NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies, as summarized in Note 2 below, following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1 January 2005.

This interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this information. The HKFRS standards and interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

2. Changes in accounting policies

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 33 and 36 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associated companies and other disclosures.

– HKASs 2, 8, 16, 28, 33 affect certain classifications and disclosures of the accounts.

2. **Changes in accounting policies** *(Cont'd)*

– HKASs 7, 10, 23 and 27 had no material effect on the Group's policies.

– HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements. The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

– HKAS 36 has affected the amounts of impairment losses of certain assets.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from properties held for sale and property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at fair value or cost less accumulated depreciation and accumulated impairment.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial instruments.

From 1 January 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis.

Prior to 1 January 2005:

The Group classified its investments in securities, other than subsidiaries and associated companies, as non-trading securities and trading securities.

2. **Changes in accounting policies** *(Cont'd)*

(a) Non-trading securities

Non-trading securities held for long term basis are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments will be reduced to its fair value. The impairment loss is recognised as an expense in the income statement. This impairment loss is written back to income statement when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(b) Trading securities

Trading securities are stated in the balance sheet at cost plus/less any discount/premium amortised to date. The discount or premium is amortised over the period to maturity and included as interest income/expense in the income statement. Provision is made when there is a diminution in value other than temporary.

The carrying amounts of individual investment or holdings of the same securities are reviewed at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognized in the income statement as an expense immediately.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the income statement as part of other income. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

The adoption of revised HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

The adoption of HKFRS 3 and HKAS 38 results in a change in the accounting policy for negative goodwill.

From 1 January 2005 onwards, in accordance with the provisions of HKFRS 3:

– the carrying amount of negative goodwill as at 1 January 2005 has been derecognised at 1 January 2005 with a corresponding adjustment to the opening balance of retained earnings.

Prior to 1 January 2005:

– For acquisitions after 1 January, 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the income statement immediately.

– For acquisitions prior to 1 January, 2001, negative goodwill was taken directly to reserves on acquisition.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

– HKAS 39 – does not permit to recognize, derecognize and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognized at 1 January 2005.

– HKAS 40 – since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1 January 2005, including the reclassification of any amount held in revaluation surplus for investment property.

2. Changes in accounting policies *(Cont'd)*

– HKFRS 3 – prospectively after the adoption date.

(i) The adoption of revised HKAS 17 resulted in an increase in retained earnings at 1 January 2004 by HK$38,000 and the details of the adjustments to the balance sheet at 31 December 2004 and 30 June 2005, income statement for the six months ended 30 June 2004 and 2005 and for the year ended 31 December 2004 are as follows.

	As at	
	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
Decrease in property, plant and equipment	**11,434**	11,577
Increase in leasehold land and land use rights	**11,868**	11,990
Decrease in properties held for sale-buildings	**5,486**	1,717
Increase in properties held for sale-leasehold land and land use rights	**5,436**	1,660
Increase in deferred tax liabilities	**89**	77
Increase in retained earnings	**295**	279

	For the year ended	**For the six months ended**	
	31 December 2004	**30 June 2005**	30 June 2004
	HK$'000	***HK$'000***	*HK$'000*
Increase in taxation expenses	42	12	26
Decrease in administrative expenses	283	28	171
Increase in basic and diluted earnings per share (HK$)	0.00092	0.00006	0.00055

(ii) The adoption of HKAS 39 resulted in a decrease in retained earnings at 1 January 2005 by HK$2,008,000 and the details of the adjustments to the balance sheet at 30 June 2005 and income statement for the six months ended 30 June 2005 are as follows:

	As at 30 June 2005
	HK$'000
Decrease in non-trading securities	**2,870**
Increase in other financial assets at fair value through profit or loss	**1,084**
Increase in trade and bills receivables	**90,433**
Increase in collateralised borrowings	**90,433**
Decrease in retained earnings	**1,786**

	For the six months ended 30 June 2005
	HK$'000
Increase in fair value gains on other financial assets at fair value through profit or loss	**222**
Increase in basic and diluted earnings per share (HK$)	**0.00085**

(iii) The adoption of HKAS 40 resulted in the following adjustments to the balance sheet at 30 June 2005:

	As at 30 June 2005
	HK$'000
Decrease in investment properties revaluation reserve	**(319,283)**
Increase in retained earnings at 1 January 2005	**319,283**

There was no impact on both the basic and diluted earnings per share for the six months ended 30 June 2005.

