



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00308)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006

INTERIM RESULTS

The Board of Directors (the “Board”) of China Travel International Investment Hong Kong Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2006 together with the comparative figures.

Condensed Consolidated Income Statement

For the six months ended 30 June 2006

		For the six months ended 30 June	
		2006	2005
		(Unaudited)	(Unaudited and restated)
	Notes	HK\$'000	HK\$'000
REVENUE	3	3,162,124	2,574,448
Cost of sales		(2,396,733)	(1,928,844)
Gross profit		765,391	645,604
Other income and gains	4	56,217	28,806
Selling and distribution costs		(130,823)	(63,208)
General and administrative expenses		(411,835)	(315,676)
Amortisation on prepaid land lease payments		(29,075)	(22,187)
Depreciation on hotel properties		(17,869)	(12,060)
Fair value gains on derivative financial instruments		–	99,204
Revaluation surplus of investment properties, net		5,461	35,246
Revaluation surplus of hotel properties, net		7,660	5,200
Finance costs	5	(49,612)	(18,887)
Share of profits and losses of:			
Jointly-controlled entities		80,811	112,485
Associates		30,340	20,500
PROFIT BEFORE TAX	6	306,666	515,027
Tax	7	(54,743)	(53,783)
PROFIT FOR THE PERIOD		251,923	461,244
ATTRIBUTABLE TO:			
Equity holders of the parent		210,748	422,989
Minority interests		41,175	38,255
		251,923	461,244
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (HK CENTS)	8		
Basic		4.03	8.99
Diluted		N/A	8.46
DIVIDEND PER SHARE (HK CENTS)	9	2.00	3.00

Condensed Consolidated Balance Sheet

30 June 2006

	Notes	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,314,380	4,342,549
Investment properties		234,353	223,605
Prepaid land lease payments		3,087,753	3,109,552
Properties under development		17,835	3,270
Goodwill		1,260,847	1,260,837
Interests in jointly-controlled entities		1,154,495	1,375,421
Interests in associates		426,721	418,913
Available-for-sale investments		19,101	20,009
Held-to-maturity investments		15,489	15,477
Deferred tax assets		14,915	15,641
Total non-current assets		10,545,889	10,785,274
CURRENT ASSETS			
Available-for-sale investments		11,169	1,427
Inventories		20,560	19,182
Trade receivables	10	710,881	572,914
Tax recoverable		1,019	1,580
Prepayments, deposits and other receivables		398,107	313,166
Pledged time deposits		5,083	4,306
Cash and cash equivalents		3,226,160	2,258,655
Amount due from ultimate holding company		33,819	27,886
Amounts due from fellow subsidiaries		2,195	5,266
Total current assets		4,408,993	3,204,382
CURRENT LIABILITIES			
Trade payables	11	642,625	609,801
Tax payable		52,643	29,156
Other payables and accruals		773,700	951,616
Interest-bearing bank and other borrowings		769,457	13,311
Amounts due to fellow subsidiaries		1,377	4,509
Total current liabilities		2,239,802	1,608,393
NET CURRENT ASSETS		2,169,191	1,595,989
TOTAL ASSETS LESS CURRENT LIABILITIES		12,715,080	12,381,263
NON-CURRENT LIABILITIES AND DEFERRED INCOME			
Deferred income		147,104	145,726
Interest-bearing bank and other borrowings		1,262,557	2,008,022
Deferred tax liabilities		366,607	364,496
Total non-current liabilities and deferred income		1,776,268	2,518,244
Net assets		10,938,812	9,863,019
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	12	569,536	503,885
Reserves		9,834,535	8,802,449
Proposed dividend		113,907	151,165
		10,517,978	9,457,499
Minority interests		420,834	405,520
Total equity		10,938,812	9,863,019

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

These condensed consolidated financial statements should be read in conjunction with the financial statements for the year ended 31 December 2005.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2005 except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted the first time for the current period’s financial statements.

- | | |
|--------------------------------|---|
| • HKAS 21 Amendment | Net Investment in a Foreign Operation |
| • HKAS 39 Amendment | The Fair Value Option |
| • HKAS 39 & HKFRS 4 Amendments | Financial Guarantee Contracts |
| • HK(IFRIC)-Int 4 | Determining whether an Arrangement contains a Lease |

The adoption of the above-mentioned accounting standards does not have significant impact on the Group as at the date of the interim financial statements.

