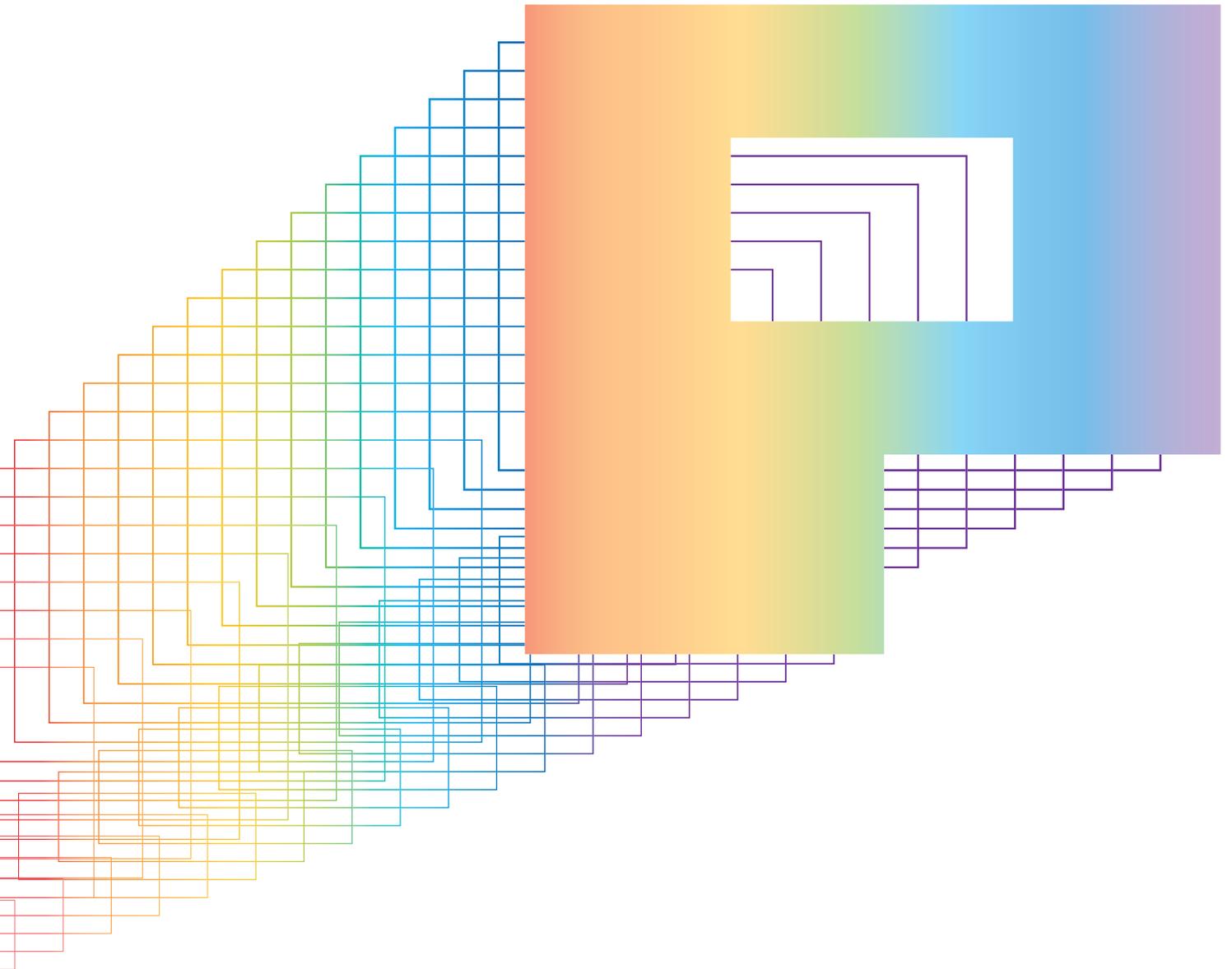




POLYTEC ASSET HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)



2007 | INTERIM
REPORT

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CHAIRMAN'S STATEMENT

INTERIM RESULTS AND DIVIDENDS

The Group's profit attributable to the shareholders rose to HK\$111.7 million for the six months ended 30 June 2007, from HK\$26.7 million in the same period last year. Excluding insignificant property revaluations net of deferred tax, underlying net profit amounted to HK\$112.0 million for the first half of 2007, representing an increase of 329% over the first half of 2006.

