WHARF

Established 1886

The Wharf (Holdings) Limited

Interim Report to Shareholders 2007

Stock Code: 4

www.wharfholdings.com

Highlights of Group Results

- Group turnover rose by 33% to HK$8,609 million (2006: HK$6,449 million) due mainly to the Property Investment and Development segments
- Group operating profit rose by 45% to HK$4,371 million (2006: HK$3,018 million)
- The Group's investment properties were revalued with a surplus of HK$2,537 million (2006: HK$5,328 million)
- Excluding net investment property revaluation surplus, profit attributable to Shareholders increased by 38% to HK$2,631 million (2006: HK$1,900 million)
- Including net investment property revaluation surplus, profit attributable to Shareholders decreased by 29% to HK$4,430 million (2006: HK$6,259 million)
- Earnings per share were HK$1.81 (2006: HK$2.56)
- An interim dividend of HK$0.36 per share (2006: HK$0.36) was declared, payable on Thursday, October 18, 2007 to shareholders on record as at October 12, 2007
- Property Investment: Turnover rose by 15% to HK$3,115 million and operating profit by 19% to HK$2,288 million
- Property Development: Turnover of HK$1,916 million and profit of HK$903 million were reported, mainly attributable to Wellington Garden and Wuhan Times Square in China and Gough Hill Residences in Hong Kong
- Logistics: Turnover increased by 5% to HK$1,689 million and operating profit by 3% to HK$854 million, primarily underpinned by a 9% increase in Modern Terminals' throughput
- Communications, Media and Entertainment: Turnover decreased by 3% to HK$1,903 million; operating profit increased by 29% to HK$182 million
- Net borrowing cost was HK$480 million (2006: HK$412 million). Average effective borrowing rate was 4.6% per annum (2006: 4.7% per annum)
- Net asset value increased to HK$32.21 per share (December 31, 2006: HK$30.70)
- Net debt was HK$22.1 billion (December 31, 2006: HK$16.9 billion), including HK$9 billion (December 31, 2006: HK$5.5 billion) for Modern Terminals that is non-recourse to the Group. Net debt to shareholders' equity and total equity was 28.1% and 26.4% (December 31, 2006: 22.5% and 21.1%) respectively

Managing Director's Report

Business Review

Harbour City

Harbour City turned over HK$2,051 million during the first half of 2007, for an increase of 15% over the same period of 2006, while its operating profit grew by 19% to HK$1,477 million. Excluding the three hotels which are stated at cost less accumulated depreciation, Harbour City was valued at HK$50,278 million at June 30, 2007, which represented 39% of total Group assets.

Retail

Improving local sentiment and healthy growth in tourist arrivals facilitated the growth in retail sales. During the first half of 2007, turnover of Harbour City's retail sector grew by 20% to HK$849 million. Average retail occupancy was maintained at 98% with favourable rental growth. Tenants at Harbour City continued to achieve encouraging sales performance, with a 20% increase in average sales per square foot during the period. Conversion of Level 4 of Ocean Centre into 37,000 square feet of lettable space is well underway and is scheduled for completion in late 2007.

Louis Vuitton will expand its single-floor store along the Canton Road to a multi-floor one and the project is scheduled for completion in the first quarter of 2008. Leasing activities remained active, with the signing up of a host of internationally renowned brand names, including Berluti, Emporio Armani and Juicy Couture, as well as new retail brands to Hong Kong such as Agnès b. Delices and Pinko. SportX and KidX at Ocean Terminal have also been strengthened, with new celebrated names enriching the offerings.

Office

Underpinned by strong rental reversion, turnover from the office sector grew by 21% to HK$638 million. Office occupancy at Harbour City was maintained at 94% at the end of June 2007. New lettings amounted to 190,736 square feet, half of which were in-house expansions including City'Super, Hugo Boss and Marks & Spencer. Given the increasing toughness in renewal negotiations stemming from ample new supply in decentralised areas, lease renewal retention rate was 63% for the first half of 2007. Nevertheless, Harbour City, because of its advantageous location, ideal transportation network and vicinity support, continues to be popular among multinational, Mainland and local enterprises.

Serviced Apartments

Turnover for the serviced apartments sector increased by 11% to HK$114 million, contributed by a sharp rise in occupancy during the period.

Occupancy at Gateway Apartments at the end of June 2007 reached 89% (2006: average occupancy 75%), which was a record high since its opening in 1999. Such growth was attributable to the growing demand in the marketplace. A newly renovated penthouse unit has been leased with a 20% rental increment. Renovation of the other penthouse units is also well underway, which helps Gateway Apartments in tapping the premium market and enhancing its competitiveness.

Times Square

Times Square turned over HK$536 million during the first half of 2007, an increase of 13% over the same period of 2006.

Retail

Times Square's retail sector reported a turnover of HK$362 million for an increase of 8% over the same period of 2006.

Average retail occupancy was maintained at 99%, with favourable rental growth. Leasing activities remained active during the period, with the sign-up of many trendsetters including Furla, Juicy Couture and Kate Spade. Gucci also committed a retail space of over 3,000 square feet on the second floor, which helped boost excitement and traffic at the mall. New international and specialty cuisines such as 798 Unit & Co, a New York style restaurant, joined Times Square and strengthened the Food Forum. Continued trade-mix refinement, effective use of zoning and powerful branding programmes contributed to Times Square's success.

Office

Turnover for the office sector rose by 25% to HK$174 million, contributed by strong rental reversions. Office occupancy at the end of June 2007 was maintained at 97%. New lettings during the period amounted to nearly 70,000 square feet and some of them were in-house expansions. A major leasing transaction was recorded in June whereby MVCI Asia Pacific (Hong Kong) Pte Ltd took up an entire floor with over 17,000 square feet. Lease renewal retention rate was 78% with renewals including Cosmopolitan Cosmetics, DHC and McDonald's.

