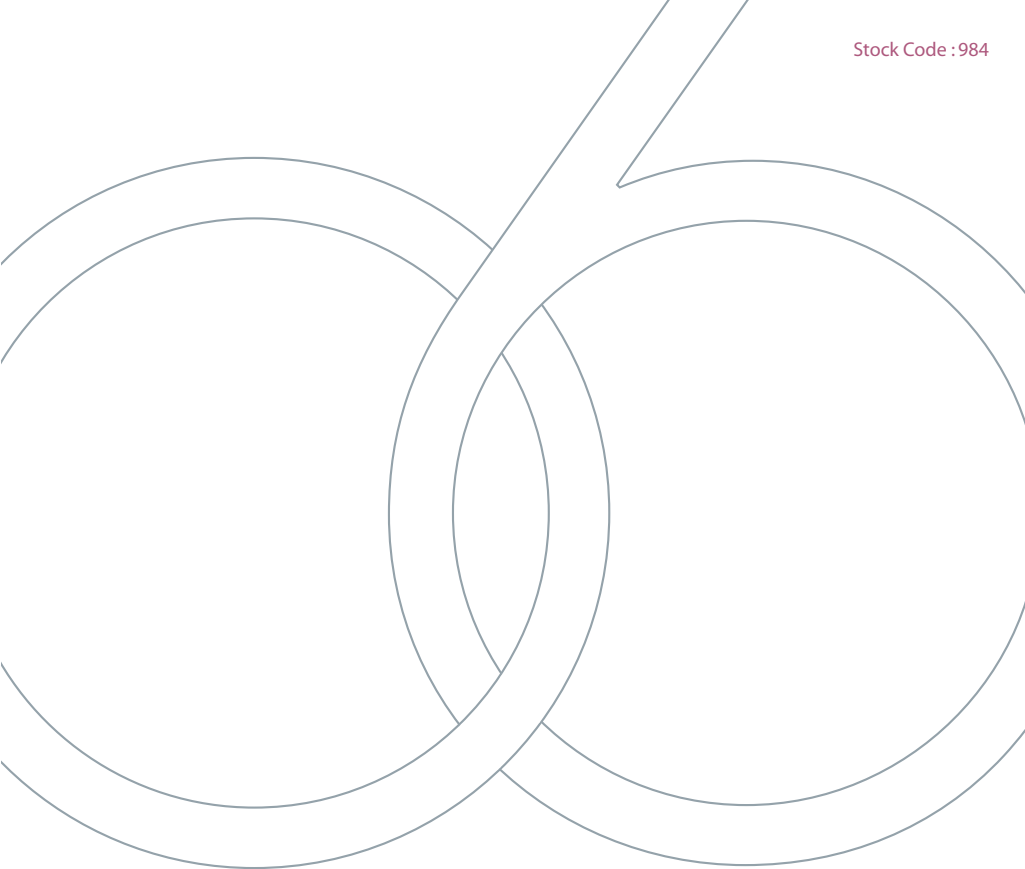


Stock Code : 984



AEON Stores (Hong Kong) Co., Limited

INTERIM REPORT 2006

AEON

The Board of Directors of AEON Stores (Hong Kong) Co., Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group" or "AEON Stores") for the 6 months ended 30 June 2006 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	NOTES	Six months ended	
		30.6.2006 HK\$'000 (unaudited)	30.6.2005 HK\$'000 (unaudited)
Turnover		2,831,340	2,605,943
Other income		128,658	111,967
Investment income		15,899	4,128
Purchase of goods and changes in inventories		(2,154,934)	(1,958,804)
Staff costs		(236,829)	(214,956)
Depreciation		(65,781)	(61,113)
Pre-operating expenses	4	–	(917)
Loss on disposal of property, plant and equipment		(557)	(1,732)
Other expenses		(471,152)	(434,253)
Finance costs	5	(331)	(4)
Profit before taxation		46,313	50,259
Income tax expenses	6	(17,092)	(14,578)
Profit for the period		29,221	35,681
Attributable to:			
Equity holders of the parent		28,027	37,273
Minority interest		1,194	(1,592)
		29,221	35,681
Interim dividend	7	14,300	14,300
Earnings per share	8	10.78 cents	14.34 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006

