



HUTCHISON HARBOUR RING LIMITED

和記港陸有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 715)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

HIGHLIGHTS	2007 HK\$'million	2006 HK\$'million	Changes
Turnover - company and subsidiaries	1,087.2	1,072.6	1.4%
Profit attributable to shareholders of the Company	169.1	50.1	237.4%
Earnings per share	HK2.52 cents	HK0.75 cents	236.0%

CHAIRMAN'S STATEMENT

Results

The Group's unaudited consolidated profit attributable to shareholders of the Company for the half year ended 30 June 2007 increased by 237.4% to HK\$169.1 million (2006: HK\$50.1 million) and basic earnings per share attributable to the shareholders of the Company increased by 236.0% to HK2.52 cents (2006: HK0.75 cents). These results include net credit of deferred tax liabilities and others totalling HK\$144.2 million (2006: Nil) mainly resulting from the announced reduction of applicable income tax rates in The People's Republic of China ("PRC"); and profits after tax on disposals of property and security investments and profit on revaluation of investment properties of HK\$20.6 million (2006: HK\$84.9 million). Excluding these one-time gains, profit attributable to shareholders turned around 112.3% from a loss of HK\$34.8 million to a profit of HK\$4.3 million for the period.

Dividend

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil). The recommendation on the payment of a final dividend for the year ending 31 December 2007 will be made after the full year results are available.

Review of Operations

The Group's consolidated turnover for the first half year amounted to HK\$1,087.2 million, a 1.4% increase over the same period in 2006. The Group's consolidated earnings before interest expense and taxation ("EBIT") for the period totalled HK\$89.3 million (2006: HK\$139.7 million). Excluding the profits on disposals of property and security investments and profit on revaluation of the investment properties of HK\$19.1 million (2006: HK\$119.0 million), EBIT from recurring operations increased by 238.8% from HK\$20.7 million to HK\$70.2 million for the period. The significant increase in recurring EBIT was due to

improved results from the technology and property divisions, partially offset by increased losses from the toy division and the licensing and sourcing division.

Toy Division

The toy division remains the principal contributor to the Group's revenues. For the six months ended 30 June 2007, the turnover decreased by 16.7% to HK\$535.9 million from HK\$643.4 million for the same period last year and loss before interest expense and taxation ("LBIT") from recurring operations was HK\$29.7 million compared to HK\$16.5 million for the same period last year.

For the period under review, the toy division continued to operate under a challenging business environment. The traditional toys market was beset by continued fierce competition from non-conventional toy products whilst margins remained pressured by higher raw material costs, rising wages in Mainland China and continued appreciation of the Renminbi. In addition, cautious ordering in 2006 by major customers in the U.S.A. in anticipation of more moderate consumer toy spending continued into the first half of 2007 and there is a growing trend that orders are being deferred to the second half of this year.

The Group continues to upgrade its management information systems and to rationalise and re-engineer its workflows and processes to control and mitigate the negative impact of cost increases. In line with the strategies implemented last year, the division continues to focus on high end products with better margins and has started to enter into non-conventional toy categories including life-style products and teen electronics. The number of higher margin orders on hand is increasing and the division is cautiously optimistic of better results for the second half of the year.

Technology Division

The technology division achieved significant improvement in results for the period under review. Turnover increased by 48.7% to HK\$372.0 million to achieve an EBIT of HK\$26.4 million for the period, compared to LBIT of HK\$45.2 million for the same period last year.

Our focus on our key strategic global accounts, continued brand-building efforts in the Bluetooth[®] market, together with the successful launch of new products and penetration of the U.S.A. market contributed towards the improved turnover and results for this period. Cost rationalisation exercises carried out last year also contributed to the improved performance of the division.

The Group expects that it will continue to benefit from its ongoing business relationship with key strategic global accounts, launch of new products by major mobile phone manufacturers and continued penetration of new business opportunities and the U.S.A. market in the second half of the year.

Licensing and Sourcing Division

The licensing and sourcing division reported a turnover of HK\$29.7 million and an LBIT of HK\$14.2 million for the half year ended 30 June 2007, as compared to turnover of HK\$57.3 million and LBIT of HK\$3.7 million for the same period last year.