China Properties

All three completed investment properties, namely Beijing Capital Times Square, Shanghai Times Square and the retail podium of Chongqing Times Square, performed satisfactorily. Rental revenue grew by 28% and operating profit by 56% during the first half of 2007.

Development profit from China properties grew considerably to HK$567 million during the period under review, principally due to the results from the disposal of residential units of two projects. Wellington Garden, a high-end residential development in Shanghai, has sold 94% of its units launched by the end of June 2007. Sales launch of selected towers of Wuhan Times Square was met with overwhelming responses. The 2.4 million-square-foot complex has sold 87% of the units launched by the end of June 2007. The rest of the project, comprising retail, apartments and a hotel, is targeted to complete by the end of 2007.

Other Projects under Development

The 1.9 million-square-foot Dalian Times Square will be developed into a retail and residential complex. Superstructure works are in progress and the project is scheduled for completion by mid-2008.

Lot 1717, Nan Jing Xi Road（南京西路）in Shanghai, with a total floor area of 1.6 million square feet, comprises a top quality Grade A office tower plus a retail annex. Superstructure works are in progress and the development is scheduled for completion by mid-2009.

Two residential projects in Shanghai, No.1 Xin Hua Road（新華路）and Jingan Garden are progressing according to plan.

No.11 Dong Da Jie（東大街）in Chengdu is a 6.1 million-square-foot mixed-use development comprising retail, office, hotel and residential. Basement works are underway and the development is scheduled for completion by 2010.

No.10 Gaoxin District（高新區）in Chengdu, with a total floor area of 6.1 million square feet, is planned for high-end residential and office developments. Foundation works commenced in April 2007. The project is expected to be completed in 2011.

Ideally located in Shuangliu Development Zone (雙流發展區), the Group's third site in Chengdu will be developed into a mixed-use complex comprising retail, hotel and residential space with a total floor area of more than 10.2 million square feet. Some of the trendiest retail concepts in the Mainland including an outlet mall will be incorporated.

The Group's sites in the Nanchang District (南長區), Wuxi, comprises two parcels of land planned for an upscale residential (10.7 million square feet) and a high-rise commercial development (3.6 million square feet) projects respectively. Planning of the two developments is underway.

The Group's first lot in Suzhou is superbly-located between Jinji Lake (金雞湖) and Dushu Lake (獨墅湖) in the eastern side of the city next to a 27-hole golf club. It will be developed into premier deluxe low density residences with a total floor area of 3.1 million square feet. Planning is well underway.

New Acquisition

In July 2007, the Group successfully acquired a 50% interest in a site, with a site area of about 2.0 million square feet, in the Industrial Park of Suzhou (蘇州工業園區－蘇地2007-B-24號) at a public bidding through a joint venture, which committed a price of RMB1,010 million. It will be a residential development with a total floor area of 2.3 million square feet (including 0.5 million square feet of carpark area).

Modern Terminals

Modern Terminals' revenue and operating profit grew by 6% and 5% respectively in the first half of the year.

The South China region saw 15% throughput growth during the period, underpinned by buoyant export in the region. Throughput at the Shenzhen terminals recorded a 17% growth, versus 12% at Kwai Chung. Shenzhen terminals' market share slightly grew from 51% (at the end of 2006) to 52% at the end of June 2007, while Kwai Chung's was down from 49% to 48%.

In Hong Kong, throughput at Modern Terminals grew by 9% to 2.72 million TEUs during the period. Modern Terminals' market share in Kwai Chung was maintained at 32.9% at the end of June 2007. In China, Chiwan Container Terminals, in which Modern Terminals effectively holds an 8% stake, handled 1.86 million TEUs during the first half of 2007. Throughput at Mega Shekou Container Terminals ("Mega SCT"), in which Modern Terminals effectively holds a 30% stake (to be eventually diluted to 20% with the completion of the remainder of the entire facilities) after the completion of Shekou Container Terminals ("SCT") rationalisation in February 2007, reached 1.4 million TEUs during the period.

Phase I of Taicang, 51%-owned by Modern Terminals, handled 304,000 TEUs, 35% higher than those of the same period in 2006. Phase II of Taicang, in which Modern Terminals effectively holds a 70% stake, commenced operation in November 2006. Throughput reached 70,000 TEUs during the period.

Phase I of the Dachan Bay project in Shenzhen West, 65%-owned by Modern Terminals, is progressing according to plan. Construction of the terminal area and associated buildings, as well as procurement of equipment is progressing as scheduled. The first two berths of Dachan Bay will commence operation towards the end of 2007.

Other Businesses

Other Hong Kong Properties

Plaza Hollywood registered a turnover growth of 8% to HK$148 million, attributable to favourable rental growth during the period. Average occupancy was maintained at nearly 100% throughout the first half of 2007.

Towers 1, 2, 3 and 5 of Bellagio in Sham Tseng, with a total of 1,641 units, were completed in early 2006 and cumulative sales have reached 1,478 units (or 90%) by the end of June 2007 realising HK$6.2 billion of proceeds.

On the back of robust demand from the continual inflow of expatriates, leasing activities for the Peak Portfolio remained strong. Both Mountain Court and 1 Plantation Road were fully let at the end of June 2007. Occupancy at Chelsea Court was maintained at 91%.

Sale of Gough Hill Residences, which comprises five deluxe houses, was met with overwhelming responses and prices achieved were highly satisfactory. Given the superb location and quality, each of the remaining three houses was sold for over HK$30,000 per square foot during the period, with the last house being sold for nearly HK$35,000 per square foot. With the sales of the five houses, cumulative proceeds amounting to HK$1 billion were realised.

In May 2007, Wharf's remaining stock (comprising 376,180 square feet) in Grandtech Centre, a godown building in Shatin, was sold to a property fund at a satisfactory price. The Group is actively looking for opportunities to dispose of its non-core properties. Delta House, an industrial/office building in Shatin, will be the next candidate for disposal.

