MAGNIFICENT ESTATES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 201)

2007 INTERIM RESULTS

RESULTS

The board of directors (the "Board") of Magnificent Estates Limited (the "Company") announces that the unaudited consolidated profit attributable to shareholders of the Company and its subsidiaries (together the "Group") for the six months ended 30th June, 2007 amounted to approximately HK$668,506,000 (six months ended 30th June, 2006: HK$43,417,000). The unaudited consolidated results of the Group for the period, together with comparative figures for the previous period, are as follows:

Condensed Consolidated Income Statement
For the six months ended 30th June, 2007

		Six months ended	
	NOTES	30.6.2007	30.6.2006
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	99,637	86,556
Cost of sales		(2,114)	(1,876)
Other service costs		(44,964)	(43,773)
Depreciation and release of prepaid lease payments for land		(12,835)	(11,104)
Gross profit		39,724	29,803
Revaluation surplus/ increase in fair value of investment properties		784,249	30,800
Gain on change in value of leasehold interest in land upon transfer to investment properties		-	4,980
Other income		10,345	1,197
Decrease in fair value of investments held for trading		(531)	(472)
Administrative expenses		(7,457)	(6,144)
Share of loss of an associate		(4)	(8)
Finance costs	*5*	(14,077)	(9,255)
Profit before taxation	*6*	812,249	50,901
Taxation	*7*	(143,743)	(7,484)
Profit attributable to shareholders of the Company		668,506	43,417
Dividend	*8*	12,023	10,930
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		12.17	0.79

Condensed Consolidated Balance Sheet
At 30th June, 2007

	NOTES	30.6.2007 *HK$'000* (unaudited)	31.12.2006 *HK$'000* (audited)
Non-Current Assets			
Property, plant and equipment		396,990	394,780
Prepaid lease payments for land		603,253	596,487
Investment properties		1,894,700	634,330
Deposits for acquisition of land		73,000	-
Property under development		12,425	234,897
Interest in an associate		550	554
Available-for-sale investments		139,593	80,290
		3,120,511	1,941,338
Current Assets			
Inventories		667	615
Properties for sale		19,174	15,505
Investments held for trading		22,385	22,916
Prepaid lease payments for land		6,509	8,050
Trade and other receivables	*10*	7,455	12,343
Other deposits and prepayments		3,758	3,966
Deposit for acquisition of land		-	19,500
Trade balance due from an intermediate holding company	*10*	33	33
Pledged bank deposit		110	110
Bank balances and cash		144,299	6,493
		204,390	89,531
Current Liabilities			
Trade and other payables	*11*	36,562	41,026
Rental and other deposits received		9,441	7,026
Advance from immediate holding company		395,240	240,853
Trade balance due to immediate holding company	*11*	147	-
Amount due to an associate		2,269	2,269
Tax liabilities		8,825	4,547
Bank loans		462,196	315,743
		914,680	611,464
Net Current Liabilities		(710,290)	(521,933)
		2,410,221	1,419,405
Capital and Reserves			
Share capital		59,647	54,647
Share premium and reserves		2,091,103	1,244,752
Equity attributable to shareholders of the Company		2,150,750	1,299,399
Non-current Liability			
Deferred tax liabilities		259,471	120,006
		2,410,221	1,419,405

Notes:

1. BASIS OF PREPARATION

The 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 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the 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.

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

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

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

3. TURNOVER

	Six months ended 30.6.2007 *HK$'000* (unaudited)	Six months ended 30.6.2006 *HK$'000* (unaudited)
Income from operation of hotels	88,320	78,190
Property rental income	10,610	7,762
Interest from debt securities	667	604
Dividend income	40	-
	99,637	86,556

4. SEGMENT INFORMATION

Business segments

For management purposes, the Group is mainly organised into four operations. These operations based on which the Group reports its primary segment information are as follows:

Hospitality services	- investment in and operation of hotel
Property investment	- property letting
Property development and trading	- development and trading of properties
Securities investment and trading	- investment in and trading of securities

Segment information about these businesses is presented below:

Six months ended 30th June, 2007

	Hospitality Services HK$'000 (unaudited)	Property Investment HK$'000 (unaudited)	Securities investment and trading HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
TURNOVER				
External	88,320	10,610	707	99,637
SEGMENT RESULTS				
Operations	29,817	10,533	177	40,527
Revaluation surplus/ increase in fair value of investment properties	-	784,249	-	784,249
	29,817	794,782	177	824,776
Unallocated other income				9,587
Unallocated corporate expenses less amounts reimbursed by related companies				(8,033)
Share of loss of an associate				(4)
Finance costs				(14,077)
Profit before taxation				812,249
Taxation				(143,743)
Profit attributable to shareholders of the Comapny				668,506

