Condensed Consolidated Profit and Loss Account

		Unaudited Six months ended 30th June	
		2001	2000
	Note	***HK$'000***	*HK$'000*
Turnover	2	**106,547**	161,220
Cost of sales		**(19,244)**	(30,828)
Gross profit		**87,303**	130,392
Administrative expenses		**(18,765)**	(18,410)
Other operating expenses (net)		**(13,120)**	(17,696)
Operating profit	3	**55,418**	94,286
Finance costs	4	**(15,567)**	(17,310)
Profit before taxation		**39,851**	76,976
Taxation	5	**(2,840)**	(3,324)
Profit after taxation		**37,011**	73,652
Minority interests		**(1,575)**	(1,831)
Profit attributable to shareholders		**35,436**	71,821
Interim dividend of HK 9 cents (2000: HK 10 cents & special dividend of HK 5 cents) per share	6	**25,890**	43,150
Earnings per share			
– Basic	7	**HK 12.3 cents**	HK 25.0 cents
– Diluted	7	**N/A**	N/A

Condensed Consolidated Balance Sheet

	Note	Unaudited 30th June 2001 HK$'000	Audited & restated 31st December 2000 HK$'000
Non-current assets			
Fixed assets	8	**2,430,347**	2,499,993
Investment securities		**32,915**	32,915
		2,463,262	2,532,908
Current assets			
Land and buildings for resale		**116,093**	115,836
Receivables and prepayments	9	**26,531**	14,889
Tax recoverable		**593**	588
Bank balances and cash		**57,799**	52,659
		201,016	183,972
Current liabilities			
Rental and other deposits		**28,800**	28,962
Payables and accruals	10	**34,039**	39,901
Tax payable		**2,592**	3,230
Short term bank loans and overdrafts			
– secured		**84,862**	42,100
– unsecured		**—**	226
Current portion of long term bank loan			
– secured	13	**23,480**	35,371
		173,773	149,790
Net current assets		**27,243**	34,182
Total assets less current liabilities		**2,490,505**	2,567,090

Condensed Consolidated Balance Sheet *(Continued)*

	Note	**Unaudited 30th June 2001** *HK$'000*	Audited & restated 31st December 2000 *HK$'000*
Representing:			
Share capital	11	**287,670**	287,670
Reserves	12	**1,728,763**	1,792,738
Proposed dividends	1	**25,890**	23,013
Shareholders' funds		**2,042,323**	2,103,421
Minority interests		**85,193**	84,901
Non-current liabilities			
Long term bank loan – secured	13	**340,307**	356,086
Deferred gain		**22,682**	22,682
		362,989	378,768
		2,490,505	2,567,090

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 30th June 2001 *HK$'000*
Net cash inflow from operating activities	31,693
Net cash outflow from returns on investments and servicing of finance	(37,365)
Net tax paid	(3,483)
Net cash outflow from investing activities	(571)
Net cash outflow before financing	(9,726)
Net cash outflow from financing	(27,670)
Decrease in cash and cash equivalents	(37,396)
Cash and cash equivalents at 1st January 2001	10,333
Cash and cash equivalents at 30th June 2001	(27,063)
Analysis of the balances of cash and cash equivalents	
Bank balances and cash	57,799
Bank loans and overdrafts – secured	(84,862)
	(27,063)

Condensed Consolidated Statement of Recognised Gains and Losses

		Unaudited Six months ended 30th June	
		2001	2000
	Note	***HK$'000***	*HK$'000*
Net revaluation deficit on investment properties		**(67,956)**	—
Net losses not recognised in the consolidated profit and loss account		**(67,956)**	—
Profit for the period	12	**35,436**	71,821
Less: Realisation of revaluation reserve on sale of investment property		**(5,563)**	(531)
Total recognised (losses)/gains		**(38,083)**	71,290

1. Accounting policies

These unaudited consolidated condensed interim accounts ("interim accounts") are prepared in accordance with Statement of Standard Accounting Practice 2.125, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those adopted in the report and accounts for the year ended 31st December 2000, except for the recognition of proposed dividends.

