

## **INTERIM DIVIDEND**

The Directors have declared an interim dividend of 1 cent per share for the year ending 31 December 2001 (2000: 1 cent) payable to shareholders registered on 27 September 2001. Dividend warrants will be posted to shareholders by 5 October 2001.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 25 September 2001 to 27 September 2001, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the interim dividend, shareholders are reminded to lodge their transfers not later than 4:00 p.m. on Monday, 24 September 2001 with Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results for the Period**

The Group recorded HK\$18 million turnover in the six months ended 30 June 2001, a 95% decrease as compared with the last corresponding period. The decrease was largely attributable to the decrease in sales of listed investments.

Loss attributable to shareholders was HK\$133 million, an increase of HK\$122 million as compared with loss of HK\$11 million in the last corresponding period. The increase was mainly due to the transfer of revaluation deficit from the long-term investment revaluation reserve to the profit and loss account upon impairment in value of listed investments and the decrease in profit from sales of listed investments.

### **Financial Resources and Liquidity**

The Group's total borrowings were HK\$468 million at the period end. All the borrowings will mature within one year after balance sheet date. The borrowings were mainly for the acquisition of the unconsolidated subsidiary Argent Holdings Limited ("Argent"). The Group has entered into an option agreement with a third party to dispose of Argent for a consideration of US\$112,094,845. The borrowings will be repaid upon disposal of Argent.

The Group's bank borrowings were in US dollars. With respect to the interest rate structure of the borrowings, the interest rates were at 1.75% and 1.5% above Singapore Inter-bank Offer Rate.

The gearing ratio of the Group was 34%. The computation is based on total borrowings of the Group divided by shareholders' funds as at 30 June 2001.

### **Charges on Group's Assets**

Certain investment properties, shares in Argent and certain listed shares held by the Group with a total net book value of approximately HK\$1,303 million have been pledged to banks to secure banking facilities granted to the Group.

The Group's shares in an associate have been pledged to banks as part of the security for bank loans granted to the associate. The Group has also subordinated and assigned to the bank its loan of approximately HK\$124 million to the associate.

### **Contingent Liabilities**

As at 30 June 2001, the Group had contingent liabilities of approximately HK\$41 million in respect of guarantee for banking facilities granted to an associate.

### **Significant Investments**

The Group had interests in Resorts World Berhad and Tan and Tan Developments Berhad, companies listed in Malaysia. The market value of the investments as at 30 June 2001 was HK\$275 million and HK\$95 million respectively.

During the period, market value of the listed shares decreased by HK\$5 million. An amount of HK\$146 million representing revaluation deficit mainly brought forward from previous years has also been transferred from the revaluation reserve account to the profit and loss account upon impairment in value of listed shares. No further transfer of significant revaluation deficit to the profit and loss account is expected.

### **Material Acquisitions and Disposals**

During the period the Group disposed of its long-term unlisted investments in Kiwi Profits Limited and Nanjing Huawei Real Estate Development Company Limited for total consideration of approximately HK\$35 million making a profit of approximately HK\$11 million. The consideration was satisfied by shares issued and allotted by New World China Land Limited.

### **Employees**

As at 30 June 2001, the Group's number of staff was 11. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.