Taking account of the dilution effect from the shares issued pursuant to the conversion of convertible preference shares and the exercise of subscription right attached to bonus warrants over the past 12 months, underlying interim earnings per share amounted to HK2.59 cents, representing an increase of 45% over the corresponding period last year.

The Board of Directors has declared the payment of an interim dividend of HK0.6 cent per ordinary share for the six months ended 30 June 2007 to the shareholders registered at the register of members of the Company on 5 October 2007. The interim dividends will be paid on 11 October 2007.

BUSINESS REVIEW

The improvement in net profit for the first six months of the year was mainly due to the rising rental income from our property investment portfolio and strong investment income.

Property Development

Status of our major development projects in Macau is as follows.

Villa de Mer, The Orient Pearl District

One of the Group's major development projects in the Orient Pearl District, Villa de Mer, in Macau, covers an attributable gross floor area of approximately 126,394 sq. m. and comprises 5 towers with a total of about 1,300 residential units and a number of retail shops at the ground floor. Foundation work is expected to be completed in the fourth quarter of this year. The project is expected to complete in 2009/2010. The presale of this project has received good response, with majority of the presale residential units being sold at satisfactory price levels.

Pacifica Garden, Taipa

Pacifica Garden is the Company's 58% owned residential and commercial project in Taipa, Macau, with an attributable gross floor area of 35,900 sq. m., comprising two buildings with a total of 295 residential units and a number of retail shops on the ground floor. Foundation work was just completed in the second quarter of this year. The project is expected to be completed in late 2008 or early 2009. All residential units were sold during the pre-sale period.

Property Investment

For the first six months of 2007, the Group's gross rental income generated from its property investment portfolio amounted to HK\$28.6 million, an increase of 75.5% over the corresponding period of last year.

The main source of the Group's rental income was from The Macau Square, the Group's 50% owned commercial property situated in the central business district in Macau, which generated a total rental income of HK\$24.7 million, an increase of 101% over the same period last year. We will continue to improve the business mix and the occupancy rate of the shopping mall and office spaces.

China Plaza, the Group's 70.5% owned property in the central business district of Macau, generated gross rental income of HK\$3.9 million in the first six months of the year compared to HK\$4.0 million in the first half of 2006. The decline in gross rental income was mainly due to the disposal of some units during the period.

Ice and Cold Storage

Our ice manufacturing and cold storage business recorded an operating profit of HK\$4 million in the first half of the year compared with HK\$5 million in the same period last year.

Finance and Investment

The performance of our finance and investment segment was encouraging, with investment activity contributing HK\$152 million to the Group's net profit in the first half of 2007. We will continue to explore good investment opportunities while maintaining highly prudent approach to our investment activity.

FINANCIAL REVIEW

As at 30 June 2007, the Group had liquid assets of HK\$1,092 million, which comprised cash and cash equivalents of HK\$306 million and the rest liquid assets of HK\$786 million. The Group's gearing ratio, expressed as a percentage of its bank borrowings over the equity attributable to equity holders of the Company, was 0.7% while the bank borrowings of the Group are repayable over 5 years from the date of the inception of the loans by monthly instalments, denominated in Hong Kong dollars and bearing interest at the prevailing market rates.

CHAIRMAN'S STATEMENT

Outstanding balance for the acquisition of 80% stake development in the 3 lots, situated at The Orient Pearl District of Macau, was reduced to HK\$880 million. This balance is non-collateral and bearing interest at bank lending rates and repayable until the liquidity position of the Group permits the settlement. Partial settlements of the acquisition were mainly financed by the amount received from the development of Villa de Mer up to 30 June 2007. The Group has also obtained advances from its immediate holding company, Marble King International Limited, for the partial settlement of the remaining consideration of acquisition and other investment activities. These advances were also non-collateral and bearing interest at prevailing market rate with no fixed repayment terms. The Group's gearing ratio was 21.5% taken into account the financial supports from the ultimate holding company and the amount due to the immediate holding company.

