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The English text of this Interim Report shall prevail over the Chinese text.

CORPORATE INFORMATION

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors

Deacon Te Ken CHIU, J.P. (*Chairman*)

David CHIU, Dato', B.Sc.

(*Deputy Chairman and*

Chief Executive Officer)

Steven Ying Wai KWAN, A.C.A. (Aust.)

(*Managing Director*)

Craig Grenfell WILLIAMS,

B. ENG. (CIVIL)

Dennis CHIU, B.A.

Non-executive Directors

Ching Lan JU CHIU, J.P.

Dick Tat Sang CHIU, M.A.

Daniel Tat Jung CHIU

Kohei OGAWA, M.B.A., B.A.

Independent Non-executive Directors

Kee Leong CHEE, Datuk

David Kwok Kwei LO

COMPANY SECRETARY

Kwok Wor CHOW, F.C.S., F.H.K.S.A.

AUTHORIZED

REPRESENTATIVE

David CHIU

Steven Ying Wai KWAN

SOLICITORS

Hong Kong

Woo, Kwan, Lee & Lo

David Lo & Partners

Malaysia

Shearn Delamore & Co.

Wong Lu Peen & Tunka Alina

Australia

Freehill, Hollingdale & Page

Herbert Geer & Rundle

AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

PRINCIPAL BANKERS

Hong Kong

Bank of China (Hong Kong) Limited
Citic Ka Wah Bank Limited
Hang Seng Bank Limited
Nanyang Commercial Bank Limited
Orix International Finance Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited
Liu Chong Hing Bank Limited

Malaysia

Alliance Bank Malaysia Berhad
Arab-Malaysian Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Southern Bank Berhad
Standard Chartered Bank Malaysia Berhad

Singapore

The Development Bank of Singapore Limited

Australia

Commonwealth Bank of Australia
National Australia Bank Limited

China

Agricultural Bank of China
Bank of Communications
Bank of Shanghai
China Merchants Bank
Construction Bank of China
Industrial and Commercial Bank of China

REGISTERED OFFICE

P.O. Box 1043, Ground Floor,
Caledonian House, Mary Street,
George Town,
Grand Cayman, Cayman Islands,
British West Indies.

PRINCIPAL OFFICE

16/F., Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong.

SHARE REGISTRARS

Standard Registrars Limited
5th Floor, Wing On Centre,
111 Connaught Road Central,
Hong Kong.

LISTING INFORMATION

Ordinary Shares (Code: 035)
The Stock Exchange of Hong Kong Limited

WEBSITE

<http://www.fareastconsortium.com.hk>

DEPUTY CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

INTERIM RESULTS

The Board of Directors of Far East Consortium International Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2002. The unaudited interim financial results has been reviewed by the Company's audit committee.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30th September, 2002 (six months ended 30th September, 2001: Nil).

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

Turnover for the six months ended 30th September, 2002 was HK\$385 million matching the result of HK\$386 million for the corresponding period of the year 2001. Profit attributable to shareholders was HK\$7.6 million as compared to HK\$14.4 million for the corresponding period of the year 2001, representing a decrease of HK\$6.8 million or 47.22%.

Business Review

Property Division

Hong Kong

Baker Street, Hung Hom – a 32-storey commercial-residential development with a total gross floor area of approximately 55,000 sq.ft. comprises of 104 residential units, 26 car-parks and 2 floors of shopping units was completed with the occupancy permit obtained in late November 2002.

Pak Shek Wo, Sai Kung – a 15 detached house development with a total gross floor area of approximately 18,000 sq.ft. built on a 30,000 sq.ft. site. Construction has commenced and the pre-sale launch is scheduled for first quarter of 2003.

Chuk Kok, Sai Kung – a 10 detached house development with a total gross floor area of approximately 12,000 sq.ft. built on a 30,000 sq.ft. site. Site formation is currently in progress while the pre-sale launch is expected in the second quarter of 2003.

Tan Kwai Tsuen, Yuen Long – this project is a 4-storey apartment development with 62 units with a total gross floor area of approximately 52,000 sq.ft. The company is in the process of applying land exchange and access road formation.

Sheung Yeung, Sai Kung – a proposed development of 24 village houses with a total gross floor area of approximately 50,000 sq.ft. Building work on phase 1 with 4 houses has commenced in July, 2002. Development for other phases will depend on government approval schedule.

Hung Shui Kiu, Yuen Long – a 7-storey residential development project with a total gross floor area of approximately 38,000 sq.ft. The company is currently in the process of applying for land exchange.

Fung Lok Wai, Yuen Long – raw land for residential estate development with a total area of approximately 8,610,000 sq.ft. No definite plan for this development at present. The Group holds 21.66% beneficial interest in this project.

