



NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

Interim Report 2007

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RESULTS HIGHLIGHT

	Unaudited	
	Six months ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
Turnover	79,998	53,208
Profit attributable to equity holders of the Company	101,045	45,143
Profit attributable to equity holders of the Company – excluding changes in fair value of investment properties and related deferred tax	53,014	33,181
Earnings per share	HK\$2.29	HK\$1.02
Earnings per share – excluding changes in fair value of investment properties and related deferred tax	HK\$1.20	HK\$0.75

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2007 showed a profit of HK\$101.0 million (2006: HK\$45.1 million). The current period's profit included a net gain of HK\$48.0 million resulting from the revaluation of the Company's investment properties on a fair value basis. If the effect of the revaluation had been excluded, the current half year's profit would have been HK\$53.0 million (2006: HK\$33.2 million). Earnings per share were HK\$2.29 (2006: HK\$1.02).

Business Review and Prospects

Textile Operations

Earnings at the Company's 64.7% joint venture in Shanghai, Shanghai Sung Nan Textile Company Limited, declined as they were affected by sluggish denim sales and increases in cotton prices and energy costs. The outlook for the second half remains uncertain.

Results at the Company's 45% joint venture in Shenzhen, Southern Textile Company Limited, continued to be satisfactory. Its main asset, a factory building which is leased to third parties, has an occupancy rate of 98%.

Real Estate

The rental rates of prime grade 'A' office premises in core Central remained strong due to low vacancy rates and sustained economic growth. Some businesses relocated to decentralized locations to take advantage of the widening rental gap. This has benefited the industrial/office (I/O) market and we were able to achieve attractive rental levels. Of the 290,000 sq.ft. of I/O space the Company holds at Nanyang Plaza, presently 97.8% is leased.

On 27th June 2007, the Company through an indirect subsidiary, made an investment in a Shanghai property. The Company's commitment amounts to RMB150 million (equivalent to approximately HK\$153.8 million). Funding for this property will be partly from internal resources with cash from the investment portfolios and the balance will be made up from bank borrowings.

Financial Investments

In the first half of 2007, the performance of our investment portfolios was satisfactory. For the six months ended 30th June 2007, the value of these increased by 7.4%.

In the past few years, we have gradually reduced our weighting to alternative investments because of the low returns. In the past month, the financial markets became volatile and dropped substantially. Some of our gain made in the first half has been eroded. Recently, we have decided to increase our allocation to hedge funds which are especially designed to capitalize on opportunities created by this latest volatility. As of now, 56.9% of the Company's investment portfolios was invested in equities (of which 34.6% was in US equities), 10.9% in bonds, 18.4% in alternative strategies and the balance of 13.8% in cash and money market investments. The reduction of cash in the portfolio is mainly due to the investment in the Shanghai property reported above.

We expect the volatility in the markets brought on by the subprime mortgage problem in the United States to continue for the rest of the year. This could have an adverse impact on our second half earnings.

Financial Position

The Group's investment properties with a value of HK\$920.7 million (31/12/2006: HK\$864.3 million) have been mortgaged to a bank to secure general banking facilities. As at 30th June 2007, HK\$94 million (31/12/2006: HK\$90 million) of the facilities were utilized. At the end of the period, the Company had net current assets of HK\$375.9 million (31/12/2006: HK\$393.6 million).

Purchase, Sale or Redemption of Shares

During the period, the Company purchased a total of 171,500 shares of the Company on The Stock Exchange of Hong Kong Limited, all of which have been subsequently cancelled. The directors consider that the repurchase of shares will benefit the shareholders by enhancing the net assets per share. The details of such repurchases were as follows:

Month of repurchase	Number of shares purchased	Price paid per share		Amount paid before expenses HK\$
		Highest HK\$	Lowest HK\$	
2007				
February	168,500	13.26	12.40	2,183,590
April	3,000	13.20	–	39,600
	<u>171,500</u>			<u>2,223,190</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the period.