The Company released bonus issue of 122,981,448 units of warrants to its shareholders on 19 June 2006. Each unit of warrants entitled its holders to subscribe in cash for one new ordinary share at HK\$1.98 per share. During the six months ended 30 June 2007, the Company has issued 122,542,543 ordinary shares pursuant to the exercise of subscription rights attached to the warrants and HK\$243 million was received by the Company.

PROSPECTS

The Macau economy continues to expand rapidly this year, with real GDP rising over 28% in the first half of the year following an average rate of 14.8% in 2002-2006. We believe the territory's large infrastructure development projects, together with strong investment in gaming, tourism and MICE (Meetings, Incentives, Conferences and Exhibitions) related industries, will continue to support economic growth and hence to sustain the demand for housing, buoying the Macau property market in the years ahead.

As a leading property developer in Macau, with sizeable landbank and development projects, the Group will continue to benefit favourably from this promising prospect of economic environment.

Finally, I am grateful to my fellow directors for their advice and thank the shareholders for their support and our staff for their commitment and hard work.

Or Wai Sheun

Chairman

Hong Kong, 13 September 2007

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June	
		2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
TURNOVER	2	869,881	233,996
Cost of sales		(757,898)	(169,226)
Gross profit		111,983	64,770
Other revenue and gains		136,883	7,108
Selling and distribution costs		(5,741)	(2,353)
Administrative expenses		(6,395)	(7,008)
Other operating expenses		(12,219)	(21,220)
PROFIT FROM OPERATIONS	2	224,511	41,297
Finance costs		(61,452)	(11,195)
Share of results of jointly controlled entities		7,430	3,273
PROFIT BEFORE TAX	3	170,489	33,375
Tax	4	(34,460)	(1,351)
PROFIT AFTER TAX		136,029	32,024
ATTRIBUTABLE TO:			
Equity holders of the Company		111,748	26,749
Minority interests		24,281	5,275
		136,029	32,024
EARNINGS PER SHARE	5		
— Basic		HK2.58 cents	HK1.83 cents
— Diluted		HK2.57 cents	HK1.57 cents
DIVIDEND PER SHARE	6	HK0.60 cent	HK0.50 cent

UNAUDITED CONSOLIDATED BALANCE SHEET

		30 June 2007	31 December 2006
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		37,850	38,961
Prepaid lease payments		109,987	111,397
Investment properties		150,000	150,000
Interests in jointly controlled entities		406,369	398,939
Interests in property development	7	10,505,678	9,490,063
Goodwill		16,994	16,994
		11,226,878	10,206,354
CURRENT ASSETS			
Amounts due from jointly controlled entities		230,431	256,616
Held for trading investments		786,344	239,362
Derivative financial instruments		48,857	4,573
Inventories		313,853	282,083
Tax recoverable		93	475
Trade and other receivables	8	37,814	25,119
Prepaid lease payments		2,820	2,820
Margin deposits		135,276	65,994
Cash and cash equivalents		305,838	213,955
		1,861,326	1,090,997
CURRENT LIABILITIES			
Trade and other payables	9	543,976	322,265
Derivative financial instruments		2,933	774
Bank loans — current portion		18,000	18,000
Tax payable		59,178	24,765
Amounts due to minority shareholders	10(a)	18,270	25,082
		642,357	390,886
NET CURRENT ASSETS		1,218,969	700,111

		30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,445,847	10,906,465
NON-CURRENT LIABILITIES			
Amount received from property development	7	1,348,000	—
Amount due to immediate holding company	10(b)	991,034	—
Loan from ultimate holding company	10(b)	10,907	10,477
Amount due to ultimate holding company	10(c)	879,853	3,026,231
Bank loans — non-current portion		45,700	54,700
Deferred taxation		48,017	47,492
		3,323,511	3,138,900
NET ASSETS		9,122,336	7,767,565
EQUITY			
Issued capital	11	443,897	431,643
Reserves		8,614,454	7,278,320
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		9,058,351	7,709,963
MINORITY INTERESTS		63,985	57,602
TOTAL EQUITY		9,122,336	7,767,565