2. COMPARATIVE FIGURES

The condensed consolidated income statement was revised for the prior interim period to bring it in line with the policies adopted in annual financial statements. Accordingly, certain comparative amounts have been restated.

The effect of these restatements on the income statement during the six months ended 30 June 2005 is set out below:

	<i>HK\$'000</i>
Increase in fair value gains on derivative financial instruments	99,204
Increase in finance costs	(20,790)
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Total effect on profit	<u>78,414</u>

(b) Geographical segments

The following table presents revenue of the Group's geographical segments for the six months ended 30 June.

Group

	Hong Kong		PRC		Overseas		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:								
Sales to external customers	866,133	770,283	2,094,407	1,583,727	201,584	220,438	3,162,124	2,574,448
Other income and gains	15,183	8,252	4,867	8,459	3,288	1,607	23,338	18,318
	<u>881,316</u>	<u>778,535</u>	<u>2,099,274</u>	<u>1,592,186</u>	<u>204,872</u>	<u>222,045</u>	<u>3,185,462</u>	<u>2,592,766</u>

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
Interest income	32,879	10,488
Rental income	4,864	6,470
Management fee income	924	1,090
Exchange gains, net	8,926	4,959
Gain on disposal of items of property, plant and equipment	1,756	635
Dividend income	18	75
Others	6,850	5,089
	<u>56,217</u>	<u>28,806</u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited and restated) HK\$'000
Interest expenses on:		
Bank loans, overdrafts and other loans wholly repayable		
– within five years	(49,541)	(11,498)
– after five years	(71)	(75)
Interest on convertible bonds	–	(6,964)
Amortisation of deferred borrowing costs	–	(350)
Total finance costs	<u>(49,612)</u>	<u>(18,887)</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited and restated) HK\$'000
Depreciation:		
– Hotel properties	17,869	12,060
– Other property, plant and equipment	135,759	63,347
Amortisation on prepaid land lease payments	29,075	22,187
Fair value gains on derivative financial instruments	–	(99,204)
Revaluation surplus of investment properties, net	(5,461)	(35,246)
Revaluation surplus of hotel properties, net	(7,660)	(5,200)
	<u>(7,660)</u>	<u>(5,200)</u>

7. TAX

	For the six months ended 30 June	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
The People's Republic of China:		
Hong Kong	(33,015)	(29,343)
Elsewhere	(19,264)	(17,069)
Overseas	(385)	–
Overprovision in prior years	204	–
Deferred	(2,283)	(7,371)
	<hr/>	<hr/>
Tax charge for the period	(54,743)	(53,783)
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Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Share of tax attributable to jointly-controlled entities and associates amounting to HK\$15,787,000 and HK\$2,900,000, respectively (2005: HK\$18,339,000 and HK\$3,524,000, respectively) are included in "Share of profits and losses of jointly-controlled entities/associates" on the face of the condensed consolidated income statement.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the net profit attributable to equity holders of the parent for the period of HK\$210,748,000 (2005: HK\$422,989,000, as restated) and the weighted average of 5,232,519,970 (2005: 4,706,539,387) ordinary shares in issue during the period.

No diluted earnings per share is presented for the six months ended 30 June 2006 as the Company's bonus warrants have already expired at 31 May 2006 which would have an anti-dilutive effect to the basic earnings per share.

For the six months ended 30 June 2005, the calculation of diluted earnings per share was based on the net profit from ordinary activities attributable to equity holders of the parent of HK\$422,989,000. The weighted average number of ordinary shares used in the calculation is the weighted average of 4,706,539,387 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 290,902,826 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all outstanding bonus warrants.

9. INTERIM DIVIDEND

The Board have resolved to declare an interim dividend of HK2 cents (2005: HK3 cents) per share for the period ended 30 June 2006. The interim dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 6 October 2006. The interim dividend will be paid on or around Friday, 20 October 2006.

