loss on disposals of property, plant and equipment	46	—	—	23	69
Fair value gains on investments at fair value through profit or loss, net	—	—	10,013	—	10,013
Fair value gains on investment properties	1,330	—	—	3,531	4,861
Impairment of trade receivables	2,288	—	—	—	2,288
Impairment of other receivables	—	—	—	46,492	46,492

Year ended 31 December 2005

	Sales of packaging products *HK$'000*	**Sales of travel bags** *HK$'000*	**Treasury investment** *HK$'000*	**Total** *HK$'000*
(i) Income statement				
Segment revenue	277,442	169,990	(2,184)	445,248
Segment results	39,900	5,530	4,943	50,373
Unallocated corporate expenses				(8,730)
Unallocated corporate income				1,245
Share of profits and losses of associates				5,211
Finance costs				(704)

Profit before tax				47,395
Tax				(4,374)
Profit for the year				43,021

(ii) Balance sheet

ASSETS				
Segment assets	391,993	134,862	99,008	625,863
Interests in associates				38,455
Tax recoverable				294
Unallocated corporate assets				94,053
Consolidated total assets				758,665
LIABILITIES				
Segment liabilities	52,294	89,485	108	141,887
Tax payable				11,310
Deferred tax liabilities, net				2,750
Unallocated corporate liabilities				19,337
Consolidated total liabilities				175,284

(iii) Other segment information

Capital expenditure	39,431	30,585	190	70,206
Depreciation of property, plant and equipment	7,644	965	73	8,682
Amortisation of prepaid lease payments	572	65	—	637
Amortisation of club membership	35	—	—	35
Fair value loss on conversion option derivative	—	—	1,593	1,593
Loss on disposals of property, plant and equipment	—	84	—	84

Geographical segments

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

	Segment revenue	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong	**97,254**	73,071
Europe	**201,106**	127,678
North and South America	**420,805**	207,138
Others	**75,819**	37,361
	794,984	445,248

Analysis of carrying amounts of segment assets and additions to property, plant and equipment, analysed by the geographical area 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 sold, after the allowances for returns and trade discounts, gain/(loss) on disposal and derecognition of trading securities, dividend income from listed investments and interest income from convertible note receivable during the year.

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

	2006	2005
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**762,841**	447,432
Sales of properties	**283**	—
Gain/(loss) on disposal of listed equity investments at fair value through profit or loss	**11,860**	(4,041)
Gain on derecognition of listed equity investments at fair value through profit or loss	**17,229**	—
Dividend income from listed investments	**2,317**	1,439
Imputed interest income from convertible note receivable	**454**	418
	794,984	445,248

Other income and gains		
Gross rental income	**2,934**	527
Interest income on bank deposits	**14,647**	5,729
Excess over the cost of acquisitions of subsidiaries	**605,038**	—
Fair value gain on investments at fair value through profit or loss, net	**10,013**	3,953
Gain on disposal of a subsidiary	**3,082**	—
Gain arising from redemption of convertible note receivable	**1,334**	240
Write-back of impairment of trade receivables	**—**	4,463
Fair value gains on investment properties	**4,861**	1
Others	**5,213**	3,723
	647,122	18,636

5. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**12,463**	404
Interest on convertible note	**5,147**	—
Imputed interest expense from consideration payable on acquisition of subsidiaries	**343**	205
Imputed interest expense from consideration payable on acquisition of associates	**255**	95
Total interest	**18,208**	704
Less: Interest capitalised	**(4,654)**	—
	13,554	704

6. PROFIT BEFORE TAX

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

	2006 *HK$'000*	2005 *HK$'000*
Cost of inventories sold	**533,498**	253,401
Allowance for obsolete inventories	**334**	—
Depreciation	**10,669**	8,682
Amortisation on prepaid lease payments	**639**	637
Minimum lease payments under operating leases in respect of land and buildings	**2,320**	2,434
Shipping and handling costs (included in selling and distribution costs)	**11,258**	7,546
Auditors' remuneration	**2,142**	764
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**31,258**	19,780
Equity-settled share option expense	**1,972**	—
Net pension scheme contributions	**1,151**	822
	34,381	20,602
Foreign exchange differences, net	**2,099**	—
Impairment of goodwill arising from acquisition of associates	**1,900**	—
Net rental income	**(2,539)**	(477)

