

Management Statement

The Directors hereby present their management statement and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31st December, 2004.

INTERIM RESULTS

For the six months ended 31st December, 2004, the Group recorded a turnover of HK\$82,876,000, compared to HK\$197,184,000 for the last corresponding period. This decrease was attributable to the drop of revenue (by about HK\$116,726,000) from property sales of Chaoyang Garden in Beijing, as most of the residential units in its first and second phases has been sold and the result thereof having been reflected in the last financial year.

The Group’s gross profit for the period amounted to HK\$23,802,000 and profit from operations was HK\$14,875,000, showing a decrease of 29% and 33% respectively as compared to those of the last corresponding period.

The net profit for the period was HK\$12,078,000 showing the earnings per share of 5.51 Hong Kong cents, representing a fall of 34% as against 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.

Management Statement *(Continued)*

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2 Hong Kong cents (2003: 2 Hong Kong cents) per share for the six months ended 31st December, 2004 to all shareholders whose names appear on the register of members of the Company on 22nd April, 2005. The dividend warrants are expected to be despatched to those entitled on or about 6th May, 2005.

BUSINESS REVIEW

Chaoyang Garden/The Sun Crest

In Beijing, the high-end property market remained robust during the period under review. Chaoyang Garden recorded another HK\$59,308,000 in sales representing most of the remaining units of Phase II. With little that was left from Phase II and with the final phase only now coming on stream, the Group's overall sales during the period dropped about 66% as compared to the last corresponding period.

Pre-sales of Phase III started earlier this month and public response was encouraging.

Dynamic Cargo Center

In the period under review, occupancy of Dynamic Cargo Center reached around 95% and rental income showed an increase of about 10%. In general, the Group's cargo center has regained its leasing level of 2001-2002.

Tung Kok Tau

A continued growth in demand for logistics support has brought about an increase of income from port operations in Tung Kok Tau, Shekou of about 14% with the operating profits showing a significant increase of about 121%.

Management Statement (Continued)

FINANCIAL REVIEW

The financial position of the Group remains sound and liquid. At 31st December, 2004, the total shareholders' fund of the Group amounted to HK\$757,096,000 (30th June, 2004: HK\$749,400,000) with net asset value per share of HK\$3.46 (30th June, 2004: HK\$3.42). Total borrowings of the Group, both secured and unsecured, were about HK\$262,233,000 (30th June, 2004: HK\$268,168,000) as at 31st December, 2004, which were in Hong Kong and United States dollars and repayable within two years at average interest rate of about 2.7% (30th June, 2004: 2.2%) per annum. As at 31st December, 2004, the gearing ratio of the Group was about 23% (30th June, 2004: 20%) based on the Group's net debt (after deducting bank balances and cash) to its shareholders' equity. The extent of credit facilities unutilised by the Group as at 31st December, 2004 amounted to HK\$89,435,000 (30th June, 2004: HK\$86,306,600), of which HK\$15,000,000 (30th June, 2004: HK\$9,500,000) was banking facilities and HK\$74,435,000 (30th June, 2004: HK\$76,806,600) was a credit facility provided by a related company.

As at 31st December, 2004, the Group pledged certain of its assets (including investment properties with an aggregate carrying value of HK\$420,000,000) to financial institutions as security against general banking facilities granted to the Group, and also pledged its bank deposits of HK\$23,559,000 (30th June, 2004: HK\$21,488,000) to banks to secure mortgage bank loans granted to the home buyers. The contingent liabilities of the Company for guarantees given to financial institutions in respect of banking facilities granted to the Group amounted to HK\$172,854,000 (30th June, 2004: HK\$175,073,000). In addition, the Group and the Company have given guarantees in respect of mortgage loans provided by banks to the home buyers of a property project in the PRC. At 31st December, 2004, the Group and the Company had a maximum amount of mortgage loans which were subject to these guarantees of HK\$708,299,000 (30th June, 2004: HK\$704,060,000) and HK\$38,873,000 (30th June, 2004: HK\$39,000,000) respectively.

Management Statement *(Continued)*

FINANCIAL REVIEW *(Continued)*

In the period, sufficient cashflow was generated by sales proceeds of Chaoyang Garden/The Sun Crest, rental income of Dynamic Cargo Center and revenue of port operations. As at 31st December, 2004, the Group's bank balances and cash stood at HK\$86,179,000 (30th June, 2004: HK\$119,734,000) denominated primarily in Renminbi yuans. No significant exposure to foreign currency fluctuations affected the Group in the period under review. 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 deem expedient.

EMPLOYEES

At 31st December, 2004, the Group had about 160 employees in Hong Kong and the Mainland at prevailing market remunerations with employee benefits such as medical insurance, provident fund schemes and share option scheme.

PROSPECTS

In Beijing, the tightening of control over new development has eased competition and demands for residential and commercial units remain strong. The Group expects that the sales of Phase III will be on target.

In Hong Kong, the warehousing sector is experiencing a revival of demand due to growth in re-export trade and shortage of new warehousing development. It is expected that rental will continue to follow a steady upward trend.

Shenzhen official re-planning of the Western Corridor Coastal area involving the Group's site has been delayed. In the meantime, talks with the Chinese joint venture partner are continuing.

Management Statement (Continued)

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18th April, 2005 to Friday, 22nd April, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, 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 Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 15th April, 2005.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31st December, 2004, the interests of the Directors and their associates in the shares of the Company (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be maintained under Section 352 of the SFO were as follows:

Name of Director	Number of issued ordinary shares held (long position)		Percentage of the issued share capital of the Company
	Personal interests	Corporate interests	
Mr. CHUA Domingo <i>(Note)</i>	4,000,000	89,321,279	42.59%
Mr. PANG Kit Man, John	1,302,000	—	0.59%

Note: The corporate interests of Mr. CHUA Domingo were held through Dynamic Development Corporation. Dynamic Development Corporation is wholly-owned by Carnation Investments Inc. of which Mr. CHUA Domingo is the sole shareholder.

Save as disclosed above, none of the Directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO as at 31st December, 2004; or would required, pursuant to Model Code for Securities Transactions by Directors of the Listed Companies, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Management Statement *(Continued)*

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2004, the interests of substantial shareholders (other than a Director of the Company) in the shares of the Company as recorded in the register as required to be kept under Section 336 of the SFO were as follows:

Name of shareholder	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
Plus Holdings Limited <i>(Note)</i>	13,152,000	6%

Note: The interests of Plus Holdings Limited were held through Telecom Plus Investment Limited, its wholly-owned subsidiary.

Other than as disclosed above and the interests disclosed in the Directors' interests in shares in respect of Mr. CHUA Domingo, the Company has not been notified of any other interests or short position and underlying shares of the Company as required to be recorded in the register under Section 336 of the SFO as at 31st December, 2004.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 31st December, 2004 with the Code of Best Practice as set out in the old Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules and all Directors have complied with the required standard of dealings set out therein during the relevant accounting period.

Management Statement (Continued)

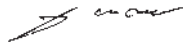
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

Director and Chief Executive Officer

Hong Kong, 18th March, 2005