

## CONSOLIDATED RESULTS

The Group's turnover increased from HK\$700,117,000 to HK\$871,511,000 for the six months ended 30th September, 2001. Net loss for the period was HK\$10,797,000 (2000: net profit of HK\$108,499,000), which included sharing of loss in the following associates:

- Loss of HK\$13,562,000 attributable to Hon Kwok
- Loss of HK\$16,286,000 attributable to Chinney Alliance
- Loss of HK\$3,338,000 attributable to Kin Wing, prior to Kin Wing becoming a subsidiary of the Group in May, 2001

### The Company

The Company increased its holdings in Chinney Alliance from 28.94% as at 31st March, 2001 to 29.10% as at the date of this report. The Company also subscribed for a principal sum of HK\$141 million of the 10% convertible guaranteed bonds issued by a wholly-owned subsidiary of Hon Kwok.

### Hon Kwok

Hon Kwok reported a turnover of approximately HK\$315,755,000 (2000: HK\$173,519,000). Net loss for the period amounted to approximately HK\$29,712,000 (2000: net profit of HK\$52,586,000). Loss incurred mainly due to lower than expected sales revenue against high development costs including interest charges.

Hon Kwok issued through its wholly-owned subsidiary, Hon Kwok Land Treasury II Limited, a principal sum of HK\$300 million 10% convertible guaranteed bonds on 18th April, 2001. On the other hand, the remaining outstanding principal of US\$47,090,000 5.3% convertible guaranteed bonds were redeemed in full at 118% of their face value on 5th July, 2001.

Sales of completed developments were satisfactory during this period under review against the background of continued depressed market conditions. Sales of Shenzhen's Millennium Oasis Project were better than expected and a total of 184 residential units in Phase I were fully sold during this period. There remains a balance of 498 residential units in Phases II and III. In view of favourable market conditions in Shenzhen, it is expected that the sales of the remaining units will also be satisfactory. I refer interested readers to the interim report of Hon Kwok for further details.

### Chinney Alliance

Chinney Alliance reported a turnover of HK\$301,111,000 for the six months ended 30th June, 2001 (2000: HK\$258,507,000). Net loss for the period was HK\$57,052,000 (2000: net profit of HK\$24,416,000). The loss was mainly attributed to loss of the listed associate, Shun Cheong Holdings Limited ("Shun Cheong"), and provisions for diminution in value of investments in the listed companies, Shun Cheong and EC-Founder (Holdings) Company Limited ("EC-Founder"). Chinney Alliance holds approximately 23% and 4% interest in Shun Cheong and EC-Founder respectively. I refer interested readers to the already published interim report of Chinney Alliance for further details.

**CONSOLIDATED RESULTS** *(Continued)***Construction**

The Group acquired the remaining 50% interest in Kin Wing in May, 2001 which became a 81.58% subsidiary of the Company. The results of the construction division were accounted for as an associate up to the effective date of acquisition in May, 2001 and as a subsidiary thereafter. The turnover and net profit of Kin Wing for the first six months were HK\$529,711,000 (2000: HK\$407,986,000) and HK\$1,085,000 (2000: HK\$4,427,000) respectively. As a result, Kin Wing contributed a turnover of HK\$485,890,000 and net profit of HK\$6,909,000 while it was a subsidiary of the Group during May, 2001 to September, 2001. The loss shared by the Group while Kin Wing was an associate in April, 2001 amounted to HK\$3,338,000.

**Garment**

The Group's wholly-owned subsidiaries in garment business, namely J.L. Chinney (Holdings) Company Limited and Gateway Group Holdings Limited ("Gateway") suffered a set-back with turnover decreased to HK\$327,844,000 (2000: HK\$440,801,000) and net profit decreased to HK\$11,755,000 (2000: HK\$27,773,000). The SGA Group, which is owned 50% by Gateway, continued to perform satisfactorily and recorded a turnover of HK\$179,123,000 (2000: HK\$164,267,000). The profit contributed by SGA Group to the Group was HK\$3,089,000 (2000: HK\$3,760,000).

**Trading**

The Group's trading subsidiary, Jackson Mercantile, continued to struggle under adverse market conditions. Its turnover was HK\$67,879,000 (2000: HK\$43,339,000) and net loss was HK\$515,000 (2000: net profit of HK\$128,000) for the six months ended 30th September, 2001. In order to rationalise the trading activities of the Group, the Company disposed its entire interest in Jackson Mercantile to Chinney Alliance for a cash consideration of HK\$9,869,000 and the transaction was completed on 3rd September, 2001. Results concerning Jackson Mercantile will appear in Chinney Alliance's reports in the future.