

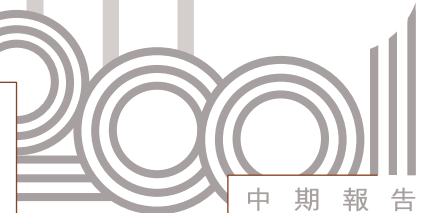


J E A HOLDINGS LIMITED

爪哇控股有限公司

Interim

Report



中期報告

INTERIM RESULTS AND DIVIDEND

The Board of Directors of S E A Holdings Limited announces that the Group's unaudited consolidated profit attributable to Shareholders for the half year ended 30th June, 2001 amounted to \$36,347,000 (2000: \$87,841,000).

The Board of Directors has declared an interim dividend of HK6 cents (2000: HK6 cents) per share for the year ending 31st December, 2001 totaling approximately HK\$30,675,000 (2000: HK\$30,318,000) payable on 9th October, 2001 to shareholders whose names appear on the Register of Members of the Company on 5th October, 2001.

The amount of the proposed interim dividend will be increased by HK\$11,143,000 as a result of ordinary shares being issued upon the exercise of all the outstanding warrants and share options' subscription rights.

BUSINESS REVIEW

Property Developments

Hong Kong

Government approval for hotel development on the site at Leighton Road, Causeway Bay was obtained. It is intended to build a 31-storey hotel with about 200 rooms. All necessary preparation work for foundation is in progress. Construction is scheduled to commence in the 4th quarter of 2001.

The site at Sheung Shui is intended to build 3 blocks with a total residential floor area of 45,120 square metres. Land premium payable for the residential development remains unresolved. Negotiations are continuing with Government.

China

In Guangzhou, the development of Westmin Plaza (previously named as Westin Plaza) was in progress as scheduled. It is intended to develop in 3 phases and the first phase development shall comprise of 3 residential blocks totaling about 40,000 square metres, which shall be completed in the third quarter of 2002. The superstructure works were about 80% completed. Pre-sale of Phase I development was launched in August 2001. The Group received a satisfactory response from the buyers and about 30% of the flats were sold.

Property Investments

The decrease in Group rental income of HK\$38 million compared with the corresponding period in 2000 was attributable to lower rental upon renewing leases in Dah Sing Financial Centre, Wanchai, Hong Kong towards the end of 2000, the rental drop-off from selling non-core properties in Australia and New Zealand in the last few months, and the termination of three significant leases in Auckland and Wellington, New Zealand in late 2000.

BUSINESS REVIEW (*Continued*)

Property Investments (*Continued*)

Hong Kong

The leasing activities of the Group's flagship property, Dah Sing Financial Centre, were maintained at satisfactory level despite the market sentiment was less favourable. The occupancy rate exceeded 95% throughout the period under review.

China

The warehouse in Shanghai was successfully let to a multinational logistics company in May 2001 at a favourable yield. The Group is evaluating the potential in developing the adjacent site next to the warehouse. Necessary feasibility studies, planning and preliminary work are in progress.

Australasia

In New Zealand, while there was some evidence of overseas interest in the property market, buyers were being very selective. Demand for office space remains suppressed with considerable competition for tenants. Leasing activity has also been solid for our prime office portfolio in Sydney, Australia where occupancy levels were being maintained at about 93%.

In aggregate, HK\$350 million has been realised from the sale of non-core properties in Australia and New Zealand during the period under review. The proceeds were applied to reducing bank debt, and allowed flexibility for our respective subsidiaries to pursue development and refurbishment opportunities.

Japan

In March 2001, the Group invested HK\$19 million to acquire a 47% equity interest in a 10-storey office building in the Shinjuku business district of Tokyo for short term investment. The property is 88% occupied and provides a rental yield comfortably in excess of non-recourse bank borrowings used to finance the acquisition.

e-logistics and I.T.

The investment in this division contributed a loss of about HK\$11 million to the Group. The sharp deceleration in global e-business activity has had an adverse impact on results. The Group did not make new investment in e-business for the first half of the year.