2. **Changes in accounting policies** *(Cont'd)*

(iv) **The adoption of HKAS-Int 21 resulted in** a decrease in investment properties revaluation reserve at 1 January 2004 by HK$22,790,000 and the details of the adjustments to the balance sheet at 31 December 2004 and 30 June 2005 and income statement for the six months ended 30 June 2004 and 2005 and for the year ended 31 December 2004 are as follows.

	As at	
	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
Increase in interests in associated companies	**8,825**	10,146
Increase in deferred tax liabilities	**42,330**	37,728
Decrease in investment properties revaluation reserve	**27,582**	27,582
Decrease in retained earnings	**5,923**	–

	For the year ended	**For the six months ended**	
	31 December 2004	**30 June 2005**	30 June 2004
	HK$'000	***HK$'000***	*HK$'000*
Decrease in other operating income, net	–	***2,835***	–
Increase in taxation expense	–	**1,767**	–
Increase in share of loss of associated companies	–	**1,321**	–
Decrease in basic and diluted earnings per share (HK$)	–	**0.02263**	–

(v) **The adoption of HKFRS 3 resulted in** the following adjustments to the balance sheet at 30 June 2005:

	As at 30 June 2005
	HK$'000
Decrease in reserve arising on consolidation	(1,441)
Increase in retained earnings at 1 January 2005	1,441

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. The adoption of such Standards or Interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 3	Emission Rights
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

3. **Financial risk management**

The Group's activities expose it to a variety of financial risks including currency risk, fair value interest rate risk, price risk, credit risk and cash flow interest rate risk. Whenever necessary, the Group will manage these risks through the use of forwards, options or other appropriate derivative financial instruments. As at 30 June 2005, there was no derivative financial instrument outstanding.

4. **Critical accounting estimates and judgements**

The Group makes estimates and assumptions as appropriate in the preparation of the accounts. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities include those relating to land value added taxes for PRC properties.

5. Segment information

Primary reporting format – business segments

At 30 June 2005, the Group is organised on a worldwide basis into two business segments:

(1) General trading – trading of animal feed (mainly fishmeal and tapioca chips); and

(2) Property investment – rental income from investment properties, sale proceeds of properties held for sale and provision of real estate agency services.

Turnover consists of sales from general trading and income from property investment segments, which are HK$948,555,000 and HK$538,646,000 for the six months ended 30 June 2005 and 2004 respectively.

There are no sales or other transactions between the business segments.

The segment results for the six months ended 30 June 2004 are as follows:

	General trading *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Sales	493,501	45,145	–	538,646
Operating profit	10,272	10,109	6,382	26,763
Interest income			357	357
Finance costs				(5,984)
Share of profit of associated companies	–	1,031	–	1,031
Profit before income tax				22,167
Income tax expense				(2,468)
Profit for the period				19,699

The segment results for the six months ended 30 June 2005 are as follows:

	General trading ***HK$'000***	**Property investment** ***HK$'000***	**Unallocated** ***HK$'000***	**Group** ***HK$'000***
Sales	**925,475**	**23,080**	**–**	**948,555**
Operating profit	**9,245**	**13,750**	**(3,325)**	**19,670**
Interest income			**557**	**557**
Finance costs				**(2,311)**
Share of loss of associated companies	**–**	**(4,798)**	**–**	**(4,798)**
Profit before income tax				**13,118**
Income tax expense				**(2,007)**
Profit for the period				**11,111**

Other segment terms included in the income statements are as follows:

	Six months ended 30 June 2005				Six months ended 30 June 2004			
	General trading ***HK$'000***	**Property investment** ***HK$'000***	**Unallocated** ***HK$'000***	**Group** ***HK$'000***	General trading *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Depreciation	**16**	**525**	**51**	**592**	77	622	42	741
Amortisation	**–**	**17**	**–**	**17**	–	21	–	21
Impairment losses recognized in the income statement	**–**	**104**	**–**	**104**	–	–	–	–

5. **Segment information** *(Cont'd)*

Primary reporting format – business segments *(Cont'd)*

The segment assets and liabilities at 31 December 2004 and capital expenditure for the six months ended 30 June 2004 are as follows:

