THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 45) website: www.hshgroup.com

INTERIM RESULTS, DIVIDEND, CLOSURE OF BOOKS
2007 Interim Results

FINANCIAL AND OPERATING HIGHLIGHTS

	For the six months ended 30 June 2007	2006	% Increase/ (Decrease)
Income statement			
Turnover (HK$m)	**1,998**	1,710	17
EBITDA (HK$m)	**682**	583	17
Profit before non-operating items (HK$m)	**484**	398	22
Profit attributable to shareholders (HK$m)	**1,271**	728	75
Interim dividend (HK$m)	**86**	71	21
Earnings per share (HK cents)	**89**	51	75
Earnings per share excluding non-operating items (HK cents) *	**27**	19	42
Interim dividend per share (HK cents)	**6**	5	20
Interim dividend cover (times)	**14.8x**	10.3x	44
Interest cover (times)	**10.0x**	7.3x	37
Weighted average gross interest rate	**4.6%**	5.0%	(8)
	As at 30 June 2007	As at 31 December 2006	
Balance sheet			
Total assets (HK$m)	**26,680**	24,609	8
Net assets attributable to shareholders (HK$m)	**18,617**	16,982	10
Adjusted net assets attributable to shareholders (HK$m) *	**23,846**	21,841	9
Net assets per share (HK$)	**12.95**	11.89	9
Adjusted net assets per share (HK$) *	**16.58**	15.29	8
Net borrowings (HK$m)	**1,829**	2,076	(12)
Gearing	**9%**	11%	(18)
	For the six months ended 30 June **2007**	2006	
Cash flow			
Net cash generated from operating activities (HK$m)	**570**	421	35
Capital expenditure (HK$m)	**323**	209	55
Net cash inflow after interest and dividends before financing activities (HK$m)	**231**	35	560
Share information			
Highest share price (HK$)	**14.70**	9.85	49
Lowest share price (HK$)	**11.36**	8.00	42
Period end closing share price (HK$)	**13.82**	8.60	61
Operating information			
Number of hotel rooms (at 30 June)	**2,561**	2,562	-
Number of employees (at 30 June)	**6,081**	5,824	4
Average occupancy rate			
- Asia	**71%**	73%	(3)
- United States of America	**73%**	70%	4
Average room rate (HK$)			
- Asia	**1,811**	1,521	19
- United States of America	**4,292**	3,984	8
RevPAR (HK$)			
- Asia	**1,278**	1,104	16
- United States of America	**3,134**	2,794	12

* *Please refer to calculation in the Financial Review section.*

The Directors hereby announce the unaudited interim results of the Company for the six months ended 30 June 2007. These interim results have been reviewed by the Company's Audit Committee, comprising a majority of Independent Non-Executive Directors, one of whom chairs the Committee. These interim results have also been reviewed by the Company's auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders.

FINANCIAL REVIEW

The Group's financial statements are compiled in accordance with Hong Kong accounting standards under a set of accounting policies which have been adopted as from 1 January 2005. The Directors wish to draw the attention of the users of these financial statements to the following aspects of these accounting policies:

- Deferred taxation has been provided, at the profits tax rate, in respect of revaluation surpluses on the Group's investment properties which are mainly held in Hong Kong. It is the Directors' position that the Group's investment properties are held for the long term and that if any Hong Kong investment properties were sold, tax would not be payable on such disposal as the gain would be capital in nature and such gains are subject to a nil tax rate in Hong Kong. The Directors therefore expect that the provision for deferred taxation in respect of revaluation surpluses for Hong Kong investment properties, amounting to HK$2,623 million as at 30 June 2007, would not materialise.

- Hotel properties (other than shopping arcades and offices within the hotels) and golf courses are stated at cost less depreciation and any provision for impairment, rather than at fair market value. In order to provide shareholders with additional information on the value of the Group's net assets, the Directors have commissioned an independent third party fair market valuation of the Group's hotel properties and golf courses as at 30 June 2007, the details of which are set out on page 5. If these assets are stated at fair market value instead of at cost less depreciation and any provision for impairment (and deferred tax is not provided on the revaluation surplus on the hotel property in Hong Kong on the same rationale as above), the Group's net assets attributable to shareholders would increase by HK$2,606 million.

In the light of the above, the Directors have provided for shareholders' additional information a calculation of the Group's adjusted net asset value as at 30 June 2007 and 31 December 2006 on the basis set out below:

HK$m		**As at 30 June 2007**		As at 31 December 2006
Net assets attributable to shareholders per reviewed/audited balance sheet		**18,617**		16,982
Writing back the deferred taxation provision in respect of revaluation surpluses on Hong Kong investment properties		**2,623**		2,407
Adjusting the value of hotels and golf courses to fair market value	**3,243**		3,127	
Less: Related deferred tax and minority interests	**(637)**		(675)	
		2,606		2,452
Adjusted net assets attributable to shareholders		**23,846**		21,841
Reviewed/audited net assets per share (HK$)		**12.95**		11.89
Adjusted net assets per share (HK$)		**16.58**		15.29

The Directors believe that the Company's profit and loss account and earnings per share include a number of items which are non-operating and/or non-recurring in nature, such as the increase in fair value of investment properties and the loss on disposal of an investment in Indonesia. As the Group continues to be managed with principal reference to its underlying operating cash flows and recurring earnings, the Directors have also provided a calculation of the Group's earnings per share excluding non-operating items on the basis set out below:-

	For the six months ended 30 June	
HK$m	**2007**	2006
Profit attributable to shareholders	**1,271**	728
Increase in fair value of investment properties	**(1,256)**	(546)
Loss on disposal of an investment in Indonesia	**160**	-
Tax and minority interests attributable to non-operating items	**215**	91
Earnings excluding non-operating items and related tax and minority interests effects	**390**	273
Earnings per share excluding non-operating items (HK cents)	**27**	19

The total turnover of the Group amounted to HK$1,998 million for the six months ended 30 June 2007, up 17% over the same period in 2006. EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 17% to HK$682 million. The increases in turnover and EBITDA reflect the continuing underlying strength of the operating performance and sustained demand across the Group's hotels and properties.