	NOTES	30.6.2006 HK\$'000 (unaudited)	31.12.2005 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment	9	281,103	317,613
Available-for-sale investments	10	24,911	24,861
Deferred taxation		14,600	11,625
Rental deposits and prepayments		86,116	78,756
		406,730	432,855
Current Assets			
Inventories		328,366	383,051
Trade receivables	11	9,025	23,413
Other receivables, prepayments and deposits		21,564	19,772
Amounts due from ultimate holding company		514	–
Amounts due from fellow subsidiaries		36,200	42,569
Bank balances and cash		1,123,802	1,042,294
		1,519,471	1,511,099
Current Liabilities			
Trade payables	12	759,631	796,116
Other payables and accrued charges		282,247	318,781
Amounts due to fellow subsidiaries		14,582	10,636
Amount due to ultimate holding company		105,958	84,512
Bank borrowings		13,517	14,351
Income tax payable		23,433	14,220
Dividend payable		26,237	169
		1,225,605	1,238,785
Net Current Assets			
		293,866	272,314
		700,596	705,169
Capital and Reserves			
Share capital	13	52,000	52,000
Share premium and reserves		584,132	591,551
Equity attributable to equity holders of the parent		636,132	643,551
Minority interests		41,650	40,066
Total Equity		677,782	683,617
Non-current Liabilities			
Deposits received and accrued charges		22,814	21,552
		700,596	705,169

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Attributable to equity holders of the parent								
	Share capital	Share premium	Investment revaluation reserve	Translation reserve	The People's Republic of China ("PRC") statutory reserves	Retained profits	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	52,000	63,158	17,640	286	2,048	414,729	549,861	40,682	590,543
Loss on fair value changes of available-for-sale investments	-	-	(565)	-	-	-	(565)	-	(565)
Exchange differences arising on translation of overseas operations	-	-	-	(106)	-	-	(106)	(21)	(127)
Loss recognised directly in equity	-	-	(565)	(106)	-	-	(671)	(21)	(692)
Profit for the period	-	-	-	-	-	37,273	37,273	(1,592)	35,681
Total recognised (expense) income for the period	-	-	(565)	(106)	-	37,273	36,602	(1,613)	34,989
Dividend	-	-	-	-	-	(22,100)	(22,100)	-	(22,100)
At 30 June 2005	52,000	63,158	17,075	180	2,048	429,902	564,363	39,069	603,432
Gain on fair value changes of available-for-sale investments	-	-	3,831	-	-	-	3,831	-	3,831
Exchange differences arising on translation of overseas operations	-	-	-	2,398	-	-	2,398	1,010	3,408
Income recognised directly in equity	-	-	3,831	2,398	-	-	6,229	1,010	7,239
Profit for the period	-	-	-	-	-	87,259	87,259	996	88,255
Total recognised income for the year	-	-	3,831	2,398	-	87,259	93,488	2,006	95,494

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Attributable to equity holders of the parent								
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	The People's Republic of China ("PRC") statutory reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
Transfer, net of minority interests share	-	-	-	-	408	(408)	-	-	-
Dividend	-	-	-	-	-	(14,300)	(14,300)	-	(14,300)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(1,009)	(1,009)
At 31 December 2005	52,000	63,158	20,906	2,578	2,456	502,453	643,551	40,066	683,617
Gain on fair value changes of available-for-sale investments	-	-	50	-	-	-	50	-	50
Exchange differences arising on translation of overseas operations	-	-	-	904	-	-	904	390	1,294
Income recognised directly in equity	-	-	50	904	-	-	954	390	1,344
Profit for the period	-	-	-	-	-	28,027	28,027	1,194	29,221
Total recognised income for the period	-	-	50	904	-	28,027	28,981	1,584	30,565
Dividend	-	-	-	-	-	(36,400)	(36,400)	-	(36,400)
At 30 June 2006	52,000	63,158	20,956	3,482	2,456	494,080	636,132	41,650	677,782

