Notes to the Interim Accounts

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim consolidated accounts are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The unaudited condensed interim consolidated accounts should be read in conjunction with the 2004 Annual Accounts.

The accounting policies and methods of computation used in the preparation of the unaudited condensed interim consolidated accounts are consistent with those used in the annual accounts for the year ended 31st December 2004, except that the Group has changed certain of its accounting policies following its adoption of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1st January 2005.

The unaudited condensed interim consolidated accounts have been prepared in accordance with those new HKFRSs and interpretations issued and effective as at the time of preparing this information (July 2005). The new HKFRSs and interpretations that will be applicable at 31st December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in Note 2 below.

2. CHANGES IN ACCOUNTING POLICIES

(a) Effect of adopting new HKFRSs

In 2004, the Group had early adopted HKFRS 3 (Business Combination), HKAS 36 (Impairment of Assets) and HKAS 38 (Intangible Assets) and the key impact to the Group has already been summarised in the 2004 Annual Report.

In 2005, the Group adopted the remaining new HKFRSs below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payments

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRSs (Continued)

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 14, 16, 21, 23, 24, 27, 28, 31, 33 and 37 did not result in substantial changes to the Group's accounting policies. In summary:

— HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and jointly controlled entities and other disclosures.

— HKASs 2, 7, 8, 10, 14, 16, 23, 27, 28, 31, 33 and 37 had no material effect on the Group's policies.

— HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard.

— HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment losses.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRSs (Continued)

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy relating to classification of land currently held for undetermined future use as investment property of which the changes in fair values of investment property are recorded in the income statement as part of other income.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st December 2004, the provision of share options to employees did not result in an expense in the income statements. Effective 1st January 2005, the Group has to expense the cost of share options in the income statement. As at 30th June 2005, the Group does not have any share based payments which were granted after 7th November 2002 and had not yet been vested on 1st January 2005. Accordingly, no cost of share options needs to be expensed retrospectively in the income statement of the respective periods.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Effect of adopting new HKFRSs (Continued)

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

(i) HKAS 16 — the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

(ii) HKAS 21 — prospective accounting for goodwill and fair value adjustments as part of foreign operations;

(iii) HKAS 39 — does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1st January 2005;

(iv) HKAS 40 — there is no requirement for the Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1st January 2005;

(v) HKFRS 2 — only retrospective application for all equity instruments granted after 7th November 2002 and not vested at 1st January 2005.

There was no impact on opening retained earnings at 1st January 2004 from the adoption of HKAS 17, HKAS 39, HKAS 40 and HKFRS 2.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies

The accounting policies used for the unaudited condensed interim consolidated accounts for the six months ended 30th June 2005 are the same as those set out to the 2004 annual report except for the following:

2.1 *Foreign currency translation*

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency. The functional currency of the Group's subsidiaries in PRC is Renminbi.

2.2 *Property, plant and equipment*

The residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

During the period, one of the subsidiaries of the Group changed the estimated useful lives on depreciation of loading equipment from 11 years to 15 years. This change of accounting estimate has decreased the current period depreciation charge by approximately HK$9 million.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.3 *Investment properties*

Land held for undetermined future use and property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property comprises land held under operating leases and the buildings thereon.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers.

Changes in fair values are recognised in the income statement.

2.4 *Investments*

From 1st January 2004 to 31st December 2004:

The Group classified its investments in securities, other than subsidiaries, associates and jointly controlled entities, as investments.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.4 *Investments (Continued)*

Investments held for the long term are stated at cost less provision for impairment losses, if any.

Short term investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value are recognised in the profit and loss account. Profits or losses on disposal, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

From 1st January 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.4 *Investments (Continued)*

(a) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.4 *Investments (Continued)*

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are carried at amortised cost using the effective interest method. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. In cases where available-for-sale financial assets do not have a quoted market price in an active market, they are carried at cost less any accumulated impairment loss. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.4 *Investments (Continued)*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.5 *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.6 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.7 *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) New accounting policies (Continued)

2.7 *Share-based compensation (Continued)*

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk.