The Group's EBITDA margin, representing EBITDA as a percentage of turnover, remained at 34% (2006: 34%) despite the inclusion during the period of HK$22 million of pre-opening expenses for The Peninsula Tokyo, which opened on 1 September 2007. In addition, the Group continued to monitor and control its overall level of costs with some measure of success. It should be noted that the absolute level of staff cost increased due to a combination of increased head count at certain operations such as the Group's spas and the airline lounges in Hong Kong as well as due to the exchange rate effect of the appreciation of certain Asian currencies.

The profit before non-operating items, which we consider to be the best measure of performance of the Group's ongoing business operations, increased by 22% to HK$484 million (2006: HK$398 million).

In respect of non-operating items, the increase in fair value of investment properties for the current period amounted to HK$1,256 million (2006: HK$546 million), which was mainly attributable to properties in Hong Kong. At the same time, the disposal of an investment in Indonesia resulted in an increase of HK$92 million in net assets, but a non-operating loss of HK$160 million after taking into account historical exchange losses of HK$252 million previously held in the exchange reserve.

The profit attributable to shareholders amounted to HK$1,271 million for the six months compared to HK$728 million for the same period in 2006. This figure was after a total tax charge of HK$280 million (2006: HK$201 million), which includes deferred taxation in respect of the increase in fair value of investment properties amounting to HK$216 million (2006: HK$89 million).

The earnings per share were 89 cents (2006: 51 cents). Excluding non-operating items and the related tax and minority interests, earnings per share increased by 42% to 27 cents (2006: 19 cents).

The Directors have resolved to pay an interim dividend of 6 cents per share (2006: 5 cents per share).

The Group has a strong balance sheet. The net assets attributable to shareholders as at 30 June 2007 amounted to HK$18,617 million, or HK$12.95 per share, compared to HK$16,982 million, or HK$11.89 per share, as at 31 December 2006.

According to the Company's accounting policies, hotel properties (other than shopping arcades and offices at hotels) and golf courses are stated at cost less accumulated depreciation and any provision for impairment losses, whilst investment properties are stated at fair value. In order to provide additional information to shareholders on the current market value of our hotels and golf courses as appraised by independent third party valuers, a summary of the Group's fixed assets (excluding properties under development in Tokyo and Shanghai) showing both the book value and the market value attributable to the Group at 30 June 2007 is set out in the following table:

	Market Valuation (HK$m)	HSH Interest (%)	Attributable Market Value (HK$m)	Attributable Book Value (HK$m)
Hotels				
Owned hotels				
The Peninsula Hong Kong	8,234	100%	8,234	6,597
The Peninsula New York	1,754	100%	1,754	905
The Peninsula Chicago	1,297	92.5%	1,200	1,170
The Peninsula Bangkok	849	75%	637	705
The Peninsula Beijing	2,071	42.13%	873	572
The Peninsula Manila	369	76.09%	281	203
Quail Lodge Resort	160	100%	160	160
	14,734		13,139	10,312
Managed hotel				
The Peninsula Beverly Hills (at net cost)	449	20%	90	90
Total for hotels	15,183		13,229	10,402
Non-hotel properties for rental				
The Repulse Bay	6,165	100%	6,165	6,165
Repulse Bay Apartments	3,963	100%	3,963	3,963
Repulse Bay Garage	81	100%	81	81
The Peak Tower	773	100%	773	773
St. John's Building	498	100%	498	498
The Landmark	82	70%	57	57
Total for non-hotel properties for rental	11,562		11,537	11,537
Other properties				
Golf courses				
Thai Country Club	247	75%	185	185
Quail Lodge Golf Club	34	100%	34	34
Sub-total for golf courses	281		219	219
Vacant land				
Vacant land near Bangkok	361	75%	271	271
Quail Lodge Land	80	100%	80	80
Sub-total for vacant land	441		351	351
Other properties in use				
Po Yip Building, Flats 2&3, 1/F	28	100%	28	28
1 Lugard Road	2	100%	2	-
Sun Hing Industrial Building, Units 1&2, 5/F	3	100%	3	-
Sub-total for other properties in use	33		33	28
Total for other properties	755		603	598
Other fixed assets (at net cost)	87	100%	87	87
Total (excluding properties under development)	**27,587**		**25,456**	**22,624**

During the period, net borrowings decreased by 12% to HK$1,829 million (31 December 2006: HK$2,076 million) and the Company's gearing, expressed as the percentage of net borrowings to the total of net borrowings and shareholders' funds, decreased to 9% (31 December 2006: 11%). Interest cover has improved, with operating profit at 10 times (2006: 7.3 times) net financing charges.

In addition to the above Group borrowings, The Peninsula Beverly Hills (20% owned) and The Peninsula Shanghai (50% owned) have obtained non-recourse bank borrowings, which are not consolidated in the Group's balance sheet as the entities owning the assets are not subsidiaries. Including the Group's share of net debts of these non-consolidated entities, the net borrowings amounted to HK$1,977 million at 30 June 2007 (31 December 2006: HK$2,189 million).

As at 30 June 2007, interest rates on 54% (31 December 2006: 51%) of the Group's borrowings (including anticipated borrowings that are hedged with future effective dates) were fixed. The weighted average gross interest rate for the period decreased to 4.6% (2006: 5.0%) after taking hedging activities into account.

The Company manages its liquidity risk by constantly monitoring its loan portfolio and by obtaining sufficient borrowing facilities to meet its obligations and commitments. In the light of the Group's healthy cashflow position resulting in its reduced debt level, the total available borrowing facilities decreased to HK$4,774 million (31 December 2006: HK$5,058 million), of which 56% (31 December 2006: 50%) was drawn at 30 June 2007. In addition, the Group refinanced HK$928 million of its banking facilities on more favourable terms. All the Group's borrowing facilities are unsecured with the vast majority being obtained on a committed basis. Undrawn committed facilities, in the form of revolving credits, totalled HK$1,022 million (31 December 2006: HK$1,479 million).

As at 30 June 2007, after accounting for currency hedging, approximately 76%, 10%, 9%, 4% and 1% (31 December 2006: 76%, 10%, 9%, 4% and 1%) of the Group's net assets were denominated in Hong Kong dollars, United States dollars, Chinese Renminbi, Thai Baht and Philippine Pesos respectively. These net assets were translated into Hong Kong dollars at the closing exchange rates. Owing to appreciation of most Asian currencies during the period, a net translation gain of HK$174 million (2006: HK$62 million) was recorded in the exchange reserve.

