CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

RESULTS

The board of directors (the "Board") of Chinese Estates Holdings Limited (the "Company") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30th June, 2007 together with the comparative figures for 2006:-

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30th June, 2007

		Six months ended 30th June,	
	Notes	**2007**	2006
		HK$'000	HK$'000
		(Unaudited)	(Unaudited)
Turnover	3	**2,534,962**	2,226,166
Cost of sales		**(1,646,723)**	(1,799,254)
Gross profit		**888,239**	426,912
Other income	5	**17,604**	15,831
Investment income, net	6	**264,210**	364,377
Administrative expenses		**(124,597)**	(94,875)
Other expenses	7	**-**	(287)
Gain on disposals of property and other fixed assets		**3,084**	567
Gain on disposals of investment properties		**7**	-
Fair value changes on investment properties		**1,332,437**	5,079,574
Finance costs	9	**(253,033)**	(261,171)
Other gains and losses, net	10	**(77,724)**	71,362
Share of results of associates		**357,624**	345,301
Profit before tax		**2,407,851**	5,947,591
Income tax expense	11	**(284,066)**	(951,983)
Profit for the period	8	**2,123,785**	4,995,608
Attributable to:			
Equity holders of the parent		**2,052,396**	4,997,641
Minority interests		**71,389**	(2,033)
		2,123,785	4,995,608
Dividends	12	**406,869**	266,767
Earnings per share (HK cents)	13		
Basic		**90.7**	231.6
Diluted		**N/A**	226.4

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th June, 2007

	Notes	**30th June, 2007 HK$'000 (Unaudited)**	31st December, 2006 HK$'000 (Audited)
Non-current assets			
Investment properties		**33,223,880**	31,771,870
Property and other fixed assets		**76,266**	81,357
Prepaid lease payments		**249,193**	249,497
Property interests held for future development		**-**	-
Intangible assets		**14,300**	-
Goodwill		**-**	-
Interests in associates		**1,449,943**	1,396,351
Advances to associates		**977,220**	931,661
Available-for-sale investments		**9,683,819**	8,532,632
Equity-linked notes		**-**	147,827
Advances to investee companies		**301,956**	1,518
Loans receivable, due after one year		**62,202**	63,079
Deferred tax assets		**75,019**	73,647
Advance to a minority shareholder		**9,672**	9,436
Pledged deposits		**75,953**	71,606
		46,199,423	43,330,481
Current assets			
Stock of properties		**6,016,186**	4,851,504
Investments held-for-trading		**1,886,459**	142,218
Equity-linked notes		**197,483**	75,725
Derivative financial instruments		**10,849**	-
Loans receivable, due within one year		**557**	224
Inventories for cosmetic		**1,544**	-
Debtors, deposits and prepayments	14	**605,441**	364,749
Securities trading receivable and deposits		**160,472**	276,829
Application proceeds for Initial Public Offering shares for brokerage clients		**4,386,726**	-
Tax recoverable		**634**	4,083
Pledged deposits		**348,388**	1,014,351
Time deposits, bank balances and cash		**1,798,673**	7,034,820
Presale proceeds held by stakeholders		**239,231**	530,005
		15,652,643	14,294,508
Asset classified as held for sale		**-**	9,338
		15,652,643	14,303,846

CONDENSED CONSOLIDATED BALANCE SHEET (continued)
At 30th June, 2007

	Notes	**30th June, 2007 HK$'000 (Unaudited)**	31st December, 2006 HK$'000 (Audited)
Current liabilities			
Derivative financial instruments		**104,919**	168,644
Creditors and accruals	15	**414,754**	452,544
Securities trading and margin payable		**138,550**	191,206
Deposits and receipts in advance		**270,724**	761,900
Tax liabilities		**107,403**	88,662
Borrowings for application proceeds for Initial Public Offering shares for brokerage clients - due within one year		**4,100,000**	-
Borrowings - due within one year		**9,161,756**	11,004,204
Provisions		**16,017**	16,017
		14,314,123	12,683,177
Net current assets		**1,338,520**	1,620,669
Total assets less current liabilities		**47,537,943**	44,951,150
Non-current liabilities			
Financial guarantee liabilities		**618**	328
Borrowings - due after one year		**3,594,770**	3,709,340
Convertible bonds		**-**	279,689
Amounts due to associates		**14,235**	13,732
Amounts due to minority shareholders		**553,319**	523,489
Deferred tax liabilities		**4,711,059**	4,461,938
		8,874,001	8,988,516
Total assets and liabilities		**38,663,942**	35,962,634
Capital and reserves			
Share capital		**228,421**	225,981
Reserves		**37,998,003**	35,306,717
Equity attributable to equity holders of the parent		**38,226,424**	35,532,698
Minority interests		**437,518**	429,936
Total equity		**38,663,942**	35,962,634

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30th June, 2007

1. Basis of Preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC)-Int 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]

1 Effective for annual periods beginning on or after 1st January, 2007
2 Effective for annual periods beginning on or after 1st March, 2006
3 Effective for annual periods beginning on or after 1st May, 2006
4 Effective for annual periods beginning on or after 1st June, 2006
5 Effective for annual periods beginning on or after 1st November, 2006

The adoption of these new HKFRSs had no material effect on the results of operations and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]

1 Effective for annual periods beginning on or after 1st January, 2009
2 Effective for annual periods beginning on or after 1st March, 2007
3 Effective for annual periods beginning on or after 1st January, 2008

The Group is in the process of assessing the potential impact of these standards or interpretations but not yet in a position to determine whether these standards or interpretations will have a significant impact on how its results of operations and financial position are prepared and presented. These standards or interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

3. **Turnover**

Turnover represents the aggregate of amounts received and receivable from the sales of investments held-for-trading, sales of properties held for sale, property rental income, commission from brokerage, settlement charges from brokerage, interest income from loan financing and cosmetics goods sold less returns.

