



Polytec Asset Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 208)



Interim Report 2008

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CHAIRMAN'S STATEMENT

INTERIM RESULTS AND DIVIDENDS

The Group's unaudited net profit attributable to the shareholders rose to HK\$235 million for the six months ended 30 June 2008, representing an increase of 110% over the first half of 2007. Interim earnings per share amounted to HK5.29 cents, an increase of 105% over the same period last year.

The Board of Directors has declared an interim dividend of HK0.7 cent per share for the six months ended 30 June 2008. The interim dividend will be payable on 27 November 2008 to the shareholders registered on 20 November 2008.

BUSINESS REVIEW

The imminent corrections in the global financial markets since the start of the year, triggered by the sub-prime problem in the US, had adversely impacted the Group's finance and investment activities, which we recorded a loss of HK\$35.9 million for the first six months ended June 2008. However, our core property business has performed well during the period under review.

The combined profit recognition from the Group's investment in the Macau development project Villa de Mer, and the disposal of retail units at China Plaza amounted to HK\$235 million for the first six months of 2008 compared to HK\$20.5 million over the same period last year. Gross rental income from our property investment portfolio rose to HK\$33.8 million for the first half of the year, an increase of 18.2% over the same period of 2007.

Property Development

We have sold over 90% of residential units at Villa de Mer, the Group's development project in the Orient Pearl District, Macau. Both the master layout plan of the development project at Lote P and the architectural plan of the project at Lotes T & T1 were submitted to the relevant government authorities for approval and we will start the construction work once we obtain the approvals.

All residential units at Pacifica Garden, the Group's development project in Taipa, Macau were sold during the pre-sale period in 2006-2007. This project is expected to be completed by the end of 2008 or early 2009.

Details of the Group's major development projects in Macau are as follows.

CHAIRMAN'S STATEMENT

Villa de Mer, The Orient Pearl District

Villa de Mer, the development project which is held by the Group with an 80% interest under a co-investment agreement, covers a gross floor area of approximately 128,100 sq. m. and comprises 5 residential towers with a total of about 1,300 units erected on top of a podium with retail, recreational and carpark spaces. Foundation work has been completed. Construction work is expected to be completed in 2010.

Lote P, The Orient Pearl District

Lote P, which is an 80% owned development project, covers an aggregate site area of approximately 68,000 sq. m. and will be developed by phases into various multi-storey luxury residential towers, together with retail, recreational and car parking spaces, with an aggregate gross floor area of approximately 699,800 sq. m..

Lotes T & T1, The Orient Pearl District

Lotes T & T1 combined covers an aggregate site area of approximately 17,900 sq. m.. This project, which the Group owns an 80% interest, will be developed into a number of high-end residential blocks, with an aggregate gross floor area of approximately 183,000 sq. m..

Pacifica Garden, Taipa

Pacifica Garden is the Group's 58% owned residential and commercial project in Taipa, Macau, with a gross floor area of approximately 35,900 sq. m., comprising two buildings with a total of 295 residential units and a number of retail shops on the ground floor. All residential units were sold in 2007. Construction work is expected to be completed by end-2008 or early 2009.

Property Investment

For the first six months of 2008, the Group's gross rental income generated from its property investment portfolio amounted to HK\$33.8 million, an increase of 18.2% over the corresponding period last year. The main source of rental income was from The Macau Square, the Group's 50% owned commercial property situated in the central business district in Macau, which generated total rental income of HK\$30.5 million, an increase of 23.5% over the same period last year. The increase in gross rental income was largely reflected the improvement in the occupancy rate of the office spaces during the period.

CHAIRMAN'S STATEMENT

Ice and Cold Storage

The ice manufacturing and cold storage segment contributed HK\$4.6 million to the Group's operating profit in the first half of the year, an increase of 17.5% over the same period last year.

Finance and Investment

With unfavourable global business environment and investment sentiment, the stock markets around the globe have plummeted, with the Hang Seng Index, the benchmark stock market index in Hong Kong, falling over 20% in the first six months of 2008. The Group's finance and investment activities have inevitably been affected, and recorded a loss of HK\$35.9 million for the period under review.

