1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated financial statements of the Group for the six months ended 31st December, 2005 are unaudited and have been reviewed by the Audit Committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30th June, 2005 except for those changes following the Group's adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and relevant Interpretations ("HKAS-INTs" and "HK-INTs") which took effect on 1st July, 2005 for the Group. The changes in accounting policies, which have significant impacts on the Group's financial statements are summarised as below:

(a) Business combinations

In the current period, the Group has applied HKFRS 3 "Business Combinations" which is effectively for business combinations for which the agreement date is on or after 1st January, 2005, which mainly has effects on the treatment of goodwill.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Business combinations (Continued)

In prior periods, positive goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. In the current period, the Group has applied the relevant transitional provisions in HKFRS 3 that the Group has discontinued amortising but applied impairment testing on the positive goodwill at least annually from 1st July, 2005 onwards. But this change in accounting policy has no effect on the results of the Group for the current period as the positive goodwill of the Group has been fully amortised in the financial year ended 30th June, 2005.

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition (previously known as "negative goodwill") is recognised immediately in profit or loss in the period in which the acquisition takes place.

Negative goodwill arose on an acquisition prior to 1st July, 2001 was previously held in reserves and has been derecognised at 1st July, 2005 in accordance with the relevant transitional provisions in HKFRS 3, with a corresponding increase to retained profits, which financial impact is set out in note 3.

(b) Investment properties

In the current period, the Group has applied HKAS 40 "Investment Property" by electing to adopt the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficits credited or charged to the investment property revaluation reserve unless the balance on this reserve was insufficient to cover the revaluation decreases, and the excess was charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arise, this surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Investment properties *(Continued)*

This change in accounting policy has no impact on the results of the current period since the disposal of the Group's interests in Dynamic Cargo Centre (an investment property held by the Group as at 30th June, 2005) was completed on 30th November, 2005, with its carrying value on a market value on existing state basis was transferred to the income statement to arrive at the gain on disposal of HK$126,000,000 by taking into account the fact that the investment property revaluation reserve has been fully transferred to the income statement according to the predecessor standard in prior periods.

(c) Financial instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". Under HKAS 32, a financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarized below:

Classification and measurement of financial assets and financial liabilities

Together with HKAS 32, the Group applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39. The classification depends on the purpose for which the assets are acquired. In accordance with HKAS 39, the Group has measured all its financial assets and financial liabilities upon initially recognition at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Financial instruments *(Continued)*

Classification and measurement of financial assets and financial liabilities *(Continued)*

Loan receivables in respective of the mortgage loans (which are interest free with fixed and determinable payments) to the customers of Chaoyang Garden were financial assets and were classified as "loans and receivables". These loans and receivables are subsequently measured at amortised cost using the effective interest method, less any identified impairment losses.

Loan from a related company, which was unsecured with a better than the normal commercial terms that the Group can be granted by other financial institutions or third parties in the ordinary and usual course of business, was classified at financial liability at amortised cost. This financial liability was subsequently measured at amortised cost using the effective interest method.

The adoption of these new accounting standards has resulted in an increase in retained profits on 1st July, 2005 and a decrease in profit for the period from 1st July, 2005 to 31st December, 2005, which financial impact is set out in note 3.

(d) Presentational changes

The application of the new HKFRSs has also resulted in changes in the presentation of the financial statements retrospectively with comparatives restated to conform to the current period's presentation.

In prior years, minority interests were presented in the consolidated balance sheet separately. Financial results shared by minority interests were separately presented in the consolidated income statement as a deduction before arriving at the net profit for the year.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Presentational changes *(Continued)*

With effect from 1st July, 2005, in order to comply with HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests are presented in the consolidated balance sheet with equity, separately from the equity attributable to the equity holders of the Company, and the results shared by minority interests are presented on the face of the consolidated income statement as an allocation of the attributable profit between the minority interests and the equity holders of the Company.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior periods are as follows:

	HKAS 39 *HK$'000* *(Note 2c)*	**Total effect** *HK$'000*
For the six months ended 31st December, 2005 (unaudited)		
Increase in imputed interest income for loan receivables	369	369
Increase in imputed interest expense on loan from a related company	(1,736)	(1,736)
Decrease in profit for the period	(1,367)	(1,367)

There is no effect on the profit for the period from 1st July, 2004 to 31st December, 2004 as HKAS 39 was not apply retrospectively (note 2c).

