SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED
蜆殼電器工業(集團)有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00081)

INTERIM RESULTS FOR 2007

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 2007 amounted to HK$169,020,000. Earnings per share were HK$0.3216.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30th June, 2007

		Six months ended 30th June,	
		2007	2006
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Revenue	*(3)*	**1,363,920**	789,489
Cost of sales		**(1,204,583)**	(655,291)
Gross profit		**159,337**	134,198
Other income		**20,964**	37,599
Distribution and selling expenses		**(22,147)**	(19,934)
Administrative expenses		**(97,521)**	(87,137)
Other operating expenses		**(13,965)**	(16,027)
Other gains/(losses)			
Loss on disposal of investment properties		**–**	(27)
Loss on disposal of a subsidiary		**(3,955)**	–
Fair value gain on investment properties		**26,743**	13,717
Fair value loss on share-based payment		**–**	(1,000)
Fair value gain on investments held for trading		**27,250**	13,571
Reversal of impairment of financial assets		**21,008**	–
Revaluation deficit on property, plant and equipment		**–**	(296)
Impairment losses on goodwill		**–**	(1,473)
Others		**91**	(2,577)
Operating profit	*(4)*	**117,805**	70,614

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

		Six months ended 30th June,	
		2007	2006
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Finance costs		**(21,413)**	(18,336)
Share of results of associates		**33,324**	20,528
Share of results of jointly controlled entities		**5,006**	(48,000)
Excess of interest in fair value of identifiable net assets of a jointly controlled entity acquired		**–**	1,559
Gain on disposal of an associate		**45,913**	–
Profit before income tax		**180,635**	26,365
Income tax expense	*(5)*	**(4,540)**	(11,755)
Profit for the period		**176,095**	14,610
Attributable to:			
Equity holders of the Company		**169,020**	41,980
Minority interests		**7,075**	(27,370)
		176,095	14,610
Dividends	*(6)*	**42,039**	20,019
		HK Cents	*HK Cents*
Earnings per share	*(7)*		
– Basic		**32.16**	8.39
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2007

	NOTES	30th June, 2007 (Unaudited) HK$'000	31st December, 2006 (Audited) HK$'000
Non-current assets			
Investment properties		**786,983**	708,118
Property, plant and equipment		**149,521**	139,024
Prepaid lease rental on land		**16,910**	16,621
Goodwill		**73,342**	66,643
Other intangible assets		**223,873**	219,100
Interests in associates		**480,496**	454,357
Interests in jointly controlled entities		**41,516**	377,189
Available-for-sale financial assets		**2,920**	2,920
Loans receivable		**–**	1,831
Other receivable		**143**	502
Deposit paid for acquisition of investment		**87,635**	10,139
		1,863,339	1,996,444
Current assets			
Inventories of properties		**4,370,139**	1,946,909
Other inventories		**94,692**	99,266
Trade and other receivables	*(8)*	**829,212**	471,021
Prepaid lease rental on land		**402**	390
Loans receivable		**3,352**	17,787
Amounts due from associates		**853**	1,075
Amounts due from jointly controlled entities		**186,891**	240,349
Amounts due from investees		**1,992**	12,013
Amount due from a related party		**–**	44,203
Investments held for trading		**100,573**	187,952
Tax prepaid		**47,433**	–
Derivative financial instruments		**237**	1,292
Pledged deposits		**200,866**	–
Restricted cash and cash equivalents		**236,028**	–
Cash and cash equivalents		**862,557**	488,753
		6,935,227	3,511,010
Assets classified as held for sales		**351,448**	156,504
		7,286,675	3,667,514

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

	NOTES	**30th June, 2007 (Unaudited)** *HK$'000*	31st December, 2006 (Audited) *HK$'000*
Current liabilities			
Trade and other payables	*(8)*	**1,795,933**	915,669
Sales deposits received		**1,901,154**	433,230
Amount due to an associate		**–**	101
Amounts due to jointly controlled entities		**7,749**	302,576
Consideration payable on acquisition of a jointly controlled entity		**5,131**	4,977
Amounts due to minority shareholders		**342,644**	50,760
Provisions		**99,755**	23,478
Taxation liabilities		**88,347**	88,421
Bank borrowings		**974,414**	832,434
		5,215,127	2,651,646
Net current assets		**2,071,548**	1,015,868
Total assets less current liabilities		**3,934,887**	3,012,312
Capital and reserves			
Share capital		**262,742**	262,742
Share premium and reserves		**2,485,497**	2,180,789
Equity attributable to equity holders of the Company		**2,748,239**	2,443,531
Minority interests		**562,539**	270,762
Total equity		**3,310,778**	2,714,293
Non-current liabilities			
Bank borrowings		**186,093**	106,576
Loan from a minority shareholder		**2,804**	2,639
Deferred tax liabilities		**435,212**	188,804
		624,109	298,019
		3,934,887	3,012,312

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2007 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "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, 2006.