Directors' Interests

As at 30th June 2007, the interests of the directors and chief executive in the share capital of the Company as recorded in the Register of Directors'/Chief Executives' Interests and Short Positions maintained under Section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

Name	Ordinary shares of HK\$0.10 each of the Company				% of issued share capital
	Personal interests	Family interests	Corporate interests	Total	
Yun Cheng Wang	1,691,294	1,956,152	–	3,647,446	8.29%
Hung Ching Yung	10,701,944	30,000	5,500,000 (Note)	16,231,944	36.87%
Lincoln C. K. Yung	2,240,000	10,000	–	2,250,000	5.11%
Rudolf Bischof	100,000	–	–	100,000	0.23%

Note: As stated below, Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by a substantial shareholder, Tankard Shipping Co. Inc., pursuant to the SFO.

During the period, the Company has not granted to any directors, chief executive or their respective spouses or children under 18 years of age any rights to subscribe for shares of the Company.

At no time during the period was the Company or its subsidiaries a party to any arrangements to enable the directors or chief executive or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

As at 30th June 2007, the Register of Substantial Shareholders' Interests and Short Positions maintained under Section 336 of the SFO shows that the following party, other than the directors as disclosed above, was interested in 5 per cent or more of the issued share capital of the Company:

	<i>Number of shares</i>	<i>% of issued share capital</i>
Tankard Shipping Co. Inc.	5,500,000 (Note)	12.49%

Note: Mr. Hung Ching Yung is taken to be interested in the same 5,500,000 shares owned by Tankard Shipping Co. Inc. pursuant to the SFO.

Employees

The Group employed 26 employees as at 30th June 2007. Remuneration is determined by reference to the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover and provident funds.

Corporate Governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June 2007, in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Code for Dealing in Company's Securities by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the required standard set out in the Model Code throughout the six months ended 30th June 2007.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June 2007 with the management.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2007

	Note	Six months ended 30th June	
		2007	2006
		HK\$'000	HK\$'000
Turnover	4	79,998	53,208
Direct costs		<u>(5,964)</u>	<u>(6,572)</u>
Gross profit		74,034	46,636
Administrative expenses		(19,035)	(17,819)
Other operating income		1,435	767
Other operating expenses		(1,847)	(1,602)
Changes in fair value of investment properties		<u>57,900</u>	<u>14,500</u>
Operating profit	5	112,487	42,482
Finance costs	6	(2,267)	(22)
Share of profits of jointly controlled entities		<u>1,881</u>	<u>6,014</u>
Profit before income tax		112,101	48,474
Income tax expense	7	<u>(11,056)</u>	<u>(3,331)</u>
Profit attributable to equity holders of the Company		<u>101,045</u>	<u>45,143</u>
Earnings per share (basic and diluted)	8	<u>HK\$2.29</u>	<u>HK\$1.02</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 2007

	Note	30th June 2007 HK\$'000	31st December 2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	3,011	3,207
Investment properties	11	943,500	885,600
Jointly controlled entities		109,075	109,038
Prepayment for investment in a joint venture		39,245	–
Available-for-sale financial assets		477,872	416,780
Deferred income tax assets		117	117
		<u>1,572,820</u>	<u>1,414,742</u>
Current assets			
Trade and other receivables	12	10,910	8,895
Financial assets at fair value through profit or loss		418,803	380,762
Cash and cash equivalents		83,869	137,320
		<u>513,582</u>	<u>526,977</u>
Total assets		<u>2,086,402</u>	<u>1,941,719</u>
EQUITY			
Capital and reserves			
Share capital	13	4,402	4,419
Reserves	14	1,813,869	1,652,451
Proposed dividends		–	30,937
Total equity		<u>1,818,271</u>	<u>1,687,807</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		130,422	120,553
Current liabilities			
Trade and other payables	15	41,678	42,515
Tax payable		2,031	844
Borrowings		94,000	90,000
		<u>137,709</u>	<u>133,359</u>
Total liabilities		<u>268,131</u>	<u>253,912</u>
Total equity and liabilities		<u>2,086,402</u>	<u>1,941,719</u>
Net current assets		<u>375,873</u>	<u>393,618</u>
Total assets less current liabilities		<u>1,948,693</u>	<u>1,808,360</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE 2007**