Six months ended 30th June, 2006

	Hospitality Services HK$'000 (unaudited)	Property Investment HK$'000 (unaudited)	Securities Investment and trading HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
TURNOVER				
External	78,190	7,762	604	86,556
SEGMENT RESULTS				
Operations	25,439	7,455	132	33,026
Increase in fair value of investment properties	-	30,800	-	30,800
	25,439	38,255	132	63,826
Unallocated other income				524
Gain on change in value of leasehold interest in land upon transfer to investment properties				4,980
Unallocated corporate expenses less amounts reimbursed by related companies				(9,166)
Share of loss of an associate				(8)
Finance costs				(9,255)
Profit before taxation				50,901
Taxation				(7,484)
Profit attributable to shareholders of the Company				43,417

Geographical segments

The following is an analysis of the Group's turnover by geographical markets:

	Six months ended 30.6.2007 HK$'000 (unaudited)	30.6.2006 HK$'000 (unaudited)
Hong Kong	73,211	63,881
Macau	16,970	15,141
Other regions in the People's Republic of China	9,456	7,534
	99,637	86,556

5. FINANCE COSTS

	Six months ended 30.6.2007 *HK$'000* (unaudited)	30.6.2006 *HK$'000* (unaudited)
Interest on :		
Bank loans and overdrafts wholly repayable within five years	8,821	6,144
Advance from immediate holding company	8,884	6,132
	17,705	12,276
Less: amount capitalised in property under development	(3,628)	(3,021)
	14,077	9,255

6. PROFIT BEFORE TAXATION

	Six months ended 30.6.2007 HK$'000 (unaudited)	Six months ended 30.6.2006 HK$'000 (unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Release of prepaid lease payments for land	3,973	4,061
Less: amortisation capitalised in property under development	(834)	(885)
	3,139	3,176
Depreciation of property, plant and equipment	9,696	7,928
Interest on bank deposits, included in other income	(229)	(212)
Gain on disposal of property, plant and equipment, included in other income	(9,315)	-

7. TAXATION

	Six months ended 30.6.2007 *HK$'000* (unaudited)	Six months ended 30.6.2006 *HK$'000* (unaudited)
The taxation charge comprises:		
Current tax		
Hong Kong Profits Tax	4,278	2,368
Deferred tax	139,465	5,116
	143,743	7,484

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate for the full financial year.

8. DIVIDEND

During the period, the final dividend of HK0.22 cents per share in respect of the year ended 31st December, 2006 was paid to shareholders (six months ended 30.6.2006: HK0.20 cents per share in respect of the year ended 31st December, 2005).

The directors have resolved not to declare an interim dividend in respect of the current period (six months ended 30.6.2006: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2007	30.6.2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Results for the period and results for the purpose of calculating basis earnings per share	668,506	43,417

	Number of shares	
	'000	'000
	(unaudited)	(unaudited)
Weighted average of ordinary shares for the purpose of calculating basic earnings per share	5,492,325	5,464,701

Diluted earnings per share figures for the periods have not been shown as there were no potential dilutive ordinary shares outstanding during both of the periods presented.

10. TRADE AND OTHER RECEIVABLES/TRADE BALANCES DUE FROM AN INTERMEDIATE HOLDING COMPANY

Except for an average credit period of 30 to 60 days granted to travel agencies and customers of the hotels, the Group does not allow any credit period to its customers. The following is an aged analysis of the Group's receivables at the balance sheet date:

	30.6.2007	31.12.2006
	HK'000	HK$'000
	(unaudited)	(audited)
0-30 days	**6,164**	10,155
31-60 days	**1,146**	1,646
Over 60 days	**178**	575
	7,488	12,376
Analysed for reporting as:		
Trade and other receivables	**7,455**	12,343
Trade balance due from an intermediate holding company	**33**	33
	7,488	12,376

11. TRADE AND OTHER PAYABLES/TRADE BALANCE DUE TO IMMEDIATE HOLDING COMPANY

The following is an aged analysis of the Group's trade and other payables at the balance sheet date:

	30.6.2007 HK'000 (unaudited)	31.12.2006 HK$'000 (audited)
0-30 days	**29,310**	36,155
31-60 days	**633**	893
Over 60 days	**6,766**	3,978
	36,709	41,026
Analysed for reporting as:		
Trade and other payables	**36,562**	41,026
Trade balance due to immediate holding Company	**147**	-
	36,709	41,026

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2007 (six months ended 30.6.2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group continued with its operations of properties investment, development and leasing and operation of hotels.