During the period, net cash generated from operating activities increased to HK$570 million (2006: HK$421 million) whilst total capital expenditure amounted to HK$323 million (2006: HK$209 million), of which HK$284 million (2006: HK$39 million) was spent on the development of The Peninsula Tokyo.

OPERATING REVIEW

The positive operating environment for our businesses has continued for the six months ended 30 June 2007. Demand for quality accommodation remains strong at this stage, with continued ability to drive rates in our key markets. Whilst this positive background continues, however, many of our hotels already enjoy high occupancy levels and potential for further occupancy growth may be limited in some cases.

The total turnover in HK Dollars for the hotels division rose 13% over the same period in 2006. It should be noted that strong exchange rates in Thailand and the Philippines have positively impacted the reported results in HK Dollars compared with 2006. The Group's hotel assets have mostly achieved increases in RevPAR in line with, or ahead of, competitor hotels in the relevant markets, with an average RevPAR increase across all Peninsula Hotels of 14%. The response to the renovation of the Makati Tower in The Peninsula Manila (carried out from May to November 2006) has been particularly pleasing, as shown in the increase in RevPAR for the hotel. The year-to-date statistics for the hotels are as follows:

	For the six months ended 30 June				
	Occupancy %		Average Room Rate (HK$)		% RevPAR Improvement
	2007	2006	**2007**	2006	
The Peninsula Hong Kong	**77**	81	**3,674**	3,119	12
The Peninsula New York	**74**	70	**5,699**	5,057	18
The Peninsula Chicago	**67**	65	**3,396**	3,202	9
The Peninsula Beverly Hills	**85**	85	**4,978**	4,574	9
The Peninsula Bangkok	**67**	73	**1,681**	1,430	8
The Peninsula Beijing	**62**	63	**1,616**	1,397	14
The Peninsula Manila*	**79**	77	**987**	687	47
Quail Lodge Resort	**66**	56	**1,903**	2,081	7

* *For the first six months of 2006, an average of 34 rooms were closed for renovation at The Peninsula Manila.*

The hotels, individually and as a group, continue to attract numerous accolades from prestigious consumer award surveys and feature regularly among the top named properties nationally and internationally. For example, all Peninsula Hotels were featured in the *Condé Nast Traveler* Gold List, and five appeared in *Town & Country's* Luxury Survey of Favourite City Hotels. On the business side, The Peninsula Hotels was awarded best business hotel chain in the world both by *Business Traveller Asia Pacific* and *Condé Nast Traveler*, while The Peninsula Bangkok and The Peninsula Chicago took 1st and 2nd place awards respectively as World Best Business Hotel in *Travel + Leisure*, with The Peninsula Hong Kong in the top slot in *Business Traveller* Germany.

The Peninsula Chicago was also rated the no.1 hotel in the 2007 *Zagat* survey of US hotels, resorts and spas, while The Peninsula Hong Kong won "Best Hotel in the World" for the fourth consecutive year in the Luxury Travel Gold Awards. The "Naturally Peninsula - Flavours" cookbook was awarded the World's Best Cookbook Photography in the Gourmand World Cookbook Awards 2006.

Turnover from our residential, commercial and office properties for the first six months rose by 20% over 2006, due to sustained demand for luxury residential accommodation and the continued growth of the local economy, both of which are supported by the strength of the financial and multi-national sectors. The high-end retail sector has also remained strong in Hong Kong and Beijing, benefitting the hotel shopping arcades and other commercial spaces. Most of our investment properties, including the newly renovated Peak Tower, are fully leased.

The occupancies and yields of the Group's various investment properties for the period were as follows:

	For the six months ended 30 June			
	Occupancy %		Average monthly yield per sq ft (HK$)	
	2007	2006	**2007**	2006
Residential				
The Repulse Bay (Unfurnished)	**93**	93	**35**	33
The Repulse Bay (Serviced)	**74**	62	**29**	23
The Landmark	**99**	97	**17**	17
Commercial				
The Peninsula Hong Kong	**96**	96	**316**	288
The Peninsula New York	**100**	100	**343**	346
The Peninsula Bangkok	**100**	100	**72**	55
The Peninsula Beijing	**97**	98	**91**	83
The Peninsula Manila	**74**	64	**17**	13
The Repulse Bay	**100**	100	**68**	67
The Peak Tower *	**100**	42	**53**	5
Office				
The Peninsula Hong Kong	**100**	100	**25**	23
St. John's Building	**98**	98	**23**	19
The Landmark	**100**	99	**20**	18

* *For the first six months of 2006, The Peak Tower was partially closed for renovation.*

The other businesses which we operate have contributed an overall increase of 58% in revenue for the period. These include The Peak Tramways, which saw an 18% rise in the number of passengers to 2.3 million for the first six months; the Thai Country Club, which maintained business levels despite political uncertainties in Thailand; Peninsula Merchandising Limited, which has recorded a 135% increase in turnover thanks to the continued expansion of Peninsula Boutiques into China and Japan; and Peninsula Clubs and Consultancy Services which has increased profitability by 82%, with a significantly increased contribution from its airport lounge operations.

Asia

Hong Kong The Peninsula Hong Kong has continued to be the room rate and RevPAR leader in Hong Kong, setting a new record for both room rate (HK$4,118) and RevPAR (HK$3,274) in April 2007. However, although there has been growth in visitor arrivals from mainland China and regional markets, visitor arrivals from long haul markets has been stagnant. As a result of the change in customer mix, the average length of stay has been shortened and the occupancy level dropped slightly.

Business in The Peninsula Hong Kong's restaurants has exceeded last year's performance with average spend per guest growing steadily. On the spa front, pricing has been adjusted in line with usage and competition. For the hotel's commercial arcade, demand continues to be strong from many world-renowned luxury brands, including a number which have set up shops in Hong Kong for the first time. Rents generated from the arcade have grown by nearly 10% over the same period last year.

Bangkok The political uncertainties in Thailand following the coup in September 2006 and the bombings at the end of last year have impacted the occupancy of The Peninsula Bangkok and other hotels in the city. Although the number of international travellers from the USA and Europe has declined, the hotel is achieving more than its fair market share from within the region.