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

The cumulative effects of the new HKFRSs as at 30th June, 2005 and 1st July, 2005 are summarized below:

	As at 30th June, 2005 HK$'000 (As originally stated)	Retrospective Adjustment HKAS 1 & HKAS 27 HK$'000 (Note 2d)	As at 30th June, 2005 HK$'000 (As restated)	Adjustments on 1st July, 2005 HKAS 39 HK$'000 (Note 2c)	Adjustments on 1st July, 2005 HKFRS 3 HK$'000 (Note 2a)	As at 1st July, 2005 HK$'000 (As restated)
Balance sheet items						
Property, plant and equipment	12,475		12,475			12,475
Investment properties	500,000		500,000			500,000
Properties held for development	219,848		219,848			219,848
Loan receivables — due after one year	7,147		7,147	(529)		6,618
Properties under development	248,774		248,774			248,774
Properties held for sale	150,088		150,088			150,088
Loan receivables — due within one year	8,167		8,167	(799)		7,368
Loan from a related company	(68,620)		(68,620)	1,639		(66,981)
Deferred tax liabilities	(19,613)		(19,613)			(19,613)
Other assets and liabilities	(196,447)		(196,447)			(196,447)
Total effect on assets and liabilities	861,819		861,819	311		862,130
Minority interests	(30,688)	30,688	—			—
	831,131	30,688	861,819	311	—	862,130
Share capital	219,104		219,104			219,104
Other reserves	483,101		483,101		(1,538)	481,563
Retained profits	128,926		128,926	377	1,538	130,841
Equity holders of the Company	831,131		831,131	377	—	831,508
Minority interests	—	30,688	30,688	(66)		30,622
Total effects on total equity	831,131	30,688	861,819	311	—	862,130

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(Continued)*

The financial effects of the application of the new HKFRSs to the Group's equity at 1st July, 2004 are summarized below:

		HKAS 1 & HKAS 27	
	HK$'000	*HK$'000*	*HK$'000*
	(As originally stated)	*(Note 2d)*	*(As restated)*
Share capital	219,104		219,104
Other reserves	484,741		484,741
Retained profits	45,555		45,555
Equity holders of the Company	749,400		749,400
Minority interests	—	28,146	28,146
Total effects on total equity	749,400	28,146	777,546

4. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into three operating divisions — property sales, property rental and port operations. These principal operating activities are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

Property sales	—	sales of properties developed by the Group
Property rental	—	leasing of investment properties
Port operations	—	operations of the port

4. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

Segmental information about these businesses is presented below:

	Property sales		Property rental		Port operations		Consolidated	
	Unaudited Six months ended 31st December,							
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
External sales	**84,467**	59,308	**14,187**	14,733	**9,338**	8,835	**107,992**	82,876
SEGMENT RESULT	**15,518**	3,932	**13,805**	13,461	**6,191**	2,740	**35,514**	20,133
Unallocated corporate income							**665**	—
Gain on disposal of investment properties							**126,000**	—
Unallocated corporate expenses							**(7,783)**	(5,258)
Finance costs							**(2,529)**	(71)
Profit before taxation							**151,867**	14,804
Taxation							**(8,071)**	(1,708)
Profit for the period							**143,796**	13,096

4. SEGMENTAL INFORMATION (Continued)

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market		Profit for the period	
	Unaudited Six months ended 31st December,			
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**14,187**	14,733	**13,805**	13,461
Other regions in the People's Republic of China ("PRC")	**93,805**	68,143	**21,709**	6,672
	107,992	82,876	**35,514**	20,133
Unallocated corporate income			**665**	—
Gain on disposal of investment properties			**126,000**	—
Unallocated corporate expenses			**(7,783)**	(5,258)
Finance costs			**(2,529)**	(71)
Profit before taxation			**151,867**	14,804
Taxation			**(8,071)**	(1,708)
Profit for the period			**143,796**	13,096

5. OTHER INCOME

	Unaudited Six months ended 31st December, 2005 HK$'000	2004 HK$'000
Bank interest income	**2,136**	1,041
Exchange gain	**5,600**	—
Imputed interest income on loan receivables	**369**	—
Sundry income	**2,335**	1,227
	10,440	2,268

6. DEPRECIATION

	Unaudited Six months ended 31st December, 2005 HK$'000	2004 HK$'000
Profit from taxation for the period has been arrived at after charging the following item:		
Depreciation	**880**	805
Less: Amount capitalized and included in properties under development	**(32)**	(210)
	848	595

7. FINANCE COSTS

	Unaudited Six months ended 31st December,	
	2005	2004
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**2,585**	1,199
Less: Amount capitalised and included in properties under development by applying a capitalisation rate of 6.7% (2004: 4.7%) to expenditure on qualifying assets	**(1,792)**	(1,128)
Interest on loan from a related company wholly repayable within five years	**1,207**	2,076
Less: Amount capitalized and included in properties held for development	**(1,207)**	(2,076)
Imputed interest expense on loan from a related company	**1,736**	—
	2,529	71

8. TAXATION

	Unaudited Six months ended 31st December, 2005 HK$'000	2004 HK$'000
The tax charge comprises:		
Hong Kong Profits Tax		
Current period	**22,909**	—
Overprovision in prior years	**(1)**	(4)
PRC Income Tax		
Current period	**6,303**	2,363
Overprovision in prior years	**(1,527)**	(1,997)
Deferred Tax (Credit) Charge		
Current period	**(19,613)**	1,346
	8,071	1,708

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the period.