Our associate, e-Commerce Logistics Limited was ranked the No. 1 eLogistics Service Provider in the Greater China Leadership Grid by IDC, the leading global I.T. research firm in July 2001.

Garment

The Group's garment business was affected by the United States' relatively weak economy in the period under review. However, it still contributes substantially to the Group turnover and net profit.

FINANCIAL REVIEW

The Group has HK\$1,312 million cash on hand and unutilized facilities of HK\$766 million to satisfy its commitments and working capital requirements. The current ratio at 30th June, 2001 was 0.78 (31st December, 2000: 1.39). The decrease was mainly due to a reclassification of Trans Tasman Properties Limited (“TTP”)’s bank loan of HK\$1,054 million repayable in May 2002 from non-current to current liabilities. Excess liquidity and low interest rates globally will enable the group to refinance much of its banking obligations on more favourable terms over the coming 12 months.

Loan borrowings by TTP and Australian Growth Properties Limited (“AGP”) were denominated in NZ\$ and AUS\$. At 30th June, 2001, the TTP Group had drawn down bank loans of HK\$1,750 million which were mainly secured by properties valued at HK\$3,654 million owned by the TTP Group. In Hong Kong, properties valued at HK\$2,478 million and fixed deposits of HK\$721 million were pledged against instalment and term loans of HK\$1,641 million extended to subsidiaries.

During the period, HK\$543 million in bank loans were repaid according to repayment schedule and upon disposal of non-core properties in New Zealand and Australia. New bank loans of HK\$247 million were drawn down for financing a property investment in Japan and for general working capital.

Treasury policy

The Group adheres to prudent treasury policies. The ratio of total long-term liabilities to total shareholders’ fund was 0.58 at 30th June, 2001 (31st December, 2000: 1.10). The decrease is mainly attributable to the reclassification of a bank loan of HK\$1,054 million to TTP, from non-current liabilities to current liabilities, and the decline of both the NZ\$ and AUS\$ against HK\$ during the period.

The Group’s borrowings are principally on a floating rate basis. However, when requested by lenders under banking arrangements or at times where interest rates are volatile, hedging instruments including swaps and forwards are used to manage interest rate exposure.

Others

The holders of TTP’s Convertible Capital Notes due in 2004 (“CCNs”) approved the issue of interest-bearing Bonds due in 2007 in exchange for the CCNs on a one for one basis.

AGP completed a programme to buy back its ordinary shares in May 2001. In total, approximately 26.8 million shares have been re-purchased over the preceding 12 months at an average price of AUS\$0.521 per share.

Pledge of assets

At the interim period end date, the Group had the following mortgages and/or pledge over its assets to secure banking facilities and other bank loans granted to the Group.

- a. Fixed and floating charges on investment properties and properties for sale with an aggregate book value of HK\$6,241,845,000 (31st December, 2000: HK\$6,987,812,000).
- b. Bank deposits of HK\$820,372,000 (31st December, 2000: HK\$823,871,000).
- c. The listed shares in a subsidiary.
- d. Unlisted shares in a subsidiary.

OUTLOOK

After experiencing four consecutive years of strong growth, U.S. economic activities has slowed significantly and unexpectedly. Higher energy prices, falling stock prices and wider credit spreads contributed to reducing investment and dampened consumer spending. The impact is being felt globally.

Hong Kong

Leasing activity of prime office space remains subdued. Average vacancy levels are trending higher due to corporate mergers and relocation to less prime areas. As most of the leases at Dah Sing Financial Centre are not due for renewal until 2003, the recent decline in office rents will have less impact. At all times, the Group will reinforce its close relationship with tenants by selective refurbishment and upgrade of properties.

China

China's economy grew faster than before. Increased growth is now being supported by strength in consumer spending. Consumers in the cities and rural areas appear to be spending more due to the massive amount of money the Government has invested in infrastructure. The pending entry of China into WTO will bring some opportunities for entrepreneurs. It does seem that the slowing global economy may have little impact on China. The Group holds property assets in Guangzhou and Chengdu and will benefit from WTO entry and China's decision to further develop the Western Region of China.