(a) *Market risk*

(i) *Foreign exchange risk*

The principal subsidiaries of the Group operate in the PRC with almost all of the transactions settled in Renminbi and did not have significant exposure to foreign exchange risks during the period.

(ii) *Price risk*

The Group has minimal price risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Credit risk*

The Group has no significant concentrations of credit risk. The carrying amount of accounts receivables represent the Group's maximum exposure to credit risks in relation to its financial assets. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible accounts receivables has been made in the financial statements.

(c) *Liquidity risk*

The Group has minimal liquidity risk.

(d) *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its borrowing, details of which have been disclosed in Note 16 of this report. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, accounts receivables and other receivables; and financial liabilities including trade payables, short term borrowings and other payables, approximate their fair value due to their short maturities.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, if any, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4. SEGMENT INFORMATION

The Group is principally engaged in provision of container and cargo handling services, operation of toll roads and, supply of utilities and property development. The associates of the Group are principally engaged in the manufacturing and sales of winery products, escalators and elevators.

Primary reporting format — business segments

	Unaudited For the six months ended 30th June 2005							
	Port Services HK$'000	Operation of toll roads HK$'000	Supply of utilities HK$'000	Property development HK$'000	Winery *(Note)* HK$'000	Elevator and escalator HK$'000	Others HK$'000	Group HK$'000
Turnover	**410,941**	**91,306**	**451,321**	**12,359**	**149,671**	**—**	**—**	**1,115,598**
Segment results	**91,021**	**31,342**	**60,106**	**3,680**	**63,220**	**—**	**—**	**249,369**
Gain on deemed disposal of partial interest in a subsidiary					**235,370**			**235,370**
Interest income								**9,604**
Net corporate expenses								**(33,972)**
Loss on redemption of convertible bonds								**(8,473)**
Operating profit before financing								**451,898**
Finance costs								**(40,314)**
Share of profits/(losses) of								
Associates	**440**	**—**	**—**	**—**	**30,823**	**30,378**	**(388)**	**61,253**
Jointly controlled entities	**—**	**—**	**—**	**—**	**772**	**—**	**(5,848)**	**(5,076)**
Profit before income tax								**467,761**
Income tax expense								**(34,973)**
Profit for the period								**432,788**
Capital expenditure	**69,703**	**—**	**1,876**	**10**	**—**	**—**	**1,290**	**72,879**
Depreciation	**37,422**	**18,884**	**18,500**	**54**	**1,761**	**—**	**1,808**	**78,429**

Note: The winery business previously held as a subsidiary was spun off as a separate listed company on the Main Board of the Stock Exchange effective late January 2005 and the Group's interest was diluted to below 50% and accordingly, the winery business was thereafter reported under share of results of associates.

4. SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

	Unaudited For the six months ended 30th June 2004							
	Port services HK$'000	Operation of toll roads HK$'000	Supply of utilities HK$'000	Property development HK$'000	Winery HK$'000	Elevator and escalator HK$'000	Others HK$'000	Group HK$'000
Turnover	370,021	93,707	—	202,805	401,131	—	—	1,067,664
Segment results	65,819	760,456	—	(1,035)	153,115	—	—	978,355
Interest income								7,059
Net corporate expenses								(21,556)
Operating profit before financing								963,858
Finance costs								(36,555)
Share of profits/(losses) of								
Associates	1,374	—	—	—	—	32,348	(143)	33,579
Jointly controlled entities	—	—	—	—	856	—	(953)	(97)
Profit before income tax								960,785
Income tax expense								(105,852)
Profit for the period								854,933
Capital expenditure	40,507	610	—	10	29,335	—	133	70,595
Depreciation	46,081	22,960	—	53	10,826	—	1,331	81,251

4. SEGMENT INFORMATION (CONTINUED)

Primary reporting format — business segments (Continued)

The unaudited segment assets and liabilities at 30th June 2005 are as follows:

	Port services HK$'000	Operation of toll roads HK$'000	Supply of utilities HK$'000	Property development HK$'000	Winery HK$'000	Others HK$'000	Group HK$'000
Assets	**1,616,530**	**3,603,041**	**1,362,636**	**372,470**	**—**	**1,801,240**	**8,755,917**
Associates	**29,703**	**—**	**—**	**—**	**568,775**	**301,369**	**899,847**
Total assets	**1,646,233**	**3,603,041**	**1,362,636**	**372,470**	**568,775**	**2,102,609**	**9,655,764**
Liabilities	**67,407**	**50,051**	**197,070**	**21,350**	**—**	**2,473,794**	**2,809,672**