FINANCIAL REVIEW

As at 30 June 2008, total asset value of the Group amounted to HK\$15,283 million and net asset value amounted to HK\$11,289 million, with cash and cash equivalents of HK\$104 million mainly denominated in Hong Kong dollars.

The Group's gearing ratio, expressed as a percentage of total borrowings, which included the amounts due to the holding companies of the Company and bank borrowings, over the equity attributable to equity holders of the Company, was 11.78% as of 30 June 2008. Total bank borrowings amounted to HK\$45.7 million as of end-June 2008, which are repayable by monthly instalments and will be fully repaid by the end of 2009. The total amount of HK\$400 million outstanding loan from the immediate holding company is unsecured with no fixed repayment terms. The amount of HK\$884 million outstanding loan from the ultimate holding company represents the outstanding balance for the acquisition of an 80% interest in the Macau development projects from the ultimate shareholder and this is also unsecured and will only be repayable until the liquidity position of the Group permits.

As at 30 June 2008, all the Group's borrowings were arranged on a floating rate basis and were denominated in Hong Kong dollars. The Group will continue to review this arrangement and determine appropriate hedging arrangements for the Group if necessary.

As at 30 June 2008, a portion of the Group's assets, with an aggregate asset value of HK\$1,600 million, were pledged to financial institutions to secure credit facilities and as margin for security investments.

CHAIRMAN'S STATEMENT

PROSPECTS

The global financial markets and business prospects have been deteriorating amid the on-going sub-prime crisis in the US. Together with the impacts of its new restrictions on Mainland China visitors on the local gaming and tourist industry, Macau economic growth will inevitably be affected over the short term. We expect the overall business environment to remain challenging for the remainder of the year.

While the Macau property transaction volume may continue to reduce for the next few months, we are confident about the property market over the medium- to long-term as the local economy will be buoyed by foreign investment and local private investment, as well as the large government infrastructure projects scheduled for the next few years.

For the next two years, the presales from the Group's two development projects in Macau, Pacifica Garden in Taipa and Villa de Mer in the Orient Pearl District, will continue to provide solid support to the Group's earnings, with total presales attributable to the Group exceeding HK\$3.8 billion.

I would like to take this opportunity to express my gratitude to my fellow directors for their valuable advice and all staff for their dedication and hard work.

Or Wai Sheun

Chairman

Hong Kong, 24 September 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
TURNOVER	2	1,340,423	869,881
Cost of sales		(1,023,576)	(757,898)
Gross profit		316,847	111,983
Other revenue and gains		87,058	136,883
Selling and distribution costs		(4,814)	(5,741)
Administrative expenses		(7,620)	(6,395)
Other operating expenses		(192,739)	(12,219)
PROFIT FROM OPERATIONS	2	198,732	224,511
Finance costs		(16,592)	(61,452)
Share of results of jointly controlled entities		10,087	7,430
PROFIT BEFORE TAX	3	192,227	170,489
Tax	4	7,639	(34,460)
PROFIT AFTER TAX		199,866	136,029
ATTRIBUTABLE TO:			
Equity holders of the Company		235,040	111,748
Minority interests		(35,174)	24,281
		199,866	136,029
EARNINGS PER SHARE	5		
— Basic		HK5.29 cents	HK2.58 cents
— Diluted		N/A	HK2.57 cents
DIVIDEND PER SHARE	6	HK0.70 cent	HK0.60 cent