4. **Business and Geographical Segments**

Business segments

For management purposes, the Group is currently organised into five operating divisions – property development and trading, property leasing, money lending, listed securities investments and treasury products and unlisted securities investments, investment holding and brokerage. These divisions are the basis on which the Group reports its primary segments information.

Principal activities are as follows:

Property development and trading	-	Property development and sales of properties
Property leasing	-	Property rental
Money lending	-	Loan financing
Listed securities investments and treasury products	-	Listed securities investments and trading, over-the-counter trading and structured products
Unlisted securities investments, investment holding and brokerage	-	Unlisted securities investments, trading and brokerage

Segment information about these businesses is presented below.

For the six months ended 30th June, 2007

	Property development and trading	Property leasing	Money lending	Listed securities investments and treasury products	Unlisted securities investments, investment holding and brokerage	Other operations/ unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover							
Turnover from external customers	1,506,756	361,033	4,792	619,392	42,965	24	2,534,962
Result							
Segment result	440,401	1,664,942	4,792	196,349	178,400	9	2,484,893
Unallocated corporate expenses, net							(103,909)
Finance costs on listed securities investments and treasury products	-	-	-	(45,994)	-	-	(45,994)
Other finance costs	-	-	-	-	-	-	(207,039)
Other gains and losses, net	-	(860)	-	-	-	(76,864)	(77,724)
Share of results of associates	244,652	41,968	138	-	66,328	4,538	357,624
Profit before tax							2,407,851
Income tax expense							(284,066)
Profit for the period							2,123,785

For the six months ended 30th June, 2006

	Property development and trading	Property leasing	Money lending	Listed securities investments and treasury products	Unlisted securities investments, investment holding and brokerage	Other operations/ unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover							
Turnover from external customers	10,700	330,356	3,850	1,870,187	11,073	-	2,226,166
Result							
Segment result	5,238	5,384,649	3,850	345,165	131,961	-	5,870,863
Unallocated corporate expenses, net							(78,764)
Finance costs on listed securities investments and treasury products	-	-	-	(96,685)	-	-	(96,685)
Other finance costs	-	-	-	-	-	-	(164,486)
Other gains and losses, net	-	70,366	-	-	-	996	71,362
Share of results of associates	299,146	45,221	257	-	-	677	345,301
Profit before tax							5,947,591
Income tax expense							(951,983)
Profit for the period							4,995,608

Geographical segments

No further geographical segment information is presented as the activities of the Group carried out in Hong Kong is the only major geographical segment of the Group.

5. Other Income

	Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Included in other income are:		
Building management fee income, net	**8,402**	9,355
Exchange gain, net	**5,055**	-

6. Investment Income, Net

	Six months ended 30th June, 2007 HK$'000	2006 HK$'000
Fair value changes on investments held-for-trading	**5,463**	(2,628)
Fair value changes on equity-linked notes & bonds	**(26,069)**	(88,105)
Fair value changes on derivative financial instruments	**18,152**	(101,283)
Realised gain on available-for-sale investments	**-**	194,634
Realised loss on equity-linked notes	**-**	(20,366)
Realised gain on derivative financial instruments	**56,422**	-
Other investment income	**-**	9,246
Dividend income on:		
Listed investments	**26,109**	34,323
Unlisted investments	**41,513**	48,100
Interest income	**125,848**	254,814
Imputed interest on:		
Advances to associates	**16,536**	35,642
Advances to minority shareholders	**236**	-
	264,210	364,377

Included in interest income are interest from equity-linked notes & bonds and derivative financial instruments amounted to approximately HK$11 million (2006: HK$150 million) and approximately HK$34 million (2006: HK$75 million) respectively.

7. **Other Expenses**

	Six months ended 30th June,	
	2007	2006
	HK$'000	HK$'000
Included in other expenses is:		
Impairment loss recognised in respect of account receivable	**-**	287

8. **Profit for the Period**

	Six months ended 30th June,	
	2007	2006
	HK$'000	HK$'000
Profit for the period has been arrived at after (charging) crediting:		
Total staff costs:		
Staff costs, including Directors' emoluments	**(42,205)**	(40,775)
Retirement benefits scheme contributions, net of forfeited contributions of HK$152,000 (2006: HK$304,000)	**(1,839)**	(1,582)
	(44,044)	(42,357)
Auditors' remuneration	**(1,075)**	(2,075)
Depreciation and amortisation	**(7,543)**	(7,135)
Gain on disposals of investments held-for-trading included in gross profit :		
Increase in market value of investments held-for-trading	**72,913**	93,675
Realised exchange (loss) gain on translation of investments held-for-trading	**(1,404)**	10,456
	71,509	104,131
Gross rental income from investment properties	**361,033**	330,356
Less: Direct operating expenses from investment properties that generated rental income during the period	**(21,539)**	(19,885)
Direct operating expenses from investment properties that did not generate rental income during the period	**(6,996)**	(5,396)
	332,498	305,075
Share of tax of associates (included in share of results of associates)	**(49,642)**	(61,474)

9. **Finance Costs**

	Six months ended 30th June,	
	2007	2006
	HK$'000	HK$'000
Interest on:		
Bank loans wholly repayable within five years	**252,370**	172,922
Bank loans wholly repayable over five years	**822**	903
Other loans wholly repayable within five years	**45,994**	75,276
	299,186	249,101
Imputed interest on:		
Amounts due to associates	**503**	482
Amounts due to minority shareholders	**96**	22,718
Convertible bonds	**4,050**	14,519
	4,649	37,719
Total interest	**303,835**	286,820
Exchange loss on translation of foreign currency loans	**-**	21,409
Other finance costs	**1,409**	228
	305,244	308,457
Less: Interest capitalised to stock of properties under development	**(23,166)**	(19,326)
Less: Interest capitalised to investment properties under development	**(29,045)**	(27,960)
	253,033	261,171

10. **Other Gains and Losses, Net**

	Six months ended 30th June,	
	2007	2006
	HK$'000	HK$'000
Included in other gains and losses, net are:		
Impairment loss reversed in respect of advances to associates	**975**	897
Impairment loss recognised in respect of advance to an associate	**(860)**	-
Gain on disposal of a subsidiary (Note)	**158,212**	-
Gain on disposal of an associate	**-**	70,366
Loss on cash settlement for conversion of convertible bonds	**(236,705)**	-

Note: Gain on disposal of a subsidiary was arising from disposal of 15.11% interest in G-Prop (Holdings) Limited by placing on 7th June, 2007.