Marco Polo Hotels

Marco Polo Hotels currently has a portfolio of 11 hotels in the Asia Pacific Region under its operation.

The three hotels in Harbour City performed satisfactorily during the period. Total hotel and club revenue was maintained at HK$450 million, attributable to a 6% growth in average room rates offset by lower occupancy. Consolidated occupancy reached 87%, slightly below 90% achieved in the same period of 2006, in spite of a steady growth in average room rates.

Superbly located only 600 metres from the 2008 Beijing Olympic Village, Marco Polo Parkside was opened in June 2007 in Beijing, with good access to the Beijing subway system and all major public transportation modes.

Two new deluxe Marco Polo hotels in Wuhan and Chengdu are scheduled to open in early 2008 and 2010 respectively. The former is a five-star deluxe hotel being fitted out at Wuhan Times Square and the latter will be built at the No.11 Dong Da Jie site in Chengdu.

i-CABLE

Severe competition in the marketplace has adversely affected the business performance for the first half of the year but i-CABLE emerged from it in rather good shape. Though total turnover dropped by 7% to HK$1,185 million, profit after taxation rose by 83% to HK$116 million, attributable to the telecasting of FIFA World Cup in 2006.

On the back of prompt and effective adjustment of acquisition and retention strategies, the Pay TV subscriber base grew by 6% to 830,000 at the end of June, albeit partly at the expense of yield. Despite subscriber growth, turnover declined because of more active unbundling of service packages and a decline in commercial airtime sales arising from the absence of FIFA World Cup during the period. Turnover from Pay TV dipped by 14% to HK$827 million. Operating profit however firmed to HK$100 million (2006: HK$98 million). Amid the escalating competitive landscape, CABLE TV successfully marketed itself as the all-in-one TV broadcaster to provide professional news, variety of entertainment programmes, tonnage and choice in local and international movies and full-bodied sports. i-CABLE also continued to invest to enhance its customer service, with the recent opening of a new call centre to deliver quality after-sales service.

The Broadband business was steady for both subscription and turnover as the market went ex-growth. The subscriber base stood at 324,000 at the end of June 2007. With a stable market share in a mature market, disciplined cost management and expansion of the wholesale voice service ensured profitability for this sector. Turnover was maintained at HK$295 million (2006: HK$296 million) during the period. Operating profit increased by 27% to HK$86 million.

Wharf T&T

During the period, financial performance of the Wharf T&T group recovered gently amidst an improvement in the competitive landscape. Accordingly, turnover from the Wharf T&T group during the first half of 2007 was up by 4% to HK$708 million. Operating profit grew considerably to HK$4 million from an operating loss amounting to HK$4 million in 2006. Cashflow position was healthy with an inflow of HK$18 million (2006: outflow of HK$14 million).

The fixed line installed base grew by 17,000 to 579,000, representing an overall market share of 13%. Total outgoing IDD volume (including wholesale and retail) was up by 12% to 346 million minutes (2006: 308 million minutes).

Financial Review

Review of 2007 Interim Results

Turnover

The Group's turnover for the period grew by HK$2,160 million or 33% to HK$8,609 million, compared to HK$6,449 million achieved in 2006. The remarkable revenue growth was mainly driven by the achievement of double-digit revenue increase by the Property Investment segment and higher property sales recognised by the Property Development segment, both in Hong Kong and China.

Property investment revenue was up by 15% to HK$3,115 million, mainly benefiting from the rental and related income growth recorded in all sectors. Property investments in China also recorded double-digit revenue growth in the first half of 2007.

Property development recorded a revenue of HK$1,916 million (2006: HK$178 million), mainly attributable to the recognition of sales of the residential units at Wellington Garden and Wuhan Times Square in China upon their completions and the sales of three Gough Hill units in Hong Kong during the first half of 2007.

The Logistics segment reported an aggregate revenue of HK$1,689 million (2006: HK$1,609 million), mainly reflecting a 9% increase in throughput handled by Modern Terminals.

CME's revenue decreased by 3% to HK$1,903 million (2006: HK$1,959 million). Severe competition in the marketplace and non-recurring revenue in 2006 caused Pay TV's revenue to decrease by HK$139 million, which was partly mitigated by increase in revenue from other CME businesses.

Operating Profit

The Group's operating profit increased by HK$1,353 million or 45% to HK$4,371 million (2006: HK$3,018 million) which was mainly underpinned by the favourable performance of the Property Investment and Property Development segments.

Property Investment segment continued to be a growth driver of the Group, recording a robust increase in operating profit by HK$373 million or 19% to HK$2,288 million.

Property Development segment contributed HK$903 million in profit (2006: loss of HK$10 million), mainly from the recognition of the sales of residential units at Wellington Garden and Wuhan Times Square and the sales of the three Gough Hill units during the period under review.

Logistics segment recorded a 3% increase in operating profit to HK$854 million, primarily owing to the increase in revenue of Modern Terminals derived from a 9% increase in its throughput.

CME segment reported a 29% increase in operating profit to HK$182 million despite its decrease in revenue. Pay TV's operating profit grew slightly by 2% to HK$100 million against its revenue drop, mainly benefiting from its effective cost management and resource redeployment through reducing its programming, networking, selling and other operating costs. Internet and multimedia's profit increased by HK$18 million to HK$86 million. Besides, the Group's telecommunication unit recorded an operating profit of HK$4 million against a loss of HK$4 million recorded in the last corresponding period.

Increase in Fair Value of Investment Properties

Included in the Group's profit for the period was a revaluation surplus of HK$2,537 million (2006: HK$5,328 million) on revaluation of the Group's investment properties.