UNAUDITED CONSOLIDATED BALANCE SHEET

		30 June 2008	31 December 2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		35,412	36,678
Prepaid lease payments		107,167	108,577
Investment properties		150,000	150,000
Interests in jointly controlled entity		423,798	413,711
Interests in property development	7	12,421,803	12,013,954
Other financial investments	8(a)	434,926	—
Deferred taxation		19,688	—
Goodwill		16,994	16,994
		13,609,788	12,739,914
CURRENT ASSETS			
Amount due from jointly controlled entity		207,503	216,431
Held for trading investments	8(a)	671,336	518,847
Derivative financial instruments	8(b)	94,175	13,813
Inventories		354,501	311,627
Trade and other receivables	9	57,042	30,729
Prepaid lease payments		2,820	2,820
Margin deposits		182,068	291,446
Cash and cash equivalents	10	103,626	310,248
		1,673,071	1,695,961
CURRENT LIABILITIES			
Trade and other payables	11	592,222	520,289
Derivative financial instruments	8(b)	220,581	78,218
Bank loans — current portion		18,000	18,000
Current taxation		101,601	89,041
Amount due to minority shareholder	12(a)	1,712	4,913
		934,116	710,461
NET CURRENT ASSETS		738,955	985,500

UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,348,743	13,725,414
NON-CURRENT LIABILITIES			
Bank loans — non-current portion		27,700	36,700
Amount due to immediate holding company	12(b)	400,083	512,868
Amount due to ultimate holding company	12(c)	884,308	902,020
Amount received from property development	7	1,700,161	1,508,000
Deferred taxation		47,085	47,612
		3,059,337	3,007,200
NET ASSETS		11,289,406	10,718,214
CAPITAL AND RESERVES			
Share capital	13	443,897	443,897
Reserves		10,842,680	10,206,525
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		11,286,577	10,650,422
MINORITY INTERESTS		2,829	67,792
TOTAL EQUITY		11,289,406	10,718,214

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
NET CASH INFLOW/(OUTFLOW) FROM		
— OPERATING ACTIVITIES	102,930	(231,125)
— INVESTING ACTIVITIES	(276,099)	(11,349)
— FINANCING ACTIVITIES	(33,453)	334,357
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(206,622)	91,883
Cash and cash equivalents at beginning of period	310,248	213,955
CASH AND CASH EQUIVALENTS AT END OF PERIOD	103,626	305,838

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Minority	Total
	Share					interests	equity
	Share capital	premium account	Fair value reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	443,897	5,912,600	3,565,954	727,971	10,650,422	67,792	10,718,214
Gain on fair value changes of interests in property development	—	—	870,849	—	870,849	—	870,849
Loss in respect of fair value changes of other financial investments	—	—	(198,116)	—	(198,116)	(17,849)	(215,965)
Transfer to income statement upon recognition from interest in property development	—	—	(218,350)	—	(218,350)	—	(218,350)
Net income recognised directly in equity	—	—	454,383	—	454,383	(17,849)	436,534
Profit/(loss) for the period	—	—	—	235,040	235,040	(35,174)	199,866
Total recognised income for the period	—	—	454,383	235,040	689,423	(53,023)	636,400
Payment of dividends	—	—	—	(53,268)	(53,268)	(11,940)	(65,208)
At 30 June 2008	443,897	5,912,600	4,020,337	909,743	11,286,577	2,829	11,289,406

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Minority interests	Total equity
	Share						
	Share capital	premium account	Fair value reserve	Retained profits	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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 in relation to ordinary shares issued 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 2007.

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 ended 30 June		For the six months ended 30 June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Properties	240,068	27,006	234,701	20,539
Ice and Cold Storage	21,166	20,189	4,620	3,931
Investments and Others	1,079,189	822,686	(35,855)	203,523
Consolidated	1,340,423	869,881	203,466	227,993
Unallocated			(4,734)	(3,482)
Profit from operations			198,732	224,511

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

3. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Depreciation and amortisation	2,677	2,664
Interest on borrowings	16,592	61,452
Interest income	(4,709)	(9,905)
Gain arising from a change in fair value of derivative financial instruments, net	(59,215)	(42,126)
Loss/(gain) arising from a change in fair value of held for trading investments	180,482	(78,606)

The increase in other operating expenses and decrease in other revenue and gains, as compared with the corresponding period last year, are mainly resulted from the above mentioned loss/gain arising from a change in fair value of held for trading investments charged/credited to such items in the relevant periods.