11. **Income Tax Expense**

	Six months ended 30th June, **2007** **HK$'000**	2006 HK$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**29,705**	47,826
Other than Hong Kong	**4,363**	1,697
	34,068	49,523
Deferred tax	**249,998**	902,460
	284,066	951,983

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for the both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16th March, 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% to 25% for certain subsidiaries from 1st January, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

The major deferred tax liabilities recognised by the Group is deferred tax on fair value changes on investment properties of HK$246,644,000 (2006: HK$894,381,000) for the period.

12. **Dividends**

	Six months ended 30th June, **2007** **HK$'000**	2006 HK$'000
(a) Interim dividend for 2007 declared after interim period end		
Interim dividend declared of HK13.5 cents (2006: HK12 cents) per share with scrip dividend option	**308,369**	268,870
(b) Final dividend for 2006 paid on 15th June, 2007 of HK18 cents (2005: HK12 cents) per share		
Cash	**129,774**	108,128
Share alternative under scrip dividend scheme	**277,095**	158,639
Total dividends paid	**406,869**	266,767

13. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to equity holders of the parent is based on the following data:

	Six months ended 30th June,	
	2007	2006
	HK$'000	HK$'000
Earnings:		
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the parent)	**2,052,396**	4,997,641
Effect of dilutive potential ordinary shares:		
Imputed interest on convertible bonds		14,519
Earnings for the purposes of diluted earnings per share		5,012,160
	Number of shares	
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,262,396,351**	2,157,486,459
Effect of dilutive potential ordinary shares:		
Convertible bonds		56,506,365
Weighted average number of ordinary shares for the purposes of diluted earnings per share		2,213,992,824

Diluted earnings per share for the six months ended 30th June, 2007 is not presented as there was no potential dilution of earnings per share.

14. Debtors, Deposits and Prepayments

Included in debtors, deposits and prepayments are trade receivables of approximately HK$483,576,000 (31st December, 2006: HK$22,138,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings and properties sales proceeds receivable.

The following is an aged analysis of trade receivables at the balance sheet date:

	30th June, 2007	31st December, 2006
	HK$'000	HK$'000
0 - 30 days	**464,488**	7,923
31 - 60 days	**1,268**	1,464
61 - 90 days	**941**	660
Over 90 days	**16,879**	12,091
	483,576	22,138

The Directors consider that the fair value of the Group's debtors at the balance sheet date was approximately their carrying amounts.

15. **Creditors and Accruals**

Included in creditors and accruals are trade payables of approximately HK$46,879,000 (31st December, 2006: HK$13,599,000).

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

	30th June, 2007 HK$'000	31st December, 2006 HK$'000
0 - 90 days	**39,497**	11,605
Over 90 days	**7,382**	1,994
	46,879	13,599

The Directors consider that the fair value of the Group's creditors at the balance sheet date was approximately their carrying amounts.

16. **Capital Commitments and Contingent Liabilities**

(a) Capital commitments:

	30th June, 2007 HK$'000	31st December, 2006 HK$'000
Authorised and contracted for:		
Development expenditure of properties in Hong Kong	**668,330**	513,922
Development expenditure of properties in Macau	**32,742**	36,802
Development expenditure of properties in Mainland China	**53,587**	-
Acquisition of land (note i)	**-**	510,270
Acquisition of an investment property (note ii)	**10,300**	-
Renovation of properties	**184,904**	282,467
	949,863	1,343,461
Authorised but not contracted for:		
Development expenditure of properties in Hong Kong	**161,110**	164,814
Development expenditure of properties in Macau	**360**	-
Renovation of properties	**257**	1,200
	161,727	166,014

Notes:

(i) As at 31st December, 2006, the Group committed to pay approximately HK$510,270,000 for balance of land costs in respect of an acquisition of two pieces of land in Chengdu of the Mainland China.

(ii) As at 30th June, 2007, the Group, through a 61.96% indirect subsidiary, committed to acquire a remaining 50% interest in an investment property. Details of the acquisition are set out in the announcement of Chi Cheung Investment Company, Limited dated 23rd March, 2007.

(b) Contingent liabilities:

	30th June, 2007 HK$'000	31st December, 2006 HK$'000
Guarantees given to bank, in respect of banking facilities utilised by associates	**1,068,400**	740,500
Guarantee given to third parties in respect of those rent of disposed properties previously held by a subsidiary	**2,031**	7,204
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	**10,000**	10,000
	1,080,431	757,704

INTERIM DIVIDEND

The Board has declared an interim dividend of HK13.5 cents per share for the six months ended 30th June, 2007 (2006: HK12 cents) and give shareholders the option of receiving part or all of the interim dividend in form of new shares ("Scrip Dividend") in lieu of cash dividend.

The Scrip Dividend proposal (the "Proposal") will be conditional on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting a listing of and permission to deal in the shares to be issued pursuant to the Proposal. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days commencing on 20th August, 2007, the first day on which the shares were traded ex dividend. A circular containing the details of the Proposal together with a form of election will be despatched to shareholders on or about 4th September, 2007.