Beijing Although travel volume to Beijing is increasing in both the corporate and leisure sectors in the lead-up to the 2008 Olympic Games, the increase in the supply of luxury hotel rooms has outpaced demand. Several new five star properties have opened, and there are several more to come. The challenge is to maintain and increase market share, while maintaining room rates. The Peninsula Beijing has been able to increase its RevPAR over 2006 by 14%, which we believe compares favourably with the competitor set. With increased competition, the ability to attract and retain top employees is increasingly challenging, and the hotel has placed considerable emphasis on employee development.

Manila The renovation of all the guest rooms in the Makati Tower, the ballroom, the lobby and various public areas in The Peninsula Manila was completed on time and within budget, and has been extremely well received. The average room rate being achieved for the renovated Makati Tower guest rooms is now well above the similar rooms in the unrenovated Ayala Tower. The success of the renovation has led to an advancement of the renovation of the Ayala Tower, which is planned to commence in 2008.

United States of America

New York The Peninsula New York increased its RevPAR by 18%, with general market conditions remaining very strong in the city. The renovation of the spa, health club and swimming pool areas located in the top floors of the building is scheduled to commence in 2008.

Chicago Business levels in the city have been in line with 2006, although effective rate strategies at The Peninsula Chicago have enabled the average room rate to be increased and the hotel to maintain its position as the room rate and RevPAR leader in Chicago. These gains are balanced however against higher costs for payroll, repairs and maintenance, real estate taxes and depreciation.

Los Angeles The market leader in occupancy, room rate and RevPAR, The Peninsula Beverly Hills has continued to perform very well. Targeted direct mail campaigns for off-peak shoulder periods have proven successful in filling periods which have traditionally been quieter.

Carmel Quail Lodge Resort has undergone a process of adjustment since the Company's resumption of direct management in April 2006. This has impacted on every area of the resort's operations, and has resulted in improving revenue levels, and increased profitability for the hotel departments as well as the golf operation.

New hotel projects

After a three year construction period, The Peninsula Tokyo opened for business on 1 September 2007. Located in the prestigious Marunouchi business district, Tokyo's banking and financial centre, and overlooking the Imperial Palace and adjacent to Ginza, the hotel building was handed over by the contractors to our partner Mitsubishi Estate Company and Peninsula of Tokyo Limited as the operator on 31 May 2007.

With recent luxury hotels in Tokyo opting to be part of high-rise office buildings or multi-use complexes, The Peninsula Tokyo stands unique in that it is the only free-standing luxury hotel to be built in Tokyo in more than a decade. At 24 storeys high, The Peninsula Tokyo features 314 guest rooms – among the largest in Tokyo – including 47 suites, five restaurants, two ballrooms, function rooms, a spa, a fitness centre and shopping arcade.

An international advertising campaign was launched in July, after which the hotel began accepting reservations. By the time the hotel opened, the staff number had grown to its full complement of 560, including 20 Peninsula Tokyo Ambassadors who for the past year had undergone intensive overseas training in The Peninsula Hong Kong and The Peninsula Bangkok.

In China, construction of The Peninsula Shanghai has progressed rapidly since ground-breaking in October 2006, with the foundation works and diaphragm walls having been completed by July 2007. In early September, above-the-ground construction work for the hotel had reached the second floor. Most of the design consultants have been appointed, while the hotel's façade mockup and model guest room had been approved for design purposes. Located on the famous Bund, the hotel and apartment complex is expected to open in 2009, in time for the Shanghai World Expo in 2010.

Outlook

The market outlook for our operations varies from country to country. In Hong Kong, continuing growth in the local economy is likely to underpin the commercial and luxury residential leasing markets, benefitting our investment properties, in particular The Repulse Bay and The Peninsula Hong Kong retail arcade. At the same time, The Peninsula Hong Kong, The Peak Tower and The Peak Tram continue to benefit from strong visitor arrivals. The renovation of the Peak Tram Lower Terminus will be completed in September, culminating in the opening of The Peak Tram Historical Gallery.

Conditions in Bangkok and Beijing are currently more challenging. In Bangkok, political uncertainty and local currency appreciation may continue to have an adverse effect on foreign investment and long-haul arrivals from Europe and the United States. In Beijing, several new luxury hotels have opened and with several more to come as China's capital gears up for the 2008 Olympic Games, competition has intensified significantly. On the other hand, we continue to see improved business at The Peninsula Manila with the renovated guestrooms performing well.

With relatively stable conditions in the markets where the Group operates, our US hotels continue to focus on facility and service enhancements and to augment marketing activities. Cost management continues to be a challenge with tight labour markets and rising labour costs.

CONSOLIDATED INCOME STATEMENT - UNAUDITED (HK$m)

	Note	For the six months ended 30 June 2007	2006
Turnover	2	**1,998**	1,710
Cost of inventories		**(150)**	(124)
Staff costs and related expenses		**(619)**	(529)
Rent and utilities		**(153)**	(140)
Pre-opening expenses of a hotel	3(a)	**(22)**	-
Other operating expenses		**(372)**	(334)
Operating profit before depreciation and amortisation (EBITDA)	2	**682**	583
Depreciation and amortisation		**(144)**	(121)
Operating profit		**538**	462
Financing charges	3(b)	**(54)**	(63)
Share of loss of a jointly controlled entity		**-**	(1)
Profit before non-operating items	3	**484**	398
Increase in fair value of investment properties		**1,256**	546
Net loss on disposal of an unlisted equity instrument	4	**(160)**	-
Profit before taxation		**1,580**	944
Taxation			
Current tax	5	**(72)**	(58)
Deferred tax	5	**(208)**	(143)
Profit for the period		**1,300**	743
Attributable to:			
Shareholders of the Company		**1,271**	728
Minority interests		**29**	15
Profit for the period		**1,300**	743
Earnings per share, basic and diluted (HK cents)	6	**89**	51
Interim dividend for the period	7(a)	**86**	71

CONSOLIDATED BALANCE SHEET - UNAUDITED (HK$m)