	Six months ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
Total equity at 1st January	1,687,807	1,321,683
Fair value gains/(losses) on available-for-sale investments	60,218	(10,810)
Currency translation differences	2,241	550
Profit for the period	101,045	45,143
Dividends	(30,817)	(15,468)
Shares repurchased and cancelled	(2,223)	(4,800)
Total equity at 30th June	<u>1,818,271</u>	<u>1,336,298</u>

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2007

	Six months ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
Net cash generated from operating activities	2,958	34,072
Net cash used in investing activities	(29,967)	(487)
Net cash used in financing activities	(26,834)	(16,268)
Net (decrease)/increase in cash and cash equivalents	(53,843)	17,317
Cash and cash equivalents at 1st January	137,320	126,550
Effect of foreign exchange rate changes	392	59
Cash and cash equivalents at 30th June	<u>83,869</u>	<u>143,926</u>
Analysis of cash and cash equivalents		
Cash and bank balances	<u>83,869</u>	<u>143,926</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Nanyang Holdings Limited (“the Company”) is a limited liability company incorporated in Bermuda. The address of its principal place of business in Hong Kong is 1808 St George’s Building, 2 Ice House Street, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together “the Group”) engage in property investment, investment holding and trading, as well as the manufacture and distribution of textile products.

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors on 5th September 2007.

2 Basis of preparation

This Interim Financial Information for the six months ended 30th June 2007 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the 2006 annual financial statements.

3 Significant accounting policies

The significant accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the 2006 annual financial statements.

The following new standards, amendments to standards and interpretations, which are relevant to the Group’s operations, are mandatory for the financial year ending 31st December 2007:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital disclosures
HKFRS 7	Financial instruments: Disclosures

The adoption of the above new standard and amendment to standard will have no material impact on the Group’s financial statements, except that additional disclosures will be made in the 2007 annual financial statements.

3 Significant accounting policies (Continued)

The following new standards and interpretations have been issued but are not effective for 2007:

		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions	1st March 2007
HK(IFRIC)-Int 12	Service Concession Arrangements	1st January 2008
HKFRS 8	Operating Segments	1st January 2009

The Group has not early adopted the above new standard and interpretations. The Group has commenced an assessment of their expected impact but is not yet in a position to state whether they will have a material impact on the Group's financial statements.

4 Turnover and segment information

Turnover recognised during the period comprises the following:

	Six months ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
Gross rental income from investment properties	21,786	16,791
Net realised and unrealised gains on financial assets at fair value through profit or loss	33,352	17,946
Dividend income from listed investments	1,894	1,483
Dividend income from unlisted investments	11,576	4,386
Interest income	3,959	4,305
Management fee income from investment properties	4,161	3,998
Commission income (Note 17(a))	3,270	4,299
	<u>79,998</u>	<u>53,208</u>

(a) Primary reporting format – business segments

The Group is organised on a worldwide basis into three main business segments:

- Textiles – manufacture and distribution of textile products
- Property – investment in and leasing of industrial/office premises
- Investments – holding and trading of investment securities

There are no sales or other transactions between the business segments.

4 Turnover and segment information (Continued)

(a) Primary reporting format – business segments (Continued)

The segment results for the six months ended 30th June 2007 are as follows:

	Textiles HK\$'000	Property HK\$'000	Investments HK\$'000	Group HK\$'000
Turnover	<u>3,270</u>	<u>25,947</u>	<u>50,781</u>	<u>79,998</u>
Segment results	3,223	63,109	46,155	112,487
Finance costs				(2,267)
Share of profits of jointly controlled entities	1,881	–	–	<u>1,881</u>
Profit before income tax				112,101
Income tax expense				<u>(11,056)</u>
Profit attributable to equity holders of the Company				<u>101,045</u>
Capital expenditure	19	10	–	29
Depreciation	<u>164</u>	<u>46</u>	<u>11</u>	<u>221</u>