China

California Garden, Shanghai – a residential development with a land area of approximately 14.5 million sq.ft. with an approved built-up area of approximately 12.4 million sq.ft. A total of 2,388 units of residential and commercial development have been built with over 90% sold to date since its first phase development in 1997. Upon completion of the development, California Garden will boost a total of more than 8,500 units with a mixture of residential and commercial properties. This project is expected to contribute significantly to the profitability of the company in the future.

New Time Plaza, Guangzhou – the Group owns 45% of this development comprises of an auxiliary building completed with 8,000 sq.m. and a proposed 29-storey residential tower with a gross floor area of approximately 27,000 sq.m. Construction work is in progress.

Malaysia

With continuing revival of the Malaysian economy, the housing sales have contributed positively to the Group's operation. The Group is still confident that the Malaysian property market remains stable and the demand for medium cost housing will continue to rise.

Karunmas Ehsan – this project consists of a total of 812 units of terrace house, condominium, low cost flats and shop offices. Occupancy Permits for Phase 1 and 2 totaling 426 units of terrace houses have been obtained. Phase 3, comprising 240 units of condominiums, 41 units of shop houses and 105 units of low cost apartment is in the process of completion.

Taman Teluk Gedong Ludah – this project consists of 628 units of terrace houses and 200 units of low cost flats. The project has been substantially completed and is in the process of obtaining occupancy permits.

Australia

Flinder Wharf, Melbourne – the Group owns 50% of this high-class residential development with 301 units located on the Yarra River in the city of Melbourne next to the Melbourne Exhibition and Convention Centre and The Crown Casino. The project has achieved over 90% sold to date. Construction commenced in February 2002 and is scheduled for completion by the 4th quarter of the year 2003.

Hotel Division

Proposed New Addition to the Group – The Group has acquired the ‘old’ New China News Agency Building at Causeway Bay during this reviewing period and has obtained from the Building Department in early December 2002 the preliminary approval for a hotel plan submission with over 450 rooms. The Group has commenced the refurbishment work to date to expedite the completion of this 4-star hotel program and be ready for operation by the third quarter in 2003.

Dorsett Garden Hotel and Dorsett Seaview Hotel – the Group operates two 3-star hotels in Hong Kong with a total of 368 rooms. The two hotels maintain an average occupancy rate of well over 90% for the period under review and provide a steady income to the Group.

Dorsett Regency Hotel, Kuala Lumpur – this 320 rooms hotel is located right at the Central Business District of the busy Kuala Lumpur. The hotel continues to perform well with an annual average occupancy rate of 82% for the period under review, maintaining its status as one of the top performing 4-star hotel in Kuala Lumpur.

Kau U Fong, Central – a hotel development site for approximately 167 rooms in a 34-storey building with a total gross floor area of approximately 63,000 sq.ft. Building plans have been submitted for government approval. Completion date for this hotel is scheduled for late 2004.

Anchor Street, Tai Kok Tsui – a 21-storey hotel development with approximately 137 rooms with a gross floor area of 46,000 sq.ft. With the town planning application approved, construction has commenced in November 2002.

Dallas Grand Hotel, Dallas, USA – after the 911 event in the USA, the Group has decided to tie up this hotel with an international ‘Brand’ and is currently reviewing the franchise arrangement with the prospective Brand. The refurbishment and upgrading program of this hotel will commence when the franchise agreement is finalised.

Industrial Infrastructure Division

The boiler factory in Guangzhou had a moderate performance. The Board believes that the operation of the boiler factory will gradually improve.

The Company has completed construction of a 68% interest in the 44km of the National Highway 311 in Henan Province which has been fully operational since January 2001 with two-ways toll road collections. This investment yields a good return for the Group for the period under review.

Recurrent Income

The Group's rental income comes mainly from four commercial/office buildings in Hong Kong.

The occupancy rate of leased tenants maintains at an average of approximately 90% during this review period.

Corporate Overview

The Group is continually optimistic in the property development business in Hong Kong. This has been reinforced by the recently announced "nine stimulus" measures by the government to stabilize the local residential property market and reviving public confidence in this sector of economy. These measures aimed to minimise the government's intervention to give way to a market-driven housing policy. With this determination, coupled with the current low interest rate, the steady population growth as a result of easing off of Chinese visitor permits from mainland are all positive attributes to a healthier long-term outlook for residential property market.