2. Principal Accounting Policies

The Interim Financial Statements have been prepared under the historical cost basis except for certain properties, financial assets and financial liabilities, which are measured at fair values 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, 2006 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRSs") issued and became effective in the current interim period as described below:

2.1 Impact of new and revised HKFRSs which are effective in the current interim period

In the current interim period, the Group has adopted, for the first time, all the new and revised HKFRSs which are effective for annual periods beginning on or after 1st January, 2007. The adoption of the new and revised HKFRSs did not result in significant changes in the Group's accounting policies and had no significant financial impact on the current or the prior accounting periods.

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

The following are new and revised HKFRSs which are issued but not yet effective in the current interim period:

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

[1] Effective for annual periods beginning on or after 1st January, 2009
[2] Effective for annual periods beginning on or after 1st March, 2007
[3] Effective for annual periods beginning on or after 1st January, 2008

The Group has not early adopted the above HKFRSs. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

3. Revenue and Segment Information

The Group's revenue and segment results analysed by business are as follows:

	Revenue Six months ended 30th June,		**Segment results Six months ended 30th June,**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Manufacturing and marketing of electric fans, vacuum cleaners and other electrical household appliances, and EMS business	**702,455**	712,567	**41,715**	40,886
Manufacturing and trading of electric cables	**14,139**	15,863	**1,194**	3,167
Property leasing	**39,575**	36,780	**56,872**	42,050
Property investment and development	**582,796**	7,320	**(7,131)**	(4,174)
Taxi rental operation	**10,266**	8,088	**8,791**	7,344
Trading of securities	**–**	–	**26,155**	15,021
Development and trading of computer hardware and software	**7,188**	8,871	**(14,340)**	(24,814)
Direct investments	**–**	–	**20,995**	(2,209)
Others	**7,501**	–	**6,924**	–
	1,363,920	789,489	**141,175**	77,271
Unallocated corporate expenses, net			**(31,730)**	(22,519)
Interest income			**8,360**	15,862
			117,805	70,614
Finance costs			**(21,413)**	(18,336)
Share of results of associates*			**33,324**	20,528
Share of results of jointly controlled entities#			**5,006**	(48,000)
Excess of interest in fair value of identifiable net assets of a jointly controlled entity acquired			**–**	1,559
Gain on disposal of an associate			**45,913**	–
Profit before income tax			**180,635**	26,365
Income tax expense			**(4,540)**	(11,755)
Profit for the period			**176,095**	14,610

* belongs to the segment of "Property leasing"

\# belongs to the segment of "Property investment and development"

NOTES TO FINANCIAL STATEMENTS *(Continued)*

The Group's revenue analysed by geographical markets is as follow:

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong	**12,172**	10,823
Other regions of the People's Republic of China (the "PRC")	**923,129**	220,206
North America	**256,237**	418,965
Europe	**73,078**	52,940
Asia, other than the PRC	**35,805**	34,033
Others	**63,499**	52,522
	1,363,920	789,489

4. Operating Profit

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Operating profit is arrived at after charging:		
Depreciation of property, plant and equipment	**8,104**	7,379
Amortisation	**2,277**	2,148

5. Income Tax Expense

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Income tax expenses comprise:		
Current tax:		
Hong Kong	**6,929**	4,041
Other regions of the PRC	**29,120**	10
	36,049	4,051
Under provision in prior years:		
Hong Kong	**506**	5,502
Other regions of the PRC	**30**	–
	536	5,502
Deferred tax	**(32,045)**	2,202
	4,540	11,755

Hong Kong Profits Tax is calculated at 17.5% (six months ended 30th June, 2006: 17.5%) of the estimated assessable profit for the period. Income tax arising from other regions of the PRC is calculated at 15%–33% (six months ended 30th June, 2006: 15%–33%) of the estimated assessable profit.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

On 16th March, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law"). The New EIT Law introduces a wide range of changes which include, but are not limited to, the unification of the Enterprise Income Tax (the "EIT") rate for domestic and foreign investment enterprises at a rate of 25%. This change in the EIT rate will directly affect the Group's effective tax rate prospectively from 2008. As a result of the New EIT Law, the carrying value of deferred tax liabilities has been reduced by approximately HK$8,000,000 which is recognised in condensed consolidated income statement of the current interim period.