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% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2006 *HK$'000*	2005 *HK$'000*
Group:		
Current — Hong Kong		
Charge for the year	**9,880**	3,564
Underprovision/(overprovision) in prior years	**(7,136)**	1,553
	2,744	5,117
Deferred	**(308)**	(743)
Total tax charge for the year	**2,436**	4,374

8. DIVIDEND

	2006	2005
	HK$'000	*HK$'000*
Proposed final — HK$0.05 (2005: HK$0.06) per ordinary share (as adjusted to reflect the consolidation of the Company's shares after the balance sheet date)	**90,269**	23,637

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 both of the years.

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

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

	2006	2005
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**627,871**	41,203
Interest on convertible note *(note 5)*	**5,147**	—
Profit attributable to ordinary equity holders of the parent before interest on convertible note	**633,018**	41,203

	Number of shares	
	2006	2005
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (as adjusted to reflect the consolidation of the Company's shares after the balance sheet date)	558,409,969	393,953,687
Effect of dilution — weighted average number of ordinary shares:		
Convertible note	39,841,174	—
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	598,251,143	393,953,687

The share options outstanding during the year have no diluting effect on the earnings per share for the year.

The comparative amounts have been restated to reflect the consolidation of the Company's shares after the balance sheet date.

10. TRADE RECEIVABLES

The credit period is generally 60 days.

An aged analysis of the trade receivables as at the balance sheet date is as follows:

	2006	2005
	HK$'000	*HK$'000*
Within 1 month	**68,531**	65,204
1 to 2 months	**26,528**	19,844
2 to 3 months	**15,327**	1,760
Over 3 months	**7,133**	7,730
	117,519	94,538

11. TRADE AND BILLS PAYABLES

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

	2006	2005
	HK$'000	*HK$'000*
Within 1 month	**55,788**	47,242
1 to 2 months	**40,748**	30,347
2 to 3 months	**12,330**	1,213
Over 3 months	**24,971**	21,277
	133,837	100,079

12. SHARE CAPITAL

Shares

	2006	2005
	HK$'000	*HK$'000*
Authorised:		
50,000,000,000 (2005: 10,000,000,000) ordinary shares of HK$0.01 each	**500,000**	100,000

Issued and fully paid:		
18,053,822,580 (2005: 3,939,537,000) ordinary shares of HK$0.01 each	**180,538**	39,395

Subsequent to the balance sheet date, pursuant to a special resolution passed on 10 January 2007, every ten shares of the Company of HK$0.01 each were consolidated into one share of HK$0.10 each, resulting in the number of shares at issue of 1,805,382,258.

13. COMPARATIVE AMOUNTS

During the year, the Group considered it more appropriate to reclassify certain income, gains and expenses information in order to better reflect the underlying nature of these income statement items. Accordingly, the relevant comparative amounts of these items on the face of the income statement and the related notes to the financial statements have been reclassified to conform with the current year's presentation.

RESULTS

The Group achieved another year of excellent performance with good results. The Group's turnover for the year ended 31 December 2006 increased by 78.6% over that of the previous financial year to HK$795.0 million (31 December 2005: HK$445.2 million). The newly acquired PRC property development and investment business at the end of last year (only 2 months to December 2006 after acquisition) has contributed a turnover of HK$0.3 million. The turnovers of the packaging business and other businesses are HK$316.3 million and HK$478.4 million respectively.

The Group's profit attributable to shareholders recorded a significant increase of 1,424% to HK$627.9 million (31 December 2005: HK$41.2 million).