The segment results for the six months ended 30th June 2006 are as follows:

	Textiles HK\$'000	Property HK\$'000	Investments HK\$'000	Group HK\$'000
Turnover	<u>4,299</u>	<u>20,789</u>	<u>28,120</u>	<u>53,208</u>
Segment results	4,159	13,424	24,899	42,482
Finance costs				(22)
Share of profits of jointly controlled entities	6,014	–	–	<u>6,014</u>
Profit before income tax				48,474
Income tax expense				<u>(3,331)</u>
Profit attributable to equity holders of the Company				<u>45,143</u>
Capital expenditure	–	24	–	24
Depreciation	<u>164</u>	<u>48</u>	<u>11</u>	<u>223</u>

4 Turnover and segment information (Continued)

(a) Primary reporting format – business segments (Continued)

The segment assets and liabilities at 30th June 2007 are as follows:

	Textiles HK\$'000	Property HK\$'000	Investments HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	3,961	1,016,691	956,558	117	1,977,327
Jointly controlled entities	109,075	–	–	–	109,075
Total assets	<u>113,036</u>	<u>1,016,691</u>	<u>956,558</u>	<u>117</u>	<u>2,086,402</u>
Total liabilities	<u>1,385</u>	<u>37,174</u>	<u>3,119</u>	<u>226,453</u>	<u>268,131</u>

The segment assets and liabilities at 31st December 2006 are as follows:

	Textiles HK\$'000	Property HK\$'000	Investments HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	5,123	950,999	876,442	117	1,832,681
Jointly controlled entities	109,038	–	–	–	109,038
Total assets	<u>114,161</u>	<u>950,999</u>	<u>876,442</u>	<u>117</u>	<u>1,941,719</u>
Total liabilities	<u>1,490</u>	<u>38,493</u>	<u>2,532</u>	<u>211,397</u>	<u>253,912</u>

(b) Secondary reporting format – geographical segments

The Group's three main business segments operate in the following main geographical areas:

People's Republic of China (including Hong Kong) – textiles, property and investments

United States of America, Europe, Taiwan and Southeast Asia – investments

There are no sales or other transactions between the geographical segments.

	Turnover		Operating results		Capital expenditure	
	Six months ended		Six months ended		Six months ended	
	30th June 2007	2006	30th June 2007	2006	30th June 2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
People's Republic of China (including Hong Kong)	36,538	29,246	70,355	19,511	29	24
United States of America	16,218	6,559	15,617	6,219	–	–
Europe	6,924	10,867	6,651	10,323	–	–
Southeast Asia	7,316	1,847	6,925	1,762	–	–
Taiwan	11,582	4,249	11,574	4,249	–	–
Other countries	1,420	440	1,365	418	–	–
	<u>79,998</u>	<u>53,208</u>	<u>112,487</u>	<u>42,482</u>	<u>29</u>	<u>24</u>

4 Turnover and segment information (Continued)

(b) Secondary reporting format – geographical segments (Continued)

Total assets are allocated based on where the assets are located.

	30th June 2007 HK\$'000	31st December 2006 HK\$'000
People's Republic of China (including Hong Kong)	1,057,076	972,643
United States of America	271,605	302,604
Europe	81,461	70,918
Southeast Asia	54,643	37,283
Taiwan	467,955	408,978
Other countries	44,470	40,138
	1,977,210	1,832,564
Jointly controlled entities	109,075	109,038
Unallocated assets	117	117
	2,086,402	1,941,719

5 Operating profit

Operating profit is stated after charging depreciation of HK\$221,000 (2006: HK\$223,000).

6 Finance costs

	Six months ended 30th June 2007 HK\$'000	2006 HK\$'000
Interest expenses on short-term bank loans	2,267	22

7 Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th June 2007 HK\$'000	2006 HK\$'000
Current income tax		
– Hong Kong profits tax	1,187	793
Deferred income tax	9,869	2,538
	11,056	3,331

The share of profits of jointly controlled entities in the income statement includes the share of overseas taxation attributable to jointly controlled entities for the six months ended 30th June 2007 of HK\$469,000 (2006: HK\$855,000).

