



On 28 June 2001, 42,000,000 shares of the Company was placed to independent investors at a price of HK\$0.25 per share, representing approximately 3.92% of the existing issued share capital of the Company and approximately 3.77% of the enlarged issued share capital for general working capital. Since the top up placing WHL still remain the controlling shareholder of the Company holding approximately 38.45% of the issued capital of the Company and DIC Vendor still become the second largest shareholder of the Company holding approximately 24.08% of the issued share capital of the Company.

On 9 July 2001 the Company has entered into the Provisional Sales and Purchase Agreement to dispose of Thomson Road, Wanchai, Hong Kong which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Provisional Sales and Purchase Agreement referred to herein was dispatched to the shareholders of the Company on 1 August 2001. This disposal was completed on 10 September 2001.

As a result of the above transactions, there will be material changes in the balance sheet and financial resources and liquidity of the Group. In addition, the pledge of assets and contingent liabilities of the Group as disclosed above will be discharged or otherwise disposed. Further details of which were disclosed in the Company's circular dated 8 August 2001.

BUSINESS REVIEW

Results

For the six months ended 30 June 2001, the Group recorded a turnover of HK\$139,972,000, representing a decrease of 25% over the same period of last year. The decrease in turnover of the Group for the first half of the year was due to the intense competition in the PRC property market, which led to generally low prices of the Company's properties in the first half of the year. Moreover, most of the Group's projects under development had been under extended planning, leading to an increase in capital and management cost. There was also increased investment in hi-tech projects. Accordingly, the results for property development and investment were discouraging.

Sale of Property

For the six months ended 30 June 2001, sales revenue was primarily derived from four residential development projects, namely Suzhou Mei Zhi Guo, Fuzhou Tian Ci Liang Yuan, Shanghai Da Yun Sheng Cheng and Nanjing Sheng Shi Hua Ting.

Property Rental

The Group retained part of the office space, shopping malls and car parking spaces as a stable recurring rental income source. Rental income was mainly generated from the shopping mall and office space at Hong Kong Winsan Tower and shopping malls at Fuzhou Jia Sheng Plaza.



Review of TransOnline

TransOnline (華夏交通在線) hinges on "Freight Exchange Information System" and the "Integrated Logistics Solution". The former is the result of the five years' research by the Highway Research Institute of the Ministry of Communications, while the latter is still under research.

TransOnline is a highly specialized logistics and land transportation network system with distinct markets. It is a portal based on a central website. Its alliance websites comprise 45 major road hubs and nearly 300 secondary road hubs being established by the PRC Ministry of Communications.

Since its official launch on 12 August 2000, the Group has signed service agreements with 60 alliances and 17 special support units which cover over 25 provinces, 90 medium to large cities and 30 out of 45 major road hubs in the PRC for the establishment of this network system.

Financial Resources and Liquidity (Please refer to the "Subsequent Events" note above)

The Group's property development activities have been financed by short-term revolving bank borrowings and proceeds from sale/pre-sale of completed properties/ properties under development for sale. As at 30 June 2001, the Group had bank and cash balances amounting to HK\$207,495,000 (31 December 2000: HK\$197,860,000), of which HK\$113,058,000 (31 December 2000: HK\$92,686,000) had been pledged to secure bank borrowings of the Group.

The Group's aggregate borrowings amounted to HK\$840,997,000 (31 December 2000: HK\$809,418,000). The ratio of total borrowings to total assets was 47% (31 December 2000: 44%). The current ratio, being current assets over current liabilities, amounted to 151% (31 December 2000: 158%), which is considered as sound.

Subsequent to 30 June 2001, the Group entered into a number of subsequent events (see the "Subsequent Events" note above). The Group's borrowings as at 30 June 2001 would have been reduced to HK\$41,131,000 should all of the relevant subsequent events be completed on 30 June 2001.

With the proceeds from the existing operations and the continuing support of banks, the management believes that the Group has adequate resources for its ongoing operations.

Pledge of Assets (please refer to the "Subsequent Events" note above)

As at 30 June 2001, approximately HK\$562,838,000 (31 December 2000: HK\$543,078,000) of the Group's properties in Hong Kong and the PRC and HK\$113,058,000 (31 December 2000: HK\$92,686,000) of the Group's bank deposits had been pledged to secure bank borrowings of the Group.