PRC statutory reserves are reserves required to be maintained by the relevant PRC laws applicable to the subsidiaries of the Company in the PRC.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Six months ended	
	30.6.2006 HK\$'000 (unaudited)	30.6.2005 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	145,096	18,212
NET CASH USED IN INVESTING ACTIVITIES	(28,590)	(52,004)
NET CASH USED IN FINANCING ACTIVITIES	(37,524)	(22,147)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,982	(55,939)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,042,294	776,018
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,526	(110)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY Bank balances and cash	1,123,802	719,969

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The application of the new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustments is required.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 “Financial Reporting in Hyperinflationary Economies” ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 ³
HK(IFRIC) – INT 9	Reassessment of embedded derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

3. SEGMENT INFORMATION

The Group is principally engaged in the operation of general merchandise stores. No business segment analysis is presented as the management considers that the Group has one single business segment. The Group's operations are located in Hong Kong and the People's Republic of China ("PRC"), other than Hong Kong.

An analysis of the Group's revenue and results by geographical segment is as follows:

	Six months ended 30 June 2006		
	Hong Kong HK\$'000	PRC HK\$'000	Consolidated HK\$'000
TURNOVER			
External sales	1,903,584	927,756	2,831,340
SEGMENT RESULT			
Profit before taxation	44,702	1,611	46,313
Income tax expenses			(17,092)
Profit for the period			29,221

	Six months ended 30 June 2005		
	Hong Kong HK\$'000	PRC HK\$'000	Consolidated HK\$'000
TURNOVER			
External sales	1,822,109	783,834	2,605,943
SEGMENT RESULT			
Profit (loss) before taxation	52,574	(2,315)	50,259
Income tax expenses			(14,578)
Profit for the period			35,681

4. PRE-OPERATING EXPENSES

The amounts in the prior period represent set up costs for new stores. Included in pre-operating expenses were staff costs of HK\$721,000.

5. FINANCE COSTS

The finance costs represent interest on bank borrowings wholly repayable within five years.

6. INCOME TAX EXPENSES

	Six months ended	
	30.6.2006 HK\$'000	30.6.2005 HK\$'000
Current tax:		
Hong Kong Profits Tax	10,730	10,095
PRC income tax	6,122	3,292
	16,852	13,387
Underprovision in prior year		
PRC income tax	3,215	–
	20,067	13,387
Deferred tax:		
(Credit) charge for the period	(2,975)	1,191
	17,092	14,578

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period.

The PRC income tax is calculated at 33% of the estimated assessable profits of the subsidiaries.

7. DIVIDENDS

	Six months ended	
	30.6.2006	30.6.2005
	HK\$'000	HK\$'000
Final dividend paid in respect of the year ended 31 December 2005 of 14.0 HK cents (year ended 31 December 2004: 8.5 HK cents) per ordinary share	36,400	22,100

The directors have declared that an interim dividend of 5.5 HK cents (six months ended 30.6.2005: 5.5 HK cents) per share amounting to HK\$14,300,000 (six months ended 30.6.2005: HK\$14,300,000) be paid to the shareholders of the Company whose names appear on the Register of Members on 10 October 2006. The interim dividend will be paid on or before 18 October 2006.