The new core business of the Group, the PRC property business, contributed a substantial gain of HK$558.0 million. The management had conducted a review of the cost of acquisition and net assets value on completion of the acquisition. The shares issued as part of the consideration for the acquisition were valued at market price as at the completion date in accordance with the Hong Kong Financial Reporting Standards. This resulted in a decrease in excess over the cost of acquisition of subsidiaries of HK$280 million when compared to the figures disclosed in the circular to shareholders dated 20 October 2006 which is presented on a pro forma basis using the then market price information. There is no change in the Group's net assets value as a result of the acquisitions due to the above.

The sales of packaging products, sales of travel bags, treasury investment also contributed HK$18.7 million (including share of profit from an associate HK$4.3 million), HK$4.2 million and HK$47.0 million (including interest income of HK$9.6 million) respectively to the profits.

Earnings per share was HK$1.124 on a weighted average basis (31 December 2005: HK$0.105 per share) or HK$1.058 per share on a diluted basis (31 December 2005: Nil).

FINAL DIVIDEND

The Directors are pleased to recommend a final dividend of HK$0.05 per share to our shareholders whose names appear on the Register of Members of the Company on 11 May 2007. Subject to approval at the forthcoming Annual General Meeting, dividend warrants will be sent to shareholders on or about 18 May 2007. A final dividend of HK$0.006 per share for the year ended 31 December 2005 was paid during the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 8 May 2007 to Friday, 11 May 2007 (both days inclusive), during which 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 Friday, 11 May 2007 and to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Secretaries Limited, the branch share registrars 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 Monday, 7 May 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

PRC PROPERTY DEVELOPMENT AND INVESTMENT BUSINESS

In November 2006, the Group acquired 100% interest in the Chongqing Zhongyu Property Development Co. Ltd. ("Chongqing Zhongyu"), which provided an opportunity for the Group to take advantage of the latter's strategic location and its early entry into the PRC property market to diversify its business into PRC property development and investment, which has since become the major core business of the Group. The Group's strategy is to strengthen its base in Chongqing and Chengdu and expand to the satellite cities and targets to be a leading property developer in Western China.

Overview of the Chongqing Property Market

Chongqing is one of the 4 national municipalities of the PRC. According to the China Statistical Yearbook 2006, as at 31 December 2005, Chongqing had a population of approximately 27.98 million. The city has experienced substantial economic growth in recent years. The real GDP growth rate of Chongqing increased from 9% to 12.2% during the years from 2001 to 2006. The real GDP growth rate of Chongqing exceeded the national growth rate for each of the past six years. The Directors believe that given the strong potential of Chongqing as a growth center in Western China, the city's property market has extremely bright prospects and will be a fast-growing market for years to come.

Following years of relaxed land supply, Chongqing's annually completed gross floor area ("GFA") doubled from 2001 to reach 22 million sq. m. in 2005. Most of the land is now in private hands and government land supply is scarce in the downtown area. Chongqing's housing-market prospects are encouraging as the local economy continues to flourish. The Group believes Chongqing has strong potential as a growth centre in Western China, especially after the Premier, Mr. Wen Jiabao has named Chongqing as the important city for the development of Western China in the National Congress and National Committee of CPPCC annual session in February 2007.

Chongqing Zhongyu Property Development Co. Ltd.

Chongqing Zhongyu was incorporated in 1992 and is one of the largest property developers in Chongqing, with a National Class I Certification from the Ministry of Construction, the PRC. It is principally engaged in the development, sale, leasing and management of high quality residential, commercial and retail properties. Chongqing Zhongyu has completed several property development projects totaling over one million sq. m. in size. Its signature local residential projects include California Garden, California City Garden and Huijingtai. By acquisition of the Chongqing Zhongyu, the Group can count on its proven track record and strong management team to develop the PRC property business.

Property Development and Sales Performance

Most of the property projects developed by the Group are residential properties for sale. These properties aim at satisfying the needs and demands of middle class buyers for their own use.