With the liberalisation of house mortgage laws and the modernisation of consumer banking practices in China, the residential housing market has shown substantial growth for the past two years. The residential property market will be further enhanced by the inflow of foreign workers and professionals in various sectors taking up employment and residence in the major cities like Beijing, Tianjin, Shanghai and Guangzhou in the aftermath of China's entry in the World Trade Organisation where all these cities have been upgrading themselves to meet with this new challenge. This will be particularly significant for Beijing and Shanghai where they will be hosting the 2008 Beijing Olympics and 2010 Expo in Shanghai. We have been fortunate to have a strong and active presence in Shanghai with our California Garden development.

FINANCIAL RESOURCES AND LIQUIDITY

Borrowings and charge on Group assets

The business activities of the Group are funded by bank borrowing, unsecured loans and cash generated from operating activities. The Group's total bank and other borrowings amount to approximately HK\$1,341 million as at 30th September, 2002 (31/3/2002: HK\$1,209 million), in which HK\$407 million was payable within one year and HK\$934 million was payable after one year. HK\$1,231 million of the borrowings was secured while the remaining HK\$110 million was unsecured. The Group's borrowings are primarily denominated in Hong Kong dollars.

In May 2002, the Group entered into a syndicated loan agreement with four banks in the amount of US\$20,000,000 for a term of five years for general working capital purpose.

During this period under review, a total amount of HK\$12 million was paid to a third party for its partial redemption of transferable promissory notes with total amount in aggregate of HK\$108 million issued on 28th February, 2002 by Far East Consortium International Limited for settlement of an acquisition of an interest in a parcel of land at Fung Lok Wai in Yuen Long, New Territories under the Mutual Luck Agreement as approved by the independent shareholders at an extraordinary general meeting of shareholders on 26th April, 2001. The transferable promissory notes carry interest at 5% per annum of which HK\$48 million be repayable on 27th February, 2005 and HK\$60 million be repayable on 30th May, 2005.

Save as aforesaid, interest rates were in line with the best lending rates either at prime or based on Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

Contingencies and commitments

Contingencies

At the reporting date, contingent liabilities of the Groups were as follows:

	30/9/2002 (unaudited) HK\$'000	31/3/2002 (audited) HK\$'000
(a) Guarantee issued to secured banking and other facilities made available to		
– third parties	–	11,000
– an investee company	44,793	44,793
(b) The Group has given guarantee in respect of mortgage loans provided to the home buyers of a property project in PRC. At 30th September, 2002, the total amount of mortgages outstanding which are subject to these guarantees was HK\$5 million (31/3/2002: HK\$27 million).		
(c) The Group has given rental guarantee to a third party for the properties situated in Australia. At 30th September, 2002, the total amount of these guarantees was HK\$10.3 million (31/3/2002: HK\$10.6 million).		

- (d) The Inland Revenue Department has raised additional estimated assessments against the Group for the year of assessment 1995/96, requesting total tax payment of HK\$2.8 million (31/3/2002: HK\$2.8 million). Regarding this tax dispute, the potential tax liability to the Group is amounting to HK\$11 million of 1995/96 to 2000/2001. The Group intends to contest the case vigorously. While the outcome of this dispute cannot at present be estimated with certainty, the directors are of the opinion that the outcome of this case would not have a material impact on the financial position of the Group at 30th September, 2002.
- (e) During the period, the Company's subsidiary was sued by a contractor working for it to develop Phase III of Chingchu California Gardens. The contractor alleges that the Company's subsidiary owes it approximately HK\$14 million for work performed. Of this amount, approximately HK\$3.8 million related to work encompassed by the construction contract which has not been paid by the Company's subsidiary, which has been recorded as a liability in the accompanying financial statements as of 30th September, 2002. The remaining HK\$10 million relates to additional construction work performed has not been provided in the financial statement. However, the Company's subsidiary filed a counter-claim seeking approximately HK\$10 million (31/3/2002: HK\$10 million) from the contractor, asserting that it failed to comply with certain specifications of the construction contract and sought damages for the contractor's delay in completing the project. Both the contractor's claim and the Company's subsidiary counter-claim are pending in a PRC court, which is expected to be heard by the end of the calendar year 2002. In the meantime, the PRC court has ordered that certain assets amounted to HK\$1.7 million of the Company's subsidiary be frozen. The ultimate outcome of these matters is uncertain.

Commitments

At the balance sheet date:

- (a) the Group had capital expenditure contracted for but not provided in the financial statements on property development expenditure of approximately HK\$304 million (31/3/2002: HK\$260 million); and
- (b) the Group had capital expenditure authorised but not yet contracted for additional expenditure on a property development project in Shanghai of approximately HK\$173 million (31/3/2002: HK\$217 million).

Gearing ratio

The gearing ratio (total bank and other borrowings to shareholders' equity) was increased to 54% (30/9/2002) from 50% (31/3/2002).

