

## Review of Interim Results

The unaudited interim results of the Group for the six months ended 31st December, 2006 have been reviewed by the Audit Committee and auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

## Directors' Interests in Shares, Underlying Shares and Debentures

As at 31st December, 2006, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") were as follows :

### (A) the Company <sup>(i)</sup>

Directors	Shares				Underlying shares of equity derivatives <sup>(iii)</sup>	Total interests	% of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(ii)</sup> (interests of controlled corporation)	Other interests			
Gordon Ying Sheung WU	6,249,402	2,491,000	10,124,999	3,068,000 <sup>(iv)</sup>	—	21,933,401	0.74%
Eddie Ping Chang HO	1,824,046	136,554	205,000	—	—	2,165,600	0.07%
Thomas Jefferson WU	4,803,000	—	82,000	—	—	4,885,000	0.16%
Alan Chi Hung CHAN	80,000	—	—	—	—	80,000	0.00%
Leo Kwok Kee LEUNG	1,000	—	—	—	2,000,000	2,001,000	0.07%
Kojiro NAKAHARA	1,067	—	—	—	—	1,067	0.00%

**Notes :**

- (i) All interests in the shares and underlying shares of equity derivatives of the Company were long positions. None of the Directors or chief executives held any short position in the shares and underlying shares of equity derivatives of the Company.
- (ii) The corporate interests were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The interests in underlying shares of equity derivatives represented interests in options granted to Directors under the Company's share option scheme to subscribe for shares of the Company, further details of which are set out in the section headed "Share Options".
- (iv) The other interests in 3,068,000 shares represented the interests held jointly by Sir Gordon Ying Sheung WU ("Sir Gordon WU") and Lady Ivy Sau Ping KWOK WU ("Lady Ivy WU").

## OTHER INFORMATION (continued)

### (B) Associated Corporation

Hopewell Holdings Limited (“HHL”)

Directors	HHL shares				Underlying shares of equity derivatives	Total interests	% of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(i)</sup> (interests of controlled corporation)	Other interests			
Gordon Ying Sheung WU	73,803,032	21,910,000	111,250,000	30,680,000 <sup>(ii)</sup>	—	237,643,032	26.45%
Eddie Ping Chang HO	24,273,462	1,365,538	2,050,000	—	—	27,689,000	3.08%
Thomas Jefferson WU	27,170,000	—	820,000	—	—	27,990,000	3.12%
Alan Chi Hung CHAN	585,000	—	—	—	—	585,000	0.07%
Cheng Hui JIA	241,000	—	—	—	—	241,000	0.03%
Lee Yick NAM	90,000	—	—	—	—	90,000	0.01%
Kojiro NAKAHARA	10,671	—	—	—	—	10,671	0.00%
Barry Chung Tat MOK	—	—	—	—	2,500,000 <sup>(iii)</sup>	2,500,000	0.28%

Notes:

(i) The corporate interests of HHL shares were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(ii) The other interests in 30,680,000 HHL shares represented the interest held by Sir Gordon WU jointly with Lady Ivy WU.

(iii) The interests in underlying shares of equity derivatives represented interests in HHL share options granted under the share option scheme of HHL adopted on 1st November, 2003 to subscribe for HHL shares, details of which are set out below :

Director	Date of grant	Exercise price per share HK\$	Number of outstanding options	Exercise period
Barry Chung Tat MOK	02/09/2005	19.94	2,500,000	02/03/2006 – 01/03/2009

All the above interests in the shares and underlying shares of equity derivatives of associated corporation were long positions.

Save as aforesaid, as at 31st December, 2006, none of the Directors or chief executives had any other interests or short position in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Share Options

- (a) The share option scheme of the Company was approved by the written resolutions of the then sole shareholder of the Company passed on 16th July, 2003 and approved by shareholders of Hopewell Holdings Limited at an extraordinary general meeting held on 16th July, 2003 (the “Option Scheme”). The Option Scheme will expire on 15th July, 2013.
- (b) Details of the movement of share options under the Option Scheme during the period ended 31st December, 2006 were as follows :

	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 31/12/2006	Exercise period	Closing price before date of grant falling within the period HK\$
			Outstanding at 01/07/2006	Granted during the period	Exercised during the period	Cancelled/lapsed during the period				
<b>Director</b>										
Leo Kwok Kee LEUNG	08/09/2004	4.875	2,000,000	—	—	—	2,000,000	08/09/2004 - 07/09/2007	N/A	
<b>Employee</b>										
	08/09/2004	4.875	400,000	—	100,000	—	300,000	08/09/2004 - 07/09/2007	N/A	
<b>Employees</b>										
	17/10/2006	5.858	—	6,200,000	—	—	6,200,000	01/12/2007 - 30/11/2013	5.710	
<b>Total</b>			2,400,000	6,200,000	100,000	—	8,500,000			

The weighted average closing price of the shares on the date immediately before the date on which the options were exercised by the employee during the period was HK\$5.67.

