



CAPITAL STRUCTURE

On 2nd September, 2002, the directors of the Company (the "Directors") announced that every 25 issued and unissued shares of the Company of HK\$0.02 each in the share capital of the Company had been consolidated into one share of HK\$0.50 each. Following the share consolidation, the authorised share capital of the Company became HK\$200,000,000 divided into 400,000,000 consolidated shares of HK\$0.50 each, of which 110,068,835 consolidated shares were in issue and fully paid or credited as fully paid.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to finance its operations and capital expenditure through internally generated cash flow from operations, Loan Notes and advances from related companies and minority shareholders of subsidiaries.

As at 30th September, 2002, the Group's current assets was approximately HK\$106.4 million. About 40.6% of the current assets was represented by bank balances and cash held in hand, which were denominated in Reminbi, U.S. dollars and Hong Kong dollars while the remaining 59.4% mainly comprised properties held for sale and trade receivables, deposits and prepayments.

The Group's current liabilities as at 30th September, 2002 were approximately HK\$17.5 million, of which about 61.4% was trade payables and accruals and about 38.6% was Loan Notes. Carrying value of the Loan Notes at the balance sheet date was approximately HK\$6.7 million, which was denominated in Hong Kong dollars. Terms of the Loan Notes remained the same as disclosed in the Group's annual financial statements for the year ended 31st March, 2002. Pursuant to the instrument constituting the Loan Notes and a Deed of Cancellation and Undertakings dated 28th January, 1999 entered into between the Group and the vendor of 80% equity interest in Canlibol, the Group exercised the right to cancel the Loan Notes held by the noteholder of approximately HK\$43.9 million on the balance sheet date. The whole amount of the Loan Notes was cancelled in October 2002.

As at 30th September, 2002, advances from related companies and minority shareholders of subsidiaries were approximately HK\$151.9 million and HK\$44.2 million respectively. Approximately HK\$135.9 million of the advances from a related company was interest bearing at prevailing market rates while HK\$16.0 million from another related company and all advances from minority shareholders of subsidiaries were interest-free. All these advances were denominated in Hong Kong dollars, unsecured and had no fixed term of repayment.

Save as disclosed above, the Group had no other external borrowings at the balance sheet date. With the external borrowings and bank balances and cash held in hand denominated in Reminbi, U.S. dollars and Hong Kong dollar, the Group expected there would be no significant exposure to foreign exchange rate fluctuation in the coming period.

Together with the cash flow generated from the operations of the Group in its ordinary course of business and the advances from related companies, the Directors expected the Group to have sufficient working capital for its operations.

As at 30th September, 2002, the Group had a debt to equity ratio (expressed as a percentage of total liabilities over shareholders' fund) of 89.0% as compared to that of 33.3% in the preceding financial year. The significant increase in the debt to equity ratio was mainly due to an allowance of approximately HK\$627.2 million provided for the amount due from an unconsolidated subsidiary during the Period.



CONTINGENT LIABILITIES

As at 30th September, 2002, the Group had contingent liabilities of approximately HK\$44.0 million in respect of the guarantees on the mortgage loans given by the Group to the purchasers of properties sold by the Group. Save as disclosed above, the Group had no other material contingent liabilities and charges on the Group's assets.

NUMBER AND REMUNERATION OF EMPLOYEES

The Group had 257 employees as at 30th September, 2002 and total staff costs, including directors' remuneration, for the Period was approximately HK\$2.3 million. All employees were under the remuneration policy of fixed monthly salary with commission and discretionary bonus. No training scheme was in operation.

With the expiry of the previous share option scheme on 6th July, 2002, the Directors adopted a new share option scheme on 2nd September, 2002. The purpose of the new share option scheme was to provide incentive or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held any equity interest. No option was granted since its adoption.

INTERIM DIVIDEND

The board of directors (the "Board") did not recommend the payment of an interim dividend for the Period (2001: nil).

PROSPECTS

It is expected that the development projects in the PRC, like Riverside Garden in Xiamen, would continue to contribute to the revenue of the Group in the coming period. In view of the substantial risk involved in property development in the PRC, the management will be cautious in exploring new investment opportunities in the PRC.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30th September, 2002, according to the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), none of the Directors, chief executives or their associates had any interest in any securities of the Company or any of its associated corporations.



SUBSTANTIAL SHAREHOLDERS

At 30th September, 2002, according to the register kept by the Company under Section 16(1) of the SDI Ordinance, the following persons had notified the Company that they were interested in 10% or more of the issued share capital of the Company:

Name	Number of shares
Worthy Strong Investment Limited (“Worthy Strong”)	54,113,113
Emperor Investment Limited (“EIL”) (Note 1)	54,113,113
Emperor International Holdings Limited (“EIHL”) (Note 1)	
Charron Holdings Limited (“Charron”) (Note 2)	54,113,113
Jumbo Wealth Limited (“Jumbo Wealth”) (Note 2)	54,113,113
Yeung Sau Shing, Albert (“Mr. Albert Yeung”) (Note 2)	54,113,113

Notes:

1. EIL, a wholly-owned subsidiary of EIHL, held 54,113,113 shares through its wholly-owned subsidiary, Worthy Strong. Accordingly, EIHL and EIL were deemed to be interested in the 54,113,113 shares held by Worthy Strong.
2. EIHL was a company with its shares listed in Hong Kong, 74.59% of the shares of which were registered in the name of and beneficially owned by Charron, a company controlled by Mr. Albert Yeung. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the discretionary trust of Mr. Albert Yeung. Accordingly, Mr. Albert Yeung, Jumbo Wealth and Charron were deemed to be interested in the 54,113,113 shares held by EIHL.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company’s issued share capital as at 30th September, 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

CORPORATE GOVERNANCE

The Company had complied throughout the Period with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the independent non-executive directors of the Company were not appointed for specific terms.