



2006
Interim Report



SINCE 1952

蜆壳電器工業（集團）有限公司
SHELL ELECTRIC MFG. (HOLDINGS) CO. LTD.

(Stock Code: 00081)

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PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated profit attributable to the equity holders of the Company for the first half of 2006 amounted to HK\$41,980,000. Earnings per share were 8.39 cents.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of 4 cents per share (six months ended 30th June, 2005: 4 cents per share) in respect of the year 2006 to shareholders whose names appear on the Register of Members of the Company on 13th October, 2006. Warrants for the interim dividend will be posted on 18th October, 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 11th October, 2006 to Friday, 13th October, 2006, both days inclusive, during which period no transfer of the Company's shares will be effected. In order to qualify for the interim dividend, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Standard Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 10th October, 2006.

BUSINESS REVIEW

Electrical Household Appliances: Ceiling Fans, Table Fans and Vacuum Cleaners

The Group's ceiling fan business turnover was lower compared against the same period last year. Due to severe abrupt material price increases during the second quarter, production costs and margins were affected. The North America and Europe markets were the most impacted; the Middle East, Africa and Australian markets recorded turnover growth. The pressure is anticipated to ease off a little in the second half of the year with selling prices improved but material prices will continue to stay at high levels.

Turnover and profit contributions from the table fans business have increased compared to the same period last year; however with rising material prices continuing, orders in the second half of the year will be under pressure.

The vacuum cleaners division has secured new contract manufacturing projects in re-chargeable work lights and other power tools in addition to a new upright vacuum cleaner model. However, rising material costs continue to hurt our operating margins. Hopefully, the conditions will stop to deteriorate in the second half of 2006.

Optics and Imaging

This business unit has performed well in the first half of 2006. We expect new models of scanner heads and fusers will continue to boost revenue and profit growth in the second half of the year.

Electric Wire and Cable

The Group's 98% owned Guangdong Macro Cable Company recorded profit growth during the period. The growth is mainly attributable to inventory realization in a rising material price market. A more difficult operating environment is expected in the remaining year while subdued demand caused by high material price levels in the market.

Taxi Operation

Guangzhou SMC Car Rental Company Ltd continues to contribute recurring cashflow to the Group from its 775 taxi licenses and operation. The Company has strengthened operation management amid new tightening regulatory measures imposed by the Guangzhou government authority. The company moved to a new and improved location to expand its taxi service handling capacity.

Real Estate Investment & Development

The Group continues to take advantage of strong market for high-end offices in Guangzhou and disposed a number of office units at Citic Plaza.

The long-term lease for the hi-tech manufacturing facility in Shenzhen continues to provide stable rental income.

For the office complex in Livermore, California, new and extension leases were signed and vacancy rate is expected to reduce to 5% by the end of 2006.

BUSINESS REVIEW (continued)**Real Estate Investment & Development** (continued)

The Group owns a 20% interest in the Guangzhou Westin Hotel and Office Annex Development Project. The project includes a five-star hotel, office and retail facilities with total GFA of about 127,000 m². As of July of this year, the building structure and curtain wall constructions had substantially completed, the overall construction is progressing on schedules.

The indirect investment of 56% equity interest in China Everbright Real Estate Development Limited will not make any significant contribution in 2006 from its development project. The on-going projects in Beijing, Shanghai, Hefei and Guangzhou are progressing according to plan and are expected to contribute significant cashflow and profits in 2007. The company may also seek to reorganize one project in Guangzhou to effectuate smoother operation in that project. Two land bank development projects (1.3 million m²) in Hohhot and Guilin entered detailed planning and execution stage. These projects will contribute to both confirmed land bank reserve and long term profit stream in the future.

We are taking advantage of the recent slow down in real estate markets in China to acquire more new high quality projects in China.

Technology Investment Projects***Internet Automatic Migration Software for Enterprises***

During the first half of the year, Appeon Corporation's revenue increased slightly compared with the same period of last year. The company continues to gain momentum on the execution of the four stack value added solution service strategy as well as the introduction of another new version of Power Builder migration platform, APB5.0. The company expects to see faster product license revenue growth in the second half of the year due to the introduction of APB 5.0. In addition to making progress on the service strategy, we are on target to introduce the APB.NET product and the AJE (Java) service platform later this year. The company has added additional staff in North America and has increased the number of new accounts as well as signed several long-term MSA (multi-year maintenance and support agreement) with strategic ISV customers.

Super Blade Computing System

During the first half of 2006, in addition to the supercomputing blade product series, Galactic has continued its R&D efforts and released its mid-range computer server product series and an up to 12 Terabytes 3U storage system based on 10Gb Infiniband high speed networking technology. The company shall start to develop a new generation of supercomputing blade product series to cope with multi-core computing processors and higher speed networking technology. A newly developed storage virtualization software system shall be released in the third quarter of 2006. With the extended product offerings and business-oriented management, for the first half of 2006, the company has achieved considerable growth in product revenue comparing to revenue generated from the whole year of 2005. The group expects healthy growth and target to break even by the end of 2006.

System Integration and Software Development

The Group's 26.66% owned MDCL-Frontline (China) Limited has its low end hardware trading business continued to develop and is aggressively expanding its distribution network. Its enterprise maintenance services business also maintained steady growth. The company maintained profitability in the first half of 2006 and its turnover has grown slightly.

Broadband Communication IC

Due to prolonged failure to secure new capital funds, the company ran into unendurable insolvency condition and its operation closed down this year. The Group is the biggest secured creditor to Broadband Physics and is considering actions to claim the rights to its assets, including its patents and technology portfolio.

Electronic Integrated Rectifier Chips

The sales and operating team in Taiwan has gradually developed the sales network for the SBR integrated rectifier product line. We expect sales will be ramped up in the second half of 2006. However, this business will not break even until year 2007 after the 300V to 600V more distinctive and higher margin devices are ready for the market.

BUSINESS REVIEW (continued)

Financial Investment

For the six months ended 30th June 2006, the world's major stock markets had a weighted average rise of about 5%. The Group's financial investment activities recorded profit of approximately HK\$15,021,000 and the market value of the Group's financial investment holdings amounted to HK\$153,343,000.

By Order of the Board
BILLY K YUNG
Chairman

Hong Kong, 21st September, 2006

DIRECTORS' INTEREST**(a) Long position in shares of the Company**

As at 30th June 2006, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Capacity	Nature of interests	Number of ordinary shares beneficially owned	Aggregate long position	Percentage of aggregate long position in shares to the issued shares capital of the Company
Mr. Billy K Yung	Beneficial owner	Personal	25,331,000	226,660,084	45.29%
	Interest of child under 18 or spouse (Note 1)	Other	191,329,084		
	Interest held jointly with another person	Other	10,000,000		
Dr. Leo Tung-Hai Lee	Beneficial owner	Personal	5,306,382	5,306,382	1.06%
Peter Lam	Beneficiary of a trust (Note2)	Other	1,300,000	1,300,000	0.26%
Madam Yung Ho Wun Ching	Beneficial owner	Personal	53,196,300	63,196,300	12.63%
	Interest of spouse (Note 3)	Family	10,000,000		
Mr. Leung Chun Wah	Beneficial owner	Personal	1,799,400	1,799,400	0.36%
Mr. Plato Poon Chak Sang	Beneficial owner	Personal	739,200	739,200	0.15%
Mr. Simon Yung Kwok Choi	Beneficial owner	Personal	39,147,911	43,677,351	8.73%
	Interest of controlled corporation (Note 4)	Corporate	3,529,440		
	Interest of spouse (Note 5)	Family	1,000,000		

Notes:

- (1) These shares are held by a trust for the benefit of Mr. Billy K Yung's family members.
- (2) These shares are held by a trust for the benefit of Mr. Peter Lam.
- (3) This interest represents the holding of shares held by the late Dr. Yung Yau.
- (4) These shares are held by Konvex Enterprises Limited, which is wholly-owned by Mr. Simon Yung Kwok Choi.
- (5) This interest represents the holding of shares held by Mr. Simon Yung Kwok Choi's spouse, Madam Chiu Man.