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM		
— OPERATING ACTIVITIES	(231,125)	34,049
— INVESTING ACTIVITIES	(11,349)	(3,301,151)
— FINANCING ACTIVITIES	334,357	3,311,499
INCREASE IN CASH AND CASH EQUIVALENTS	91,883	44,397
Cash and cash equivalents at beginning of period	213,955	75,714
CASH AND CASH EQUIVALENTS AT END OF PERIOD	305,838	120,111

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Minority interests	Total equity	
	Issued capital	Share premium account	Fair value reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2006	126,685	398,021	—	570,387	1,095,093	52,452	1,147,545
Profit/total recognised income for the period	—	—	—	26,749	26,749	5,275	32,024
Payment of dividends	—	—	—	(24,596)	(24,596)	(13,216)	(37,812)
Proceeds from issue of ordinary shares under share placement	281,141	5,285,455	—	—	5,566,596	—	5,566,596
Expenses for issue of ordinary shares under share placement	—	(44,044)	—	—	(44,044)	—	(44,044)
At 30 June 2006	407,826	5,639,432	—	572,540	6,619,798	44,511	6,664,309
At 1 January 2007	431,643	5,682,256	1,042,063	554,001	7,709,963	57,602	7,767,565
Gain on fair value changes of interests in property development and net income recognised directly in equity	—	—	1,015,615	—	1,015,615	—	1,015,615
Profit for the period	—	—	—	111,748	111,748	24,281	136,029
Total recognised income for the period	—	—	1,015,615	111,748	1,127,363	24,281	1,151,644
Payment of dividends	—	—	—	(21,586)	(21,586)	(17,898)	(39,484)
Proceeds from issue of ordinary shares under the exercise of subscription rights attached to warrants	12,254	230,380	—	—	242,634	—	242,634
Expenses for issue of ordinary shares under the exercise of subscription rights attached to warrants	—	(23)	—	—	(23)	—	(23)
At 30 June 2007	443,897	5,912,613	2,057,678	644,163	9,058,351	63,985	9,122,336

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as applicable to condensed interim financial statements and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies used in these unaudited interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2006.

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 had three business segments which included properties investment, trading and development related activities (“Properties”), manufacturing of ice and provision of cold storage and related services (“Ice and Cold Storage”) and financial investment and other miscellaneous activities (“Investment and Others”). As over 90% of the Group’s revenue, results, assets and liabilities were derived from operations in the People’s Republic of China, including Hong Kong and Macau, further segment information has not been disclosed in respect of the Group’s geographical segments.

Business segments

	Turnover		Profit/(loss)	
	For the six months		For the six months	
	ended 30 June		ended 30 June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Properties	27,006	144,085	20,539	40,743
Ice and Cold Storage	20,189	20,641	3,931	4,978
Investments and Others	822,686	69,270	203,523	(162)
Consolidated	869,881	233,996	227,993	45,559
Unallocated			(3,482)	(4,262)
Profit from operations			224,511	41,297

3. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Depreciation and amortisation	2,664	2,413
Interest on borrowings	61,452	11,195

4. TAX

	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Current tax		
— Hong Kong Profits Tax	32,207	132
— Overseas income tax	2,589	1,506
Deferred tax	(336)	(287)
	34,460	1,351

Hong Kong Profits Tax has been provided for at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the six months ended 30 June 2007 after offsetting the tax losses brought forward from previous years. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdictions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following information:

	For the six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
<i>Earnings</i>		
Earnings for the purposes of calculating basic and diluted earnings per share	111,748	26,749
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,328,567,433	1,462,549,573
Effect of dilutive potential ordinary shares:		
— Convertible preference shares	—	239,214,271
— Warrants	21,834,820	115,695
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,350,402,253	1,701,879,539

6. DIVIDENDS

Subsequent to the balance sheet date, the Board has declared an interim dividend of HK0.6 cent (2006: HK0.5 cent) per ordinary share, totalling HK\$26,634,000 (2006: HK\$21,582,000), in respect of the six months ended 30 June 2007.

