

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed interim financial statements have been prepared in accordance with the requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Statement of Standard Accounting Practice No. 25 “interim financial reporting” issued by the Hong Kong Society of Accountants.

The accounting policies adopted are consistent with those adopted in the annual financial statements of the Group for the year ended 30th June, 2001 except for the change in accounting policy with respect to dividend recognition.

In prior periods, dividends/distributions proposed or declared after the balance sheet date in respect of an accounting period were recognised as a liability at the balance sheet date. In order to comply with the Statement of Standard Accounting Practice No. 9 (revised) “events after the balance sheet date”, the Group does not recognise a liability for dividends/distributions in the accounting period in which they are declared or proposed and approved by shareholders. The new accounting policy has been adopted retrospectively, with the retained profits as at 1st July, 2001 adjusted for the amounts relating to final distribution declared for the year ended 30th June, 2001.

The condensed financial statements of the Group for the six months ended 31st December, 2001 are unaudited and have been reviewed by the Audit Committee of the Company. Certain comparative figures have been reclassified to conform with the current basis of presentation.

For the six months ended 31st December, 2001

2. TURNOVER

The Company acts as an investment holding company. The activities of its principal subsidiaries are property investment and development. The Group's turnover and contribution to profit from operations for the period under review are analysed as follows:

By principal activity:

	Turnover		Contribution to profit from operations	
	Unaudited			
	Six months ended 31st December,			
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Property sales	6,966	203,522	1,258	12,693
Property rental	15,313	15,247	8,826	7,715
Port operation income	5,262	4,736	1,315	1,427
	27,541	223,505	11,399	21,835

By geographical location of operations:

	Turnover		Contribution to profit from operations	
	Unaudited			
	Six months ended 31st December,			
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Hong Kong Special Administrative Region ("Hong Kong")	15,313	15,247	8,826	7,715
Other regions in the People's Republic of China ("PRC")	12,228	208,258	2,573	14,120
	27,541	223,505	11,399	21,835

For the six months ended 31st December, 2001

2. TURNOVER (Continued)

Interest income has been reclassified from turnover to other revenue in the previous corresponding period.

3. OTHER REVENUE

Other revenue includes interest income from bank deposits for the six months ended 31st December, 2001 amounted to HK\$85,000 (2000: HK\$1,045,000).

4. DEPRECIATION AND AMORTISATION

	Unaudited Six months ended 31st December,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit from operations has been arrived at after charging (crediting):		
Amortisation of goodwill	571	571
Depreciation	734	155
Less: Amount capitalised and included in properties under development	(233)	(39)
	501	116

5. TAXATION

	Unaudited Six months ended 31st December,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
The tax charge comprises:		
PRC Income Tax	648	4,309

For the six months ended 31st December, 2001

5. TAXATION (Continued)

No Hong Kong Profits Tax is provided as there is no estimated assessable profit for 2001. No Hong Kong Profits Tax was payable in 2000 since the assessable profit was wholly absorbed by the tax relief brought forward.

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

6. DISTRIBUTION

On 17th January, 2002, a distribution of 2 Hong Kong cents (2000: 2 Hong Kong cents) per share was paid to the Company's shareholders as a final distribution for the year ended 30th June, 2001.

The Directors have declared an interim distribution of 2 Hong Kong cents (2000: 2 Hong Kong cents) per share for the six months ended 31st December, 2001 to all shareholders whose names appear on the register of members of the Company on 26th April, 2002.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the period of HK\$8,649,000 (2000: HK\$12,444,000) and on the weighted average number of 219,103,681 (2000: 219,103,681) ordinary shares in issue throughout the period.

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

8. TRADE AND OTHER RECEIVABLES

At 31st December, 2001, the balance of trade and other receivables included trade receivables of HK\$15,954,000 (30th June, 2001: HK\$21,586,000). For property sales, the Group allows an average credit period of 30 days to its customers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices.

For the six months ended 31st December, 2001

8. TRADE AND OTHER RECEIVABLES (Continued)

The aging analysis of trade receivables at the reporting date is as follows:

	Unaudited At 31st December, 2001 <i>HK\$'000</i>	Audited At 30th June, 2001 <i>HK\$'000</i>
0 – 60 days	8,496	13,843
61 – 90 days	1,791	797
>90 days	5,667	6,946
	15,954	21,586

9. TRADE AND OTHER PAYABLES

At 31st December, 2001, the balance of trade and other payables included trade payables of HK\$96,944,000 (30th June, 2001: HK\$125,014,000).

