

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Statement of Standard Accounting Practice No. 25 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2003.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of land and buildings, investment 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 31 December 2003.

1. 編製基準

本簡明綜合財務報表乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則附錄十六之相應披露要求及按香港會計師公會頒佈之《會計實務準則》第25條「中期財務報告」之規定而編制。本簡明綜合財務報表應連同本集團截至二零零三年十二月三十一日止年度之財務報告一併參閱。

2. 主要會計政策

除了土地、樓宇、投資物業及投資證券是以重估價值列賬外，本集團簡明財務報表是按歷史成本為基準編製。本簡明財務報表所採納的會計政策，與編製本集團截至二零零三年十二月三十一日止年度之財務報告所採用者一致。

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

3. TURNOVER

3. 營業額

Turnover is analyzed as follows:

Rental income	租金收入
Sales of developed properties	銷售發展物業
Income on disposal of Non-performing assets	處置不良資產業務收入
Proceeds from trading of securities	買賣證券所得款項
Management fee income	管理費收入
Dividend income from listed securities	上市證券股息收入

營業額分析如下：

Unaudited 未經審核	
Six months ended 30 June 截至六月三十日止六個月	
2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
44,593	45,456
71,028	—
69,761	—
65,497	48,613
37,984	33,664
3,539	68
292,402	127,801

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

4. SEGMENT INFORMATION

For management purposes, the Group is currently organized into five operating divisions: sales of developed properties, disposal of non-performing assets, investments, property leasing and property management. These divisions are the basis on which the Group reports its primary segment information.

By business segments:

4. 分部資料

本集團由五個營運部門組成：銷售發展物業、處置不良資產業務、投資、物業租賃及物業管理。此等營運部門是本集團呈報其基本分部資料之基礎。

按業務分部：

For the Six months ended 30 June 2004

截至2004年6月30日止六個月

		Sales of developed properties	Disposal of non-performing assets	Investments	Property leasing	Property Management	Total
		銷售發展物業	處置不良資產	投資	物業租賃	物業管理	綜合
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Turnover	營業額	71,028	69,761	69,036	44,593	37,984	292,402
Segment results	分部業績	9,260	69,761	(20,668)	40,749	3,248	102,350
Interest income	利息收入						4,779
Unallocated corporate expenses	未予分配公司費用						(9,722)
Profit from operations	經營溢利						97,407
Finance costs	財務費用						(13,485)
Share of results of associates	攤佔聯營公司業績						45,737
Loss on repurchase of convertible bonds	回購可換股債券產生之虧損						(632)
Profit before taxation	稅前溢利						129,027
Taxation	稅項						(1,047)
Profit before minority interest	未計少數股東權益前溢利						127,980
Minority interest	少數股東權益						(5,068)
Net profit for the period	期內溢利淨額						122,912

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

4. SEGMENT INFORMATION (Cont'd)

4. 分部資料 (續)

By business segments: (Cont'd):

按業務分部：(續)

		For the Six months ended 30 June 2003 截至2003年6月30日止六個月					
		Sales of developed properties 銷售發展 物業 HK\$'000 港幣千元	Disposal of non- performing assets 處置不良 資產 HK\$'000 港幣千元	Investments 投資 HK\$'000 港幣千元	Property leasing 物業租賃 HK\$'000 港幣千元	Property Management 物業管理 HK\$'000 港幣千元	Total 綜合 HK\$'000 港幣千元
Turnover	營業額	—	—	48,681	45,456	33,664	127,801
Segment results	分部業績	—	—	7,679	32,527	1,239	41,445
Interest income	利息收入						4,723
Unallocated corporate expenses	未予分配公司 費用						(12,987)
Profit from operations	經營溢利						33,181
Finance costs	財務費用						(23,602)
Share of results of associates	攤佔聯營公司 業績						56,094
Profit before taxation	稅前溢利						65,673
Taxation	稅項						(3,264)
Profit before minority interest	未計少數股東 權益前溢利						62,409
Minority interest	少數股東權益						(1,152)
Net profit for the period	期內溢利淨額						61,257

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

4. SEGMENT INFORMATION (Cont'd)

4. 分部資料 (續)

By geographical markets:

按市場地域：

Hong Kong
The PRC, excluding
Hong Kong

香港
中國(香港除外)

Six months ended 30 June
截至六月三十日止六個月

Turnover
營業額

2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
140,686	50,246
151,716	77,555
292,402	127,801