Australasia

In New Zealand, trading conditions within the Central Business District ("CBD") office sector remain difficult. Rental rates have bottomed after a decade of decline. Office property yields have softened in the absence of any significant local or foreign enthusiasm for investment in this sector.

In Australia, after the sale of non-core properties, AGP is now well positioned to pursue opportunities which enhance shareholder value. AGP continues to focus its future investment activities on potential acquisitions in either Sydney CBD, the Sydney North Shore and the Melbourne CBD.

The board take this opportunity to extend thanks to all colleagues for their hard and dedicated work and their continuing support during the period.

SHARE REGISTRATION

The Register of Members of the Company will be closed from Wednesday, 3rd October, 2001 to Friday, 5th October, 2001, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on Friday, 28th September, 2001. Warranholders who wish to participate in the interim dividend must exercise their subscription rights not later than 4:00 p.m. on Friday, 28th September, 2001.

DIRECTORS' INTERESTS IN SHARES, OPTIONS AND WARRANTS

At 30th June, 2001, the interests of the directors and their associates, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), in the shares and options of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) Shares

Name of director	Number of ordinary shares	
		Personal interest
Mr. Lu Wing Lin		94,000

(ii) Options

Name of directors	Date of grant	Option price HK\$	Exercisable period	Number of shares to be issued upon exercise of remaining options at 1st January, 2001	Number of option shares granted during the period	Number of shares to be issued upon exercise of remaining options at 30th June, 2001
Lu Wing Chi	11.8.1992	1.85	11.8.1992 - 10.8.2002	10,000,000	—	10,000,000
	21.2.1994	4.40	21.2.1994 - 20.2.2004	2,200,000	—	2,200,000
	4.12.2000	1.44	4.12.2000 - 3.12.2010	12,500,000	—	12,500,000
Lu Wing Yuk, Andrew	11.8.1992	1.85	11.8.1992 - 10.8.2002	3,000,000	—	3,000,000
	4.12.2000	1.44	4.12.2000 - 3.12.2010	3,000,000	—	3,000,000
Lu Wing Lin	11.8.1992	1.85	11.8.1992 - 10.8.2002	8,000,000	—	8,000,000
	18.11.1993	2.78	18.11.1993 - 17.11.2003	3,500,000	—	3,500,000
	4.12.2000	1.44	4.12.2000 - 3.12.2010	12,500,000	—	12,500,000

Other than as disclosed above, none of the directors or chief executive, nor their associates, had any interests 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 the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more in the share capital of the Company:

Substantial shareholders	Number of ordinary shares held	
	Direct interest	Indirect interest
Nan Luen International Limited ("Nan Luen")	240,503,812	—
JCS Limited ("JCS")	—	240,503,812 (Note)

Note: JCS is deemed to have an interest in 240,503,812 shares under Section 8 of the SDI Ordinance by virtue of its direct controlling interest in Nan Luen.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30th June, 2001.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the half year ended 30th June, 2001, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares or warrants.

EMPLOYEES

The Group employed 230 staffs at 30th June, 2001. Salaries are reviewed annually in conjunction with employee performance appraisals. Fringe benefits including tuition/training subsidies, provident fund and medical insurance are offered to most employees. Share options are granted to executives of the Group at the discretion of the directors.

AUDIT COMMITTEE

Regular meetings have been held by the committee since its establishment. The committee meets at least twice each year.

At the request of the directors, the interim financial report of the Company for the half year ended 30th June, 2001 has been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with the Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants and an unmodified review conclusion has been issued. Without modifying their review conclusion, the auditors draw attention to the fact that the comparative condensed financial information for the half year ended 30th June, 2000 disclosed in the interim financial report has not been subject to an equivalent review.

CODE OF BEST PRACTICE

The Company has complied throughout the period covered by the interim report 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, except that non-executive directors are not appointed for a specific term.

