WING ON COMPANY INTERNATIONAL LIMITED
永安國際有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 289)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The directors of Wing On Company International Limited ("the Company") announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 ("interim financial report").

INDEPENDENT REVIEW

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, this interim financial report has been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2007	2006 (restated)
	Note	**HK$'000**	HK$'000
Turnover	2	**614,862**	569,571
Other revenue	3	**40,650**	32,598
Other net gain	3	**53,375**	11,517
Cost of department store sales		**(253,860)**	(234,075)
Cost of property leasing activities		**(34,861)**	(28,832)
Other operating expenses		**(166,863)**	(167,242)
Profit from operations		**253,303**	183,537
Finance costs	4(a)	**(29,807)**	(25,302)
		223,496	158,235
Net valuation gain on investment properties		**457,646**	166,450
		681,142	324,685
Share of profits of associates		**16,849**	25,107
Profit before taxation	4	**697,991**	349,792
Income tax	5	**(102,552)**	(50,101)
Profit for the period		**595,439**	299,691
Attributable to:			
Shareholders of the Company		**595,104**	299,488
Minority interests		**335**	203
Profit for the period		**595,439**	299,691
Dividends attributable to the interim period:			
Interim dividend and special dividend declared and payable after the interim period end	6(a)	**366,204**	53,159
Basic earnings per share	7	**201.5 cents**	101.4 cents

CONSOLIDATED BALANCE SHEET

	Note	At 30 June 2007 HK$'000	At 31 December 2006 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**5,537,490**	4,971,903
- Other property, plant and equipment		**707,247**	728,969
		6,244,737	5,700,872
Goodwill		**1,178**	1,178
Interest in associates		**713,098**	683,222
Available-for-sale securities		**29,881**	30,793
Deferred tax assets		**34,990**	35,201
		7,023,884	6,451,266
Current assets			
Asset held for sale		**55,357**	-
Trading securities		**249,196**	208,325
Inventories		**66,210**	71,877
Debtors, deposits and prepayments	8	**58,623**	58,377
Current tax recoverable		**1,036**	2,142
Amounts due from fellow subsidiaries		**8,100**	4,788
Amounts due from associates		**809**	-
Cash and cash equivalents		**1,434,280**	1,350,169
		1,873,611	1,695,678
Current liabilities			
Creditors and accrued charges	9	**318,771**	301,708
Current tax payable		**19,454**	9,745
Amounts due to fellow subsidiaries		**1,196**	1,217
Amounts due to associates		**59**	14,370
		339,480	327,040
Net current assets		**1,534,131**	1,368,638
Total assets less current liabilities		**8,558,015**	7,819,904
Non-current liabilities			
Secured bank loan		**851,878**	783,206
Deferred tax liabilities		**788,416**	689,891
		1,640,294	1,473,097
Net assets		**6,917,721**	6,346,807
Capital and reserves			
Share capital		**29,533**	29,533
Reserves		**6,873,444**	6,302,937
Total equity attributable to shareholders of the Company		**6,902,977**	6,332,470
Minority interests		**14,744**	14,337
Total equity		**6,917,721**	6,346,807

Consolidated statement of changes in equity for the six months ended 30 June 2007

		Attributable to shareholders of the Company									
	Note	Share capital HK$'000	Land and building revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Contributed surplus HK$'000	Retained earnings (note) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2007		29,533	174,939	2,742	217,759	(8,220)	754,347	5,161,370	6,332,470	14,337	6,346,807
Changes in fair value of available-for-sale securities		-	-	(912)	-	-	-	-	(912)	-	(912)
Share of cash flow hedges of an associate: changes in fair value of effective portion, net of deferred tax		-	-	-	-	9,544	-	-	9,544	-	9,544
Exchange differences on translation of financial statements of overseas subsidiaries		-	-	-	112,704	-	-	-	112,704	72	112,776
Share of exchange differences on translation of financial statements of overseas associates		-	-	-	3,483	-	-	-	3,483	-	3,483
Release of exchange reserve upon return on investments in overseas subsidiaries		-	-	-	(16,519)	-	-	-	(16,519)	-	(16,519)
Net income for the period recognised directly in equity		-	-	(912)	99,668	9,544	-	-	108,300	72	108,372
Profit for the period		-	-	-	-	-	-	595,104	595,104	335	595,439
Total recognised income and expense for the period		-	-	(912)	99,668	9,544	-	595,104	703,404	407	703,811
Dividends approved in respect of the previous year	6(b)	-	-	-	-	-	-	(132,897)	(132,897)	-	(132,897)
		-	-	(912)	99,668	9,544	-	462,207	570,507	407	570,914
At 30 June 2007		29,533	174,939	1,830	317,427	1,324	754,347	5,623,577	6,902,977	14,744	6,917,721

Note:
Retained earnings attributable to the shareholders of the Company as at 30 June 2007 include net valuation gain on investment properties after deferred tax of HK$2,646,857,000 (as at 31 December 2006: HK$2,271,500,000).