The audited segment assets and liabilities at 31st December 2004 are as follows:

	Port services HK$'000	Operation of toll roads HK$'000	Supply of utilities HK$'000	Property development HK$'000	Winery HK$'000	Others HK$'000	Group HK$'000
Assets	1,362,238	3,316,215	992,656	370,293	646,643	2,649,782	9,337,827
Associates	28,626	—	—	—	—	346,973	375,599
Total assets	1,390,864	3,316,215	992,656	370,293	646,643	2,996,755	9,713,426
Liabilities	40,759	60,093	135,405	30,415	298,406	2,486,705	3,051,783

4. SEGMENT INFORMATION (CONTINUED)

Secondary reporting format — geographical segments

	Unaudited Turnover Six months ended 30th June		**Unaudited Operating results Six months ended 30th June**	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC mainland	**1,115,598**	1,067,664	**249,369**	978,355

	Unaudited 30th June 2005	Audited 31st December 2004
	HK$'000	HK$'000
Total Assets		
PRC mainland	**8,661,456**	9,211,177
Hong Kong	**90,881**	118,494
	8,752,337	9,329,671
Associates	**899,847**	375,599
Unallocated assets	**3,580**	8,156
	9,655,764	9,713,426

5. OTHER REVENUES

	Unaudited Six months ended 30th June	
	2005	2004
	HK$'000	HK$'000
Unrealised and realised investment gain	**707**	3,043
Interest income	**9,604**	7,059
Dividend income	**42**	59
Sundries	**4,348**	3,694
	14,701	13,855

6. GAIN ON DISPOSAL OF INCOME RECEIVING RIGHT

Pursuant to an agreement with the Tianjin Municipal Government in 1997, one of the Group's subsidiaries, Tianjin Jin Zheng Transportation Development Co., Ltd. ("Jinzheng"), was granted the exclusive right to operate, manage and maintain the Eastern Outer Ring Road in return for a fixed sum of income receivable annually from the Tianjin Government from 1997 to 2027 ("Income Receiving Right").

In 2004, Jinzheng disposed its income receiving right to TEDA Investment Holding Co., Ltd. for a consideration of RMB750 million (approximately HK$707 million) plus all interest payable in respect of an outstanding bank loan owed by Jinzheng. The consideration was satisfied in cash by TEDA Investment Holding Co., Ltd. which was in turn used to repay the related bank loan amounting to RMB 750 million.

Subsequent to the aforesaid disposal, Jinzheng continued to receive toll fees based on the volume of traffic flow and a pre-determined formula in accordance with the Eastern Outer Ring Road Toll Collection Agreement dated 20th August 2003.

7. FINANCE COSTS

	Unaudited Six months ended 30th June	
	2005	2004
	HK$'000	HK$'000
Interest expense:		
— bank loans and overdrafts	**33,617**	38,473
— other loans	**5,515**	—
— convertible bonds wholly repayable within five years	**1,182**	2,796
	40,314	41,269
Less: Interest capitalised in properties under development	**—**	(4,714)
	40,314	36,555

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30th June	
	2005	2004 (Restated)
	HK$'000	HK$'000
Company and subsidiaries		
PRC income tax	**31,549**	104,352
Deferred income tax	**3,424**	1,500
	34,973	105,852

8. INCOME TAX EXPENSE (CONTINUED)

No provision for Hong Kong profits tax has been made as there is no estimated assessable profit for the period for the Group (2004: Nil). Provision for the PRC income tax has been made at the applicable rate of taxation on the estimated assessable profit for the period for each of the Group's subsidiaries and associates.

Share of associate's taxation for the six months ended 30th June 2005 of HK$31,003,000 (2004: HK$9,173,000) are included in the income statement as share of profits of associates.

There is no change in the tax rate for principal subsidiaries and associates, details of which have been disclosed in the annual report of 2004.

