



YU MING INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 666)

2007 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The Board of Directors of Yu Ming Investments Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2007 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		Unaudited Six months ended 30th June,	
	Notes	2007 HK\$	2006 HK\$
Continuing operations:			
Revenue	3	28,944,288	26,798,397
Other net income		36,053,791	12,786,612
Administrative and other operating expenses		<u>(9,134,690)</u>	<u>(15,703,917)</u>
Operating profit		55,863,389	23,881,092
Finance costs	5	(6,250,431)	(1,839,156)
Share of results of:			
associates		–	(1,688,011)
a jointly controlled entity		<u>1,564,019</u>	<u>945,542</u>
Profit before income tax	6	51,176,977	21,299,467
Income tax expense	7	<u>–</u>	<u>–</u>
Profit for the period from continuing operations		51,176,977	21,299,467
Discontinued operations:	8		
Profit for the period from discontinued operations		<u>15,516,448</u>	<u>9,514,562</u>
Profit for the period		<u><u>66,693,425</u></u>	<u><u>30,814,029</u></u>

CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)*For the six months ended 30th June, 2007*

		Unaudited	
		Six months ended	
		30th June,	
		2007	2006
	<i>Note</i>	HK\$	HK\$
Attributable to:			
– Equity holders of the Company		53,864,795	21,518,252
– Minority interests		12,828,630	9,295,777
Profit for the period		<u>66,693,425</u>	<u>30,814,029</u>
Earnings per share for	9		
profit attributable to the			
equity holders of the			
Company during the period			
– Basic (HK cents)			
From continuing and			
discontinued operations		<u>3.19</u>	<u>1.27</u>
From continuing operations		<u>2.62</u>	<u>0.93</u>
– Diluted		<u>N/A</u>	<u>N/A</u>
Dividends		<u>–</u>	<u>–</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2007

	<i>Notes</i>	Unaudited 30th June, 2007 HK\$	Audited 31st December, 2006 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		–	1,340,000,000
Interests in associates		–	–
Interests in a jointly-controlled entity		–	1,438,648
Available-for-sale financial assets		70,282,351	464,219,216
Goodwill		–	–
		70,282,351	1,805,657,864
Current assets			
Trade and other receivables and deposits paid	10	2,596,997	101,133,077
Available-for-sale financial assets		78,000	663,000
Loans to minority interests		–	25,600,000
Financial assets at fair value through profit or loss		–	17,082,000
Pledged bank fixed deposits		–	10,537,895
Cash and cash equivalents		231,889,241	142,878,833
		234,564,238	297,894,805
Assets classified as held for sale	11	1,802,562,211	–
		2,037,126,449	297,894,805
Current liabilities			
Other payables, accrued expenses and deposits received	12	762,492	26,081,851
Borrowings		–	38,322,174
Taxation payable		–	22,996,019
		762,492	87,400,044
Liabilities associated with assets classified as held for sale	11	1,108,032,363	–
		1,108,794,855	87,400,044
Net current assets		928,331,594	210,494,761
Total assets less current liabilities		998,613,945	2,016,152,625

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30th June, 2007

	Unaudited 30th June, 2007 HK\$	Audited 31st December, 2006 HK\$
Non-current liabilities		
Borrowings	–	887,971,818
Loans from minority interests	–	120,172,611
Rental deposits received	–	14,791,198
Deferred tax liabilities	–	68,500,354
	–	1,091,435,981
Net assets	<u>998,613,945</u>	<u>924,716,644</u>
EQUITY		
Equity attributable to the equity holders of the Company		
Share capital	169,117,199	169,117,199
Reserves	624,282,517	563,213,846
Proposed dividend	–	–
	793,399,716	732,331,045
Minority interests	<u>205,214,229</u>	<u>192,385,599</u>
Total equity	<u>998,613,945</u>	<u>924,716,644</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and basis of preparation

Yu Ming Investments Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. The address of the Company’s registered office is Room 1901B, 19th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong and, its principal place of business is in Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

Principal activities of the Company and its subsidiaries (the “Group”) include the investments in listed and unlisted securities and properties.