Dividend warrants or new share certificates will be posted on or about 3rd October, 2007 to shareholders whose names appear on the register of members of the Company on 27th August, 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 22nd August, 2007 to 27th August, 2007, both days inclusive. In order to qualify for the interim dividend, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21st August, 2007.

FINANCIAL OPERATION REVIEW

Results

Turnover for the six months ended 30th June, 2007 (the "Period") amounted to HK$2,535.0 million (six months ended 30th June, 2006: HK$2,226.2 million), a 13.9% increase over the same period last year. It was mainly due to the sales proceeds recognised from the Phase 1 of The Zenith in Wanchai, even though there is a decrease in the turnover of securities investments.

For property leasing, the Period recorded an increase of 9.3% in rental income as compared with the corresponding period in 2006, amounting HK$361.0 million (2006: HK$330.4 million). During the review period, the lower portion of Windsor House and cinema portion of Silvercord had been vacant for renovation since late 2006 and are scheduled to complete by the second half year of 2007. LaForet in Excelsior Plaza had had a contribution since its re-opening in July 2006. Other than the above, rental income has shown a satisfactory increase during the Period.

In relation to property development, presale and sale of The Zenith in Wanchai (87.5% interest) had been successful since last year. The sales was recognised during the Period and had contributed a profit of approximately HK$370.8 million. Miami Crescent in Sheung Shui (50% interest), Indihome in Tsuen Wan (50% interest) and Mount Beacon in Kowloon Tong (33.33% interest) continuously had generated profit of HK$20.3 million (six months ended 30th June, 2006: HK$86.6 million), HK$9.1 million (six months ended 30th June, 2006: HK$244.0 million) and HK$181.2 million (six months ended 30th June, 2006: nil) respectively during the Period, all of which were included in share of results of associates. For the sale of Parc Palais in Homantin (10% interest), a contribution of HK$22.5 million (six months ended 30th June, 2006: HK$29.5 million) was recorded in investment income.

In respect of the performance of listed securities investments and treasury products, the Group has recorded profit of HK$196.4 million (six months ended 30th June, 2006: HK$345.1 million) and HK$150.4 million (six months ended 30th June, 2006: HK$248.4 million) before and after finance costs respectively. The components in the income statement for the Period were gross profit of HK$71.5 million (six months ended 30th June, 2006: HK$104.1 million), loss on fair value changes of HK$2.4 million (six months ended 30th June, 2006: HK$192.0 million), no realized gain on disposals of available-for-sale investments (six months ended 30th June, 2006: gain of

HK$194.6 million), gain on other treasury products, dividend and interest income of HK$127.3 million (six months ended 30th June, 2006: HK$238.4 million). Finance costs of HK$46.0 million was interest expenses (six months ended 30th June, 2006: HK$96.7 million including interest expense and exchange loss in the sum of HK$75.3 million and HK$21.4 million respectively). In addition to profit recognized in the income statement, gains on fair value changes on available-for-sale investments amounted to HK$821.1 million (six months ended 30th June, 2006: HK$948.4 million) was recognised in equity during the Period.

Other income recorded an increase of 11.2% to HK$17.6 million when compared with the same period last year. Administrative expenses increased by 31.3% to HK$124.6 million as compared with the same period last year. Finance costs recorded a decrease of 3.1% to HK$253.0 million as compared with the same period last year.

Other gains and losses recorded a net loss of HK$77.7 million (six months ended 30th June, 2006: net gains of HK$71.4 million), including the gain on disposal of 15.11% in G-Prop (Holdings) Limited ("G-Prop") and the loss on cash redemption of the zero coupon convertible bonds.

The share of results of associates for the Period increased by 3.6% to HK$357.6 million as compared with the same period last year (six months ended 30th June, 2006: HK$345.3 million), including fair value gains on investment properties and profits on disposals of Miami Crescent, Indihome and Mount Beacon.

Profit attributable to equity holders of the parent for the Period was HK$2,052.4 million as compared to HK$4,997.6 million for the same period last year. The profit for the Period was mainly attributable from the fair value gains on investment properties, profit on sales of development properties and the share of results of associates generated from the sales of development properties. Earnings per share was HK90.7 cents (six months ended 30th June, 2006: HK231.6 cents).

If the fair value gains on investment properties and their respective deferred tax of HK$1,108.0 million (2006: HK$4,204.5 million) are excluded, profit attributable to equity holders of the patent for the Period will become HK$944.4 million (2006: HK$793.1 million) and earnings per share will become HK41.7 cents (2006: HK36.8 cents), an increase of 19.1% and 13.3% over 2006 respectively.

A final dividend of HK18 cents per share for the year ended 31st December, 2006 (year ended 31st December, 2005: HK12 cents) was paid during the Period.

An interim dividend of HK13.5 cents (2006: HK12 cents) per share for the Period is declared, representing a dividend payout of 14.9% (2006: 5.2%) for the Period. If the revaluation gains on investment properties and their respective deferred tax of HK$1,108.0 million are excluded, the dividend payout will become 32.4% (2006: 32.6%).

Net Asset Value

As at 30th June, 2007, the Group's total net asset to equity holders of the parent amounted to approximately HK$38,226 million (31st December, 2006: HK$35,533 million), an increase of HK$2,693 million or 7.6% when compared with 31st December, 2006. With the total number of ordinary shares in issue of 2,284,213,312 as at 30th June, 2007 (31st December, 2006: 2,259,809,483 shares), the net asset value per share to equity holders of the parent was HK$16.74, an increase of 6.5% over 31st December, 2006 (HK$15.72). The increase in net asset value per share was mainly due to the fair value gains on listed securities investments and the profit retained for the Period, including the fair value gains on investment properties.

Included in the total net asset is deferred tax liabilities of HK$4,512 million on fair value gains on investment properties. If the deferred tax liabilities are excluded, the total net asset to equity holders of the parent will become HK$42,738 million or HK$18.7 per share.