(b) Disclosure of other interest

- (i) Certain directors held shares in subsidiaries as trustees for the Company.
- (ii) During the period ended 30th June 2006, the Group's wholly owned subsidiary, Extra-Fund Investment Limited, entered into securities trading transactions with Tung Tai Securities Co., Ltd. of which the Group's independent non-executive director, Dr. Leo Tung-Hai Lee is both a director and a substantial shareholder. The transactions were conducted on an arm's length basis and gave rise to a broker's commission of approximately HK\$2,700 for the six months ended 30th June 2006 (six months ended 30th June 2005: HK\$1,000).

Other than as disclosed above and the section headed "Share Option Scheme" below, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation as at 30th June 2006.

SHARE OPTION SCHEME**(a) Share option to subscribe Company's shares**

At the annual general meeting of the Company held on 11th May 2005, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme") for a period of 10 years commencing on the adoption date. Since 11th May 2005, the board of directors of the Company may, at its discretion, grant share options to any eligible person to subscribe for shares in the Company subject to the terms and conditions as stipulated in the Scheme. No share options were granted during the period since adoption.

(b) Share option to subscribe for shares in Appeon Corporation

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		As at 30.06.2006	
				As at 1.1.2006	Cancelled during the period		Granted during the period
Mr. Billy K Yung	09.06.2003	09.06.2003 – 10.11.2012	2.50	6,750	–	–	6,750
	09.06.2003	01.10.2003 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.04.2004 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.10.2004 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.04.2005 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.10.2005 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.04.2006 – 10.11.2012	2.50	3,375	–	–	3,375
				27,000	–	–	27,000
Other directors of Appeon Corporation ("Appeon")	25.11.2002	25.11.2002 – 10.11.2012	2.50	11,812	–	–	11,812
	25.11.2002	01.04.2003 – 10.11.2012	2.50	11,813	–	–	11,813
	25.11.2002	01.10.2003 – 10.11.2012	2.50	11,812	–	–	11,812
	25.11.2002	01.04.2004 – 10.11.2012	2.50	11,813	–	–	11,813
	25.11.2002	01.10.2004 – 10.11.2012	2.50	11,812	–	–	11,812
	25.11.2002	01.04.2005 – 10.11.2012	2.50	11,813	–	–	11,813
	25.11.2002	01.10.2005 – 10.11.2012	2.50	11,812	–	–	11,812
	25.11.2002	01.04.2006 – 10.11.2012	2.50	11,813	–	–	11,813
	02.06.2003	02.06.2003 – 10.11.2012	2.50	2,250	–	–	2,250
	02.06.2003	01.10.2003 – 10.11.2012	2.50	1,125	–	–	1,125
	02.06.2003	01.04.2004 – 10.11.2012	2.50	1,125	–	–	1,125
	02.06.2003	01.10.2004 – 10.11.2012	2.50	1,125	–	–	1,125
	02.06.2003	01.04.2005 – 10.11.2012	2.50	1,125	–	–	1,125
	02.06.2003	01.10.2005 – 10.11.2012	2.50	1,125	–	–	1,125
	02.06.2003	01.04.2006 – 10.11.2012	2.50	1,125	–	–	1,125
	25.05.2005	25.05.2005 – 10.11.2012	3.00	10,000	–	–	10,000
	25.05.2005	01.07.2005 – 10.11.2012	3.00	10,000	–	–	10,000
	25.05.2005	01.01.2006 – 10.11.2012	3.00	10,000	–	–	10,000
	25.05.2005	01.07.2006 – 10.11.2012	3.00	10,000	–	–	10,000
	25.05.2005	01.01.2007 – 10.11.2012	3.00	10,000	–	–	10,000
25.05.2005	01.07.2007 – 10.11.2012	3.00	10,000	–	–	10,000	
25.05.2005	01.01.2008 – 10.11.2012	3.00	10,000	–	–	10,000	
25.05.2005	01.07.2008 – 10.11.2012	3.00	10,000	–	–	10,000	
				183,500	–	–	183,500

SHARE OPTION SCHEME (continued)

(b) Share option to subscribe for shares in Apeon Corporation (continued)

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		As at 30.06.2006
				Cancelled during the period	Granted during the period	
Employees	25.11.2002	25.11.2002 – 10.11.2012	2.50	7,687	–	7,687
	25.11.2002	01.04.2003 – 10.11.2012	2.50	5,813	–	5,813
	25.11.2002	01.10.2003 – 10.11.2012	2.50	5,812	–	5,812
	25.11.2002	01.04.2004 – 10.11.2012	2.50	5,813	–	5,813
	25.11.2002	01.10.2004 – 10.11.2012	2.50	5,812	–	5,812
	25.11.2002	01.04.2005 – 10.11.2012	2.50	5,813	–	5,813
	25.11.2002	01.10.2005 – 10.11.2012	2.50	5,812	–	5,812
	25.11.2002	01.04.2006 – 10.11.2012	2.50	3,938	–	3,938
	02.06.2003	02.06.2003 – 10.11.2012	2.50	750	–	750
	02.06.2003	01.10.2003 – 10.11.2012	2.50	375	–	375
	02.06.2003	01.04.2004 – 10.11.2012	2.50	375	–	375
	02.06.2003	01.10.2004 – 10.11.2012	2.50	375	–	375
	02.06.2003	01.04.2005 – 10.11.2012	2.50	375	–	375
	02.06.2003	01.10.2005 – 10.11.2012	2.50	375	–	375
	02.06.2003	01.04.2006 – 10.11.2012	2.50	375	–	375
	25.05.2005	25.05.2005 – 10.11.2012	3.00	625	–	625
	25.05.2005	01.10.2005 – 10.11.2012	3.00	625	–	625
	25.05.2005	01.04.2006 – 10.11.2012	3.00	625	(625)	–
	25.05.2005	01.10.2006 – 10.11.2012	3.00	625	(625)	–
	25.05.2005	01.04.2007 – 10.11.2012	3.00	625	(625)	–
	25.05.2005	01.10.2007 – 10.11.2012	3.00	625	(625)	–
	25.05.2005	01.04.2008 – 10.11.2012	3.00	625	(625)	–
	25.05.2005	01.10.2008 – 10.11.2012	3.00	625	(625)	–
	26.09.2005	01.03.2006 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.09.2006 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.03.2007 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.09.2007 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.03.2008 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.09.2008 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.03.2009 – 10.11.2012	3.00	1,625	–	1,625
	26.09.2005	01.09.2009 – 10.11.2012	3.00	1,625	–	1,625
	17.10.2005	18.02.2006 – 10.11.2012	3.00	1,000	–	1,000
17.10.2005	18.08.2006 – 10.11.2012	3.00	1,000	(1,000)	–	
17.10.2005	18.02.2007 – 10.11.2012	3.00	1,000	(1,000)	–	
17.10.2005	18.08.2007 – 10.11.2012	3.00	1,000	(1,000)	–	
17.10.2005	18.02.2008 – 10.11.2012	3.00	1,000	(1,000)	–	
17.10.2005	18.08.2008 – 10.11.2012	3.00	1,000	(1,000)	–	
17.10.2005	18.02.2009 – 10.11.2012	3.00	1,000	(1,000)	–	
17.10.2005	18.08.2009 – 10.11.2012	3.00	1,000	(1,000)	–	

SHARE OPTION SCHEME (continued)

(b) Share option to subscribe for shares in Appeon Corporation (continued)

