

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

In the opinion of the directors, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs, which was resulted in the adoption of the following new and revised accounting policies. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period. They are now required to be translated at an average rate. Accordingly, on consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. This change in accounting policy has been applied retrospectively. However, in the opinion of directors, the calculation of a prior year adjustment is impractical, no prior period adjustment has been made. The effect of such change is to decrease the loss for the six months ended 30th June, 2002 by approximately HK\$18.6 million.

Cash flow statements

In the current period, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date.

3. SEGMENT INFORMATION
(a) Geographical segments

	Half year ended 30th June, 2002						
	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>REVENUE</i>							
Turnover	78,305	79,874	3,835	147,405	-	-	309,419
Inter-segment revenue	-	7,032	-	-	-	(7,032)	-
Total revenue	78,305	86,906	3,835	147,405	-	(7,032)	309,419
<i>SEGMENT PROFIT (LOSS)</i>	(305,910)	41,365	(1,885)	2,686	(230)	-	(263,974)
Interest income							9,563
Unallocated corporate expense							(14,589)
<i>LOSS FROM OPERATIONS</i>							(269,000)

	Half year ended 30th June, 2001						
	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>REVENUE</i>							
Turnover	89,046	88,040	660	151,348	-	-	329,094
Inter-segment revenue	-	8,868	-	-	-	(8,868)	-
Total revenue	89,046	96,908	660	151,348	-	(8,868)	329,094
<i>SEGMENT PROFIT (LOSS)</i>	56,897	61,729	(9,012)	103,230	(2,444)	-	210,400
Interest income							31,739
Unallocated corporate expense							(20,854)
<i>PROFIT FROM OPERATIONS</i>							221,285

(b) Business segments

Half year ended 30th June, 2002							
	Property investment	Garment manufacturing and trading	Investment	Property development	Other	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>REVENUE</i>							
Turnover	213,270	91,138	1,684	1,632	1,695	-	309,419
Inter-segment revenue	1,785	-	-	-	7,032	(8,817)	-
Total revenue	215,055	91,138	1,684	1,632	8,727	(8,817)	309,419
SEGMENT PROFIT (LOSS)	(205,452)	24,012	(71,184)	(3,612)	(7,738)	-	(263,974)
Interest income							9,563
Unallocated corporate expenses							(14,589)
LOSS FROM OPERATIONS							(269,000)

Half year ended 30th June, 2001							
	Property investment	Garment manufacturing and trading	Investment	Property development	Other	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>REVENUE</i>							
Turnover	234,104	86,035	7,377	912	666	-	329,094
Inter-segment revenue	2,463	-	-	-	8,868	(11,331)	-
Total revenue	236,567	86,035	7,377	912	9,534	(11,331)	329,094
SEGMENT PROFIT (LOSS)	194,389	31,463	(6,695)	(8,691)	(66)	-	210,400
Interest income							31,739
Unallocated corporate expenses							(20,854)
PROFIT FROM OPERATIONS							221,285

4. COST OF INVENTORIES

	Half year ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
Changes in inventories of manufactured finished goods and work-in-progress	(4,567)	1,131
Raw materials and consumables used	(15,012)	(14,821)
Purchase of goods held for resale	(40,716)	(34,119)
Changes in inventories of properties for sale	158,974	25,637
Contracting costs incurred on properties under development for sale	(161,536)	(25,637)
	(62,857)	(47,809)

5. (LOSS) PROFIT FROM OPERATIONS

	Half year ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
(Loss) profit from operations has been arrived at after charging (crediting):		
Loss on sale of investment properties	362,176	11,573
Interest income	(9,563)	(31,739)
Dividends and option income from listed investments	(1,325)	(6,813)

6. TAXATION

	Half year ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	3,654	1,930
Income tax outside Hong Kong	513	–
	4,167	1,930

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDENDS

	Half year ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
Interim - Nil cents per share (b) on 511,246,868 shares (2001: HK6 cents per share on 511,246,868 shares)	-	30,675
Additional prior year's final dividend paid on exercise of shares options and 2008 warrants subsequent to the issue of the annual report (a)	-	395
	-	31,070

(a) On 28th May, 2002, a dividend of HK10 cents per share was paid to shareholders as the final dividend for 2001.