6. Dividends

On 19th September, 2007, the directors declared an interim dividend of HK$0.08 (six months ended 30th June, 2006: HK$0.04) per share, amounting to HK$42,039,000 (six months ended 30th June, 2006: HK$20,019,000), to be paid to the shareholders of the Company whose names appear in the Register of Members on Friday, 12th October, 2007.

During the period, a dividend of HK$0.08 (six months ended 30th June, 2006: HK$0.08) per share, amounting to HK$42,039,000 (six months ended 30th June, 2006: HK$40,039,000) was paid to shareholders as the final dividend for the immediate preceding financial year end.

7. Earnings Per Share

The calculation of the basic earnings per share is based on the profit for the period attributable to the equity holders of the Company of HK$169,020,000 (six months ended 30th June, 2006: HK$41,980,000) and the weighted average number of ordinary shares of 525,485,000 (six months ended 30th June, 2006: 500,485,000) in issue during the period.

No diluted earnings per share has been presented as the options of the Company's subsidiaries outstanding for the periods ended 30th June, 2007 and 2006 were anti-dilutive to the Group's earnings per share.

8. Trade and Other Receivables/Trade and Other Payables

The aged analysis of trade receivables and trade payables as at balance sheet date are as follows:

	Trade Receivables		**Trade Payables**	
	30th June, 2007	31st December, 2006	**30th June, 2007**	31st December, 2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current	**177,651**	93,037	**1,115,068**	52,887
31 – 60 days	**69,080**	53,355	**44,536**	352,060
61 – 90 days	**20,642**	8,879	**35,147**	21,722
91 – 180 days	**5,862**	4,051	**11,133**	5,431
181 – 360 days	**998**	978	**9,451**	9,731
Over 360 days	**904**	605	**101,110**	130,756
	275,137	160,905	**1,316,445**	572,587

The Group maintains a defined credit policy of trade receivables. 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 credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary from different agreements.

INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30th June, 2007 of HK$0.08 per share (six months ended 30th June, 2006: HK$0.04 per share) payable to shareholders whose names appear on the Register of Members of the Company on Friday, 12th October, 2007. Dividend warrants will be dispatched to shareholders on Wednesday, 17th October, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 10th October, 2007 to Friday, 12th October, 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all duly completed transfer forms together with the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 9th October, 2007.

BUSINESS REVIEW

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

During the period, profit margin for the Group's ceiling fan business improved compared to the prior year period. Sales in the North America markets were stable; the Middle East and Europe markets had increased while the Africa and Australia markets had declined. Due to the reduction in export tax rebate in China and the appreciation of Renminbi, results will be affected in the second half of the year. The Group will continue to develop new opportunities and control its costs to maintain competitiveness.

Performance of the table fan business division lagged behind the previous year. Due to increasing competition and the expiration of a long term agency agreement, this business will be gradually wound down in 2007 as planned to stop further losses.

With the added production of the new rechargeable work light product, the vacuum cleaner contract manufacturing division's sales increased over 70% compared to the first half of 2006. It is anticipated that the division's business will continue to grow steadily for the second half of the year.

Optics and Imaging

With new model additions, the laser scanner and fuser EMS business recorded continuous growth and the annual sales are projected to grow by 30% this year. Another new project for the paper handling option is under development; there will be nine models in its first phase and volume production is expected to start in the middle of 2008. Furthermore, an advanced production control system called "Cell Manufacturing" has been implemented. This system is expected to increase production efficiency considerably and reduce costs.

Electric Wire and Cable

The Group's 98% owned Guangdong Macro Cable Company reported a 10% decline in sales in the period under review due to changes in copper prices. For the second half of the year, both copper prices and the company's business are expected to be stable.

Taxi Operation

The Group completed the acquisition of the remaining 5% interest and now owns 100% of this taxi company as of June, 2007. Under the new guidance from the Guangzhou municipal government transportation authority, the company is adopting a new operating model that will gradually switch from a lease-to-own model to a rental model for taxi drivers. The Guangzhou economy remains robust and the company's income is expected to remain stable.