The net assets before deferred tax after valuation on all asset properties ("Fully Revalued Net Assets") increased to approximately HK$3,500 million (HK$0.60 per share) as at the date of this announcement.

- For the six months ended 30th June, 2007, the Group's turnover was mostly derived from the aggregate of income from operation of hotels, properties rental income, interest and dividend income, which is analysed as follows:-

Turnover Income	**Six months ended 30.6.2007 HK$'000 (unaudited)**	30.6.2006 HK$'000 (unaudited)	**Percentage change**
Income from operation of hotels	**88,320**	78,190	**+13%**
Property rental income	**10,610**	7,762	**+37%**
Interest from debt securities	**667**	604	**+10%**
Dividend income	**40**	-	
Other income	**10,345**	1,197	**+764%**
Total	**109,982**	87,753	**+25%**

The income from operation of hotels increased by 13% from HK$78 million to HK$88 million for the same period compared with last year. The increase of turnover for the period was due to better tourism visit environment and smooth running the operations of Ramada Hotel Kowloon, Ramada Hong Kong Hotel, Best Western Hotel Taipa, Macau and Magnificent International Hotel, Shanghai.

	Ramada Hotel Kowloon		**Ramada Hong Kong Hotel**		**Best Western Hotel Taipa, Macau**		**Magnificent International Hotel, Shanghai**	
2007	**Avg Room Occupancy** *%*	**Avg Room Rate** *HK$*	**Avg Room Occupancy** *%*	**Avg Room Rate** *HK$*	**Avg Room Occupancy** *%*	**Avg Room Rate** *HK$*	**Avg Room Occupancy** *%*	**Avg Room Rate** *HK$*
Jan	97	624	93	512	90	261	53	345
Feb	94	541	89	495	92	418	55	335
Mar	97	670	96	634	90	275	76	417
Apr	96	860	90	730	97	208	88	406
May	96	551	88	489	94	306	83	378
Jun	96	506	94	489	87	271	82	372
Total Revenue	**27,191,000**		**35,810,000**		**15,863,000**		**9,456,000**	

The properties rental income was derived from office building of Shun Ho Tower and various shops of Ramada Hotel Kowloon, Ramada Hong Kong Hotel and Best Western Hotel Taipa, Macau amounted to approximately HK$10,610,000.

The successful completion of the grade A commercial building at 633 King's Road in May 2007 has led to a revaluation gain of HK$784 million. This represents a conservative valuation of the building at HK$1,260 million. The Board envisage this investment property will continue to bring revaluation gain in the years ahead.

During the period under review, the listed shares investment by the Company has increased in value of approximately HK$61 million. However, the increase in value of this long term investment was not reflected in the profit account for the period.

- Overall operating expenses for the Group was HK$45 million for the hotel operations and HK$7 million for the corporate management office. Operating costs for these hotels for the period under review was HK$45 million compared to HK$44 million last year.

  The approximate operating cost and improvement cost for each operating hotel was as follows:-

Name of Hotel	***HK$***
Centralized sales office	0.3 million per month
Ramada Hotel Kowloon	2.3 million per month
Ramada Hong Kong Hotel	2.5 million per month
Best Western Hotel Taipa, Macau	1.6 million per month
Magnificent International Hotel, Shanghai	0.8 million per month
Total	**HK$7.5 million per month (HK$45 million for the period)**

The accounting standards requires hotel properties to provide depreciation which amount to HK$12,835,000 for the period which affected the hotel operating profit.

Administrative expenses of HK$7 million for the six months ended 30th June, 2007 or HK$1.17 million per month was for corporate office representing directors' fees, salaries for executive staff and employees, rental, marketing and office expenses.

- As at 30th June, 2007, the overall debts was HK$857 million (31.12.2006: HK$557 million), of which HK$462 million (31.12.2006: HK$316 million) was bank borrowings and HK$395 million (31.12.2006: HK$241 million) was shareholder loan. The increase of overall debts was due to the acquisition of three hotel development properties for a total of approximately HK$960 million, the total interest expenses amounted to HK$18 million, of which HK$9 million was paid to bank borrowings and HK$9 million was paid to shareholder loan.