By order of the Board

Lu Ho
Chairman

Hong Kong, 7th September, 2001

CONDENSED CONSOLIDATED INCOME STATEMENT

		Half year ended 30th June	
	Notes	2001 HK\$'000 (unaudited)	2000 HK\$'000 (unaudited)
Turnover	4	360,833	429,648
Other revenue		1,188	16,592
Changes in inventories of manufactured finished goods and work-in-progress		1,131	1,956
Raw materials and consumables used		(14,821)	(42,768)
Purchase of goods held for resale		(34,119)	—
Changes in inventories of properties for sale		25,637	(4,294)
Contracting costs incurred on development properties for sale		(25,637)	—
Staff costs		(30,247)	(29,584)
Depreciation and amortisation		(3,983)	(3,225)
Other operating expenses		(53,257)	(59,819)
Net loss on investments and properties		(11,573)	(38,657)
Release of negative goodwill		6,133	6,133
Profit from operations	5	221,285	275,982
Finance costs		(147,070)	(161,191)
		74,215	114,791
Share of results of associates		(10,940)	22,169
Share of results of jointly controlled entities		(244)	281
Profit before taxation		63,031	137,241
Taxation	6	(1,930)	(8,522)
Profit before minority interests		61,101	128,719
Minority interests		(24,754)	(40,878)
Net profit for the period		<u>36,347</u>	<u>87,841</u>
Dividends	7	<u>31,070</u>	<u>30,357</u>
Earnings per share	8		
Basic		<u>7.1 cents</u>	<u>17.4 cents</u>
Diluted		<u>6.7 cents</u>	<u>15.0 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30th June, 2001 HK\$'000 (unaudited)	At 31st December, 2000 HK\$'000 (as restated)
Non-current Assets			
Investment properties	9	6,134,248	6,805,933
Property, plant and equipment	9	243,169	399,116
Permanent quotas		—	—
Interests in associates		35,942	48,912
Interests in jointly controlled entities		39,365	39,679
Other investments		117,557	134,362
Amounts due from jointly controlled entities		2,917	2,844
Other loans receivable		3,046	3,165
		<u>6,576,244</u>	<u>7,434,011</u>
Negative goodwill		<u>(166,583)</u>	<u>(168,039)</u>
		<u>6,409,661</u>	<u>7,265,972</u>
Current Assets			
Inventories		4,519	3,387
Properties for sale		449,532	304,036
Other investments		20,914	4,167
Mortgage loans receivable		457	746
Debtors, deposits and prepayments	10	109,719	119,408
Taxation recoverable		2,187	2,268
Advances to directors of an indirect subsidiary		1,056	1,306
Amount due from an associate		77	1,000
Pledged bank deposits		820,371	823,871
Bank balances and deposits		491,365	522,799
		<u>1,900,197</u>	<u>1,782,988</u>
Current Liabilities			
Creditors, deposits and accrued charges	11	301,310	359,986
Taxation payable		23,589	23,752
Amounts due to associates		10,842	18,570
Borrowings — due within one year	12	2,083,311	859,266
Other payables — due within one year		17,854	17,854
		<u>2,436,906</u>	<u>1,279,428</u>
Net Current (Liabilities) Assets		<u>(536,709)</u>	<u>503,560</u>
		<u>5,872,952</u>	<u>7,769,532</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Notes	At 30th June, 2001 HK\$'000 (unaudited)	At 31st December, 2000 HK\$'000 (as restated)
Capital and Reserves			
Share capital	13	51,125	50,729
Reserves	14	<u>2,829,726</u>	<u>2,977,708</u>
		<u>2,880,851</u>	<u>3,028,437</u>
Minority Interests			
		<u>1,313,366</u>	<u>1,415,112</u>
Non-current Liabilities			
Borrowings — due after one year	12	1,657,625	3,304,873
Other payables — due after one year		18,843	18,843
Deferred taxation		<u>2,267</u>	<u>2,267</u>
		<u>1,678,735</u>	<u>3,325,983</u>
		<u>5,872,952</u>	<u>7,769,532</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Half year ended 30th June, 2001 <i>HK\$'000</i> (unaudited)
Exchange differences arising on translation of financial statements of overseas operations	(118,087)
Revaluation deficit on investments in securities	<u>(18,300)</u>
Net loss not recognised in the income statement	(136,387)
Net profit for the period	<u>36,347</u>
Total recognised gains and losses	<u><u>(100,040)</u></u>
Prior period adjustments arising from the effects of changes in accounting policies	
– increase in accumulated profits at 1st January, 2001	5,471
– increase in dividend reserve at 1st January, 2001	50,729
– decrease in capital reserve at 1st January, 2001	<u>(173,510)</u>
	<u><u>(117,310)</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Half year ended 30th June, 2001 HK\$'000 (unaudited)
Net cash inflow from operating activities	251,893
Net cash outflow from returns on investments and servicing of finance	(200,182)
Tax paid	(2,005)
Net cash inflow from investing activities	234,740
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Net cash inflow before financing	284,446
Net cash outflow from financing	(306,544)
	<hr/>
Decrease in cash and cash equivalents	(22,098)
Cash and cash equivalents at 1st January, 2001	522,799
Effect of foreign exchange rate changes	(9,336)
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Cash and cash equivalents at 30th June, 2001	491,365
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Analysis of the balances of cash and cash equivalents	
Bank balances and deposits	491,365
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 (“SSAP 25”) *Interim Financial Reporting*, except that, in this first year of implementation of the Standard, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, no comparative amounts have been presented for both:

- the condensed consolidated statement of recognised gains and losses; and
- the condensed consolidated cash flow statement.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the 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 December, 2000, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants (“SSAPs”), which has resulted in the adoption of the following new/revised accounting policies.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) *Events after the Balance Sheet Date*, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment (see Note 3).

Segment reporting

In the current period, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 *Segment Reporting*. Segment disclosures for the half year ended 30th June, 2000 have been amended so that they are presented on a consistent basis.

Goodwill

In the current period, the Group has adopted SSAP 30 *Business Combinations* and has elected to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, the amount of such goodwill (negative goodwill) has been remeasured in accordance with the requirements of SSAP 30. Accumulated amortisation and impairment losses in respect of goodwill between the date of acquisition of the relevant subsidiary, associate or joint venture and the date of adoption of SSAP 30 have been recognised retrospectively. Negative goodwill which would have been recognised as income between the date of acquisition of the relevant subsidiary, associate or joint venture and the date of adoption of SSAP 30 has been recognised retrospectively. The effect of these adjustments is summarised in Note 3. Following restatement, goodwill is presented as an asset in the balance sheet and negative goodwill is presented as a deduction from assets. Goodwill is amortised over its estimated useful life, that is over periods ranging between 5 and 20 years. Negative goodwill will be released to income based on an analysis of the circumstances from which the balance resulted over 20 years.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

3. PRIOR PERIOD ADJUSTMENTS

The financial effect of the adoption of the new/revised accounting policies described in Note 2 is summarised below:

	Capital reserve <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January, 2000				
As originally stated	237,709	—	2,005,492	2,243,201
Derecognition of liability for final dividend for 1999	—	50,490	—	50,490
Retrospective recognition of impairment of goodwill held in reserves	16,197	—	(16,197)	—
Restatement of negative goodwill held in reserves with retrospective release to income	(253,906)	—	73,601	(180,305)
	<u>—</u>	<u>50,490</u>	<u>2,062,896</u>	<u>2,113,386</u>
As restated	<u>—</u>	<u>50,490</u>	<u>2,062,896</u>	<u>2,113,386</u>

The effect of these changes in accounting policies on the results for the current and prior periods is as follows:

	Half year ended 30th June, 2001 <i>HK\$'000</i>	Year ended 31st December, 2000 <i>HK\$'000</i>	Half year ended 30th June, 2000 <i>HK\$'000</i>
Retrospective recognition of impairment of goodwill in respect of goodwill released upon liquidation of associate	—	16,197	—
Recognition of impairment of goodwill	—	(80,396)	—
Release of negative goodwill to income	<u>6,133</u>	<u>12,266</u>	<u>6,133</u>
	<u>6,133</u>	<u>(51,933)</u>	<u>6,133</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