Real Estate Investment & Development

Rental income from the CITIC Plaza commercial offices were steady during the period under review. With the opening of the subway station exit connected to CITIC Plaza, the retail spaces are fully let with increased renewal rent to provide a satisfactory income. The Group continues to take advantage of strong market demands for high end office properties in Guangzhou and will capture profit opportunity through the sale of certain CITIC Plaza office units.

The long term lease for the hi-tech manufacturing facility in Shenzhen continues to provide stable rental contribution to the Group. The Group is in discussion with the current tenant and other parties on a prospective plan for an expansion phase development.

The rental of the Group's office property complex in Livermore, California was stable during the period under review. The management is considering to seek qualified buyers by tender.

The Group had a 20% interest in a Guangzhou property development project comprising a 5 star hotel, office and retail facilities with a total GFA of about 127,000 m^2. A conditional sales and purchase agreement for the sale of the 20% interest was signed on 2nd March, 2007. The sale was completed in May 2007 and cash proceeds of HK$177 million were received.

The Group owns 70% interest in China Everbright Real Estate Development Limited ("EBRE") and a review of the company's major projects as follows:

EBRE owns 100% interest in the EverBright World Center development located in Beijing. The project comprises of three commercial towers with a total GFA of about 147,000 m^2 (saleable/leaseable GFA* of about 130,000 m^2) and occupancy has commenced. Two of the towers in the project were sold and the revenue will be recognized in 2007. Leasing has commenced for the remaining office tower with 58,000 m^2 of saleable/leasable GFA*. EBRE's office will occupy five thousand square meters and has moved into the tower in August.

To facilitate management under consolidated interests, EBRE has purchased the 8% equity interest in the Guangzhou EverBright Garden project company previously held by the Group and increased its equity interest from 50% to 58%. Construction of Phase E of this residential property development comprising total GFA of about 250,000 m^2 (saleable/leaseable GFA* of about 240,000 m^2) has been substantially completed; about 85% of the units have been pre-sold and occupancy delivery has commenced in August 2007. Building design for Phase F2 of the development with a total GFA of about 390,000 m^2 (saleable/leaseable GFA* of about 350,000 m^2) is underway.

EBRE holds 100% interest in EverBright International Plaza in Heifei; the project comprises of a total GFA of about 100,000 m^2 (saleable/leaseable GFA* of about 94,000 m^2) and all structural construction has been completed. The commercial building with saleable GFA of about 36,000 m^2 is planned for a lot sale and over half of the remaining integrated use property complex has been sold.

Real Estate Investment & Development *(Continued)*

EBRE owns 65% interest in an R&D office project in the ZhangJiang High-tech Zone in Pudong, Shanghai. The project comprises of a total GFA of about 17,000 m^2 (saleable/leaseable GFA of about 11,000 m^2) and will be ready for occupancy in the third quarter. About 40% of the space has been pre-leased.

EBRE owns 45.9% of a commercial and residential development project located in Haidian district in Beijing with a total GFA of about 115,000 m^2 (saleable/leaseable GFA* of about 105,000 m^2) and maintains intention to increase its interest to 51%. Construction started at the end of 2006 with scheduled completion in mid-2008. Pre-sale for the residential units has started and the commercial property pre-sale is tentatively planned for 2008.

EBRE owns 100% interest in a residential and retail shopping mall development project located in Haizhu district in Guangzhou. The land parcel is directly connected to an inter-change station of the Guangzhou – Foshan light rail line and the Guangzhou extended #2 subway line. This will provide the development with superior shopper traffic flow advantage upon completion. The total GFA is approximately 205,000 m^2 (saleable/leaseable GFA* of about 200,000 m^2); the initial design of the project has been approved. Construction is expected to commence in early 2008 with completion in 2009.

EBRE has increased the attributable interest in the Guilin project to 54.04%. The project is located next to the Guilin city ring road and along the highway connecting Guilin and Yangshuo; traffic access is expected to further enhance when the new Guilin city ring road highway completes at the end of the year. Land use rights for 343,000 m^2 has been obtained and greenery and leisure facilities are being planned to prepare the site for a resort and residential property development.

The primary land development project in Hohhot, Inner Mongolia where EBRE owns 80% interest has obtained government permission to commence work on a land parcel of about 975 mu (about 650,000 m^2). After the completion of relocation and infrastructure construction, the resultant saleable land parcel will be auctioned off. Development permission for the remaining 8,625 mu (about 5,750,000 m^2) of land for primary land development is anticipated to be granted over multiple years and stable development income will be generated.

