

2007 INTERIM ANNOUNCEMENT

Well-poised for Strategic Diversification

FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2007	Six months ended 30th June, 2006	% Change
	(Unaudited)	(Unaudited)	
	HK\$'M	HK\$'M	
Revenue	242.3	86.4	+180.4%
Operating profit	75.5	67.6	+11.7%
Profit for the period attributable to equity holders of the parent	628.7	104.6	+501.1%
Basic earnings per ordinary share attributable to equity holders of the parent	HK3.45 cents	HK0.64 cent	+439.1%
Interim dividend	HK0.05 cent	HK0.03 cent	+66.7%

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

- For the six months ended 30th June, 2007, the Group recorded an unaudited consolidated profit attributable to shareholders of HK\$628.7 million, representing an increase of about 5 times over the comparative amount of HK\$104.6 million attained in the corresponding period in 2006. The profit increase was largely attributable to the share of profit from Regal Hotels International Holdings Limited, the listed associate of Paliburg Holdings Limited, due to the gain derived by Regal from the spin-off of Regal Real Estate Investment Trust in March 2007.
- As at 30th June, 2007, the Group owned approximately 53.0% interest in Paliburg and Paliburg held approximately 44.7% of the shares in Regal. Regal REIT in turn was equity-accounted for by the Regal group as a 70.5% owned associate. Due to the elimination of the unrealised gain attributable to the interest retained by the Regal group in Regal REIT, the interest in Regal REIT was stated in the financial statements of the Regal group only at a net sum of HK\$292.5 million. The interest in Regal REIT represented by far the most significant investment held by the Regal group and if it were to be valued plainly based on its attributable share of the underlying net assets of Regal REIT as at 30th June, 2007, the interest held in Regal REIT would have been stated at HK\$7,333.9 million instead. This has in turn also affected the book net assets of the Group as at 30th June, 2007.
- In order to more fairly reflect the underlying net asset value of the Group and for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on a proforma basis to reflect the share of the underlying net assets as attributable to the 70.5% interest held by Regal in Regal REIT as mentioned above, is provided in the section headed "Management Discussion and Analysis" below.

- During the period under review, the optional convertible bonds in an aggregate principal amount of HK\$160 million granted by the Group to certain independent third party purchasers in 2005 have been fully subscribed and converted into new ordinary shares of the Company. Furthermore, in June 2007, the Company completed the placing and top-up subscription of 1,600 million new ordinary shares of the Company at a placing price of HK\$0.325 per share. These equity issues have raised for the Group aggregate gross proceeds of HK\$680 million, part of which is intended to be utilised to fund the proposed investments in the natural resources projects.

BUSINESS REVIEW

- Since the early part of this year, management has spent strenuous efforts in identifying and exploring investment opportunities in the energy and natural resources sector in different parts of the world.
- As reported earlier, the Group entered into a memorandum of understanding with an independent third party in March 2007 for the possible investment by the Group in a natural gas project in the United States of America. After some preliminary assessments and taking into consideration the amount of potential investment involved and the return expected to be achieved, management has decided not to further pursue on this project.
- In April 2007, the Group entered into an acquisition agreement with certain independent third party vendors, pursuant to which the Group conditionally agreed to purchase a total of 51.8% direct or indirect interest in Chain Bright LLC, a company incorporated in Mongolia with limited liability, at a total consideration of HK\$100 million.

- Chain Bright was the registered holder of an exploration license empowering Chain Bright to conduct exploration for minerals in an Exploration Area of 12,580 hectares located in the eastern part of Mongolia. The conditions precedent to the completion of the acquisition agreement include, among others, the Group being satisfied with the due diligence review on the business and financial aspects of Chain Bright and the exploitable reserves of uranium and coal and other mineral resources in the Exploration Area, and the relevant mining licenses having been obtained by Chain Bright at the cost and expenses of the vendors on terms and conditions acceptable to the Group. Subsequent to the acquisition agreement, mining licenses for Chain Bright to conduct the mining of coal covering an area of 2,290 hectares and the mining of uranium covering an area of 1,410 hectares within the Exploration Area have respectively been issued by the relevant Mongolian government authority to Chain Bright and verified by the Group's legal advisers in Mongolia. Due to the longer time required for the conduct of the requisite due diligence review, the Group and the vendors have recently agreed to extend the long-stop date for the satisfaction of the conditions under the acquisition agreement for 3 months to 17th November, 2007.
- In conjunction with the prospective coal mining business under exploration in Mongolia, the Group also entered into a letter of intent with Tianjin Huihai New Energy Company Limited in June 2007 for the supply of coal to the PRC, subject to the negotiation and agreement on the detailed terms and conditions in relation to the proposed supply and purchase of coal to be set out in a legal definitive agreement.
- Lately in August 2007, the Company entered into a letter of intent with China Nuclear Energy Industry Corporation in relation to proposals regarding, among others, the establishment of long-term co-operative alliance between the two parties for the exploration and development of uranium resources in Mongolia and other countries and the possible joint investment with China Nuclear in economically viable uranium mines and the underwriting by China Nuclear of the sale of the uranium products.