  The gearing ratio was approximately 40% (31.12.2006: 43%) or 24.7% in terms of external bank borrowings of HK$462 million (31.12.2006: HK$316 million) and advance from a shareholder of HK$395 million (31.12.2006: HK$241 million) against funds employed of HK$2,151 million (31.12.2006: HK$1,299 million) or Fully Revalued Net Assets of approximately HK$3,500 million respectively.

  The Group's bank borrowings carry interest at floating rates and are mainly denominated in Hong Kong dollar. Accordingly, the exchange risk of the Group is minimal. During the period under review, there was no significant changes in the Group's staffing level and remuneration and benefit were set with reference to the market.

FUTURE PROSPECTS

- For the period under review, the investment properties such as Shun Ho Tower, various shops in Ramada Hong Kong Hotel, Ramada Hotel Kowloon and Best Western Hotel Taipa, Macau were fully letted. It is expected that the rental revenue from these properties will continue to increase.

  During the period, the construction of the grade A office building at 633 King's Road was completed with occupation permit issued in May 2007. The Board envisages the office building with approximately 300,000 square feet will increase rental income for the Group substantially.

  For the period under review, there was no property disposal. However, the houses at Gold Coast Marina, Tuen Mun are available for sale.

- For the period under review, the turnover income for the 4 hotels was amounted to approximately HK$88 million, a 13% increase.

Name of Hotel	**Avg Room Occupancy 30.6.2007** *%*	Avg Room Occupancy 30.6.2006 *%*	**Avg Room Rate (Jan to Jun) 30.6.2007** *HK$*
Ramada Hotel Kowloon	**96**	93	625
Ramada Hong Kong Hotel	**92**	91	558
Best Western Hotel Taipa, Macau	**92**	88	290
Magnificent International Hotel, Shanghai	**73**	64	376

In the coming half year, it is envisage that the hotel business should further improve due to traditional travel autumn peak season. The Management of the hotels will endeavour to maintain the high occupancy but will focus on obtaining higher room rates.

It is the intention of the Group to build a portfolio of 3-4 stars hotels with significant market shares in Hong Kong. The expected annual operating return on these hotels will be about 13% on development cost and real estate capital gain potential of 50%. The Board believes these opportunities are readily available. The current four hotels owned by the Group offers about 1,000 rooms and the newly acquired hotel development sites in Sheung Wan, Causeway Bay and Tsimshatsui will add an additional 1,000 rooms. The Board aims to increase the number of hotel rooms to about 3,000 rooms to become a leading hotel rooms supplier in Hong Kong. Such strategy has and will continue to increase the value of the Group substantially.

Looking ahead, the Board considers that the prosperity and Olympic Games in China will continue to fuel international travels to Hong Kong and China. The implementation by the PRC Government of CEPA and the furtherance of relaxation of mainland travelers to visit Hong Kong help stimulate further regional tourism. It is envisaged that the hotel business should further improve in the coming year confirming the Group's correct strategy to build up a major portfolio of prime 4-star hotels in Hong Kong and major cities of China. The continuous increase of inbound tourists justified the Group's intention to expand the Group's hotel assets. The recent rising property prices also add momentum to the Hong Kong business environment that brings benefit to the Group's commercial portfolio in Central and North Point. The Group will continue to acquire quality hotels and investment/development properties should the opportunity arises.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period.

CORPORATE GOVERNANCE

(a) Compliance with the Code on Corporate Governance Practices

During the period, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except the following:

Code Provision A.2.1

The Company does not have separate appointments for Chairman and Chief Executive Officer. Mr. William CHENG Kai Man holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person enables the Company to have a stable and consistent leadership. It will also facilitate the planning and execution of the Company's strategy and is hence, for the interests of the Company and its shareholders.

Code Provision A.4.1

Non-executive directors of the Company have no set term of office but retire from office on a rotational basis at least once every three years. Amendment to the articles of association of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 27th May, 2005 whereby every director shall be subject to retirement by rotation at least once every three years. The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are no less exacting than those in the Code.

(b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

REVIEW BY THE AUDIT COMMITTEE

The audit committee has reviewed the unaudited financial results of the Group for the six months ended 30th June, 2007.

By Order of the Board

William CHENG Kai Man
Chairman

Hong Kong, 13th September, 2007

As at the date hereof, the Board comprises seven Directors, of which two are Executive Directors, namely Mr. William Cheng Kai Man and, Mr. Albert Hui Wing Ho; two are Non-executive Directors, namely Mr. David Cheng Kai Ho and Madam Mabel Lui Fung Mei Yee; and three are Independent Non-executive Directors, namely Mr. Vincent Kwok Chi Sun, Mr. Chan Kim Fai and Mr. Hui Kin Hing.