In February 2007, the Group launched "California One" to the market. California One is a project with a total GFA of about 52,000 sq. m. It comprises of apartments, hotel, and offices. The total GFA for the apartments is about 25,000 sq. m. of which 10,700 sq. m. was launched in the first phase and half of them were sold within a week. This demonstrates the high quality of the Group's property which is well received by the customers.

Immediately upon the acquisition of Chongqing Zhongyu, construction works are under way on 3 adjoining plots of land to build a mega residential complex of 969,020 sq. m.. Presales are expected to start in the third quarter of this year.

Details of the projects held under development in Chongqing Zhongyu are as follows:

Land Lot Nos	**Expected completion date**		**GFA (sq. m.)**
15, 16, 17-1	end 2008-2009		969,020
9	mid 2010		364,433
10-1	mid 2009		349,962
6-1	end 2008		84,747
19	mid 2010		341,760
4	mid 2010		532,465
35	mid 2010		238,105
3-1	mid 2010		268,999
Others	2008-2009		162,509
		TOTAL	3,312,000

Land Development

In order to diversify its source of income and to have additional advantages to secure new land banks, the Group also participates in land development. In February 2007, the Group acquired a 60% interest in a project company in Chengdu at a consideration of HK$171.0 million. The project company owns the land development rights for two projects in Dujiangyan, Chengdu, with a total site area of approximately 902,000 sq. m..

Investment Property

The Group not only develops residential properties for sale, but also intends to develop and retain some quality properties which have excellent potential for capital appreciation as long term investments. Total book value of the Group's investment properties amounted to HK$128.3 million at the end of 2006, with a corresponding attributable GFA of 62,420 sq. m. as at 31 December 2006. The portfolio comprises properties of diversified usage: Commercial (42.8%), Residential (6.8%) and Car-parking (50.4%). The overall occupancy rate for the Group's investment properties was 72.0%. Such a high occupancy rate is attributable to the prime locations of the Group's properties. A summary breakdown of the investment properties is shown below:

Property Location	Group Interest	Usage	Attributable GFA (sq. m.)	Occupancy Rate (%)	Year of Lease Expiry
California Garden, Longxi Town, Yubei District, Chongqing, PRC	100%	Commercial	22,060	52.6%	2062
		Residential	4,244	18.5%	2062
		Car Park	15,646	100.0%	2062
California City Garden, Longxi Town, Yubei District, Chongqing, PRC	100%	Commercial	4,685	28.4%	2062
		Car Park	12,094	100.0%	2062
Kechuang Building, Longxi Town, Yubei District, Chongqing, PRC	100%	Car Park	3,691	94.8%	2062
Total GFA			62,420		

Within 2 months of the acquisition of Chongqing Zhongyu in 2006, the total net turnover relating to the disposal of an investment property amounted to HK$0.3 million. The net rental income amounted to HK$2.1 million and the breakdowns are listed below:

Property Location	**Usage**	**(HK$) Net Rent**	**(HK$/ sq. m.) Average Rental Rate for 2006**	**(HK$) Rent per Car Park per Month**
California Garden,	Commercial	584,008	28.91	
Longxi Town, Yubei District,	Car Park	224,452		294
Chongqing, PRC				
California City Garden,	Commercial	259,352	21.25	
Longxi Town, Yubei District,	Car Park	216,434		265
Chongqing, PRC				
Kechuang Building,	Car Park	45,766		238
Longxi Town, Yubei District,				
Chongqing, PRC				
Temporary leased area,	Commercial	757,054	2.83	
Longxi Town, Yubei District,	Car Park	29,128		144
Chongqing, PRC				
Total		2,116,194		

Land Bank

Land resource is indispensable for property developers. We have been very successful in maintaining a substantial amount of land reserves for our development plans. Before selecting a site for a project, the Group would make an in-depth assessment of the premium obtainable on sale, and the potential demand. The Group's management takes a proactive approach in supervising the various stages of all projects including site identification and acquisition, feasibility studies and implementation.