4. TAX

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Current tax		
— Hong Kong Profits Tax	10,379	32,207
— Overseas income tax	2,197	2,589
Deferred tax	(20,215)	(336)
	(7,639)	34,460

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the six months ended 30 June 2008. 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	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<i>Earnings</i>		
Earnings for the purposes of calculating basic and diluted earnings per share	235,040	111,748
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,438,967,838	4,328,567,433
Effect of dilutive potential ordinary shares:		
Warrants	—	21,834,820
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,438,967,838	4,350,402,253

No diluted earnings per share for the six months ended 30 June 2008 is shown because the Company has no outstanding dilutive potential ordinary shares during the period.

6. DIVIDENDS

Subsequent to the balance sheet date, the Board has declared an interim dividend of HK0.7 cent (2007: HK0.6 cent) per ordinary share, totalling HK\$31,073,000 (2007: HK\$26,634,000), in respect of the six months ended 30 June 2008.

During the six months ended 30 June 2008, a final dividend of HK1.2 cents (2007: HK0.5 cent) per ordinary share, totalling HK\$53,268,000 (2007: HK\$21,586,000), 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, 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. INVESTMENTS

- (a) Held for trading investments and other financial investments are listed equity securities which are stated at market value.
- (b) As at the balance sheet date, the Group has certain forward agreements to purchase certain listed equity securities at a fixed price over a year from the date of the agreements remaining outstanding. According to the agreements, the purchase commitments of the Group will be terminated when the market prices of the equity securities rises to a pre-determined price level. As at the balance sheet date, the aggregated maximum purchase commitments of the Group under the agreements were HK\$2,551,778,000 (31 December 2007: HK\$3,615,054,000) of which HK\$219,669,000 (31 December 2007: HK\$925,260,000) is not crystallised up to the date of approval of these financial statements.

8. INVESTMENTS *(Continued)*

(b) *(Continued)*

As at the balance sheet date, the Group has certain forward agreements to sell certain listed equity securities at a fixed price over a year from the date of the agreements remaining outstanding for the hedging of its exposures to equity security price risk through its held for trading investments, other financial investments and purchase commitments mentioned above. According to the agreements, the sale commitments of the Group will be terminated when the market prices of the equity securities drops to a pre-determined price level. As at the balance sheet date, the aggregated maximum sale commitments of the Group under the agreements were HK\$796,536,000 (31 December 2007: Nil) of which HK\$360,097,000 (31 December 2007: Nil) is not crystallised up to the date of approval of these financial statements. The market price of the underlying equity securities for some of the agreements has reached the pre-determined price level and some of the agreements are terminated subsequently after the balance sheet date.

- (c) The Group is exposed to equity security price risk through its held for trading investments, other financial investments and derivative financial instruments. Appropriate measures are implemented under risk management polices on a timely and effective manner. These measures covered macroeconomic analysis, securities analysis, trade execution control and portfolio evaluation. The Group controls this exposure by maintaining an investment portfolio of securities with high market liquidity and different risk profiles and engaging in relevant hedging arrangements in appropriate time.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	2,312	2,369
31 days to 60 days past due	1,074	1,312
61 days to 90 days past due	117	207
Over 90 days past due	25	184
Amounts past due	1,216	1,703
Trade receivables	3,528	4,072
Other receivables	53,514	26,657
	57,042	30,729

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 90 days to its trade customers.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents cash and balances held with banks and other financial institutions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Ageing analysis of trade payables:		
Within 30 days	16,362	6,504
31 days to 60 days	2,100	709
61 days to 90 days	976	926
Over 90 days	2,363	658
Trade payables	21,801	8,797
Deposits received from sale of properties	453,870	419,634
Other payables	116,551	91,858
	592,222	520,289

12. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2007 and 2008, the Group had the following transactions with related parties:

- (a) The amount due to minority shareholder of subsidiary was unsecured, bearing interest at prevailing market rate and with no fixed repayment terms. During the six months ended 30 June 2008, interest of HK\$44,000 (2007: HK\$502,000) was payable to the minority shareholder.
- (b) The amount due to immediate holding company was unsecured, interest bearing at prevailing market rate and with no fixed repayment terms. During the six months ended 30 June 2008, interest of HK\$4,216,000 (2007: HK\$19,934,000) was payable to the immediate holding company.

