

Notes to the Interim Financial Statements (Unaudited)

1 BASIS OF PREPARATION

These interim financial statements are unaudited and have been reviewed by the Audit Committee of the Group.

The interim financial statements have been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

The same accounting policies adopted in the 2000 annual accounts have been applied to the interim financial statements.

2 SEGMENTAL INFORMATION

The principal activities of the Group during the period consisted of property development and investment, property management, project management, finance and investment holding in the People's Republic of China (the "PRC").

- (a) The Group's turnover for the six months ended 31st December, 2000 amounted to approximately HK\$83 million and the analysis is as follows:

	Group turnover	
	For the six months ended 31st December	
	2000	1999
	HK\$'000	HK\$'000
Sale of properties	21,342	35,026
Rental income	23,397	26,020
Interest income	20,247	42,325
Management and sales commissions	11,971	17,074
Guaranteed return on investment	6,186	8,334
	<u>83,143</u>	<u>128,779</u>

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2 SEGMENTAL INFORMATION (cont'd)

- (b) The profit from operations of the Group during the period amounted to approximately HK\$52 million and the analysis of contribution to profit from operations is as follows:

	Contribution to profit from operations	
	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Sale of properties	6,424	156
Rental income	22,718	24,789
Interest income	20,247	42,325
Management and sales commissions	11,971	15,921
Guaranteed return on investment	6,186	8,334
	<u>67,546</u>	<u>91,525</u>
Other expenses net of other income	<u>(15,622)</u>	<u>(25,371)</u>
	<u><u>51,924</u></u>	<u><u>66,154</u></u>

No geographical analysis of each segment is shown as less than 10% of the Group's turnover and profit from operations are outside the PRC.

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3 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

The consolidated profit from ordinary activities before taxation is arrived at after charging:

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
(a) Finance costs:		
Bank interest	41,404	44,352
Interest on loans wholly repayable within five years	17,888	14,042
Other borrowing costs	533	1,319
Total borrowing costs	59,825	59,713
Less: Amount capitalised*	56,328	55,474
	<u>3,497</u>	<u>4,239</u>

* Borrowing costs have been capitalised at the rate of 7.70% (1999: 6.31%) per annum.

(b) Items other than those separately disclosed in Notes 2 and 3(a):

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Staff costs	32,725	25,945
Less: Amount capitalised	31,089	20,257
	<u>1,636</u>	<u>5,688</u>
Depreciation	360	306
Less: Amount capitalised	64	38
	<u>296</u>	<u>268</u>
Cost of completed properties for sale	<u>11,999</u>	<u>27,979</u>

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4 TAXATION

(a) Taxation in the consolidated profit and loss account represents:

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
The Group		
– Hong Kong	—	(139)
– Outside Hong Kong	8,917	136
Associates	2,870	2,664
Tax indemnity	—	(46)
	<u>11,787</u>	<u>2,615</u>

Provision for Hong Kong profits tax has been made at 16% on the estimated assessable profits for the period.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the period on the estimated assessable profits arising in the relevant foreign jurisdiction during the period.

(b) No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

5 INTERIM DIVIDEND

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Interim dividend at HK\$0.06 per share (1999 – HK\$0.06 per share)	<u>29,807</u>	<u>29,807</u>

6 EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of HK\$39,466,000 (1999 – HK\$33,944,000) and on 496,776,205 ordinary shares (1999 – 496,776,205 ordinary shares) in issue during the period.