During the Period, the Group had further acquired an additional land in Chengdu for development, acquired the remaining 50% cosmetic business, bought and sold listed securities investments and disposal of 15.11% interest in G-Prop. Other than the existing projects and those disclosed in the interim report, the Group did not have any future plans for material investment or capital assets.

Securities Investments

As at 31st December, 2006, the listed securities investments and treasury products was HK$8,376.4 million. During the Period, the portfolio was increased by a net purchase of HK$ 2,105.6 million (an increase of 25.1% over 2006) and the release of the fair value loss on the knocked out derivative financial instruments of HK$56.4 million. After adding the fair value gains of HK$818.6 million for the Period, the listed securities investments portfolios of the Group reached HK$11,357.0 million at 30th June, 2007, representing 18.4% (31st December, 2006: 14.5%) of the total assets, which formed part of the Group's cash management activities.

Risk Management

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

Equity

The number of issued ordinary shares as at 30th June, 2007 and 31st December, 2006 were 2,284,213,312 and 2,259,809,483 respectively.

Convertible Bonds

During the Period, HK$4.0 million in principal of the zero coupon convertible bonds (the "Bonds") has been converted into 573,888 ordinary shares. In accordance with Condition 8 of the Terms and Conditions of the Bonds, the Company has an option to redeem the outstanding Bonds on 21st May, 2007 at 100% of the principal amount. On 20th April, 2007, the Company had given the notice to the bondholders of the outstanding Bonds to request the early redemption. All outstanding Bonds in principal of HK$318.5 million had executed the right to convert the Bonds into shares of the Company (the "Conversion Right"). The Company took the option by cash settlement to satisfy the Conversion Right in HK dollars in full. Accordingly, all outstanding Bonds were settled by cash of approximately HK$571.7 million in May and June 2007. As at 30th June, 2007, there is no outstanding convertible bonds.

Debt and Gearing

As at 30th June, 2007, the Group has applied the subscription of initial public offering shares ("IPO") on behalf of its brokerage clients through its brokerage vehicle, Fair Eagle Securities Company Limited, in amount of HK$4,387 million, of which HK$4,100 million were financed by short term bank loans.

At the balance sheet date, the Group's bank and other borrowings amounted to HK$16,857 million (31st December, 2006: HK$14,993 million). Cash and deposit at bank amounted to HK$2,223 million (31st December, 2006: HK$8,121 million) and net borrowings amounted to HK$14,634 million (31st December, 2006: HK$6,872 million).

Total debt to equity ratio was 43.6% (31st December, 2006: 41.7%) and net debt to equity ratio was 37.8% (31st December, 2006: 19.1%), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total equity of HK$38,664 million (31st December, 2006: HK$35,963 million). The increase in net borrowings mainly due to payment of land costs for development properties and purchase of listed securities investments for purpose of cash management.

Furthermore, if the listed securities investments and treasury products of HK$11,357 million (31st December, 2006: HK$8,376 million) are included, the net debt to equity ratio will be further reduced to 8.5% (31st December, 2006: net cash position of HK$1,504 million).

At the balance sheet date, all of the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's bank and other borrowings of HK$16,857 million, 78.6%, 2.9%, 18.4% and 0.1% were repayable within 1 year, 1 to 2 years, 2 to 5 years and over 5 years respectively. The Group's bank and other borrowings carrying interest rates were calculated mainly with reference to HIBOR. No hedging for interest rate was subsisted at the end of the period.

Pledge of Assets

As at 30th June, 2007, the Group had pledged the following assets:

(a) The Group's investment properties, property and other fixed assets, prepaid lease payments, stock of properties and time deposits with their respective book value of approximately HK$31,426.8 million (31st December, 2006: HK$30,062.6 million), HK$48.4 million (31st December, 2006: HK$49.1 million), HK$239.5 million (31st December, 2006: HK$239.8 million), HK$288.5 million (31st December, 2006: HK$2,829.5 million) and HK$424.3 million (31st December, 2006: HK$1,086.0 million) were pledged to the Group's bankers to secure general banking and loan facilities granted to the Group.

(b) The Group's investments held-for-trading, available-for-sale investments and equity-linked notes with an aggregate carrying amount of approximately HK$9,210.0 million (31st December, 2006: HK$7,258.5 million) were pledged to the Group's financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions and utilised by the Group as borrowings due within one year of approximately HK$2,978.9 million (31st December, 2006: HK$3,924.7 million).

(c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

(d) The Group has subordinated and assigned its advances to associate and investee of approximately HK$1,111.3 million (31st December, 2006: HK$802.1 million) to financial institutions to secure banking general credit facilities granted to associates.

Financial and Interest Income/Expenses

Interest income was included in turnover and investment income. Finance costs included interest expenses on bank and other loans, imputed interest expenses, and arrangement, facility and commitment fee expenses. Interest income for the Period was HK$151.4 million, representing a decrease of 41.7% from that of 30th June, 2006 (HK$259.7 million). Interest capitalised for the Period was HK$52.2 million as compared to HK$47.3 million for the same period last year. Excluding imputed interest, interest expenses for the Period amounted to HK$247.1 million, representing a 22.4% increase over the interest expenses of HK$201.8 million recorded for the same period last year. The increase in interest expenses was mainly due to increase in borrowings during the Period. The average interest rate over the period under review was 4.57% (2006: 4.73%), which was expressed as a percentage of total interest expenses over the average total borrowings.

Remuneration Policies and Share Option Scheme

During the period under review, the Group employed a total of 294 staff (six months ended 30th June, 2006: 276 staff) (excluding about a total of 264 staff (six months ended 30th June, 2006: 243 staff) for estate management employed under the Group's estate management company, Perfect World Company Limited).