During the six months ended 30 June 2007, a final dividend of HK0.5 cent (2006: HK2 cents) per ordinary share, totalling HK\$21,586,000 (2006: HK\$24,596,000), attributable to the previous financial year was approved and paid.

7. INTERESTS IN PROPERTY DEVELOPMENT

Interests in property development represent the Group's interests in the development of various properties in Macau under two co-investment agreements with two wholly owned subsidiaries of the ultimate holding company respectively.

In determining the fair value of interests in property development, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate in order to calculate the present value. Cash flow projections for the interests in property development are based on the past performance, current market conditions, valuation information by independent professional valuer, management's expectations for the market development and terms provided under the co-investment agreements.

Amount received from the property development represents the advances received from a subsidiary of the ultimate holding company in respect of the Group's interests in the abovementioned property development in Macau.

8. TRADE AND OTHER RECEIVABLES

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	2,479	1,977
31 days to 60 days	1,372	1,675
61 days to 180 days	13	60
Trade receivables	3,864	3,712
Other receivables	33,950	21,407
	37,814	25,119

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 6 months to its trade customers.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

9. TRADE AND OTHER PAYABLES

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Ageing analysis of trade payables:		
31 days to 60 days	2	—
Over 180 days	1,774	—
Trade payables	1,776	—
Other payables	542,200	322,265
	543,976	322,265

As at 30 June 2007, deposits received on sale of properties amounted to HK\$407,029,000 (31/12/2006: HK\$276,346,000) were included in other payable.

10. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2006 and 2007, the Group had the following transactions with related parties:

- (a) As at 30 June 2007, HK\$18,270,000 (31/12/2006: HK\$18,700,000) of the amounts due to minority shareholders of subsidiaries were unsecured, bearing interest at prevailing market rate and with no fixed repayment terms. During the six months ended 30 June 2007, interest of HK\$502,000 (2006: HK\$261,000) was payable to the minority shareholders. As at 31 December 2006, HK\$6,382,000 of the amounts due to minority shareholders of subsidiaries were unsecured, interest free and with no fixed repayment terms.
- (b) The amount due to immediate holding company and the loan from ultimate holding company were unsecured, interest bearing at prevailing market rate and with no fixed repayment terms.

10. RELATED PARTY TRANSACTIONS *(Continued)*

- (c) On 8 April 2006, the Group entered into a sale and purchase agreement (the "Agreement") with its ultimate holding company for the acquisition of the entire interests in New Bedford Property Limited so as to acquire 80% interest in three property projects located at Lotes P, V and T+T1, The Orient Pearl District, Novos Aterros da Areia Preta, Macau for the consideration of HK\$8,448,000,000. Pursuant to the Agreement, a deposit of HK\$200 million was paid by the Group upon the signing of the Agreement and the Group may, at the Group's discretion, settle the outstanding consideration (i) at completion of the Agreement (the "Completion") or (ii) within one year from the Completion. The Group has the right to extend the time for the settlement of the outstanding balance to within three years from the Completion. In case where the Company is unable to raise sufficient funds to finance the acquisition within three years from the Completion, the Group has the right to further extend the settlement of the outstanding balance for an unlimited period until such time the liquidity position of the Company permits the settlement. The amount due to the ultimate holding company was unsecured and bearing interest at the prevailing market rate.
- (d) During the six months ended 30 June 2007, interest of HK\$39,451,000 (2006: HK\$7,227,000) was payable to the ultimate holding company.
- (e) During the six months ended 30 June 2007, interest of HK\$19,934,000 (2006: Nil) was payable to the immediate holding company.
- (f) As at 30 June 2007, a director granted a guarantee to a bank to secure the liabilities of the Group to the extent of HK\$42,718,000 (31/12/2006: HK\$42,718,000).
- (g) On 5 May 2006, the Company entered into a subscription agreement with an intermediate holding company of the Company for the subscription by the immediate holding company of the Company of 1,598,000,000 ordinary shares of HK\$0.1 each ("Share(s)") in the Company at a subscription price of HK\$1.98 each, totalling HK\$3,164,040,000.
- (h) During the six months ended 30 June 2006, an arrangement fee of HK\$20,212,000 for the subscription of Shares would be payable to a related company controlled by a director of the Company.
- (i) During the six months ended 30 June 2006, interest of HK\$1,747,000 was paid to an intermediate holding company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