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

5. PROFIT FROM OPERATIONS

5. 經營溢利

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
Profit from operations has been arrived at after charging:	經營溢利已扣除：		
Depreciation	折舊	2,497	2,533
Amortization of goodwill	商譽攤銷	2,793	2,793
And after crediting:	並已計入：		
Interest income	利息收入	4,779	4,723
Gain on disposal of investment properties	出售投資物業盈利	3,785	—
Released to income of negative goodwill	負商譽回撥損益	1,856	1,856

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

6. TAXATION

6. 稅項

The charge comprises:

稅項包括：

Company and Subsidiaries Income tax in the PRC, excluding Hong Kong	本公司及附屬公司 中國(除香港外) 之所得稅
Share of taxation attributable to associates Income tax in the PRC, excluding Hong Kong	攤佔聯營公司稅項 中國(除香港外) 之所得稅

Deferred taxation (note 11) Current period Attributable to change in tax rate	遞延稅項(附註11) 當前期度 由稅率變動引致
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No provision for Hong Kong Profits Tax has been made, as the Group has no assessable profit for the period and the previous period. PRC income tax is calculated at the rates prevailing in the respective jurisdictions.

由於本集團於期內及去年同期並無應課稅盈利，故並無作出香港利得稅撥備。中國的所得稅乃按各司法地區的當前稅率計算。

Unaudited 未經審核	
Six months ended 30 June 截至六月三十日止六個月	
2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
112	445
935	3,315
1,047	3,760
—	543
—	(1,039)
—	(496)
1,047	3,264

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

7. DIVIDEND PAID

7. 已付股息

2003 final dividend at
the rate of HK\$ 4 cents
(2003: Nil) per share

2003年末期股息
每股4港仙
(2003年：無)

Unaudited 未經審核	
Six months ended 30 June 截至六月三十日止六個月	
2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
61,689	—

8. EARNINGS PER SHARE

8. 每股盈利

Earnings for the purpose of
the basic and diluted
earnings per Share

用以計算每股基本
及攤薄盈利之
盈利

Unaudited 未經審核	
Six months ended 30 June 截至六月三十日止六個月	
2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
122,912	61,257

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

8. EARNINGS PER SHARE (cont'd)

8. 每股盈利 (續)

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年	2003 二零零三年
		Number of shares (in thousand) 股數(千)	
Number of ordinary shares for the purpose of basic earnings per share	用以計算每股基本盈利之普通股數量	1,516,006	1,312,222
Effect of dilutive potential ordinary shares from share options	發行自購股權之有潛在攤薄效應普通股之影響	47,736	5,374
Number of ordinary shares for the purpose of diluted earnings per share	用以計算每股攤薄盈利之普通股數量	1,563,742	1,317,596

The convertible bonds have no dilutive effect on the earnings per share for the previous period.

可換股債券對去年同期之每股盈利並無構成攤薄影響。

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

9. FINANCE COSTS

9. 財務費用

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
Interest on bank loan and overdraft wholly repayable within five years	悉數於五年內償還之銀行貨款及透支利息	16,349	15,723
Interest on convertible bonds	可換股債券利息	4	8
Interest on provision in respect of borrowings of associate	提撥有關聯營公司借貸利息	—	1,550
Interest on other loan wholly repayable within five years	五年內悉數償還之其他貸款利息	128	5,595
Interest on advance from an associate	聯營公司墊款利息	—	3,164
Total finance costs	財務費用總額	16,481	26,040
Less: Amount capitalized in properties under development	減：在建物業已資本化之金額	(2,996)	(2,438)
		13,485	23,602

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

10. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

10. 投資物業、物業、廠房及設備

		Investment properties 投資物業 HK\$'000 港幣千元	Property, plant and equipment 物業、廠房及設備 HK\$,000 港幣千元
Net book value at 1 January 2004	於二零零四年一月一日之賬面淨值	1,897,520	88,158
Additions	增加	—	1,627
Disposal	出售	(30,495)	(2,543)
Depreciation	折舊	—	(2,497)
Net book value at 30 June 2004	於二零零四年六月三十日之賬面淨值	1,867,025	84,745

At 30 June 2004, the directors considered the carrying amount of the Group's leasehold land and buildings and investment properties carried at revalued amounts and estimated that the carrying amounts did not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit was recognized in the current period.