4. TURNOVER AND RESULTS

Geographical segments

Half year ended 30th June, 2001							
	New Zealand HK\$'000	Australia HK\$'000	Greater China other than Hong Kong HK\$'000	Hong Kong HK\$'000	Indonesia HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
Turnover	89,046	88,040	660	180,798	2,289	—	360,833
Inter-segment revenue	—	—	—	10,631	—	(10,631)	—
Total revenue	<u>89,046</u>	<u>88,040</u>	<u>660</u>	<u>191,429</u>	<u>2,289</u>	<u>(10,631)</u>	<u>360,833</u>
SEGMENT RESULT AND PROFIT FROM OPERATIONS	<u>56,897</u>	<u>61,729</u>	<u>(9,012)</u>	<u>111,826</u>	<u>(155)</u>	<u>—</u>	<u>221,285</u>

Half year ended 30th June, 2000							
	New Zealand HK\$'000	Australia HK\$'000	Greater China other than Hong Kong HK\$'000	Hong Kong HK\$'000	Indonesia HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
Turnover	116,012	70,245	642	239,898	2,851	—	429,648
Inter-segment revenue	—	—	—	12,793	—	(12,793)	—
Total revenue	<u>116,012</u>	<u>70,245</u>	<u>642</u>	<u>252,691</u>	<u>2,851</u>	<u>(12,793)</u>	<u>429,648</u>
SEGMENT RESULT AND PROFIT FROM OPERATIONS	<u>82,567</u>	<u>20,201</u>	<u>(8,712)</u>	<u>182,194</u>	<u>(268)</u>	<u>—</u>	<u>275,982</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

4. TURNOVER AND RESULTS (Continued)

Business segments

	Half year ended 30th June, 2001					
	Property investment	Garment manufacturing and trading	Investment	Property development	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
Turnover	234,104	86,035	39,782	912	—	360,833
Inter-segment revenue	2,463	—	—	—	(2,463)	—
Total revenue	<u>236,567</u>	<u>86,035</u>	<u>39,782</u>	<u>912</u>	<u>(2,463)</u>	<u>360,833</u>
SEGMENT RESULT	<u>194,389</u>	<u>31,463</u>	<u>24,978</u>	<u>(8,691)</u>	<u>—</u>	<u>242,139</u>
Unallocated corporate expenses						(20,854)
PROFIT FROM OPERATIONS						<u>221,285</u>

	Half year ended 30th June, 2000					
	Property investment	Garment manufacturing and trading	Investment	Property development	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
Turnover	273,982	88,182	66,314	1,170	—	429,648
Inter-segment revenue	3,638	—	—	—	(3,638)	—
Total revenue	<u>277,620</u>	<u>88,182</u>	<u>66,314</u>	<u>1,170</u>	<u>(3,638)</u>	<u>429,648</u>
SEGMENT RESULT	<u>198,108</u>	<u>39,050</u>	<u>62,542</u>	<u>(8,452)</u>	<u>—</u>	<u>291,248</u>
Unallocated corporate expenses						(15,266)
PROFIT FROM OPERATIONS						<u>275,982</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

5. PROFIT FROM OPERATIONS

	Half year ended 30th June,	
	2001 HK\$'000	2000 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Depreciation and amortisation	<u>3,983</u>	<u>3,225</u>
Dividends and options income from listed investments	<u>(6,813)</u>	<u>(1,745)</u>
Loss on sale of properties	<u>11,573</u>	<u>38,657</u>

6. TAXATION

	Half year ended 30th June,	
	2001 HK\$'000	2000 HK\$'000
The charge comprises:		
Hong Kong Profits Tax	<u>1,930</u>	<u>8,508</u>
Income tax outside Hong Kong	<u>—</u>	<u>14</u>
	<u>1,930</u>	<u>8,522</u>

Hong Kong Profit Tax is provided at the rate of 16.0% (2000: 16.0%) based on the estimated assessable profits derived in Hong Kong for the period. Taxation arising in other regions of the People's Republic of China and other jurisdictions are provided at various rates applicable locally. No provision for deferred taxation is made as the amount involved is immaterial.