Current ratio

The current ratio as at 30th September, 2002 was 1 (31/3/2002: 1). The Group has maintained sufficient liquid assets to finance its operation.

Exchange rate

The Group was not exposed to material exchange rates fluctuations during the period.

Pledge of assets

At the reporting date, the Group's properties and bank deposits with an aggregate net book value of approximately HK\$1,667 million (31/3/2002: HK\$1,702 million) together with the properties of associates and third parties were mortgaged or pledged to the Group's bankers and loan creditors to secure banking and loan facilities to the Group and its associates to the extent of approximately HK\$1,404 million and HK\$5 million (31/3/2002: HK\$1,390 million and HK\$5 million) respectively.

Material acquisitions and disposals of subsidiaries and associated companies

During the interim period, there was no material acquisition and disposal of subsidiaries and associated companies by the Group.

EMPLOYEE AND REMUNERATION POLICIES

The number of employees of the Group as at 30th September, 2002 was approximately 1,500.

Employees were remunerated according to nature of the job and market conditions. The Group has not adopted any training scheme for the employees during the interim period.

The Company had adopted a new share option scheme on 28th August, 2002 in line with the amended Chapter 17 (Share Option Scheme) of 1st September, 2001 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

On behalf of the Board

DAVID CHIU

Deputy Chairman and Chief Executive Officer

Hong Kong, 20th December, 2002

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING RULES

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September, 2002, the interests of Directors in the securities of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register required to be kept by the Company under Section 29 of the SDI Ordinance or otherwise notified to the listed issuer and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transaction by Directors of Listed Companies were as follows:

(a) Shares

Name of Director	Number of ordinary shares		Total
	Personal interests	Corporate interests	
Deacon Te Ken Chiu	9,688,973	106,764,126 (<i>Note 1</i>)	116,453,099
David Chiu	589,399	295,426,439 (<i>Note 2</i>)	296,015,838
Dennis Chiu	7,862	4,937,163 (<i>Note 3</i>)	4,945,025
Ching Lan Ju Chiu	1,108,018	–	1,108,018
Dick Tat Sang Chiu	770,697	–	770,697
Daniel Tat Jung Chiu	36,250	3,877,218 (<i>Note 4</i>)	3,913,468

Notes:

1. These shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.
2. These shares are held by Sumptuous Assets Limited.
3. These shares are held by Chiu Capital N.V. and First Level Holdings Limited, both companies controlled by Mr. Dennis Chiu.
4. These shares are held by First Level Holdings Limited and entirely duplicated and included in the corporate interests of Mr. Dennis Chiu.

(b) Options

(i) *The Company's option scheme*

The Company adopted a new share option scheme on 28th August, 2002 (the "New Share Option Scheme") and terminated the old share option scheme adopted on 28th September, 2000 (the "Old Scheme") in line with the amended Chapter 17 (Share Option Scheme) of 1st September, 2001 of the Listing Rules of The Stock Exchange of Hong Kong Limited. No options were granted, exercised or lapsed under the Old Scheme during the period.

Pursuant to the New Share Option Scheme, the Company may grant options to any employees, executive or officers, directors (including executive and non-executive directors) of the Company or any of its subsidiaries and any business consultants, agents, financial or legal advisers of the Company or any of its subsidiaries subject to a maximum of 10% of the issued share capital of the Company from time to time. The Company has not granted any options under the New Share Option Scheme.

(ii) *The option scheme of the Company's subsidiary*

New China Homes, Ltd. ("NCH") has adopted a 1999 Stock Option and Restricted Stock Purchase Plan (the "Option Plan"). It is intended that options to purchase an aggregate of 600,000 common shares in NCH ("NCH Shares") will be granted under Option Plan. The Option Plan is administered by the compensation committee of the board of NCH. The compensation committee has complete discretion to determine which eligible individuals are to receive option grants, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory option, the vesting schedule to be in effect for the option grant and the maximum term of which any granted option is to remain outstanding. Each option granted under the Option Plan will have a maximum term of ten years, subject to earlier termination following the optionee's cessation of service with NCH. No options were granted under the Option Plan since their adoption. The Company will comply with the requirements of the amended Chapter 17 of the Listing Rules if options under the NCH Option Plan will continue to be granted.