8. EARNINGS PER SHARE

The calculation of earnings per share attributable to the equity holders of the parent is based on the Group's profit for the period attributable to the equity holders of the parent of HK\$28,027,000 (six months ended 30.6.2005: HK\$37,273,000) and on 260,000,000 (six months ended 30.6.2005: 260,000,000) ordinary shares in issue during the period.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$29 million (six months ended 30.6.2005: HK\$50 million) on property, plant and equipment to expand its operations.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Equity securities:		
Listed shares in Hong Kong at fair value	22,921	22,921
Debt securities:		
Unlisted club debenture at fair value	1,990	1,940
	24,911	24,861

The fair value of the investments in equity securities have been determined by reference to bid prices quoted in active markets.

The listed securities detailed above include an investment in a fellow subsidiary of HK\$22,893,000 (31.12.2005: HK\$22,893,000).

11. TRADE RECEIVABLES

The Group does not have a defined fixed credit policy as its major trade receivables arise from credit card sales. All trade receivables are within the due dates.

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Within due dates	660,864	694,151
Overdue under 30 days	55,432	57,595
Overdue over 30 days	43,335	44,370
	759,631	796,116

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.20 each		
Authorised:		
At 30 June 2006 and 31 December 2005	350,000,000	70,000
Issued and fully paid:		
At 30 June 2006 and 31 December 2005	260,000,000	52,000

14. CAPITAL COMMITMENTS

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	15,833	4,559
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	8,067	57,402

15. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following material transactions with related parties:

Nature of transaction		1.1.2006 to 30.6.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
Fellow subsidiaries	Commission expenses	5,676	5,925
	Purchase of goods	29,192	22,813
	Rental income from licensees	3,313	3,141
Ultimate holding company	Royalty expenses	21,702	19,650
Minority shareholders of the subsidiaries	Rental expenses and management fees	18,873	16,100

During the six months ended 30 June 2005, the Group has donated HK\$1,012,000 to AEON Education and Environment Fund Limited ("the Fund") of which the Company is a member. The Fund is a company limited by guarantee and not having a share capital and was established in co-operation with AEON Credit Service (Asia) Company Limited ("ACS"), a fellow subsidiary of the Company, on 18 February 1998. The objective of the Fund is to promote environmental protection, cultural exchange and education in the Hong Kong Special Administrative Region and other parts of the PRC.

Outstanding balances as at the balance sheet date arising from the above transactions with related parties were as set out in the condensed consolidated balance sheet except for the following balance, which is included in other receivables, prepayments and deposits:

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Amounts due from minority shareholders of the subsidiaries	7,802	7,731

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 October 2006 to 12 October 2006 (both days inclusive), during which period no share transfers will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars, Secretaries Limited, at 26 Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 9 October 2006.

BUSINESS REVIEW

Turnover of the Group rose 9% to HK\$2,831 million for the six months ended 30 June 2006 against HK\$2,606 million for the corresponding period of last year. The rise in turnover is mainly attributable to the increase in sales of our existing and newly opened stores. Gross profit margin slightly decreased from 24.8% to 23.9% as a result of the Group enlarging its food sector to meet changing customer needs and affected by stock clearance during the review period. Profit attributable to equity holders of the parent dropped 25% to HK\$28 million (2005: HK\$37 million). This was mainly due to the rise in rental expenses in Hong Kong as well as increase in operating expenses of AEON (China) Co., Ltd. ("AEON China").

Although the local economy continued to grow during the review period and unemployment rate dropped and salary level increased, rounds of interest rate rise had seen local consumers become more cautious in spending. The Group's Hong Kong turnover for the six months ended 30 June 2006 rose slightly by 5% to HK\$1,904 million (2005: HK\$1,822 million). Profit before tax for the period dropped 15% to HK\$45 million from HK\$53 million, mainly as a result of rising rental expenses, even though the rise was not as steep as the increase in market rate. The stock clearance exercise also contributed to the drop of profit before tax.

