

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No.25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants.

The Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practices (SSAP's) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2001.

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1st July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The changes to the Group's accounting policies and the effect of adopting these new policies are set out below:

- (a) In accordance with the revised SSAP 9, dividends proposed or declared after the balance sheet date are no longer recognised as a liability at the balance sheet date. This change in accounting policy has no effect on the interim accounts.
- (b) In accordance with the revised SSAP 14, the aggregate cost of incentives is recognised as a reduction of rental income on a straight line basis over the lease term. This change in accounting policy is applied prospectively as is allowed under the transitional provisions within the revised SSAP 14.
- (c) In accordance with SSAP 29 and 30, goodwill arising on acquisition of subsidiaries and jointly controlled entities and associated companies, representing the cost of acquisition over the fair value of the net assets acquired, is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years.

The goodwill arising on acquisition which occurred in prior years, which was taken directly to reserves, has not been restated as is allowed under the transitional provisions within SSAP 30.

Apart from the foregoing, the accounting policies adopted are consistent with those described in the annual accounts for the year ended 31st March 2001.

**2. Turnover**

The Group is principally engaged in property development and investment, securities investment and trading and investment holding.

An analysis of the Group's turnover and contribution to profit from operations for the period by principal activities is as follows:

	Turnover		Contribution to profit from operations	
	Six months ended 30th September		Six months ended 30th September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal activities:				
Rental income	45,804	48,745	43,126	47,942
Property development and investment	158,230	321,629	40,228	85,873
Securities investment and trading	34	564	(20,279)	(3,458)
	<u>204,068</u>	<u>370,938</u>	<u>63,075</u>	<u>130,357</u>

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated profit from operations of the Group are attributable to markets outside Hong Kong.

**3. Profit from operations**

Profit from operations is stated after crediting and charging the following:

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Crediting		
Profit on disposal of fixed assets	<u>215</u>	<u>-</u>
Charging		
Staff costs	9,099	11,471
Depreciation of fixed assets	<u>897</u>	<u>1,909</u>

#### 4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	<b>Six months ended 30th September</b>	
	<b>2001 HK\$'000</b>	2000 HK\$'000
Hong Kong profits tax	-	-
Overseas taxation		
- current	-	(30)
- under provision in prior years	-	(230)
	<u>-</u>	<u>(260)</u>
Share of taxation attributable to associated companies	<b>(264)</b>	<b>(2,890)</b>
	<b><u>(264)</u></b>	<b><u>(3,150)</u></b>

Deferred taxation for the period has not been provided as the effect of the timing differences is immaterial to the Group.

#### 5. Earnings per share

The calculations of the basic and diluted earnings per share are based on the following data:

	<b>Six months ended 30th September</b>	
	<b>2001 HK\$'000</b>	2000 HK\$'000
Earnings		
Earnings for the purpose of the calculation of basic earnings per share	<b>20,127</b>	50,343
Adjustment to the share of results of an associated company based on the dilution of this associated company's loss per share	-	(1,376)
	<u>20,127</u>	<u>48,967</u>
Earnings for the purpose of the calculation of diluted earnings per share	<b>20,127</b>	48,967
Number of shares		
Weighted average number of ordinary shares for the purpose of the calculation of basic earnings per share	<b>1,286,482,836</b>	1,286,482,836
Effect of dilutive potential ordinary shares - share options	<b>5,169,951</b>	10,462,733
	<u>1,291,652,787</u>	<u>1,296,945,569</u>
Weighted average number of ordinary shares for the purpose of the calculation of diluted earnings per share	<b>1,291,652,787</b>	1,296,945,569

**6. Accounts and other receivables, deposits and prepayments**

Accounts and other receivables, deposits and prepayments include rental receivable, other receivables and other deposits.

At 30th September 2001, rental receivable including related interests amounted to HK\$6,067,000 (31st March 2001: HK\$8,147,000) and the ageing analysis was as follows:

	<b>30th September 2001 HK\$'000</b>	31st March 2001 HK\$'000
Current	<b>3,745</b>	4,120
31 – 60 days	<b>896</b>	537
61 – 90 days	<b>46</b>	539
Over 90 days	<b>1,380</b>	2,951
	<b><u>6,067</u></b>	<u>8,147</u>

**7. Accounts payable, deposits received and accrued charges**

Included in the accounts payable, deposits received and accrued charges are rental deposits, construction costs payable and accruals.

Rental deposits amounting to HK\$22,524,000 (31st March 2001: HK\$24,479,000) are repayable when the tenancy contracts lapse.

At 30th September 2001, the ageing analysis of the construction costs payable were as follows:

	<b>30th September 2001 HK\$'000</b>	31st March 2001 HK\$'000
Current	<b>539</b>	2,128
31 – 60 days	<b>2</b>	53
	<b><u>541</u></b>	<u>2,181</u>

Construction cost accruals, including retention money, amounted to HK\$22,033,000 (31st March 2001: HK\$48,273,000) and are payable in accordance with the terms of the construction contracts.

**8. Bank loans and overdrafts**

	<b>30th September 2001 HK\$'000</b>	31st March 2001 HK\$'000
Secured bank overdrafts	<b>9,780</b>	14,875
Secured bank loans		
– current portion	<b>122,782</b>	354,939
– long term portion	<b>714,822</b>	483,268
Unsecured bank loans		
– current portion	–	60,000
	<b>847,384</b>	913,082
Total current portion	<b>(132,562)</b>	(429,814)
	<b>714,822</b>	483,268

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

	<b>30th September 2001 HK\$'000</b>	31st March 2001 HK\$'000
On demand or within one year	<b>132,562</b>	429,814
More than one year but not exceeding two years	<b>46,840</b>	54,752
More than two years but not exceeding five years	<b>182,901</b>	206,734
Over five years	<b>485,081</b>	221,782
	<b>847,384</b>	913,082

The above bank loans and overdrafts were secured by first charges on certain investment properties and other specific assets of the Group, a mortgage of the Company's shares in subsidiaries and corporate guarantees from the Company.

**9. Share capital**

There were no movement in the share capital of the Company in either the current interim reporting period or the prior financial year.

**10. Reserves**

	<b>HK\$'000</b>
At 1st April 2001	<b>3,466,529</b>
Revaluation reserve realised upon disposal of properties	<b>(8,838)</b>
Translation of accounts of a foreign subsidiary	<b>(3,800)</b>
Reserve released upon disposal of a subsidiary	<b>980</b>
Profit for the period	<b>20,127</b>
At 30th September 2001	<b>3,474,998</b>

**11. Contingent liabilities**

	<b>30th September 2001 HK\$'000</b>	31st March 2001 HK\$'000
Guarantees given to banks in respect of banking facilities granted to associated companies	-	492,300

**12. Commitments**

Capital commitments for properties held for/under development and long term investments

	<b>30th September 2001 HK\$'000</b>	31st March 2001 HK\$'000
Contracted but not provided for	<b>14,293</b>	10,148