	Note	**As at 30 June 2007**	As at 31 December 2006
Non-current assets			
Fixed assets	8		
Properties, plant and equipment		**5,524**	5,223
Investment properties		**19,078**	17,728
		24,602	22,951
Interest in a jointly controlled entity		**482**	470
Investment in a hotel management contract		**160**	163
Interests in unlisted equity instruments		**39**	52
Derivative financial instruments	9	**46**	28
Deferred tax assets		**86**	98
		25,415	23,762
Current assets			
Inventories		**89**	86
Debtors and payments in advance	10	**349**	308
Taxation recoverable		**-**	3
Derivative financial instruments	9	**2**	3
Cash and cash equivalents		**825**	447
		1,265	847
Current liabilities			
Creditors and accruals	10	**(1,082)**	(1,111)
Interest-bearing borrowings	11	**(396)**	(306)
Derivative financial instruments	9	**(49)**	(8)
Current taxation		**(103)**	(93)
		(1,630)	(1,518)
Net current liabilities		**(365)**	(671)
Total assets less current liabilities		**25,050**	23,091
Non-current liabilities			
Interest-bearing borrowings	11	**(2,258)**	(2,217)
Net defined benefit retirement obligation		**(23)**	(23)
Derivative financial instruments	9	**(176)**	(206)
Deferred tax liabilities		**(3,111)**	(2,880)
		(5,568)	(5,326)
Net assets		**19,482**	17,765
Capital and reserves			
Share capital	12	**719**	714
Reserves		**17,898**	16,268
Total equity attributable to shareholders of the Company		**18,617**	16,982
Minority interests		**865**	783
Total equity		**19,482**	17,765

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED (HK$m)

	Note	2007	2007	2006	2006
		For the six months ended 30 June			
Total equity at 1 January					
Attributable to shareholders of the Company		**16,982**		14,896	
Minority interests		**783**		710	
			17,765		15,606
Net income for the period recognised directly in equity					
Exchange differences on translation of financial statements of foreign entities		**174**		62	
Cash flow hedges: Effective portion of changes in fair value, net of tax		**11**		38	
			185		100
Transfers from equity:					
Cash flow hedges: transfer from equity to profit or loss, net of tax		**18**		11	
to fixed assets, net of tax		**3**		2	
			21		13
Transfer to profit or loss on disposal of an unlisted equity instrument	4		**252**		-
Net profit for the period			**1,300**		743
Total recognised income for the period			**1,758**		856
Attributable to:					
Shareholders of the Company		**1,676**		823	
Minority interests		**82**		33	
		1,758		856	
Dividends distributed to shareholders of the Company:	7				
By means of cash		**(41)**		(87)	
By means of scrip		**(116)**		(55)	
			(157)		(142)
Issue of new shares	12		**116**		55
Total equity at 30 June			**19,482**		16,375

CONDENSED CONSOLIDATED CASH FLOW STATEMENT - UNAUDITED (HK$m)

	For the six months ended 30 June	
	2007	2006
Operating activities		
EBITDA	**682**	583
Tax paid	**(59)**	(63)
Other adjustments	**(53)**	(99)
Net cash from operating activities	**570**	421
Investing activities		
Sales proceeds from disposal of an unlisted equity instrument	**101**	-
Purchase of fixed assets	**(323)**	(209)
Repayment of capital contribution from an unlisted equity instrument	**4**	-
Interest received	**7**	2
Net cash used in investing activities	**(211)**	(207)
Financing activities		
Interest and other financing charges paid	**(87)**	(92)
Net increase/(decrease) in bank borrowings	**131**	(83)
Dividends paid	**(41)**	(87)
Net cash generated from/(used in) financing activities	**3**	(262)
Net increase/(decrease) in cash and cash equivalents	**362**	(48)
Cash and cash equivalents at 1 January	**433**	285
Effect of changes in foreign exchange rates	**12**	3
Cash and cash equivalents at 30 June (note a)	**807**	240

Note a . Analysis of cash and cash equivalents

	As at 30 June	
	2007	2006
Cash at bank and on hand	**825**	253
Bank overdrafts	**(18)**	(13)
	807	240

Cash and cash equivalents at the end of the period include deposits with banks of HK$326 million (2006: HK$117 million) held by subsidiaries that are not freely remittable to the holding company because of currency exchange restrictions.

NOTES TO CONSOLIDATED INCOME STATEMENT, CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Significant accounting policies

(a) Basis of Preparation

This unaudited interim financial report, which does not constitute statutory financial statements, has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with the Hong Kong Accounting Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. It was authorised for issuance by the Board of Directors on 12 September 2007.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The accounting policies used in preparation of the interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2006.

The following new standards and interpretations issued are effective for the accounting period beginning 1 January 2007:

HKFRS 7, Financial instruments: Disclosures; and
Amendment to HKAS 1, Presentation of financial statements: Capital disclosures.

While the above may result in new or amended disclosures in the financial statements for the year ended 31 December 2007, they have no impact on the Group's interim financial report for the six months ended 30 June 2007.

The following new standards and interpretation have been issued, are not effective for accounting period beginning 1 January 2007 and have not been early adopted:

HKAS 23 (Revised), Borrowing costs;
HKFRS 8, Operating segments; and
HK(IFRIC) 11, HKFRS 2 - Group and treasury share transactions.

The Group is in the process of making an assessment of what the impact of these new and revised standards and new interpretation is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's operating results and financial position.

2. Segment information (HK$m)

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions. The revenue and operating performance of the Group's hotel business segment are subject to a higher degree of seasonal volatility by nature whilst those for the Group's property leasing segment are subject to a relatively lower degree of seasonality.

(a) Business segments

The Group is comprised of the following main business segments:

Hotels	Hotel room accommodation, leasing of commercial shopping arcades and office premises within hotels, provision of food and beverage at restaurant outlets, operation of retail outlets and other minor departments such as spa, telephone, guest transportation and laundry within the hotel premises.
Rentals from non-hotel properties	Leasing of commercial and office premises (other than those in hotel properties) and residential apartments.
Other businesses	Various other businesses including operation of golf courses, The Peak Tramways, food and beverage outlets other than those in owned hotels, wholesaling of food and beverage products, laundry, and provision of management and consultancy services for clubs.