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

The unaudited condensed consolidated financial statements for the six-months ended 30th June, 2007 were approved by the board of directors on 31st August, 2007.

2. Accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values, as appropriate. Assets and liabilities of disposal groups classified as held for sales are stated at the lower of their carrying amounts and fair values less costs to sell.

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2006 except as described below.

2.1 Non-current assets (disposal groups) held for sale and discontinued operations

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Assets (and disposal groups), other than financial assets, classified as held for sale are measured at the lower of the assets’ (disposed groups’) previous carrying amount and fair value less costs to sell.

A discontinued operation is a clearly distinguishable component of the Group’s business that has been disposed of or is classified as held for sale, which represents a separate major line of business of the Group. Comparative figures of condensed consolidated income statement have been reclassified to conform with the current period’s presentation.

2.2 New and amended HKFRSs

From 1st January, 2007, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective on 1st January, 2007 and relevant to the Group.

The adoption of these new and amended HKFRSs did not result in significant changes in the Group’s accounting policies.

2. Accounting policies (Continued)

2.2 New and amended HKFRSs (Continued)

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC)-INT 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1st January, 2009.

² Effective for annual periods beginning on or after 1st March, 2007.

³ Effective for annual periods beginning on or after 1st January, 2008.

3. Revenue

The principal activities of the Group include the investments in listed and unlisted securities and properties.

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Interest income from available-for-sale financial assets	276,052	2,889,241	-	-	276,052	2,889,241
Interest income from financial assets at fair value through profit or loss	29,250	58,500	-	-	29,250	58,500
Interest income from bank deposits	4,870,740	1,263,319	-	-	4,870,740	1,263,319
Dividend income						
– listed investments	71,969	-	-	-	71,969	-
– unlisted investments	22,752,619	22,587,337	-	-	22,752,619	22,587,337
Interest income on accrued dividend income	943,658	-	-	-	943,658	-
Rental Income	-	-	38,005,415	27,180,153	38,005,415	27,180,153
	28,944,288	26,798,397	38,005,415	27,180,153	66,949,703	53,978,550

4. Segment information

	Unaudited Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
	Other investment		Property investment			
	2007	2006	2007	2006	2007	2006
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Revenue	28,944,288	26,798,397	38,005,415	27,180,153	66,949,703	53,978,550
Segment result	55,863,389	23,881,092	34,293,311	26,305,268	90,156,700	50,186,360
Finance costs	(6,250,431)	(1,839,156)	(17,111,208)	(15,486,895)	(23,361,639)	(17,326,051)
Share of results of						
– associates	–	(1,688,011)	–	–	–	(1,688,011)
– a jointly controlled entity	1,564,019	945,542	–	–	1,564,019	945,542
Profit before income tax	51,176,977	21,299,467	17,182,103	10,818,373	68,359,080	32,117,840
Income tax expenses	–	–	(1,665,655)	(1,303,811)	(1,665,655)	(1,303,811)
Profit for the period	51,176,977	21,299,467	15,516,448	9,514,562	66,693,425	30,814,029
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30th June,	31st December,	30th June,	31st December,	30th June,	31st December,
	2007	2006	2007	2006	2007	2006
	Continuing operations		Discontinued operations		Consolidated	
	Other investment		Property investment			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Assets and liabilities						
Segment assets	761,475,323	757,106,752	1,343,507,213	1,345,007,269	2,104,982,536	2,102,114,021
Interests in associates	–	–	–	–	–	–
Interests in a jointly controlled entity	2,426,264	1,438,648	–	–	2,426,264	1,438,648
Total assets	763,901,587	758,545,400	1,343,507,213	1,345,007,269	2,107,408,800	2,103,552,669
Segment liabilities	257,637,300	310,667,727	851,157,555	868,168,298	1,108,794,855	1,178,836,025
Other information						
Capital expenditure	–	–	86,000	301,631,896	86,000	301,631,896