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Period.

Mainland China and Macau

Profit contribution from the Group's investment in the Mainland China (including gross profit, fair value changes on investment properties and share of results of associates) for the Period amounted to HK$64 million representing 3.1% of the profits attributable to equity holders of the parent (six months ended 30th June, 2006: HK$104 million). The Group's net investment in the Mainland China as at 30th June, 2007 amounted to HK$2,717 million (31st December, 2006: HK$1,345 million) representing approximately 3.8% of the Group's total asset value and 7.0% of the Group's net asset value. Further the Group's net investment in Macau as at 30th June, 2007 amounted to HK$1,484 million (31st December, 2006: HK$1,300 million) representing approximately 2.1% of the Group's total asset value.

Listed Subsidiary

At the period end date, the Group owned 61.96% interest in Chi Cheung Investment Company, Limited.

Listed Associate

On 4th June, 2007, the Company, through its wholly owned subsidiary, made a placing of 120,000,000 shares of G-Prop (the "Shares") at a placing price of HK$1.50 per Share to independent third parties (the "Placing"). Immediately upon completion of the Placing, the Shares owned by the Group were reduced from 397,858,761 Shares, representing approximately 50.10%, to 277,858,761 Shares, representing approximately 34.99%. G-Prop become an associate of the Group since 7th June, 2007.

Property Valuation

A property valuation has been carried out by Messrs. Norton Appraisals Limited, independent qualified professional valuers, in respect of the Group's investment properties as at 30th June, 2007 and that valuation was used in preparing 2007 interim results. The Group's investment properties were valued at HK$33,224 million (31st December, 2006: HK$31,725 million), a 4.7% increase over 2006 after adjusted for additions and disposals of investment properties during the Period. The increase in fair value of approximately HK$1,332.4 million was credited to the income statement for the Period. The Group also shared an increase in fair value changes on investment properties of the associates of HK$34.8 million (net of deferred tax of HK$3.8 million) for the Period. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in the financial statements.

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The overall occupancy rate of the Group's retail portfolio was 80.3% during the first half of 2007 due to the renovation of Windsor House and Silvercord. The occupancy rate jumped to 95.0% if Windsor House and Silvercord are excluded. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the growth of both tourists' and local consumption.

Although the Group recorded a rental loss of HK$41,505,000 in the first half of 2007 due to the renovation works of Windsor House and Silvercord, the Group was able to sustain a gross rental growth by 9.3% with rental income of HK$361.0 million for the six months ended 30th June, 2007 as compared with the corresponding period of last year. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and re-opening of Excelsior Plaza – Laforet in July 2006. If the renovated properties are excluded, gross rental income would be increased by approximately 27.2% over the corresponding period of last year, and the respective increases in retail and non-retail portion have been 29.9% and 22.6%.

The renovation works of Laforet was completed in July 2006. The enhancement includes relocation of escalators and change in internal layout to improve pedestrian flow, the installation of two LED (light-emitting diode) electronic display screens and the refurbishment of the covered walkway. The revamped Laforet, consisting of small shops and a restaurant with area ranging from 150 to 5,100 square feet, specially targets at the young and trendy customers. As at 30th June, 2007, its occupancy rate was 98.3% and if fully leased out, the rental is expected to increase by 74.8% as compared with the previous lease.

Renovation works of Windsor House commenced in 2006. The scope of work includes re-layout of basement, ground and first floor, sub-dividing the retail space previously occupied by supermarket, department store and an anchor tenant to provide greater varieties of prime retail shops and specialty restaurants. The renovation will be completed by the fourth quarter of 2007. The revamped Windsor House will have improved and diversified trade mix while the rental income is expected to rise substantially.

As for Silvercord, the first phase of converting the existing bubble lifts to shops was completed in December 2006 with the second phase to be completed in the third quarter of 2007, the works of which commenced in late 2006. The conversion of the cinema to shops commenced in the fourth quarter of 2006 with the scheduled completion date in the third quarter of 2007. The renovated Silvercord will have more quality brands while the rental income is expected to rise significantly.

The occupancy rate for the Group's office properties maintained at a high level throughout the first half of 2007. As at 30th June, 2007, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 92.8%, 94.0% and 84.2% respectively, bringing the approximate occupancy rate of the overall office portfolio to 91.1%.

In general, it is expected that both the occupancy rate in retail and office properties will remain at high level while their rental rates will have room for increment this year.

The foundation and basement excavation works of the redevelopment of Tung Ying Building in Tsim Sha Tsui started in December 2006. Completion of the redevelopment is expected to be in early 2010.

Tung Sang Building in Wanchai has also commenced its foundation work and will be redeveloped as a brand new residential/retail composite building with completion date rescheduled to end of 2008.

The Group won a tender last year at approximately HK$234 million for Sun Fair Mansions at 12 Shiu Fai Terrace, a residential site in mid-level East, which is a traditional prestigious location for luxury residential project in Hong Kong. The site area is about 12,000 square feet that can provide a total residential gross floor area of around 39,700 square feet. The site is planned to be redeveloped into a luxury residential project in end 2008.

Hong Kong Property Development

In general, the Group's development projects have been progressing satisfactorily and the sales have been achieving pleasing results.

The residential development of Indihome, Tsuen Wan (50% interest) was completed in January 2006, 583 presold units had been handed over to the purchasers. A further 318 units were sold up to 30th June, 2007 and 93.9% of the total units were already sold.

As at 30th June, 2007, the units of Parc Palais, Homantin (10% interest) were substantially sold, representing 99.0% of total units; 79.5% of houses of Miami Crescent, Sheung Shui (50% interest) were already sold.

The certificate of compliance of Mount Beacon, Kowloon Tong (33.33% interest) was issued in July 2006. As at 30th June, 2007, 86.3% of apartments and 86.4% of houses were sold.