2. Segment information (HK$m) (cont'd)

(a) Business segments (cont'd)

	Hotels		Rentals from non-hotel properties		Other businesses		Consolidated	
	For the six months ended 30 June							
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
Segment turnover and results								
Turnover								
Total segment	**1,548**	1,372	**258**	214	**204**	134	**2,010**	1,720
Inter-segment	**(3)**	-	**(2)**	(1)	**(7)**	(9)	**(12)**	(10)
	1,545 *	1,372	**256**	213	**197**	125	**1,998**	1,710
Segment operating profit before depreciation and amortisation	**441**	397	**190**	155	**51**	31	**682**	583
Depreciation and amortisation	**(132)**	(110)	**-**	-	**(12)**	(11)	**(144)**	(121)
Segment operating profit	**309**	287	**190**	155	**39**	20	**538**	462
Financing charges							**(54)**	(63)
Share of loss of a jointly controlled entity							**-**	(1)
Profit before non-operating items							**484**	398
Increase in fair value of investment properties	**352**	228	**904**	313	**-**	5	**1,256**	546
Net loss on disposal of an unlisted equity instrument	**-**	-	**-**	-	**(160)**	-	**(160)**	-
Profit before taxation							**1,580**	944
Capital expenditure, depreciation and amortisation								
Capital expenditure incurred	**238**	121	**14**	87	**31**	3	**283**	211
Depreciation and amortisation	**132**	110	**-**	-	**12**	11	**144**	121

* ***Analysis of hotels' turnover***	***2007***	*2006*
Rooms	***765***	*667*
Food and beverage	***424***	*377*
Commercial	***219***	*201*
Others	***137***	*127*
	1,545	*1,372*

	Hotels		Rentals from non-hotel properties		Other businesses		Consolidated	
	As at 30 June / 31 December							
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
Segment balance sheet								
Assets								
Properties, plant and equipment	**5,131**	4,876	**-**	-	**393**	347	**5,524**	5,223
Investment properties	**7,081**	6,695	**11,556**	10,639	**441**	394	**19,078**	17,728
Interest in a jointly controlled entity	**482**	470	**-**	-	**-**	-	**482**	470
Investment in a hotel management contract	**160**	163	**-**	-	**-**	-	**160**	163
Interests in unlisted equity instruments	**39**	43	**-**	-	**-**	9	**39**	52
Other segment assets	**334**	303	**30**	33	**74**	58	**438**	394
Derivative financial instruments							**48**	31
Deferred tax assets							**86**	98
Taxation recoverable							**-**	3
Cash and cash equivalents							**825**	447
Total assets							**26,680**	24,609
Liabilities								
Segment liabilities	**700**	735	**213**	209	**192**	190	**1,105**	1,134
Bank loans and other liabilities							**6,093**	5,710
Total liabilities							**7,198**	6,844

2. Segment information (HK$m) (cont'd)

(b) Geographical segments

The Group's hotel operations and property rental businesses are principally located in Hong Kong, The People's Republic of China, Thailand, The Philippines, Vietnam and the United States of America. The golf course operations are located in Thailand and the United States of America. Other miscellaneous businesses are mostly conducted in Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location in which the business operation is conducted. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		**Other Asia**		**United States of America**	
	2007	2006	**2007**	2006	**2007**	2006
For the six months ended 30 June						
Turnover	**900**	747	**515**	436	**583**	527
Capital expenditure incurred	**39**	121	**221**	65	**23**	25
Depreciation and amortisation	**34**	28	**54**	43	**56**	50
As at 30 June 2007 / 31 December 2006						
Segment assets	**18,339**	17,066	**4,612**	4,168	**2,770**	2,796

3. Profit before non-operating items (HK$m)

Profit before non-operating items is arrived at after charging/(crediting):

(a) Pre-opening expenses of a hotel

	For the six months ended 30 June	
	2007	2006
Staff costs and related expenses	**14**	-
Rent and utilities	**1**	-
Other operating expenses	**7**	-
	22	-

(b) Financing charges

	For the six months ended 30 June	
	2007	2006
Interest on bank borrowings wholly repayable within five years	**55**	54
Interest on bank borrowings repayable after five years	**-**	1
Loss on derivative financial instruments designated as cash flow hedges transferred from equity	**5**	6
Others	**1**	6
	61	67
Less: Amount capitalised into assets under development *	**(7)**	(4)
	54	63

** The average rate used to determine the amount of financing charges eligible for capitalisation was 1.7% (2006: 2.4%).*

3. Profit before non-operating items (HK$m) (cont'd)

(c) Other items

	For the six months ended 30 June	
	2007	2006
Amortisation of a hotel management contract	**3**	3
Depreciation	**141**	118
Interest income	**(7)**	(2)

4. Net loss on disposal of an unlisted equity instrument (HK$m)

	For the six months ended 30 June	
	2007	2006
Sales proceeds	**101**	-
Less: Carrying value of the unlisted equity instrument	**(9)**	-
Gain on disposal, before transfer of exchange reserve	**92**	-
Exchange losses previously held in exchange reserve	**(252)** *	-
Net loss on disposal reported in consolidated income statement	**(160)**	-

** The exchange losses of HK$252 million previously held in exchange reserve were transferred to the consolidated income statement upon disposal of the unlisted equity instrument.*

5. Taxation (HK$m)

	For the six months ended 30 June	
	2007	2006
Current tax		
Hong Kong	**28**	26
Overseas	**44**	32
	72	58
Deferred tax		
Increase in deferred tax liabilities relating to revaluation of investment properties in		
Hong Kong *	**216**	79
Overseas	-	10
Write-down of deferred tax assets relating to unexpired tax losses	-	20
Effect of decrease in tax rate on deferred tax balances	**(56)**	-
Increase in deferred tax liabilities relating to other temporary differences	**48**	34
	208	143
Taxation attributable to the Company and its subsidiaries	**280**	201

The provision for Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

5. Taxation (HK$m) (cont'd)

In March 2007, the government of The People's Republic of China ("PRC") announced a reduction in the foreign enterprise income tax rate applicable to the Group's operations in the PRC from 33% to 25%, which will take effect from 1 January 2008. Accordingly, a deferred tax credit of HK$56 million (2006: Nil) has been recorded in the Group's consolidated income statement.