7. DIVIDENDS

	Half year ended 30th June,	
	2001 HK\$'000	2000 HK\$'000
Additional prior year's final dividend paid on exercise of shares options and 2008 warrants subsequent to the issue of the annual report (a)	<u>395</u>	<u>39</u>
Interim — HK6 cents per share (b) on 511,246,868 shares (2000: HK6 cents per share on 505,293,586 shares)	<u>30,675</u>	<u>30,318</u>
	<u>31,070</u>	<u>30,357</u>

(a) On 25th May, 2001, a dividend of HK10 cents per share was paid to shareholders as the final dividend for 2000.

On 4th July, 2000, a dividend of HK10 cents per share was paid to shareholders as the final dividend for 1999.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

7. DIVIDENDS (Continued)

- (b) The directors have determined that an interim dividend for 2001 of HK6 cents per share (2000: HK6 cents) should be paid to the shareholders of the Company whose names appear in the Register of Members on 5th October, 2001.

Note: In accordance with SSAP 9 (Revised), all proposed dividends are now accounted for under the dividend reserve account.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Half year ended 30th June,	
	2001 HK\$'000	2000 HK\$'000
Earnings		
Net profit for the period	<u>36,347</u>	<u>87,841</u>
Earnings for the purposes of basic earnings per share	<u>36,347</u>	87,841
Effect of dilutive potential ordinary shares:		
Adjustment of effect on subsidiaries' earnings (<i>Note</i>)	<u>—</u>	<u>(2,671)</u>
Earnings for the purposes of diluted earnings per share	<u>36,347</u>	<u>85,170</u>
	Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>508,501,189</u>	504,934,368
Effect of dilutive potential ordinary shares:		
Options	<u>5,846,154</u>	5,939,054
Warrants	<u>29,932,714</u>	<u>55,982,751</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>544,280,057</u>	<u>566,856,173</u>

Note: The computation of diluted earnings per share does not assume the capital convertible note holders of a subsidiary have exercised the right of conversion as the effect would have increased the profit per share.

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment at a cost of HK\$66,844,000 and transferred the properties under development previously included in property, plant and equipment with a carrying amount of HK\$218,841,000 to properties for sale.

During the period, the Group acquired investment properties at a cost of HK\$16,934,000 and transferred HK\$20,196,000 to properties for development. In addition, exchange realignment of HK\$332,009,000 contributed to a decrease in the carrying value of investment properties brought forward from 1st January, 2001.

During the period, the Group disposed of investment properties with a carrying amount of HK\$336,165,000 for proceeds of HK\$321,165,000, resulting in a loss on disposal of HK\$11,573,000 following the realisation of revaluation surplus from investment properties reserve of HK\$3,427,000.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing an average credit period of 2.5 months to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of HK\$29,950,000 (31st December, 2000: HK\$27,562,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2001 HK\$'000	31st December, 2000 HK\$'000
0 to 60 days	18,278	19,279
61 to 90 days	2,529	3,494
91 to 365 days	8,378	2,774
Over 365 days	765	2,015
	<u>29,950</u>	<u>27,562</u>

11. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$20,022,000 (31st December, 2000: HK\$26,148,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2001 HK\$'000	31st December, 2000 HK\$'000
0 to 60 days	13,835	18,981
61 to 90 days	1,425	3,982
91 to 365 days	4,103	2,525
Over 365 days	659	660
	<u>20,022</u>	<u>26,148</u>

12. BORROWINGS

During the period, the Group repaid bank loans amounting to approximately HK\$543,000,000 and obtained new bank loans in the amount of approximately HK\$247,000,000. The new loans bear interest at market rates and are repayable by instalments up to respective maturity period. The proceeds were used to finance the acquisition of a new investment in Japan and for working capital.

13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each:		
Issued and fully paid:		
At 1st January, 2001	507,293,586	50,729
Shares issued on exercise of warrant subscription rights	<u>3,953,282</u>	<u>396</u>
At 30th June, 2001	<u>511,246,868</u>	<u>51,125</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