The results of this division were adversely impacted by a significant reduction in customer orders and investment in the Shanghai Warner Bros. flagship store opened in March 2006 and continued investment to expand the retail sub-licensing business. During the period, several retail sub-licensed outlets were opened in major cities in Mainland China and in Macau's high-traffic tourist districts, with more openings anticipated in the second half of

the year. In order to ensure long-term profitability, the Group is reviewing its sub-licensing business strategy and cost structure. As the time draws nearer to the 2008 Beijing Olympics, the Group expects to benefit as a licensed toy manufacturer of Fuwa, the official mascots of this significant global event.

Property Division

Turnover and EBIT from recurring operations of the property division increased by 12.6% and 11.2% to HK\$153.6 million and HK\$122.5 million respectively for the period ended 30 June 2007, compared to HK\$136.5 million and HK\$110.2 million respectively for the same period last year. All of the Group's properties remain substantially let. The increase in turnover and EBIT mainly reflects higher lease renewal rates for office premises and the Renminbi's appreciation.

Rental income is expected to grow as demand for office spaces, particularly in Shanghai, remains strong. Management is confident that the property division will continue to maintain strong and reliable earnings and cashflow.

Outlook

The toy division is expected to record increased sales in the second half of the year in line with the seasonality of the toy industry. The business environment for the toy division is expected to remain challenging as competition and costs are expected to remain high. Management will continue to focus on high end products that deliver better margins and also on rationalisation of costs.

The technology division is expected to maintain its growth momentum as the Group continues to broaden product offerings, expand its business relationship with key strategic global accounts, and grow in established and new markets.

The licensing and sourcing division will further explore opportunities with new strategic business partners to build its business. At the same time, Management will continue to review, develop and adjust its business strategy and cost structure to ensure long-term profitability.

Benefiting from the favourable economic environment of Mainland China, and the expected continued strong demand for high quality office premises in Shanghai, the property division is expected to provide a strong recurrent earnings base for the Group.

The Board would like to thank all employees for their hard work and dedication and our shareholders and business partners for their continued support.

Fok Kin-ning, Canning
Chairman

HONG KONG, 22 August 2007

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2007

		Unaudited	
		2007	2006
	Note	HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		1,087,157	1,072,602
Share of an associated company		2,080	2,462
		<u>1,089,237</u>	<u>1,075,064</u>
Company and subsidiaries			
Turnover	2	1,087,157	1,072,602
Cost of sales		(922,213)	(909,229)
Gross profit		<u>164,944</u>	<u>163,373</u>
Interest income		12,647	17,464
Other net income	3	19,067	119,022
Administrative expenses		(74,300)	(112,043)
Selling and distribution costs		(32,307)	(48,153)
Operating profit	4	<u>90,051</u>	<u>139,663</u>
Share of (loss)/profit of an associated company		(792)	79
Earnings before interest expense and tax		<u>89,259</u>	<u>139,742</u>
Finance costs	5	(23,835)	(27,914)
Profit before tax		<u>65,424</u>	<u>111,828</u>
Tax credit/(charge)	6	110,564	(59,551)
Profit for the period		<u>175,988</u>	<u>52,277</u>
Attributable to: Shareholders of the Company		169,138	50,136
Minority interests		6,850	2,141
		<u>175,988</u>	<u>52,277</u>
Earnings per share for profit attributable to shareholders of the Company	7	<u>HK 2.52 cents</u>	<u>HK 0.75 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2007 HK\$'000	Audited 31 December 2006 HK\$'000
	Note		
Non-current assets			
Goodwill		352,301	342,040
Licence rights		55,114	55,114
Property, plant and equipment		182,408	192,229
Investment properties		3,514,479	3,425,420
Leasehold land and land use rights		15,900	29,132
Investment in an associated company		2,691	3,328
Loans receivable		2,117	3,879
Deferred tax assets		21,205	30,255
		<u>4,146,215</u>	<u>4,081,397</u>
Current assets			
Inventories		383,317	297,056
Trade receivables	8	339,957	426,281
Deposits, prepayments and other receivables		135,798	121,142
Loans receivable due within one year		2,667	2,514
Tax recoverable		10,510	11,701
Available-for-sale financial assets		12,445	223,099
Cash and bank deposits		946,103	717,764
		<u>1,830,797</u>	<u>1,799,557</u>
Current liabilities			
Trade payables	9	326,809	314,018
Other creditors and accruals		450,811	501,257
Tax payables		84,599	77,899
		<u>862,219</u>	<u>893,174</u>
Net current assets		<u>968,578</u>	<u>906,383</u>
Total assets less current liabilities		5,114,793	4,987,780
Non-current liabilities			
Deferred tax liabilities		588,481	720,599
Other non-current financial liabilities		70,518	69,101
Convertible note		911,643	899,955
Net assets		<u>3,544,151</u>	<u>3,298,125</u>
Equity			
Share capital		670,500	670,500
Reserves		2,757,771	2,522,853
Capital and reserves attributable to the shareholders of the Company		3,428,271	3,193,353
Minority interests		115,880	104,772
Total equity		<u>3,544,151</u>	<u>3,298,125</u>