Borrowing Costs

Net borrowing costs increased by HK$68 million to HK$480 million for the period (2006: HK$412 million). This was primarily due to the increase in Modern Terminals' borrowings to meet with its expanding port investment activities. The charge was after capitalisation of HK$65 million (2006: HK$18 million) for the Group's related assets. The Group's average effective borrowing rate for the period was 4.6% per annum, compared to 4.7% per annum for the first half of 2006.

Share of Profits less Losses of Associates and Jointly Controlled Entities

The share of profits less losses of associates and jointly controlled entities (after-tax) was HK$151 million, an increase of HK$114 million (2006: HK$37 million), reflecting the inclusion of the profit contribution from Modern Terminals' additional port investment in Mega SCT.

Taxation

Taxation charge for the period was HK$1,779 million, increased by HK$365 million or 26% from HK$1,414 million recorded in last corresponding period. Excluding the deferred taxation of HK$733 million (2006: HK$941 million) on the revaluation surplus of investment properties during the period, taxation charge would be HK$1,046 million as compared to HK$473 million recorded last year. The increase was mainly due to income tax and land appreciation tax provided against the profit from sale of China properties and the making of an additional provision of HK$236 million in respect of certain tax cases concerning interest deductibility under dispute with the Inland Revenue Department.

Minority Interests

Minority interests increased by HK$72 million to HK$370 million due to an increase in net profits recorded in the non-wholly-owned subsidiaries involved in China property sales.

Profit Attributable to Equity Shareholders

The Group's unaudited profit attributable to Equity Shareholders was HK$4,430 million, a decrease of HK$1,829 million or 29% (2006: HK$6,259 million). Earnings per share were HK$1.81 (2006: HK$2.56).

Excluding the net investment property revaluation surplus of HK$1,799 million, represented by revaluation surplus of HK$2,537 million less related deferred tax and minority interests of HK$738 million, the Group's net profit attributable to Equity Shareholders would be HK$2,631 million (2006: HK$1,900 million), an increase of HK$731 million or 38% over 2006.

Liquidity and Financial Resources

Shareholders' Equity

As at June 30, 2007, the Group's net asset value increased to HK$78,843 million, or HK$32.21 per share, from HK$75,162 million or HK$30.70 per share as at December 31, 2006, respectively.

The Group's total equity, including minority interests, was HK$83,888 million as at June 30, 2007, increased by HK$3,970 million or 5% from HK$79,918 million as at December 31, 2006.

Supplemental Information on Net Asset Value ("NAV")

To better reflect the underlying NAV attributable to Shareholders, the following adjustments are made to the book NAV prepared based on the Hong Kong Financial Reporting Standards ("HKFRSs"):

	NAV to Shareholders	
	Total HK$ Million	**Per share HK$**
Book NAV (based on HKFRSs) at June 30, 2007	78,843	32.21
Adjustments for:		
Modern Terminals (67.6%)		
– based on the latest transaction price	7,408	3.03
i-CABLE (73.6%)		
– based on market price at June 30, 2007 (@HK$1.66 p.s.)	792	0.32
Hotel properties		
– based on the valuation as at June 30, 2007 conducted by an independent valuer	3,787	1.55
Deferred tax for surplus on revaluation of investment properties in Hong Kong *	10,996	4.49
Adjusted underlying NAV at June 30, 2007	101,826	41.60
Adjusted underlying NAV at December 31, 2006	98,198	40.11

* *As there is no capital gains tax in Hong Kong, total deferred tax liability in the amount of HK$11 billion (equivalent to HK$4.49 per share) as provided and included in the consolidated balance sheet would not be payable if the above-mentioned investment properties were to be sold at the revalued amounts under the current tax regime. Accordingly, such deferred tax as provided under HKAS 40 and HKAS-INT 21 has been excluded for the above calculation in order to provide a better understanding of the NAV attributable to Shareholders.*

Net Cash Generated from/Used in the Group's Operating and Investing Activities

For the period under review, the Group's net cash inflow generated from operating activities was HK$2.2 billion, increased by HK$0.5 billion from HK$1.7 billion in the first half of 2006 primarily due to operating profit increase contributed by Property Investment segment and China properties sales. Net cash of HK$6.2 billion used in investing activities mainly consisted of Modern Terminals' payment of HK$3.2 billion for rationalisation of its interest in Mega SCT and HK$2.9 billion spent for other investments.

Capital Expenditure

The capital expenditure incurred by the Group's core businesses during the period under review and related capital commitments at June 30, 2007 are analysed as follows:

		Capital Commitments as at June 30, 2007	
Business Unit/Company	**Capital Expenditure for 1-6/2007 HK$ Million**	**Authorised and Contracted for HK$ Million**	**Authorised but not Contracted for HK$ Million**
Property Investments/others			
China	62	903	122
Harbour City	82	137	9
Other properties/others	9	16	–
	153	1,056	131
Wharf T&T	104	83	104
	257	1,139	235
Modern Terminals (67.6%-owned)	1,353	3,496	2,421
i-CABLE (73.6%-owned)	71	14	85
	1,681	4,649	2,741
For the first half of 2006	1,157		
As at December 31, 2006		4,967	3,695

The above capital expenditure incurred by the Property Investment segment was mainly related to certain refurbishment and renovation work for enhancing the quality and value of the Group's investment properties, in particular for Harbour City. For i-CABLE and Wharf T&T, the capital expenditures were incurred mainly for procurement of production and broadcasting equipment while that for Modern Terminals was substantially incurred for construction of the Dachan Bay Phase I and Taicang Phase II ports. i-CABLE and Modern Terminals, respectively 73.6% and 67.6% owned by the Group, funded their own capital expenditure programmes.

In addition to the above, the Group incurred HK$1.9 billion for trading properties under development in China during first half of 2007. In February 2007, Modern Terminals paid HK$3.2 billion in cash on completion of the rationalisation of the interests in Shekou container terminals under an agreement signed in December 2006 with China Merchants Holdings (International) Company Limited ("China Merchants"). On this completion, Modern Terminals and China Merchants injected their respective equity interests in Shekou container terminals into a newly setup joint venture, Mega SCT, in which Modern Terminals now holds 30% equity interests.