- China Nuclear is a wholly-owned subsidiary of China National Nuclear Corporation and is the only company authorised by the PRC government to carry on import and export of nuclear fuel and to supply nuclear fuel to nuclear power plants in the PRC. China Nuclear and its parent group have extensive experience and expertise in the uranium and nuclear fuel industries and as part of this co-operative alliance, China Nuclear will be given first right to be appointed on competitive terms to provide multi-faceted technical support on all aspects of due diligence, prospecting, exploration and mining works on the uranium mines in which the Company proposes to invest, including the proposed mining project in Mongolia.
- In view of the contemplated long-term relationship and strategic partnership between the Company and China Nuclear in developing the uranium businesses, and in order to strengthen the co-operative prospects between the two parties, China Nuclear will be granted an option to subscribe for 1 billion new shares of the Company at an exercise price of HK\$0.201 per share. The grant of such option will be subject to compliance with applicable laws and regulations and will be granted when the formal agreement has been finalised and signed, exercisable within 2 years from the date of grant.
- It was agreed that, within 3 months from the date of the letter of intent entered into between the Company and China Nuclear, the parties will finalise and sign a formal agreement in respect of the matters contemplated in the letter of intent and to comply with the necessary procedures and to obtain requisite approvals and consents. Further detail information in relation to the letter of intent is contained in the announcement dated 13th August, 2007 released by the Company.

PALIBURG HOLDINGS LIMITED

- For the six months ended 30th June, 2007, Paliburg recorded an unaudited consolidated profit attributable to shareholders of HK\$1,200.1 million, representing an increase of more than 4.7 times over the comparative amount of HK\$209.1 million attained in the corresponding period in 2006.
- Further information on the principal business operations and outlook of Paliburg, including its management discussion and analysis, is contained in Paliburg's announcement separately released today.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

- For the six months ended 30th June, 2007, Regal achieved an unaudited consolidated profit attributable to ordinary shareholders of HK\$2,496.2 million, which represented an increase of more than 7 times over the comparative profit of HK\$310.8 million attained in 2006.
- Further information on the principal business operations and outlook of Regal, including its management discussion and analysis, is contained in Regal's announcement separately released today.

REGAL REAL ESTATE INVESTMENT TRUST

- For the period from 11th December, 2006 (date of establishment of Regal REIT) to 30th June, 2007, Regal REIT attained a profit of HK\$2,165.0 million, which included the gain of HK\$2,044.4 million that arose from the acquisition of the five Regal Hotels from the Group at a discount to their market valuations.
- Further information on the principal business operations and outlook of Regal REIT, including its management discussion and analysis, is contained in Regal REIT's announcement separately released today.

OUTLOOK

- The Group is working diligently on the uranium and coal mining project in Mongolia. As the Group has strong expertise in investment and planning, through the formation of a long-term strategic alliance with China Nuclear, the Group will be supplemented with full range technical support from the China Nuclear group in the exploration and development of the uranium business. The Group is hopeful that through this alliance, new co-operative projects that span across different countries could be gradually developed.
- The Group is well-poised for strategic diversification and believes that its plans to invest in the energy and natural resources sectors can provide to the Group with rapid growth prospects and, if successfully implemented, should potentially generate immense profits to the Group and its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

- During the period under review, net cash inflow from operating activities amounted to HK\$26.5 million (2006 – outflow of HK\$11.4 million). Net interest receipt for the period amounted to HK\$0.7 million (2006 – payment of HK\$3.8 million).
- In order to more fairly reflect the Group's underlying net asset value, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on a proforma basis that the Group's interest in Regal is adjusted to reflect its attributable share of Regal's proforma net assets as adjusted for Regal's interest in Regal REIT to reflect the share of the underlying net assets attributable to Regal based on Regal REIT's reported net assets attributable to its unitholders as at 30th June, 2007:

Statement of Proforma Net Assets

	30th June, 2007
	(Unaudited)
	HK\$'M
Non-current assets	
Interests in Regal	5,360.6
Interests in other associates	625.8
Other non-current assets	755.3
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Total non-current assets	6,741.7
Net current assets	232.3
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Total assets less current liabilities	6,974.0
Non-current liabilities	(128.6)
Minority interests	(2,847.6)
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Proforma net assets attributable to equity holders of the parent	3,997.8
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Proforma net asset value per ordinary share	HK\$0.17
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- As at 30th June, 2007, the Group had cash and bank balances net of borrowings of HK\$147.7 million (31st December, 2006 – net borrowings of HK\$275.5 million, representing a gearing ratio of 6.6% based on total assets of HK\$4,171.1 million).
- During the period under review, as the Group's borrowings were all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed.

- Information in relation to the maturity profile of the borrowings, the pledge of assets and the contingent liabilities of the Group as of 30th June, 2007 has not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2006 (the “2006 Annual Report”). During the period under review, the Group continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company’s 2006 Annual Report. Detailed information in such aspects is contained in the interim report of the Company for the six months ended 30th June, 2007.
- The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed “Business Review” and “Outlook” above.
- The Group’s significant investments during the period principally constituted its interests held in Regal, which was held through Paliburg. The operating results of Paliburg during the period and its business prospects are contained in Paliburg’s announcement separately released today. The significant investments of Regal following the spin-off of the Regal REIT on 30th March, 2007 comprised its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal REIT (which now directly owns the five Regal Hotels in Hong Kong), the asset management of Regal REIT, the interest in the jointly controlled Regalia Bay development and other investment businesses. The performance of Regal and its hotel operations during the period under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance as well as the progress and prospects on the Regalia Bay development are contained in Regal’s announcement separately released today.

DIVIDEND

- In view of the satisfactory results achieved, the Directors have declared the payment of an interim dividend of HK0.05 cent per ordinary share for the financial year ending 31st December, 2007 (2006 – HK0.03 cent), absorbing a total amount of approximately HK\$10.7 million (2006 – HK\$4.9 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 21st September, 2007.
- According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares are not entitled to any right of participation in the profits of the Company.

CLOSURE OF REGISTER

- The Register of Ordinary Shareholders will be closed from Wednesday, 19th September, 2007 to Friday, 21st September, 2007, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the interim dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:00 p.m. on Tuesday, 18th September, 2007. The relevant dividend warrants are expected to be despatched on or about 11th October, 2007.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	Six months ended 30th June, 2007	Six months ended 30th June, 2006
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
REVENUE (Note 2)	242.3	86.4
Cost of sales	(191.3)	(75.9)
Gross profit	<u>51.0</u>	<u>10.5</u>
Other income and gains (Note 3)	117.8	6.0
Fair value gain upon reclassification of a property held for sale to an investment property	–	70.3
Administrative expenses	(21.5)	(18.2)
Other operating expenses, net (Note 4)	(71.8)	(1.0)
OPERATING PROFIT (Note 2)	<u>75.5</u>	<u>67.6</u>
Finance costs	(12.5)	(9.1)
Share of profits and losses of associates	1,130.7	141.3
PROFIT BEFORE TAX	<u>1,193.7</u>	<u>199.8</u>
Tax (Note 6)	(0.9)	(0.5)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	<u>1,192.8</u>	<u>199.3</u>
Attributable to:		
Equity holders of the parent	628.7	104.6
Minority interests	564.1	94.7
	<u>1,192.8</u>	<u>199.3</u>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 7)		
Basic	<u>HK3.45 cents</u>	<u>HK0.64 cent</u>
Diluted	<u>HK2.34 cents</u>	<u>HK0.43 cent</u>
DIVIDEND PER ORDINARY SHARE	<u>HK0.05 cent</u>	<u>HK0.03 cent</u>

Condensed Consolidated Balance Sheet

	30th June, 2007 (Unaudited) HK\$'M	31st December, 2006 (Audited) HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	4.9	5.6
Investment properties	350.3	350.3
Goodwill	202.0	202.0
Property held for future development	–	26.7
Interests in associates	4,352.5	2,981.6
Available-for-sale equity investments	34.7	37.4
Financial asset at fair value through profit or loss	141.3	–
Loans receivable	11.9	14.3
Deposit	10.0	–
Other assets	0.2	0.2
Total non-current assets	5,107.8	3,618.1
CURRENT ASSETS		
Financial assets at fair value through profit or loss	7.8	19.1
Properties held for sale	6.0	38.7
Inventories	8.5	6.9
Debtors, deposits and prepayments (Note 8)	129.0	91.5
Time deposits	744.8	129.8
Cash and bank balances	20.3	17.6
	916.4	303.6
Asset of a disposal group classified as held for sale	249.4	249.4
Total current assets	1,165.8	553.0