BUSINESS REVIEW (continued)

In April 2006, the Group partially closed the Whampoa Store for renovation. To keep abreast with the changing needs of customers and community development in the district, the Group renovated the store to adopt the "Healthy Living" concept and enlarged its Supermarket, Fashion Section, and Household and Furniture Section to provide customers with a diverse merchandise mix and a convenient one-stop shopping environment. The store resumed operation in late June.

Encouraged by the successful experience of the first JUSCO Supermarket in apm, Kwun Tong, the Group is exploring suitable locations to expand the network of this new business model. Since the JUSCO Supermarket requires relatively smaller space, finding suitable locations for store development is easier.

The economy in South China continued to thrive and that benefited the retail market. For the six months ended 30 June 2006, the turnover from PRC operations was up 18% to HK\$928 million compared with HK\$784 million for the same period in 2005. The growth in turnover was attributable to satisfactory growth in existing stores and new stores. It takes time, however, for the new stores to adapt to local needs before they can generate considerable contribution. Furthermore, AEON China was still in its investment stage. The opening of the shopping mall in Shunde, under AEON China, originally scheduled to open in the second half of 2006, will be postponed to the first half of 2007 due to construction delay. Under these circumstances, the Group's PRC operations recorded HK\$2 million in profit before tax for the period (2005: loss HK\$2 million).

During the review period, staff cost against turnover was up from 8.2% to 8.4% while rental cost against turnover fell from 8.0% to 7.9%.

BUSINESS REVIEW (continued)

The Group maintained a stable net cash position with cash and bank balance of HK\$1,124 million as at 30 June 2006 (31 December 2005: HK\$1,042 million) and short-term bank borrowings remained HK\$14 million (31 December 2005: HK\$14 million). The borrowings were denominated in Renminbi and bearing interest at 4.86% per annum.

Capital expenditure during the period amounted to HK\$29 million, which was used for renovation of existing store and opening of new stores. The Group will continue to finance capital expenditure by internal resources and short-term borrowings.

Exchange rate fluctuations had no material impact on the Group as less than 5% of its total purchases were settled in foreign currencies.

PROSPECTS

Hong Kong Operations

The Group is cautiously optimistic about the Hong Kong economy and expects it to grow steadily, not barring the negative impact of increasing rental costs on the retail market. The Group opened its second JUSCO Supermarket in Lam Tin in early September 2006 and will open one more in Tokwawan by mid-2007. Putting JUSCO Supermarket in highly populated residential areas or commercial districts not covered by its GMS network is part of the Group's business development strategy. The emphasis is on selling fresh food of superior quality and providing wide selections to satisfy food lovers.

Moreover, the Group opened one JUSCO \$10 Plaza in Fanling in August and a new one will be opened in Shamshuipo by the end of September 2006. To strengthen the Group's retail network, we will continue to look for suitable locations to open more GMS, JUSCO \$10 Plaza and independent supermarkets.

PROSPECTS (continued)

PRC Operations

The Group expects the economy in South China to continue to prosper, which will benefit our existing stores and new stores. To capture the lucrative opportunities ahead, AEON China will open a shopping mall in Shunde, Guangdong Province in the first half of 2007. The Group will continue to increase retail outlets when we can identify suitable locations.

HUMAN RESOURCES

As at 30 June 2006, the Group employed about 3,900 full-time and 2,800 part-time staff in Hong Kong and the PRC. The Group remunerates its employees based on their performance, experience and prevailing industry practice. Committed to providing quality service to our customers, we will continue to invest resources in enhancing staff quality and knowledge, and foster among employees a sense of loyalty to the Group.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2006, the interests of the directors and their associates in the shares of the Company and its associated corporations, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

DIRECTORS' INTERESTS IN SHARES (continued)

(a) The Company

Name of directors	Number of ordinary shares held as personal interests	Approximate percentage of the issued share capital of the Company
		%
LAM Man Tin	20,000	0.008
Yutaka FUKUMOTO	70,000	0.027
WONG Mun Yu	18,000	0.007
Akihito TANAKA	50,000	0.019
Tatsuichi YAMAGUCHI	22,000	0.008
LAM PEI Peggy	200,000	0.077