Employees

As at 30 June 2001, the Group had 780 employees, the majority of which was based in the PRC. The subsidiaries of the Group in the PRC participate in defined contribution pension schemes operated by the relevant local government authorities in the PRC. Following the adoption of the Mandatory Provident Fund ("MPF") Scheme in December 2000 in Hong Kong, the Group's directors and employees in Hong Kong have joined the MPF Scheme.

OUTLOOK

The Group carries on the business of property development and investment in both PRC and in Hong Kong. The Group is also engaged in the provision of technology and internet related services with technology transportation logistics operations. After completion of the disposal of Thomson Road and the acquisition of DICO, the Group will no longer own any property interests. The Group will continue to focus on its technology related projects.

TransOnline

The alliance has started to develop its membership and issuance of IC cards to its members. So far we have extended our coverage over two third of our intended market in the PRC, which lay a very good foundation for the total coverage of the PRC by end of the year or early part of next year. Agency arrangements with a leading insurer and a leading telecommunication company were in smooth progress and are expected to become stable revenue sources for TransOnline. The market research and design of the integrated logistics application has commenced in preparation for development into this huge market.

DICO

DICO is principally engaged in providing broadband and cable TV related platform and equipment for cable TV and telecommunications service operators. DICO also offers solutions to cable operators by providing systems ranging from the central network management systems to subscribers management system called DIC-TBS System, to integrate hardware and software into practical and useable DVB-C System for cable operators. This fully integrated system, coupled with the participation in setting up of DVB-C associated standard for PRC, provision of set top boxes, conditional access and streaming technologies, allows DICO to be a significant player in the fast growing broadband platform industry of the PRC. There are over 1,000 cable operators in the PRC looking for converting its analog broadcasting system to digital broadcasting system over next 5 years and there are 90 millions cable TV subscribers out of 200 million TV viewers and the rate increase by 5 million cable TV subscriber per year. Due to the newly announced cable TV management regulation in the PRC, DICO have to re-negotiate with cable TV operators in respect of a number of contracts in progress and we expect this will be completing shortly. Recently we have added Ningbo cable TV as one of our users.



Last month DICO has implemented one of its latest product, a DVB-education system for our first user the Guangzhou Foreign Languages University, the result and feed back are excellent. There are over six thousand potential users in the PRC. There are already a number of universities interested in the system and we hope to target on this market over the next quarter and over the next few years.

DICO has developed an advance Digital Data Broadcasting System with conditional access and PC plug-in card for the cable TV operators for the PRC. There are already over two million users use it for equity trading and educational purpose. Subject to regulatory approval, DICO will be able target on this huge market over next quarter.

DICO also currently negotiating with a number of strategic alliance on product development and technology sharing. The Company will make appropriate announcement over next quarter as when required under the Listing Rules.

DIRECTORS' INTERESTS IN EQUITY OF DEBT SECURITIES

Disclosure of Interests

As at 30 June 2001, the interests of the Directors in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which require notification to the Company pursuant to Section 28 of the SDI Ordinance (including interests which any such Director is deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required to be entered in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Interest in shares of the Company of HK\$0.10 each

Name of director	Nature of Interest			Number of Ordinary Shares	Percentage of shareholding
	Personal interest	Corporate interest	Family Interest		
Chan Chak Shing (<i>note</i>)	–	663,062,500*	33,000,000*	696,062,500	62.53%
Chan Hon Ching	11,250,000	–	–	11,250,000	1.01%
Pau Kwok Ping	5,750,000	–	–	5,750,000	0.52%
Li Hok Wing	4,750,000	–	–	4,750,000	0.43%
Chiu King Cheung	3,812,500	–	–	3,812,500	0.34%
Lo Mei Chun	2,600,000	–	–	2,600,000	0.23%

Notes: * 663,062,500 shares were held by Winsan International Holdings Limited which is beneficially and controlled by Chan Chak Shing, 33,000,000 shares were held by Wong Wan Kai, wife of Chan Chak Shing.