12. 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 Properties 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. During the six months ended 30 June 2008, distributions of HK\$463,000,000 (2007: Nil) was received from the projects.
- (d) During the six months ended 30 June 2008, interest of HK\$11,682,000 (2007: HK\$39,451,000) was payable to the ultimate holding company.
- (e) As at 31 December 2007, a director granted a guarantee to a bank to secure the liabilities of the Group to the extent of HK\$42,718,000.

13. 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 ordinary shares ("Share(s)") of HK\$0.1 each in the Company 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 pursuant to the exercise of subscription rights attached to the Warrants and HK\$242,634,000 was received by the Company.

14. 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 2008, 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 (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 ordinary shares held	Percentage of the issued ordinary share capital <i>(Note 1)</i>
Mr. Or Wai Sheun <i>(Notes 2 and 6)</i>	Founder and beneficiary of a trust	2,642,064,812	59.52%
Mr. Yeung Kwok Kwong	Directly beneficially owned	2,000,000	0.05%
Ms. Wong Yuk Ching	Directly beneficially owned	6,655,000	0.15%
Mr. Lam Chi Chung, Tommy	Directly beneficially owned	230,000	0.01%
Ms. Chio Koc Ieng	Directly beneficially owned	270,000	0.01%
Mr. Lai Ka Fai	Directly beneficially owned	430,000	0.01%

OTHER INFORMATION

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

Directors and chief executives *(Continued)*

*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 <i>(Note 7)</i>
Mr. Or Wai Sheun <i>(Note 2)</i>	Founder and beneficiary of a trust	719,540,124	62.53%
	Through controlled corporation	277,500	0.02%
Mr. Yeung Kwok Kwong	Directly beneficially owned	165,000	0.01%
Ms. Wong Yuk Ching	Directly beneficially owned	1,110,000	0.10%
Mr. Lam Chi Chung, Tommy	Directly beneficially owned	15,000	0.00%
Ms. Chio Koc Ieng	Directly beneficially owned	210,000	0.02%
Mr. Lai Ka Fai	Directly beneficially owned	501,000	0.04%

At no time during the six months ended 30 June 2008 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 the 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 and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

Other persons

As at 30 June 2008, 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 ordinary 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 Corporation	Through controlled corporation	265,460,000	5.98%
Penta Investment Advisers Limited <i>(Note 8)</i>	Investment manager	266,907,500	6.01%
John Zwaanstra <i>(Note 8)</i>	Through controlled corporation	266,907,500	6.01%
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)*

Note 1: As at 30 June 2008, 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 719,540,124 ordinary 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 ordinary 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 720,222,624 ordinary shares in KDC (being 62.59% 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 719,540,124 ordinary shares in KDC (being 62.53% 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 2008, the total number of issued ordinary shares in KDC was 1,150,681,275 shares.

Note 8: John Zwaanstra is a director of Penta Investment Advisers Limited and therefore was deemed to be interested in 266,907,500 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 they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2008.

OTHER INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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 2008.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2008.

EMPLOYEES

As at 30 June 2008, 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.

CAPITAL MANAGEMENT

The Group manages its capital to ensure its going concern and to maximise shareholders return through the optimisation of debt and equity balance. The Group reviews its capital structure with defined policies by considering, inter alia, the cost of capital and the risks associated with each class of capital and determines relevant hedging arrangements in appropriate time.

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 six months ended 30 June 2008, 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.

OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 19 November 2008 to Thursday, 20 November 2008 (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, 18 November 2008.

DIRECTORS

As at the date of this report, Mr. Or Wai Sheun, Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching, Mr. Lam Chi Chung, Tommy and Ms. Chio Koc Ieng 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.