	General trading *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Assets	93,789	623,814	50,680	768,283
Associated companies	–	100,156	–	100,156
Total assets	93,789	723,970	50,680	868,439
Liabilities	124,913	95,346	184,497	404,756
Capital expenditure	12	6,773	99	6,884

The segment assets and liabilities at 30 June 2005 and capital expenditure for the six months then ended are as follows:

	General trading ***HK$'000***	**Property investment** ***HK$'000***	**Unallocated** ***HK$'000***	**Group** ***HK$'000***
Assets	**513,966**	**620,482**	**18,463**	**1,152,911**
Associated companies	**–**	**96,796**	**–**	**96,796**
Total assets	**513,966**	**717,278**	**18,463**	**1,249,707**
Liabilities	**499,567**	**125,806**	**154,096**	**779,469**
Capital expenditure	**–**	**365**	**–**	**365**

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, properties held for sale, inventories, receivables and operating cash. They exclude corporate assets.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to investment properties, property, plant and equipment and leasehold land and land use rights.

5. **Segment information** *(Cont'd)*

Secondary reporting format – geographical segments

The Group's two business segments operate in three main geographical areas, even though they are managed on a worldwide basis:

Hong Kong	–	rental income from investment properties
Mainland China	–	trading of animal feed, rental income from investment properties, sale of properties held for sale and provision of real estate agency services
Other countries	–	trading of animal feed and sale of properties held for sale

There are no sales or other transactions between the geographical segments.

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Sales		
Hong Kong	**6,694**	6,154
Mainland China	**932,806**	505,564
Other countries	**9,055**	26,928
	948,555	538,646

Sales are allocated based on the places/countries in which customers are located.

	As at	
	30 June 2005	31 December 2004
	HK$'000	*HK$'000*
Total Assets		
Hong Kong	**391,461**	406,180
Mainland China	**753,099**	353,638
Other countries	**8,351**	8,465
	1,152,911	768,283
Associated companies	**96,796**	100,156
	1,249,707	868,439

Total assets are allocated based on where the assets are located.

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Capital expenditures		
Hong Kong	**7**	211
Mainland China	**358**	6,673
	365	6,884

Capital expenditure is allocated based on where the assets are located.

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Analysis of sales by category		
Sales of goods	**925,475**	493,501
Sales of properties held for sale	**12,468**	34,792
Rental income from investment properties	**10,612**	10,353
	948,555	538,646

6. Capital expenditure

	Investment properties *HK$'000*	Property, plant and equipment *HK$'000*	Leasehold land and land use rights *HK$'000*
Opening net book amount as at 1 January 2005	**531,266**	**12,118**	**11,990**
Additions	**–**	**365**	**–**
Exchange differences	**–**	**2**	**(1)**
Disposals	**–**	**(103)**	**–**
Depreciation/amortization charge *(Note 15)*	**–**	**(592)**	**(17)**
Impairment charge *(Note 15)*	**–**	**–**	**(104)**
Transfers	**1,550**	**(546)**	**(1,004)**
Revaluation surplus *(Note 14)*	**8,124**	**–**	**–**
Closing net book amount as at 30 June 2005	**540,940**	**11,244**	**10,864**
Opening net book amount as at 1 January 2004	518,648	9,587	12,313
Additions	6,529	355	–
Exchange differences	(203)	2	–
Disposals	(18,429)	(118)	–
Depreciation/amortization charge *(Note 15)*	–	(741)	(21)
Transfers from properties held for sale	–	2,619	312
Revaluation surplus	12,549	–	–
Closing net book amount as at 30 June 2004	519,094	11,704	12,604
Additions	7,813	1,091	–
Exchange differences	1,158	12	–
Disposals	–	(14)	–
Disposals of subsidiaries	–	(53)	–
Depreciation/amortization charge	–	(622)	(22)
Impairment charge	–	–	(592)
Transfers to properties held for sale	(29,052)	–	–
Revaluation surplus	32,253	–	–
Closing net book amount as at 31 December 2004	531,266	12,118	11,990

7. Non-trading securities

	As at 31 December 2004 *HK$'000*
Club debentures, at cost	3,221
Less: Provision for impairment	(351)
	2,870

Securities under this category are re-classified as non-current financial assets at fair value through profit or loss *(Note 9)* in 2005 due to the adoption of HKAS 39.