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Cash generated from operations	**193,440**	144,343
Tax paid	**(6,952)**	(20,828)
Net cash generated from operating activities	**186,488**	123,515
Net cash generated from investing activities	**5,108**	31,595
Net cash used in financing activities	**(162,891)**	(176,250)
Net increase/(decrease) in cash and cash equivalents	**28,705**	(21,140)
Cash and cash equivalents at 1 January	**1,350,169**	1,160,715
Effect of foreign exchange rates changes	**55,406**	6,785
Cash and cash equivalents at 30 June	**1,434,280**	1,146,360

	At 30 June 2007	At 30 June 2006
	HK$'000	HK$'000
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**123,968**	63,188
Bank deposits	**1,310,312**	1,083,172
Cash and cash equivalents	**1,434,280**	1,146,360

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the HKICPA. It was authorised for issue on 14 September 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements. In the current interim period, the Group has applied, for the first time, certain new standards and amendments issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new standards and amendments had no material effect on how the results for the current and/or prior accounting periods are prepared and presented.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 31 December 2006 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2006 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 12 April 2007.

2. Turnover and segment reporting

The principal activities of the Group during the period were the operation of department stores and property investment.

The Group's turnover for the period comprises the invoiced value of goods sold to customers less returns, net income from concession sales and income from property investment and is analysed by principal activities as follows:

	Six months ended 30 June	
	2007	2006 (restated)
	HK$'000	HK$'000
Sale of goods	**383,216**	356,501
Net income from concession sales	**90,544**	86,667
Department stores	**473,760**	443,168
Property investment	**141,102**	126,403
	614,862	569,571

In prior periods, revenue from concession sales and the related cost of sales were presented on a gross basis within turnover and costs of sales respectively. During the year ended 31 December 2006, the Group changed the basis of presentation of income derived from concession sales from a gross basis to a net basis in order to be consistent with prevailing industry best practice. Accordingly, turnover of the Group includes the net income attributable to the Group from concession sales rather than gross revenue generated from concession sales. As a result of this change in presentation, the Group's turnover and cost of sales for the six months ended 30 June 2007 have been both reduced by HK$243,672,000 (six months ended 30 June 2006: HK$236,356,000). Comparative figures have been restated to conform to the new presentation. There has been no impact on the profit and net assets of the Group from the adoption of this new presentation for the periods presented.

2. Turnover and segment reporting (continued)

The Group's primary format for reporting segment information is business segments which comprise the following:

Department stores: The operating of department stores to offer a wide range of consumer products.

Property investment: The leasing of commercial premises to generate rental income.

	Department stores Six months ended 30 June		Property investment Six months ended 30 June		Inter-segment elimination Six months ended 30 June		Unallocated Six months ended 30 June		Total Six months ended 30 June	
	2007	2006 (restated)	2007	2006	2007	2006	2007	2006	2007	2006 (restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers (turnover)	473,760	443,168	141,102	126,403	-	-	-	-	614,862	569,571
Inter-segment revenue	-	-	37,514	40,475	(37,514)	(40,475)	-	-	-	-
Other revenue from external customers	-	-	-	-	-	-	891	898	891	898
Total	473,760	443,168	178,616	166,878	(37,514)	(40,475)	891	898	615,753	570,469
Segment result	52,152	37,406	123,815	111,430	-	-	-	-	175,967	148,836
Interest income from bank deposits									36,883	28,659
Unallocated operating income net of expenses									40,453	6,042
Profit from operations									253,303	183,537
Finance costs									(29,807)	(25,302)
									223,496	158,235
Net valuation gain on investment properties	-	-	457,646	166,450	-	-	-	-	457,646	166,450
									681,142	324,685
Share of profits of associates	-	-	-	-	-	-	16,849	25,107	16,849	25,107
Profit before taxation									697,991	349,792
Income tax									(102,552)	(50,101)
Profit for the period									595,439	299,691