於二零零四年六月三十日，董事認為本集團租賃土地及投資物業之面值是按重估價值列賬，並已估計改動等面值與以結算日之公允價值確定者並無重大差異。因此，並無重估盈餘或虧絀於本期間內確認。

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

11. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior reporting periods:

11. 遞延稅項

以下為本申報期間的主要已確認遞延稅項資產與負債及其變動：

		Accelerated tax depreciation 加速稅務折舊 HK\$'000 港幣千元	Revaluation of properties 物業重估 HK\$'000 港幣千元	Tax losses 稅務虧損 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
At 1 January 2003	於2003年1月1日	—	(33,015)	11,084	(21,931)
Change in tax rate	稅率變動	—	—	1,039	1,039
Charge (credit) to income for the period	於本期內收益(扣除) 計入	—	—	(542)	(542)
At 30 June 2003	於2003年6月30日	—	(33,015)	11,581	(21,434)
Charge (credit) to income for the period/year	於本年/期內收益 (扣除)計入	(555)	293	270	8
Charge to investment properties revaluation reserve	於投資物業重估 儲備計入	—	(2,481)	—	(2,481)
At 31 December 2003 and 30 June 2004	於2003年12月31日及 2004年6月30日	(555)	(35,203)	11,851	(23,907)

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

11. DEFERRED TAXATION (cont'd)

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset in accordance with the conditions set out in SSAP12 (Revised). The following is the analysis of the deferred tax balances for financial purposes:

Deferred tax assets	遞延稅項資產
Deferred liabilities	遞延稅項負債

At the balance sheet date, the Group has unused tax losses of HK\$265.07 million (2003: HK\$265.07 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$67.72 million (2003: HK\$67.72 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$197.35 million (2003: HK\$197.35 million) due to unpredictability of future profit streams. Included in unrecognized tax losses are losses of HK\$183.65 million, HK\$2.46 million and HK\$5.09 million (2003: HK\$183.6 million, HK\$2.46 million and HK\$5.09 million) that will expire until 2005, 2007 and 2008 respectively. Other tax losses may be carried forward indefinitely.

11. 遞延稅項 (續)

就資產負債表呈報而言，已根據會計實務準則第12號（經修訂）所載條件抵銷本集團若干遞延稅項資產及負債。以下為就財務申報用途遞延稅項結餘之分析：

30 June 2004 二零零四年 六月三十日 HK\$'000 港幣千元	31 December 2003 二零零三年 十二月 三十一日 HK\$'000 港幣千元
11,296	11,296
(35,203)	(35,203)
(23,907)	(23,907)

於資產負債表日，本集團有可扣減將來溢利的未抵銷稅務虧損港幣265,070,000元（二零零三年：港幣265,070,000元）。其中港幣67,720,000元（二零零三年：港幣67,720,000元）虧損相關的遞延稅項資產已經確認。其餘港幣197,350,000元（二零零三年：港幣197,350,000元）因未來的收益流的不可預測性而未予確認。未確認稅務虧損包括港幣183,648,000元、港幣2,456,000元及港幣5,088,000元（二零零三年：港幣183,648,000元、港幣2,456,000元及港幣5,088,000元）虧損，該等虧損將分別於二零零五年、二零零七年及二零零八年屆滿。其他稅務虧損可承上結轉，且並無期限。

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

12. TRADE RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers.

The following is the aged analysis of trade receivables at the balance sheet date:

0 — 30 days	零至三十日
31 — 90 days	三十一至九十日
Over 90 days	超過九十日

12. 應收賬款

本集團給與貿易客戶平均三十天信用期。

下述是應收賬款於結算日之賬齡分析：

Unaudited 未經審核 30 June 2004 二零零四年 六月三十日 HK\$'000 港幣千元	Audited 經審核 31 December 2003 二零零三年 十二月 三十一日 HK\$'000 港幣千元
96,510	2,609
4,929	2,815
—	2,673
101,439	8,097

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

13. TRADE PAYABLES

The following is the aged analysis of trade payables at the balance sheet date:

0 — 30 days	零至三十日
31 — 90 days	三十一至九十日
Over 90 days	超過九十日

13. 應付賬款

下述是應付賬款於結算日之賬齡分析：

Unaudited 未經審核 30 June 2004 二零零四年 六月三十日 HK\$'000 港幣千元	Audited 經審核 31 December 2003 二零零三年 十二月 三十一日 HK\$'000 港幣千元
8,427	3,820
5,904	9,250
11,224	2,039
25,555	15,109

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

14. BORROWINGS

14. 借貸

		Unaudited 未經審核 30 June 2004 二零零四年 六月三十日 HK\$'000 港幣千元	Audited 經審核 31 December 2003 二零零三年 十二月 三十一日 HK\$'000 港幣千元
Bank loans	銀行貸款	609,775	610,350
Other loans	其他借款	—	5,140
Convertible bonds	可換股債券	—	1,560
		609,775	617,050
Less: Amount due within one year shown under current liabilities	減：列入流動 負債並於一年內 到期的款項	(601,150)	(607,850)
		8,625	9,200
Secured	有抵押	609,775	610,350
Unsecured	無抵押	—	6,700
		609,775	617,050

