

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 30th September, 2001, the Group's total shareholders' funds amounted to HK\$817,852,000 (31st March, 2001: HK\$827,498,000). The decrease in shareholders' fund is mainly attributable to the reduction of investment property revaluation reserve upon disposal of investment properties during the period.

The aggregate bank and other borrowings were increased to HK\$1,279,471,000 (31st March, 2001: HK\$1,082,053,000). The increase was largely attributable to the bank loans acquired for the financing of investment properties through the acquisition of Goldline during the period. The majority of bank and other borrowings was denominated in the currencies for which assets were financed and interest were borne at floating rates. Bank borrowings were mainly applied to finance development of sites and working capital. We expect that the borrowings will greatly decrease upon disposal of Villa Pinada, houses at Bowen Road, the Aegean and the Chang An Town project.

During the period, rearrangement had been made with the debenture holder that the convertible debentures will be redeemed or converted into shares in one year's time. As at 30th September, 2001, the net asset value of the Group was HK\$818 million representing approximately HK\$0.87 per share. The gearing ratio, calculated as ratio of non-current liabilities to shareholders' funds as at 30th September, 2001 was 0.65.

We expect that the disposal of Villa Pinada will generate a satisfactory profit for the Group and its indebtedness will be reduced in the second half year. We also believe that the Group will continue to obtain the support of current banks and that it will have sufficient funding for its operational requirements.

## **PERSONNEL**

As at 30th September, 2001, the number of employees of the Group was approximately 110. Remuneration packages are reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits, including medical insurance and contributions to provident fund.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th September, 2001, the interests of the directors and their associates in the share capital of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") were as follows:

### The Company

Name of director	Number of ordinary shares of HK\$0.10 each held			
	Personal interests	Family interests	Corporate interests	Other interests
Mr. Tai Kuen, S.B.S., J.P.	1,518,000	-	-	-
Mr. Tai Chi Wah (Notes i & ii)	10,796,000	-	307,351,556	-
Mr. Poon Chi Fai, J.P.	120,000	-	-	-
Mr. Tai Yiu Wah, Robert	454,000	-	-	-
Madam Tai Seow Yoke Peng (Notes i & iii)	1,490,000	234,229,556	-	-
Mr. Charles Arthur Alan Nicol, O.B.E., A.M.N.	160,000	-	-	-
Mr. Wan Tai Min, Tommy	120,000	-	-	-
Mr. Wong Po Lung, John	310,000	-	-	-
Mr. Liu Chun Ning, Wilfred	-	-	-	-

#### Notes:

- (i) 154,427,556 shares are held through Questrole Profits Limited ("Questrole Profits"), a company incorporated in the British Virgin Islands. Questrole Profits is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and the spouse of Madam Tai Seow Yoke Peng and their respective family members.
- (ii) 152,924,000 shares are held through Propertyline Properties Limited ("Propertyline"), a company incorporated in the British Virgin Islands. Propertyline is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and his family members.
- (iii) 79,802,000 shares are held by Oodless Investment Limited, a company incorporated in Hong Kong and beneficially owned by the spouse of Madam Tai Seow Yoke Peng as to 99.99% and by her as to 0.01%.

Other than as disclosed above and certain nominee shares in subsidiaries held by certain directors in trust for the Company or its subsidiaries, none of the directors or chief executives, or their associates, had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30th September, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors and the chief executives, the Company has been notified of the following shareholder with an interest representing 10% or more of the Company's issued share capital:

<b>Name of Shareholder</b>	<b>Number of shares</b>
Value Consultants Limited	131,697,600

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30th September, 2001, neither the Company nor any of its subsidiaries had repurchased, redeemed or sold any of the listed securities of the Company.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

The Company has complied throughout the period ended 30th September, 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th September, 2001.

On behalf of the Board

**Tai Kuen**, S.B.S., J.P.

*Chairman*

Hong Kong, 14th December, 2001