



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants except that the comparative amounts for the Condensed Consolidated Cash Flow Statement have not been presented as the Company has taken advantage of the transitional provision set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and basis of preparation adopted are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2000 except that the Group has changed certain of its accounting policies following the adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 30:	Business combinations
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries

Comparative amounts in respect to the Condensed Consolidated Balance Sheet for the year ended 31 December 2000 are extracted from the Group’s annual financial statements for that year.

The adoption of the above standards has had no material effect on amounts reported in prior years.



2. SEGMENTAL INFORMATION

The principal activities of the Group consisted of property investment, property management and investment holding. An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operation is as follows:

	Turnover		Contribution to profit from operating activities	
	Six months ended 30 June		Six months ended 30 June	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
By principal activity:				
Rental and management fee income	11,468	10,953	5,826	5,269
Investment income and profits on disposal of listed investments and investment property	1,105	1,533	(415)	(754)
Income on the provision of financial services	-	-	(3,006)	(2,006)
	<u>12,573</u>	<u>12,486</u>	<u>2,405</u>	<u>2,509</u>
By geographical area:				
The People's Republic of China (The "PRC")				
Hong Kong	12,573	12,486	5,936	5,000
Elsewhere	-	-	(3,531)	(2,491)
	<u>12,573</u>	<u>12,486</u>	<u>2,405</u>	<u>2,509</u>



3. PROFIT FROM OPERATING ACTIVITIES

Six months ended 30 June	
2001	2000
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

The Group's profit from operating activities is arrived at after charging:

Cost incurred in the provision of rental and management services (<i>Note</i>)	1,418	1,417
Depreciation	67	65
Specific provisions for bad debts	3,500	2,000
Unrealised holding loss on short term investments	250	131
	<u>3,235</u>	<u>3,613</u>

and after crediting:

Interest income from bank deposits	245	151
Dividend income from listed investments	28	25
Profit on disposal of listed investments	1,077	357
Profit on disposal of an investment property	–	1,000
	<u>1,350</u>	<u>1,533</u>

Note: The amount included staff costs of HK\$980,000 (2000: HK\$959,000).

4. FINANCE COSTS

Six months ended 30 June	
2001	2000
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Interest expenses on:

Bank loans repayable within five years	3,307	2,667
Unpaid capital contribution to a jointly-controlled entity	–	785
	<u>3,307</u>	<u>3,452</u>



5. TAX

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The Company and its subsidiaries:		
Hong Kong profits tax:		
Provision for the period	439	322
Overprovision in prior year	(207)	–
Share of tax attributable to:		
Jointly-controlled entity	695	1,474
Associates	8	578
	<hr/> 935 <hr/>	<hr/> 2,374 <hr/>
Tax charge for the period	935	2,374

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders of HK\$939,000 (2000: HK\$11,413,000) and 827,867,914 (2000: 827,867,914) ordinary shares in issue during the period.

7. PLEDGE OF ASSETS

At the balance sheet date, certain of the Group's investment properties and land and building with an aggregate carrying value of approximately HK\$253 million (31/12/2000: HK\$253 million) were pledged to a bank for banking facilities of HK\$100 million (31/12/2000: HK\$100 million) granted to the Group. At 30 June 2001, such facilities were fully utilised.



8. RESERVES

	Investment			Exchange		Retained profits	Total
	Share premium account	property revaluation reserve	Contributed surplus	Capital reserve	fluctuation reserve		
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)		
At 1 January 2001	192,744	9,987	364,866	85,677	21	46,851	700,146
Share of movements in reserve of an associate	-	-	-	-	365	-	365
Realisation of capital reserve on deemed disposal of interest in an associate	-	-	-	(460)	-	-	(460)
Retained profit for the period	-	-	-	-	-	939	939
At 30 June 2001	192,744	9,987	364,866	85,217	386	47,790	700,990

9. RELATED PARTY TRANSACTIONS

	Notes	Six months ended 30 June	
		2001	2000
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Management and service fees charged by Shougang Concord International Enterprises Company Limited ("Shougang International")	(a)	480	480
Interest expenses charged by Beijing Dongzhimen International Apartment Co., Ltd. ("Dongzhimen")	(b)	-	785
Rental expenses charged by Wonderfine Development Limited	(c)	308	341
Consultancy expenses charged by Shougang Holding (Hong Kong) Limited ("Shougang HK")	(d)	480	360



Notes:

- (a) Pursuant to a management service agreement entered into between the Company and its ultimate holding company Shougang International, a monthly management fee of HK\$80,000 was charged in connection with the agreement.
- (b) The interest expenses charged by Dongzhimen, a jointly-controlled entity, arose from the unpaid capital contribution by the Group under the subscription agreement between the Group and the original joint venture partners at interest rate of 6% per annum.
- (c) The rental expenses were charged in accordance with the agreements between the Group and Wonderfine Development Limited, a subsidiary of Shougang HK, the controlling shareholder of the Company's ultimate holding company.
- (d) The consultancy expenses were charged in accordance with the agreements between the Group and Shougang HK.

10. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had no significant contingent liabilities (2000: Nil).

11. COMMITMENTS

The Group's share of the jointly-controlled entity's capital commitments authorised, but not contracted for amounted to approximately HK\$2,489,000 (31/12/2000: HK\$14,098,000) and capital commitments contracted, but not provided for amounted to approximately HK\$31,996,000 (31/12/2000: HK\$54,903,000).

12. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors on 20 September 2001.