The construction work of phase I of the residential development project – The Zenith (87.5% interest) was completed. This is a redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. Phase I comprises 3 residential tower blocks having 652 units with flat size ranging from gross floor area of approximate 605 square feet to 879 square feet. The pre-sale consent was received in September 2006 and 308 units were sold up to 30th June, 2007. The commencement of construction work of phase II is re-scheduled to early 2008 and the construction work is expected to be completed in mid 2011.

The Group has also formed two other joint venture projects with the Urban Renewal Authority, one is located at the junction of Reclamation Street and Arran Street in Mongkok, foundation work of which was completed in the first quarter of 2006 and the whole project is expected to be completed in end of 2007; the other one is located at Larch Street / Bedford Road in Tai Kok Tsui, the superstructure work of which started in March 2007 and the whole project is expected to be completed in end of 2008.

Foundation work of the development project located at Hoi Ting Road and junction of Hoi Wang Road and Hoi Ting Road, West Kowloon Reclamation Area (25% interest) has commenced. Residential and retail properties with a total gross floor area of 1,095,980 square feet will be developed and the whole project is expected to be completed in 2010.

In May 2007, the Group acquired a site at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon Reclamation Area (15% interest). The acquisition was completed in June 2007. The total site area is approximately 86,758 square feet. Residential and retail properties with a total gross floor area of 650,684 square feet will be developed.

Macau Property Development

In December 2005, the Group acquired 5 parcels of adjoining land in Taipa, Macau (70.01% interest). The acquisition was completed in early 2006. The total site area is approximately 848,000 square feet and will be developed by four phases. Master Layout Plan has been submitted for approval. Foundation work of phase I is expected to commence in late 2007. The launching of phase I of this project is currently expected in late 2007.

Mainland China Property Investment

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 23-storey office/shopping complex including a 2-storey basement and has a total gross floor area of 263,708 square feet for leasing purpose. The average occupancy rates of the office and retail spaces of the tower were about 88% and 99% respectively for the six months ended 30th June, 2007.

Hilton Beijing (50% interest) maintained an average occupancy rate of 86.16% and achieved a gross operating profit of HK$50.88 million for the six months ended 30th June, 2007. Hilton Beijing is expanding by converting the adjacent auditorium into an executive tower. The construction work of the executive tower commenced in November 2006 and is expected to be completed in early 2008.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, was 89.56% let out as of June 2007.

The occupancy rate of the 79 retail outlets with a total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen in June 2007 was 97.25%.

The Group acquired two pieces of residential land at Dongda Street of Jinjiang District as well as Yingbin Road of Jinniu District in Chengdu in October 2006, having site area of 194,410 square feet and 795,625 square feet with respective gross floor area of 1.555 million square feet completed in 2009 and 3.76 million square feet completed in 2010. The land use rights were granted in May 2007 upon full settlement of land cost.

In January 2007, the Group further obtained a commercial and residential land at South Taisheng Road of Qingyang District in Chengdu, having site area of 404,264 square feet with a development scale of 3.2 million square feet to be completed in 2011. The land use right was granted in May 2007 upon full settlement of land cost.

The acquisitions reflect the Group’s confidence in Chengdu’s economy and its property market.

Acquisition of Cosmetics Business

On 29th June, 2007, Daily Best Limited, being an indirect wholly-owned subsidiary of the Company, acquired one share in the capital of The House of Kwong Sang Hong International Limited (“KSH”), representing the entire issued share capital of KSH, and the respective shareholder’s loan owing by KSH to Power Jade Limited (“Power Jade”) from Power Jade at a total consideration of HK$20 million (the “Acquisition”). KSH and its subsidiaries (the “KSH Group”) are principally engaged in manufacturing and retailing of cosmetic products. Some of the members of the KSH Group are the registered owners of trademarks or trademark applications in various countries in relation to the brand known as “Two Girls Brand”. As a result of the Acquisition, the Company obtains 100% control over the KSH Group's cosmetics business. The Acquisition constitutes a connected transaction for the Company.

POST BALANCE SHEET EVENTS

Disposal of carparking spaces

On 26th June, 2007, a sale and purchase agreement was entered into between Fine Pacific Limited and Top Cliff Ltd. as vendors (both being indirect wholly-owned subsidiaries of the Company), Paul Y. Holdings Company Limited as debt vendor (being a wholly-owned subsidiary of the Company) and Gold Long Enterprises Limited as purchaser (being a wholly-owned subsidiary of G-Prop (Holdings) Limited) in respect of the entire issued share capital of Remson Investment Limited and Minkind Development Limited together with certain loans at a total consideration of approximately HK$29 million. Grow Wealth Company Ltd, a wholly-owned subsidiary of Remson Investment Limited, and Minkind Development Limited respectively owns 25 carparking spaces at Bank of East Asia Harbour View Centre, No.56 Gloucester Road, Hong Kong (together with the right to use 5 adjoining spaces) and 6 carparking spaces and carport basement at Nine Queen’s Road Central. The disposal was formally completed on 31st July, 2007.

Acquisition of land in Mainland China

The Group, through its proposal of joint venture with Sino Group and CC Land Holdings Limited, has acquired one piece of land for residential and school purposes at Huaxin Street of Jiangbei District in Chongqing in July 2007 for a consideration of RMB4.18 billion. The land, at the north bank of the Jialing River, has a site area of 2,207,587 square feet and a gross floor area of 11 million square feet. A formal joint venture agreement for the development project will be executed among the parties in due course.

CORPORATE INFORMATION

Convertible Bonds and Issued Shares

In April and May 2005, the Company issued zero coupon Convertible Bonds in a principal amount of HK$1,810,000,000, due 2010 with a call and put option in May 2007 (“Convertible Bonds”).

In January 2007, Convertible Bonds with a total value of HK$4,000,000 were converted into 573,888 shares at the conversion price of HK$6.97.