3. Other revenue and other net gain

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Other revenue		
Interest income from bank deposits	**36,883**	28,659
Interest income from listed securities	**252**	216
Dividend income from listed securities	**2,054**	2,225
Dividend income from unlisted securities	**570**	600
Others	**891**	898
	40,650	32,598
Other net gain		
Net gain on remeasurement to fair value of trading securities	**22,925**	2,198
Net realised gain on disposal of trading securities	**4,577**	8,541
Net foreign exchange gain	**9,595**	768
Release of exchange reserve upon return on investments in overseas subsidiaries	**16,519**	-
Net loss on dissolution of a subsidiary	**(241)**	-
Net gain on disposal of fixed assets	**-**	10
	53,375	11,517

4. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007	2006 (restated)
	HK$'000	HK$'000
(a) Finance costs:		
Interest on bank loans repayable within five years	**29,807**	25,302
(b) Staff costs (excluding directors' remuneration):		
Contributions to defined contribution retirement plans	**4,751**	4,641
Salaries, wages and other benefits	**80,731**	78,460
	85,482	83,101
(c) Rentals received and receivable from investment properties:		
Gross rentals	**(141,102)**	(126,403)
Less: direct outgoings	**34,861**	28,832
	(106,241)	(97,571)
(d) Other items:		
Depreciation and amortisation		
- owned assets	**22,958**	27,184
- lease incentives	**4,294**	3,283
Operating lease charges		
- minimum lease payments on hire of land and buildings	**14,954**	14,911
- contingent rentals on hire of land and buildings	**498**	879
Cost of inventories sold	**253,860**	234,075

5. Income tax in the consolidated income statement

	Six months ended 30 June 2007 HK$'000	Six months ended 30 June 2006 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	**13,677**	11,745
Current tax – Overseas		
Provision for the period	**3,804**	4,628
Under/(over)-provision in respect of prior periods	**404**	(26)
	4,208	4,602
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**82,289**	30,903
- other temporary differences	**2,378**	2,851
	84,667	33,754
Total income tax expense	**102,552**	50,101

The provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the six months ended 30 June 2007. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

6. Dividends

(a) Dividends payable to shareholders of the Company attributable to the interim period:

	Six months ended 30 June 2007 HK$'000	Six months ended 30 June 2006 HK$'000
Interim dividend declared and payable after the interim period end of 24 HK cents (2006: 18 HK cents) per share	**70,878**	53,159
Special dividend declared and payable after the interim period end of 100 HK cents (2006: nil) per share	**295,326**	-
	366,204	53,159

Both the interim dividend and the special dividend declared after the interim period end have not been recognised as liabilities at the balance sheet date.

(b) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June 2007 HK$'000	Six months ended 30 June 2006 HK$'000
Final dividends in respect of the financial year ended 31 December 2006, approved and paid during the following interim period of 45 HK cents (31 December 2005: 51 HK cents) per share	**132,897**	150,616

7. Basic earnings per share

(a) The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of the Company for the six months ended 30 June 2007 of HK$595,104,000 (six months ended 30 June 2006: HK$299,488,000) divided by 295,326,000 shares (2006: 295,326,000 shares) in issue during the interim period.

There were no outstanding potential shares throughout the periods presented.

(b) Adjusted basic earnings per share excluding the net valuation gain on investment properties and the related deferred tax thereon

For the purpose of assessing the underlying performance of the Group, the management is of the view that the profit for the period should be adjusted for the net valuation gain on investment properties and the related deferred tax thereon in arriving at the "underlying profit attributable to the shareholders of the Company".

The difference between the underlying profit attributable to shareholders of the Company and profit attributable to shareholders of the Company as shown in the consolidated income statement for the period is reconciled as follows:

	Six months ended 30 June			
	2007		2006	
		Amount per share		Amount per share
	HK$'000	**HK cents**	HK$'000	HK cents
Profit attributable to shareholders of the Company as shown in the consolidated income statement	**595,104**	**201.5**	299,488	101.4
Net valuation gain on investment properties	**(457,646)**	**(155.0)**	(166,450)	(56.4)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	**82,289**	**27.9**	30,903	10.5
Underlying profit attributable to shareholders of the Company	**219,747**	**74.4**	163,941	55.5

8. Debtors, deposits and prepayments

	At 30 June 2007 HK$'000	At 31 December 2006 HK$'000
Trade and other debtors, net of impairment loss for bad and doubtful debts	**19,053**	19,618
Deposits and prepayments	**39,570**	38,759
	58,623	58,377

The ageing analysis of trade and other debtors, net of impairment loss for bad and doubtful debts, is as follows:

	At 30 June 2007 HK$'000	At 31 December 2006 HK$'000
Current or less than one month overdue	**17,765**	18,098
One to three months overdue	**603**	1,110
More than three months overdue	**685**	410
	19,053	19,618

Debts are normally due within 30 days from the date of billing.