10. TRADE RECEIVABLES

The Group allows an average credit period ranging from 30 to 90 days to its trade debtors. The aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, net of provisions for doubtful debts, is as follows:

	30 June 2006	31 December 2005
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Outstanding balances with age:		
Less than 1 month	359,281	315,896
Within:		
1-3 months	274,811	211,531
4-6 months	58,538	28,444
7-12 months	16,749	12,722
1-2 years	1,502	2,526
Over 2 years	–	1,795
	<hr/>	<hr/>
	710,881	572,914
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11. TRADE PAYABLES

The aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Outstanding balances with age:		
Less than 1 month	456,970	434,673
Within:		
1-3 months	134,553	121,099
4-6 months	21,720	15,721
7-12 months	8,554	15,919
1-2 years	4,530	7,465
Over 2 years	16,298	14,924
	642,625	609,801

12. SHARE CAPITAL

	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
Authorised:		
7,000,000,000 ordinary shares of HK\$0.10 each	700,000	700,000
Issued and fully paid:		
5,695,355,525 (2005: 5,038,843,875) ordinary shares of HK\$0.10 each	569,536	503,885

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operation

During the first half of 2006, the Group's core travel and travel related businesses were thriving. The Group's operations including travel agencies, hotels, passenger transportation, theme parks and art performance sustained steady growth. The integration of the resources for the travel and travel related business were effective, and the on-line business developed in synergy with the traditional travel businesses. Key investment projects including Zhuhai Ocean Spring Resort and Mangocity.com commenced operation smoothly in January and March this year respectively. All of these have greatly enhanced the Group's core competitiveness, travel products and resources.

For the six months ended 30 June 2006, the unaudited consolidated revenue of the Group was HK\$3,162 million, an increase of 22.8% from the same period last year. Unaudited net profit attributable to shareholders was HK\$211 million, a decrease of 50.1% from HK\$423 million for the same period last year as restated in accordance with the new and revised Hong Kong Financial Reporting Standards. Without taking into account the non-recurring income of HK\$127 million which includes revaluation surplus of investment properties, hotel properties and change of fair value in convertible bonds, the net profit attributable to shareholders decreased 30.2% from the same period last year. The decrease in net profit attributable to shareholders was mainly due to the initial operating losses of the newly-launched Mangocity.com and Zhuhai Ocean Spring Resort and the decrease in share of profit of Shaanxi Weihe Power Co. Ltd. of HK\$33.10 million from the same period last year, which was caused by reduced sale of on-grid electricity due to oversupply and high levels of coal and fuel prices. In the first half of 2006, the earnings per share were 4.03 Hong Kong cents, representing a decrease of 55.2% from the same period last year. As at 30 June 2006, the equity attributable to shareholders of the Company was HK\$10,518 million, representing an increase of 11.2% from the end of last year.

Tour Operation and Leisure Business

The tour operation and leisure business of the Group includes travel agency business, Mangocity.com, three theme parks and a golf club in Shenzhen, Zhuhai Ocean Spring Resort and China Heaven, an art performance company. During the first half of 2006 the unaudited revenue was HK\$1,514 million, an increase of 35.8% from the same period of last year. Net profit attributable to shareholders was HK\$78.92 million, a decrease of 41.7% from the same period last year. Excluding the newly-launched Mangocity.com and Zhuhai Ocean Spring Resort, the revenue and net profit attributable to shareholders of the tour operation and leisure business increased by 19% and 14% respectively from the same period last year.

During the first half of 2006, China Travel Service (Hong Kong) Limited (“CTSHK”) actively developed high-end travel market such as business conference and exhibition travel. Through cooperating with the tourism administration bureaus in provinces and cities such as Guizhou, Jiangxi and Shenyang, CTSHK was recognized as “China Travel Expert” in those provinces and cities, and further expanded its market share in Hong Kong and Macau for outbound tour to Mainland China. China Travel International Limited continued to develop its businesses in the highly competitive market, and launched tour business to Russia and India. The number of inbound tourists also continued to grow.

In light of the intense competition, Window of the World and Splendid China added novel programs to attract customers in all kind, and their operating results were better than expectation. China Heaven launched a series of new shows successfully in the United States, Canada, and Mainland China.

Operation of Tycoon Golf Club in Shenzhen continued to improve despite rainy weather in the first half of 2006 and the aging facilities. Zhuhai Ocean Spring Resort commenced operation smoothly in January this year. Constructed in Mediterranean style with comfortable hotels, an ocean hot spring center and a theme park with five one-of-a-kind amusement facilities in Asia, Zhuhai Ocean Spring Resort hosted 1.22 million customers within five months since the commencement of its operations, and was well-received by the market. Mangocity.com commenced operations at the end of March this year after a test run for a three-month period. Number of membership and click-through on the website of Mangocity.com increased robustly, and Mangocity.com became more popular in Shenzhen, Guangzhou, Beijing and other cities. Mangocity.com partnered with numerous hotels, and established delivery network of air tickets and tour package products in Mainland China.