Notes:

1 Basis of preparation and accounting policies

These unaudited condensed consolidated interim accounts ("Interim Accounts") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. These Interim Accounts should be read in conjunction with the annual accounts for the year ended 31 December 2006.

The accounting policies and methods of computation used in the preparation of these Interim Accounts are consistent with those used in the annual accounts for the year ended 31 December 2006 except that the Group adopted all the new standards, amendments to standards and interpretations ("new/revised HKFRSs") which are effective for accounting periods commencing on 1 January 2007. The adoption of these new/revised HKFRSs did not have material impact to the Interim Accounts

2 Turnover, revenues and segment information

Turnover represents sales of toys, consumer electronic products and accessories, rental and service income, and licensing commission and other income. The amount of each category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Turnover		
Sales of goods	929,766	930,923
Rental and service income from investment properties	153,360	136,299
Licensing commission and other income	4,031	5,380
	<u>1,087,157</u>	<u>1,072,602</u>

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format. The Group's core business segments are toy division, technology division, licensing and sourcing division and property division. Other corporate income and expenses, investments in securities and cash held for non-operating purposes are not allocated to the above segments.

Toy industry is subject to seasonal fluctuations, with peak demand during holiday season in the second half of the year. As such, revenues and segment results of the Group's toy division in the first half of the year are lower than those in the second half of the year.

Notes: (Continued)

2 Turnover, revenues and segment information (Continued)

Primary segment information by business:

	Six months ended 30 June 2007						Group HK\$'000
	Toy division HK\$'000	Technology division HK\$'000	Licensing and sourcing division HK\$'000	Property division HK\$'000	Unallocated HK\$'000	Elimination HK\$'000	
Turnover							
Company and subsidiaries							
- External sales	533,358	370,802	29,637	153,360	-	-	1,087,157
- Inter-segment sales	2,581	1,166	54	253	-	(4,054)	-
	535,939	371,968	29,691	153,613	-	(4,054)	1,087,157
Share of an associated company	2,080	-	-	-	-	-	2,080
	538,019	371,968	29,691	153,613	-	(4,054)	1,089,237
Segment results before changes in fair value of investment properties and profits/(losses) on disposal of investments and others							
Company and subsidiaries	(28,885)	26,353	(14,245)	122,547	(34,327)	(459)	70,984
Share of an associated company	(792)	-	-	-	-	-	(792)
	(29,677)	26,353	(14,245)	122,547	(34,327)	(459)	70,192
Changes in fair value of investment properties	-	-	-	20	-	-	20
Profits/(losses) on disposal of investments and others	24,039	-	-	-	(4,992)	-	19,047
Earnings/(losses) before interest expense and tax	(5,638)	26,353	(14,245)	122,567	(39,319)	(459)	89,259
Finance costs							(23,835)
Tax credit							110,564
Profit for the period							175,988
Capital expenditure	(8,350)	(5,093)	(206)	(166)			(13,815)
Depreciation of property, plant and equipment	(14,219)	(6,084)	(1,021)	(454)			(21,778)
Amortisation of leasehold land and land use rights	(580)	-	-	(60)			(640)