On 25th May, 2001, a dividend of HK10 cents per share was paid to shareholders as the final dividend for 2000.

(b) The directors do not recommend the payment of any interim dividend for 2002.

Note: In accordance with SSAP 9 (Revised), all proposed dividends are now accounted for under the dividend reserve account.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	Half year ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
Net (loss) profit for the period and (loss) earnings for the purposes of basic and diluted (loss) earnings per share	(243,546)	36,347
	Number of shares	
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	511,246,868	508,501,189
Effect of dilutive potential ordinary shares:		
Options	N/A	5,846,154
Warrants	N/A	29,932,714
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	511,246,868	544,280,057

No diluted loss per share has been calculated for the six months ended 30th June, 2002 as the exercise of the share options and warrants and the conversion of the capital convertible note of a subsidiary would result in a decrease in the loss per share.

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired investment properties at a cost of HK\$51,505,000 and transferred HK\$207,925,000 to properties under development. In addition, exchange realignment of HK\$404,070,000 contributed to an increase in the carrying value of investment properties brought forward from 1st January, 2002.

During the period, the Group disposed of investment properties with a carrying amount of HK\$521,365,000 for proceeds of HK\$484,325,000.

In the opinion of the directors, there is no material difference between the carrying amount and the market value of investment properties at 30th June, 2002.

During the period, the Group acquired property, plant and equipment at a cost of HK\$14,068,000 and an exchange realignment of HK\$10,748,000 contributed to an increase in carrying value of property, plant and equipment brought forward from 1st January, 2002.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing an average credit period of 2.5 months to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of HK\$42,004,000 (31st December, 2001: HK\$29,644,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2002 HK\$'000	31st December, 2001 HK\$'000
0 to 60 days	32,211	20,273
61 to 90 days	5,121	2,060
91 to 365 days	3,752	6,750
Over 365 days	920	561
	42,004	29,644

11. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$57,548,000 (31st December, 2001: HK\$39,827,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2002 HK\$'000	31st December, 2001 HK\$'000
0 to 60 days	47,413	29,815
61 to 90 days	6,104	3,200
91 to 365 days	–	787
Over 365 days	4,031	6,025
	57,548	39,827

12. BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$1,855,952,000 and obtained new bank loans in the amount of HK\$785,551,000. The new loans bear interest at market rates and are repayable by instalments up to respective maturity period. The proceeds were used to finance the construction costs of properties under development and for working capital.

13. COMMITMENTS

At the reporting date, the Group had capital commitments not provided for in the condensed financial statements in respect of expenditure to be incurred on properties as follows:

	30th June, 2002 HK\$'000	31st December, 2001 HK\$'000
Hong Kong		
Authorised but not contracted for	301,043	328,100
Contracted for but not provided for in the financial statements	32,540	31,031
Other regions of the People's Republic of China		
Authorised but not contracted for	383,710	389,614
Contracted for but not provided for in the financial statements	66,000	110,470
New Zealand and Australia		
Authorised but not contracted for	6,606	870
Contracted for but not provided for in the financial statements	3,934	11,525

14. CONTINGENT LIABILITIES

At the reporting date, the Group acted as guarantor for the repayment of the bank loans granted to purchasers of the Group's properties under development for sale amounting to HK\$55,137,000 (31st December, 2001 : HK\$22,802,000). The guarantee will be released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

15. PLEDGE OF ASSETS

At the reporting date, the Group had the following mortgages and/or pledge over its assets to secure banking facilities and other bank loans granted to the Group.

- a. Fixed and floating charges on investment properties with an aggregate book value of HK\$5,333,041,000 (31st December, 2001: HK\$5,606,756,000).
- b. Properties for sale with an aggregate book value of HK\$149,056,000 (31st December, 2001: HK\$140,411,000).
- c. Properties under development with an aggregate book value of HK\$75,696,000 (31st December, 2001: HK\$58,538,000).
- d. Bank deposits of HK\$330,755,000 (31st December, 2001: HK\$1,038,946,000).
- e. Listed and unlisted shares held by certain subsidiaries.