

INTERIM ACCOUNTS

Consolidated Profit and Loss Account

For the six months ended 30 June 2006

	Note	Unaudited	
		2006 HK\$'000	2005 HK\$'000
Turnover			
Company and subsidiaries		1,072,602	1,017,638
Share of associates		2,462	2,634
		1,075,064	1,020,272
Company and subsidiaries			
Turnover	2	1,072,602	1,017,638
Cost of sales		(909,229)	(908,759)
		163,373	108,879
Gross profit			
Interest income		17,464	36,246
Other net income	3	123,006	26,574
Administrative expenses		(116,027)	(79,795)
Selling and distribution costs		(48,153)	(38,529)
		139,663	53,375
Operating profit	4		
Share of profits less losses of associates		79	(396)
		139,742	52,979
Earnings before interest expense and taxation			
Finance costs	5	(27,914)	(607)
		111,828	52,372
Profit before taxation			
Taxation	6	(59,551)	(3,158)
		52,277	49,214
Profit for the period			
Attributable to:			
Shareholders of the Company		50,136	48,825
Minority interests		2,141	389
		52,277	49,214
Earnings per share for profit attributable to the shareholders of the Company during the period	8	HK0.75 cents	HK0.73 cents

Consolidated Balance Sheet

		Unaudited 30 June 2006 HK\$'000	Audited 31 December 2005 HK\$'000
Non-current assets			
Goodwill		331,779	328,359
Property, plant and equipment	9	193,985	178,041
Investment properties	9	3,317,599	3,204,650
Leasehold land and land use rights	9	28,949	62,515
Investment in an associate		6,146	6,025
Other financial assets	10	–	218,394
Loans receivable		5,063	6,393
Deferred tax assets		19,647	14,613
		3,903,168	4,018,990
Current assets			
Inventories		412,360	381,551
Trade receivables	11	390,948	373,160
Deposits, prepayments and other receivables	12	129,570	110,477
Loans receivable due within one year		2,154	2,369
Other financial assets	10	504,802	271,559
Deposits with banks		255,347	314,106
Cash at bank and in hand		298,214	358,338
		1,993,395	1,811,560
Current liabilities			
Trade payables	13	338,732	276,767
Other creditors and accruals	14	462,734	455,991
Bank loan wholly repayable within one year	15	241,800	241,800
Taxation		56,161	67,685
		1,099,427	1,042,243
Net current assets		893,968	769,317
Total assets less current liabilities		4,797,136	4,788,307
Non-current liabilities			
Deferred tax liabilities		676,481	628,357
Loans from minority shareholders		39,515	39,386
Convertible notes	16	888,355	877,298
Net assets		3,192,785	3,243,266
Equity			
Share capital	17	670,500	670,500
Reserves		2,421,602	2,475,490
Capital and reserves attributable to the shareholders of the Company		3,092,102	3,145,990
Minority interests		100,683	97,276
Total equity		3,192,785	3,243,266

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	Unaudited	
	2006 HK\$'000	2005 HK\$'000
Net cash inflow/(outflow) generated from operations	17,012	(91,115)
Investing activities		
Purchase of property, plant and equipment	(36,117)	(14,969)
Proceeds on disposal of property, plant and equipment	56,336	1,114
Proceeds on disposal of subsidiaries	7,527	–
Proceeds on disposal of investment properties	–	70,818
Proceeds on disposal of available-for-sale financial assets	–	11,890
Net cash inflow from investing activities	27,746	68,853
Net cash inflow/(outflow) before financing activities	44,758	(22,262)
Financing activities		
Dividend paid	(147,510)	(134,100)
Dividend paid to a minority shareholder by a subsidiary	–	(490)
New bank loan	30,000	–
Repayment of bank loan	(30,000)	–
Interest paid on bank loans	(6,214)	–
Interest paid on convertible notes	(9,917)	–
Other financing activities	–	(467)
Net cash outflow from financing	(163,641)	(135,057)
Net decrease in cash and cash equivalents	(118,883)	(157,319)
Cash and cash equivalents at 1 January	672,444	585,271
Cash and cash equivalents at 30 June	553,561	427,952
Analysis of cash, cash equivalents and other listed investments		
Cash at bank and in hand	298,214	153,837
Deposits with banks	255,347	274,115
Cash and cash equivalents as above	553,561	427,952
Held-to-maturity securities, listed	–	1,444,775
Available-for-sale financial assets, listed	479,329	–
Financial assets at fair value through profit and loss, listed	7	7
Bank deposits and other listed investments	479,336	1,444,782
Total cash, cash equivalents and other listed investments	1,032,897	1,872,734