5. Finance costs

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Interest on bank borrowings wholly repayable within five years	6,250,431	1,638,802	17,111,208	15,486,895	23,361,639	17,125,697
Interest on other borrowings	-	200,354	-	-	-	200,354
	<u>6,250,431</u>	<u>1,839,156</u>	<u>17,111,208</u>	<u>15,486,895</u>	<u>23,361,639</u>	<u>17,326,051</u>

6. Profit before income tax

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Profit before income tax is arrived at after charging:						
Staff cost (including directors' emoluments)	813,137	494,000	322,468	-	1,135,605	494,000
	<u>813,137</u>	<u>494,000</u>	<u>322,468</u>	<u>-</u>	<u>1,135,605</u>	<u>494,000</u>

7. Income tax expense

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

The amount of income tax expense charged to the unaudited condensed consolidated income statement represents:

	Unaudited					
	Six months ended 30th June,					
	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Current tax						
Tax for the period	-	-	968,283	381,413	968,283	381,413
Deferred tax						
Current period	-	-	697,372	922,398	697,372	922,398
	<u>-</u>	<u>-</u>	<u>1,665,655</u>	<u>1,303,811</u>	<u>1,665,655</u>	<u>1,303,811</u>

8. Discontinued operations

On 21st June, 2007, the board of directors of the Company resolved to dispose of a subsidiary, Honnex Development Limited (“Honnex”), which the Group held 61.22% equity interests. It initially acquired the shares of Honnex in July 1997. Upon completion of the transaction, which is expected will be in December 2007, the Group will receive cash proceeds of HK\$372 million.

The Group is from time to time seeking a good return on its investments. The Group is in the course of formulating a new investment strategy by planning to originate investment in Main Board listed companies that emerge from restructuring and this disposal is part of this new investment strategy.

An analysis of the results and cash flows of the discontinued operations included in the condensed consolidated income statement and the condensed consolidated cash flows statement is as follows:

	Unaudited	
	Six months ended	
	30th June,	
	2007	2006
	HK\$	HK\$
Revenue	38,005,415	27,180,153
Other net income	4,629,061	2,864,958
Valuation (deficit)/ surplus on investment properties	(86,000)	3,254,111
Expenses	(25,366,373)	(22,480,849)
	<hr/>	<hr/>
Profit before income tax	17,182,103	10,818,373
Income tax expense	(1,665,655)	(1,303,811)
	<hr/>	<hr/>
Profit for the period from discontinued operations	<u>15,516,448</u>	<u>9,514,562</u>
	<hr/>	<hr/>
Operating cash flows	10,098,436	8,246,639
Investing cash flows	(86,001)	(270,153,334)
Financing cash flows	(11,750,000)	260,058,337
	<hr/>	<hr/>
Total cash flows	<u>(1,737,565)</u>	<u>(1,848,358)</u>

9. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$53,864,795 (2006: HK\$21,518,252) and on 1,691,171,989 (2006: 1,691,171,989) ordinary shares in issue during the period.

For continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Profit for the period attributable to the equity holders of the Company for the purpose of basic earnings per share	53,864,795	21,518,252
Profit for the period from discontinued operations	15,516,448	9,514,562
Less: Profit for the period attributable to minority interests from discontinued operations	(6,016,582)	(3,689,320)
	9,499,866	5,825,242
Profit for the period attributable to the equity holders of the Company for the purpose of basic earnings per share from continuing operations	<u>44,364,929</u>	<u>15,693,010</u>

Basic earnings per share attributable to the equity holders of the Company for the continuing operations is HK2.62 cents per share (2006: HK0.93 cents per share), based on the profits for the period attributable to the equity holders of the Company from continuing operations of approximately HK\$44.4 million (2006: approximately HK\$15.7 million) on 1,691,171,989 (2006: 1,691,171,989) ordinary shares in issue during the period.