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		As at 30.06.2006		
				Cancelled during the period	Granted during the period			
Employees (continued)	18.01.2006	17.07.2006 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.01.2007 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.07.2007 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.01.2008 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.07.2008 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.01.2009 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.07.2009 – 10.11.2012	3.00	–	–	1,250	1,250	
	18.01.2006	17.01.2010 – 10.11.2012	3.00	–	–	1,250	1,250	
	01.06.2006	14.10.2006 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.04.2007 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.10.2007 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.04.2008 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.10.2008 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.04.2009 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.10.2009 – 10.11.2012	3.00	–	–	875	875	
	01.06.2006	14.04.2010 – 10.11.2012	3.00	–	–	875	875	
					75,500	(10,750)	17,000	81,750
	Consultants of Appeon	25.11.2002	25.11.2002 – 10.11.2012	2.50	1,250	–	–	1,250
25.11.2002		01.04.2003 – 10.11.2012	2.50	1,250	–	–	1,250	
25.11.2002		01.10.2003 – 10.11.2012	2.50	1,250	–	–	1,250	
25.11.2002		01.04.2004 – 10.11.2012	2.50	1,250	–	–	1,250	
25.11.2002		01.10.2004 – 10.11.2012	2.50	1,250	–	–	1,250	
25.11.2002		01.04.2005 – 10.11.2012	2.50	1,250	–	–	1,250	
25.11.2002		01.10.2005 – 10.11.2012	2.50	1,250	–	–	1,250	
25.11.2002		01.04.2006 – 10.11.2012	2.50	1,250	–	–	1,250	
09.06.2003		09.06.2003 – 10.11.2012	0.10	5,106	–	–	5,106	
09.06.2003		01.10.2003 – 10.11.2012	0.10	2,553	–	–	2,553	
09.06.2003		01.04.2004 – 10.11.2012	0.10	2,553	–	–	2,553	
09.06.2003		01.10.2004 – 10.11.2012	0.10	2,553	–	–	2,553	
09.06.2003		01.04.2005 – 10.11.2012	0.10	2,553	–	–	2,553	
09.06.2003		01.10.2005 – 10.11.2012	0.10	2,553	–	–	2,553	
09.06.2003		01.04.2006 – 10.11.2012	0.10	2,554	–	–	2,554	
					30,425	–	–	30,425
					316,425	(10,750)	17,000	322,675

No option was exercised by the grantees during the period.

SHARE OPTION SCHEME (continued)

(c) Share option to subscribe for shares in Galactic Computing Corporation

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		As at 30.06.2006	
				As at 1.1.2006	Cancelled during the period		Granted during the period
Mr. Billy K Yung	09.06.2003	09.06.2003 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.12.2003 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.06.2004 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.12.2004 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.06.2005 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.12.2005 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.06.2006 – 10.11.2012	0.45	25,000	–	–	25,000
	09.06.2003	01.12.2006 – 10.11.2012	0.45	25,000	–	–	25,000
				<u>200,000</u>	<u>–</u>	<u>–</u>	<u>200,000</u>
Other directors of Galactic Computing Corporation ("Galactic")	25.11.2002	01.06.2003 – 10.11.2012	0.45	28,750	–	–	28,750
	25.11.2002	01.12.2003 – 10.11.2012	0.45	28,750	–	–	28,750
	25.11.2002	01.06.2004 – 10.11.2012	0.45	28,750	–	–	28,750
	25.11.2002	01.12.2004 – 10.11.2012	0.45	28,750	–	–	28,750
	25.11.2002	01.06.2005 – 10.11.2012	0.45	28,750	–	–	28,750
	25.11.2002	01.12.2005 – 10.11.2012	0.45	28,750	–	–	28,750
	25.11.2002	01.06.2006 – 10.11.2012	0.45	28,750	(6,250)	–	22,500
	25.11.2002	01.12.2006 – 10.11.2012	0.45	28,750	(6,250)	–	22,500
	09.06.2003	09.06.2003 – 10.11.2012	0.45	47,500	–	–	47,500
	09.06.2003	01.12.2003 – 10.11.2012	0.45	47,500	–	–	47,500
	09.06.2003	01.06.2004 – 10.11.2012	0.45	47,500	–	–	47,500
	09.06.2003	01.12.2004 – 10.11.2012	0.45	47,500	–	–	47,500
	09.06.2003	01.06.2005 – 10.11.2012	0.45	47,500	–	–	47,500
	09.06.2003	01.12.2005 – 10.11.2012	0.45	47,500	–	–	47,500
	09.06.2003	01.06.2006 – 10.11.2012	0.45	47,500	(6,250)	–	41,250
	09.06.2003	01.12.2006 – 10.11.2012	0.45	47,500	(6,250)	–	41,250
25.05.2005	25.05.2005 – 10.11.2012	0.60	50,000	–	–	50,000	
25.05.2005	01.07.2005 – 10.11.2012	0.60	18,750	–	–	18,750	
25.05.2005	01.10.2005 – 10.11.2012	0.60	12,500	–	–	12,500	
25.05.2005	01.01.2006 – 10.11.2012	0.60	18,750	–	–	18,750	
25.05.2005	01.04.2006 – 10.11.2012	0.60	12,500	–	–	12,500	
25.05.2005	01.07.2006 – 10.11.2012	0.60	18,750	(18,750)	–	–	
25.05.2005	01.10.2006 – 10.11.2012	0.60	12,500	(12,500)	–	–	
25.05.2005	01.01.2007 – 10.11.2012	0.60	18,750	(18,750)	–	–	
25.05.2005	01.04.2007 – 10.11.2012	0.60	12,500	(12,500)	–	–	
25.05.2005	01.07.2007 – 10.11.2012	0.60	18,750	(18,750)	–	–	
25.05.2005	01.10.2007 – 10.11.2012	0.60	12,500	(12,500)	–	–	
25.05.2005	01.01.2008 – 10.11.2012	0.60	18,750	(18,750)	–	–	
25.05.2005	01.04.2008 – 10.11.2012	0.60	12,500	(12,500)	–	–	
25.05.2005	01.10.2008 – 10.11.2012	0.60	12,500	(12,500)	–	–	
				<u>860,000</u>	<u>(162,500)</u>	<u>–</u>	<u>697,500</u>

SHARE OPTION SCHEME (continued)

(c) Share option to subscribe for shares in Galactic Computing Corporation (continued)

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options		As at 30.06.2006		
				As at 1.1.2006	Cancelled during the period		Granted during the period	
Employees	25.11.2002	01.06.2003 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.12.2003 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.06.2004 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.12.2004 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.06.2005 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.12.2005 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.06.2006 – 10.11.2012	0.45	6,250	–	–	6,250	
	25.11.2002	01.12.2006 – 10.11.2012	0.45	6,250	–	–	6,250	
	01.06.2004	01.06.2004 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.01.2005 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.03.2005 – 10.11.2012	0.45	25,000	(25,000)	–	–	
	01.06.2004	01.07.2005 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.01.2006 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.07.2006 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.01.2007 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.07.2007 – 10.11.2012	0.45	18,750	–	–	18,750	
	01.06.2004	01.01.2008 – 10.11.2012	0.45	18,750	–	–	18,750	
	25.05.2005	25.05.2005 – 10.11.2012	0.60	38,750	(16,250)	–	22,500	
	25.05.2005	01.10.2005 – 10.11.2012	0.60	38,750	(16,250)	–	22,500	
	25.05.2005	01.04.2006 – 10.11.2012	0.60	22,500	(16,250)	–	6,250	
	25.05.2005	01.10.2006 – 10.11.2012	0.60	22,500	(16,250)	–	6,250	
	25.05.2005	01.04.2007 – 10.11.2012	0.60	22,500	(16,250)	–	6,250	
	25.05.2005	01.10.2007 – 10.11.2012	0.60	22,500	(16,250)	–	6,250	
	25.05.2005	01.04.2008 – 10.11.2012	0.60	22,500	(16,250)	–	6,250	
	25.05.2005	01.10.2008 – 10.11.2012	0.60	22,500	(16,250)	–	6,250	
					437,500	(155,000)	–	282,500
	Consultants of Galactic	25.11.2002	01.06.2003 – 16.12.2006	0.45	31,250	–	–	31,250
		25.11.2002	01.12.2003 – 16.12.2006	0.45	31,250	–	–	31,250
25.11.2002		01.06.2004 – 16.12.2006	0.45	31,250	–	–	31,250	
25.11.2002		01.12.2004 – 16.12.2006	0.45	31,250	–	–	31,250	
25.11.2002		01.06.2005 – 16.12.2006	0.45	31,250	–	–	31,250	
				156,250	–	–	156,250	
				<u>1,653,750</u>	<u>(317,500)</u>	–	<u>1,336,250</u>	

No option was exercised by the grantees during the period.