Condensed Consolidated Balance Sheet (Cont'd)

	30th June, 2007 (Unaudited) HK\$'M	31st December, 2006 (Audited) HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 9)	(112.4)	(110.2)
Tax payable	(3.7)	(2.8)
Promissory notes payable	(300.0)	–
Interest bearing bank and other borrowings	(197.5)	(10.3)
Deposits received	(221.0)	(220.3)
	<u>(834.6)</u>	<u>(343.6)</u>
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)
Total current liabilities	<u>(933.5)</u>	<u>(442.5)</u>
NET CURRENT ASSETS	232.3	110.5
TOTAL ASSETS LESS CURRENT LIABILITIES	5,340.1	3,728.6
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	(119.9)	(337.9)
Convertible bonds	–	(74.7)
Deferred tax liabilities	(8.7)	(8.7)
Total non-current liabilities	<u>(128.6)</u>	<u>(421.3)</u>
Net assets	<u>5,211.5</u>	<u>3,307.3</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	458.5	422.8
Equity component of convertible bonds	–	5.2
Reserves	2,662.7	1,329.2
Dividends	10.7	12.6
	<u>3,131.9</u>	<u>1,769.8</u>
Minority interests	2,079.6	1,537.5
Total equity	<u>5,211.5</u>	<u>3,307.3</u>

Notes:

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31st December, 2006, except for the adoption of the following Hong Kong Financial Reporting Standards (“HKFRSs”) mandatory for annual periods beginning on or after 1st January, 2007.

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

The adoption of the above HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated financial statements.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services

which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel ownership/operation and management segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following table presents revenue and profit/(loss) information for the Group's business segments.

Group	Property development and investment		Construction and building related businesses		Hotel ownership/ operation and management		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M	Six months ended 30th June, 2007 (Unaudited) HK\$'M	Six months ended 30th June, 2006 (Unaudited) HK\$'M
Segment revenue:														
Sales to external customers	77.5	6.0	124.8	49.8	-	-	39.8	30.4	0.2	0.2	-	-	242.3	86.4
Intersegment sales	-	-	-	1.0	-	-	-	-	-	-	-	(1.0)	-	-
Total	<u>77.5</u>	<u>6.0</u>	<u>124.8</u>	<u>50.8</u>	<u>-</u>	<u>-</u>	<u>39.8</u>	<u>30.4</u>	<u>0.2</u>	<u>0.2</u>	<u>-</u>	<u>(1.0)</u>	<u>242.3</u>	<u>86.4</u>
Segment results	<u>65.7</u>	<u>72.7</u>	<u>7.4</u>	<u>4.1</u>	<u>-</u>	<u>-</u>	<u>85.0</u>	<u>2.9</u>	<u>2.1</u>	<u>1.5</u>	<u>(0.9)</u>	<u>-</u>	<u>159.3</u>	<u>81.2</u>
Interest income and unallocated non-operating and corporate gains													6.5	3.9
Unallocated non-operating and corporate expenses													(90.3)	(17.5)
Operating profit													75.5	67.6
Finance costs													(12.5)	(9.1)
Share of profits and losses of associates	(0.3)	(0.6)	(0.2)	-	1,131.2	141.9	-	-	-	-	-	-	1,130.7	141.3
Profit before tax													1,193.7	199.8
Tax													(0.9)	(0.5)
Profit for the period before allocation between equity holders of the parent and minority interests													<u>1,192.8</u>	<u>199.3</u>
Attributable to:														
Equity holders of the parent													628.7	104.6
Minority interests													564.1	94.7
													<u>1,192.8</u>	<u>199.3</u>

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments.