(iii) *Shares in associated corporations*

As at 30th September, 2002, the interests of Directors in the share capital of the Company's associated corporations were as follows:

Name of Director	Name of associated corporation	Number of ordinary shares held
Deacon Te Ken Chiu	Far East Technology International Limited	110,926,800 (Note 1)
Ching Lan Ju Chiu	Far East Technology International Limited	6,110,000
David Chiu	Oi Tak Enterprises Limited	250,000
David Chiu	Libran Star (M) Sdn. Bhd.	125,000
Dennis Chiu	Far East Technology International Limited	47,010,200 (Note 2)
Daniel Tat Jung Chiu	Far East Technology International Limited	41,400,000 (Note 2)

Notes:

1. Includes 6,110,000 shares held by Madam Ching Lan Ju Chiu, the spouse of Mr. Deacon Te Ken Chiu.
2. Includes 30,400,000 shares held by Cape York Investments Limited, a company beneficially owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.

Save as disclosed above, none of the Directors or Chief Executives, nor their associates, had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the Directors or Chief Executives, nor their spouses or children under 18 years of age, had any right to subscribe for the securities of the Company, or had exercised any such right during the period as recorded in the register required to be kept under section 29 of the SDI Ordinance or otherwise notified to the listed issuer and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain Directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued capital of the Company as at 30th September, 2002.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial results for the six months ended 30th September, 2002 with Directors.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the period under review, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's securities.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30th September, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

		Six months ended	
		30/9/2002	30/9/2001
		(unaudited)	(unaudited)
	NOTES	HK\$'000	HK\$'000
Turnover	3	384,888	386,041
Cost of sales		(316,976)	(303,531)
Gross profit		67,912	82,510
Other revenue		8,385	10,039
Selling and distribution costs		(1,544)	(2,836)
Administrative expenses		(60,943)	(57,864)
Other operating expenses		(3,133)	(4,858)
Impairment loss recognised in respect of properties held for development	5	(5,000)	–
Unrealised losses on investments in securities		(2,882)	(13,591)
Profit from operations		2,795	13,400
Profit on disposal of subsidiaries		27	35,317
Share of results of jointly controlled entities		45,135	7,207
Written back (loss) on profit guarantee		2,364	(7,405)
Share of results of associates		(21,707)	(2,020)
Finance costs		(20,371)	(25,998)
Profit before taxation		8,243	20,501
Taxation	6	5,801	5,485
Profit before minority interests		2,442	15,016
Minority interests		5,110	(672)
Net profit for the period		7,552	14,344
Dividend	7	Nil	Nil
Earnings per share			
– Basic	8	0.8 cents	1.5 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER, 2002

	NOTES	30/9/2002 (unaudited) HK\$'000	31/3/2002 (audited) HK\$'000
Non-current assets			
Investment properties	9	1,035,954	1,022,177
Property, plant and equipment		738,885	737,313
Properties under development	9	654,263	652,941
Interests in associates		195,031	217,236
Interest in jointly controlled entities		140,448	56,073
Investments in securities		89,727	86,854
Amounts due from investee companies		177,710	177,710
Other assets		14,815	14,815
Long-term loans receivable		261,905	259,343
Amount due from a minority shareholder		563	563
Amounts due from associates		56,609	56,589
Pledged bank deposits		10,259	11,058
		<u>3,376,169</u>	<u>3,292,672</u>
Current assets			
Completed properties for sale		65,027	42,980
Properties under development for sale	9	685,583	725,245
Deferred compensation cost		58	58
Trade and other receivables	10	210,579	147,391
Loans receivable		411	411
Investments in securities		30,725	34,934
Inventories		2,961	7,142
Amounts due from associates		23,554	19,700
Taxation recoverable		12,037	6,216
Pledged bank deposits		23,726	2,357
Bank balances and cash		139,672	39,001
		<u>1,194,333</u>	<u>1,025,435</u>
Current liabilities			
Trade payables and accruals	11	238,897	246,518
Customers' deposits received		339,056	275,957
Obligations under finance leases		879	201
Bank and other borrowings	12	406,986	413,469
Amount due to a director		12,963	30,858
Amounts due to related companies		9,165	12,266
Amounts due to associates		24,639	24,097
Taxation payable		37,765	18,205
		<u>1,070,350</u>	<u>1,021,571</u>
Net current assets			
		<u>123,983</u>	<u>3,864</u>
		<u>3,500,152</u>	<u>3,296,536</u>