On 20th April, 2007, the Company gave a notice to bondholders that it would redeem all outstanding Convertible Bonds with a total value of HK$318,500,000 on 21st May, 2007 pursuant to the terms and conditions of the Convertible Bonds. From 26th April, 2007 to 4th May, 2007, all the remaining bondholders exercised their conversion rights and accordingly the Company exercised its cash settlement option to the relevant bondholders pursuant to the terms and conditions of the Convertible Bonds.

There was no outstanding Convertible Bonds before the redemption date on 21st May, 2007. Application for withdrawal of listing of the Convertible Bonds on the Stock Exchange shall be made to the Stock Exchange by the Company.

The total number of issued shares of the Company as at 30th June, 2007 is 2,284,213,312.

Disposal of shares in G-Prop (Holdings) Limited

On 7th June, 2007, Million Point Limited, being an indirect wholly-owned subsidiary of the Company, placed 120,000,000 shares in the capital of G-Prop (Holdings) Limited (“G-Prop”) to third parties. As a result, the deemed interests of the Company and its associates in G-Prop have been reduced from approximately 50.10% to 34.99%. G-Prop therefore ceased to be a subsidiary of the Company and become an associated corporation of the Company.

Possible Offer

Reference is made to the announcements of the Company dated 3rd and 4th July, 2007 regarding expressions of interest in relation to the possible acquisition of the Company received from a number of third parties. On 1st August, 2007, the Company further announced that talks with all third parties in connection with the possible acquisition have been terminated because the terms of potential transaction resulting from expressions of interest were not deemed suitable for further consideration.

PROSPECTS

The global economy is generally positive and is projected for the year 2007. The stabilisation of interest rate and improving employment conditions could provide a favourable environment for our commercial and residential property investment business in Hong Kong. In general, the property markets of Macau and Mainland China should continue to be satisfactory in the near future.

The Group will continue to strengthen the value of its investment properties and enhance returns through redevelopment and renovation works such as Tung Ying Building, Tung Sang Building, Silvercord, Windsor House etc. It is expected that the Group will enjoy substantial rental growth from the future new leases.

In addition, the Group will continue to capture opportunities for replenishing its land bank for development projects in the Mainland China.

AUDIT COMMITTEE REVIEW

The interim results for the six months ended 30th June, 2007 are unaudited and have not been reviewed by the auditors of the Company. The audit committee of the Company, comprised of Mr. Chan, Kwok-wai, Mr. Cheng, Kwee and Ms. Phillis Loh, Lai-ping, the Independent Non-executive Directors ("INEDs"), has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements for the six months ended 30th June, 2007.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of interest of the shareholders and the Company as a whole. Throughout the six months ended 30th June, 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "Code") and complied with the code provisions (the "Code Provisions") and certain recommended best practices (the "Best Practices") set out in contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except the following deviation:–

- the roles of Chairman and Chief Executive Officer (the "CEO") were not segregated as Mr. Joseph Lau, Luen-hung ("Mr. Joseph Lau"), the CEO was also designated as the Chairman on 15th December, 2006. The Board considers that this structure will not impair the balance of power and authority of the Board. It currently comprises two Executive Directors, one Non-executive Director and three INEDs, with INEDs representing 50% of the Board, which is higher than the Best Practices. Such a high percentage of INEDs in the Board could ensure their views carry significant weight and it reflects a strong independence element in the composition of the Board. At present, the Board also believes that under the leadership of Mr. Joseph Lau as the Chairman and CEO, the Board's decision could be made effectively and it is beneficial to the management and development of the Group's businesses. The Board would still consider segregation of the roles of Chairman and CEO if and when appropriate.

To ensure better compliance with the Code, relevant amendments to the Company's Bye-laws were approved by shareholders at the annual general meeting held on 15th May, 2007 to provide that no Director (save for any executive chairman and managing director) shall hold office for a continuous period in excess of three years, or past the third annual general meeting, following the Directors' appointment or re-election, whichever is longer, without submitting himself/herself for re-election at the annual general meeting of the shareholders. As a result, Directors (save for any executive chairman and managing director) shall retire by rotation at least once every three years and a specific term of office has been fixed for appointment of Directors (save for any executive chairman and managing director). According to the Private Act for incorporating the Company as an exempted company under the law of Bermuda in 1989, it is stipulated that the executive chairman and any managing director should not be required to retire by rotation. As the Company is bound by the provisions of the Private Act, the Bye-laws cannot be amended to fully reflect the requirements of the Code. However, in order to comply with the Code Provisions, the Chairman and CEO of the Company is willing to voluntarily retire from his directorship at future annual general meetings of the Company at least once every three years, and being eligible, will offer himself for re-election at the relevant annual general meetings. Every Director will therefore retire either by rotation under the Bye-laws or voluntarily at least once every three years and will subject himself/herself to the absolute and free choice of the shareholders for re-election at the annual general meetings.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors, after specific enquiries by the Company, confirmed they have complied with the required standard set out in the Model Code and the said code of conduct during the six months ended 30th June, 2007.

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

Save as disclosed in the paragraph "Convertible Bonds and Issued Shares" under "Corporate Information" section, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2007.

APPRECIATION

I would like to take this opportunity to thank the shareholders for their continuing support. I also thank my fellow directors and staff members for their dedication and hard work.

On behalf of the Board
Joseph Lau, Luen-hung
Chairman

Hong Kong, 3rd August, 2007

As at the date of this announcement, the Board comprised Mr. Joseph Lau, Luen-hung and Mr. Lau, Ming-wai as Executive Directors, Ms. Amy Lau, Yuk-wai as Non-executive Director and Mr. Chan, Kwok-wai, Mr. Cheng, Kwee and Ms. Phillis Loh, Lai-ping as Independent Non-executive Directors.

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