8. Trade and other receivables

	As at	
	30 June 2005 ***HK$'000***	31 December 2004 *HK$'000*
Trade receivables	**6,570**	3,708
Bills receivable	**373,830**	60,527
Less: provision for impairment of receivables *(Note 14)*	**(500)**	–
Trade and bills receivables – net	**379,900**	64,235
Prepayments	**18,990**	23,761
Other receivables	**1,551**	697
	20,541	24,458
	400,441	88,693

The majority of the Group's sales are on letter of credit. At 30 June 2005 and 31 December 2004, the ageing analysis of the trade and bills receivables were as follows:

	As at	
	30 June 2005 ***HK$'000***	31 December 2004 *HK$'000*
Less than 30 days	**378,877**	62,997
30 – 60 days	**4**	16
Over 90 days	**1,019**	1,222
	379,900	64,235

There is no concentration of credit risk with respect to trade receivables, as the majority of the Group's trade and bills receivables are on letter of credit.

Certain subsidiaries of the Group transferred bills receivable balances amounting to approximately HK$90,433,000 to banks in exchange for cash at 30 June 2005. The transaction has been accounted for as a collateralised borrowing (Note 13).

The Group has recognized a loss of HK$500,000 (2004: HK$668,000) for the impairment of its trade receivables during the six months ended 30 June 2005. The loss has been included in net other operating income in the income statement.

9. Financial assets at fair value through profit or loss

	As at 30 June 2005
	HK$'000
Current	
Market value of listed equity securities in Hong Kong	**251**
Non-current	
Market value of other financial assets	**1,084**
	1,335

The carrying amounts of the above financial assets are classified as follows:

	As at 30 June 2005
	HK$'000
Held for trading	**251**
Designated as fair value through profit or loss on initial recognition	**1,084**
	1,335

10. Trading securities

	As at 31 December 2004
	HK$'000
Debt securities, unlisted	3,499

Securities under this category are re-classified as current financial assets at fair value through profit or loss *(Note 9)* in 2005 due to the adoption of HKAS 39.

11. Share capital

	Number of shares (thousands)	**Ordinary shares**
		HK$'000
At 31 December 2004	261,685	52,337
At 30 June 2005	**261,685**	**52,337**

The total number of authorised ordinary shares is 500 million shares (31 December 2004: 500 million shares) with a par value of HK$0.2 per share (31 December 2004: HK$0.2 per share). All issued shares are fully paid.

12. Trade and other payables

	As at 30 June 2005 HK$'000	As at 31 December 2004 HK$'000
Trade and bills payables	**279,513**	101,747
Other payables and accured expenses	**150,625**	56,588
	430,138	158,335

At 30 June 2005 and 31 December 2004, the ageing analysis of the trade and bills payables were as follows:

	As at 30 June 2005 HK$'000	As at 31 December 2004 HK$'000
Less than 30 days	**276,268**	101,374
30 – 60 days	**2,831**	–
61 – 90 days	**8**	–
Over 90 days	**406**	373
	279,513	101,747

13. Bank loans – secured

	As at 30 June 2005 HK$'000	As at 31 December 2004 HK$'000
Non-current		
Bank loans – secured	**128,514**	137,843
Current		
Collateralised borrowings *(Note 8)*	**90,433**	–
Bank loans – secured	**38,766**	27,192
	129,199	27,192
Total borrowings	**257,713**	165,035

13. Bank loans – secured *(cont'd)*

The maturity of borrowings is as follows:

	As at **30 June 2005** *HK$'000*	As at 31 December 2004 *HK$'000*
Within 1 year	**129,199**	27,192
Between 1 and 2 years	**23,375**	27,129
Between 2 and 5 years	**27,930**	41,255
Wholly repayable within 5 years	**180,504**	95,576
Over 5 years	**77,209**	69,459
Total borrowings	**257,713**	165,035

The carrying amounts of the non-current borrowings do not include any interest element and hence are the same as their fair value and amortized cost.

The carrying amounts of borrowings approximate their fair value.