9. Creditors and accrued charges

	At 30 June 2007 HK$'000	At 31 December 2006 HK$'000
Trade and other creditors	**285,217**	274,074
Accrued charges	**33,554**	27,634
	318,771	301,708

The ageing analysis of trade and other creditors is as follows:

	At 30 June 2007 HK$'000	At 31 December 2006 HK$'000
Amounts not yet due	**198,330**	191,840
On demand or overdue for less than one month	**80,141**	75,890
One to three months overdue	**1,929**	1,716
Three to twelve months overdue	**4,817**	4,628
	285,217	274,074

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2007, the Group's turnover increased by 8% to HK$614.9 million (2006 restated: HK$569.6 million). This was mainly due to the increase in the Group's department stores' turnover and the improved rental income from the Group's investment properties.

Profit attributable to shareholders for the first half of 2007 was HK$595.1 million (2006: HK$299.5 million). Excluding the net valuation gain on investment properties and related deferred tax thereon, underlying profit attributable to shareholders increased by 34.0% to HK$219.7 million (2006: HK$163.9 million). This increase was recorded as a result of the increased profit contribution from the Group's investment properties, department stores business, investments in securities and increases in interest income and foreign exchange gains; offset partially by a reduced contribution from the Group's automobile dealership associate in the United States.

Earnings per share increased to 201.5 HK cents per share from the 101.4 HK cents per share achieved for the same period last year. Excluding the net valuation gain on investment properties and related deferred tax thereon, underlying earnings per share for the period increased by 34.0% to 74.4 HK cents per share (2006: 55.5 HK cents per share).

In view of the satisfactory results achieved, the directors have decided to pay an interim dividend of 24 HK cents (2006: 18 HK cents) per share, absorbing a total amount of HK$70,878,000 (2006: HK$53,159,000). In addition to the interim dividend, the directors are pleased to declare and pay a special one-off dividend of 100 HK cents per share to commemorate the centenary of the founding of the Group's department stores business in 1907. Both the interim dividend and the special dividend will be paid on 25 October 2007 (Hong Kong time) to shareholders whose names appear on the Register of Members of the Company on 18 October 2007 (Hong Kong time). The Register of Members will be closed from 11 October 2007 to 18 October 2007 (Hong Kong time), both dates inclusive, during which period no share transfer will be accepted.

To qualify for the interim dividend and the special dividend, transfers to be dealt with must be lodged with the Company's Share Registrars, Tricor Progressive Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 10 October 2007 (Hong Kong time).

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 30 June 2007 was HK$6.9 billion, an increase of 9.0% compared to that at 31 December 2006. With cash and listed marketable securities at 30 June 2007 of about HK$1.6 billion as well as available banking facilities, the Group has sufficient liquidity to meet its current commitments and working capital requirements.

Borrowings and Charges on Group Assets

At 30 June 2007, the Group's total borrowings amounted to HK$851.9 million, an increase of about HK$68.7 million, due mainly to exchange differences, as compared to that at 31 December 2006. The Group's total borrowings of HK$851.9 million relate to a mortgage loan for Australian investment properties which is repayable after two years but within five years. In view of this maturity profile of the borrowings, the repayment pressure is low. Certain assets, comprising principally property interests with a book value of HK$4.9 billion, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$1.0 billion. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The gearing ratio, which is computed as the total borrowings of the Group divided by shareholders' equity of the Group at 30 June 2007, was 12.3% as compared with 12.4% at 31 December 2006.

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy. To minimise exposure to foreign exchange fluctuations, the Group's borrowings in Australia for its Melbourne property investment are denominated in Australian currency. Hence, the foreign exchange exposure is limited to the net investments in overseas subsidiaries of approximately HK$1.6 billion at 30 June 2007 (at 31 December 2006: HK$1.5 billion).

The Group's borrowings are on a floating rate basis. For overseas borrowings, when appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards may be used to assist in the Group's management of interest rate exposure. The Group's cash and bank balances are mainly denominated in Hong Kong, United States and Australian currencies. The use of financial instruments for hedging the Group's interest rate and foreign exchange exposure is closely monitored.