For discontinued operations

Basic earnings per share attributable to the equity holders of the Company for the discontinued operations is HK0.57 cents per share (2006: HK0.34 cents per share), based on the profits for the period attributable to the equity holders of the Company from discontinued operations of approximately HK\$9.5 million (2006: approximately HK\$5.8 million) and on 1,691,171,989 (2006: 1,691,171,989) ordinary shares in issue during the period.

No diluted earnings per share is presented as the Group had no dilutive potential ordinary shares during the period.

10. Trade and other receivables and deposits paid

	Unaudited 30th June, 2007 <i>HK\$</i>	Audited 31st December, 2006 <i>HK\$</i>
Trade receivables	–	1,481,108
Other receivables	2,596,997	99,073,016
Deposits paid	–	578,953
	<hr/> 2,596,997 <hr/>	<hr/> 101,133,077 <hr/>

The Group maintains defined credit policies. The following is an ageing analysis of trade receivables at the balance sheet date:

	Unaudited 30th June, 2007 <i>HK\$</i>	Audited 31st December, 2006 <i>HK\$</i>
0 – 30 days	–	1,401,982
31 – 60 days	–	58,881
61 – 90 days	–	15,184
Over 90 days	–	5,061
	<hr/> – <hr/>	<hr/> 1,481,108 <hr/>

As at 30th June, 2007, all trade receivables were classified as assets held for sale.

11. Assets classified as held for sale

On 21st June, 2007, the board of directors of the Company resolved to dispose of subsidiaries – Honnex and IEC Investments Limited (“AWE”), and AsiaWorld-Expo Management Limited (“AWE Operator”) a jointly-controlled entity, which the Group held 61.22%, 60% and 40% equity interests, respectively. Honnex is principally engaged in investment holding, property investment and letting. AWE is principally engaged in investment holding. AWE Operator is principally engaged in management and operation of exhibition facilities.

11. Assets classified as held for sale (Continued)

The major classes of assets and liabilities of Honnex, AWE and AWE Operator at 30th June, 2007 which are classified as assets held for sale are as follows:

	Fair value and carrying amount upon being classified as held for sale
	<i>HK\$</i>
Assets	
Investment properties	1,340,000,000
Interests in a jointly controlled entity	2,426,264
Available-for-sale financial assets	352,941,176
Loans to minority interests	25,600,000
Trade receivables (<i>note a</i>)	1,719,377
Other receivables and deposits paid	57,886,073
Pledged bank fixed deposits	20,744,291
Cash and cash equivalents	1,245,030
	<hr/>
Assets classified as held for sale	1,802,562,211
	<hr/>
Liabilities	
Other payables, accrued expenses and deposits received	5,722,010
Taxation payable	22,699,531
Bank borrowings	869,460,001
Loans from minority shareholders	120,212,611
Rental deposits received	20,740,484
Deferred tax liabilities	69,197,726
	<hr/>
Liabilities associated with assets classified as held for sale	1,108,032,363
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Net assets of operation classified as held for sale	694,529,848
	<hr/> <hr/>

(a) Trade receivables

The Group maintains defined credit policies. The following is an ageing analysis of trade receivables at the balance sheet date.

	<i>HK\$</i>
0 – 30 days	746,276
31 – 60 days	36,008
61 – 90 days	160,737
Over 90 days	776,356
	<hr/>
	1,719,377
	<hr/> <hr/>

12. Other payables, accrued expenses and deposits received

	Unaudited 30th June, 2007 <i>HK\$</i>	Audited 31st December, 2006 <i>HK\$</i>
Other payables and accrued expenses	762,492	20,469,316
Rental deposits received	–	5,612,535
	<u>762,492</u>	<u>26,081,851</u>

13. Post balance sheet events

- (a) As disclosed in note 11, the board of directors of the Company resolved to dispose of Honnex, AWE and AWE Operator, which the Group held 61.22%, 60% and 40% interests, respectively.