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

15. SHARE CAPITAL

The movements in the share capital of the Company are summarized as below:

15. 股本

本公司股本於期內之變動簡述如下：

		Number of shares 股份數目	Share capital 股本 HK\$'000 港幣千元
Authorised:	法定股本：		
Balance at 1 January 2003, 30 June 2003, 1 January 2004 and 30 June 2004 ordinary shares of HK\$0.2 each	每股面值0.20港元之 普通股於2003年 1月1日、2003年 6月30日、2004年 1月1日及2004年 6月30日之結餘	2,000,000,000	400,000
Issued and fully paid:	已發行及繳足股本：		
Balance at 1 January 2003, 30 June 2003 and 1 January 2004 ordinary shares of HK\$0.20 each	每股面值0.20港元之 普通股於2003年 1月1日、2003年 6月30日及2004年 1月1日	1,312,221,611	262,444
Issue of shares	發行股份	165,000,000	33,000
Exercise of share options	行使購股權發行之股份	65,000,000	13,000
Balance at 30 June 2004	2004年6月30日之結餘	<u>1,542,221,611</u>	<u>308,444</u>

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

16. POST BALANCE SHEET EVENT

On 17 September 2004 and 20 September 2004, China Cinda and its subsidiaries entered into four conditional agreements with the Company.

If the respective conditions precedent as set out in the agreements are to be fulfilled, the Company will:

- (i) acquire certain non-performing loans (the "NPLs") from China Cinda at a total consideration of HK\$797.70 million in cash. The aggregate principal amounts of the NPLs acquired amounts to RMB56.90 billion in aggregate. The total consideration paid represents 1.5% on the principal amount of the NPLs.
- (ii) appoint China Cinda to manage the NPLs. China Cinda is entitled to receive a management fee, calculated by reference to the cash recovered from the disposal of the NPLs up to maximum rate of 10%. China Cinda is further entitled to share the NPLs disposal profit according to a profit sharing scheme when the cash recovery rate exceeds 2% of the principal amount of NPLs.

16. 結算日後事項

於二零零四年九月十七日及二零零四年九月二十日，中國信達及其附屬公司與本公司簽訂四項有條件協議。

如該等協議項下之各別先決條件完成後，本公司將會：

- (i) 以總代價港幣797,700,000元現金向中國信達收購若干不良貸款（「不良貸款」）。被收購之不良貸款總本金總額為人民幣569億元並且已被中國信達全部核銷處理。支付之總代價為不良貸款總本金總額的1.5%。
- (ii) 委托中國信達管理該等不良貸款。中國信達有權收取按處置不良貸款回收現金計算並最多為10%的管理費用。如現金回收率超出不良貸款本金總額的2%，中國信達將額外享有按照一項分成計劃計算的分紅權利。

Notes to the Condensed Consolidated Accounts

For the Six months ended 30 June 2004

簡明綜合 賬目附註

截止二零零四年六月三十日止六個月

16. POST BALANCE SHEET EVENT (cont'd)

- (iii) issue a two year convertible note to Catic Limited, an indirect wholly-owned subsidiary of China Cinda, for a total consideration of HK\$440.00 million. Interest payable under the convertible note will be charged at 1.5% p.a. and is payable semi-annually in arrears. Based on the initial conversion price of HK\$2.20 per share, the convertible note will entitle its holder to convert the convertible note into 200,000,000 new shares of the Company on or before the maturity date, subject to adjustment. The proceeds received will be used as part payment of the consideration of the NPLs.

The transactions stipulated in the agreements constitute connected transactions or continuing connected transactions of the Company, which require approval of the independent shareholders in general meeting. The acquisition of NPL further constitutes a discloseable transaction of the Company. The Company is preparing a circular to be dispatched to the shareholders of the Company as soon as practicable to inform shareholders of the details of the transactions.

16. 結算日後事項 (續)

- (iii) 以總代價港幣440,000,000元向Catic Limited(中國信達之間接全資附屬公司)授出一份兩年期的可換股票據。可換股票據應付利息按年利率1.5%計收並需每半年以下期方式支付。按原先每股2.20元換股價可換股票據可讓其票據持有人於到期時或以前折換可換股票據成200,000,000股本公司新股，可予調整。授出可換股票據所得之資金將用作支付部分不良貸款收購代價。

協議書項下之交易構成本公司之關連交易或持續關連交易並需獲得獨立股東於股東大會上批准通過。不良貸款的收購亦構成本公司須於披露之交易。本公司正準備一份股東通函以便在實際可行時間內寄予本公司股東以便向股東通報該等交易的詳細資料。