(b) AEON Co., Ltd., the Company's ultimate holding company

Name of directors	Number of shares held		Total	Approximate percentage of interest
	Personal interests	Family interests		
				%
Toshiji TOKIWA	17,700	–	17,700	0.0024
Akihito TANAKA	13,900	–	13,900	0.0019
Tatsuichi YAMAGUCHI	24,000	–	24,000	0.0033

DIRECTORS' INTERESTS IN SHARES (continued)**(c) Other associated corporations**

	Toshiji TOKIWA		Akihito TANAKA	
	Number of shares	Approximate percentage of interest %	Number of shares	Approximate percentage of interest %
ACS Credit Management Co., Ltd.	10	0.083	–	–
AEON Credit Service (M) Sdn. Bhd.	20,000	0.167	–	–
AEON Fantasy Co., Ltd.	–	–	3,194	0.021
AEON Thana Sinsap (Thailand) Plc.	500,000	0.200	20,000	0.008
Aeonmall Co., Ltd.	–	–	2,000	0.003
AEON CO. (M) BHD	–	–	300,000	0.017
Maxvalu Tokai Co., Ltd.	7,500	0.043	–	–
Ryukyu JUSCO Co., Ltd.	–	–	100	0.018
Zwei Co., Ltd.	1,000	0.026	–	–

All the shares held are personal interests.

Other than as disclosed above, at 30 June 2006, none of the directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares and convertible bonds of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2006, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company were as follows:

Name of substantial shareholders	Long Positions Number of shares	Approximate percentage of the issued share capital %
AEON Co., Ltd.	186,276,000 (Note 1)	71.64
Aberdeen Asset Management Plc and its Associates (together "the Aberdeen Group") on behalf of Accounts managed by the Aberdeen Group	23,410,000 (Note 2)	9.00
Commonwealth Bank of Australia	13,532,000 (Note 3)	5.20

SUBSTANTIAL SHAREHOLDERS (continued)

Note 1: These shares are held as to 177,500,000 shares by AEON Co., Ltd., 7,000,000 shares by AEON (U.S.A.), Inc., and 1,776,000 shares by ACS.

AEON (U.S.A.), Inc. is a wholly-owned subsidiary of AEON Co., Ltd. and AEON Co. Ltd. is deemed to be interested in the 7,000,000 shares owned by AEON (U.S.A.), Inc.

ACS is owned by AEON Co., Ltd., AEON Credit Service Co., Ltd. and the Company as to 55,990,000 shares representing 13.37%, 217,514,000 shares representing 51.94%, and 3,784,000 shares representing 0.90% respectively of the issued share capital of ACS.

By virtue of its ownership of 45.277% and 71.64% of the issued share capital of AEON Credit Service Co., Ltd. and the Company respectively, AEON Co., Ltd. is deemed to be interested in the 1,776,000 shares owned by ACS.

Note 2: These shares are held by Aberdeen Asset Management Plc and its Associates (together "the Aberdeen Group") on behalf of Accounts managed by the Aberdeen Group in the capacity of an investment manager.

Note 3: These shares are held as to 12,532,000 shares by First State Investments (Hong Kong) Limited ("FSIHK") and 3,319,000 shares by First State Investment Management (UK) Limited ("FSIUK") of which shares 2,319,000 shares are jointly held by FSIHK and FSIUK, in their capacity of investment managers. Both FSIHK and FSIUK are indirect wholly owned subsidiaries of Commonwealth Bank of Australia.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as at 30 June 2006.

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

During the six months ended 30 June 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied throughout the six months ended 30 June 2006 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

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

The Audit Committee of the Company has reviewed the unaudited interim results for the six months ended 30 June 2006 with management.

By Order of the Board
LAM Man Tin
Managing Director

Hong Kong, 15 September 2006