

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited interim condensed financial statements of the Group are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants. The accounting policies and basis of preparation adopted are the same as those used in the annual financial statements for the year ended 31st March, 2001.

The new and revised SSAPs that have come into effect for accounting periods beginning on or after 1st January, 2001 do not have significant impact on the financial statements of the Group for the period under review.

### 2. Segmental information

The Group’s turnover and contribution to profit/(loss) from operating activities analysed by principal activity are as follows:

	(Unaudited) Turnover		(Unaudited) Contribution to profit/(loss) from operating activities	
	Six months ended 30th September, 2001	2000	Six months ended 30th September, 2001	2000
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
By principal activity:				
– Sale of properties	78,263	192,508	(21,120)	18,575
– Rental income	12,214	19,716	1,058	4,387
– Property management	621	560	466	330
	<u>91,098</u>	<u>212,784</u>	<u>(19,596)</u>	<u>23,292</u>

The Group’s turnover and contribution to profit/(loss) from operating activities for the periods were derived from operations in the mainland of the People’s Republic of China.

### 3. Profit/(loss) from operating activities

The Group's Profit/(loss) from operating activities is arrived at after charging:

	(Unaudited)	
	Six months ended	
	30th September,	
	2001	2000
	HK\$'000	HK\$'000
Depreciation	1,717	1,218
<i>Less: Amounts capitalised in properties under development</i>	<u>(718)</u>	<u>(297)</u>
	<u>999</u>	<u>921</u>
Provisions and write off for diminutions in values of completed properties for sale	16,843	14,000
and after crediting:		
Profit on disposal of land and buildings	<u>5,118</u>	<u>–</u>

### 4. Finance costs

	(Unaudited)	
	Six months ended	
	30th September,	
	2001	2000
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	16,719	25,615
<i>Less: Amounts capitalised in properties under development</i>	<u>(7,323)</u>	<u>(11,258)</u>
	<u>9,396</u>	<u>14,357</u>

### 5. Tax

	(Unaudited)	
	Six months ended	
	30th September,	
	2001	2000
	HK\$'000	HK\$'000
Company and subsidiary companies:		
PRC income tax	<u>679</u>	<u>545</u>

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2000: Nil).

PRC income tax represents tax charges on assessable profits of subsidiary companies operating in the People's Republic of China ("PRC") calculated at the rates of taxation prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 6. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$29,962,000 (2000: net profit of HK\$6,677,000) and the weighted average number of 983,600,616 (2000: 702,561,422 (restated)) shares in issue during the period.

The weighted average number of shares in issue for the last corresponding period has been adjusted to reflect the effect of the Company's rights issue of shares as detailed in note 9 to the interim condensed financial statements.

The calculation of diluted earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$29,962,000 (2000: net profit of HK\$6,677,000) and the weighted average number of 983,600,616 (2000: 702,561,422 (restated)) shares in issue during the period plus the weighted average number of 1,054,561 (2000: 7,362,630 (restated)) dilutive shares deemed to be issued at no consideration assuming that all the outstanding share options had been exercised.

## 7. Trade receivables

The Group's credit policy is set on a project-by-project basis taking into account the prevailing market situation for each project. An aged analysis of the trade receivables, net of provisions for bad and doubtful debts, is as follows:

	(Unaudited) 30th September, 2001 HK\$'000	(Audited) 31st March, 2001 HK\$'000
0-30 days	18,267	19,386
31-60 days	8,756	6,140
61-90 days	4,963	6,202
Over 90 days	70,883	116,268
	<u>102,869</u>	<u>147,996</u>

## 8. Trade payables

An aged analysis of the trade payables is as follows:

	(Unaudited) 30th September, 2001 HK\$'000	(Audited) 31st March, 2001 HK\$'000
0-30 days	84,899	36,263
31-60 days	-	-
61-90 days	29,154	-
Over 90 days	32,948	56,018
	<u>147,001</u>	<u>92,281</u>

## 9. Share capital

	(Unaudited) 30th September, 2001 <i>HK\$'000</i>	(Audited) 31st March, 2001 <i>HK\$'000</i>
<i>Authorised</i>		
1,500,000,000 ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
<i>Issued and fully paid:</i>		
1,024,000,000 ordinary shares of HK\$0.10 each (31st March, 2001: 640,000,000 ordinary shares of HK\$0.10 each)	<u>102,400</u>	<u>64,000</u>

Details of the movements in the issued share capital of the Company during the period are as follows:

	<i>HK\$'000</i>	<b>No. of shares</b>
Balance at 1st April, 2001 (Audited)	64,000	640,000,000
New shares of HK\$0.10 each issued by way of a rights issue (see note below)	<u>38,400</u>	<u>384,000,000</u>
Balance at 30th September, 2001 (Unaudited)	<u>102,400</u>	<u>1,024,000,000</u>

On 24th April, 2001, the Company issued a total of 384 million ordinary shares of HK\$0.10 each in the Company by way of a rights issue of shares on the basis of three rights shares for every five existing shares held at a cash price of HK\$0.16 per rights share (the "Rights Issue"). The net proceeds from the Rights Issue aggregating approximately HK\$60 million had been used for the repayment of the amount due to the ultimate holding company.

## 10. Condensed statement of movement in reserves

The following is a summary of the movements in the reserves of the Group during the period:

	<i>HK\$'000</i>
Balance at 1st April, 2001 (Audited)	1,845,848
Share premium, net of related expenses, arose from rights issue of new shares (see note 9 above)	21,690
Revaluation reserve released on disposal of land and buildings	(5,218)
Reduction in value arose from replacement of certain properties held for development	(350,000)
Exchange differences arose on consolidation of overseas subsidiaries' financial statements	59
Net loss for the period	<u>(29,962)</u>
Balance at 30th September, 2001 (Unaudited)	<u>1,482,417</u>

## 11. Contingent liabilities

At 30th September, 2001, guarantees to the extent of approximately HK\$271,776,000 (31st March, 2001: HK\$271,776,000) were given by the Group to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group and a property of which the sales were underwritten by the Group.

## 12. Commitments

(a) Capital commitments:

	(Unaudited) 30th September, 2001 <i>HK\$'000</i>	(Audited) 31st March, 2001 <i>HK\$'000</i>
Property development expenditure:		
Contracted for	78,276	81,703
Authorized, but not contracted for	427,631	318,852
	<u>505,907</u>	<u>400,555</u>

(b) Commitments in the following year under non-cancellable operating leases in respect of land and buildings expiring:

	(Unaudited) 30th September, 2001 <i>HK\$'000</i>	(Audited) 31st March, 2001 <i>HK\$'000</i>
Within one year	228	456
In the second to fifth years, inclusive	836	–
	<u>1,064</u>	<u>456</u>