11. ISSUANCE OF SECURITIES

During the six months ended 30 June 2006, the Company made a bonus issue of 122,981,448 units of warrants ("Warrant(s)") in the Company to the shareholders of the Company whose names appeared on the register of members of the Company on 12 June 2006 on the basis of one unit of Warrants for every ten Shares then held by such shareholders. Each unit of Warrants entitled its holders to subscribe in cash for one new Share at HK\$1.98 per Share (subject to adjustment). The Warrants are exercisable at any time between 19 June 2006 and 18 June 2007, both days inclusive. During the six months ended 30 June 2007, the Company has issued 122,542,543 Shares (2006: Nil) pursuant to the exercise of subscription rights attached to the Warrants and HK\$242,634,000 (2006: Nil) was received by the Company.

12. COMPARATIVES

Certain comparative information has been restated to conform with the current period presentation.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Directors and chief executives

As at 30 June 2007, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in Shares of the Company

Name	Capacity and nature of interests	Number of Shares held	Percentage of the issued ordinary share capital (Note 1)
Or Wai Sheun (Notes 2 and 6)	Founder and beneficiary of a trust	2,642,064,812	59.52%
Yeung Kwok Kwong	Directly beneficially owned	1,860,000	0.04%
Wong Yuk Ching	Directly beneficially owned	6,600,000	0.15%
Lai Ka Fai	Directly beneficially owned	430,000	0.01%
Lam Chi Chung, Tommy	Directly beneficially owned	100,000	0.00%
Chio Koc leng	Directly beneficially owned	150,000	0.00%

Long positions in shares of associated corporation — Kowloon Development Company Limited ("KDC")

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital (Note 7)
Or Wai Sheun (Note 2)	Founder and beneficiary of a trust	689,649,124	59.94%
	Through controlled corporation	277,500	0.02%
Yeung Kwok Kwong	Directly beneficially owned	165,000	0.01%
Wong Yuk Ching	Directly beneficially owned	1,150,000	0.10%
Lai Ka Fai	Directly beneficially owned	468,000	0.04%
Lam Chi Chung, Tommy	Directly beneficially owned	15,000	0.00%
Chio Koc leng	Directly beneficially owned	150,000	0.01%

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Directors and chief executives *(Continued)*

As disclosed in note 11 to the unaudited interim financial statements, the Company made a bonus issue of Warrants to its shareholders during the six months ended 30 June 2006. Pursuant to the bonus issue, the Company granted certain Warrants to its directors, in person or through their controlled corporation, in the capacity of shareholders of the Company during the six months ended 30 June 2006, as such directors, in person or through their controlled corporation, held certain Shares on the record date of the bonus issue. The followings are the details of Shares issued to such directors pursuant to the exercise the subscription rights attached to the Warrants during the six months ended 30 June 2007:

Name	Number of Shares
Or Wai Sheun	69,897,537
Yeung Kwok Kwong	160,000
Wong Yuk Ching	600,000
Lai Ka Fai	30,000

Other than the abovementioned, at no time during the six months ended 30 June 2007 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in or any other body corporate.