9. INTERIM DIVIDENDS

	Unaudited Six months ended 30th June	
	2005	2004
	HK$'000	HK$'000
2004 final, paid, of HK 3.4 cents (2003: final, paid, of HK 3.9 cents) per share	**30,956**	26,822
2005 interim, declared on 13th September 2005, of HK 4.6 cents (2004: HK 4.6 cents) per share *(Note)*	**41,881**	31,636

Note: At a meeting held on 13th September 2005 the directors declared an interim dividend of HK 4.6 cents per ordinary share. This declared dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2005.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders of HK$401,932,000 (2004: HK$590,191,000) and 910,456,000 shares in issue (2004: weighted average number of 687,287,000 shares) during the period.

The exercise of share options would have no material dilutive effect of earnings per share for the periods ended 30th June 2004 and 2005.

11. CAPITAL EXPENDITURE

During the six months ended 30th June 2005, the Group acquired fixed assets, leasehold land and land use rights amounted to HK$72,879,000 (six months ended 30th June 2004: HK$70,595,000) and disposed fixed assets amounted to HK$4,774,000 (six months ended 30th June 2004: HK$3,988,000).

12. INTEREST IN ASSOCIATES

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
Group's share of net assets		
— Listed shares in Hong Kong of Dynasty Fine Wines Group Limited *(Note (a))*	**568,775**	—
— Listed shares in Hong Kong of Wah Sang Gas Holdings Limited *(Note (b))*	**158,261**	158,261
— Other unlisted shares	**286,712**	310,087
	1,013,748	468,348
Amounts due to associated companies	**(1,882)**	(1,882)
Amounts due from associated companies	**7,981**	29,133
Impairment of investments in an associated company *(Note (b))*	**(120,000)**	(120,000)
	899,847	375,599
Market value of listed shares		
— Listed shares in Hong Kong of Dynasty Fine Wines Group Limited *(Note (a))*	**1,534,500**	N/A
— Listed shares in Hong Kong of Wah Sang Gas Holdings Limited *(Note (b))*	**N/A**	N/A

12. INTEREST IN ASSOCIATES (CONTINUED)

Notes:

(a) On 13th January 2005, Dynasty Fine Wines Group Limited ("Dynasty"), a subsidiary owned as to 62% by the Group, completed a reorganisation. Pursuant to the reorganisation, the interests in Sino-French Joint Venture Dynasty Winery Ltd were transferred to Dynasty by its respective shareholders. On 26th January 2005, the shares of Dynasty were listed on the Main Board of the Stock Exchange and the Group's interest in Dynasty was diluted from 62% to 44.8% and Dynasty is accounted for as associated company.

(b) Wah Sang Gas Holdings Limited ("Wah Sang") had yet to release any up-to-date financial information and the trading of its shares remained suspended. Wah Sang is continuing its business operations and in the process of applying for a resumption of trading of its shares. The directors of the Company took a cautious view that the resumption of trading in Wah Sang's shares might not happen in the near term, and considered the provision of HK$120 million for the probable impairment in value of the Group's investment in Wah Sang as at 31st December 2004 should be retained in the preparation of the Group's interim accounts for the six months ended 30th June 2005.

13. AVAILABLE-FOR-SALES FINANCIAL ASSETS/LONG-TERM INVESTMENTS

The amount included HK$81.9 million (2004: HK$81.9 million) representing the Group's 6.62% equity interest in Tang Jin Expressway.

14. TRADE RECEIVABLES

The aging analysis of the Group's trade receivables (net of provisions) is as follows:

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
Below 30 days	**258,813**	294,467
30 to 90 days	**43,099**	40,350
91 to 180 days	**12,417**	15,021
Over 180 days	**41,211**	36,608
	355,540	386,446

The various Group companies have different credit policies which are dependent on the requirements of the markets and the businesses which they operate. In general, credit terms of 90 days are given to customers.