Capital Commitments and Contingent Liabilities

At 30 June 2007, the total amount of the Group's capital expenditure commitments was HK$1,558,000 (at 31 December 2006: HK$1,372,000) and contingent liabilities were insignificant.

HALF YEAR BUSINESS REVIEW

Department Store Operations

For the six months ended 30 June 2007, the Group's department stores' turnover increased by 6.9% to HK$473.8 million (2006 restated: HK$443.2 million). The local economy remained strong throughout the period under review. In addition to the department stores' regular sales and promotional campaigns, the Group held additional sales and marketing events during the period under review to celebrate the centenary of its department stores. The Group's department stores business achieved an operating profit of HK$52.2 million (2006: HK$37.4 million), an increase of 39.6% when compared to the same period last year.

Property Investment

The Group's property investment income for the period under review amounted to HK$123.8 million (2006: HK$111.4 million), an increase of 11.1%. During the first half of the year, the Group benefited from the strong demand for office space in Hong Kong, which had pushed rents and occupancy rates upward, and achieved a 17.2% increase in rental income from its investment properties in Hong Kong to HK$69.5 million (2006: HK$59.3 million) while maintaining an overall occupancy rate of over 95%. Income from the Group's commercial properties in Australia decreased by 7.3% to HK$51.0 million (2006: HK$55.0 million). This was due mainly to lower rental rates achieved for renewals and new lettings during the period under review. During the period under review, demand in the Melbourne office market remained strong with vacancy rates in the market continuing to decline. However, the office leasing market in Melbourne remained highly competitive. The Group had to offer leasing incentives for new lettings and renewals for its commercial properties in Melbourne, thus resulting in a drop in rental income. The overall occupancy rate for the commercial investment properties in Australia was about 90%.

Automobile Dealership Business

The Group's associate in the United States engaging in the automobile dealership business attained a 14.5% growth in turnover compared to the same period last year as a result of the acquisition of several large dealerships in the latter part of 2006. Despite the turnover growth, the associate was affected by the continued decline in the car sales market in the United States, increased operational expenses and interest costs associated with the acquisition of dealerships, and the reduction in gains on sale of dealerships. Accordingly, the associate recorded a decrease of 34% in profit after taxation when compared to the same period last year.

Others

During the period under review, the Group recorded a net exchange gain of HK$9.6 million (2006: HK$0.8 million) mainly from its Australian dollar deposits and recognised a foreign exchange gain of HK$16.5 million upon the return of investments from subsidiaries in Australia. The Group's investments in securities generated a profit of HK$29.9 million during the first half of 2007, compared to HK$13.4 million achieved in the corresponding period last year.

Staff

As at 30 June 2007, the Group had a total staff of 959 (at 30 June 2006: 964). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2006 Annual Report.

OUTLOOK FOR THE REMAINDER OF 2007

Despite recent volatility in stock markets, the Group expects the current positive economic conditions in Hong Kong to remain as the driving force for the growth in retail sales for the remainder of the year. The Group anticipates its department stores business will perform in line with the upward retail market trend. Office rental income from investment properties in Hong Kong will continue to benefit from strong office demand, while profit contribution from investment properties in Australia will remain stable. Our automobile dealership associate in the United States is expected to continue to contribute profits to the Group.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2007 save as below mentioned. However, the following action has been taken by the Company in order to ensure compliance with the Code.

The Company's non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Bye-Laws. The Board has since April 2006 agreed that all directors (including non-executive directors) appointed or elected in future be appointed or elected for a fixed term of not more than three years. The Company has followed this practice since the Annual General Meeting held on 14 June 2006 so that when a director's current term expires, he or she may only be re-elected for a fixed term of not more than three years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all directors and all directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 14 September 2007

As at the date of this announcement, the Members of the Board are Mr. Karl C. Kwok (Chairman), Mr. Lester Kwok (Deputy Chairman and Chief Executive Officer), Dr. Bill Kwok, Mr. Mark Kwok, Dr. Kwok Man Cho, Dr. Philip Kwok, Miss Maria Tam Wai Chu (Independent non-executive director), Mr. Ignatius Wan Chiu Wong (Independent non-executive director), Mr. Iain F. Bruce (Independent non-executive director) and Mr. Anthony Francis Martin Conway (Independent non-executive director).