

The Directors hereby present their management statement and the unaudited condensed consolidated financial statements for the six months ended 31st December, 2001.

INTERIM RESULTS

For the six months ended 31st December, 2001, the Group's turnover amounted to HK\$27,541,000, deriving from the sales income of development properties, rental income of investment properties and port operation. The substantial drop in the Group's turnover by about 88% from the previous corresponding period is primarily attributable to reduced sales income (by about 97%) from the development of Chaoyang Garden, as the sale of its Phase II (known as the Sun Crest) would not be booked in the accounts until its completion date at around the second half of this year.

Despite the significant drop in turnover, the Group recorded a gross profit of HK\$19,309,000 and profit from operations of HK\$11,399,000 for the period, showing a decline by about 36% and 48% respectively against those of the previous corresponding period. The net profit of the Group for the period was HK\$8,649,000, representing a decrease of about 30% as compared to HK\$12,444,000 in the last corresponding period.

SEGMENTAL INFORMATION

Details of the segmental information of the Group's turnover and contribution to profit from operations by principal activity and geographical location of operations for the period are set out in note 2 to the condensed financial statements.

BUSINESS REVIEW

Chaoyang Garden/The Sun Crest

During the period under review, the Group generated sales proceeds of about HK\$58,000,000 from sale of the development.

As at the balance sheet date, the area of Phase I still available for sale was about 60,000 square feet, some of which has been leased out for rental income.

BUSINESS REVIEW *(Continued)*

Internal fittings of the two new residential towers of Phase II (Sun Crest) are currently in progress, and completion thereof is scheduled at around the fourth quarter of this year. The pre-sale of these two towers is steady and more than 60% has been taken up so far.

Dynamic Cargo Center

The Group maintained virtually full occupancy for its cargo center and achieved stable rental income during the period.

Tung Kok Tau

The high-profiled auction last December of three lots of land within about 8 kilometers of the Group's Tung Kok Tau site has re-confirmed the substantial appreciation of the value of the site in question. However, the negative impact of the auction on the current negotiations with the Chinese party concerned is that it has raised the expectations of the Chinese side. This, together with the new Chinese negotiation team, has widened the disagreements between two parties and has made the on-going negotiations more difficult.

FINANCIAL REVIEW

The financial position of the Group remains healthy and liquid. At 31st December, 2001, the total shareholders' fund of the Group amounted to HK\$802,999,000 (30th June, 2001: HK\$799,163,000) with net asset value per share of HK\$3.66 (30th June, 2001: HK\$3.65). Total bank borrowings of the Group were about HK\$183,147,000 (30th June, 2001: HK\$187,147,000) as at 31st December, 2001, which were in Hong Kong dollars and repayable within two years at average interest rate of about 4% per annum. Accordingly, the debt-to-equity ratio of the Group at 31st December, 2001 was about 23% (30th June, 2001: 23%). As at 31st December, 2001, the Group pledged certain of its assets (including investment properties with an aggregate carrying value of HK\$520,000,000) as security against general banking facilities granted to the Group. The contingent liabilities of the Group amounted to HK\$202,147,000 (30th June, 2001: HK\$209,647,000) represented by guarantees given to financial institutions in respect of banking facilities granted to the Group.

FINANCIAL REVIEW (Continued)

In the period, sufficient cash balance and cashflow were generated by sales proceeds of Chaoyang Garden/Sun Crest in Beijing and rental income of Dynamic Cargo Center. As at 31st December, 2001, the Group's cash and bank balance was HK\$126,659,000 (30th June, 2001: HK\$168,751,000) denominated primarily in Hong Kong dollars and Renminbi yuans. No significant exposure to foreign currency fluctuations affected the Group in the period. The funding requirements for development projects of Chaoyang Garden and redevelopment of Tung Kok Tau are intended to be financed by internal resources, bank borrowings and such other means of financing as the Directors may think expedient.

EMPLOYEES

At 31st December, 2001, the Group had about 200 employees in Hong Kong and the Mainland at prevailing market remunerations with employee benefits such as medical insurance, provident fund scheme and share option scheme.

PROSPECTS

The 2008 Olympic and China's accession to WTO continue to be the driving forces behind the property market in Beijing. Demand for high-end (luxury) apartments is expected to remain steady. Pre-sale of the remaining two residential towers of Phase II (Sun Crest) is scheduled to take place within the second quarter. Severe competition and increasing supplies have squeezed profit margin. Revised plans for Phase III have been submitted for official approval, with a view to taking advantage of the expected change in market demands for commercial/residential developments.

Logistics and warehousing operations are moving across the border to lower-cost Shenzhen thus putting pressure on warehousing rental in Hong Kong. Nevertheless, the Group will make all efforts to maintain its high level of occupancy at market rent.

Notwithstanding the chequered history of negotiations with the Chinese party on Tung Kok Tau, the Group is still keen on gaining complete control of the site for development and longer-term profitability rather than taking a short-term gain.

INTERIM DISTRIBUTION

The Directors have declared an interim distribution of 2 Hong Kong cents (2000: 2 Hong Kong cents) per share for the six months ended 31st December, 2001 to all shareholders whose names appear on the register of members of the Company on 26th April, 2002. The warrants for such distribution are expected to be despatched to those entitled on or about 7th May, 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22nd April, 2002 to Friday, 26th April, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Friday, 19th April, 2002.

DIRECTORS' OR CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31st December, 2001, the interests of the Directors, chief executives and their associates in the ordinary shares of the Company as recorded in the register of the Company required to be kept under Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Director	Number of ordinary shares held	
	Personal interests	Corporate interests
Chua Domingo (<i>note</i>)	2,000,000	89,691,279

Note: The corporate interests of Mr. Chua Domingo were held through Carnation Investments Inc. and Dynamic Development Corporation.

DIRECTORS' OR CHIEF EXECUTIVES' INTERESTS IN SHARES (Continued)

Save as disclosed above, none of the Directors, chief executives and their associates had any personal, family, corporate or other interests (whether beneficial or non-beneficial) in the equity or debt securities of the Company or its associated corporations as defined under the SDI Ordinance as at 31st December, 2001, and none of them was granted or had exercised any right to subscribe for any securities of the Company during the period.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of the interests of Mr. Chua Domingo, the register maintained by the Company under Section 16(1) of the SDI Ordinance shows no other person who was interested in the shares representing 10% or more of the issued capital of the Company as at 31st December, 2001.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied throughout the six months ended 31st December, 2001 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DISCLOSURE UNDER PRACTICE NOTE 19 TO THE LISTING RULES

The Group has entered into certain loan agreements which require the controlling shareholder of the Company, Mr. Chua Domingo, to maintain his controlling interest in the Company. Otherwise, the banking facilities may be immediately due and payable. The loans granted to Yonderille Developments Limited, a wholly-owned subsidiary of the Company, amounted to HK\$174,800,000.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting practices and principles adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of this interim report.

By Order of the Board
Pang Kit Man, John
Chief Executive Officer

Hong Kong, 22nd March, 2002