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2007	2006
Profit attributable to equity holders of the Company (HK\$'000)	<u>101,045</u>	<u>45,143</u>
Weighted average number of ordinary shares in issue (thousands)	<u>44,078</u>	<u>44,320</u>
Basic earnings per share (HK\$)	<u>2.29</u>	<u>1.02</u>

The Company has no dilutive potential ordinary shares.

9 Dividends

	Six months ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
2006 final dividend paid of HK\$0.40 and special dividend paid of HK\$0.30 (2006: 2005 final dividend paid of HK\$0.35) per share	<u>30,817</u>	<u>15,468</u>

The directors have not declared an interim dividend for the six months ended 30th June 2007 (2006: Nil).

10 Property, plant and equipment

	HK\$'000
Net book amount as at 1st January 2007	3,207
Additions	29
Disposals	(4)
Depreciation	(221)
Net book amount as at 30th June 2007	<u>3,011</u>
Net book amount as at 1st January 2006	3,624
Additions	24
Disposals	(5)
Depreciation	(223)
Net book amount as at 30th June 2006	3,420
Additions	9
Depreciation	(222)
Net book amount as at 31st December 2006	<u>3,207</u>

11 Investment properties

	HK\$'000
Net book amount as at 1st January 2007	885,600
Fair value gains	57,900
Net book amount as at 30th June 2007	943,500
Net book amount as at 1st January 2006	812,200
Fair value gains	14,500
Net book amount as at 30th June 2006	826,700
Fair value gains	58,900
Net book amount as at 31st December 2006	885,600

The Group's investment properties with an aggregate carrying value of HK\$920,700,000 (2006: HK\$864,300,000) have been mortgaged to a bank to secure general banking facilities of which HK\$94,000,000 (31st December 2006: HK\$90,000,000) was utilised as at 30th June 2007.

12 Trade and other receivables

Included in trade and other receivables are trade receivables of HK\$124,000 (2006: HK\$406,000). The Group does not grant any credit to its customers. All trade receivables as at the balance sheet date are aged within 30 days.

13 Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Shares of HK\$0.10 each		
At 1st January 2006 and 30th June 2007	<u>60,000,000</u>	<u>6,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each		
At 1st January 2006	44,695,299	4,469
Repurchase of own shares	<u>(500,000)</u>	<u>(50)</u>
At 30th June 2006 and 31st December 2006	44,195,299	4,419
Repurchase of own shares	<u>(171,500)</u>	<u>(17)</u>
At 30th June 2007	<u>44,023,799</u>	<u>4,402</u>

During the period, the Company repurchased a total of 171,500 (31st December 2006: 500,000) of its own shares through purchases on The Stock Exchange of Hong Kong Limited, all of which were then cancelled. The aggregate price of HK\$2,223,000 (31st December 2006: HK\$4,800,000) paid was charged against retained profits and the nominal value of the shares repurchased of HK\$17,000 (31st December 2006: HK\$50,000) was transferred to the capital redemption reserve.

