

INTERIM RESULTS AND DIVIDEND

The unaudited net operating results of the Group for the half year ended 30th June, 2002 are set out in the Condensed Consolidated Income Statement of the Interim Report. An abridged summary, highlighting abnormal items, is shown below.

	Unaudited	
	Half year ended 30th June	
	2002	2001
	HK\$m	HK\$m
Attributable profit before abnormal items	29	42
Less:		
Impairment loss on non-trading securities	(68)	–
Loss on disposal of properties	(204)	(6)
Attributable net (loss) profit after abnormal items	<u>(243)</u>	<u>36</u>

In view of the loss recorded for the period, the Board considers it inappropriate to pay an interim dividend.

Despite the above substantial loss, the Group's net tangible assets did not decrease during the first half year as substantial provisions against non-trading securities and sold properties were charged to reserves in 2001 and earlier periods.

Group's operating profit and attributable profit, both before abnormal items, declined 30% year-on-year reflecting lower contributions from our core activities: investment properties, garment trading and interest income.

During the period, 10 investment properties in New Zealand which we believe had limited potential for long-term capital appreciation were sold. Execution of this policy resulted in a property disposal loss.

A lower than expected U.S. economic growth rate coupled with lower interest rates had a significant adverse impact on the results for our garment business and investment activity. Substantial declines in stock markets worldwide over the last 2 years have necessitated a provision for impairment loss on Hong Kong quoted securities held long-term.

The Group's financial position, despite the current period loss, remains stable. We have adequate internal resources and sufficient banking facilities to expand our businesses and complete property developments in progress whilst having cash to invest in new opportunities.

At 30th June, 2002, Group net tangible assets totaled HK\$2,662 million, a small increase over the position at the end of 2001. The improvement rose from the appreciation of the NZ\$ and A\$ against the HK\$ over the period resulting in an increase in value of our New Zealand and Australia net assets upon translation into HK\$. Overall net gearing of property assets was at a comfortable 36% at period end compared with 38% at the end of 2001.