## OTHER INFORMATION (continued)

The options granted on 8th September, 2004 are exercisable from the date of grant while the options granted on 17th October, 2006 are exercisable in the following manner :

<i>Maximum options exercisable</i>	<i>Exercisable period</i>
20% of options granted	from the expiry of 12 months from 1st December, 2006 up to 30th November, 2008
40% of options granted (including those not previously exercised)	from the expiry of 24 months from 1st December, 2006 up to 30th November, 2009
60% of options granted (including those not previously exercised)	from the expiry of 36 months from 1st December, 2006 up to 30th November, 2010
80% of options granted (including those not previously exercised)	from the expiry of 48 months from 1st December, 2006 up to 30th November, 2011
100% of options granted (including those not previously exercised)	from the expiry of 60 months from 1st December, 2006 up to 30th November, 2013

The fair value of the share options granted during the period with the exercise price per share of HK\$5.858 is estimated at approximately HK\$5,814,000 at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK\$5.700 per share at the grant date, the historical volatility of share price of the Company of 23% which is based on rolling two-year volatility of the Company's share price over last three years, expected life of options of 7 years, expected dividend yield of 4.75%, and the risk-free rate of 3.969% with reference to the rate on the 7-year Exchange Fund Notes.

The Binomial option pricing model was developed for use in estimating the fair value of traded option. Such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the period are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

## Substantial Shareholders

As at 31st December, 2006, to the best knowledge of the Directors, the interests of persons (other than Directors and chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows :

<b>Name</b>	<b>Capacity</b>	<b>Number of shares (corporate interests)</b>	<b>% of issued share capital</b>
Anber Investments Limited	Beneficial owner	2,160,000,000 <sup>(A)</sup>	72.78%
Delta Roads Limited	Interests of controlled corporation	2,160,000,000 <sup>(A)</sup>	72.78%
Dover Hills Investments Limited	Interests of controlled corporation	2,160,000,000 <sup>(A)</sup>	72.78%
Supreme Choice Investments Limited	Interests of controlled corporation	2,160,000,000 <sup>(A)</sup>	72.78%
Hopewell Holdings Limited	Interests of controlled corporation and Beneficial owner <sup>(B)</sup>	2,160,943,000 <sup>(B)</sup>	72.81%

Notes:

(A) The 2,160,000,000 shares were held by Anber Investments Limited ("Anber"), a wholly-owned subsidiary of Delta Roads Limited ("Delta") which was wholly-owned by Dover Hills Investments Limited ("Dover"). Dover was in turn 100% owned by Supreme Choice Investments Limited ("Supreme"), a wholly-owned subsidiary of Hopewell Holdings Limited ("HHL"). The interests of Anber, Delta, Dover, Supreme and HHL in 2,160,000,000 shares were long positions, represented the same block of shares and were deemed under the SFO to have same interests with each other.

(B) 943,000 shares were held as beneficial owner and the remaining 2,160,000,000 shares were held through interests of controlled corporations referred to in Note (A).

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 31st December, 2006.

## Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption by the Company or any of its subsidiaries of securities of the Company during the six months ended 31st December, 2006.

## **OTHER INFORMATION** (continued)

### **Employees and Remuneration Policies**

As at 31st December, 2006, the Group, excluding the joint venture companies, had a total of 38 full-time staff, with 26 in Hong Kong and 12 in the PRC. The Group continues to provide competitive remuneration packages to employees based on the market situation and individual performance. In addition, the Group also provides various fringe benefits including medical and personal accident insurance coverage. Share options under the Option Scheme of the Company and discretionary bonuses may be granted to employees based on individual performance and the Group's performance as well. In January 2007, the Company adopted a share award scheme to recognise the contributions by certain employees of the Group, to give incentive thereto for retention purpose and to attract suitable personnel for further development of the Group. To maintain the proficiency and productivity of our staff, training programs are conducted on an ongoing basis throughout the Group. In 2006, we launched a two year Graduate Trainee Program to develop potential young talent and to groom tomorrow's leaders for taking up management positions in the Group.

### **Corporate Governance**

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

### **Model Code for Securities Transactions**

The Company has adopted the Model Code as its own code for securities transactions by the Company's Directors and relevant employees who are or may be in possession of unpublished price sensitive information. Based on the specific enquiries made of all Directors, each of the Directors has confirmed that he has complied fully with the Model Code throughout the period under review.

## Disclosure under Chapter 13.18 of the Listing Rules

Pursuant to a loan agreement entered into by a wholly-owned subsidiary of the Company for a facility in the aggregate amount of HK\$3.6 billion with a tenor of 5 years from 13th October, 2005, it will be an event of default if the Company ceases at any time to be a subsidiary of Hopewell Holdings Limited.

On behalf of the Board

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE

*Chairman*

Hong Kong, 1st March, 2007