Notes: (Continued)

2 Turnover, revenues and segment information (Continued)

Primary segment information by business (Continued):

	Six months ended 30 June 2006						
	Toy division HK\$'000	Technology division HK\$'000	Licensing and sourcing division HK\$'000	Property division HK\$'000	Unallocated HK\$'000	Elimination HK\$'000	Group HK\$'000
Turnover							
Company and subsidiaries							
- External sales	630,982	248,603	56,718	136,299	-	-	1,072,602
- Inter-segment sales	12,434	1,537	622	153	-	(14,746)	-
	643,416	250,140	57,340	136,452	-	(14,746)	1,072,602
Share of an associated company	2,462	-	-	-	-	-	2,462
	<u>645,878</u>	<u>250,140</u>	<u>57,340</u>	<u>136,452</u>	<u>-</u>	<u>(14,746)</u>	<u>1,075,064</u>
Segment results before changes in fair value of investment properties and profits on disposal of investments and others							
Company and subsidiaries	(16,547)	(45,247)	(3,650)	110,157	(23,505)	(567)	20,641
Share of an associated company	79	-	-	-	-	-	79
	(16,468)	(45,247)	(3,650)	110,157	(23,505)	(567)	20,720
Changes in fair value of investment properties	-	-	-	93,496	-	-	93,496
Profits on disposal of investments and others	23,264	-	-	-	2,262	-	25,526
Earnings/(losses) before interest expense and tax	6,796	(45,247)	(3,650)	203,653	(21,243)	(567)	139,742
Finance costs							(27,914)
Tax charge							(59,551)
Profit for the period							<u>52,277</u>
Capital expenditure	(22,775)	(5,406)	(7,263)	(673)			(36,117)
Depreciation of property, plant and equipment	(14,578)	(5,403)	(754)	(306)			(21,041)
Amortisation of leasehold land and land use rights	(395)	-	-	(46)			(441)

Notes: (Continued)

2 Turnover, revenues and segment information (Continued)

Secondary segment information by geographical location:

	Six months ended 30 June 2007						Total HK\$'000
	United States HK\$'000	Europe HK\$'000	Mainland China HK\$'000	Hong Kong HK\$'000	Other regions HK\$'000	Unallocated HK\$'000	
Turnover	<u>394,932</u>	<u>201,054</u>	<u>186,637</u>	<u>57,336</u>	<u>247,198</u>	<u>-</u>	<u>1,087,157</u>
Segment results before changes in fair value of investment properties and profits/(losses) on disposal of investments and others							
Company and subsidiaries	(8,163)	(1,450)	122,033	(871)	(6,238)	(34,327)	70,984
Share of an associated company	-	-	(792)	-	-	-	(792)
	<u>(8,163)</u>	<u>(1,450)</u>	<u>121,241</u>	<u>(871)</u>	<u>(6,238)</u>	<u>(34,327)</u>	<u>70,192</u>
Changes in fair value of investment properties	-	-	-	20	-	-	20
Profits/(losses) on disposal of investments and others	-	-	-	24,039	-	(4,992)	19,047
Earnings/(losses) before interest expense and tax	<u>(8,163)</u>	<u>(1,450)</u>	<u>121,241</u>	<u>23,188</u>	<u>(6,238)</u>	<u>(39,319)</u>	<u>89,259</u>

