

NOTES ON UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1. Significant accounting policies

Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issuance on 23rd March, 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30th June, 2006, except for the adoption of certain new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1st January, 2006. The adoption of the new standards, amendments and interpretations had no material effect on the Group’s results of operation and financial position.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions 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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by HKICPA. KPMG’s independent review report to the board of directors is included on page 18.

The financial information relating to the financial year ended 30th June, 2006 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30th June, 2006 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20th October, 2006.

2. Turnover and segment information

The principal activities of the Group are property development and investment.

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

For the six months ended 31st December, 2006

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Turnover	37,519	-	-	37,519
Finance income	-	48,744	-	48,744
Other income	-	-	607	607
Total revenue	<u>37,519</u>	<u>48,744</u>	<u>607</u>	<u>86,870</u>
Segment results	<u>35,587</u>	<u>48,744</u>		<u>84,331</u>
Unallocated expenses				<u>(6,969)</u>
Operating profit				77,362
Share of results of jointly controlled entities	78,493	-		78,493
Valuation gains on investment properties	144,000	-		<u>144,000</u>
Profit before taxation				<u>299,855</u>

For the six months ended 31st December, 2005

	Property development and investment \$'000	Treasury management \$'000	Unallocated \$'000	Consolidated \$'000
Turnover	33,700	-	-	33,700
Finance income	-	18,370	-	18,370
Other income	-	-	10,560	10,560
Total revenue	<u>33,700</u>	<u>18,370</u>	<u>10,560</u>	<u>62,630</u>
Segment results	<u>31,714</u>	<u>18,370</u>		<u>50,084</u>
Unallocated				<u>1,460</u>
Operating profit				51,544
Share of results of jointly controlled entities	94,328	-		94,328
Valuation gains on investment properties	31,000	-		<u>31,000</u>
Profit before taxation				<u>176,872</u>

(b) Geographical segments

Geographical location of operations	Group turnover		Operating profit	
	Six months ended		Six months ended	
	31st December,		31st December,	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Hong Kong	9,017	7,294	40,964	27,195
United Kingdom	28,502	26,406	36,398	24,349
	<u>37,519</u>	<u>33,700</u>	<u>77,362</u>	<u>51,544</u>

In addition, the turnover of the jointly controlled entities attributable to the Group for the period amounted to \$23,140,000 (2005: \$102,223,000).

3. Finance income

	Six months ended	
	31st December,	
	2006	2005
	\$'000	\$'000
Interest income	32,563	26,941
Dividend income from other investments	164	159
Exchange gains/(losses)	15,221	(8,507)
Net unrealised gains/(losses) on other investments at fair value	796	(223)
	<u>48,744</u>	<u>18,370</u>

4. Other income

	Six months ended	
	31st December,	
	2006	2005
	\$'000	\$'000
Management fee	248	248
Gain on disposal of fixed assets	3	-
Recognition of deferred profits	-	10,001
Sundry income	356	311
	<u>607</u>	<u>10,560</u>

5. Operating profit

	Six months ended 31st December,	
	2006	2005
	\$'000	\$'000
Operating profit is arrived at after charging:		
Property expenses	<u>1,691</u>	<u>1,700</u>

6. Taxation

	Six months ended 31st December,	
	2006	2005
	\$'000	\$'000
Current tax - Provision for Hong Kong Profits Tax		
Tax for the period	<u>21</u>	<u>67</u>
	<u>21</u>	<u>67</u>
Current tax - Overseas		
Tax for the period	2,553	2,467
Overprovision in respect of prior years	<u>(189)</u>	<u>(338)</u>
	<u>2,364</u>	<u>2,129</u>
Deferred taxation		
Origination and reversal of temporary differences		
- relating to property valuation	25,200	5,425
- others	<u>1,439</u>	<u>617</u>
	<u>26,639</u>	<u>6,042</u>
	<u>29,024</u>	<u>8,238</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the six months ended 31st December, 2006. Taxation for overseas subsidiaries is similarly calculated at the appropriate current rates of taxation ruling in the relevant countries.