EBRE holds 50% interest in an exhibition centre development project company in Guangzhou and there were disputes between the two shareholders. For the best interest of the Group, EBRE has entered into a settlement agreement to dispose of its 50% interest to the other shareholder for a total consideration of RMB545 million.

During the year, EBRE has acquired interests in two new projects. The project in the northern suburb of Beijing is a low density residential development and comprises of total GFA of about 200,000 m^2 (saleable/leaseable GFA of about 165,000 m^2); the project is anticipated to be completed in 2009. EBRE currently owns 70% interest in the project and will increase to 90% interest on further payment tranches under the agreement. The other project is a residential development with estimated land area of about 67,000 m^2 and total GFA of about 137,000 m^2 (saleable/leaseable GFA* of about 130,000 m^2) located in Laoshan Region in Qingdao. EBRE purchased 70% interest in this project and pre-sale is anticipated to commence in 2009.

* *Saleable/leaseable area includes carpark area.*

Technology Investment Projects

Internet Automatic Web Migration Software for Enterprises

Following the re-structuring of this operation earlier in the year, the Group now owns 50% interest of the new streamlined organization. Business is gradually improving and the continuous losses for the past five years have reduced. A stable recurring revenue stream and a cost reduction structure have contributed to a better operation. The company plans to increase its revenue by marketing its Web Migration Software for development of new Web applications under the joint Sybase® and Appeon® brand. It will also leverage its existing global customers base to market new IT services and products.

Computing and Data Storage System

During the first half of 2007, Galactic Computing has a smaller loss compared to the same period last year. The company currently offers three major product series: data storage systems, enterprise servers, super-computing products and associated software. It is also developing data storage solutions targeting mid-range customers to increase market penetration and explore new markets. Revenue for the first seven months of 2007 has exceeded the 2006 full year total and the company expects further improvement with break even results by the end of 2007.

System Integration and Software Development

MDCL-Frontline (China) Limited in which the Group owns 26.66% continues to develop its current business and maintains stable income.

Electronic Integrated Rectifier Chips

The asset sale by APD was completed in November 2006 and the liquidation distribution process followed immediately. Up to June 2007, the Group has already received US$4.7 million. The sale also involved deferred payments based on revenue earn-outs for 2007 and 2008. If these earn outs are realized, the Group will receive further liquidation distributions from this company.

Financial Investment

For the six months ended 30th June, 2007, the Group's financial investment activities recorded profit of approximately HK$26,155,000 and the market value of the Group's financial investment holdings amounted to about HK$100,569,000.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue for the Group during the six months ended 30th June, 2007 reached HK$1,363,920,000 representing an increase of HK$574,431,000 or 72.76% compared to HK$789,489,000 for the corresponding period last year. Completion of the sales of Tower II of the EverBright World Center located in Beijing that took place during the period under review accounted for most of the sharp increase in the Group's revenue.

Profit attributable to equity holders for the period ended 30th June, 2007 surged to HK$169,020,000 from HK$41,980,000 representing an increase of HK$127,040,000 or 303% over the corresponding period in 2006. The increase was mainly attributable to (i) a gain on disposal of an associated company of approximately HK$46 million; (ii) a recoupment of a direct investment previously written down amounting to HK$21 million; (iii) an increase in fair value gain totalling approximately HK$25 million on certain investment properties within the Group and (iv) an increase in profits from investment in securities totalling approximately HK$14 million.

Financial Resources and Liquidity

The Group's financial position remained strong with its financial resources and liquidity position consistently maintained in a healthy state throughout the period under review. Other than the upsurge in receiving orders in the EMS business for the first half of 2007 partly offset by the pull-out of a major customer for the Table Fan division as from 1st July, 2006, there was no material change in the timing orders were secured which might give rise to volatility of the sales.

During the period under review, six bank loans were put in place totalling RMB516,000,000 to finance the Group's property development projects in the PRC.

On 26th April, 2007, the Group entered into a subscription agreement with certain independent third parties to subscribe for certain convertible and non-convertible notes in an aggregate principal amount of S$17 million (approximately HK$87.6 million). Details of this transaction are set out in the Circular to shareholders dated 25th January, 2007.

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$13,878,000 and RMB456,000,000 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, 2006.