On 21st June, 2007, the Company entered into a conditional sale and purchase agreement with Dragages Hong Kong Limited (“Dragages”), a substantial shareholder of AWE, (i) to sell 60% and 40% equity interests of AWE and AWE Operator, respectively; and (ii) to assign the shareholder’s loan due from AWE to the Company, which amounted to approximately HK\$94 million as at 30th June, 2007, to Dragages at a consideration of HK\$180 million in cash, payable in one lump sum upon completion. On 3rd August, 2007, shareholders approved the transactions. As not all conditions have been fulfilled on 15th August, 2007, the original deadline for the sale, completion date has been mutually agreed to be postponed to a date not later than 15th September, 2007. Upon completion, the Group will record a gain of approximately HK\$20 million over the carrying cost attributable to the Group of HK\$160 million as at 30th June, 2007.

On 3rd July, 2007, a subsidiary of the Company entered into a conditional sale and purchase agreement with a company (“Purchaser”) owned by Mr. Fung Wing Cheung, Tony and Mr. Fung Yiu Fai, Peter, who are the directors of the Company, to sell 61.22% equity interests of Honnex at a consideration of HK\$372 million in cash. On 9th August, 2007, independent shareholders approved this transaction. Upto the date of this interim report, 20% initial deposits were received. The remaining balance will be payable on completion date, 31st December, 2007, or an earlier date as notified in writing by the Purchaser to the Group prior to the date of completion.

- (b) While the Company was negotiating a new investment management agreement (“New Investment Agreement”) with YMIM, the Company entered into interim period agreements (“Interim Period Agreements”) with YMIM relating to the appointment of YMIM as the Company’s investment manager for an interim period commencing on the expiry of the Supplemental Agreement, effectively from 1st April, 2007 to 4th August, 2007. The terms of the Interim Period Agreements are substantially the same as those contained in the Existing Investment Management Agreement and Supplemental Agreement, except that the incentive fee shall be no longer be payable to YMIM during the interim period.

13. Post balance sheet events (Continued)

(b) (Continued)

On 22nd June, 2007, the New Investment Management Agreement was entered into by the Company and YMIM, which was approved by shareholders of the Company on 3rd August, 2007. Under the New Investment Management Agreement, YMIM agreed to assist the board of directors of the Company with the day-to-day management of the Group from (i) the earlier of 1st October, 2007; or (ii) the date immediately following the day on which the New Investment Management Agreement was approved by shareholders to 31st December, 2009. YMIM will be entitled to a management fee equal to 1.5% per annum of the consolidated net asset value, calculated and payable in arrears on a quarterly basis by reference to the arithmetical average of the consolidated net asset value on the last day of each calendar month during each quarter; and a performance fee equal to 20% of the amount by which the audited consolidated net asset value of each year ended 31st December, exceeds (i) if a performance fee has been paid during the management period, the audited consolidated net asset value of the Company as at the end of the latest financial year in which YMIM was entitled to a performance fee; or (ii) if no performance fee has been paid during the management period, the consolidated net asset value of the Company on the effective date of the New Investment Management Agreement.

- (c) On 25th July, 2007, a placing agreement (“Placing Agreement”) was entered between Sun Hung Kai & Co. Limited, Sun Hung Kai Venture Capital Limited and Best Delta International Limited (“Vendors”) and Sun Hung Kai Investment Services Limited (“Placing Agent”) and a subscription agreement (“Subscription Agreement”) were entered between the Vendors and the Company. Pursuant to the Placing Agreement, Vendors agreed to place, through the Placing Agent 338,000,000 shares to independent investors at a price of HK\$0.66 per share. On completion of the placing, each of the Vendors subscribed for the same number of shares placed by them respectively pursuant to the Placing Agreement and Subscription Agreement, at the same price. Net proceeds from the Subscription of approximately HK\$214 million (being a net placing price of approximately HK\$0.63 per share) will be applied by the Group for general working capital purposes.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the period (2006: Nil).