	Six months ended 30 June 2006						Total HK\$'000
	United States HK\$'000	Europe HK\$'000	Mainland China HK\$'000	Hong Kong HK\$'000	Other regions HK\$'000	Unallocated HK\$'000	
Turnover	<u>367,852</u>	<u>233,413</u>	<u>173,103</u>	<u>69,058</u>	<u>229,176</u>	<u>-</u>	<u>1,072,602</u>
Segment results before changes in fair value of investment properties and profits on disposal of investments and others							
Company and subsidiaries	(5,210)	(17,136)	102,038	(6,695)	(28,851)	(23,505)	20,641
Share of an associated company	-	-	79	-	-	-	79
	<u>(5,210)</u>	<u>(17,136)</u>	<u>102,117</u>	<u>(6,695)</u>	<u>(28,851)</u>	<u>(23,505)</u>	<u>20,720</u>
Changes in fair value of investment properties	-	-	92,896	600	-	-	93,496
Profits on disposal of investments and others	-	-	823	22,441	-	2,262	25,526
Earnings/(losses) before interest expense and tax	<u>(5,210)</u>	<u>(17,136)</u>	<u>195,836</u>	<u>16,346</u>	<u>(28,851)</u>	<u>(21,243)</u>	<u>139,742</u>

Notes: (Continued)

3 Other net income

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Gain on disposal of investment properties, leasehold land and buildings	24,039	22,441
Increase in fair value of investment properties	20	93,496
(Loss)/gain on maturity/disposal of available-for-sale financial assets	(4,992)	2,262
Gain on disposal of subsidiaries	-	823
	19,067	119,022

4 Operating profit

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Operating profit is stated after charging the following:		
Cost of inventories sold	889,948	886,642
Depreciation of property, plant and equipment	21,778	21,041
Amortisation of leasehold land and land use rights	640	441

5 Finance costs

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Interest on bank loans (wholly repayable within one year)	-	6,271
Interest on loans from minority shareholders (not wholly repayable within five years)	594	586
Interest on convertible note		
- Cash portion	9,918	9,917
- Notional non-cash interest accretion	11,688	11,140
Interest accretion on licence fees payable	1,635	-
	23,835	27,914

Notes: (Continued)

6 Tax (credit)/charge

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Current tax		
- Hong Kong	4,423	729
- Outside Hong Kong	29,242	22,284
Deferred tax (credit)/charge	(144,229)	36,538
	<u>(110,564)</u>	<u>59,551</u>

PRC Enterprise Income Tax:

The Group's subsidiaries in the Mainland China are subject to Enterprise Income Tax of Mainland China ("PRC Enterprise Income Tax") at rates range from 15% to 33%.

The Group's certain operating subsidiaries are export-oriented production foreign-invested enterprises located in coastal economic open cities or development areas and hence enjoy a preferential income tax rate of 15%. These subsidiaries are also exempted from PRC Enterprise Income Tax in the first two profit-making years followed by a 50% reduction in the PRC Enterprise Income Tax for the next three years thereafter.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law") which will take effect on 1 January 2008. From 1 January 2008, the income tax rate for the operating subsidiaries mentioned above is expected to gradually increase to the standard rate of 25% over a five-year transition period. However, the New Tax Law has not set out the details as to how the existing preferential tax rate will gradually increase to the standard rate of 25%. Further detailed measures and regulations on determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces additional regulations, the Group will assess the impact, if any, and this change in accounting estimate will be accounted for prospectively.

The Group's other property operating subsidiaries in the Mainland China are currently subject to PRC Enterprise Income Tax at a rate of 33%. As a result of the New Tax Law, it is expected that the income tax rate applicable to these subsidiaries will be reduced from 33% to 25% with effect from 1 January 2008. The new tax rate of 25% has been applied in the measurement of the Group's deferred tax at 30 June 2007 in respect of these subsidiaries. The change in the PRC Enterprise Income Tax rate resulted in a deferred tax credit of HK\$172,572,000 (2006: Nil).

Hong Kong Profits Tax:

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period.

The Inland Revenue Department of Hong Kong has commenced a tax audit of the Group's operation for the past few years. The tax audit is presently ongoing and it is too early to assess the likely outcome of such audit.

Notes: (Continued)

7 Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of the Company of HK\$169,138,000 (2006: HK\$50,136,000) and 6,705,000,263 (2006: 6,705,000,263) ordinary shares in issue during the period.

The employee share options and the convertible note outstanding at 30 June 2007 and 2006 did not have any dilutive effect on the basic earnings per share.