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2006

	Unaudited								Minority interests	Total
	Attributable to shareholders of the Company									
	Share capital	Share premium	Share-based compensation reserve	Exchange reserve	Investment revaluation reserve	Convertible notes reserve	Other reserves	Retained profits		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2006	670,500	1,813,437	7,016	14,752	(2,368)	123,975	3,975	514,703	97,276	3,243,266
Exchange translation differences			-	24,931	-	-	-	-	1,266	26,197
Change in fair value of available-for-sale financial assets			-	-	13,984	-	-	-	-	13,984
Net gains not recognised in the consolidated profit and loss account			-	24,931	13,984	-	-	-	1,266	40,181
Employee share option benefits	-	-	4,571	-	-	-	-	-	-	4,571
Profit for the period	-	-	-	-	-	-	-	50,136	2,141	52,277
2005 final dividend paid	-	-	-	-	-	-	-	(147,510)	-	(147,510)
At 30 June 2006	670,500	1,813,437	11,587	39,683	11,616	123,975	3,975	417,329	100,683	3,192,785

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2006

	Unaudited							Minority interests	Total
	Attributable to shareholders of the Company								
	Share capital	Share premium	Share-based compensation reserve	Exchange reserve	Investment revaluation reserve	Other reserves	Retained profits		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2005	670,500	1,813,437	-	(3,118)	-	3,975	462,787	91,311	3,038,892
Exchange translation differences			-	1,871	-	-	-	(110)	1,761
Change in fair value of available-for-sale financial assets			-	-	8,968	-	-	-	8,968
Net gains not recognised in the consolidated profit and loss account			-	1,871	8,968	-	-	(110)	10,729
Employee share option benefits	-	-	1,040	-	-	-	-	-	1,040
Profit for the period	-	-	-	-	-	-	48,825	389	49,214
2004 final dividend paid	-	-	-	-	-	-	(134,100)	-	(134,100)
2005 interim dividend paid by a subsidiary	-	-	-	-	-	-	-	(490)	(490)
At 30 June 2005	670,500	1,813,437	1,040	(1,247)	8,968	3,975	377,512	91,100	2,965,285

At 30 June 2006, other reserves represent capital redemption reserve of HK\$3,558,000 (1 January 2006, 30 June 2005 and 1 January 2005: HK\$3,558,000) and legal reserve of HK\$417,000 (1 January 2006, 30 June 2005 and 1 January 2005: HK\$417,000) being set aside as required pursuant to the regulations applicable to a subsidiary incorporated in Macau.

Notes to the Condensed Consolidated Accounts

1 Basis of preparation and accounting policies

These unaudited condensed consolidated interim accounts ("Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These Interim Accounts should be read in conjunction with the annual accounts for the year ended 31 December 2005.

The accounting policies and methods of computation used in the preparation of these Interim Accounts are consistent with those used in the annual accounts for the year ended 31 December 2005 except that the Group adopted all the new standards, amendments to standards and interpretations ("new/revised HKFRSs") which are effective for accounting periods commencing on 1 January 2006. The adoption of these new/revised HKFRSs did not have material financial impact to the results of the Group.

2 Turnover, revenues and segment information

Turnover represents sales of toys, consumer electronic products and accessories and rental income. The amount of each category of revenues recognised during the period is as follows:

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Turnover		
Sales of goods	936,303	994,232
Rental and service income from investment properties	136,299	23,406
	1,072,602	1,017,638

Segment information is presented in respect of the Group's business and geographical segments. The Group is grouped into core business segments as set out below. Other corporate income and expenses represent head office administration, income and expenses for corporate management purpose which are not allocated to the core business segments.

Toy industry is subject to seasonal fluctuations, with peak demand during holiday season in the second half of the year. As such, revenues and segment results of the Group's toy operation in the first half of the year are lower than those in the second half of the year.