Following the revised HKSSAP 9 "Events after the balance sheet date", the Group no longer recognise dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively. As a result, the 2000 proposed final dividend amounting to HK$23,013,574 previously recorded as current liability as at 31st December 2000 has been restated and shown under capital and reserves.

The comparative cash flow statement for the six months ended 30 June 2000 has not been prepared as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Turnover

The principal activities of the Group are investment holding, property investment, property rental, property development and estate management and agency. An analysis of the Group's turnover and contribution to profit before taxation by principal activities and markets is as follows:

	Turnover		**Contribution to profit before taxation**	
	Six months ended 30th June		**Six months ended 30th June**	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong				
Property rental	**61,562**	64,934	**43,545**	46,370
Property sales	**6,600**	1,500	**6,163**	1,120
Property related services	**4,683**	4,766	**2,076**	2,250
Others	**1,205**	1,394	**1,205**	1,394
Less: Administrative and interest expenses			**(24,697)**	(27,286)
	74,050	72,594	**28,292**	23,848
North America				
Property rental	**31,629**	25,792	**20,326**	14,531
Property sales	**—**	62,400	**—**	46,597
Others	**868**	434	**868**	434
Less: Administrative and interest expenses			**(9,635)**	(8,434)
	32,497	88,626	**11,559**	53,128
Total	**106,547**	161,220	**39,851**	76,976

Note: Certain comparative figures have been reclassified to conform with the current period's presentation. The change relates to a more meaningful classification of turnover, cost of sales and administrative expenses.

3. Operating profit

	Six months ended 30th June	
	2001	2000
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Gross rental income from		
– investment properties	**83,412**	80,863
– other properties	**9,779**	9,863
Gain on disposal of investment property	**6,163**	1,120
Dividend from investment securities	**648**	619
Interest income	**1,426**	1,209
Charging		
Outgoings in respect of		
– investment properties	**14,422**	15,349
– other properties	**1,816**	1,840
Cost of sale of land and buildings for resale	**—**	12,519
Depreciation	**2,788**	2,508
Operating lease rental for land and buildings	**876**	884
Staff costs	**16,353**	17,369

4. Finance costs

	Six months ended 30th June	
	2001	2000
	HK$'000	*HK$'000*
Interest expenses		
– bank loans and overdrafts wholly repayable within five years	**8,331**	12,109
– bank loans not wholly repayable within five years	**6,809**	4,587
Other incidental borrowing costs	**427**	614
	15,567	17,310

5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits for the period. No overseas taxation has been provided, as there is no estimated taxable profit of the overseas subsidiaries for the period.

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	Six months ended 30th June	
	2001	2000
	HK$'000	*HK$'000*
Hong Kong profits tax	**2,840**	2,915
Overseas taxation	—	409
	2,840	3,324

6. Dividends

	Six months ended 30th June	
	2001	2000
	HK$'000	*HK$'000*
Interim, proposed, of HK 9 cents (2000: HK 10 cents) per ordinary share	**25,890**	28,767
Special dividend, proposed, of nil (2000: HK 5 cents) per ordinary share	—	14,383
	25,890	43,150

7. Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of HK$35,436,412 (2000: HK$71,821,380) and on the weighted average number of 287,669,676 (2000: 287,669,676) ordinary shares in issue during the period.

No diluted earnings per share is presented for the six months ended 30th June 2001 and 2000 as there are no dilutive instruments outstanding during the period.