(b) Interest in shares of subsidiary companies

Name of subsidiary companies	Name of director	Nature of interest	Number of non-voting deferred shares	Number of ordinary shares
Winsan Company Limited	Chan Chak Shing	Personal	9,998	–
Winsan Jin Ling Company Limited	Chan Chak Shing	Personal Family	9,900 100	–
Hing Hung Yip Company Limited	Chan Chak Shing Chan Hon Ching	Personal Personal	9,998 2	–
Winsan (Fujian) Industrial Co., Ltd.	Chan Hon Ching	Personal	–	28,780
	Pau Kwok Ping	Personal	–	31,980
	Li Hok Wing	Personal	–	31,980
	Chiu King Cheung	Personal	–	30,380



(c) Shares options

Under the Share Option Scheme of the Company, the Directors have the power at any time within a period of ten years from 5 July 1997 to make offers to any directors or employees of the Group to take up options to subscribe for shares in the Company subject to certain terms and conditions. The following directors have been granted options exercisable at any time within ten years from the date of grant:

Name of director	Date of grant	Number of options granted	Options exercised	Exercise price	Number of outstanding options
Chan Chak Shing	1 September 1997	16,000,000	–	HK\$1.53	16,000,000
	31 March 1998	11,500,000	–	HK\$0.36	11,500,000
	16 February 2000	5,300,000	3,000,000	HK\$0.24	2,300,000
Chan Hon Ching	1 September 1997	1,000,000	–	HK\$1.53	1,000,000
	31 March 1998	22,000,000	–	HK\$0.36	22,000,000
	16 February 2000	2,000,000	–	HK\$0.24	2,000,000
Pau Kwok Ping	1 September 1997	1,000,000	–	HK\$1.53	1,000,000
	31 March 1998	2,000,000	2,000,000	HK\$0.36	–
	16 February 2000	1,000,000	1,000,000	HK\$0.24	–
	30 October 2000	1,000,000	–	HK\$0.173	1,000,000
Li Hok Wing	31 August 1997	1,000,000	–	HK\$1.53	1,000,000
	31 March 1998	2,000,000	–	HK\$0.36	2,000,000
	16 February 2000	1,000,000	1,000,000	HK\$0.24	–
	30 October 2000	1,000,000	–	HK\$0.173	1,000,000
Chiu King Cheung	1 September 1997	1,000,000	–	HK\$1.53	1,000,000
	31 March 1998	22,000,000	–	HK\$0.36	22,000,000
	16 February 2000	2,000,000	1,000,000	HK\$0.24	1,000,000
Lo Mei Chun	1 September 1997	600,000	–	HK\$1.53	600,000
	31 March 1998	1,500,000	1,500,000	HK\$0.36	–
	16 February 2000	1,000,000	1,000,000	HK\$0.24	–
	30 October 2000	1,000,000	–	HK\$0.173	1,000,000
		96,900,000	10,500,000		86,400,000



Save as disclosed above during the period ended 30 June 2001, none of the Directors and chief executives, or their associates had or were deemed to have any interests in any securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which requires notification pursuant to Section 28 of the SDI Ordinance (including interests which any such Director is deemed or taken to have under Section 31 of or Part 1 of the Schedule to the SDI Ordinance) or which is required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which is required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, and none of the Directors and chief executive, or their spouse or children under the age of 18, had any right to subscribe for any securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2001, the register of substantial shareholders maintained under the Section 16(1) of the SDI Ordinance showed that the following shareholders, other than the directors and chief executives whose interests are disclosed above, had an interest of 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, as recorded in the register of substantial shareholders required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of Winsan Shares Held	Percentage of Shareholding
Winsan International Holdings Limited and Ms Wong Wan Kai	696,062,500	62.53%

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Best Practice, as set out in Appendix 14 to the Listing Rules, at any time during the six months ended 30 June 2001, except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee and the management both examined the accounting principles and practices adopted by the Group, and discussed its internal control and financial statements, including examination of its unaudited Interim Financial Statements for the six months ended 30 June 2001.



PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

By order of the Board
Chan Chak Shing
Chairman

Hong Kong, 20 September 2001