2 Turnover, revenues and segment information (Continued)

Primary segment information by business:

	Six months ended 30 June 2006					
	Toy operation HK\$'000	Technology operation HK\$'000	Licensing and sourcing operation HK\$'000	Property operation HK\$'000	Elimination HK\$'000	Group HK\$'000
Turnover						
Company and subsidiaries						
– External sales	630,982	248,603	56,718	136,299	–	1,072,602
– Inter-segment sales	12,434	1,537	622	153	(14,746)	–
	643,416	250,140	57,340	136,452	(14,746)	1,072,602
Share of associates	2,462	–	–	–	–	2,462
	645,878	250,140	57,340	136,452	(14,746)	1,075,064
Segment results						
Company and subsidiaries	6,717	(45,247)	(3,650)	203,653	(567)	160,906
Other corporate income and expenses						(21,243)
Operating profit						139,663
Share of profits of associates	79	–	–	–		79
Earnings/(losses) before interest expense and taxation	6,796	(45,247)	(3,650)	203,653		139,742
Finance costs						(27,914)
Taxation						(59,551)
Profit for the period						52,277
Capital expenditure	(22,775)	(5,406)	(7,263)	(673)		(36,117)
Depreciation	(14,578)	(5,403)	(754)	(306)		(21,041)
Amortisation of leasehold land and land use rights	(395)	–	–	(46)		(441)
Gain on disposal of property, plant and equipment	23,777	–	–	(186)		23,591
Increase in fair value of investment properties	–	–	–	93,496		93,496

2 Turnover, revenues and segment information (Continued)

Primary segment information by business (Continued):

	Six months ended 30 June 2005					
	Toy operation HK\$'000	Technology operation HK\$'000	Licensing and sourcing operation HK\$'000	Property operation HK\$'000	Elimination HK\$'000	Group HK\$'000
Turnover						
Company and subsidiaries						
– External sales	701,167	253,129	39,936	23,406	–	1,017,638
– Inter-segment sales	590	2,192	237	–	(3,019)	–
	701,757	255,321	40,173	23,406	(3,019)	1,017,638
Share of associates	2,634	–	–	–	–	2,634
	704,391	255,321	40,173	23,406	(3,019)	1,020,272
Segment results						
Company and subsidiaries	12,466	(8,230)	(4,254)	27,632		27,614
Other corporate income and expenses						25,761
Operating profit						53,375
Share of losses of associates	(365)	–	–	(31)		(396)
Earnings/(losses) before interest expense and taxation	12,101	(8,230)	(4,254)	27,601		52,979
Finance costs						(607)
Taxation						(3,158)
Profit for the period						49,214
Capital expenditure	(10,507)	(4,399)	(51)	(12)		(14,969)
Depreciation	(15,282)	(4,937)	(102)	(186)		(20,507)
Amortisation of leasehold land and land use rights	(1,082)	–	–	(26)		(1,108)
Gain on disposal of investment properties	–	–	–	8,285		8,285
Increase in fair value of investment properties	–	–	–	2,724		2,724

2 Turnover, revenues and segment information (Continued)

Secondary segment information by geographical locations:

	Six months ended 30 June			
	Turnover		Segment results	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Company and subsidiaries				
United States	367,852	406,004	(5,210)	(3,293)
Europe	233,413	193,098	(17,136)	(1,591)
Mainland China	173,103	53,337	195,757	27,568
Japan	82,550	65,842	(6,372)	5
Hong Kong	69,058	80,003	16,346	4,215
Korea	50,251	126,724	(7,848)	2,052
Other regions	96,375	92,630	(14,631)	(1,342)
	1,072,602	1,017,638	160,906	27,614
Other corporate income and expenses			(21,243)	25,761
Operating profit			139,663	53,375

3 Other net income

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Gain on disposal of subsidiaries	823	–
Gain on disposal of available-for-sale financial assets (Note)	2,262	11,890
Gain on disposal of investment properties	–	8,285
Gain on disposal of property, plant and equipment	23,591	319
Increase in fair value of investment properties	93,496	2,724
Others	2,834	3,356
	123,006	26,574

Note:

The Group disposed of an equity interest of 19.9% in one of its available-for-sale financial assets and recorded a gain of HK\$2,262,000 for the six months ended 30 June 2006.

4 Operating profit

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Operating profit is stated after charging the following:		
Cost of inventories sold (<i>Note</i>)	886,642	904,905
Staff costs (including directors' emoluments)	248,945	210,699
Depreciation	21,041	20,507
Amortisation of leasehold land and land use rights	441	1,108
Operating lease charges in respect of properties	23,488	18,306

Note:

Cost of inventories sold includes certain portion of staff cost, depreciation and operating lease charge totalling HK\$207,179,000 (2005: HK\$186,176,000), which are also included in the respective amount of expenses disclosed separately.