During the year, through the acquisition of Chongqing Zhongyu, the Group owns a land bank with a total site area of approximately 877,500 sq. m. and a corresponding total GFA of approximately 3,312,000 sq. m. in the Yubei District of Chongqing.

In January 2007, the Group acquired a 50% interest in a property project in Wen Jiang, Chengdu, at a consideration of HK$96 million (HK$346 per sq. m. GFA). The acquisition enables the Group to extend its land bank portfolio into another major city in Western China. The land held under the project company has a total site area of approximately 369,960 sq. m. with plot ratio of 1.5 and is zoned for an upmarket residential project with a total GFA of approximately 555,000 sq. m. (in which the Group's attributable interest is 277,500 sq. m.). Wen Jiang is located in the western side of Chengdu, about 16 km from the city center.

As of 15 March 2007, the Group's total land bank stood at 3,952,998 sq. m. The Group's land bank comprises a well-diversified portfolio of properties. The breakdown by usage is as follows:

Usage	Completed Properties held for Investment GFA (sq. m.)	Properties held for Own Use GFA (sq. m.)	Completed Properties held for Sales GFA (sq. m.)	Land Held for Future Development GFA (sq. m.)	Total GFA (sq. m.)
Commercial	26,745	9,128		543,674	579,547
Residential	4,244		608	2,368,408	2,373,260
Office				330,711	330,711
Hotel & serviced apartment				63,753	63,753
Townhouse & villa				22,630	22,630
Others (Car-parking spaces and other auxiliary facilities)	31,431	13,842		537,824	583,097
Total	62,420	22,970	608	3,867,000	3,952,998

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

Location	Total GFA (sq. m.)	The Group's Interest	Attributable GFA (sq. m.)	Percentage
Chongqing	3,312,000	100%	3,312,000	92.3%
Chengdu	555,000	50%	277,500	7.7%
Total	3,867,000		3,589,500	100.0%

MANUFACTURING BUSINESS

Packaging business

The Group's packaging business continued its strong performance and delivered another year of good results. For the year ended 31 December 2006, the turnover attributable to the packaging business was HK$316.3 million, representing an increase of 14% over that of 2005 (31 December 2005: HK$277.4 million). This accounted for approximately 39.8% of the Group's turnover. This significant growth was mainly attributed to increase orders from existing customers. The Group conducts the packaging business directly with internationally branded corporations and high-end consumer merchandise manufacturers. This enables the Group to keep abreast of the latest product developments, and to maintain a steady flow of orders and a stable profit margin. A profit of about HK$14.4 million (31 December 2005: HK$23.4 million, excluding HK$5.0 million income arising from writing back provision for doubtful debts) was recorded in the fiscal year 2006. The continued fluctuations in raw material prices, increases in labour costs and the appreciation of the RMB, dented the gross margin, which was partially offset by mild increases in the average selling prices. To strengthen competitiveness, the Group has stringent control over material usage, minimized wastage, and put considerable effort into improving production efficiency.

Geographically, 40% of sales were generated from Europe, representing the biggest market; 24% of sales from North/South America; 29% from Hong Kong; and 7% from other parts of the world.

Luggage business

Following the acquisition of a 60% interest in Hoi Tin Universal Limited ("Hoi Tin") in July 2005, our luggage business had to face the challenges of the Renminbi appreciation, cost increases for raw material and labour. However, leveraging on our proactive and positive efforts, the Group was able to keep its gross profit margin at a stable level and continued to achieve growth in turnover while streamlining production workflow and providing value-added services to customers in a timely manner. The first full-year contribution to turnover from this subsidiary amounted to HK$446.5 million (31 December 2005: HK$170 million), representing 56.2% of the Group's turnover and recording a profit of HK$7.0 million for the year. Eliminating profits attributable to minority shareholders, Hoi Tin contributed a profit of HK$4.2 million to the Group (31 December 2005: HK$2.7 million). During the year under review, luggage bags remained the major product of the luggage business, representing 89.5% of sales, followed by soft bags, representing 10.5%.