15. SHARE CAPITAL

	Number of shares (thousands)	**Ordinary shares** HK$'000	**Share premium** HK$'000	**Total** HK$'000
At 1st January 2004	684,849	68,485	3,560,497	3,628,982
Conversion of convertible bonds	2,900	290	7,510	7,800
At 30th June 2004	687,749	68,775	3,568,007	3,636,782
Issue of shares	222,707	22,271	679,257	701,528
At 31st December 2004 and 30th June 2005	910,456	91,046	4,247,264	4,338,310

The total authorised number of ordinary shares is 3,000 million shares (31st December 2004: 3,000 million shares) with a par value of HK$0.10 per share (31st December 2004: HK$0.10 per share). All issued shares are fully paid.

16. BORROWINGS

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 (Restated) HK$'000
Non-current		
Bank borrowings:		
— Secured *(Note (a))*	**551,574**	557,231
— Unsecured *(Note (a))*	**1,109,572**	914,573
Loans from a minority shareholder of subsidiaries *(Note (b))*	**—**	192,493
	1,661,146	1,664,297
Current		
— Bank borrowings:		
Current portion of non-current bank borrowings		
Secured *(Note (a))*	**22,629**	32,058
Unsecured *(Note (a))*	**28,286**	224,315
Short term loans and overdrafts:		
Unsecured	**47,143**	74,958
— Loans from minority shareholders of subsidiaries *(Note (b))*	**357,576**	—
— Convertible bonds *(Note (c))*	**—**	132,600
	455,634	463,931
Total borrowings	**2,116,780**	2,128,228

16. BORROWINGS (CONTINUED)

Notes:

(a) The secured bank loans were secured by cash received from toll collection of toll roads and equity interests in certain subsidiaries of the Group.

Unsecured bank loans include, approximately HK$151 million (RMB160 million) which was guaranteed by Tianjin Economic and Technological Development Investment Co., Ltd., a minority shareholder of certain subsidiaries. Of the HK$151 million, HK$9 million (RMB10 million) is included in the short term loans.

(b) Included in loans from a minority shareholder of subsidiaries is HK$192,493,000 (RMB204,158,000), which is unsecured and carries interest at 6.4% per annum. The remaining balance is unsecured and interest free. All loans from minority shareholders of subsidiaries have no fixed terms of repayment.

The maturity of bank borrowings and convertible bonds is as follows:

	Bank borrowings and overdrafts		**Convertible bonds**	
	30th June 2005	31st December 2004 (Restated)	**30th June 2005**	31st December 2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**98,058**	331,331	**—**	132,600
Between 1 and 2 years	**80,143**	57,279	**—**	—
Between 2 and 5 years	**1,260,430**	1,037,851	**—**	—
Wholly repayable within 5 years	**1,438,631**	1,426,461	**—**	132,600
Over 5 years	**320,573**	376,674	**—**	—
	1,759,204	1,803,135	**—**	132,600

16. BORROWINGS (CONTINUED)

Notes: (Continued)

(c) On 18th April 2002, the Group issued US$20,000,000 convertible bonds which are listed on the Luxembourg Stock Exchange and carry interest at 3% per annum payable semi-annually in arrears.

Each bondholder has the option to convert the bonds into shares of the Company of HK$0.10 each at a conversion price of HK$2.69 per share, subject to adjustment, at any time from 18th April 2003 to 11th April 2005. The convertible bonds had been fully redeemed in mid April 2005.

HKAS 32 "Financial Instruments: Disclosure and Presentation" requires the issuer of convertible bond to present the liability component and the equity component separately on the balance sheet. Upon initial recognition, the fair value of the liability component of convertible debt instruments is computed as the present value of the contractual stream of future cash flows. The Group did not adopt this accounting treatment to restate opening balances as the directors considered the financial impact to be insignificant to the current period results and not meaningful given the bond have been fully redeemed as at period end.

