



Notes to the Interim Accounts

For the six months ended 30th June 2001

1. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

These unaudited consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that, in this first year of implementation of the standard, no comparative figures have been presented for the consolidated cash flow statement.

These interim accounts should be read in conjunction with the 2000 Annual Report and Accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st December 2000 except that the Group has adopted the following new or revised SSAP issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 26:	Segment reporting
SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 29:	Intangible assets
SSAP 30:	Business combinations
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries

The adoption of these SSAPs has no changes in accounting policies of the Group except for the following:

- (a) In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively and as a result, reserves of the Group as at 31st December 2000 have been increased by HK\$15,044,000.
- (b) Goodwill arising on acquisition of subsidiaries and associated companies occurring on or after 1st January 2001 is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years. Goodwill on acquisitions, which occurred prior to 1st January 2001, was taken directly to reserves. This change in accounting policy has no effect to the accounts for the period.

Apart from the foregoing, the accounting policies adopted are consistent with those described in the 2000 Annual Report and Accounts.

2. ANALYSIS OF TURNOVER AND CONTRIBUTION TO OPERATING PROFIT AFTER FINANCE COSTS

The Group is principally engaged in manufacturing and sales of winery products, provision of container and cargo handling services, operation of Eastern Outer Ring Road, sales of garment, chemical products and electrical components and sales of properties.

The turnover is net of value added tax, less discounts and returns where applicable.

Notes to the Interim Accounts

For the six months ended 30th June 2001



		Unaudited	
		Six months ended 30th June	
		2001	2000
		HK\$'000	HK\$'000
(a)	Analysis by principal activity		
	(i) Turnover		
	Manufacturing and sale of winery products	300,862	242,265
	Provision of container handling services	99,975	95,112
	Provision of cargo handling services	120,666	113,326
	Operation of Eastern Outer Ring Road	106,270	95,139
	Sale of garments, chemical products and electrical components	123,501	157,316
	Sales of properties	38,032	—
		<u>789,306</u>	<u>703,158</u>
	(ii) Contribution to operating profit/(loss) after finance costs		
	Manufacturing and sale of winery products	105,663	99,516
	Provision of container handling services	32,383	31,202
	Provision of cargo handling services	8,658	6,707
	Operation of Eastern Outer Ring Road	35,201	35,970
	Sales of garments, chemical products and electrical components	(13,799)	37
	Sales of properties	3,598	—
		<u>171,704</u>	<u>173,432</u>
	Net corporate expenses	(29,112)	(26,155)
		<u>142,592</u>	<u>147,277</u>
(b)	Analysis by geographical segment:		
		Unaudited	
		Six months ended 30th June	
		2001	2000
		HK\$'000	HK\$'000
	(i) Turnover		
	Hong Kong	123,501	157,316
	PRC Mainland	665,805	545,842
		<u>789,306</u>	<u>703,158</u>
	(ii) Contribution to operating profit/(loss) after finance costs		
	Hong Kong	(41,121)	(22,050)
	PRC Mainland	183,713	169,327
		<u>142,592</u>	<u>147,277</u>



Notes to the Interim Accounts

For the six months ended 30th June 2001

3. OPERATING PROFIT BEFORE FINANCING

	Unaudited	
	Six months ended 30th June	
	2001	2000
	HK\$'000	HK\$'000
Operating profit before financing is stated after crediting and charging the following:		
<i>Crediting</i>		
Exchange gain	676	—
Gain on disposal of listed investment	499	—
Gain on deemed disposal of interest in an associated company	4,233	—
	<u>4,908</u>	<u>—</u>
<i>Charging</i>		
Depreciation		
Owned fixed assets	61,310	49,384
Leased fixed assets	112	112
Loss on disposal of fixed assets	1,597	862
Operating lease rental expense on		
Land and buildings	10,012	8,875
Berths, railway and storage space	9,629	9,171
Plant and equipment	2,494	2,920
Loss on deemed disposal of interest in an associated company	—	8,932
	<u>93,154</u>	<u>70,166</u>

4. TAXATION

	Unaudited	
	Six months ended 30th June	
	2001	2000
	HK\$'000	HK\$'000
Company and subsidiaries		
Over provision of Hong Kong profits tax	(3,000)	—
PRC income tax	32,516	28,954
Associated companies		
PRC income tax	5,107	2,821
	<u>34,623</u>	<u>31,775</u>

No Hong Kong profits tax has been made as there are no material estimated assessable profit for the period (2000: Nil).