Geographically, 76.9% of sales were generated from North/South America, representing the biggest market; 16.7% of sales were generated from Europe; 2.6% from China and 3.8% from other parts of the world.

The increase in cost of sales was due to the pressure from the Renminbi appreciation, and increases in material prices and labour costs, causing the gross profit margin to decrease slightly 1% to 8% in 2006 (31 December 2005: 9%).

Finance cost for the year amounted to HK$2.4 million, an increase of HK$2.0 million as compared with last year's (31 December 2005: HK$0.4 million). The increase was caused partly by inclusion of full year cost as opposed to six months in 2005 and partly by an increase in borrowing and rises in interest rates during the year.

Other businesses

For securities trading and investment, turnover representing the net proceeds of trading in securities and investment income increased to HK$31.9 million (31 December 2005: loss of HK$2.2 million). Treasury investments recorded a segment profit of HK$47.0 million (31 December 2005: HK$4.9 million). Besides the turnover income mentioned above, other substantial attributed incomes making up the profit included bank interest income of HK$9.6 million (31 December 2005: HK$4.4 million), dividend income of HK$2.3 million (31 December 2005: HK$1.4 million), and unrealized holding gain on investments of HK$10.0 million (31 December 2005: HK$4 million).

The current year's share of profit from a 30% interest in Technical International Holdings Limited amounted to HK$4.3 million (31 December 2005: HK$5.2 million). Dividend income of HK$4.8 million was received from this associate company during the year under review.

On 5 June 2006, the disposal of an investment property in Hong Kong for HK$49.0 million to an independent third party contributed a profit of HK$3.0 million to the Group. Details of the disposal were disclosed in the Company's circular dated 19 April 2006.

PROSPECTS

1. PRC Property Development and Investment Business

In the coming year, economic growth and urbanization are expected to remain active and strong in mainland China. Occupancy rates and rentals are expected to further improve in the PRC property markets. Moving into fiscal year 2007, given the current market prices, the Renminbi appreciation and the trend of supply of and demand for real estates in Chongqing and Chengdu, the Directors expect the PRC property development business to have great prospects and will grow rapidly. Property development in Western China is now the main core business of the Group. The Group targets to develop the existing Chongqing land bank over the next five years and will focus on the major western cities, which include Chengdu, to actively look for opportunities to acquire premier land banks at good prices.

2. Manufacturing Business

The Group will put the utmost effort into maintaining the profit margin of its packaging business even though, in the long term, the surging raw materials prices and the appreciation of the RMB will continue to be critical factors affecting the performance of this business. The Group's key strategies for 2007 are to increase productivity and exercise effective cost control. We will not only enhance the value-added service to existing customers by assisting them in the development of new designs, but also expand the customer base through more active participation in trade fairs. The management is confident that the packaging business will have another successful fiscal year 2007.

Regarding the luggage business, the sale of these products is affected by the worldwide travel business. Supported by the rebound of economies throughout the world in 2006 in tandem with an expansion in consumer spending, the Group believes that the luggage business will have further growth in the year 2007. Over the past two years, the Group has streamlined manufacturing activities and implemented an effective cost control mechanism to enhance efficiency. Hoi Tin will maintain this favorable position and its existing relationships with major international brands. We expect the luggage business to be a key profit driver for the Group's manufacturing businesses in the coming years.

EMPLOYEES

At 31 December 2006, the Group had approximately 5,686 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 the 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.

CHANGE OF AUDITORS

On 27 December 2006, the Company appointed Ernst & Young as auditors to fill the casual vacancy arising from the resignation of Messrs Deloitte Touche Tohmatsu, effective 27 December 2006. The reason for the change was that, following completion of the acquisition of the Chongqing Zhongyu Property Development Co. Ltd., property development and investments has become the major core business of the Group. Since Ernst & Young have been the reporting accountants of all the component entities in the PRC property business acquired, and taking into consideration the normal corporate governance practice as adopted by the Group for the same accounting firm to audit the Company and its major subsidiaries, the Board considered it appropriate that the Company should change its auditors.