As at June 30, 2007, the Group had planned expenditure and other commitments of approximately HK$14.9 billion (31/12/2006: HK$16 billion) for trading properties under development mainly in China, HK$0.7 billion mainly for i-CABLE's own programming expenditures and HK$0.2 billion mainly for CME's lease commitment of certain properties and telecommunication network facilities.

Debts and Gearing

The Group's net debt increased from HK$16.9 billion at December 31, 2006 to HK$22.1 billion at June 30, 2007, which was made up of HK$25.3 billion in debts less HK$3.2 billion in deposits and cash. Included in the Group's debts were loans of HK$9.0 billion (31/12/2006: HK$5.5 billion) borrowed by a non-wholly-owned subsidiary, Modern Terminals. The loan is without recourse to the Company and other subsidiaries of the Group.

As at June 30, 2007, the ratio of net debt to shareholders' equity and total equity was 28.1% and 26.4%, compared to 22.5% and 21.1% at December 31, 2006, respectively.

Finance and Availability of Facilities

With its inherent strong recurrent operating cash inflow and ample market liquidity, the Group continued in its ability to raise funds at low costs in domestic market. During the first half of 2007, the Group cancelled some of its loan facilities with higher interest margins and/or shorter maturity and refinanced them on more favourable terms. This enabled the Group to further reduce its average borrowing margin.

The Group's available loan facilities and debt securities totally amounted to HK$38.6 billion, of which HK$25.3 billion were outstanding at June 30, 2007 analysed as below:

	June 30, 2007			
	Available Facility HK$ Billion	**Total Debts HK$ Billion**		**Undrawn Facility HK$ Billion**
Company/wholly-owned subsidiaries				
Committed facilities	18.6	15.7	62%	2.9
Uncommitted facilities	2.2	0.3	1%	1.9
	20.8	16.0	63%	4.8
Non-wholly-owned subsidiaries				
Committed and uncommitted				
– Modern Terminals Limited	16.9	9.0	36%	7.9
– i-CABLE Communications Limited	0.6	–	–%	0.6
– Others	0.3	0.3	1%	–
	38.6	25.3	100%	13.3

As at June 30, 2007, HK$1,201 million debt of the Group was secured by mortgage over certain fixed assets with total carrying value of HK$4,707 million (31/12/2006: HK$3,527 million).

The Group's debts were primarily denominated in Hong Kong dollar, US dollar and Renminbi. All US dollar loans have been effectively swapped into Hong Kong dollar loans by forward exchange contracts.

The use of derivative financial instruments was strictly controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate exposures.

The Group maintained a reasonable level of surplus cash, which was denominated principally in Hong Kong and US dollars, to facilitate the Group's business and investment activities. As at June 30, 2007, the Group also maintained a portfolio of available-for-sale investments, primarily in blue-chip securities, with an aggregate market value of HK$5.8 billion. The accumulated attributable surplus of the investments amounted to HK$1.3 billion (31/12/2006: HK$1.3 billion) and retained in reserves until the related investment is sold. Performance of the portfolio was favourably in line with market.

Human Resources

The Group has approximately 11,842 employees as at June 30, 2007 (31/12/2006: 12,000). Employees are remunerated according to nature of the job and market trend, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Total staff costs for the six months ended June 30, 2007 amounted to HK$1,125 million, compared to HK$1,158 million for the same period in 2006.

Code on Corporate Governance Practices

During the financial period under review, all the code provisions set out in the Code on Corporate Governance Practices 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") were met by the Company, except in respect of one code provision providing for the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals with a substantial number thereof being independent Non-executive Directors.

Consolidated Profit and Loss Account

For the six months ended June 30, 2007

	Note	**Unaudited 30/06/2007 HK$ Million**	Unaudited 30/06/2006 HK$ Million
Turnover	2	**8,609**	6,449
Other net income	4	**84**	84
Direct costs and operating expenses		**(3,128)**	(2,292)
Selling and marketing expenses		**(347)**	(359)
Administrative and corporate expenses		**(221)**	(274)
Operating profit before depreciation, amortisation, interest and tax		**4,997**	3,608
Depreciation and amortisation		**(626)**	(590)
Operating profit	2 & 3	**4,371**	3,018
Increase in fair value of investment properties		**2,537**	5,328
		6,908	8,346
Borrowing costs	5	**(480)**	(412)
Share of profits less losses of associates		**140**	38
Share of profits less losses of jointly controlled entities		**11**	(1)
Profit before taxation		**6,579**	7,971
Taxation	6(e)	**(1,779)**	(1,414)
Profit for the period		**4,800**	6,557
Attributable to:			
Shareholders		**4,430**	6,259
Minority interests		**370**	298
		4,800	6,557
Interim dividend declared after the balance sheet date	7	**881**	881
Earnings per share			
Basic	8	**HK$1.81**	HK$2.56
Diluted	8	**HK$1.81**	HK$2.56
Interim dividend per share	7	**36.0 cents**	36.0 cents