Save as disclosed above, none of the directors and chief executives had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Other persons

As at 30 June 2007, the interests and short positions of the persons, other than the directors and chief executives, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity and nature of interests	Number of Shares held	Percentage of the issued ordinary share capital <i>(Note 1)</i>
<i>Long positions</i>			
Kowloon Development Company Limited <i>(Notes 3 and 6)</i>	Through controlled corporation	2,642,064,812	59.52%
HSBC International Trustee Limited <i>(Notes 4 and 6)</i>	Trustee	2,642,064,812	59.52%
The Or Family Trustee Limited Inc. <i>(Notes 5 and 6)</i>	Through controlled corporation	2,642,064,812	59.52%
Wachovia Investors, Inc. <i>(Note 8)</i>	Directly beneficially owned	307,220,000	6.92%
Wachovia Corporation <i>(Note 8)</i>	Through controlled corporation	307,220,000	6.92%
Penta Investment Advisers Limited <i>(Note 9)</i>	Investment manager	237,565,000	5.35%
John Zwaanstra <i>(Note 9)</i>	Through controlled corporation	237,565,000	5.35%
Janus Capital Management LLC	Investment manager	221,188,133	4.98%

Save as disclosed above, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Other persons *(Continued)*

Note 1: As at 30 June 2007, the total number of issued Shares in the Company was 4,438,967,838 Shares.

Note 2: Mr. Or Wai Sheun was deemed to be interested in 689,649,124 shares in KDC as the founder and one of the beneficiaries of a discretionary family trust.

Mr. Or Wai Sheun was also deemed to be interested in 277,500 shares in KDC owned by China Dragon Limited due to his corporate interest therein.

Mr. Or Wai Sheun was also deemed to be interested in 2,642,064,812 Shares through his interest in KDC.

Note 3: KDC, through its wholly owned subsidiary, Marble King International Limited, owns 2,642,064,812 Shares.

Note 4: HSBC International Trustee Limited holds 690,331,624 shares in KDC (being 59.99% of the issued ordinary share capital of KDC) and therefore was deemed to be interested in 2,642,064,812 Shares.

Note 5: The Or Family Trustee Limited Inc holds 689,649,124 shares in KDC (being 59.94% of the issued ordinary share capital of KDC) and, therefore was deemed to be interested in 2,642,064,812 Shares.

Note 6: The interest in 2,642,064,812 Shares as disclosed above by Mr. Or Wai Sheun, KDC, HSBC International Trustee Limited and The Or Family Trustee Limited Inc are the same interests in the Company.

Note 7: As at 30 June 2007, the total number of issued ordinary shares in KDC was 1,150,681,275 shares.

Note 8: Wachovia Corporation holds 100% interest in Wachovia Investors, Inc and therefore was deemed to be interested in 307,220,000 Shares owned by Wachovia Investors, Inc.

Note 9: John Zwaanstra is a director of Penta Investment Advisers Limited and therefore was deemed to be interested in 237,565,000 Shares owned by Penta Investment Advisers Limited.

COMPLIANCE WITH THE MODEL CODE

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. On specific enquiries made, all Directors have confirmed that, in relation to the accounting period covered by the interim report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Save as disclosed in note 11 to the unaudited interim financial statements, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2007.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2007.

EMPLOYEES

As at 30 June 2007, the total number of employees of the Group was about 80. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

PLEDGE OF ASSETS

As at 30 June 2007, certain assets of the Group with an aggregate net book value of approximately HK\$1,273 million were pledged to secure credit facilities granted to the Group.

OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report, except for the deviation from Code Provision A.4.1.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors do not have a specific term of appointment, but subject to rotation in accordance with Article 108(A) of the Articles of Association of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 3 October 2007 to Friday, 5 October 2007 (both days inclusive) in order to determine entitlements of shareholders to the interim dividend. In order to qualify for the entitlement of the interim dividend, the shareholders must ensure that all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 October 2007.

DIRECTORS

As at the date of this report, Mr. Or Wai Sheun, Mr. Yeung Kwok Kwong, Mr. Lam Chi Chung, Tommy, Ms. Chio Koc Ieng and Ms. Wong Yuk Ching are Executive Directors, Mr. Lai Ka Fai is Non-executive Director and Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang are Independent Non-executive Directors.