FINANCIAL ANALYSIS

Liquidity and Financial Resources

At 31 December 2006, the Group has a large equity base, with shareholders' equity increasing to HK$5,427 million (31 December 2005: HK$580 million). The significant increase was primarily due to the increase in shareholder's equity and the excess of fair value of net assets over cost on acquisition of the PRC subsidiary in November 2006. Cash on hand amounted to HK$1,312.8 million (31 December 2005: HK$195.7 million). The substantial increase was mainly due to the share placing net proceeds which amounted to HK$932.8 million.

As at 31 December 2006, bank borrowings related to the manufacturing arm and property arm amounted to HK$34.5 million and HK$683.5 million respectively. The Group's total borrowings stood at HK$718.0 million (31 December 2005: HK$15.4 million) of these HK$591.7 million are due within one year. The gearing ratio (total borrowings to shareholders' fund) was 13.2% (2005: 2.6%). The increase of this ratio was mainly attributable to increase in total borrowings to finance the PRC subsidiary's property development projects.

The Group has a working capital ratio of approximately 1.5. Taking into account the financial resources available to the Group including internally generated funds and available facilities, the Group has sufficient working capital to finance its operation. With the borrowing by the PRC subsidiary and the rise in interest rates during the year, finance cost for the year amounted to HK$13.6 million. This amount has included HK$5.7 million imputed interest expenses on the convertible note issued as part of the consideration for the acquisition of the PRC subsidiary, and the retention money payable on the acquisition of a subsidiary and an associate. The increase in finance cost amounted to HK$12.9 million as compared with that of previous year. (31 December 2005: HK$0.7 million).

Working Capital

The stock balance as at 31 December 2006 held for the manufacturing business increased by 5.1% to HK$90.4 million (31 December 2005: HK$86.0 million) . The turnover days decreased from 70 days to 41 days. The increase in stock level is primarily to cater for the increase in demand. The trade debtors balance as at 31 December 2006 was HK$117.5 million (31 December 2005: HK$94.5 million). The turnover days decreased from 77 days to 54 days as a result of strong debt collection efforts.

Capital Structure and Use of Proceeds

During the year, the Company issued 10,714,285,710 shares (including 9,114,285,710 conversion shares issued following the exercise of the conversion rights attached to the convertible note) as consideration for the acquisition of the PRC property business. In addition, a total of 3,400,000,000 new shares were placed to raise net proceeds of approximately HK$932.8 million. It is intended that the net proceeds from the Placing will be used to finance the property development of the PRC property business and for its general working capital. As a result, the total number of issued share capital stood at 18,053,822,580 shares at 31 December 2006. On 11 January 2007, the Company consolidated its issued shares on the basis of 10 then resulting ordinary shares into 1 new ordinary share. Thereafter, the total number of issued shares is 1,805,382,258.

Investments

At 31 December 2006, the Group held a portfolio of listed securities HK$73.3 million. The dividend and interest income from these investments for the year was HK$2.8 million (31 December 2005: HK$1.9 million). The unrealized holding gain on listed securities as at 31 December 2006 amounted to HK$10.0 million (31 December 2005: HK$4.0 million). Additionally, the Group's PRC subsidiary has investments in equity securities held for long term purpose amounting to HK$46.6 million.

Capital Expenditure

For the year ended 31 December 2006, the Group invested HK$5.4 million in plant, machinery, equipment and other tangible assets, and HK$37 million in an office premise. The office premise is intended for the Group's own use. All of these expenditures were financed from internal resources. Depreciation and amortization amounted to HK$11.3 million.