8. Fixed assets

	Leasehold land and buildings in Hong Kong			Overseas freehold land and buildings		
	Investment properties *HK$'000*	Properties under development *HK$'000*	Other properties *HK$'000*	Investment properties *HK$'000*	Other fixed assets *HK$'000*	Total *HK$'000*
Cost or valuation						
At 1st January 2001	1,671,050	204,630	95,067	524,160	54,260	2,549,167
Additions	—	239	—	2,436	5,768	8,443
Disposals	(6,000)	—	—	—	(5,052)	(11,052)
Revaluation deficit	—	—	—	(67,956)	—	(67,956)
At 30th June 2001	1,665,050	204,869	95,067	458,640	54,976	2,478,602
Accumulated Depreciation						
At 1st January 2001	—	—	12,963	—	36,211	49,174
Charge for the period	—	—	1,133	—	1,655	2,788
Disposals	—	—	—	—	(3,707)	(3,707)
At 30th June 2001	—	—	14,096	—	34,159	48,255
Net book value						
At 30th June 2001	1,665,050	204,869	80,971	458,640	20,817	2,430,347
At 31st December 2000	1,671,050	204,630	82,104	524,160	18,049	2,499,993

8. Fixed Assets *(Continued)*

(a) Certain of the Group's investment properties with an aggregate net book value of HK$1,587,640,000 (at 31st December 2000: HK$1,659,160,000) have been pledged to financial institutions to secure credit facilities of the Group totaling HK$595,287,200 (at 31st December 2000: HK$574,276,200) of which HK$445,948,419 (at 31st December 2000: HK$433,557,472) were utilised as at 30th June 2001.

(b) The investment properties in Hong Kong of the Group were valued on an open market basis at 30th June 2001 and 31st December 2000 by AA Property Services Limited, an independent professional property valuer.

(c) The Group's overseas investment properties were valued on an open market basis at 30th June 2001 and 31st December 2000 by Mr. David K Bohegian, Member of The Appraisal Institute, of Martoana Bohegian & Company.

9. Receivables and prepayments

Included in receivables and prepayments are trade receivables which are rental and management fee receivables and their ageing analysis was as follows:

	Current	30-60 days	60-90 days	Over 90 days	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 30th June 2001	**240**	**1,288**	**64**	**486**	**2,078**
Balance at 31st December 2000	3,574	61	73	179	3,887

10. Payables and accruals

Included in payables and accruals are trade payables and their ageing analysis was as follows:

	Current	**30-60 days**	**60-90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 30th June 2001	**1,455**	**113**	**16**	**601**	**2,185**
Balance at 31st December 2000	4,192	376	—	629	5,197

11. Share capital

	30th June 2001	31st December 2000
	HK$'000	*HK$'000*
Authorised :		
400,000,000 ordinary shares of HK$1 each	**400,000**	400,000
Issued and fully paid :		
287,669,676 ordinary shares of HK$1 each	**287,670**	287,670

12. Reserves

	Investment properties revaluation reserve	Share premium	Exchange reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January 2001	1,174,683	129,651	6,941	481,463	1,792,738
Net deficit on revaluation of investment properties	(67,956)	—	—	—	(67,956)
Realisation of revaluation reserve on sale of investment property	(5,563)	—	—	—	(5,563)
Exchange translation	—	—	(2)	—	(2)
Profit for the period	—	—	—	35,436	35,436
Dividends (note 6)	—	—	—	(25,890)	(25,890)
At 30th June 2001	1,101,164	129,651	6,939	491,009	1,728,763

13. Long term bank loans - secured

	30th June 2001 *HK$'000*	31st December 2000 *HK$'000*
Bank loans	**363,787**	391,457
Amounts due within one year included under current liabilities	**(23,480)**	(35,371)
	340,307	356,086

	30th June 2001 *HK$'000*	31st December 2000 *HK$'000*
An analysis of the above long term bank loans is as follows:		
– wholly repayable within five years	**152,287**	273,457
– not wholly repayable within five years	**211,500**	118,000
	363,787	391,457

	30th June 2001 *HK$'000*	31st December 2000 *HK$'000*
The maturity of the above long term bank loans is as follows:		
– within one year	**23,480**	35,371
– in the second year	**32,668**	115,558
– in the third to fifth year, inclusive	**252,139**	170,528
– after the fifth year	**55,500**	70,000
	363,787	391,457

The long term bank loans of HK$363,787,200 (at 31st December 2000: HK$391,457,200) are secured on certain properties (note 8) and rental income thereon.