In considering whether to pay an interim dividend for 2007, the Board is inclined to consider a final dividend after completion of the sale of Honnex, AWE and AWE Operator. The amount will also depend on the net profit of the Group for the whole financial year and accordingly, it shall be decided by the Board after the financial year. A final dividend for the entire year will also save shareholders dividend handling charges by brokers when compared with the same amount split into an interim dividend and a final dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group’s major income in the six months ended 30th June, 2007 (the “2007 Interim Period”) came from securities investment, AsiaWorld-Expo, retail properties investment, bond investment and interest income.

As at 30th June, 2007, the Group’s major investments were as follows:

Investments	Description
AsiaWorld-Expo	The largest exhibition facility in Hong Kong

Retail Properties	Retail shops in Mongkok and Causeway Bay, the prime retail locations in Kowloon and Hong Kong respectively
Listed Equities	A portfolio of listed shares

During the 2007 Interim Period, net income (after finance costs and minority interests) from AsiaWorld-Expo amounted to HK\$12.3 million, mainly derived from its accrued preference dividends, and to a lesser extent management fee.

The retail property market remained tepid in the 2007 Interim Period. Net income (after finance costs and minority interests) attributable to the Group amounted to HK\$9.5 million. timeplus in Causeway Bay opened in November 2006 with full occupancy. Intensive promotions have been made to boost patronage in timeplus. Argyle Centre and Ginza Plaza also recorded full occupancy during the Interim Period. Ginza was vacated in July for rebranding and marketing is still ongoing. We have disposed of a significant portion of our investments in equities and bonds during the 2007 Interim Period and reported a good profit of HK\$35.6 million.

INVESTMENT REVIEW

As at 30th June, 2007, the Group's major investments were in properties, AsiaWorld-Expo and equity securities.

AsiaWorld-Expo

The Group has a 60% interest in AWE, which jointly invests with the Hong Kong Government and the Airport Authority in AsiaWorld-Expo, a 66,000 sqm permanent exhibition center located at the Hong Kong International Airport, with a capacity of expanding into a 100,000 sqm exhibition facility. AWE owns 13.5% interests in AsiaWorld-Expo.

AsiaWorld-Expo is a column-free structure under one roof, with a dedicated Mass Transit Railway station – the “AsiaWorld-Expo Station”. The facility was officially opened in December 2005. Bookings are well into 2010.

In addition to exhibition, a world-class entertainment hall (named Arena) is purpose-built for concert and entertainment events which can house up to 14,500 spectators. Many acclaimed local and international artists have already performed in the Arena since its opening.

Retail Properties

The Group focuses its property investment on retail space on prime locations only. In November 2006 the Group's timeplus shopping mall opened in Causeway Bay with full occupancy.

Properties	Status
Argyle Centre Mongkok	The Group owns 159 shops in Argyle Centre (over 34,000 sqft), with a virtually full occupancy.
Ginza Plaza Mongkok	The Group owns over 14,000 sqft of retail space in Ginza Plaza, with a virtually full occupancy. The shops were vacated in July for rebranding, which is still ongoing as at the date of this report.

timeplus
Causeway Bay

The Group owns 30,000 sqft property in the heart of Causeway Bay, with a virtually full occupancy.

Equity Securities

The Group divested a significant portion of its investment in equity securities during the 2007 Interim Period, reporting a good profit for the Group.

High-Yield Bonds

The Group divested all of its investment in high yield bonds during the 2007 Interim Period, reporting a good profit for the Group.

