

For the six months ended 31st December, 2000

1. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The interim report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” (“SSAP 25”) issued by the Hong Kong Society of Accountants, except that comparative figures are not presented for the statement of recognised gains and losses and for the cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1st July, 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended 30th June, 2000. And certain comparative figures have been reclassified to conform with the current basis of presentation.

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2. TURNOVER

The Group's turnover and contribution to profit from operations for the six months ended 31st December, 2000 analysed by principal activity and geographical markets are as follows:

	Turnover		Contribution to profit from operations	
	Unaudited			
	Six months ended 31st December,			
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other region in the People's Republic of China ("PRC");				
Property sales	203,522	159,190	12,693	12,606
Port operation and rental income	4,736	1,926	643	(141)
Interest income	784	—	784	—
Hong Kong Special Administrative Region ("Hong Kong");				
Property rental	15,247	19,353	7,454	10,513
Interest income	261	284	261	284
	<u>224,550</u>	<u>180,753</u>	<u>21,835</u>	<u>23,262</u>



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3. DEPRECIATION AND AMORTISATION

During the period, depreciation of about HK\$100,000 (1999: about HK\$200,000) was charged to the income statement in respect of the Group’s property, plant and equipment; and amortisation of about HK\$571,000 (1999: about HK\$600,000) was charged to the income statement in respect of the Group’s goodwill arising on consolidation.

4. TAXATION

	Unaudited	
	Six months ended	
	31st December,	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
The tax charge comprises:		
PRC Income Tax	4,309	—
Share of taxation of an associated company in the PRC	<u>—</u>	<u>63</u>
	<u>4,309</u>	<u>63</u>

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for 2000. No Hong Kong Profits Tax was payable in 1999 since the assessable profit was wholly absorbed by the tax relief brought forward.

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the PRC.



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5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of HK\$12,444,000 (1999: HK\$21,162,000) and on the weighted average number of 219,103,681 (1999: 219,103,681) ordinary shares in issue throughout the period.

No diluted earnings per share is shown as there is no dilutive effect on the earnings per share.

6. DEBTORS, DEPOSITS AND PREPAYMENTS

At 31st December, 2000, the balance of debtors, deposits and prepayments included trade debtors of HK\$70,449,000. The aging analysis of trade debtors at the reporting date is as follows:

	Unaudited At 31st December, 2000 HK\$'000
0-60 days	62,217
61-90 days	592
> 90 days	<u>7,640</u>
	<u>70,449</u>

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7. CREDITORS AND ACCRUED CHARGES

At 31st December, 2000, the balance of creditors and accrued charges included trade creditors of HK\$103,025,000. The aging analysis of trade creditors at the reporting date is as follows:

	Unaudited At 31st December, 2000 HK\$'000
0-60 days	5,866
61-90 days	11,225
> 90 days	<u>85,934</u>
	<u>103,025</u>

8. SHARE CAPITAL

	Number of Shares		Share Capital	
	Unaudited At 31st December, 2000	Audited At 30th June, 2000	Unaudited At 31st December, 2000 HK\$'000	Audited At 30th June, 2000 HK\$'000
Ordinary shares of HK\$1.00 each				
Authorised	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000</u>	<u>300,000</u>
Issued	<u>219,103,681</u>	<u>219,103,681</u>	<u>219,104</u>	<u>219,104</u>

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9. RESERVES

	Investment property revaluation reserve <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Reserve on consolidation <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP									
At 30th June, 2000									
(audited)	—	426,608	55,018	6,653	1,644	(3,701)	448	75,719	562,389
Exchange adjustment	—	—	—	—	—	429	—	—	429
Profit for the period	—	—	—	—	—	—	—	12,444	12,444
Distribution	—	—	—	—	—	—	—	(4,382)	(4,382)
At 31st December, 2000									
(unaudited)	—	426,608	55,018	6,653	1,644	(3,272)	448	83,781	570,880

10. BANK BORROWINGS

	Unaudited At 31st December, 2000 <i>HK\$'000</i>	Audited At 30th June, 2000 <i>HK\$'000</i>
Bank borrowings, secured	<u>216,471</u>	<u>260,259</u>
The bank borrowings are repayable as follows:		
Within one year or on demand	19,325	58,333
More than one year, but not exceeding two years	16,250	77,350
More than two years, but not exceeding five years	<u>180,896</u>	<u>124,576</u>
	216,471	260,259
Less: Amount shown under current liabilities		
Bank borrowings — due within one year and bank overdrafts (secured)	<u>(19,325)</u>	<u>(58,333)</u>
Amount due after one year	<u>197,146</u>	<u>201,926</u>



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11. CONTINGENT LIABILITIES

	The Company	
	Unaudited	Audited
	At 31st	At 30th
	December,	June,
	2000	2000
	HK\$'000	HK\$'000
Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries	<u>229,797</u>	<u>271,949</u>

12. CAPITAL COMMITMENTS

	Unaudited	Audited
	At 31st	At 30th
	December,	June,
	2000	2000
	HK'000	HK'000
Capital expenditure contracted for but not provided in the financial statements — construction and other fees to be paid in respect of properties under development	<u>162,585</u>	<u>162,585</u>

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13. RELATED PARTY TRANSACTIONS

During the period, the Group has entered into the following transactions with related parties in which certain directors have common significant influence:

	Unaudited	
	Six months ended	
	31st December,	
	2000	1999
	HK\$'000	HK\$'000
Rental income received (<i>note 1</i>)	169	328
Rental and management fees paid (<i>note 1</i>)	550	763
Consultancy service fees paid (<i>note 1</i>)	492	492

The outstanding balances with these related parties at 31st December, 2000 are as follows:

	Unaudited	Audited
	At 31st	At 30th
	December,	June,
	2000	2000
	HK\$'000	HK\$'000
Amounts due from related parties included in debtors, deposits and prepayments (<i>note 2</i>)	1,704	1,604
Amounts due to related parties included in creditors and accrued charges (<i>note 2</i>)	<u>1,328</u>	<u>1,099</u>

Notes:

1. *The transactions were carried out based on the contractual agreements made between both parties.*
2. *The amounts are unsecured, interest free and repayable on demand.*