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

AS AT 30TH SEPTEMBER, 2002

		30/9/2002 (unaudited) HK\$'000	31/3/2002 (audited) HK\$'000
	NOTES		
Capital and reserves			
Share capital	13	98,513	96,775
Share premium and reserves		<u>2,381,480</u>	<u>2,299,609</u>
		<u>2,479,993</u>	<u>2,396,384</u>
Minority interest		<u>63,906</u>	<u>64,984</u>
Non-current liabilities			
Obligations under finance leases		–	308
Bank and other borrowings	12	934,513	795,362
Amount due to a minority shareholder		19,811	19,811
Deferred taxation		<u>1,929</u>	<u>19,687</u>
		<u>956,253</u>	<u>835,168</u>
		<u><u>3,500,152</u></u>	<u><u>3,296,536</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	Six months ended	
	30/9/2002	30/9/2001
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	43,007	122,123
Net cash used in investing activities	(11,674)	(35,126)
Net cash inflow (outflow) from financing	62,231	(52,254)
Increase in cash and cash equivalents	93,564	34,743
Cash and cash equivalents at beginning of the period	15,665	4,737
Effect of foreign exchange rate changes	356	(1,147)
Cash and cash equivalents at end of the period	109,585	38,333
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	139,672	63,481
Bank overdraft	(30,087)	(25,148)
	109,585	38,333

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	Share Capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Other reserve HK\$'000	Assets revaluation reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2002	96,775	658,652	253	169,352	275,750	67,816	869,357	(155,821)	(60,605)	474,855	2,396,384
Revaluation increase during the period	-	-	-	-	-	-	-	-	1,304	-	1,304
Share of associate's reserves during the period	-	-	-	-	-	-	-	2,083	-	-	2,083
Exchange difference arising on translation of overseas operation	-	-	-	-	-	-	-	5,630	-	-	5,630
Net gains not recognised in the income statement	-	-	-	-	-	-	-	7,713	1,304	-	9,017
Issued pursuant to scrip dividend	1,738	-	-	-	-	-	-	-	-	-	1,738
Credit arising on scrip dividend	-	5,059	-	-	-	-	-	-	-	-	5,059
Realised on disposal of properties	-	-	-	-	-	79,598	-	-	-	-	79,598
Profit for the period	-	-	-	-	-	-	-	-	-	7,552	7,552
Dividends paid	-	-	-	-	-	-	-	-	-	(19,355)	(19,355)
At 30th September, 2002	98,513	663,711	253	169,352	275,750	147,414	869,357	(148,108)	(59,301)	463,052	2,479,993

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2002

	Share Capital	Share premium	Capital redemption reserve	Other reserve	Assets revaluation reserve	Investment properties revaluation reserve	Special reserve	Exchange reserve	Investment revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2001											
– as previously reported	95,245	653,128	253	169,352	169	171,809	869,357	(188,417)	(56,073)	678,985	2,393,808
– prior year adjustment	–	–	–	–	–	–	–	–	–	19,049	19,049
	<u>95,245</u>	<u>653,128</u>	<u>253</u>	<u>169,352</u>	<u>169</u>	<u>171,809</u>	<u>869,357</u>	<u>(188,417)</u>	<u>(56,073)</u>	<u>698,034</u>	<u>2,412,857</u>
– as restated											
Revaluation decrease during the period	–	–	–	–	–	–	–	–	(8,028)	–	(8,028)
Share of associate's reserves during the period	–	–	–	–	–	–	–	3,462	–	–	3,462
Exchange difference arising on translation of overseas operation	–	–	–	–	–	–	–	14,831	–	–	14,831
Net gains(losses) not recognised in the income statement	–	–	–	–	–	–	–	18,293	(8,028)	–	10,265
Issued pursuant to scrip dividend	1,530	–	–	–	–	–	–	–	–	–	1,530
Credit arising on scrip dividend	–	5,524	–	–	–	–	–	–	–	–	5,524
Profit for the period	–	–	–	–	–	–	–	–	–	14,344	14,344
Dividends paid	–	–	–	–	–	–	–	–	–	(19,049)	(19,049)
At 30th September, 2001	<u>96,775</u>	<u>658,652</u>	<u>253</u>	<u>169,352</u>	<u>169</u>	<u>171,809</u>	<u>869,357</u>	<u>(170,124)</u>	<u>(64,101)</u>	<u>693,329</u>	<u>2,425,471</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of presentation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”).

2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention as modified for revaluation of certain properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2002, except as described below.

In the current period, the Group had adopted, for the first time, a number of new and revised SSAPs, which has resulted in the following changes in the Group accounting policies and the presentation of the financial statements.

Statement of changes in equity

The revisions to SSAP 1 “Presentation of Financial Statements” have introduced a choice for the format of presentation of the statement of changes in equity. In prior periods, the Group presented a statement of recognised gains and losses, with the details of capital transactions with owners and distributions to owners separately disclosed in the notes to the financial statements. Pursuant to the adoption of SSAP 1 (Revised), the Group has chosen to present a comprehensive statement of changes in equity. Accordingly, the presentation in prior period’s condensed financial statements has been restated in order to achieve a consistent presentation.

