
THE HONG KONG PARKVIEW GROUP LTD.

Interim Report 2001-2002

Notes to Condensed Consolidated Financial Statements

1. Accounting policies

The accounting policies adopted for the preparation of the interim financial report are consistent with those adopted by the Group in its annual financial statements for the year ended 31st March, 2001, except as described below.

In the current period, the Group has adopted, for the first time, the following revised or new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants.

Dividend proposed or declared after the balance sheet date

SSAP 9 (Revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognized as a liability in the balance sheet.

Segment reporting

In the current period, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". It has not been practicable to restate the comparative segment data for the six months ended 30th September, 2000 in line with the requirements of SSAP 26. Accordingly, for the purposes of comparison, segment data prepared in accordance with the disclosure requirements of the Listing Rules is reported for both the current and prior periods.

Provisions

SSAP 28 "Provisions, contingent liabilities and contingent assets", provisions are recognized when the Group has a present obligation as a result of a past event which may result in an outflow of economic benefit that can be reasonably estimated.

Goodwill

In the current period, the Group has adopted SSAP 30 "Business combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1st April, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st April, 2001 will be credited to income at the time of disposal of the relevant subsidiary.

Goodwill arising on acquisitions after 1st April, 2001 is capitalised and amortized over its estimated useful life. Negative goodwill arising on acquisitions after 1st April, 2001 is presented as a deduction from assets and will be realised to income based on an analysis of the circumstances from which the balance resulted.

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Interim Report 2001-2002*Impairment of assets*

SSAP 31 "Impairment of assets" is effective for periods beginning on or after 1st January, 2001 and has introduced a formal framework for the recognition of impairment losses in respect of the Group's assets.

The adoption of the above Standards has had no material effect on amounts reported in prior periods.

2. Segmental information

	Consolidated Turnover		Contribution to Group Results	
	Six months ended 30th September, (Unaudited)		Six months ended 30th September, (Unaudited)	
	2001	2000	2001	2000
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
By activity:				
Trading sales and contract work	8,871,283	13,180,792	(4,147,083)	1,565,911
Property sales	34,096,022	25,913,456	(2,932,573)	(440,146)
Provision of management and consultancy services	6,138,812	6,420,395	4,678,404	4,307,185
Property investment	16,240,148	13,904,011	9,630,253	8,978,235
Ferry operation and ship chartering	2,914,682	2,818,159	(4,778,645)	891,231
Investment and financing activities	1,642,829	6,100,859	3,990,218	2,598,630
	<u>69,903,776</u>	<u>68,337,672</u>	6,440,574	17,901,046
<i>Less: General and administrative expenses</i>			<u>(20,354,925)</u>	<u>(17,559,293)</u>
			<u>(13,914,351)</u>	<u>341,753</u>

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	Consolidated Turnover		Contribution to Group results	
	Six months ended 30th September, (Unaudited)		Six months ended 30th September, (Unaudited)	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
By geographical location:				
Hong Kong	22,715,270	41,652,538	11,602,801	18,545,390
China and South East Asia	45,662,016	26,685,134	641,590	(644,344)
Europe	1,526,490	-	(5,803,817)	-
	<u>69,903,776</u>	<u>68,337,672</u>	6,440,574	17,901,046
<i>Less:</i> General and administrative expenses			<u>(20,354,925)</u>	<u>(17,559,293)</u>
			<u>(13,914,351)</u>	<u>341,753</u>

3. Depreciation/Amortization

During the period, depreciation of HK\$5.3 million (2000: HK\$4.1 million) was charged in respect of the Group's property, plant and equipment.

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year after deducting tax losses brought forward from previous years. Overseas taxes have been calculated at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th September, (Unaudited)	
	2001	2000
	HK\$	HK\$
Company and subsidiaries		
Hong Kong profits tax	79,500	609,403
Overseas taxation	39,850	-
	<u>119,350</u>	<u>609,403</u>

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A deferred tax asset has not been recognized in the financial statements of the Group and the Company in respect of tax losses available to offset future profits as it is not certain that the losses will be utilised in foreseeable future.

5. Dividends

The Directors do not propose any interim dividend for the period (2000: Nil).

6. (Loss) Earnings per share

The calculation of (loss) earnings per share is based on the consolidated loss for the six months of HK\$13,120,688 (2000: profit of HK\$1,474,684) and on the weighted average number of 535,359,258 (2000: 535,359,258) ordinary shares in issue during the year.

7. Reserves

There were no transfers to and from reserves during the six months ended 30th September, 2001.

8. Trade debtors

Included in trade and other receivables are trade debtors of HK\$60,467,824 (31st March, 2001: HK\$45,143,595). The Group allows an average credit period of 90 days to trade customers. The ageing analysis of trade debtors is as follows:

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 (Audited) HK\$
0-60 days	5,387,344	4,404,824
61-90 days	831,097	5,511,377
>90 days	<u>54,249,383</u>	<u>35,227,394</u>
Total	<u>60,467,824</u>	<u>45,143,595</u>

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Interim Report 2001-2002**9. Trade creditors**

Included in trade and other payables are trade creditors of HK\$21,808,970 (31st March, 2001: HK\$13,855,068). The ageing analysis of trade creditors is as follows:

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 (Audited) HK\$
0-60 days	4,927,004	3,310,697
61-90 days	43,011	513,370
> 90 days	<u>16,838,955</u>	<u>10,031,001</u>
Total	<u>21,808,970</u>	<u>13,855,068</u>

10. Share capital

	Number of ordinary shares of HK\$1.00 each	Nominal value HK\$
<i>Authorised:</i>	<u>850,000,000</u>	<u>850,000,000</u>
Issued and fully paid: At 1st April, 2001 and 30th September, 2001	<u>535,359,258</u>	<u>535,359,258</u>

11. Contingent liabilities

The Group had no significant contingent liabilities at the balance sheet date.

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Interim Report 2001-2002**12. Charges on group assets**

The general banking facilities granted by bankers and term loan facilities granted by syndicate of banks to the Group were secured by the following:

1. part of the investment properties.
2. the assignment of earnings of part of the mortgage.
3. legal charge of two vessels owned by the Group.
4. the assignment of charter party and earnings of two vessels.
5. the issued share of one subsidiary which is engaged as a vessel owner.

13. Post balance sheet date events

On 7th November, 2001, the Group completed a major and connected transaction which involved, inter alia, the disposal of certain assets of the Group. The consideration received by the Group, based on the current value of the disposed assets, amounted to HK\$833.4 million and when compared with their carrying costs, resulted in a profit on disposal of approximately HK\$130 million.