5 Finance costs

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Interest on bank loans (wholly repayable within one year)	6,271	30
Interest on loans from minority shareholders (not wholly repayable within five years)	586	577
Interest on convertible notes		
– Cash portion	9,917	–
– Notional non-cash interest accretion	11,140	–
	27,914	607

6 Taxation

	Six months ended 30 June 2006				Six months ended 30 June 2005				
	Current taxation – Current taxation – current period		over provisions in prior periods	Deferred taxation	Total	Current taxation – Current taxation – current period		over provisions in prior periods	Deferred taxation
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	729	–	(4,786)	(4,057)	1,744	(2,389)	(1,563)	(2,208)	
Outside Hong Kong	22,424	(140)	41,324	63,608	8,936	(755)	(2,815)	5,366	
	23,153	(140)	36,538	59,551	10,680	(3,144)	(4,378)	3,158	

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation outside Hong Kong has been provided for on the estimated assessable profits for the period at applicable rate ruling in the relevant countries.

7 Dividend

At a meeting held on 8 March 2006, the directors proposed a final dividend of HK2.2 cents per ordinary share for the year ended 31 December 2005. Total amount of HK\$147,510,000 was paid on 11 May 2006 and has been reflected as an appropriation of retained profits for the six months ended 30 June 2006.

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2006 (2005: Nil).

8 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$50,136,000 (2005: HK\$48,825,000) and 6,705,000,263 (2005: 6,705,000,263) ordinary shares in issue during the period.

The employee share options and the convertible notes outstanding did not have a dilutive effect on the basic earnings per share.

9 Non-current assets

	Property, plant and equipment HK\$'000	Leasehold land and land use rights HK\$'000	Investment properties HK\$'000
Net book value at 1 January 2006	178,041	62,515	3,204,650
Exchange translation differences	1,957	122	28,115
Additions	36,117	–	–
Depreciation and amortisation	(21,041)	(441)	–
Relating to subsidiaries disposed of	–	(10,253)	–
Disposals	(7,222)	(25,523)	–
Transfers between categories	6,133	2,529	(8,662)
Increase in fair value of investment properties	–	–	93,496
Net book value at 30 June 2006	193,985	28,949	3,317,599
Net book value at 1 January 2005	174,091	63,899	681,130
Exchange translation differences	(66)	1	–
Additions	14,969	–	–
Depreciation and amortisation	(20,507)	(1,108)	–
Disposals	(795)	–	(57,504)
Increase in fair value of investment properties	–	–	2,724
Net book value at 30 June 2005	167,692	62,792	626,350

10 Other financial assets

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Financial assets at fair value through profit and loss		
Listed equity securities, overseas	7	7
Available-for-sale financial assets		
Listed debt securities, overseas	479,329	480,978
Unlisted equity securities, overseas	25,466	8,968
Total	504,802	489,953
Less: current portion	(504,802)	(271,559)
Non-current portion	–	218,394

11 Trade receivables

Included in trade receivables at 30 June 2006 are amounts due from certain subsidiaries of Hutchison Whampoa Limited totalling HK\$15,832,000 (31 December 2005: HK\$14,992,000).

The Group's average credit period granted to trade debtors mainly ranges from 30 to 60 days. At 30 June 2006 and 31 December 2005, the aging analysis of trade receivables, net of provision, based on the date of invoice is as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
0 – 30 days	211,958	188,203
31 – 60 days	81,384	124,262
61 – 90 days	36,587	32,936
Over 90 days	61,019	27,759
	390,948	373,160

12 Deposits, prepayments and other receivables

Included in deposits, prepayments and other receivables are amounts due from certain subsidiaries of Hutchison Whampoa Limited totalling HK\$5,838,000 (31 December 2005: HK\$850,000).

13 Trade payables

Included in trade payables at 30 June 2006 is an amount due to an associate of the Group amounting to HK\$7,846,000 (31 December 2005: HK\$11,438,000). At 31 December 2005, the balance also included amounts due to certain subsidiaries of Hutchison Whampoa Limited amounting to HK\$395,000. At 30 June 2006 and 31 December 2005, the aging analysis of trade payables is as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
0 – 30 days	234,688	171,873
31 – 60 days	79,294	76,054
61-90 days	10,900	15,738
Over 90 days	13,850	13,102
	338,732	276,767

14 Other creditors and accruals

Included in other creditors and accruals are amounts due to certain subsidiaries and jointly controlled entities of Hutchison Whampoa Limited and loan from a minority shareholder of a subsidiary of the Group totalling HK\$20,004,000 (31 December 2005: HK\$19,189,000), HK\$17,783,000 (31 December 2005: HK\$19,762,000) and HK\$7,260,000 (31 December 2005: HK\$7,185,000) respectively.