Foreign currencies

The revisions to SSAP 11 “Foreign Currency Translation” have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period. They are now required to be translated at an average rate. Accordingly, on consolidation, the assets and liabilities of the Group’s operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group’s translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of. This change in accounting policy does not have any material effect on the results for the current or prior accounting periods.

2. Principal accounting policies (Continued)

Cash flow statements

In the current period, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating for interest and dividend received and as financing cash flows for interest and dividend paid. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. The presentation in the prior period's condensed cash flow statement has been reclassified in order to achieve a consistent presentation.

Employee benefits

SSAP 34 "Employee Benefits" introduced a formal framework for the recognition of liabilities and expenses in respect of employee benefits. The adoption of this new accounting standard has not resulted in any material effects on the financial statements of the prior period and accordingly, no prior period adjustment has been recognised.

3. Turnover and Segment information

For management purposes, the Group is currently organized into five operating divisions - securities investment, property development and investment, hotel operations, industries, and treasury. These divisions are the basis on which the Group reports its primary segment information.

Business segments

	Turnover		Segment results	
	Six months ended		Six months ended	
	30/9/2002	30/9/2001	30/9/2002	30/9/2001
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activity:				
Property development and investment	317,478	304,592	907	30,020
Hotel operations	22,236	21,958	3,708	1,644
Securities investment	28,194	41,131	(3,067)	(8,955)
Industries	14,976	16,386	429	(1,671)
Treasury	2,004	1,974	3,001	(6,142)
	<u>384,888</u>	<u>386,041</u>	<u>4,978</u>	<u>14,896</u>
Unallocated corporate expenses			<u>(2,183)</u>	<u>(1,496)</u>
Profit from operations			<u>2,795</u>	<u>13,400</u>

4. Depreciation

During the period, depreciation of approximately HK\$3 million (six months ended 30th September, 2001: approximately HK\$3 million) was charged in respect of the Group's property, plant and equipment.

5. Impairment loss recognised in respect of properties held for development

The directors have assessed the recoverable amount of the properties under development projects, one of them is not able to generate positive cash flow to the Group in the future. An impairment loss of HK\$5 million has been recognised.

6. Taxation

	Six months ended 30/9/2002 (unaudited) HK\$'000	30/9/2001 (unaudited) HK\$'000
Profit tax charge (credit):		
Hong Kong	3	(715)
Other regions in the People's Republic of China ("PRC")	1,929	1,852
Other jurisdictions	1,369	3,108
	<u>3,301</u>	<u>4,245</u>
Deferred taxation		
Other regions in the PRC	<u>1,929</u>	<u>845</u>
Taxation attributable to the Company and its subsidiaries	5,230	5,090
Share of taxation attributable to associates	<u>571</u>	<u>395</u>
	<u><u>5,801</u></u>	<u><u>5,485</u></u>

7. Dividend

On 30th September, 2002, an amount of HK2 cents per share (2001: HK2 cents) was paid to shareholders as the final dividend for the financial year ended 31st March, 2002. The Directors do not recommend the payment of interim dividend for the current and prior period.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$7,552,000 (six months ended 30th September, 2001: HK\$14,344,000) and on the weighted average number of 967,844,872 (six months ended 30th September, 2001: 952,702,668) shares in issue during the period.

Diluted earnings per share has not been presented for either period because the Company does not have any dilutive potential ordinary shares.

9. Investment Properties and Properties Under Development

During the period, the Group spent approximately HK\$10 million (for the year ended 31st March, 2002: HK\$3 million) on renovation of the investment properties.

In addition, the Group spent approximately HK\$14 million (for the year ended 31st March, 2002: HK\$87 million) on the stages of construction works of the development properties. Moreover, the Group also disposed of two properties under development for sales for a consideration of approximately HK\$148 million and a release of approximately HK\$80 million from the investment revaluation reserves during the period.

10. Trade and other receivables

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30/9/2002 (unaudited) HK\$'000	31/3/2002 (audited) HK\$'000
0 – 60 days	65,878	29,236
61 – 90 days	4,265	2,144
>90 days	33,118	39,313
	<u>103,261</u>	<u>70,693</u>

11. Trade payables and accruals

The following is an aged analysis of trade payables at the reporting date:

	30/9/2002 (unaudited) HK\$'000	31/3/2002 (audited) HK\$'000
0 – 60 days	14,887	63,422
61 – 90 days	381	2,708
>90 days	58,523	30,129
	<u>73,791</u>	<u>96,259</u>

12. Bank and other borrowings

During the period, the Group obtained new bank loans in the amount of HK\$163 million (31/3/2002: HK\$207 million). The loans bear interest at market rates.