PRC Foreign Enterprise Income Tax is calculated at the rates prevailing in the PRC.

Deferred tax has been provided on temporary differences using the current applicable rate.

Hong Kong profits tax of HK$22,909,000 and deferred tax credit of HK$19,613,000 for the six months ended 31st December, 2005 arose from the disposal of the investment properties of the Group on 30th November, 2005.

9. DIVIDEND

On 17th January, 2006, a final dividend of 2 Hong Kong cents (2004: 2 Hong Kong cents) per share was paid to the Company's shareholders as a final dividend for the year ended 30th June, 2005.

On 3rd January, 2006, the Directors declared a special dividend of 15 Hong Kong cents per share to those shareholders whose names appeared on the register of members of the Company on 24th March, 2006. And such dividend will be paid in cash on or about 31st March, 2006.

The Directors have declared an interim dividend of 2 Hong Kong cents (2004: 2 Hong Kong cents) per share for the six months ended 31st December, 2005 to all shareholders whose names appear on the register of members of the Company on 21st April, 2006.

10. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit of HK$140,324,000 (2004: HK$12,078,000) attributable to equity holders of the Company for the period and on 219,103,681 (2004: 219,103,681) ordinary shares in issue throughout the period.

The changes in the Group's accounting policies during the period as described in note 2 has no effect on the basic earnings per share for the period ended 31st December, 2004.

No diluted earnings per share is shown as there is no dilutive effect on the earnings per share for both periods.

11. TRADE AND OTHER RECEIVABLES

At 31st December, 2005, the balance of trade and other receivables included trade receivables of HK$1,888,000 (30th June, 2005: HK$1,413,000) and home loans of HK$26,416,000 (30th June, 2005: HK$21,626,000). For property sales, other than home loans, the Group allows an average credit period of 30 days to its customers. Rental receivables from tenants and service income receivables from customers are payable on presentation of invoices. The aged analysis of trade receivables is as follows:

	Unaudited At 31st December, 2005 *HK$'000*	Audited At 30th June, 2005 *HK$'000*
0 – 60 days	**650**	1,268
61 – 90 days	**72**	79
Over 90 days	**1,166**	66
	1,888	1,413

12. TRADE AND OTHER PAYABLES

At 31st December, 2005, the balance of trade and other payables included trade payables of HK$63,910,000 (30th June, 2005: HK$59,090,000). The aged analysis of trade payables is as follows:

	Unaudited At 31st December, 2005 *HK$'000*	Audited At 30th June, 2005 *HK$'000*
0 – 60 days	**52,701**	35,929
61 – 90 days	**2,674**	10,350
Over 90 days	**8,535**	12,811
	63,910	59,090

13. BANK LOANS

	Unaudited At 31st December, 2005 ***HK$'000***	Audited At 30th June, 2005 *HK$'000*
The bank loans are repayable as follows:		
Within one year or on demand	**69,126**	99,674
More than one year, but not exceeding two years	**—**	22,000
More than two years, but not exceeding five years	**—**	101,500
	69,126	223,174
Less: Amount repayable within one year shown under current liabilities	**(69,126)**	(99,674)
Amount due after one year	**—**	123,500
Secured	**67,308**	209,538
Unsecured	**1,818**	13,636
	69,126	223,174

The loans bear average interest rate of about 0.48% to 1.5% (30th June, 2005: about 0.48% to 1.5%) over Hong Kong Interbank Offered Rate per annum and are repayable either in instalments or in one lump sum within five years.

14. SHARE CAPITAL

	Number of shares		Amount	
	Unaudited At 31st December, 2005	Audited At 30th June, 2005	**Unaudited At 31st December, 2005** ***HK$'000***	Audited At 30th June, 2005 *HK$'000*
Ordinary shares of HK$1.00 each Authorised	**300,000,000**	300,000,000	**300,000**	300,000
Issued	**219,103,681**	219,103,681	**219,104**	219,104

15. SHARE OPTION SCHEME

The Company adopted a share option scheme on 21st December, 2001 (the "Share Option Scheme").

The Share Option Scheme was adopted for the purpose of providing incentives to Directors, employees and eligible participants and will expire on 20th December, 2011. Under the Share Option Scheme, the Board of Directors of the Company may grant options to Executive Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board of Directors of the Company pursuant to the terms of the Share Option Scheme, to subscribe for shares of the Company at a price per share not less than the highest of i) the closing price of a share of the Company listed on the Stock Exchange at the date of grant of the option; ii) the average of the closing price of a share of Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and iii) the nominal value of a share of the Company.