SUBSTANTIAL SHAREHOLDERS

At 30th June 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain directors, the following shareholders had relevant interests and short positions in the issued share capital of the Company.

Name of substantial shareholder	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital of the Company
UBS Trustees (BVI) Limited	Trustee of a trust (Note 1)	Other	199,437,334	199,437,334	39.85%
Diamond Key Enterprises Inc.	Beneficial owner (Note 1)	Beneficial	118,612,287	118,612,287	23.70%
On Fat Profits Corporation	Beneficial owner (Note 1)	Beneficial	72,716,797	72,716,797	14.53%
Madam Chiu Man	Beneficial owner Interest of spouse (Note 2)	Personal Family	1,000,000 42,677,351	43,677,351	8.73%
Madam Hsu Vivian	Interest of spouse Interest held jointly with another person (Note 3)	Family Other	25,331,000 10,000,000	35,331,000	7.06%
Madam Yung Siu Chee Margaret	Beneficial owner	Personal	28,154,604	28,154,604	5.63%

Notes:

- 72,716,797 shares and 118,612,287 shares form part of the 199,437,334 shares held by UBS Trustees (BVI) Limited which are disclosed in the section headed "DIRECTORS' INTEREST" above as being held under a trust with Mr. Billy K Yung's family members as the beneficiaries.
- Madam Chiu Man's shares under personal and family interest are in fact the same block of shares already disclosed respectively under family interest, personal and corporate interests of her husband, Mr. Simon Yung Kwok Choi as disclosed in the section headed "DIRECTORS' INTEREST" above.
- Madam Hsu Vivian's shares under family interest and other interest are in fact the same block of shares already disclosed respectively under personal interest and other interests of her husband, Mr. Billy K Yung as disclosed in the section headed "DIRECTORS' INTEREST" above.

Other than as disclosed above, there was no person, other than the director of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company kept under section 336 of the SFO.

REVENUE AND OPERATING RESULTS

For the period ended 30th June, 2006 the Group recorded a revenue from continuing operations of HK\$789,489,000 representing an increase of HK\$43,914,000 or 5.9% over HK\$745,575,000 in the same period last year. The increase in the revenue mainly stemmed from the business of property development in the PRC acquired around the end of June 2005 and increase in sales of vacuum cleaners.

Profit attributable to equity holders for the period ended 30th June, 2006 dwindled to HK\$41,980,000 from HK\$79,219,000 for the same period in 2005 as a result of (i) the effect of provision for loss resulting from loan and guarantee granted to certain related parties by a jointly controlled entity together with (ii) higher production costs of ceiling fans following the upsurge of costs of raw materials, partly offset by (iii) profits from investment in securities.

FINANCIAL RESOURCES AND LIQUIDITY

With a view to achieving a strong and sustainable financial performance, the Group continued to maintain its financial resources in a healthy state and consistently sustained a stable liquidity position throughout the period under review. In addition, there was no material change in the timing orders were secured which might give rise to volatility of the sales.

A secured commercial loan of HK\$140,000,000 advanced to an independent third party in 2004 was fully repaid in August of 2006.

During the period under review, the Group obtained a bank loan amounting to Rmb120,000,000 to finance its property development project in the PRC.

Most of the banking facilities of the Group were subject to floating interest rates. Other than the U.S. and P.R.C. term loans of approximately US\$14,270,000 and RMB300,000,000 respectively which were secured by certain assets of the Group located in the United States and Mainland China respectively, all banking facilities of the Group have been arranged on short-term basis.

Apart from the above, there were no material changes to the Group's available banking facilities since 31st December, 2005.

FOREIGN EXCHANGE EXPOSURE

The Group's borrowings were mainly denominated in Hong Kong Dollars, US Dollars and Renminbi. The Group continued to conduct its sales mainly in US Dollars and Renminbi and make payments either in US Dollars, Hong Kong Dollars or Renminbi. As the Group conducted its sales, receivables and payables, bank borrowings and expenditures in Renminbi for its PRC property development business, the directors considered that a natural hedging existed. All in all, the directors considered that the Group's risk exposure to foreign exchange rate fluctuations remained minimal.

GEARING RATIO

The Group continued to follow its policy of maintaining a prudent gearing ratio. As at 30th June, 2006, the Group recorded a gearing ratio, expressed as a percentage of total bank borrowings net of cash to equity attributable to equity holders of the Company, of 15.44% (31st December, 2005: 12.67%). During the period under review, the Group obtained a bank loan amounting to Rmb120,000,000 to finance a property development project in the P.R.C.. As a result, both the total bank borrowings net of cash and the Group's gearing ratio went up considerably.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

In August 2006, the Group entered into certain agreements with certain independent third parties to purchase 51% equity interest in Beijing Zhong Shun Chao Ke Property Development Company ("Zhong Shun") with total cash consideration of Rmb229,050,000 and provide a financial assistance in the amount of Rmb10,000,000 to Zhong Shun for its general working capital. Zhong Shun is the holder of the right to develop a piece of land located in Beijing into a residential and commercial building/complex.

In September 2006, the Group entered into a letter of intent, which is non-legal binding, in relation to a proposed disposal of its 20% interest in a property project in Guangzhou, the PRC, comprising a five-star "Westin" hotel in one tower, an office tower and a shopping mall covering a total gross floor area of about 127,000 sq.m. The consideration is preliminarily estimated to be HK\$176 million.

Other than the above, there is no significant acquisition and/or disposal during the period and up to the date of this report.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There was no significant change in capital commitments and contingent liabilities compared to the position as at 31st December, 2005.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had a total capital expenditure amounting to HK\$10,213,000 during the period under review.

Based on certain real estate in Mainland China, the Group secured a mortgage loan of RMB120,000,000 from a P.R.C. bank during the period under review.

Other than the above, there was no significant change in charges on assets of the Group as at 30th June, 2006 compared to the position as at 31st December, 2005.

EMPLOYEES

As at 30th June, 2006, the Group has approximately 2,060 employees. The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

The Group's co-operative joint venture companies in Mainland China continued to provide employment to approximately 3,700 people.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions of Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the accounting period for the six months ended 30th June, 2006, except for the following deviations:-

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should separate and should not be performed by the same individual. Mr. Billy K Yung is currently the Chairman of the Board and the Managing Director of the Company. The Board considers that the present structure is more suitable to the Company because it can better promote the efficient formulation and implementation of the Company's strategies.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Simon Yung Kwok Choi, the Non-executive director of the Company, has not been appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

Regrettably, subsequent to 30 June 2006, the Group underwent a deviation from code provision D.1.1. Under the code provision D.1.1, management should report back and obtain prior approval from the board of the Company before making decisions or entering into any commitments on behalf of the Company whenever notifiable and/or connected transactions are involved. On 3rd August, 2006, an indirectly owned subsidiary of the Company entered into certain agreements with certain independent third parties to purchase in aggregate 51% equity interest in Beijing Zhong Shun Chao Ke Property Development Company ("Zhong Shun") for a total consideration of RMB229,050,000 and to provide a financial assistance for RMB10,000,000 to Zhong Shun for its general working capital (the "Acquisition"). The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. Due to delays in the communication between the Group's staff in the P.R.C. and in Hong Kong, the Company is unable, up to this moment, to gather and to ascertain certain required information before it can publish a separate announcement. The Company's board of directors, however, has ratified on 21st September, 2006 the transactions contemplated under the Acquisition.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made thorough enquiry of the Directors, the Company can reasonably confirm that the Directors have complied with the required standard set out in the Model Code during the six months ended 30th June, 2006.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June, 2006. At the request of the Audit Committee, the Group's external auditors have carried out a review of the unaudited interim accounts in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGE OF OFFICIAL DESIGNATION

Mr. Billy K Yung, the Group's Chairman and Managing Director decided to change his official designation as "Group Chairman and Chief Executive" with immediate effect and confirmed that no change in his duties would take place.