13. Share capital

During the current interim period, the Company issued and allotted a total of 17,384,437 shares at HK\$0.391 each (par value of HK\$0.1 each) pursuant to scrip dividend scheme for 2002 final dividend.

In prior interim period, the Company issued and allotted a total of 15,297,994 shares at HK\$0.461 each (par value of HK\$0.1 each) pursuant to the scrip dividend scheme for 2001 final dividend.

14. Contingencies and commitments

(i) Contingencies

At the reporting date, contingent liabilities of the Group were as follows:

	30/9/2002 (unaudited) HK\$'000	31/3/2002 (audited) HK\$'000
(a) Guarantees issued to secure banking and other facilities made available to		
– third parties	–	11,000
– an investee company	44,793	44,793
(b) The Group has given guarantees in respect of mortgage loans provided to the home buyers of a property project in PRC. At 30th September, 2002, the total amount of mortgages outstanding which are subject to these guarantees was HK\$5 million (31/3/2002: HK\$27 million).		
(c) The Group has given rental guarantee to a third party for the properties situated in Australia. At 30th September, 2002, the total amount of these guarantees was HK\$10.3 million (31/3/2002: HK\$10.6 million).		
(d) The Inland Revenue Department has raised additional estimated assessments against the Group for the year of assessment 1995/96, requesting total tax payment of HK\$2.8 million (31/3/2002: HK\$2.8 million). Regarding this tax dispute, the potential tax liability to the Group is amounting to HK\$11 million of 1995/96 to 2000/2001. The Group intends to contest the case vigorously. While the outcome of this dispute cannot at present be estimated with certainty, the directors are of the opinion that the outcome of this case would not have a material impact on the financial position of the Group at 30th September, 2002.		

- (e) During the period, the Company's subsidiary was sued by a contractor working for it to develop Phase III of Chingchu California Gardens. The contractor alleges that the Company's subsidiary owes it approximately HK\$14 million for work performed. Of this amount, approximately HK\$3.8 million related to work encompassed by the construction contract which has not been paid by the Company's subsidiary, which has been recorded as a liability in the accompanying financial statements as of 30th September, 2002. The remaining HK\$10 million relates to additional construction work performed has not been provided in the financial statements. However, the Company's subsidiary filed a counter-claim seeking approximately HK\$10 million (31/3/2002: HK\$10 million) from the contractor, asserting that it failed to comply with certain specifications of the construction contract and sought damages for the contractor's delay in completing the project. Both the contractor's claim and the Company's subsidiary counter-claim are pending in a PRC court, which is expected to be heard by the end of the calendar year 2002. In the meantime, the PRC court has ordered that certain assets amounted to HK\$1.7 million of the Company's subsidiary be frozen.

The ultimate outcome of these matters is uncertain.

(ii) *Commitments*

- (a) At the balance sheet date, the Group had capital expenditure contracted for but not provided in the financial statements on property development expenditure of approximately HK\$304 million (31/3/2002: HK\$260 million); and
- (b) At the balance sheet date, the Group had capital expenditure authorised but not yet contracted for additional expenditure on a property development project in Shanghai of approximately HK\$173 million (31/3/2002: HK\$217 million).

15. Pledge of assets

- (a) The Group's properties and bank deposits with an aggregate net book value of approximately HK\$1,667 million (31/3/2002: HK\$1,702 million) together with properties of associates and a third party were mortgaged or pledged to the Group's bankers and loan creditors to secure banking and loan facilities granted to the Group and its associates to the extent of approximately HK\$1,404 million (31/3/2002: HK\$1,390 million) and HK\$5 million (31/3/2002: HK\$5 million) respectively.
- (b) The Group's listed investments of approximately HK\$34 million (31/3/2002: HK\$38 million) were pledged to the Group's financial institutions to secure margin trading facilities granted to the Group in respect of securities transactions to the extent of approximately HK\$10 million (31/3/2002: HK\$15 million), of which HK\$6 million (31/3/2002: HK\$8 million) were utilised.
- (c) The Group has entered into agreements with certain banks in respect of mortgage loans provided to home buyers of property project in the PRC. In accordance with those agreements, the Company deposits either 10% of the consideration of the properties sold and financed under the mortgage loans or between 10% and 20% of the amount of financing provided as a guarantee for settlement of the mortgage installments. Should mortgagors fail to pay mortgages installments, the bank can draw down the deposits up to the amount of mortgage installments not paid during the period from the mortgage draw down to the date of releasing such guarantees. The guarantees will be released when property title deeds are passed to the banks as security for the respective mortgage loans. At the balance sheet date, deposit of approximately HK\$7 million (31/3/2002: HK\$0.7 million) was placed with banks to guarantee the above agreements.