14. RESERVES

	Investment property revaluation reserve HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE GROUP										
At 1st January, 2000										
– as original stated	660,196	146,526	(92,096)	(7,012)	237,709	4,451	277,707	–	2,005,492	3,232,973
– prior period adjustment (see Note 3)	–	–	–	–	(237,709)	–	–	50,490	57,404	(129,815)
As restated	660,196	146,526	(92,096)	(7,012)	–	4,451	277,707	50,490	2,062,896	3,103,158
Revaluation surplus of investment properties	9,237	–	–	–	–	–	–	–	–	9,237
Released upon liquidation of an associate	–	–	(395)	–	–	–	–	–	–	(395)
Released upon disposal of investment properties	23,684	–	–	–	–	–	–	–	–	23,684
Exchange movement during the year	–	–	(104,236)	–	–	–	–	–	–	(104,236)
Premium on issue of shares upon exercise of Employees' options	–	3,500	–	–	–	–	–	–	–	3,500
Premium on issue of shares upon exercise of 2008 warrant rights	–	502	–	–	–	–	–	–	–	502
Unrealised holding loss on investments in securities	–	–	–	(27,687)	–	–	–	–	–	(27,687)
Net profit for the year	–	–	–	–	–	–	–	–	50,792	50,792
Dividends	–	–	–	–	–	–	–	81,086	(81,086)	–
Dividends paid										
– 1999, final	–	–	–	–	–	–	–	(50,529)	–	(50,529)
– 2000, interim	–	–	–	–	–	–	–	(30,318)	–	(30,318)
At 31st December, 2000	693,117	150,528	(196,727)	(34,699)	–	4,451	277,707	50,729	2,032,602	2,977,708
Realised upon disposal of investment properties	(1,878)	–	–	–	–	–	–	–	–	(1,878)
Exchange movement during the period	–	–	(118,087)	–	–	–	–	–	–	(118,087)
Premium on issue of shares upon exercise of 2008 warrant rights	–	5,060	–	–	–	–	–	–	–	5,060
Unrealised holding loss on investments in securities	–	–	–	(18,300)	–	–	–	–	–	(18,300)
Net profit for the period	–	–	–	–	–	–	–	–	36,347	36,347
Dividends	–	–	–	–	–	–	–	31,070	(31,070)	–
Dividends paid										
– 2000, final	–	–	–	–	–	–	–	(51,124)	–	(51,124)
At 30th June, 2001	<u>691,239</u>	<u>155,588</u>	<u>(314,814)</u>	<u>(52,999)</u>	<u>–</u>	<u>4,451</u>	<u>277,707</u>	<u>30,675</u>	<u>2,037,879</u>	<u>2,829,726</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

15. COMMITMENTS

At the reporting date, the Group had capital commitments not provided for in the condensed financial statements in respect of expenditure to be incurred on properties as follows:

	30th June, 2001 HK\$'000	31st December, 2000 HK\$'000
Hong Kong		
Authorised but not contracted for	446,441	288,200
	32,753	30,756
Contracted for but not provided for in the financial statements		
Other regions of the People's Republic of China		
Authorised but not contracted for	589,400	593,980
	91,170	76,670
Contracted for but not provided for in the financial statements		
New Zealand and Australia		
Authorised but not contracted for	23,393	39,332
	28,850	32,860
Contracted for but not provided for in the financial statements		

16. CONTINGENT LIABILITIES

At the reporting date, the Group did not have any significant contingent liabilities.

17. PLEDGE OF ASSETS

At the reporting date, the Group had the following mortgages and/or pledge over its assets to secure banking facilities and other bank loans granted to the Group.

- a. Fixed and floating charges on investment properties and properties for sale with an aggregate book value of HK\$6,241,845,000 (31st December, 2000: HK\$6,987,812,000).
- b. Bank deposits of HK\$820,372,000 (31st December, 2000: HK\$823,871,000).
- c. The listed shares in a subsidiary.
- d. Unlisted shares in a subsidiary.

18. DEEMED ACQUISITION OF A LISTED SUBSIDIARY

Australian Growth Properties Limited, a subsidiary of the Group and its shares are listed on the Australian Stock Exchange, repurchased approximately 7.8 million of its shares during the period at a total consideration of approximately HK\$16 million. As a result, a negative goodwill of approximately HK\$4.7 million arose from this deemed acquisition of an additional 2% effective equity interest in this subsidiary. The Group is holding 27% effective equity interest in this subsidiary as at 30th June, 2001.