Consolidated Balance Sheet

As at June 30, 2007

	Note	Unaudited 30/06/2007 HK$ Million	Audited 31/12/2006 HK$ Million
Non-current assets			
Fixed assets			
Investment properties		**88,739**	86,684
Leasehold land		**3,672**	3,662
Other properties, plant and equipment		**12,996**	11,852
		105,407	102,198
Goodwill and other intangible assets		**304**	306
Interest in associates		**3,695**	781
Interest in jointly controlled entities		**799**	788
Available-for-sale investments		**5,773**	2,921
Long term receivables		**365**	371
Programming library		**170**	186
Deferred tax assets		**403**	429
Defined benefit pension scheme assets		**296**	230
Derivative financial assets		**10**	17
		117,222	108,227
Current assets			
Inventories		**4,784**	5,288
Trade and other receivables	9	**3,251**	1,981
Derivative financial assets		**3**	12
Deposits and cash		**3,211**	3,769
		11,249	11,050
Current liabilities			
Trade and other payables	10	**(4,158)**	(4,926)
Short term loans and overdrafts		**(6,082)**	(4,667)
Derivative financial liabilities		**(2)**	(3)
Taxation payable		**(957)**	(390)
		(11,199)	(9,986)
Net current assets		**50**	1,064
Total assets less current liabilities		**117,272**	109,291

	Note	Unaudited 30/06/2007 HK$ Million	Audited 31/12/2006 HK$ Million
Non-current liabilities			
Long term loans		**(19,243)**	(16,003)
Deferred taxation		**(13,870)**	(13,116)
Other deferred liabilities		**(251)**	(254)
Derivative financial liabilities		**(20)**	–
		(33,384)	(29,373)
NET ASSETS		**83,888**	79,918
Capital and reserves			
Share capital	11	**2,448**	2,448
Reserves		**76,395**	72,714
Shareholders' equity	12	**78,843**	75,162
Minority interests	12	**5,045**	4,756
TOTAL EQUITY		**83,888**	79,918

Condensed Consolidated Statement of Recognised Income and Expense

For the six months ended June 30, 2007

	Unaudited 30/06/2007 HK$ Million	Unaudited 30/06/2006 HK$ Million
Net gains not recognised in the consolidated profit and loss account	**432**	395
Profit for the period	**4,800**	6,557
Total recognised income and expense for the period		
Shareholders' equity	**4,758**	6,592
Minority interests	**474**	360
	5,232	6,952

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2007

	Unaudited 30/06/2007 HK$ Million	Unaudited 30/06/2006 HK$ Million
Net cash generated from operating activities	**2,213**	1,724
Net cash used in investing activities	**(6,205)**	(655)
Net cash from/(used in) financing activities	**3,434**	(284)
(Decrease)/increase in cash and cash equivalents	**(558)**	785
Cash and cash equivalents at January 1	**3,769**	2,352
Cash and cash equivalents at June 30	**3,211**	3,137
Analysis of the balance of cash and cash equivalents		
Deposits and cash	**3,211**	3,137

Notes to the Financial Statements

1. Basis of Preparation of the Financial Statements

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

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, 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.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those described in the annual financial statements for the year ended December 31, 2006.

In 2007, the Group adopted the new standard, amendment and interpretations below, which are relevant to its operations.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) - Int 10	Interim Financial Reporting and Impairment
HKFRS 7	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new standard, amendment and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in the annual report.

2. Segment Information

a. Business segments

Revenue and results	Segment revenue 30/06/2007 HK$ Million	Segment revenue 30/06/2006 HK$ Million	Segment results 30/06/2007 HK$ Million	Segment results 30/06/2006 HK$ Million
Property investment	**3,115**	2,718	**2,288**	1,915
Hong Kong	**2,464**	2,110	**2,036**	1,694
China	**201**	157	**100**	64
Hotels	**450**	451	**152**	157
Communication, media and entertainment ("CME")	**1,903**	1,959	**182**	141
Pay television	**827**	966	**100**	98
Internet and multimedia	**295**	296	**86**	68
Telecommunications	**708**	681	**4**	(4)
Others	**73**	16	**(8)**	(21)
Logistics	**1,689**	1,609	**854**	830
Terminals	**1,495**	1,407	**787**	749
Others	**194**	202	**67**	81
Property development	**1,916**	178	**903**	(10)
Hong Kong	**554**	177	**336**	(2)
China	**1,362**	1	**567**	(8)
	8,623	6,464	**4,227**	2,876
Investment and others	**142**	148	**290**	274
Inter-segment revenue (Note)	**(156)**	(163)	**–**	–
	8,609	6,449	**4,517**	3,150
Unallocated income and expenses			**(146)**	(132)
Operating profit			**4,371**	3,018
Increase in fair value of investment properties			**2,537**	5,328
			6,908	8,346
Borrowing costs			**(480)**	(412)
Associates			**140**	38
Property development			**45**	(5)
Terminals			**95**	43
Jointly controlled entities				
Terminals			**11**	(1)
Profit before taxation			**6,579**	7,971

Note: Inter-segment revenue eliminated on consolidation includes:

	30/06/2007 HK$ Million	30/06/2006 HK$ Million
Property investment	**52**	44
CME	**104**	119
	156	163

b. Geographical segments

Total segment revenue and results for the period analysed by geographical segments are as follows:

Revenue and results	Revenue 30/06/2007 HK$ Million	Revenue 30/06/2006 HK$ Million	Results 30/06/2007 HK$ Million	Results 30/06/2006 HK$ Million
Hong Kong	**6,994**	6,247	**3,741**	2,950
China	**1,615**	202	**630**	68
	8,609	6,449	**4,371**	3,018

Total segment assets at the balance sheet date and capital expenditure incurred during the period analysed by geographical segments are as follows:

Assets and capital expenditure	Assets 30/06/2007 HK$ Million	Assets 31/12/2006 HK$ Million	Capital expenditure 30/06/2007 HK$ Million	Capital expenditure 30/06/2006 HK$ Million
Hong Kong	**109,954**	102,504	**511**	623
China	**18,517**	16,773	**4,168**	603
	128,471	119,277	**4,679**	1,226

3. Operating Profit

Operating profit is arrived at:

	30/06/2007 HK$ Million	30/06/2006 HK$ Million
After charging:		
Depreciation		
– assets held for use under operating leases	45	43
– other fixed assets	500	490
	545	533
Amortisation		
– programming library	59	45
– leasehold land	20	12
– other intangible assets	2	–
Total depreciation and amortisation	626	590
Staff costs including retirement scheme costs HK$43 million (2006: HK$47 million)	1,125	1,158
Auditors' remuneration		
– audit services	6	5
– other services	–	1
Cost of trading properties sold during the period	943	167
and crediting:		
Rental income less direct outgoings, including:	2,174	1,832
Contingent rentals	192	152
Exchange gain	96	21
Interest income	74	71
Dividend income from listed investments	68	48
Dividend income from unlisted investments	54	60
Profit on disposal of fixed assets	16	9

4. Other Net Income

Other net income mainly represents net profit on disposal of available-for-sale investments which included a revaluation surplus of HK$84 million (2006: HK$3 million) transferred from the investments revaluation reserves.