14. Contingent liabilities

	30th June 2001 *HK$'000*	31st December 2000 *HK$'000*
Other guarantees	**1,181**	1,181

15. Commitments

(a) Capital commitments for fixed assets

	30th June 2001 *HK$'000*	31st December 2000 *HK$'000*
Contracted but not provided for		
– properties under development	**39,271**	5,967
– other fixed assets	**—**	764
	39,271	6,731

(b) Commitments under operating leases

Operating lease commitments at 30th June 2001 payable in the next twelve months, analysed according to the period in which the lease expires, are as follows:

	30th June 2001 *HK$'000*	31st December 2000 *HK$'000*
Land and buildings		
– within one year	**366**	334
– in the second to fifth years, inclusive	**977**	951
	1,343	1,285

Interim Dividend and Record Date

The directors have resolved to declare an interim dividend of HK 9 cents (2000: HK 10 cents and special dividend of HK 5 cents) per share, payable on 15th October 2001 to shareholders whose names standing on the register of members at the close of business on 3rd October 2001 (the "Record Date"). In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Registrars, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 3rd October 2001.

Business Review and Prospects

For the first half of 2001, the Group achieved a profit of HK$35.4 million. Profit for the same period in 2000 was HK$71.8 million including a gain of HK$46 million on disposal of property in USA. A gain on disposal of property in Hong Kong included in the first half year 2001 profit was HK$6.2 million whereas that of 2000 was HK$1.1 million.

In USA, higher rates of rental renewed during 1999 and 2000 contributed an increase of HK$5.9 million or 23% over the corresponding period last year. Occupancy is over 90%. The property market has soften but remains steady.

In Hong Kong, although nearly full occupancy was attained in all sectors of our property except on office building, the continuing economic slowdown affected the market prices and reduced our recurrent rental income by HK$3.4 million or 5.2% as compared to the same period last year. Re-development of No. 1 Barker Road at the Peak will commence shortly following completion of lease modification in the second half of 2001.

Overall, the Group's total recurrent rental income was HK$93.2 million in the first half of 2001 as against HK$90.7 million in 2000. However, the effects of world uncertainty and difficult local market condition might continue to affect our recurrent income.

The continuing downturn particularly on technology and communication sectors in USA and Europe impairs the global economies, and Hong Kong is not impervious to the effects.

To move forward, Hong Kong needs to sharpen its competitive edge at home and abroad in order to break into its major overseas markets especially with USA and China where their performances substantially influence our economic prospects.

The recent measures announced by The Government of the Hong Kong Special Administrative Region as stimulus to promote tourism augurs well to improve the domestic economy.

The Group will look for good investment opportunities in China where the market is encouraging while at the same time the Group will endeavour to maintain stable income for the year under review.

Management Discussion and Analysis

1. The Group's liquidity and financial resources

   During the relevant period, the Group's total bank borrowings increased by HK$14.9 million to HK$448.6 million. The shareholders' funds decreased by HK$61.1 million to HK$2,042.3 million and long term bank loans outstanding as at 30th June 2001 amounted HK$363.8 million (at 31st December 2000: HK$391.5 million). The debt to equity ratio was 22% (at 31st December 2000: 21%).

   The banking facilities now available are sufficient for the Group's working capital. Except for commitment detailed in paragraph 3 below, there is no other major capital commitment as at 30th June 2001. The Group's financial flexibility remains healthy.