APPOINTMENT OF EXECUTIVE DIRECTOR

Mr. Eddie Hurip will be appointed as an Executive Director of the Company with effect from 1st November, 2006. Details of information are set out in the announcement of the Company dated 21st September, 2006.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES**(A) Advance to entities**

In accordance with the requirements under Rule 13.20 of the Listing Rules, the Director of the Company reported that as at 30th June 2006, a secured commercial loan of HK\$140,000,000 advanced to Pacific Top International Corp., the major shareholder of the Group's major associate, continued to exist. The loan carried an interest rate of 15% per annum and was fully repaid on 24th August 2006.

(B) Financial assistance and guarantees to affiliated companies

In accordance with the requirements under Rule 13.16 of the Listing Rules, the directors of the Company reported that as at 30th June 2006, the Group had provided the following financial assistance and guarantees to certain affiliated companies, which, in aggregate, exceeded 8% of the market capitalization of the Company as at 30th June 2006:

Name of affiliated companies	Attributable interest held by the Group %	Advances HK\$'000	Guarantees given for banking facilities granted HK\$'000	Total amount as at 30th June 2006 HK\$'000
China Dynasty Development Limited	40	146,122	–	146,122
Yue Tian Development Limited	20	111,774	80,000	191,774
		257,896	80,000	337,896
		<i>(note 1)</i>	<i>(note 2)</i>	

Notes:

- (1) The above advances are interest free, unsecured and have no fixed terms of repayment.
- (2) As at 30th June 2006, banking facilities utilized by Yue Tian Development Limited is HK\$70,400,000.

Pursuant to Rule 13.22 of the Listing Rules, the combined balance sheet, which has been realigned with the Group's accounting policies, of the affiliated companies to which financial assistance and guarantees for their benefit have been given by the Group as at 30th June 2006 (the latest practicable date) is presented below:

	Interest combined total HK\$'000	Attributable to the Group HK\$'000
Non-current assets	717,507	286,701
Current assets	1,063,401	218,457
Current liabilities	(102,443)	(25,212)
Non-current liabilities	(1,181,921)	(311,268)
	496,544	168,678

Note: Combined balance sheet has been realigned with the Group's accounting policies.

Certified Public Accountants
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To the Board of Directors of
Shell Electric Mfg. (Holdings) Company Limited
蜆壳電器工業(集團)有限公司
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 17 to 34.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

Grant Thornton
Certified Public Accountants
Hong Kong

21st September 2006

Condensed Consolidated Income Statement

For the six months ended 30th June 2006

		Six months ended 30th June	
		2006	2005
		(Unaudited) HK\$'000	(Restated) (Unaudited) HK\$'000
	Notes		
Continuing operations:			
Revenue	3	789,489	745,575
Cost of sales		(655,291)	(623,203)
Gross profit		134,198	122,372
Other income	5	37,599	37,344
Distribution and selling expenses		(19,934)	(15,220)
Administrative expenses		(87,137)	(63,071)
Other operating expenses		(16,027)	(21,596)
Other gains/(losses)			
Loss on disposal of investment properties		(27)	–
Fair value gain on investment properties		13,717	14,650
Fair value loss on derivative financial instrument		(1,120)	–
Fair value loss on share-based payment		(1,000)	–
Fair value gain/(loss) on investments held for trading		13,571	(7,437)
Revaluation deficit on property, plant and equipment		(296)	–
Impairment losses on goodwill		(1,473)	(7,731)
Others		(1,457)	4,833
Operating profit	6	70,614	64,144
Finance costs	7	(18,336)	(7,131)
Share of results of associates		20,528	23,297
Share of results of jointly controlled entities		(48,000)	–
Excess of interest in identifiable net assets of a jointly controlled entity acquired		1,559	–
Profit before income tax		26,365	80,310
Income tax expense	8	(11,755)	(2,605)
Profit for the period from continuing operations		14,610	77,705
Discontinued operations:			
Profit for the period from discontinued operations		–	192
Profit for the period		14,610	77,897
Attributable to:			
Equity holders of the Company		41,980	79,219
Minority interests		(27,370)	(1,322)
		14,610	77,897
Dividends	9	20,019	20,019
		HK Cents	HK Cents
Earnings per share for profit attributable to equity holders of the Company	10		
– Basic			
From continuing and discontinued operations		8.39	17.61
From continuing operations		8.39	17.30
– Diluted		N/A	N/A

Condensed Consolidated Balance Sheet

As at 30th June 2006

	Notes	30th June 2006 (Unaudited) HK\$'000	31st December 2005 (Audited) HK\$'000
Non-current assets			
Investment properties	11	614,108	594,377
Property, plant and equipment	12	132,451	135,724
Prepaid lease rental on land		16,371	16,426
Goodwill	13	26,402	26,402
Intangible assets		214,914	215,421
Interests in associates	14	554,097	577,562
Interests in jointly controlled entities	15	427,362	483,248
Available-for-sale financial assets	16	13,020	13,020
Club debenture		2,920	2,920
Loans receivable		7,663	7,439
Deferred tax assets		616	584
Deposits paid for acquisition of interest in a jointly controlled entity		–	14,997
		2,009,924	2,088,120
Current assets			
Inventories of properties	17	1,788,106	1,419,094
Other inventories		93,464	88,764
Trade and other receivables	18	375,756	295,141
Prepaid lease rental on land		380	428
Loans receivable		156,637	143,112
Amounts due from associates		1,409	18,760
Amounts due from jointly controlled entities		77,607	73,044
Amounts due from investees		7,799	6,750
Amount due from a related company		–	27
Investments held for trading	16	153,346	106,832
Bank balances and cash		453,235	376,581
		3,107,739	2,528,533
Assets classified as held for sale		–	50,005
		3,107,739	2,578,538
Current liabilities			
Trade and other payables	19	1,124,331	955,282
Sales deposits received		76,143	59,763
Amounts due to associates		101	101
Amounts due to jointly controlled entities		123,268	2,018
Amounts due to investees		77	–
Amounts due to minority shareholders		24,531	17,599
Provisions		23,478	23,478
Taxation liabilities		40,699	32,457
Derivative financial instruments	20	1,120	–
Liability for share based payment		7,000	6,000
Bank and other borrowings	21	359,440	334,501
		1,780,188	1,431,199
Net current assets		1,327,551	1,147,339
Total assets less current liabilities		3,337,475	3,235,459

		As at 30th June 2006	31st December 2005
	Notes	30th June 2006 (Unaudited) HK\$'000	(Audited) HK\$'000
Capital and reserves			
Share capital	22	250,242	250,242
Share premium and reserves		2,030,311	2,020,700
Equity attributable to equity holders of the Company		2,280,553	2,270,942
Minority interests		384,081	410,385
Total equity		2,664,634	2,681,327
Non-current liabilities			
Bank and other borrowings	21	495,252	378,893
Loan from a minority shareholder		2,490	2,366
Deferred tax liabilities		175,099	172,873
		672,841	554,132
		3,337,475	3,235,459