Provision for the PRC income tax has been made at the applicable rate of taxation on the estimated assessable profit for the period.

Notes to the Interim Accounts

For the six months ended 30th June 2001



In accordance with an approval document issued by the Tianjin Finance Bureau on 6th November 1997, with effect from the listing of the Company, the income tax rate applicable to Tianjin Harbour Second Stevedoring Co., Ltd. and Tianjin Port Container Terminal Co., Ltd. is 15%.

In accordance with approval documents dated 12th November 1997 issued by the State Tax Bureau, Tianjin Tai Kang Industrial Co., Ltd. and Tianjin Heavenly Palace Winery Co., Ltd. are exempted from income tax for two years starting from the first year of profit generation, followed by a 50% reduction for the next three years.

Further, in accordance with an approval document issued by the Tianjin Finance Bureau on 4th November 1997, Tianjin Jin Zheng Transportation Development Co., Ltd. is exempted from income tax for five years starting from the first year of profit generation. The company will be refunded for any tax paid in excess of the tax rate of 7.5% for the next five years and in excess of the tax rate of 15% thereafter.

The Group had no significant unprovided deferred taxation for the period.

5. DIVIDENDS

	Unaudited	
	Six months ended 30th June	
	2001	2000
	HK\$'000	HK\$'000
2000 final dividends, paid, of HK2.5 cents (1999: final, paid, of HK2 cents) per share	15,169	12,035
2001 interim, proposed on 12th September 2001, of HK4.0 cents (2000: HK3.5 cents) per share	27,110	21,061
	<u>42,279</u>	<u>33,096</u>

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders of HK\$95,547,000 (2000: HK\$92,280,000) and the weighted average number of 606,733,425 shares in issue (2000: 601,750,000 shares) during the period.

The calculation of diluted earnings per share is based on profit attributable to shareholders of HK\$95,547,000 and on the weighted average number of 606,733,425 shares in issue during the period plus the weighted average number of 2,451,083 shares deemed to have been issued at no consideration pursuant to the relevant outstanding options having been exercised. In 2000, the share options had no dilutive effect on the basic earnings per share.



Notes to the Interim Accounts

For the six months ended 30th June 2001

7. TRADE RECEIVABLES

The aging analysis of the Group's trade receivables is as follows:

	Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Current	85,998	136,234
30 to 90 days	75,639	116,392
91 to 180 days	24,131	25,708
Over 180 days	127,550	108,330
	<u>313,318</u>	<u>386,664</u>

The various group companies have different credit policies dependent on the requirements of the markets and the businesses which they operate. In general, credit terms of 90 days are given to customers.

8. TRADE PAYABLES

The aging analysis of the Group's trade payables is as follows:

	Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Current	33,509	54,363
30 to 90 days	5,374	3,461
91 to 180 days	—	4,188
Over 180 days	7,095	18,655
	<u>45,978</u>	<u>80,667</u>

9. SHARE CAPITAL

	Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Authorised:		
3,000,000,000 shares of HK\$0.10 each	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:		
At beginning of the period	60,175	60,175
Issue of shares	<u>6,900</u>	<u>—</u>
At the end of the period	<u>67,075</u>	<u>60,175</u>

Notes to the Interim Accounts

For the six months ended 30th June 2001



Notes:

- (a) On 30th March 2001, the Company entered into an agreement whereby the Company has agreed to grant to a third party an option for subscription of 120,000,000 new shares of the Company at a price of HK\$2 per share during the period from April 2001 to March 2002. The consideration paid by the grantee to the Company for granting the option is HK\$1.2 million. During the period, pursuant to the option agreement, 69,000,000 ordinary shares were issued at HK\$2 per share.
- (b) At 30th June 2001, the Company had outstanding options granted to directors and employees under the Company's share option scheme to subscribe for 28,668,000 shares of the Company of which 13,668,000 options are exercisable at HK\$3.34 at any time prior to 17th March 2004, 13,500,000 options are exercisable at HK\$6.136 at any time prior to 21st November 2007, 500,000 options are exercisable at HK\$2.204 from 1st January 2002 to 21st November 2007 and 1,000,000 options are exercisable at HK\$2.204 from 1st July 2002 to 21st November 2007.