* *It should be noted that the Directors have no intention of selling the Group's investment properties in Hong Kong, and should any such sale eventuate, any gain would be regarded as capital in nature and would not be subject to any tax in Hong Kong.*

6. Earnings per share

(a) Earnings per share - basic

	For the six months ended 30 June	
	2007	2006
Profit attributable to shareholders of the Company (HK$m)	**1,271**	728
Weighted average number of shares in issue (million shares)	**1,429**	1,418
Earnings per share (HK cents)	**89**	51

	2007	*2006*
	(million shares)	*(million shares)*
Issued shares at 1 January	***1,428***	*1,417*
Effect of new shares issued and allotted to shareholders who opted to take scrip as an alternative to cash in respect of the 2006/2005 final dividends	***1***	*1*
Weighted average number of shares in issue at 30 June	***1,429***	*1,418*

(b) Earnings per share - diluted

There were no potential dilutive ordinary shares in existence during the periods ended 30 June 2007 and 2006, and hence the diluted earnings per share is the same as the basic earnings per share.

7. Dividends (HK$m)

(a) Interim dividend for the period

	For the six months ended 30 June	
	2007	2006
Interim dividend declared and to be paid after the interim period of 6 cents per share (2006: 5 cents per share)	**86**	71

The interim dividend has not been recognised as a liability at the balance sheet date.

7. Dividends (HK$m) (cont'd)

(b) Dividends attributable to the previous financial year, approved and paid during the interim period

	For the six months ended 30 June	
	2007	2006
Final dividend in respect of the financial year ended 31 December 2006, approved and paid during the following interim period, of 11 cents per share (year ended 31 December 2005: 10 cents per share)	**157**	142

For the final dividend in respect of 2006, scrip dividend elections were offered to shareholders other than those with registered addresses in Australia and the United States. Shareholders holding approximately 74% of the issued share capital of the Company elected to receive their entitlement to the 2006 final dividend in the form of scrip, which resulted in the issue and allotment of approximately 9.2 million new shares on 15 June 2007.

For the final dividend in respect of 2005, scrip dividend elections were offered to shareholders other than those with registered addresses in Australia and the United States. Shareholders holding approximately 39% of the issued share capital of the Company elected to receive their entitlement to the 2005 final dividend in the form of scrip, which resulted in the issue and allotment of approximately 5.9 million new shares on 23 June 2006.

8. Fixed assets (HK$m)

(a) Acquisitions and disposals

During the six months ended 30 June 2007, the Group acquired items of fixed assets with a cost of HK$283 million (2006: HK$211 million). Items of fixed assets disposed of during the six months ended 30 June 2007 and 30 June 2006 were insignificant in value.

(b) Valuation of investment properties

All investment properties of the Group were revalued as at 30 June 2007 on an open market value basis mainly calculated by reference to net rental income allowing for reversionary income potential. The changes in fair value of the investment properties during the period were accounted for in the consolidated income statement. The valuations were carried out by surveyor firms independent of the Group, details of which are as follows:

8. Fixed assets (HK$m) (cont'd)

(b) Valuation of investment properties (cont'd)

Description of investment properties	Name of valuer	Qualification of the staff of the valuer conducting the valuation
Hong Kong		
- Retail shops, offices and residential apartments	Savills Valuation and Professional Services Limited	Members of The Hong Kong Institute of Surveyors
Other Asia *		
- Retail shops, offices, residential apartments and vacant land	Sallmanns (Far East) Limited Savills Valuation and Professional Services Limited	Members of The Royal Institution of Chartered Surveyors
United States of America		
- Retail shops and vacant land	HVS	Members of the Appraisal Institute, United States of America

** Other Asia includes The People's Republic of China, Thailand, The Philippines and Vietnam.*

As a result of the revaluation, a net gain of HK$1,256 million (2006: HK$546 million) and deferred tax thereon of HK$216 million (2006: HK$89 million) have been included in the consolidated income statement.

(c) Valuation of hotel properties and golf courses

To provide additional information for shareholders, the Directors have commissioned an independent valuation of the Group's hotel properties and golf courses as at 30 June 2007. The total valuation placed on the hotel properties and golf courses, which have a net book value of HK$4,684 million (31 December 2006: HK$4,588 million), was HK$7,927 million as at 30 June 2007 (31 December 2006: HK$7,715 million). It is important to note that the surplus of HK$3,243 million (31 December 2006: HK$3,127 million) and the related deferred taxation and minority interests has not been incorporated in the consolidated financial statements but is for additional information only. The valuations were carried out by surveyor firms independent of the Group, details of which are as follows:

Description of hotels and golf courses	Name of valuer	Qualification of the staff of the valuer conducting the valuation
Hong Kong and other Asia *		
- Hotels	Jones Lang LaSalle Hotels	Members of Singapore Institute of Surveyors and Valuers
- Golf course	Sallmanns (Far East) Limited	Members of The Royal Institution of Chartered Surveyors
United States of America		
- Hotels and golf course	HVS	Members of the Appraisal Institute, United States of America

** Other Asia includes The People's Republic of China, Thailand and The Philippines.*

9. Derivative financial instruments (HK$m)

	As at 30 June 2007		As at 31 December 2006	
	Assets	**Liabilities**	Assets	Liabilities
Cash flow hedges:				
Interest rate swaps	**23**	**(5)**	10	(34)
Forward foreign exchange contracts	**2**	**-**	3	-
Currency swap	**-**	**(48)**	-	(23)
	25	**(53)**	13	(57)
Held for trading, at fair value through profit or loss:				
Interest rate swaps	**-**	**(94)**	1	(118)
Currency swaps	**23**	**(78)**	17	(39)
	48	**(225)**	31	(214)
Less: Current portion				
Cash flow hedges:				
Forward foreign exchange contracts	**2**	**-**	3	-
Currency swap	**-**	**(48)**	-	-
Held for trading, at fair value through profit or loss:				
Interest rate swaps	**-**	**(1)**	-	(8)
	2	**(49)**	3	(8)
Non-current portion	**46**	**(176)**	28	(206)

10. Debtors and payments in advance, and creditors and accruals (HK$m)

The details of debtors and payments in advance are as follows:

	As at 30 June 2007	As at 31 December 2006
Trade debtors (ageing analysis is shown below)	**123**	114
Rental deposits and payments in advance	**226**	194
	349	308

The details of creditors and accruals are as follows:

	As at 30 June 2007	As at 31 December 2006
Trade creditors (ageing analysis is shown below)	**66**	84
Interest payable	**7**	9
Accruals of fixed asset purchases	**125**	172
Tenants' deposits	**358**	306
Golf membership deposits	**57**	49
Other payables	**469**	491
	1,082	1,111

10. Debtors and payments in advance, and creditors and accruals (HK$m) (cont'd)

The ageing analysis of trade debtors and trade creditors is as follows:

	Trade debtors		Trade creditors	
	As at 30 June 2007	As at 31 December 2006	**As at 30 June 2007**	As at 31 December 2006
Less than 3 months	**119**	101	**66**	83
3 months to 6 months	**3**	9	**-**	-
More than 6 months	**1**	4	**-**	1
	123	114	**66**	84

The Group has no concentrations of credit risk in view of its large number of customers. The Group maintains a defined credit policy to ensure that credit is given only to customers with an appropriate credit history. In respect of the Group's rental income from operating leases, rentals are normally received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. As such, the Group normally does not obtain collateral from its customers.