Group

	Hong Kong		Mainland China		Eliminations		Consolidated	
	Six months ended 30th June, 2007		Six months ended 30th June, 2007		Six months ended 30th June, 2007		Six months ended 30th June, 2007	
	2006	2006	2006	2006	2006	2006	2006	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:								
Sales to external customers	242.2	86.3	0.1	0.1	-	-	242.3	86.4

3. Other income and gains represent the following items:

	Six months ended 30th June, 2007	Six months ended 30th June, 2006
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest income	6.4	3.5
Fair value gains on financial assets at fair value through profit or loss	85.3	0.3
Gain on disposal of subsidiaries	23.2	–
Gain on deemed disposal of interests in the listed associate	–	1.4
Others	2.9	0.8
	117.8	6.0

4. Other operating expenses, net, include the following major items:

	Six months ended 30th June, 2007	Six months ended 30th June, 2006
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Depreciation	1.0	1.0
Loss on deemed disposal of interests in the listed associate	69.9	–

5. An analysis of profit on sale of investments or properties of the Group is as follows:

	Six months ended 30th June, 2007	Six months ended 30th June, 2006
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Profit on disposal of listed investments	0.6	2.5
Profit on disposal of properties	37.1	–

6. The tax charge for the period arose as follows:

	Six months ended 30th June, 2007	Six months ended 30th June, 2006
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Current – Hong Kong		
Provision for tax in respect of profits for the period	0.9	0.4
Current – Overseas		
Underprovision in prior periods	–	0.1
	<hr/>	<hr/>
Total tax charge for the period	0.9	0.5
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The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 17.5% (2006 – 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

The share of tax charge attributable to associates amounting to HK\$5.5 million (2006 – tax credit of HK\$1.5 million) is included in “Share of profits and losses of associates” on the face of the condensed consolidated income statement.

7. The calculation of basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$628.7 million (2006 – HK\$104.6 million) and on the weighted average of 18,235.3 million (2006 – 16,438.5 million) ordinary shares of the Company in issue during the period.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2007 is based on the profit for the period attributable to equity holders of the parent, adjusted for (i) the decrease in the Group’s proportionate interest in the earnings of Paliburg group of HK\$65.8 million assuming all outstanding convertible bonds (including

optional convertible bonds) of Regal group and all outstanding convertible preference shares of Regal were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of the period and all the outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the period; and (ii) the interest savings on the convertible bonds of HK\$1.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of the period. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 5,896.3 million that would be issued assuming (i) all the 2,507.8 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of the period; (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of the period; (iii) all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the period; and (iv) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the period. The exercise price of the share options of Regal outstanding during the period is higher than the average market price of the ordinary shares of Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2006 was based on the profit for that period attributable to equity holders of the parent, adjusted for (i) the decrease in the Group's proportionate interest in the Paliburg group's earnings of HK\$10.6 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Regal group were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of that period and all the outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that period; and (ii) the interest savings on the convertible bonds of HK\$2.4

million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that period. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 5,905.5 million that would be issued assuming (i) all the 3,527.0 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of that period; and (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that period. The conversion of the outstanding convertible preference shares of Regal was anti-dilutive for that period and was not included in the calculation of diluted earnings per ordinary share. In addition, the exercise prices of the warrants of the Company and the share options of the Company and Regal outstanding during that period were higher than the average market prices of the respective ordinary shares of the Company and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

8. Included in debtors, deposits and prepayments is an amount of HK\$38.4 million (31st December, 2006 – HK\$19.9 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	30th June, 2007	31st December, 2006
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	40.1	18.3
Between 4 to 6 months	0.1	0.1
Between 7 to 12 months	0.4	–
Over 1 year	3.2	8.6
	<hr/> 43.8	<hr/> 27.0
Provisions	(5.4)	(7.1)
	<hr/> 38.4 <hr/>	<hr/> 19.9 <hr/>

Credit terms

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

9. Included in creditors and accruals is an amount of HK\$17.6 million (31st December, 2006 – HK\$7.5 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	30th June, 2007	31st December, 2006
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	17.3	7.4
Between 4 to 6 months	0.3	0.1
	<hr/> 17.6 <hr/>	<hr/> 7.5 <hr/>

The trade creditors are non-interest bearing and are normally settled within 90 days.

10. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2007.

REVIEW OF RESULTS

- The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2007 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2007 to be despatched to shareholders.

- The Audit Committee has reviewed the Group's condensed consolidated interim financial statements for the six months ended 30th June, 2007, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

- The Company has complied with the Code Provisions in the Code of 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 during the six months ended 30th June, 2007, except that:
 - (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group's corporate operating structure.
 - (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

BOARD OF DIRECTORS

- As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Kenneth NG Kwai Kai

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Jimmy LO Chun To

Miss LO Po Man

Independent Non-Executive Directors:

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 27th August, 2007