15 Bank loan wholly repayable within one year

The bank loan, which is guaranteed by the Company, bears interest at 0.3% above London Inter-bank offer rate and was secured by the pledge of certain of the Group's listed debt securities amounting to HK\$359,596,000 (31 December 2005: HK\$360,688,000). The carrying amount of the bank loan approximates to its fair value and is denominated in US dollar. The effective interest rate at 30 June 2006 was 5.1% (2005: 4.5%) per annum.

At 30 June 2006, the Group has undrawn bank loan facilities amounting to HK\$58,200,000 (31 December 2005: HK\$58,200,000).

16 Convertible notes

On 25 November 2005, the Company issued five-year 2% convertible notes with a nominal value of US\$128,200,000 to a subsidiary of Hutchison Whampoa Limited. The convertible notes are convertible at the option of the Company or the note holders into ordinary shares of the Company. The notes are redeemable at a price of HK\$0.89 per share at any time before maturity after third anniversary of 25 November 2005. Unless previously redeemed, converted or purchased and cancelled, the convertible notes are redeemable at face value together with any accrued interest at the end of the maturity period on 24 November 2010. The convertible notes carry interest at a rate of 2% per annum which is payable half-yearly in arrears.

The convertible notes are initially measured at fair value calculated using cash flow discounted at a rate based on the borrowing rate of 4.82% per annum, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the fair value (net of transaction costs) and the settlement amount of the convertible notes is recognised in the profit and loss account over the period of the convertible notes using the effective interest method.

No conversion has been made up to 30 June 2006 (31 December 2005: Nil).

The convertible notes are secured by the pledge of equity interests in and loans to Newscott Investments Limited ("Newscott") and Great Winwick Limited ("Great Winwick") by City Island Developments Limited ("City Island") amounting to HK\$2,018,872,000 (31 December 2005: HK\$1,654,366,000). Newscott, Great Winwick and City Island are wholly owned subsidiaries of the Group.

17 Share capital

	30 June 2006 Number of shares	30 June 2006 Amount HK\$'000	31 December 2005 Number of shares	31 December 2005 Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000	20,000,000,000	2,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	6,705,000,263	670,500	6,705,000,263	670,500

18 Share options

The Company operates a share option scheme. On 3 June 2005, 123,750,000 share options were granted to certain directors and employees of the Company at an exercise price of HK\$0.822 per share, which is higher than the market price of the shares on the date of grant. Options are conditional on the employees completing the prescribed years of services. One third of the options are exercisable after one year from the grant date; another one third are exercisable after two years from the grant date and the remaining one third are exercisable after three years from the grant date and up to 16 September 2014. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

No share option has been exercised during the six months ended 30 June 2006 and 35,560,000 share options were exercisable as at 30 June 2006 (31 December 2005: Nil). The number of share options outstanding at 30 June 2006 was 101,948,000 (31 December 2005: 122,250,000).

The fair value of options granted, determined using the Binomial valuation model, was HK\$0.2498 per share. The significant inputs into the model were share price of HK\$0.82 at the grant date with the exercise price as shown above, standard deviation of expected share price returns of 31.7%, expected life of options of 7 years, expected dividend paid out rate of 2.44% and annual risk-free interest rate of 3.444%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date.

18 Share options (Continued)

	Number of share options			At 30 June 2006
	At 1 January 2006	Granted	Forfeited	
By directors				
Ko Yuet Ming	12,000,000	–	–	12,000,000
Luk Tei, Lewis	10,000,000	–	–	10,000,000
Chan Wen Mee, May (Michelle)	12,000,000	–	–	12,000,000
Endo Shigeru	5,000,000	–	–	5,000,000
Cheung Wing Han, Miranda (Note)	10,000,000	–	(10,000,000)	–
Tam Yue Man	10,000,000	–	–	10,000,000
	59,000,000	–	(10,000,000)	49,000,000
Other employees	63,250,000	–	(10,302,000)	52,948,000
Total	122,250,000	–	(20,302,000)	101,948,000

Note:

Ms. Cheung Wing Han, Miranda resigned as director of the Company with effect from 1 January 2006.