8 Trade receivables

The Group's average credit period granted to trade debtors mainly ranges from 30 to 60 days. At 30 June 2007 and 31 December 2006, the aging analysis of trade receivables, net of provision, based on the date of invoice is as follows:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
0-30 days	189,281	179,715
31-60 days	106,078	134,295
61-90 days	22,280	53,121
Over 90 days	22,318	59,150
	<u>339,957</u>	<u>426,281</u>

9 Trade payables

At 30 June 2007 and 31 December 2006, the aging analysis of trade payables is as follows:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
0-30 days	233,176	221,417
31-60 days	79,308	62,704
61-90 days	5,398	11,177
Over 90 days	8,927	18,720
	<u>326,809</u>	<u>314,018</u>

CAPITAL RESOURCES AND LIQUIDITY

As at 30 June 2007, the Group's total cash and cash equivalents together with other listed investments amounted to HK\$958.5 million (31 December 2006: HK\$940.9 million), while total borrowings were HK\$959.0 million (31 December 2006: HK\$947.0 million) including the liability portion of a 2% convertible note due to a subsidiary of Hutchison Whampoa Limited of HK\$911.6 million (31 December 2006: HK\$900.0 million).

TREASURY POLICIES

As at 30 June 2007, the Group had no material exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

CHARGES AND CONTINGENT LIABILITIES

As at 30 June 2007 and 31 December 2006, certain shares of and loans to the Group's subsidiaries which have interests in The Center in Shanghai were pledged to a subsidiary of Hutchison Whampoa Limited as security for the convertible note mentioned above. No available-for-sale financial assets (31 December 2006: HK\$89.1 million) were pledged to secure banking facilities totalling HK\$300.0 million (31 December 2006: HK\$300.0 million) made available to the Group, and no bank loans were drawn as at 30 June 2007 (31 December 2006: Nil).

The Group had provided guarantees of HK\$3.1 million as at 30 June 2007 (31 December 2006: HK\$3.1 million) for mortgage loan facilities granted to certain purchasers of the Group's property in Mainland China.

HUMAN RESOURCES

As at 30 June 2007, excluding an associated company, the Group employed 25,581 people (30 June 2006: 26,511). Total employee costs for the period ended 30 June 2007, including directors' emoluments, amounted to HK\$240.7 million (2006: HK\$248.9 million). The Group's employment and remuneration policies remain the same as those described in the Annual Report for the year ended 31 December 2006.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM ACCOUNTS

The unaudited condensed consolidated interim accounts of the Company and its subsidiaries for the six months ended 30 June 2007 have been reviewed by the Audit Committee of the Company and by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the 2007 Interim Report of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities. In addition, the Company has not redeemed any of its listed securities during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has been fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2007. Corporate governance practices adopted by the Company during such period are in conformity with those adopted by the Company for the year ended 31 December 2006, which were set out in the 2006 Annual Report of the Company.

COMPLIANCE WITH THE MODEL CODE

The Board of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they had complied with the Model Code throughout the six months ended 30 June 2007.

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr FOK Kin-ning, Canning (*Chairman*)
Mr LAI Kai Ming, Dominic (*Deputy Chairman*)
(*Also Alternate to Mrs CHOW WOO Mo Fong, Susan*)
Mr LUK Tei, Lewis (*Deputy Chairman*)
Ms CHAN Wen Mee, May (Michelle)
(*Managing Director*)
Mrs CHOW WOO Mo Fong, Susan
Mr CHOW Wai Kam, Raymond
Ms Edith SHIH
(*Also Alternate to Mr FOK Kin-ning, Canning*)
Mr ENDO Shigeru
Mr KWOK Siu Kai, Dennis

Non-executive Director:

Mr Ronald Joseph ARCULLI

Independent Non-executive Directors:

Mr KWAN Kai Cheong
(*Also Alternate to Mr Ronald Joseph ARCULLI*)
Dr LAM Lee G
(*Also Alternate to Mr LAN Hong Tsung, David*)
Mr LAN Hong Tsung, David

Hong Kong, 22 August 2007

* For identification purpose only



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