Grand China

Our investment in Grand China remains written off as Grand China has not registered the Group as its shareholder, claiming regulatory difficulties. The Group is in discussion with Grand China about a resolution, and at the same time seeking legal advice to enforce the registration, and will keep shareholders informed once there is a significant development.

Oriental Cashmere Limited

Our investment in OCL remains written off as the receivable of OCL remained at an alarmingly high level. As the first half of the year is usually the low season of cashmere garment business, OCL reported a loss in the first half.

PROSPECTS

The Group made a number of timely moves during the 2007 Interim Period to raise significant amount of cash. The Group disposed of almost all of its trading equity securities and bonds. The Company raised HK\$214 million through a placement of new shares on 25th July, 2007. On 3rd August, 2007, shareholders approved the sale of the Group's entire interests in AsiaWorld-Expo for HK\$180 million, completion of which is expected in September 2007. On 9th August, 2007, shareholders approved the sale of the Group's property portfolio for HK\$372 million, completion is expected in December 2007.

The Group currently has significant liquidity to take advantage of opportunities that may emerge from the current turmoil in the stock market.

The Group plans to originate investment in Main Board listed companies that emerge from restructuring. At present, the Group has, through Yu Ming Investment Management Limited, submitted a proposal to the Stock Exchange in relation to a listed company with a prospect of a revived listing through asset injections. The proposal already has the support of the existing substantial shareholders of the listed company. At the same time, the Group has submitted a bid to the provisional liquidators of another suspended listed company with a view of reviving its listing. There is however no guarantee that any of the above deals will be approved or accepted.

The prospects of recovering our investment in Grand China is uncertain, but the rumoured listing of Grand China in Hong Kong instills optimism in us.

OCL's performance is still appalling. The Group remains cautious until a strong rebound and a subsided receivable can be seen.

FINANCIAL POSITION

With the approval by the shareholders of the sale of our interests in AsiaWorld-Expo and property interests in August, we no longer consolidate our subsidiaries holding those interests upon completion. Accordingly, the liabilities under those subsidiaries amounting to HK\$869 million will be removed from the Group upon completion of the sale before the end of 2007.

FOREIGN EXCHANGE EXPOSURE

As at 30th June, 2007, most of the Group's investments were based in Hong Kong dollar and United States dollar and were therefore not exposed to significant foreign currency risks.

GUARANTEE

The Company has given a guarantee to a bank to secure the outstanding indebtedness due by its properties holding company, which was included in the accounts of the discontinued operations, for an amount attributable to the Group's equity interests in that subsidiary. The amount of outstanding indebtedness due by the property holding company to this bank as at 30th June, 2007 was approximately HK\$702 million (31st December, 2006: approximately HK\$714 million).

The Company has given a guarantee to a financial institution to secure borrowing facilities available to a wholly-owned subsidiary in the amount not exceeding equivalent US\$15 million. There was no outstanding indebtedness at 30th June, 2007 (31st December, 2006: approximately €0.8 million).

STAFF COSTS

The Group's total staff costs (including directors' emoluments) for the 2007 Interim Period amounted to approximately HK\$1,135,605 (2006: HK\$494,000).

AUDIT COMMITTEE

The Company has established an audit committee in accordance with rule 3.21 of the Listing Rules.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report (including unaudited interim financial results for the six months ended 30th June, 2007). In carrying out this review, the audit committee has obtained explanations from management. At the request of the directors, the Group's external auditors have carried out a review of the unaudited interim financial review 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 HKICPA.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has met with the code provisions of the Code on Corporate Governance Practices (the “CG Code”), as set out in Appendix 14 of the Listing Rules, during the accounting period covered by the interim report, except for the following deviation:–

Code provision E.1.2

The code provision E.1.2 of the CG Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitment, Mr. Tony FUNG Wing Cheung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 23rd May, 2007. This constitutes a deviation from the code provision E.1.2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the period.

By order of the Board
Lee Wa Lun, Warren
Managing Director

Hong Kong, 31st August, 2007