5. Borrowing Costs

	30/06/2007 HK$ Million	30/06/2006 HK$ Million
Interest on:		
Bank loans and overdrafts	409	229
Other loans repayable within five years	99	163
Other loans repayable over five years	30	31
Other borrowing costs	7	7
	545	430
Less: Amount capitalised	(65)	(18)
Net borrowing costs for the period	480	412

The Group's average borrowing cost for the period was 4.6% per annum (2006: 4.7% per annum).

6. Taxation

a. The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 17.5% (2006: 17.5%).

b. Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.

c. Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the People's Republic of China ("PRC") on January 27, 1995, all gains arising from transfer of real estate property in the PRC effective from January 1, 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

d. On March 16, 2007, the Standing Committee of the Tenth National People's Congress of PRC approved the income tax law, which will change the tax rate from 33% to 25% for certain subsidiaries operating in the PRC from January 1, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

e. Taxation in the consolidated profit and loss account represents:

	30/06/2007 HK$ Million	30/06/2006 HK$ Million
Current tax		
Hong Kong profits tax	**469**	368
Underprovision in respect of prior years	**252**	54
	721	422
Overseas taxation	**147**	1
	868	423
Land appreciation tax in PRC	**131**	–
Deferred tax relating to		
Change in fair value of investment properties	**733**	941
Origination and reversal of temporary differences	**47**	50
	780	991
	1,779	1,414

f. None of the taxation payable in the balance sheet is expected to be settled after more than one year.

g. Share of associates' and jointly controlled entities' tax for the six months ended June 30, 2007 of HK$16 million (2006: HK$2 million) is included in the share of profits less losses of associates and jointly controlled entities.

7. Dividends

a. Dividends attributable to the period

	30/06/2007 HK$ Million	30/06/2006 HK$ Million
Proposed interim dividends after the balance sheet date: 36 cents (2006: 36 cents) per share	**881**	881

The above interim dividends were proposed after the balance sheet dates and have not been recognised as liabilities at the respective balance sheet dates.

b. Dividends attributable to the previous financial year, approved and paid during the period

	30/06/2007 HK$ Million	30/06/2006 HK$ Million
Final dividend in respect of the previous financial year, approved and paid during the period, of 44 cents (2006: 44 cents) per share	**1,077**	1,077

8. Earnings per Share

The calculation of earnings per share is based on the earnings attributable to shareholders for the period of HK$4,430 million (30/06/2006: HK$6,259 million) and the weighted average of 2,448 million (30/06/2006: 2,448 million) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on earnings attributable to shareholders for the period of HK$4,430 million (30/06/2006: HK$6,259 million) and the weighted average of 2,448 million (30/06/2006: 2,448 million) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

As at June 30, 2007, there were no unexercised share options.

9. Trade and Other Receivables

Included in this item are trade debtors (net of provision for bad and doubtful debts) with an ageing analysis as at June 30, 2007 as follows:

	30/06/2007 HK$ Million	31/12/2006 HK$ Million
Trade debtors		
0 – 30 days	**399**	331
31 – 60 days	**207**	229
61 – 90 days	**72**	70
Over 90 days	**69**	72
	747	702
Other receivables	**2,504**	1,279
	3,251	1,981

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days.

10. Trade and Other Payables

Included in this item are trade creditors with an ageing analysis as at June 30, 2007 as follows:

	30/06/2007 HK$ Million	31/12/2006 HK$ Million
Trade creditors		
0 – 30 days	**115**	332
31 – 60 days	**72**	88
61 – 90 days	**9**	18
Over 90 days	**32**	169
	228	607
Rental and customer deposits	**1,333**	1,249
Other payables	**2,597**	3,070
	4,158	4,926

11. Share Capital

	30/06/2007 No. of shares Million	31/12/2006 No. of shares Million	30/06/2007 HK$ Million	31/12/2006 HK$ Million
Authorised				
Ordinary shares of HK$1 each	**3,600**	3,600	**3,600**	3,600
Issued and fully paid				
Ordinary shares of HK$1 each	**2,448**	2,448	**2,448**	2,448

12. Capital and Reserves

	Shareholders' equity								
	Share capital HK$ Million	Share premium HK$ Million	Capital redemption reserves HK$ Million	Investments revaluation reserves HK$ Million	Exchange and other reserves HK$ Million	Revenue reserves HK$ Million	Total shareholders' equity HK$ Million	Minority interests HK$ Million	Total equity HK$ Million
The Group									
Balance at January 1, 2007	2,448	7,751	7	1,272	252	63,432	75,162	4,756	79,918
Surplus on revaluation of available-for-sale investments	–	–	–	120	–	–	120	58	178
Transfer to the consolidated profit and loss account on disposal of available-for-sale investments	–	–	–	(70)	–	–	(70)	(14)	(84)
Actuarial gains on defined benefit pension schemes	–	–	–	–	–	41	41	20	61
Exchange difference	–	–	–	–	230	–	230	24	254
Others	–	–	–	–	7	–	7	16	23
Net income recognised directly in equity	–	–	–	50	237	41	328	104	432
Profit for the period	–	–	–	–	–	4,430	4,430	370	4,800
Total recognised income and expenses	–	–	–	50	237	4,471	4,758	474	5,232
Dividends approved in respect of the previous year (Note 7b)	–	–	–	–	–	(1,077)	(1,077)	–	(1,077)
Dividends paid to minority interests	–	–	–	–	–	–	–	(185)	(185)
Balance at June 30, 2007	**2,448**	**7,751**	**7**	**1,322**	**489**	**66,826**	**78,843**	**5,045**	**83,888**