11. Interest-bearing borrowings (HK$m)

	As at 30 June 2007	As at 31 December 2006
Total facilities available:		
Term loans and revolving credits	**3,620**	3,942
Uncommitted facilities, including bank overdrafts	**1,154**	1,116
	4,774	5,058
Utilised:		
Term loans and revolving credits	**2,598**	2,463
Uncommitted facilities, including bank overdrafts	**56**	60
	2,654	2,523
Represented by:		
Short-term bank loans, repayable within one year or on demand	**378**	257
Current portion of long-term bank loans, repayable within one year	**-**	35
Bank overdrafts, repayable on demand	**18**	14
	396	306
Long-term bank loans, repayable:		
Within 1 year	**-**	35
Between 1 and 2 years	**439**	537
Between 2 and 5 years	**1,819**	1,680
	2,258	2,252
Less: Current portion of long-term bank loans	**-**	(35)
Non-current portion of long-term bank loans	**2,258**	2,217
Total interest-bearing borrowings	**2,654**	2,523

All borrowings are unsecured. Except for an amount of HK$974 million, most of which would be repaid and early refinanced by bank loans to be newly arranged, the remaining non-current portion of long-term bank loans are not expected to be settled within one year.

12. Share capital

	As at 30 June 2007	As at 31 December 2006
Number of shares of HK$0.50 each (million)		
Authorised	**1,800**	1,800
Issued at 30 June/31 December	**1,438**	1,428
Nominal value of shares (HK$m)		
Authorised	**900**	900
Issued and fully paid at 30 June/31 December	**719**	714

During the six months ended 30 June 2007, the Company issued and allotted approximately 9.2 million new shares at HK$12.584 per share in respect of the 2006 final scrip dividend (2006: approximately 5.9 million new shares at HK$9.33 per share in respect of the 2005 final scrip dividend). The new shares issued have resulted in an increase in fully paid share capital of approximately HK$5 million (2006: HK$3 million) and share premium of HK$111 million (2006: HK$52 million). All ordinary shares issued during the period rank pari passu in all respects with the then existing shares in issue. All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. Commitments (HK$m)

Capital commitments outstanding at 30 June 2007 not provided for in the financial statements were as follows:

	As at 30 June 2007	As at 31 December 2006
Contracted for	**151**	376
Authorised but not contracted for	**1,570**	1,871
	1,721	2,247

Capital commitments include amounts in respect of the Group's capital expenditure at existing properties and its commitment to the new hotel projects in Tokyo and Shanghai.

14. Contingent Liabilities

Contingent liabilities are at a level similar to that disclosed in the Group's annual financial statements for the year ended 31 December 2006.

15. Material related party transactions

There was no material related party transaction during the period, other than in the nature of those as disclosed in the Group's annual financial statements for the year ended 31 December 2006.

OTHER CORPORATE INFORMATION

Purchase, Sale and Redemption of Listed Securities
There was no purchase, sale or redemption of the Company's listed securities during the period.

Corporate Governance
The Company is committed to fulfilling its responsibilities to shareholders by ensuring that the proper processes for oversight and management of its businesses are in place, in operation and are regularly reviewed.

Detailed disclosure of the Company's corporate governance practices and processes is available in the 2006 Annual Report.

Throughout the period, the Company has complied with all the code provisions and the majority of the recommended best practices as set out in the Code on Corporate Governance Practices (CG Code) in Appendix 14 of the Listing Rules. In March 2005, the Company adopted its own code on corporate governance which was updated in October 2005 and which encompassed all code provisions and most of the recommended best practices in the CG Code.

Dealing in the Company's Securities by Directors
In February 2004, the Company adopted its Code for Dealing in the Company's Securities by Directors (the "Securities Code") on terms no less exacting than the required standard set out in the Stock Exchange's Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 (the "Model Code"). The Company has also extended the Securities Code to specified individuals.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code and the Securities Code during the period, and they have confirmed that they have fully complied with the required standard set out in both Codes.

Dividend
The interim dividend will be payable on or about 16 November 2007, to shareholders whose names appear on the register of members on 12 October 2007.

The register of members will be closed from 10 October 2007 to 12 October 2007, both days inclusive, during which period no transfer of shares can be registered.

To be entitled to receive the interim dividend, shareholders must ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Company's registrars, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 9 October 2007.

The interim dividend will be payable in cash but shareholders will have the option of receiving the interim dividend in cash or in the form of new shares in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of the Stock Exchange.

A circular containing details of this scrip dividend scheme will be dispatched to shareholders together with an election form for the scrip dividend on or about 18 October 2007.

Miscellaneous
The interim report of the Company containing all the information required by the Stock Exchange Listing Rules will be dispatched to the Shareholders as well as published on the websites of the Stock Exchange and the Company in late September 2007.

By Order of the Board
Christobelle Liao
Company Secretary
Hong Kong, 12 September 2007

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

Chairman
The Hon. Sir Michael Kadoorie

Deputy Chairman
Ian Duncan Boyce

Executive Directors
Managing Director and Chief Executive Officer
Clement King Man Kwok

Chief Financial Officer
Charles Mark Broadley

Chief Operating Officer
Peter Camille Borer

Non-Executive Directors
Ronald James McAulay
William Elkin Mocatta
Pierre Roger Henri Robert Boppe
John Andrew Harry Leigh
Nicholas Timothy James Colfer

Independent Non-Executive Directors
Dr. The Hon. Sir David Kwok Po Li
Robert Chee Siong Ng
Robert Warren Miller
Patrick Blackwell Paul