14 Reserves

	Contributed surplus HK\$'000	Available-for-sale investments reserve HK\$'000	Capital reserve on consolidation HK\$'000	General reserve HK\$'000	Statutory reserves HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January 2007	20,000	286,142	1,000	76,000	12,363	7,805	581	1,279,497	1,683,388
Fair value gains on available-for-sale investments	-	60,218	-	-	-	-	-	-	60,218
Currency translation differences	-	-	-	-	-	2,241	-	-	2,241
Profit for the period	-	-	-	-	-	-	-	101,045	101,045
Share repurchased and cancelled	-	-	-	-	-	-	17	(2,223)	(2,206)
Transfer to statutory reserves of jointly controlled entities	-	-	-	-	206	-	-	(206)	-
2006 dividends	-	-	-	-	-	-	-	(30,817)	(30,817)
At 30th June 2007	20,000	346,360	1,000	76,000	12,569	10,046	598	1,347,296	1,813,869
At 1st January 2006	20,000	38,514	1,000	76,000	11,425	6,430	531	1,163,314	1,317,214
Fair value losses on available-for-sale investments	-	(10,810)	-	-	-	-	-	-	(10,810)
Currency translation differences	-	-	-	-	-	550	-	-	550
Profit for the period	-	-	-	-	-	-	-	45,143	45,143
Share repurchased and cancelled	-	-	-	-	-	-	50	(4,800)	(4,750)
2005 final dividend	-	-	-	-	-	-	-	(15,468)	(15,468)
At 30th June 2006	20,000	27,704	1,000	76,000	11,425	6,980	581	1,188,189	1,331,879
Fair value gains on available-for-sale investments	-	258,438	-	-	-	-	-	-	258,438
Currency translation differences	-	-	-	-	-	825	-	-	825
Profit for the period	-	-	-	-	-	-	-	92,246	92,246
Transfer to statutory reserves of jointly controlled entities	-	-	-	-	938	-	-	(938)	-
At 31st December 2006	20,000	286,142	1,000	76,000	12,363	7,805	581	1,279,497	1,683,388
Representing:									
Reserves at 31st December 2006									1,652,451
2006 dividends proposed									30,937
At 31st December 2006									<u>1,683,388</u>

15 Trade and other payables

Included in trade and other payables are trade payables of HK\$1,692,000 (2006: HK\$1,796,000).

At 30th June 2007, the aging analysis of the trade payables is as follows:

	30th June 2007 HK\$'000	31st December 2006 HK\$'000
Within 30 days	1,352	1,456
31 – 60 days	340	340
	<u>1,692</u>	<u>1,796</u>

16 Capital commitments

The Group has the following capital commitment in respect of an investment in a new jointly controlled entity as follows:

	30th June 2007 HK\$'000	31st December 2006 HK\$'000
Contracted but not provided for	<u>114,560</u>	<u>–</u>

On 27th June 2007, a wholly-owned subsidiary of the Company entered into a shareholders' agreement (the "Agreement") to form a joint venture company (the "JV") with two third party companies. On the same day, a wholly-owned subsidiary of the JV entered into a Memorandum of Understanding to acquire a property in Shanghai, the People's Republic of China. The Agreement was conditional upon certain conditions which were fulfilled in July 2007.

According to the terms of the Agreement, the Group's commitments to the JV amount to approximately HK\$153.8 million (RMB150 million). As at 30th June 2007, a total of HK\$39.24 million has been paid to the JV and the amount was classified as a prepayment under non-current assets on the consolidated balance sheet. Subsequent to the balance sheet date, the Group has made a further payment of HK\$14.4 million to the JV.

The Group's share of capital commitments of a jointly controlled entity is as follows:

	30th June 2007 HK\$'000	31st December 2006 HK\$'000
Contracted but not provided for	6,468	6,455
Authorised but not contracted for	28,640	28,529
	<u>35,108</u>	<u>34,984</u>

17 Related party transactions

(a) Sales of services

During the period, agency commission income of HK\$3,127,000 (2006: HK\$4,299,000) was received by a subsidiary from a jointly controlled entity for handling sales of textile products for the jointly controlled entity. These transactions were entered into in the normal course of business of the Group and the commission income has been calculated at certain fixed percentages of the value of sales handled by the subsidiary.

(b) Key management compensation

	Six months ended 30th June	
	2007	2006
	HK\$'000	HK\$'000
Salaries and other employee benefits	10,151	9,917
Post-employment benefits	125	125
	<u>10,276</u>	<u>10,042</u>

(c) Related party balances

	30th June	31st December
	2007	2006
	HK\$'000	HK\$'000
Dividend receivable from a jointly controlled entity	2,070	–
Amount due to a jointly controlled entity	<u>555</u>	<u>962</u>

On behalf of the Board

Rudolf Bischof
Chairman

Hong Kong, 5th September 2007

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