Pledge of Assets

At 31 December 2006 the Group has pledged the followings:

a.	Leasehold properties as security for general banking facilities granted to the Group	HK$6.2 million
b.	Fixed deposits as security for general banking facilities granted to a subsidiary	HK$3.0 million
c.	A piece of land and the building erected thereon where a subsidiary's production facility is located as security for a revolving credit bank facilities granted to the subsidiary	HK$25.2 million
d.	Property for own use, properties under development and investment properties pledged to secure banking facilities granted to a PRC subsidiary	RMB4,267 million
e.	Time deposits as security for short term bank borrowings granted to a PRC subsidiary (for its property business)	USD20.1 million

Connected Transaction

On 22 September 2006, Marvel Leader Investments Limited, a wholly-owned subsidiary of the Company, entered into an agreement to acquire from Thrivetrade Limited, a company wholly-owned by Mr. Cheung Chung Kiu, the entire issued share capital of Starthigh International Limited for a consideration of HK$3,317,553,000.

Exchange Risks

Sales and purchase transactions of the Group's manufacturing business are primarily denominated in United States dollars and/or Hong Kong dollars while for property business, they are denominated in Renminbi. Bank deposits are maintained in Hong Kong dollars, Renminbi and US dollars. The exposure to foreign exchange risk is thus minimal.

Post Balance Sheet Event

The following significant events took place subsequent to 31 December 2006:

a. The Group entered into an agreement dated 18 January 2007 to acquire a 100% equity interest and take assignment of the shareholder's loan in a company, Square Ball Ltd., for an aggregate consideration of HK$96.0 million. Square Ball Ltd. owns, through a 50% interest in the registered equity capital of a PRC company, the land use right over 369,960 sq. m. of land located in Wen Jiang District, Chengdu. The acquisition enables the Group to diversify into the property market in another major city in Western China.

b. The Group entered into an agreement dated 15 February 2007 to acquire a 100% equity interest and take assignment of the shareholder's loan in a company, Dominio Mark International Limited, for an aggregate consideration of HK$171 million. Dominio Mark International Limited owns through a 60% interest in the registered equity capital of a PRC company the Land Development Rights for redevelopment of approximately 902,000 sq. m. of land located in Xujiazhen, Dujiangyan, Chengdu.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Appendix 14 Code on Corporate Governance Practices (the "Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2006, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Prior to the re-allocation of the duties of the Board on 22 November 2006, Dr. Lam How Mun Peter was the Chairman and Managing Director of the Company. Nevertheless, after the re-allocation, the positions of Chairman and Managing Director are held by Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter respectively. The division of responsibilities between Chairman and Managing Director is clearly defined and has approved by the Board on 8 December 2006. As such, the Company has fully complied with such Code Provision.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject for re-election. None of the existing non-executive directors are appointed for a specific term. However, all the non-executive directors shall be subject to retirement by rotation at the annual general meetings at least once every three years pursuant to the Company's Bye-laws. 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.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the rotation of directors at the annual general meeting held on 29 May 2006 was in accordance with the Company's previous Bye-laws which stipulated that at each annual general meeting not exceeding one-third of the directors for the time being shall retire from office by rotation provided that the Chairman and/or the Managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. To fully comply with this Code Provision, a special resolution was duly passed at the same annual general meeting to amend the Company's Bye-laws and that every director (including the Chairman and Managing Director) shall be subject to retirement by rotation at least once every three years and all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment.

Following the resignation of Mr. Lam Ping Cheung on 22 June 2006 as independent non-executive director, audit committee and remuneration committee member of the Company, the number of independent non-executive directors and of audit committee members temporarily fell below the minimum number required under the Listing Rules, and a majority of the members of the Remuneration Committee was temporarily not formed by independent non-executive directors. Nevertheless, on 20 September 2006, Mr. Wong Yat Fai was appointed as independent non-executive director, audit committee and remuneration committee member of the Company. As such, the Company has complied with 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 2006.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Following specific enquiry by the Company, all the directors have confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2006.

By order of the Board
Lam How Mun Peter
Managing Director

Hong Kong, 30 March 2007

As at the date of 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 and Mr. Wu Hong Cho as Executive Directors and Mr. Lam Kin Fung Jeffrey, Mr. Wong Wai Kwong David and Mr. Wong Yat Fai as Independent Non-executive Directors.