The carrying amounts of the borrowings are denominated in the following currencies:

	As at **30 June 2005** *HK$'000*	As at 31 December 2004 *HK$'000*
Hong Kong dollar	**142,373**	150,437
US dollar	**101,457**	13,705
RMB	**13,883**	893
	257,713	165,035

The Group has the following undrawn borrowing facilities:

	As at **30 June 2005** *HK$'000*	As at 31 December 2004 *HK$'000*
Floating rate		
– expiring within one year	**58,714**	168,000

The facilities expiring within one year are annual facilities subject to review at various dates during 1 July 2005 to 30 June 2006.

14. Other operating income, net

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Other financial assets at fair value through profit or loss:		
– fair value losses (unrealized)	**(4)**	–
– fair value gains (unrealized)	**222**	–
Profits realized on trading securities	**33**	–
Derivative instruments:		
– forward contracts: transactions not qualifying as hedges	**1,834**	–
Interest income	**557**	357
Investment income	**2,642**	357
Fair value gains on investment properties *(Note 6)*	**8,124**	–
Write-down to net realisable value of inventories	**(2,645)**	–
Write-down to net realisable value of properties held for sale-buildings	**(1,735)**	(973)
Provision for impairment of trade and bills receivables *(Note 8)*	**(500)**	(668)
Write-back of provision upon disposal of non-trading securities	**–**	11,756
Loss on disposal of investment properties	**–**	(2,336)
Others	**244**	482
	6,130	8,618

15. Operating profit

Operating profit is stated after charging/(crediting) the following:

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Depreciation, amortisation and impairment expenses *(Note 6)*	**713**	762
Employee benefit expense	**317**	487
Freight charges	**123,113**	41,361
Direct operating expenses arising from investment properties that generate rental income	**1,898**	1,447

16. Finance costs

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Interest expense on bank loans and overdrafts	**2,311**	5,984

17. Income tax expense

No provision for Hong Kong profits tax has been made in the accounts as companies within the Group have no assessable profit for both years. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Current overseas taxation	**263**	2,562
Deferred income tax	**1,744**	(94)
	2,007	2,468

Share of associated companies' taxation credit for the six months ended 30 June 2005 of HK$1,972,000 (2004 : taxation charge of HK$77,000) are included in the income statement as share of profits of associated companies.

18. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**11,278**	19,804
Weighted average number of ordinary shares in issue (thousands)	**261,685**	261,685
Basic earnings per share (HK$ per share)	**0.0431**	0.0757

Diluted

Diluted earnings per share was the same as basic earnings per share since the Company has no dilutive potential ordinary share.

19. Dividend

	For the six months ended	
	30 June 2005	30 June 2004
	HK$'000	*HK$'000*
Interim dividend proposed of HK$0.01 (2004: HK$0.01) per ordinary share	**2,617**	2,617

(a) At a meeting held on 8 April 2005, the directors proposed a final dividend of HK$0.01 per ordinary share for the year ended 31 December 2004, which was paid on 1 June 2005 and has been reflected as an appropriation of retained earnings for the six months ended 30 June 2005.

(b) At a meeting held on 29 August 2005, the directors declared an interim dividend of HK$0.01 per ordinary share for the year ending 31 December 2005. This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2005.

20. Contingencies

	GROUP		COMPANY	
	30 June 2005	31 December 2004	**30 June 2005**	31 December 2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bills discounted with recourse	**–**	1,110	**–**	–
Guarantees for banking facilities utilised by:				
– subsidiaries	**–**	–	**528,658**	344,360
– an associated company	**14,869**	16,546	**14,869**	16,546
	14,869	17,656	**543,527**	360,906

Bills discounted with recourse are accounted for as collateralised bank borrowings in the current period pursuant to HKAS 39. Further details are set out in Note 2, 8 and 13 to the interim financial report.

Management anticipate that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

21. Commitments

At 30 June 2005, the Group had the following commitments:

	As at	
		31 December
	30 June 2005	2004
	HK$'000	*HK$'000*
Capital expenditure relating to Properties held for sale:		
Contracted but not provided for	**2,027**	–
Future aggregate minimum lease payments and receipts:		
Rental payment under non-cancellable operating leases		
– Not later than one year	**828**	1,140
– Later than one year and not later than five years	**–**	276
	828	1,416
Rental income under non-cancellable operating leases		
– Not later than one year	**16,617**	15,770
– Later than one year and not later than five years	**21,440**	22,135
– Later than five years	**9,251**	10,570
	47,308	48,475