Share of taxation of jointly controlled entities for the six months ended 31st December, 2006 amounting to \$906,000 (2005: \$10,604,000) is included in share of results of jointly controlled entities in the consolidated profit and loss account.

7. Dividends

(a) Dividends attributable to the interim period:

	Six months ended 31st December,	
	2006	2005
	\$'000	\$'000
Interim dividend declared after the interim period end of \$0.10 per share (2005: \$0.10)	4,559	4,559
Special dividend declared with interim dividend after the interim period end of \$0.50 per share (2005: \$0.50)	22,798	22,798
	<u>27,357</u>	<u>27,357</u>

The interim dividends declared after the interim period end have not been recognised as liabilities at the interim period end date.

(b) Dividends attributable to the previous financial years, declared/approved during the interim period:

	Six months ended 31st December,	
	2006	2005
	\$'000	\$'000
Second interim dividend declared in respect of previous financial year of \$0.30 per share (at 30th June, 2006: \$0.30 per share)	13,678	13,678
Final dividend approved in respect of previous financial year of \$0.10 per share (at 30th June, 2006: \$0.10 per share)	4,559	4,559
Special dividend approved with final dividend in respect of previous financial year of \$1.00 per share (at 30th June, 2006: \$1.00 per share)	45,595	45,595
	<u>63,832</u>	<u>63,832</u>

8. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to shareholders of \$270,831,000 (2005: \$168,634,000) and the weighted average of 45,594,656 ordinary shares (2005: 45,594,656 shares) in issue during the period.

9. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis:

	At 31st December, 2006 \$'000	At 30th June, 2006 \$'000
Current	438	393
1-3 months overdue	-	-
Total trade debtors	438	393
Deposits, prepayment and other receivables	5,628	4,512
	6,066	4,905

A defined credit policy is maintained within the Group.

An amount of \$1,132,000 (at 30th June, 2006: \$1,126,000) included in debtors, deposits and prepayments under current assets is expected to be recovered after more than one year.

10. Creditors and accruals

Included in creditors and accruals are trade creditors with the following ageing analysis:

	At 31st December, 2006 \$'000	At 30th June, 2006 \$'000
Due within 1 month	-	29
Due from 1 to 3 months	-	56
Due after 3 months	201	201
Total trade creditors	201	286
Other payables	62,151	41,970
	62,352	42,256

An amount of \$38,414,000 (at 30th June, 2006: \$18,948,000) included in creditors and accruals under current liabilities is expected to be settled after more than one year.

11. Share capital

Issued and fully paid:
(of HK\$2 each)

	At 31st December, 2006 \$'000	At 30th June, 2006 \$'000
45,594,656 shares of HK\$2 each	<u>91,189</u>	<u>91,189</u>

12. Reserves

	Capital redemption reserve \$'000	Investment properties revaluation reserve \$'000	Other properties revaluation reserve \$'000	General reserve \$'000	Retained profits \$'000	Total \$'000
At 1st July, 2006	1,348	-	5,833	290,000	3,531,738	3,828,919
Dividends declared/approved in respect of the previous financial year	-	-	-	-	(63,832)	(63,832)
Exchange differences	-	-	-	-	65,665	65,665
Realisation of other properties revaluation reserve	-	-	(14)	-	14	-
Net income and expense recognised directly in equity	-	-	(14)	-	65,679	65,665
Profit for the period	-	-	-	-	270,831	270,831
At 31st December, 2006	<u>1,348</u>	<u>-</u>	<u>5,819</u>	<u>290,000</u>	<u>3,804,416</u>	<u>4,101,583</u>

13. Material related party transactions

Interest in jointly controlled entities includes loans to the jointly controlled entities at 31st December, 2006 amounting to HK\$732,057,000 (30th June, 2006: HK\$740,057,000) which are unsecured, interest-free and have no fixed terms of repayment.

14. Capital commitments

Contracted for capital commitments outstanding at 31st December, 2006 amounted to HK\$247.9 million (30th June, 2006: HK\$12.6 million).

15. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.