13. Material Related Party Transactions

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transactions during the period ended June 30, 2007:

a. Loans totalling HK$239 million (31/12/2006: HK$352 million) advanced by the Group to an associate involved in the Bellagio property development project are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. Waivers were granted by the Stock Exchange in 1997 and 1994 from complying with the relevant connected transaction requirements. The net interest earned by the Group from these loans during the period is not material in the context of these financial statements.

b. In respect of the period ended June 30, 2007, the Group earned rental income totalling HK$173 million (2006: HK$132 million) from various tenants which are wholly-owned by, or are non-wholly-owned subsidiaries of, companies which in turn are wholly-owned by the family interests of, or by a trust the settlor of which is, the Chairman of the Company. Such transactions are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules.

14. Contingent Liabilities

As at June 30, 2007, there were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities, bonds and notes of up to HK$24,270 million (31/12/2006: HK$23,334 million). The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured and their transaction price was HK$Nil.

As at balance sheet date, the Directors do not consider it is probable that a claim will be made against the Company under any of the guarantees.

15. Commitments

	30/06/2007 HK$ Million	31/12/2006 HK$ Million
a. Capital commitments		
Authorised and contracted for	**4,649**	4,967
Authorised but not contracted for	**2,741**	3,695
	7,390	8,662
b. Programming and other commitments		
Authorised and contracted for	**652**	538
Authorised but not contracted for	**85**	57
	737	595
c. Properties under development for sale		
Authorised and contracted for	**2,495**	3,149
Authorised but not contracted for	**12,455**	12,824
	14,950	15,973
d. Operating leases commitment		
Within one year	**75**	78
After one year but within five years	**77**	104
Over five years	**70**	78
	222	260

The Group leases a number of properties and telecommunications network facilities under operating leases. The leases typically run for an initial period of two to fifteen years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

16. Review of Unaudited Interim Financial Statements

The unaudited interim financial statements for the six months ended June 30, 2007 have been reviewed with no disagreement by the Audit Committee of the Company.

Model Code for Directors' Dealing in Securities

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

Directors' Interests in Shares

At June 30, 2007, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company and of two subsidiaries of the Company, namely, i-CABLE Communications Limited ("i-CABLE") and Modern Terminals Limited ("Modern Terminals"), and the percentages which the relevant shares represented to the issued share capitals of the Company, i-CABLE and Modern Terminals respectively are also set out below:

	No. of Ordinary Shares (Percentage of Issued Capital)	Nature of Interest
The Company		
Mr Gonzaga W J Li	686,549 (0.0280%)	Personal interest
Mr Stephen T H Ng	650,057 (0.0266%)	Personal interest
Mr T Y Ng	178,016 (0.0073%)	Personal interest
i-CABLE		
Mr Gonzaga W J Li	68,654 (0.0034%)	Personal interest
Mr Stephen T H Ng	1,065,005 (0.0527%)	Personal interest
Mr T Y Ng	17,801 (0.0009%)	Personal interest
Modern Terminals		
Mr Hans Michael Jebsen	3,787 (5.40%)	Corporate interest

Note: The 3,787 shares regarding "Corporate Interest" in which Mr Hans Michael Jebsen was taken to be interested as stated above was the interest held by corporations in general meetings of which Mr Hans Michael Jebsen was either entitled to exercise (or was taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code, there were no interests, both long and short positions, held during the financial period by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any exercises during the financial period of any rights to subscribe for any shares, underlying shares or debentures of the Company.

Substantial Shareholders' Interests

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at June 30, 2007, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

	Names	No. of Ordinary Shares	(Percentage of Issued Capital)
(i)	Lynchpin Limited	171,974,029	(7.03%)
(ii)	Star Attraction Limited	171,974,029	(7.03%)
(iii)	Wheelock Properties Limited	173,652,029	(7.09%)
(iv)	Myers Investments Limited	173,652,029	(7.09%)
(v)	Wheelock Corporate Services Limited	173,652,029	(7.09%)
(vi)	WF Investment Partners Limited	1,051,765,051	(42.97%)
(vii)	Wheelock and Company Limited	1,222,896,080	(49.96%)
(viii)	HSBC Trustee (Guernsey) Limited	1,222,896,080	(49.96%)
(ix)	JPMorgan Chase & Co.	146,448,525	(5.98%)

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of the shareholdings stated against parties (i) to (viii) above to the extent that the shareholding stated against party (i) above was entirely duplicated or included in that against party (ii) above, with the same duplication of the shareholdings in respect of (ii) in (iii), (iii) in (iv), (iv) in (v), (v) in (vi), (vi) in (vii) and (vii) in (viii).

All the interests stated above represented long positions and as at June 30, 2007, there were no short positions recorded in the Register.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

Book Closure

The Register of Members will be closed from Friday, October 5, 2007 to Friday, October 12, 2007, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, October 4, 2007.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, August 15, 2007

As at the date of this interim report, the Board of Directors of the Company comprises Mr Peter K C Woo, Mr Gonzaga W J Li, Mr Stephen T H Ng, Ms Doreen Y F Lee and Mr T Y Ng, together with six independent Non-executive Directors, namely, Mr Paul M P Chan, Professor Edward K Y Chen, Dr Raymond K F Ch'ien, Hon Vincent K Fang, Mr Hans Michael Jebsen and Mr James E Thompson.