17. TRADE PAYABLES

The aging analysis of the Group's trade payables is as follows:

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
Below 30 days	**4,512**	44,137
30 to 90 days	**3,979**	337
91 to 180 days	**—**	1,870
Over 180 days	**2,126**	1,782
	10,617	48,126

18. OPERATING LEASE COMMITMENTS

At 30th June 2005, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
Land and buildings		
Not later than one year	**15,212**	12,668
Later than one year and not later than five years	**48,390**	48,748
Later than five years	**228,665**	234,214
	292,267	295,630
Equipment, berths, railway		
Not later than one year	**21,279**	21,279
Later than one year and not later than five years	**84,959**	84,656
Later than five years	**171,249**	182,396
	277,487	288,331
Plant and machinery		
Not later than one year	**5,398**	5,760
Later than one year and not later than five years	**15,883**	18,118
Later than five years	**27,306**	29,167
	48,587	53,045
	618,341	637,006

19. CAPITAL COMMITMENTS

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
Authorised but not contracted for in respect of:		
— Improvements on plant and machinery	**183,792**	13,584
— Land and buildings	**—**	103,252
	183,792	116,836
Contracted but not provided for in respect of:		
— Improvements on plant and machinery	**48,628**	67,054
— Tang Jin Expressway	**17,773**	17,773
— Land and buildings	**86,502**	3,229
— Others	**8,639**	815
	161,542	88,871

20. CONTINGENT LIABILITIES

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
Guarantees given to banks in respect of banking facilities extended to a jointly controlled entity	**18,857**	18,857

21. RELATED PARTY TRANSACTIONS

The Group is controlled by Tsinlien Group Company Limited, the ultimate holding company. The parent of the ultimate holding company is a state-owned enterprise. In accordance with the revised HKAS 24, "Related Party Disclosures", state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are also deemed as related parties of the Group ("other state-owned enterprises").

There are business activities of the Group which are conducted with state-owned enterprises. For the purpose of the related party transactions disclosure in accordance with HKAS 24, the Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have a multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that all material related party transactions and balances have been adequately disclosed.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

The following are significant related party transactions and balances during and as at six months ended 30th June 2005:

(a) Tsinlien Group Company Limited and its associates

	Unaudited Six months ended 30th June 2005 HK$'000	Unaudited Six months ended 30th June 2004 HK$'000
(i) Transactions with Tsinlien Group Company Limited and its associates		
Management fee paid	**508**	499
Rental on land and buildings	**2,220**	2,220

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
(ii) Related period/year end balances	**83**	(3,925)

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other state-owned enterprises

	Unaudited Six months ended 30th June	
	2005	2004
	HK$'000	HK$'000
(i) Transactions with other state-owned enterprises		
Income		
Container handling and bulk goods stevedoring income	**312,459**	276,009
Toll fee income	**62,864**	70,201
Income from provision of utilities	**88,959**	—
Interest income	**8,985**	5,016
Expenses		
Purchases	**339,892**	20,745
Rental for berths, railway and storage services	**10,089**	10,111
Rental for land	**3,218**	3,218
Rental for equipment	**1,955**	1,955
Rental for pipelines and networks	**7,738**	—
Service fees for port related supporting services and auxiliary services	**14,707**	14,512
Temporary storage fees	**5,851**	—
Toll road maintenance charges	**12,257**	2,829
Finance costs	**21,796**	24,774

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other state-owned enterprises (Continued)

	Unaudited 30th June 2005 HK$'000	Audited 31st December 2004 HK$'000
(ii) Balances with other state-owned enterprises		
Assets		
Financial assets at fair value through profit or loss	**99,509**	54,486
Trade receivables	**177,604**	120,891
Other receivables	**560**	549
Amount due from related parties	**80,325**	85,733
Deposits with state-owned banks	**1,839,755**	1,814,923
Liabilities		
Trade payables	**10,456**	7,533
Other payables	**5,905**	6,776
Amount due to related parties	**143,144**	148,415
Loans obtained from state-owned banks	**706,204**	890,534

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	Unaudited Six months ended 30th June	
	2005	2004
	HK$'000	HK$'000
Fees	**897**	1,127
Salaries and other emoluments	**1,467**	480
	2,364	1,607

(d) During the period, the Group disposed its interest in a subsidiary to a listed associated company for a consideration of HK$47,000,000.

22. EVENTS AFTER BALANCE SHEET DATE

On 12th September 2005, the Group submitted a formal application for the separate listing in the shares of port companies on the Main Board of the Stock Exchange. The spin-off is subject to the approval from the Listing Committee of the Stock Exchange and the Company's shareholders.

23. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board on 13th September 2005.