The aging analysis of trade payables at the reporting date is as follows:

	Unaudited At 31st December, 2001 <i>HK\$'000</i>	Audited At 30th June, 2001 <i>HK\$'000</i>
0 – 60 days	43,189	46,991
61 – 90 days	198	551
>90 days	53,557	77,472
	96,944	125,014

For the six months ended 31st December, 2001

10. BANK LOANS

	Unaudited At 31st December, 2001 HK\$'000	Audited At 30th June, 2001 HK\$'000
Bank loans, secured	183,147	187,147
The bank loans are repayable as follows:		
Within one year or on demand	37,050	15,550
More than one year, but not exceeding two years	146,097	34,300
More than two years, but not exceeding five years	—	137,297
	183,147	187,147
Less: Amount repayable within one year shown under current liabilities	(37,050)	(15,550)
Amount due after one year	146,097	171,597

For the six months ended 31st December, 2001

11. SHARE CAPITAL

	Number of Shares		Share Capital	
	Unaudited At 31st December, 2001	Audited At 30th June, 2001	Unaudited At 31st December, 2001 <i>HK\$'000</i>	Audited At 30th June, 2001 <i>HK\$'000</i>
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

12. SHARE OPTION SCHEME

Pursuant to the Company's ordinary resolution passed on 21st December, 2001, shareholders of the Company approved termination of the Company's share option scheme adopted on 23rd March, 1992 ("Previous Scheme") and adoption of a new share option scheme ("New Scheme"), which allows the Directors to grant eligible participants as defined in the New Scheme including, inter alia, employees and Directors of the Group options to subscribe for the Company's ordinary shares at a price, which shall not be less than the highest of:

- the closing price of the Company's share as quoted on The Stock Exchange of Hong Kong Limited on the date of grant;
- an amount equivalent to the average closing price of the Company's share as quoted on such Exchange for the 5 business days immediately preceding the date of grant; or
- the nominal value of the Company's share.

No value of option is disclosed as no share option has been granted under the New Scheme since adoption nor was outstanding under the Previous Scheme as at 31st December, 2001.

For the six months ended 31st December, 2001

13. RESERVES

	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve on consolidation HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP								
At 30th June, 2001								
(audited)								
As originally stated	426,608	55,018	6,653	1,644	(2,710)	542	87,922	575,677
Prior period adjustment	—	—	—	—	—	—	4,382	4,382
Restated	426,608	55,018	6,653	1,644	(2,710)	542	92,304	580,059
Exchange adjustment	—	—	—	—	(431)	—	—	(431)
Net profit for the period	—	—	—	—	—	—	8,649	8,649
Distribution	—	—	—	—	—	—	(4,382)	(4,382)
At 31st December,								
2001 (unaudited)	426,608	55,018	6,653	1,644	(3,141)	542	96,571	583,895

For the six months ended 31st December, 2001

14. CONTINGENT LIABILITIES

	The Company	
	Unaudited	Audited
	At 31st	At 30th
	December,	June,
	2001	2001
	HK\$'000	HK\$'000
Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries	202,147	209,647

15. CAPITAL COMMITMENTS

	Unaudited	Audited
	At 31st	At 30th
	December,	June,
	2001	2001
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements for the construction and other fees to be paid in respect of properties under development	162,677	162,779

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16. RELATED PARTY TRANSACTIONS

During the period, the Group has entered into the following transactions with related parties in which certain Directors have common significant influence:

	Unaudited	
	Six month ended	
	31st December,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income received (note 1)	195	169
Rental and management fees paid (note 1)	719	550
Consultancy service fees paid (note 1)	500	492

The outstanding balances with these related parties at 31st December, 2001 were as follows:

	Unaudited	Audited
	At 31st	At 30th
	December,	June,
	2001	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from related parties included in trade and other receivables (note 2)	4,895	3,067
Amounts due to related parties included in trade and other payables (note 2)	1,365	998

Notes:

1. The transactions were carried out based on the contractual agreements made between both parties.
2. The amounts are unsecured, interest free and repayable on demand.