15. SHARE OPTION SCHEME *(Continued)*

No share option was granted to or exercised by any of the Company's and its subsidiaries' Directors, employees and such eligible participants under the Share Option Scheme since its adoption, and there were no share options outstanding as at 31st December, 2005 and 31st December, 2004.

16. CONTINGENT LIABILITIES

	The Company	
	Unaudited At 31st December, 2005	Audited At 30th June, 2005
	HK$'000	*HK$'000*
Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries	**79,126**	334,674

The extent of such facilities utilized and unutilized by the subsidiaries at 31st December, 2005 amounted to approximately HK$69,126,000 (30th June, 2005: HK$223,174,000) and HK$10,000,000 (30th June, 2005: HK$111,500,000), respectively.

In addition, the Group and the Company have given guarantees in respect of the settlement of mortgage loans provided by banks to the home buyers of a property project in the PRC. At 31st December, 2005, the Group and the Company had a maximum amount of mortgage loans which were subject to these guarantees of HK$626,360,000 (30th June, 2005: HK$643,533,000) and HK$38,763,000 (30th June, 2005: HK$38,858,000) respectively.

16. CONTINGENT LIABILITIES *(Continued)*

A subsidiary has been named as a defendant in a High Court action in respect of an alleged breach of contractual undertakings. The plaintiff is claiming for an amount of HK$14,879,000 (30th June, 2005: HK$14,879,000). The subsidiary and its legal counsel are strongly resisting this claim and a counterclaim has been lodged against the plaintiff for, inter alia, damages in an amount of about HK$49,309,000 (30th June, 2005: HK$49,309,000) (subject to the Court's assessment). In the opinion of the Directors, the outcome of this case would not have a material adverse impact on the financial position of the Group, accordingly, no provision for any potential liabilities has been made in the financial statements.

17. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties who have significant influence over the Group except loan from a related company as described in note c below:

	Unaudited Six months ended 31st December,	
	2005	2004
	HK$'000	*HK$'000*
Rental income received *(note a)*	**65**	82
Rental and management fees paid *(note a)*	**693**	693
Consultancy service fees paid *(note b)*	**500**	500
Finance costs and charge paid *(note c)*	**1,517**	2,121

17. RELATED PARTY TRANSACTIONS *(Continued)*

The outstanding balances with these related companies and minority shareholders, which were unsecured, interest free and repayable on demand at 31st December, 2005 and 30th June, 2005 are as follows:

	Unaudited At 31st December, 2005 ***HK$'000***	Audited At 30th June, 2005 *HK$'000*
Deposits due from related companies included in trade and other receivables *(note d)*	**223**	223
Amounts due from related parties included in trade and other receivables	**2,023**	1,528
Amounts due from minority shareholders	**5,210**	5,035
Consultancy fee payable included in trade and other payables *(note b)*	**500**	500
Finance cost and charge payable to a related company included in trade and other payables *(note c)*	**7**	11

Notes:

a. *Rental income received from the Group's investment properties; and rental and management fees paid in respect of office premise and staff quarter were determined at market price.*

b. *Consultancy service fees were paid or payable at the terms agreed by the relevant parties.*

c. *Finance costs and charge were paid or payable in respect of a loan agreement with the lender, Speedy Return Investments Limited, which was a company beneficially, indirectly and wholly owned by Mr. CHUA Domingo, the Chairman and controlling shareholder of the Company. The loan was unsecured at the annual interest rate of LIBOR plus 2.125% for a term of four years from the date of original loan agreement as extended. The terms of the loan is better than those applicable to similar transactions with unrelated parties.*

d. *Deposits due from related companies were represented by rental and management fee deposit paid in respect of office premise and staff quarter of the Group.*

The remuneration of key management personnel, all in short-term employee benefits, during the period amounted to HK$2,340,000 (six months ended 31st December, 2004: HK$2,350,000)

18. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, a wholly-owned subsidiary of the Company entered into an agreement with two connected persons (as defined under the Listing Rules) on 5th January, 2006 for acquisition of the entire issued share capital of and outstanding debts owing from High Grand Investments Limited as a total consideration of HK$344,000,000 (the "Acquisition").

Pursuant to the Acquisition, the Group has to invest in the total sum of HK$728,000,000 (subject to adjustment), comprising the Acquisition and payment of RMB400,000,000 (subject to adjustment), being balance payment payable under the pre-sale contracts for acquisition of a property situated in Shanghai with 182 office units and an estimated gross floor area of 30,188 square metres. Details of the Acquisition is disclosed in the Company's circular to shareholders dated 24th February, 2006.

Completion of the Acquisition is subject to, among others, approval of independent shareholders of the Company, ordinary resolution of which was passed on 13th March, 2006. And completion of the Acquisition took place on 14th March, 2006.