2. Capital structure of the Group

   The capital structure of the Group had not changed materially from the last annual report. The Group borrowings are primarily denominated in Hong Kong and US Dollars, there was no significant exposure to foreign exchange fluctuation. The Group's total bank borrowings are secured by certain properties with an aggregate net book value of HK$1,588 million (at 31st December 2000: HK$1,659 million).

3. Significant investment held and their performance and future prospects

   The lease modification premium has been agreed with The Government of the Hong Kong Special Administrative Region for HK$37.5 million for the Group's prime residential property at No. 1 Barker Road, The Peak, Hong Kong. Bank financing for the re-development of this project has been arranged.

4. Details of future plans for material investments

   In continuous pursuit of a conservative and prudent business policy, the Group will consider to invest in profitable projects wherever arising in the future.

Directors' Interests in Equity Securities

At 30th June 2001, the interests of the directors and chief executive in the shares of the Company as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance or as notified to the Company were as follows:

Ordinary shares of HK$1 each

	Personal interests	**Corporate interests**	**Joint interests**	**Total**
		(note a & b)	*(note c)*	
Directors:				
William Ma Ching Wai	3,644,013	158,246,459	38,115	161,928,587
Alfred Ma Ching Kuen	57,200	nil	nil	57,200
Amy Ma Ching Sau	20,570	nil	nil	20,570
Katy Ma Ching Man	74,726	nil	nil	74,726
Ruth Ma Ching Keung	2,772	nil	nil	2,772
Patrick Ma Ching Hang	261	8,726,513	38,115	8,764,889
Ida Ma Ching Kwai	19,712	nil	nil	19,712
Philip Ma Ching Yeung	3,157,522	nil	nil	3,157,522
Edward Cheung Wing Yui	nil	nil	nil	nil
Kevin Chau Kwok Fun	nil	nil	nil	nil
Chief Executive:				
Ted Mok Tat Hung	nil	nil	nil	nil
General Manager:				
Tan Soo Kiu	nil	nil	nil	nil

Notes:

(a) Kam Chan & Company, Limited and its associates, and Holston Investment Limited directly or indirectly owned 137,108,222 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.

(b) Tai Sang International Limited directly owned 8,726,513 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.

(c) Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly held 38,115 ordinary shares in the Company.

(d) Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage & Godown Company Limited.

(e) Mr. William Ma Ching Wai indirectly held beneficial interest in 150,000 shares in the issued share capital of a subsidiary company, GYB Properties, Inc.

(f) Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly beneficially held 47 shares (or 0.94%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.

(g) In addition, certain directors of the Company held non-beneficial interests in subsidiary companies in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.

(h) Except as mentioned in Notes (d), (e), (f) and (g) above, none of the directors of the Company nor their respective associates had any interest in the share capital of the Company's subsidiaries.

Directors' Rights to Acquire Shares or Debentures

At no time during the period was the Company or any of its subsidiary companies a party to any arrangements to enable the directors of the Company or their associated corporations as defined in Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

At no time during the period, the directors or chief executives (including their spouses and children under 18 years of age) had been granted any right to subscribe for shares or debentures of the Company and its associated corporations as defined in the SDI Ordinance.

Substantial Shareholders

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that, as at 30th June 2001, the Company had not been notified of any substantial interest, being 10% or more of the Company's issued share capital, other than those of the directors and chief executives as disclosed above.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's issued shares during the period.

Compliance with the Code of Best Practice

Throughout the period, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited except as detailed below.

The independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meeting of the Company in accordance with the Company's Articles of Association.

Audit Committee

Mr. Edward Cheung Wing Yui and Mr. Kevin Chau Kwok Fun, both of whom are independent non-executive directors, have been appointed as committee members of the Audit Committee which was established on 9th April 1999.

The Audit Committee has reviewed the interim result of the Company with the assistance of an external firm of professional accountants and is satisfied with the contents of the Company's unaudited interim financial statements for the six months ended 30th June 2001.

By order of the Board

William Ma Ching Wai
Chairman

Hong Kong, 7th September 2001