10. RESERVES

	Capital reserve	Share premium	General reserve	Goodwill reserve	Statutory reserves	Exchange reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2001	11,642	3,398,594	28,401	(872,138)	90,919	11,667	311,903	2,980,988
Prior year adjustment (note 1(a))	—	—	—	—	—	—	15,044	15,044
	11,642	3,398,594	28,401	(872,138)	90,919	11,667	326,947	2,996,032
Exchange differences	—	—	—	—	—	(1,901)	878	(1,023)
Transfers	124	—	91	—	1,672	—	(1,887)	—
Profit for the period	—	—	—	—	—	—	95,547	95,547
Dividends	—	—	—	—	—	—	(15,169)	(15,169)
Realised on deemed disposal of interests in an associated company	—	—	—	1,120	—	—	—	1,120
Issue of new shares less related expenses	—	130,847	—	—	—	—	—	130,847
At 30th June 2001	11,766	3,529,441	28,492	(871,018)	92,591	9,766	406,316	3,207,354



Notes to the Interim Accounts

For the six months ended 30th June 2001

11. LONG TERM LIABILITIES

	Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Bank loans		
secured	856,033	856,033
unsecured	417,300	293,500
Obligation under finance lease	185	351
	<u>1,273,518</u>	<u>1,149,884</u>
Less: Amounts due within one year included under current liabilities	<u>109,312</u>	<u>231</u>
Amounts due after one year	<u>1,164,206</u>	<u>1,149,653</u>
The maturity of the Group's long term liabilities is as follows:		
Bank loans		
Within one year	109,200	—
In the second year	863,833	856,033
In the third to fifth years inclusive	300,300	293,500
	<u>1,273,333</u>	<u>1,149,533</u>
Obligation under finance lease		
Within one year	112	231
In the second year	73	95
In the third to fifth years inclusive	—	25
	<u>185</u>	<u>351</u>
	<u>1,273,518</u>	<u>1,149,884</u>

12. CAPITAL COMMITMENTS

	Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Authorised but not contracted for		
Redevelopment of berths	<u>160,000</u>	<u>160,000</u>
Contracted but not provided for in respect of		
Tang Jin Expressway	55,955	55,955
Plant and machinery	—	8,089
Investment in a jointly controlled entity	—	33,024
	<u>55,955</u>	<u>97,068</u>

Notes to the Interim Accounts

For the six months ended 30th June 2001



13. CONTINGENT LIABILITIES

	Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Guarantees given to banks in respect of banking facilities extended to an associated company	11,503	11,503

14. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions during the period which in the opinion of the directors are carried out in the normal course of the Group's business:

	Unaudited Six months ended 30th June 2001 HK\$'000	2000 HK\$'000
Transactions with Tianjin Port Authority and its associates		
Service fees paid for supporting services and auxiliary services	11,287	7,921
Rental for land	3,258	3,218
Rental for berths, railway and storage space	9,737	9,449
Rental for equipment	2,494	3,243
Interest expenses	—	1,544
Purchase of stocks	15,210	13,588
Transactions with Tianjin Agricultural Cultivation Group Company and its associates		
Packaging services	8,314	12,267
Purchase of unfinished wine	—	2,960
Rental for electricity transformation station	1,018	1,018
Transaction with Tianjin Engineering Bureau		
Management fee paid	17,908	13,429
Transactions with Tsinlien Group Company Limited and its associates		
Management fee paid	583	583
Rental on land and buildings	3,253	3,066

Note: The terms of these related party transactions had not changed from those disclosed in the 2000 Annual Report.