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2006

(Unaudited)	Attributable to equity holders of the Company													
	Share capital	Share premium	Investment property revaluation reserve	Capital redemption reserve	Available-for-sale financial assets/	Translation reserve	Goodwill reserve	Property revaluation reserve	Dividend reserve	Statutory reserve	Retained profits	Total	Minority interests	Total equity
					Investment revaluation reserve									
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January 2005														
– as originally stated	223,946	533,489	22,422	43,822	–	(2,400)	(20,890)	–	31,352	–	1,236,090	2,067,831	3,781	2,071,612
– effects of changes in accounting policies	–	–	(7,894)	–	–	–	–	–	–	–	–	(7,894)	–	(7,894)
– as restated	223,946	533,489	14,528	43,822	–	(2,400)	(20,890)	–	31,352	–	1,236,090	2,059,937	3,781	2,063,718
Opening adjustments arising from adoption of new accounting standards	–	–	(14,528)	–	–	–	20,890	–	–	–	(6,362)	–	6,996	6,996
At 1st January 2005, as restated	223,946	533,489	–	43,822	–	(2,400)	–	–	31,352	–	1,229,728	2,059,937	10,777	2,070,714
Exchange difference arising on translation of overseas operations	–	–	–	–	–	232	–	–	–	–	–	232	9	241
Fair value changes on available-for-sale financial assets	–	–	–	–	8,028	–	–	–	–	–	–	8,028	–	8,028
Exchange effect of deferred tax liability	–	–	–	–	–	(64)	–	–	–	–	–	(64)	–	(64)
Net income recognised directly in equity	–	–	–	–	8,028	168	–	–	–	–	–	8,196	9	8,205
Profit for the period	–	–	–	–	–	–	–	–	–	–	79,219	79,219	(1,322)	77,897
Total recognised income and expense for the period	–	–	–	–	8,028	168	–	–	–	–	79,219	87,415	(1,313)	86,102
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	393,461	393,461
Interim dividend	–	–	–	–	–	–	–	–	20,019	–	(20,019)	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(18,096)	–	–	(18,096)	–	(18,096)
New shares issued as scrip dividend	4,546	8,710	–	–	–	–	–	–	(13,256)	–	–	–	–	–
New shares issued on acquisition of subsidiaries	21,750	39,150	–	–	–	–	–	–	–	–	–	60,900	–	60,900
At 30th June 2005	250,242	581,349	–	43,822	8,028	(2,232)	–	–	20,019	–	1,288,928	2,190,156	402,925	2,593,081
At 1st January 2006	250,242	581,349	–	43,822	13,020	14,148	–	1,481	40,039	3,264	1,323,577	2,270,942	410,385	2,681,327
Exchange difference arising on translation of overseas operations	–	–	–	–	–	7,660	–	10	–	–	–	7,670	1,066	8,736
Net income recognised directly in equity	–	–	–	–	–	7,660	–	10	–	–	–	7,670	1,066	8,736
Profit for the period	–	–	–	–	–	–	–	–	–	–	41,980	41,980	(27,370)	14,610
Total recognised income and expense for the period	–	–	–	–	–	7,660	–	10	–	–	41,980	49,650	(26,304)	23,346
Interim dividend	–	–	–	–	–	–	–	–	20,019	–	(20,019)	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(40,039)	–	–	(40,039)	–	(40,039)
Appropriation	–	–	–	–	–	–	–	–	–	49	(49)	–	–	–
At 30th June 2006	250,242	581,349	–	43,822	13,020	21,808	–	1,491	20,019	3,313	1,345,489	2,280,553	384,081	2,664,634

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2006

	Six months ended 30th June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Net cash used in operating activities	(97,865)	(13,602)
Investing activities		
Net cash outflow on acquisition of subsidiaries	–	(260,326)
Loan to an associate	–	(111,800)
Deposit paid for acquisition of investment properties	–	(14,374)
Interest received	14,272	15,491
Dividend income from an associate	1,046	–
Dividend income from a jointly controlled entity	25,155	–
Proceeds on disposal of property, plant and equipment	329	19,313
Proceeds on disposal of assets held for sales	31,393	–
Other investing activities	19,703	(10,448)
Net cash generated from/(used in) investing activities	91,898	(362,144)
Financing activities		
New bank loans	651,302	495,896
Repayment of bank borrowings	(512,550)	(16,994)
Dividends paid	(40,039)	(18,096)
Others	(18,106)	(6,526)
Net cash generated from financing activities	80,607	454,280
Net increase in cash and cash equivalents	74,640	78,534
Cash and cash equivalents at beginning of the period	376,581	439,342
Effect of foreign exchange rate changes	2,014	(322)
Cash and cash equivalents at end of the period	453,235	517,554
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	453,235	517,554

Notes to the Condensed Financial Statements

For the six months ended 30th June 2006

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for six months ended 30th June, 2006 (the "Interim Financial Statements") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Financial Statements do not include all of the information required for full annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31st December, 2005.

The presentation of analysis of expenses on the face of the condensed consolidated income statement has been changed to the function of the expenses method during the current period. Previously, expenses were classified and presented on the face of the condensed consolidated income statement based on the nature of expenses method, whereby expenses were classified according to their nature. In the opinion of the directors, the function of expenses method can provide a more relevant and appropriate analysis of expenses in the income statement to the financial statements users than the nature of expenses method. The expenses analysis of prior period is reclassified for comparative purposes.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements are prepared under the historical cost basis except for certain properties, financial assets and financial liabilities, which are measured at fair values/amortised costs or revalued amounts, as appropriate.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2005 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") issued and became effective in the current period as described below.

2.1 Impact of new and revised HKFRS which are effective in the current financial period

In the current period, the Group has applied, for the first time, of the following new and revised standards and interpretations of HKFRS relevant to its operations which are effective for accounting periods beginning on or after 1st January, 2006:–

HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above standards and interpretations does not result in significant changes in the Group's accounting policies and has no significant financial effect on the Interim Financial Statements.

2.2 Impact of new and revised HKFRS which are issued but not yet effective

The following are standards and interpretations relevant to the operations of the Group which are issued but not yet effective in the current financial period:

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments – Disclosures ¹
HK(IFRIC) – Int 8	Scope of HKFRS 2 ²
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives ³

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st May, 2006

³ Effective for annual periods beginning on or after 1st June, 2006

The Group has not early adopted the above standards and interpretations. The directors anticipate that the adoption of the above standards and interpretations will not result in significant changes in accounting policies of the Group or have significant financial impact on the Group's financial statements in the period of initial application.

For the six months ended 30th June 2006

3. REVENUE

An analysis of the revenue, which also represents the Group's turnover, is as follows:

	Six months ended 30th June 2006	2005 (Restated)
	HK\$'000	HK\$'000
Continuing operations:		
Sale of goods	737,301	707,407
Sales of properties	3,178	–
Management fee income	4,142	–
Property rental income	36,780	30,814
Taxi licence fee income	8,088	7,354
Revenue from continuing operations	789,489	745,575
Discontinued operations:		
Sale of goods	–	17,431
Total revenue	789,489	763,006

Note:

To be consistent with the classification of the audited financial statements for the year ended 31st December 2005, gross proceeds from trading of securities for the six months ended 30th June 2005 amounting to HK\$177,806,000 is excluded from revenue and the results arising from the fair valuation of securities held for trading are shown separately in the consolidated income statement under "Fair value gain/(loss) on investments held for trading".