Hotel Operation

During the first half of 2006, the Group’s hotel operations sustained steady growth. Average room rate and occupancy rate among the Group’s five hotels in Hong Kong and Macau increased 12% and 6.58% respectively from the same period last year. Revenue for the first half of 2006 was HK\$203 million, an increase of 13.1% from the same period last year. Net profit attributable to shareholders was HK\$22.79 million, an increase of 65.5% from the same period last year.

Transportation

The Group’s passenger transportation made record performance during the first half of 2006 despite the high oil price and adverse effect brought about by the implementation of the new cross-border regulations. Number of passengers reached 2.65 million, among which 2.45 million were passengers of regular bus service, an increase of 28.6% from the same period last year. During the first half of 2006, the revenue was HK\$132 million, an increase of 17.8% from the same period last year. The combined net profit attributable to shareholders of the passenger transportation services was HK\$19.49 million, an increase of 17.9% from the same period last year. China Travel Tours Transportation Development (HK) Limited continued to maintain a high standard of operational safety, with its safety indicators far superior over industry average. The operating results of the joint venture passenger ferry operations with Shun Tak China Travel Shipping Investment Limited grew satisfactorily.

In respect of the freight forwarding operation, China Travel Service Cargo continued to maintain its dominant position in railway cargo transportation operations, and also developed its air freight and sea freight operations, streamlined its business and internal resources, and actively seized opportunities to establish strategic alliance with freight forwarding and logistic partners. During the first half of 2006, the consolidated revenue and net profit attributed to shareholders was HK\$1,312 million and HK\$23.98 million respectively, representing an increase of 12.4% and 16.1% respectively from the same period last year.

Infrastructure

As there was an excess of supply over the demand of electricity, utilization hours of Shaanxi Weihe Power Co. Ltd. decreased 14.85% compared with the same period last year. During the first half of 2006, coal and oil prices remained at high level, resulting in a decrease of HK\$33.10 million for the Group’s share of profit attributable to shareholder, representing a decrease of 29% from the same period last year.

Prospects for second half of 2006

In the second half of 2006, it is expected that China will continue to enjoy stable social and political situation, and that the economy in Mainland China and Hong Kong will continue to grow rapidly. Personal income of Mainland China residents is expected to rise steadily, with a change in their spending pattern towards a higher living standard. All these factors will give solid support to the sustainable growth, and create significant strategic development opportunities, for the Group’s core travel and travel related businesses.

In the second half of 2006, besides increasing improvement and renovation of the current business facilities and hardware, the Group will continue to develop its business innovatively, improve operational efficiency and resources utilisation, and further enhance the sales capacity of its existing travel agencies network throughout Hong Kong, Mainland China and overseas. The Group will also continue to actively pursue business integration of its internal resources, achieve further operational synergy among its traditional travel network and the on-line network, and further expand its core travel business.

The Group's management is of the view that core tour operation and leisure business will sustain steady growth and the operating performance of Mangocity.com and Zhuhai Ocean Spring Resort will be improved by more smooth operation, higher service standard and quality and completed facilities, the initial loss will narrow gradually in the second half year. The Group's management also expect that the five hotels located in Hong Kong and Macau will perform even better than the first half of 2006 due to favorable seasonal factors and reopening of new renovated Metropark Hotel Wanchai Hong Kong which is focused on business traveler market, Passenger transportation business will grow continuously with the increasing of cross-border travelers, the Group will invest more resources to expand operating capacity and strengthen our passenger transportation business profitability. Even though there is very fiercely competition in the freight forwarding market, our freight forwarding business will still extend more development room because of strong domestic economy growth of China. Due to unfavorable market conditions, it is expected that the results of the power generation business for the second half of 2006 will continue to decline.

In general, due to the non-recurring factors and the loss of two growing new investment projects, the Group's consolidated operation result for the whole year is expected to decrease compared to that of last year. However, the Board is of the view that excluding above-mentioned factors, the Group's operating income from core recurring businesses will sustain satisfactory growth.

Employee Relations

As of 30 June 2006, the Group had approximately 10,975 employees of whom 2,664 are based in Hong Kong, 242 are based in overseas countries and 8,069 are based in Mainland China. Total remuneration cost for the period was HK\$378 million (six months ended 30 June 2005: HK\$331 million).

The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management. Apart from medical coverage, provident funds, in-house training programs and long service awards, discretionary bonuses are awarded to certain employees according to the assessment of individual performance.

