

**CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th June,</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Movement in exchange and revaluation reserve not recognized in the condensed consolidated profit and loss account	(996)	(96)
Profit/(loss) attributable to shareholders for the period	<u>5,686</u>	<u>(7,542)</u>
Total recognized gains/(losses)	<u><b>4,690</b></u>	<u><b>(7,638)</b></u>

Notes:—

**(1) Accounting policies**

These unaudited condensed consolidated interim accounts (“interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants (“HKSA”), (as applicable to condensed interim accounts) and Appendix 16 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim accounts should be read in conjunction with the 2000 annual financial statements. The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st December, 2000. The HKSA issued a number of new SSAPs and a revision of an existing SSAP which are effective for accounting periods commencing on or after 1st January, 2001. These SSAPs do not have material impact to the Group’s accounting policies as applicable to the preparation of the interim accounts.

(2) **Principal activities and segment information**

The Company is an investment holding company, its principal activities are property investment and development, property management and investment holding. An analysis of the Group's turnover and contribution to operating profit for the period by business and geographical segments is as follows:

	Six months ended 30th June, 2001		Six months ended 30th June, 2000	
	Turnover HK\$'000	Contribution to operating profit/(loss) HK\$'000	Turnover HK\$'000	Contribution to operating profit/(loss) HK\$'000
Principal activities				
Property development	160,149	(4,635)	6,857	(3,473)
Property investment	21,493	6,619	13,163	14,208
Estate management	7,260	4,404	8,694	5,439
Interests and other investment	10,550	10,646	6,324	6,637
	<u>199,452</u>	<u>17,034</u>	<u>35,038</u>	<u>22,811</u>
Unallocated costs		(10,360)		(17,105)
Operating profit		<u>6,674</u>		<u>5,706</u>
Principal markets				
Hong Kong	33,969	17,211	27,033	7,614
Mainland China	165,483	(10,537)	8,005	(1,908)
	<u>199,452</u>	<u>6,674</u>	<u>35,038</u>	<u>5,706</u>

**(3) Operating profit**

Operating profit is stated after crediting and charging the following:

	<b>Six months ended 30th June,</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Crediting		
Gross rental income	<b>21,493</b>	15,362
Less: Outgoings	<b>(16,377)</b>	(4,030)
Net rental income	<b>5,116</b>	11,332
Profit on disposal of fixed assets	<b>29</b>	–
Charging		
Cost of properties sold	<b>160,188</b>	7,081
Staff costs	<b>10,286</b>	11,805
Depreciation of fixed assets	<b>693</b>	1,245
Operating leases in respect of office premises and staff quarters	<b>2,246</b>	5,309
Retirement benefits costs	<b>84</b>	102
Auditors' remuneration	<b>510</b>	576

**(4) Taxation**

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

	<b>Six months ended 30th June,</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The Company and its subsidiaries:		
Hong Kong	–	31
Associated companies:		
Hong Kong	<b>440</b>	178
Taxation charge for the period	<b>440</b>	209

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. No provision has been made for the People's Republic of China ("PRC") income tax as there was no assessable profit derived from the subsidiaries in the PRC (2000: Nil).

**(5) Earnings per share**

The calculation of basic earnings per share for the six months ended 30th June, 2001 is based on the unaudited consolidated profit attributable to shareholders of HK\$5,686,000 (2000: loss of HK\$7,542,000) and 1,135,606,132 (2000: 1,135,606,132) ordinary shares in issue during the period. The exercise of the share options of the Company would not have a dilutive effect on the earnings per share in respect of the six months ended 30th June, 2001.

**(6) Fixed assets****Property and equipment**  
*HK\$'000*

Net book value at 1st January, 2001	1,178,343
Translation difference	282
Additions	274
Disposals	(6,633)
Deemed disposal of a subsidiary (note 7)	(244,606)
Depreciation	(693)
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Net book value at 30th June, 2001	926,967
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**(7) Interests in associated companies**

Included in interests in associated companies, there is an investment of HK\$364,490,000 in Beijing Jing Yuan Property Development Co. Ltd., ("Jing Yuan"). The reorganization of Jing Yuan, previously one of the principal subsidiaries of the Group was completed on 26th June, 2001. The Group's shareholding in Jing Yuan had been diluted from 60% to 29.4% upon completion of the reorganization, and Jing Yuan has thereby become an associated company of the Group. As a result of the dilution, a provision for loss of approximately HK\$250 million, of which the Group's 60% share amounted to approximately HK\$150 million, was made in the year 1998. There is no further material gain or loss to the Group in the current period as a result of the dilution, which has been accounted for as a deemed disposal of a subsidiary as follows:—

