

## REVIEW OF OPERATIONS

The Group recorded a turnover for the six months ended 30th September, 2001 of about HK\$91.1 million, representing a decrease of about 57% over that of the last corresponding period. The net loss attributable to shareholders for the period was approximately HK\$29.96 million comparing to a net profit of about HK\$6.68 million recorded in the corresponding period last year.

The turnover for sale of properties had decreased by about HK\$115 million, from last period's HK\$193 million to about HK\$78 million for the period. The decline was mainly due to a slow down in the sales of Anshan Greenland IT City as a result of increased competition in the local market and the fact that lesser developed or developing floor areas were available for sales or pre-sales during the period. The revenue for the period was mainly contributed from sales or pre-sales of Anshan Greenland IT City, Shanghai Golden Bridge Garden and Phase III of Xiamen Lu Jiang New City which respectively accounted for 45.28%, 28.70% and 23.73% of the turnover for sale of properties. The balance of 2.29% was contributed from sales of the small remaining areas in Phase I of Shenzhen Dragon Court.

Rental income had dropped by about 38% as compared with last corresponding period. The decrease was mainly attributable to the termination during the period of the leasing arrangement undertaken by the Group for certain properties in Shanghai Golden Bridge Garden purchased by a third party. Rental income recorded from leasing of Wuhan Wah Zhong Trade Plaza and Shanghai Golden Bridge Mansion remained weak as the sluggish market situation continuously exerted pressure on the rental and occupancy rates of these two properties during the period.

For property management, increased income was recorded for services provided for Phase I of Shenzhen Dragon Court and Phase I and II of Anshan Greenland IT City, resulting in a 11% overall increase from the last corresponding period.

The Group recorded a net loss attributable to shareholders of approximately HK\$29.96 million for the six months ended 30th September, 2001. The adverse operating results was mainly caused by the following:

- (1) Lesser developed or developing floor areas were available for sales or pre-sales during the period as new developments were progressing at slower paces than expected.

- (2) A substantial part of the properties sold during the period were old aged projects with lower profit margin.
- (3) Rental income for the period had decreased owing to the termination of the leasing arrangement with a purchaser of certain properties sold by the Group as mentioned in the foregoing paragraph.
- (4) A write down to estimated net realizable value for the car parking spaces in Shanghai Golden Bridge Garden of about HK\$16.84 million was made during the period.

Further to the situation as explained in the 2000/2001 annual report, during the period, the Group had concluded with the relevant local government authorities the replacement of the seven parcels of land in Wuhan with 1,950 mu (about 1.3 million sq.m.) of land parcels situated in a new town district in Wuhan. Consequential upon the replacement, the carrying value of the seven parcels of land was replaced by the value of the new land parcels obtained whereby a reduction in the value of properties held for development of HK\$350 million was made in the accounts of the Group as a result of the change. The valuation of the new land parcels was made by the directors based on the development potential of these land parcels and the prevailing market situation and by reference to a valuation performed by an independent professional valuer firm on these land parcels.