For the six months ended 30th June 2006

4. SEGMENT INFORMATION

The Group's revenue and contribution to operating profit/(loss) before finance costs, share of results of associates and jointly controlled entities and income tax expense analysed by principal activities (i.e. business segments which are the primary segments) are as follows:

	Revenue		Contribution to operating profit/(loss)	
	Six months ended 30th June		Six months ended 30th June	
	2006	2005 (Restated)	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Manufacturing and marketing of electric fans, vacuum cleaners and other electrical household appliances, and EMS business	712,567	688,437	40,886	49,200
Manufacturing and trading of electric cables	15,863	15,700	3,167	2,243
Leasing of properties	36,780	30,814	42,050	41,067
Property investment and development	7,320	–	(4,174)	(4)
Taxi rental operation	8,088	7,354	7,344	6,746
Trading of securities	–	–	15,021	(4,661)
Development and trading of computer hardware and software	8,871	3,270	(24,814)	(34,640)
Direct investment	–	–	(2,209)	(1,539)
	789,489	745,575	77,271	58,412
Discontinued operations:				
Manufacturing and trading of steel pipes	–	17,431	–	175
	789,489	763,006	77,271	58,587
Unallocated corporate expenses, net of unallocated corporate income (excluding interest income)			(22,519)	(16,598)
Interest income			15,862	22,347
Finance costs			70,614	64,336
Share of results of associates			(18,336)	(7,131)
Share of results of jointly controlled entities			20,528	23,297
Excess of interest in identifiable net assets of a jointly controlled entity acquired			(48,000)	–
			1,559	–
Profit before income tax			26,365	80,502
Income tax expense			(11,755)	(2,605)
Profit for the period			14,610	77,897

There were no inter-segment sales between different business segments.

For the six months ended 30th June 2006

4. SEGMENT INFORMATION (continued)

The Group's revenue from the continuing and discontinued operations analysed by geographical market is as follows:

	Continuing operations		Discontinued operations		Total	
	Six months ended 30th June					
	2006 HK\$'000	2005 (Restated) HK\$'000	2006 HK\$'000	2005 (Restated) HK\$'000	2006 HK\$'000	2005 (Restated) HK\$'000
Hong Kong	10,823	8,149	-	-	10,823	8,149
People's Republic of China, except Hong Kong ("PRC")	220,206	212,951	-	17,431	220,206	230,382
North America	418,965	391,666	-	-	418,965	391,666
Europe	52,940	59,129	-	-	52,940	59,129
Asia, other than Hong Kong and PRC	34,033	35,422	-	-	34,033	35,422
Others	52,522	38,258	-	-	52,522	38,258
	789,489	745,575	-	17,431	789,489	763,006

5. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	Six months ended 30th June					
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Bank interest income	2,401	2,976	-	17	2,401	2,993
Interest income from loans to associates	-	3,498	-	-	-	3,498
Interest income from loans to investees	729	117	-	-	729	117
Interest income from others, including loans receivables	12,732	15,739	-	-	12,732	15,739
Dividends from equity securities	2,571	2,269	-	-	2,571	2,269
Other rental income	2,084	2,080	-	1	2,084	2,081
Sundry income	17,082	10,665	-	69	17,082	10,734
	37,599	37,344	-	87	37,599	37,431

For the six months ended 30th June 2006

6. OPERATING PROFIT

	Continuing operations		Discontinued operations		Total	
	----- Six months ended 30th June -----					
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Operating profit is arrived at after charging/(crediting):						
Amortisation of prepaid lease rental on land	215	109	–	162	215	271
Amortisation of intangible assets #	1,933	–	–	–	1,933	–
Depreciation of property, plant and equipment	7,379	6,736	–	1,526	7,379	8,262
Total amortisation and depreciation	9,527	6,845	–	1,688	9,527	8,533
Reversal of allowance for inventories	(554)	(322)	–	–	(554)	(322)
Reversal of allowance on loans receivables	–	(3,033)	–	–	–	(3,033)
Reversal of unutilised provision for claim	–	(8,970)	–	–	–	(8,970)

Included in "cost of sales" on the face of condensed consolidated income statement.

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	----- Six months ended 30th June -----					
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Interest charges on:						
Bank loans and bank overdrafts						
– wholly repayable within five years	19,840	4,042	–	–	19,840	4,042
– wholly repayable over five years	3,668	2,785	–	–	3,668	2,785
Other loans wholly repayable within five year	4,128	304	–	–	4,128	304
Bank charges on loan facilities	105	–	–	–	105	–
Total borrowing costs	27,741	7,131	–	–	27,741	7,131
Less: amount capitalised in properties under development	(9,405)	–	–	–	(9,405)	–
	18,336	7,131	–	–	18,336	7,131

For the six months ended 30th June 2006

8. INCOME TAX EXPENSE

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Continuing operations:		
Current tax:		
Hong Kong	4,041	3,652
PRC	10	–
Deferred taxation	2,202	(1,047)
	6,253	2,605
Under provision in prior years:		
Hong Kong	5,502	–
Income tax expense attributable to continuing operations	11,755	2,605

There was no income tax expense attributable to discontinued operations for the six months ended 30th June 2006 and 2005.

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30th June 2005: 17.5%) of the estimated assessable profit for the period. Income tax arising from other regions in the PRC is calculated at 15%–33% of the estimated assessable profit.

9. DIVIDENDS

On 21st September 2006, the directors declared an interim dividend of 4 cents (six months ended 30th June 2005: 4 cents) per share, amounting to HK\$20,019,000 (six months ended 30th June 2005: HK\$20,019,000), to be paid to the shareholders of the Company whose names appear in the Register of Members on 13th October 2006.

During the period, a dividend of 8 cents (six months ended 30th June 2005: 7 cents) per share, amounting to HK\$40,039,000 (six months ended 30th June 2005: HK\$31,352,000) was paid to shareholders as the final dividend for the immediate preceding financial year end.

10. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for continuing and discontinued operations is based on the profit for the period attributable to the equity holders of the Company of HK\$41,980,000 (six months ended 30th June 2005: HK\$79,219,000) and the weighted average number of ordinary shares of 500,485,000 (six months ended 30th June 2005: 449,769,000) in issue during the period.

The calculation of basic earnings per share for continuing operations is based on the profit for the period from continuing operations less results attributable to minority interests and the weighted average number of ordinary shares of 500,485,000 (six months ended 30th June 2005: 449,769,000) in issue during the year. The profit for the period from continuing operations less results attributable to minority interests is calculated as follows:

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
Profit for the period from the continuing operation	14,610	77,705
Results attributable to minority interests	27,370	124
	41,980	77,829

No diluted earnings per share has been presented as the options of the Company's subsidiaries outstanding for the periods ended 30th June 2006 and 30th June 2005 as referred to in section headed "Disclosure of interests" were anti-dilutive to the Group's earnings per share.

For the six months ended 30th June 2006

10. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(continued)

In respect of the option granted to a firm of financial advisors (the "Advisor") on 25th April 2005 which confers right to the Advisor to purchase shares of Tigerlily Overseas Limited, a subsidiary, the exercise of such option would have no dilutive effect to the Group's earnings per share.

11. INVESTMENT PROPERTIES

The directors of the Company considered the fair value of investment properties at 30th June 2006 based on the market prices in accordance with HKAS 40. The resulting increase in fair value of investment properties of HK\$13,717,000 (six months ended 30th June 2005: HK\$14,650,000) has been recognised in the income statement.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June 2006,

- (a) the Group incurred capital expenditure of approximately HK\$156,000 in land and buildings, approximately HK\$833,000 in plant and machinery, approximately HK\$4,643,000 in motor vehicles and approximately HK\$3,521,000 in furniture, fixtures and office equipment;
- (b) the Group disposed of certain items of property, plant and equipment with carrying value amounting to HK\$316,000 (six months ended 30th June 2005: HK\$2,906,000) and recognised a gain of HK\$13,000 (six months ended 30th June 2005: HK\$44,000) in the income statement.
- (c) certain properties were re-classified as investment properties and the fair value of those properties at the date of re-classification was HK\$4,838,000.

13. GOODWILL

HK\$'000

COST

At 1st January 2006	34,133
Acquisition of additional interest in a subsidiary	1,473

At 30th June 2006**35,606****AMORTISATION AND IMPAIRMENT**

At 1st January 2006	7,731
Impairment recognised	1,473

At 30th June 2006**9,204****NET BOOK VALUE**

At 30th June 2006	26,402
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At 31st December 2005	26,402
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Goodwill arising from acquisition of additional interest in a subsidiary during the period amounting to HK\$1,473,000 was impaired. Based on the assessment of the directors, the future prospect of the subsidiary is uncertain and impairment is recognised for the full amount of the goodwill.