*HK\$'000*

Assets and liabilities disposed of	
Fixed assets	245,190
Properties held under development for sale	1,549,414
Accounts receivables and deposits	13,374
Taxation	23,310
Bank balances and cash	421,996
Accounts payables and accrued charges	(376,285)
Provision for taxation	(3,127)
Bank loan – secured	(1,337,417)
Minority interests	(171,965)
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	364,490
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Satisfied by:	
Investment in an associated company	
Share of net asset value of the associated company	257,947
Amount due from the associated company	106,543
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	364,490
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**(8) Trade receivables**

At 30th June, 2001, the ageing analysis of the trade receivables was as follows:

	<b>30th June, 2001 HK\$'000</b>	<b>31st December, 2000 HK\$'000</b>
Current	<b>22,386</b>	1,699
31-60 days	<b>59</b>	213
61-90 days	<b>21</b>	131
Over 90 days	<b>12</b>	51
	<b>22,478</b>	<b>2,094</b>

A majority of the Group's trade receivables as at 30th June, 2001 was represented by retention monies of sales of properties.

**(9) Trade payables**

At 30th June, 2001, the ageing analysis of the trade payables was as follows:

	<b>30th June, 2001 HK\$'000</b>	<b>31st December, 2000 HK\$'000</b>
Current	<b>688</b>	668
31-60 days	<b>553</b>	667
61-90 days	<b>—</b>	1,017
Over 90 days	<b>58,037</b>	320,049
	<b>59,278</b>	<b>322,401</b>

**(10) Long-term liabilities**

	<b>30th June, 2001 HK\$'000</b>	<b>31st December, 2000 HK\$'000</b>
Long term bank loans – secured	<b>209,125</b>	839,966
Long term bank loans current portion – secured	<b>(46,000)</b>	—
	<b>163,125</b>	<b>839,966</b>



At 30th June, 2001, the Group's bank loans were repayable as follows:

	30th June, 2001 HK\$'000	31st December, 2000 HK\$'000
Within one year	46,000	—
After one year		
In the second year	93,125	46,000
In the third to fifth years, inclusive	70,000	228,994
After the fifth year	—	564,972
	163,125	839,966
	209,125	839,966

# (11) Reserves

	Share premium account HK\$'000	Investment properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Exchange difference reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2001	694,070	395,325	744,473	5,780	(256,693)	1,582,955
Revaluation reserve realized upon disposal of properties of associated companies	—	—	(1,405)	—	—	(1,405)
Exchange differences	—	—	—	409	—	409
Profit for the period attributable to shareholders	—	—	—	—	5,686	5,686
At 30th June, 2001	694,070	395,325	743,068	6,189	(251,007)	1,587,645

# (12) Commitments

## (a) Capital commitments

At 30th June, 2001, the Group had capital commitments in respect of properties held for development and properties held under development for sale as follows:

	30th June, 2001 HK\$'000	31st December, 2000 HK\$'000
Contracted but not provided for	30,251	507,896
Authorised but not contracted for	41,409	42,867
	71,660	550,763

(b) *Commitments under operating leases*

At 30th June, 2001, the Group had future aggregate minimum lease payment for land and buildings under non-cancellable operating leases as follows:

	<b>30th June, 2001 HK\$'000</b>	31st December, 2000 HK\$'000
Within one year	<b>94</b>	–
In the second to fifth years inclusive	<b>6,865</b>	8,515
	<b>6,959</b>	8,515

(13) **Related party transaction**

The Group, in its normal course of business, entered into the following significant related party transactions during the six months ended 30th June, 2001:

- (a) The Group received interest income totaling HK\$9,656,000 (2000: HK\$4,778,000) from an associated company in respect of the amount due from the associated company of HK\$279 million (2000: HK\$280 million) which is interest bearing at 3% per annum below prime rate for the two months ended 28th February, 2001 and at prime rate for the four months ended 30th June, 2001.
- (b) On 1st September, 1998, Enfort Company Limited (“Enfort”) granted a loan of RMB10,427,500 (HK\$9,700,000) at interest rate of 10% per annum to Beijing Dan Yao Property Co., Ltd. (“Dan Yao”) for working capital purpose. The loan is repayable on demand. The balance of this loan amounted to RMB6,511,000 (HK\$6,057,000) as at 30th June, 2001. In addition, Enfort granted a new loan of HK\$942,300 to Dan Yao for working capital purpose on 9th April, 2001 at an interest rate of 9.5% per annum. This loan was repaid on 24th July, 2001.