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, 2007, the Group recorded a gearing ratio, expressed as a percentage of total bank borrowings net of cash to shareholders' funds, of 14.48% (31st December, 2006: 18.4%).

Significant Acquisitions and Disposals

On 2nd March, 2007, the Group entered into a sales and purchases agreement in relation to a 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 approximately HK$177,300,000. Details of this disposal are set out in the Circular to shareholders dated 28th March, 2007.

On 24th April, 2007, the Group entered into a sales and purchases agreement in relation to a disposal of its 50% interest in Guangzhou City Huan Bo Exhibition Company Limited at a consideration of approximately RMB545 million. Completion is expected to take place on or about January 2008. Details of this disposal are set out in the Circular to shareholders dated 30th May, 2007.

On 21st May, 2007, the Group entered into a co-operation agreement with certain independent third parties to acquire 90% equity interest in Beijing Huashiboili Property Development Limited ("Huashiboli") at a consideration of around RMB630 million. Huashiboli is the holder of the right to develop a piece of land located in Beijing, PRC for residential and commercial purpose. Details of this acquisition are set out in the Circular to shareholders despatched on 31st August, 2007.

On 2nd August, 2007, the Group entered into a co-operation agreement with an independent third party to acquire 70% equity interest in Qingdao Yijing Real Estate Development Limited ("Qingdao Yijing") for a consideration totalling RMB560 million. Qingdao Yijing is the holder of the right to develop a piece of land located in Qingdao, PRC, for residential purpose. Details of this acquisition are set out in the Circular to shareholders dated 13th September, 2007.

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, 2006.

Capital Expenditure and Charges on Assets

The Group had a total capital expenditure amounting to HK$13,840,000 during the period under review.

Based on certain real estate in Mainland China, the Group secured four mortgage loans totalling RMB259,000,000 from certain PRC banks 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, 2007 compared to the position as at 31st December, 2006.

Employees

As at 30th June, 2007, the Group has approximately 2,650 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 4,250 people.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. Detailed disclosure of the Company's corporate governance report is available in the 2006 Annual Report.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2007 except for the following deviations:

Code Provision A.2.1

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 Group Chairman and the Chief Executive 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

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.

Mr. Billy K Yung is the brother of Mr. Simon Yung Kwok Choi. Both of them are the sons of Madam Yung Ho Wun Ching. Save as disclosed above, during the period, none of the other directors has or maintained any financial, business, family or other material, relevant relationship with any of the other directors.

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.

(a) On 21st May, 2007, an indirectly owned subsidiary of the Company entered into a co-operation agreement with certain independent third parties to acquire 90% equity interest in Beijing Huashiboli Property Development Limited for a total consideration of RMB630,000,000 (the "Acquisition of Huashiboli").

(b) On 2nd August, 2007, an indirectly owned subsidiary of the Company entered into a co-operation agreement with an independent third party to acquire 70% equity interest in Qingdao Yijing Real Estate Development Limited for a total consideration of RMB560,000,000 (the "Acquisition of Qingdao Yijing").

The above acquisitions of subsidiaries constitute discloseable transactions for the Company under Rule 14.06(2) of the Listing Rules. Delays in the gathering of the relevant information from parties concerned, the time lags in the communication between the Group's staff in the PRC and in Hong Kong have caused the Company not to be in a position to make an informed announcements of the transactions contemplated under the relevant co-operation agreements until such information are obtained. The Company's board of directors, however, has ratified and announced on 15th August, 2007 the transaction contemplated under the Acquisition of Huashiboli. The Company's board of directors has ratified on 24th August, 2007 and announced on 27th August, 2007 the transaction contemplated under the Acquisition of Qingdao Yijing.

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 six months ended 30th June, 2007.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made 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 throughout the six months ended 30th June, 2007.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the management and the auditors of the company the accounting principles and practices adopted by the Group and discussed the unaudited Interim Financial Statements for the six months ended 30th June, 2007.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.smc.com.hk) and Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) under the section "Latest Listed Company Information". The 2007 interim report will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
BILLY K YUNG
Group Chairman and Chief Executive

Hong Kong, 19th September, 2007

As at the date of this announcement, the Board comprises Mr. Billy K YUNG, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah and Mr. Eddie HURIP as executive directors, Mr. Simon YUNG Kwok Choi as non-executive director and Dr. Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Mr. Peter WONG Chung On and Mr. Peter LAM as independent non-executive directors.