For the six months ended 30th June 2006

14. INTERESTS IN ASSOCIATES

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Share of net assets	273,475	270,804
Goodwill on acquisition of an associate	850	850
Loans to associates (Note)	279,772	305,908
	554,097	577,562

Note:

The loans to associates are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, the loans to associates will not be repayable within twelve months from the balance sheet date and accordingly are shown as non-current assets.

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Share of net assets	427,362	483,248

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENTS HELD FOR TRADING

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Equity securities, at fair value		
Unlisted	13,023	13,023
Listed in Hong Kong	130,192	103,303
Listed outside Hong Kong	23,151	3,526
	166,366	119,852
Represented by:		
Available-for-sale financial assets	13,020	13,020
Investments held for trading	153,346	106,832
	166,366	119,852

17. INVENTORIES OF PROPERTIES

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Properties under development, at cost	1,733,905	1,363,587
Properties held for sale, at cost	54,201	55,507
	1,788,106	1,419,094

18. TRADE AND OTHER RECEIVABLES

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Trade receivables	187,483	144,668
Prepayments	56,085	76,571
Deposits and other receivables	132,188	73,902
	375,756	295,141

For the six months ended 30th June 2006

18. TRADE AND OTHER RECEIVABLES (continued)

The Group maintains a defined credit policy. For sales of goods, the Group allows an average credit period of 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The aged analysis of trade receivables of the Group as at the balance sheet date are as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Current	129,584	90,673
31 – 60 days	35,794	34,613
61 – 90 days	13,653	9,066
91 – 180 days	4,421	6,887
181 – 360 days	2,752	2,276
Over 360 days	1,279	1,153
	187,483	144,668

19. TRADE AND OTHER PAYABLES

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Trade payables	271,750	275,978
Temporary receipts	37,238	53,913
Deferred income	29,629	30,790
Other payable and accruals	785,714	594,601
	1,124,331	955,282

The aged analysis of trade payables of the Group as at the balance sheet date are as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Current	54,544	65,561
31 – 60 days	37,439	14,196
61 – 90 days	7,617	6,273
91 – 180 days	3,335	2,005
181 – 360 days	52,862	83,689
Over 360 days	115,953	104,254
	271,750	275,978

20. DERIVATIVE FINANCIAL INSTRUMENTS

On 15th May 2006, the Group entered into a forward option with a third party to buy certain amount of shares in an entity listed in Hong Kong at the strike price of HK\$14.625 per share. The option will expire on 14th May 2007. The fair value of the forward option as at 30th June 2006 was HK\$1,120,000.

For the six months ended 30th June 2006

21. BANK AND OTHER BORROWINGS

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Bank loans	805,349	664,378
Other loan	49,343	49,016
	854,692	713,394
Secured	595,634	291,851
Unsecured	259,058	421,543
	854,692	713,394
The maturity of the above borrowings is as follows:		
Bank loans		
Within one year	359,440	334,501
More than one year, but not exceeding two years	342,825	225,253
More than two years but not exceeding five years	13,731	13,731
More than five years	89,353	90,893
	805,349	664,378
Other loans		
More than two years but not exceeding five years	49,343	49,016
	854,692	713,394
Less: Amounts due within one year included in current liabilities	(359,440)	(334,501)
Amounts due after one year included in non-current liabilities	495,252	378,893
The carrying amounts of the bank and other loans are denominated in the following currencies:		
HK\$	270,786	262,000
RMB	426,668	332,541
US Dollar	157,238	112,849
Canadian Dollar	–	6,004
	854,692	713,394

Among the RMB loans, HK\$377,325,000 (At 31st December 2005:HK\$283,525,000) are bank loans which are arranged at fixed interest rates of 5.76% to 7.49% (2005: 5.58% to 7.49%) per annum while the remaining balances of RMB loans of HK\$49,343,000 (At 31st December 2005:HK\$49,016,000) is other loan which is arranged at fixed interest rate of 8% (2005:8%) per annum. The remaining balance are bank loans denominated in HK Dollar and US Dollar and are arranged at floating rates ranging from 3.85% to 5.84% (2005: from 2.30% to 5.08%) per annum.

For the six months ended 30th June 2006

22. SHARE CAPITAL

	30th June 2006		31st December 2005	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
Ordinary shares of HK\$0.50 each				
Balance at beginning and end of the period/year	900,000	450,000	900,000	450,000
Issued and fully paid:				
Ordinary shares of HK\$0.50 each				
Balance at beginning of the period/year	500,485	250,242	447,893	223,946
Shares issued as scrip dividend	–	–	9,092	4,546
Shares issued as consideration for acquisition of a subsidiary	–	–	43,500	21,750
Balance at end of the period/year	500,485	250,242	500,485	250,242

23. PLEDGE OF ASSETS

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
The investments held for trading of the Group pledged to secure credit facilities granted to a subsidiary of the Company by:		
A securities broker	15,917	4,216

In addition to above, certain of the Group's investment properties and inventories of properties with aggregate book value of approximately HK\$243,633,000 (At 31st December 2005: HK\$266,126,000) and HK\$975,526,000 (At 31st December 2005: HK\$208,063,000) respectively, were pledged as securities for credit facilities obtained from bankers.

For the six months ended 30th June 2006

24. GUARANTEES

As at the balance sheet date, the Group had issued the following guarantees:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Guarantees given to:		
A supplier of an associate, to secure the repayment of balance due by the associate to the supplier	13,455	13,455
A sub-landlord of an investee, to secure the payment of rent due by the investee to the sub-landlord	1,727	–
Banks for credit facilities granted to		
– certain associates	102,400	102,400
– a jointly controlled entity	–	31,716
– a third party	46,956	46,956
Banks for mortgage loans granted to purchasers of the properties	183,000	87,000
	347,538	281,527

The directors consider the fair value of the above financial guarantee contracts does not have significant impact to the Interim Financial Statements.

25. CAPITAL COMMITMENTS

As at the balance sheet date, the Group had commitments as follows:

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Contracted for but not provided in the financial statements:		
Additions to inventories of properties	1,631,414	1,767,494
Additions to property, plant and equipment	811	66,655
	1,632,225	1,834,149

In addition, the Group's contracted but not provided for share of the jointly-controlled entities own capital commitments, which are not included in the above, is HK\$142,772,000 (At 31st December 2005: HK\$512,888,000).

26. POST BALANCE SHEET EVENT

In August 2006, the Group entered into certain agreements with certain independent third parties to purchase 51% equity interest in Beijing Zhong Shun Chao Ke Property Development Company ("Zhong Shun") with total cash consideration of Rmb229,050,000 and provide a financial assistance in the amount of Rmb10,000,000 to Zhong Shun for its general working capital. Zhong Shun is the holder of the right to develop a piece of land located in Beijing into a residential and commercial building/complex.

In September 2006, the Group entered into a letter of intent, which is non-legal binding, in relation to proposed disposal of its 20% interest in a property project in Guangzhou, the PRC, comprising a five-star "Westin" hotel in one tower, an office tower and a shopping mall covering a total gross floor area of about 127,000 sq.m. The consideration is preliminarily estimated to be HK\$176 million.

For the six months ended 30th June 2006

27. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties that are not members of the Group:

	Notes	Minority shareholders		Associates		Related company	
		----- Six months ended 30th June -----					
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Interest received from	(a)	491	464	–	3,499	–	–
Commission paid to	(b)	–	–	98	109	3	1

Notes:

- (a) The transactions were based on interest rates agreed by the parties concerned.
- (b) The transactions were based on a fixed rate charged on the value of trading of securities on an agreed amount for the commission paid to a related company and on the provision of property leasing management services for commission paid to associates. The commission for trading of securities was paid to a company in which one of the independent non-executive Directors of the Group had a beneficial interest.