Liquidity, Financial Resources and Capital Structure

The Group's financial position remains strong. As of 30 June 2006, the cash and cash equivalents of the Group amounted to HK\$3,226 million (31 December 2005: HK\$2,259 million). The interest bearing bank borrowings amounted to HK\$2,032 million (31 December 2005: HK\$2,021 million). The net cash to equity ratio was 11.4% (31 December 2005: 2.5%).

As at 30 June 2006, the Company had loan facilities, which were subject to, inter alia, a specific performance obligation on the controlling shareholder of the Company, China Travel Services (Holdings) Hong Kong Limited ("CTS Holdings"), during the tenure of such loan facilities. The specific performance obligation is that CTS Holdings shall maintain a holding of not less than 40% of the total issued share capital of the Company throughout the tenure of the loan facilities granted to the Company. A breach of the obligation will constitute an event of default. As a result of such breach, the loan facilities may become due and repayable on demand by the relevant lenders according to the respective terms and conditions thereof. The details of the loan facilities are as follows:

Amount outstanding as at 30 June 2006

HK\$1,500 million

Final maturity of the loan facilities

3 January 2009

Interest is charged on the outstanding balance at 0.25% per annum over the Hong Kong Interbank Offered Rate for the applicable loan period. The loans are secured by the corporate guarantee given by the Company.

For the six months ended 30 June 2006, the total capital expenditure on property, plant and equipment during the period amounted to HK\$94 million (2005: HK\$96 million). These capital expenditures were funded mainly by internal resources.

There was no material charge on the Group's assets during the six months ended 30 June 2006, whereas contingent liabilities had increased from HK\$2.14 million as at 31 December 2005 to HK\$6.83 million at the end of the period.

During the six months ended 30 June 2006, 656,511,650 bonus warrants were exercised for 656,511,650 shares of HK\$0.10 each at the subscription price of HK\$1.508 per share. Accordingly, the number of issued share capital of the Company increased from 5,038,843,875 shares as at 31 December 2005 to 5,695,355,525 shares as at 30 June 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

In the corporate governance report (the "CG Report") which was published in our Annual Report 2005 dated 28 March 2006, it was reported that the Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") save for few deviations specified and explained therein. Since the beginning of 2006, the Group has made the following changes in respect of such deviations:

1. For Code Provision A.1.1, the Board has already met three times at approximately quarterly intervals as at the date of this announcement. The fourth Board meeting is expected to be held in the next quarter.
2. For Code Provision A.4.1 and A.4.2, a special resolution in respect of the amendment to the Articles of Association of the Company has been passed at the Company's annual general meeting held on 12 May 2006 to the effect that at each annual general meeting of the Company, one-third of the directors of the Company shall retire from office by rotation at least once every three years.
3. For Code Provision E.1.1, each director of the Company who was subject to retirement by rotation was re-elected by a separate resolution at the annual general meeting of the Company held on 12 May 2006.

The non-executive directors of the Company have not been appointed for any specific terms, which constitutes a deviation from Code Provision A.4.1. However, they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Memorandum and Articles of Association of the Company.

Save as disclosed above, the Company met the code provisions set out in the CG Code during the six months ended 30 June 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors who confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2006.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2 cents (2005: HK3 cents) per share for the six months ended 30 June 2006. The interim dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 6 October 2006. The interim dividend will be paid on or around Friday, 20 October 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 4 October 2006 to Friday, 6 October 2006 (both days inclusive), for the purposes of determining entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 3 October 2006.

REVIEW OF ACCOUNTS

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2006 have been reviewed by the audit committee of the Company and the auditors, Ernst & Young.

OTHER DISCLOSURE ITEMS

There has been no material change to the information disclosed in accordance with the requirements under rule 46(3) of Appendix 16 of the Listing Rules from the information disclosed in the 2005 annual report.

PUBLICATION OF INTERIM REPORT

The 2006 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the website of the Stock Exchange in due course.

By order of the Board
Xiong Weiping
Vice Chairman and General Manager

Hong Kong, 5 September 2006

As at the date of this announcement, the Executive Directors are Messrs. Zhang Xuewu, Xiong Weiping, Zheng Heshui, Lo Sui On, Zheng Hongqing, Jiang Yan, Mao Jianjun, Zhang Fengchun, Ng Chi Man, Michael and Liu Li and the Independent Non-Executive Directors are Dr. Yeh Meou Tsen, Geoffrey (Mr. Yeh V Nee being the Alternate Director to Dr. Yeh Meou Tsen, Geoffrey), Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter and Mr. Sze, Robert Tsai To.