19 Contingent liabilities

At 30 June 2006, guarantees given to banks in connection with facilities granted to purchasers of the Group's properties in the Mainland China amounted to HK\$3,298,000 (31 December 2005: HK\$19,137,000).

20 Capital commitments

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Capital commitments for property, plant and equipment:		
Contracted but not provided for	10,081	28,263
Authorised but not contracted for	55,492	73,299
	65,573	101,562

21 Operating lease commitments

- (a) At 30 June 2006 and 31 December 2005, the Group had future aggregate minimum lease receivables under non-cancellable leases in respect of investment properties as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Not later than one year	232,629	222,576
Later than one year and not later than five years	305,175	393,714
Later than five years	5,262	6,856
	543,066	623,146

- (b) At 30 June 2006 and 31 December 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Not later than one year	50,189	43,923
Later than one year and not later than five years	107,532	110,393
Later than five years	–	4,855
	157,721	159,171

22 Material related party transactions

During the period, the Group had the following material transactions with related parties, which were carried out in the normal course of business at terms determined and agreed by both parties:

- (a) The Group manufactured a range of products including the cap covers, injection moulds, premium items and mobile phone accessories for other subsidiaries of Hutchison Whampoa Limited. The aggregate invoiced amount for the six months ended 30 June 2006 was approximately HK\$88,594,000 (2005: HK\$60,240,000).
- (b) The Group had transactions with minority shareholders of subsidiaries and their affiliates during the period as follows:

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Rental expenses	11,506	10,855
Management fee expenses	1,925	1,866
Interest expenses	586	577

22 Material related party transactions (Continued)

- (c) Hutchison International Limited, a wholly owned subsidiary of Hutchison Whampoa Limited, has been providing and will continue to provide the administrative and support services to the Group. The aggregate fee charged for the six months ended 30 June 2006 was approximately HK\$2,500,000 (2005: HK\$2,000,000).
- (d) During the period, interest charged to the profit and loss account in respect of the convertible notes issued to a subsidiary of Hutchison Whampoa Limited amounted to HK\$21,057,000 (2005: Nil).
- (e) During the period, the Group paid rental expenses and management fee to subsidiaries of Hutchison Whampoa Limited of approximately HK\$3,337,000 (2005: Nil).
- (f) During the period, the Group received rental income from subsidiaries of Hutchison Whampoa Limited of approximately HK\$2,074,000 (2005: Nil).
- (g) On 20 June 2006, a subsidiary of Hutchison Whampoa Limited (the "HWL Subsidiary") entered into a licence agreement ("Licence Agreement") with a third party to carry out a business to design, manufacture and trading of certain goods under certain licenced marks. The rights granted for the use of the licenced marks in pursuance of the Licence Agreement are conditional. On the same date, the HWL Subsidiary entered into a sub-licence agreement with the Group whereby the HWL Subsidiary sub-licenced the business governed under the Licence Agreement to the Group. Pursuant to the sub-licence agreement, the Group agrees to pay the HWL Subsidiary a non-refundable option fee of HK\$2,400,000 for a call option whereby the HWL Subsidiary agrees to grant to the Group an option to request the third party to enter into another agreement with the Group in replacement of the Licence Agreement. In addition, the HWL Subsidiary agrees to pay to the Group a non-refundable option fee of HK\$10 for a put option whereby the Group agrees to grant to the HWL Subsidiary an option to request the Group to enter into another agreement with the third party in replacement of the Licence Agreement. Both the call option and the put option may be exercisable within three months after 20 June 2007. The Licence Agreement became unconditional on 4 July 2006.
- (h) Key management compensation

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	3,222	4,728
Share-based payments	2,197	454
	5,419	5,182

23 Subsequent event

The Group had equity interests of 6% in Infomart Corporation ("Infomart") which completed its initial public offering ("IPO"). The shares of Infomart were traded on the Tokyo Stock Exchange Mothers Board on 8 August 2006. Subsequent to its IPO, the Group disposed of its equity interests of 4% in Infomart and realised a profit of approximately HK\$40,805,000 which will be recorded in the second half of the year. Subsequent to the disposal, the Group holds 2% equity interests in Infomart.

24 Holding company

The immediate holding company is Promising Land International Inc., which is incorporated in the British Virgin Islands. The directors consider the ultimate holding company to be Hutchison Whampoa Limited, which is incorporated and listed in Hong Kong.