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CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong
Madeline May-Lung Wong
William Chung-Yue Fan
Herman Man-Hei Fung
Roderick Sue-Cheun Wong
Daniel Chi-Wai Tse*
Patrick Yen-Tse Tsai*

* *Independent non-executive director*

AUDIT COMMITTEE

William Chung-Yue Fan
Daniel Chi-Wai Tse
Patrick Yen-Tse Tsai

SECRETARY

Wendy Yuk-Ying Chan

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited
CITIC Ka Wah Bank Limited
Dao Heng Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank

SOLICITORS

Fan & Fan

AUDITORS

Ernst & Young

REGISTRARS

Tengis Limited
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STOCK CODE

SEHK 160

CHAIRMAN'S STATEMENT

CONSOLIDATED RESULTS

I am pleased to report that the Group continued to improve its performance during the period. The current period profit amounted to HK\$4.5 million, compared with a loss of HK\$29.7 million in the prior period. The major forces behind our profit recovery were profit contribution from our property development project in Shenzhen and reduced finance costs as benefited from reduced indebtedness and interest rate cuts.

DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2002 (2001: nil).

REVIEW OF OPERATIONS

Acquisition of properties

The current soft property environment creates an opportunity for the Group to accumulate high-yield properties at reasonable cost. On 10th December, 2002, the Group completed the purchase of a 23-storey commercial building at Nos. 5-9 Observatory Court, Kowloon for a consideration of HK\$55 million. The property, located at the tourist area in Tsimshatsui, is expected to be converted into a service apartment of approximately 100 units. On 6th November, 2002, the Group acquired another commercial property at Des Voeux Road Central, known as **Yien Yieh Commercial Bank Building** (鹽業銀行大廈), for a consideration of HK\$68 million. Deposits were paid with completion scheduled to take place on 30th December, 2002. The property is to be renovated as a commercial building. The two properties, both to be held for long-term purpose, will enlarge the Group's investment portfolio by approximately 87,000 square feet.

Property development

Hong Kong

Construction works for the Group's residential project at Causeway Bay, known as **The Grandeur** (采怡閣), has been completed with the issue of occupation permit on 13th November, 2002. The certificate of compliance for the property is expected to be issued in the coming few weeks. Following the introduction of government measures to boost up the property market, the Group intends to launch this project as completed units.

Property sales for the current period were mainly represented by sales of remaining units of completed projects which contributed a turnover of approximately HK\$40 million during the period.

CHAIRMAN'S STATEMENT *(Continued)*

Mainland China

The development of the residential project at Fu Tian District, Shenzhen, known as the **Millennium Oasis** (城市綠洲花園), comprising nine blocks of 679 residential units has been completed with the issue of occupation permit for Phase I on 29th June, 2001 and Phase II and III on 30th September, 2002. Sales responses are encouraging and, to date, total sales have accumulated to 663 residential units. The project, on its own, contributed a turnover of approximately HK\$240 million for the current period.

Progress of the Group's another project in Shenzhen, known as the **City Square** (城市天地廣場), is well on schedule. The development consists of six residential towers of 2,142 units built on an 8-storey commercial podium and a 3-level basement. Construction works for the basement has been completed and is now progressing to the superstructure and related infrastructure stage.

Canada

In October 2002, agreements were reached with a reputable real estate developer in Toronto, Canada to develop our site at the junction of Bay and Dundas Street, Toronto, Canada. The site is to be developed in two phases, with the first phase comprises a 17-storey residential building of 525 units. The Phase I project will be officially launched for presale in January 2003 and proceeded to construction works thereafter. Further details of this project will be disclosed in the forthcoming annual report of the Company.

Property investment

Hong Kong

Our investment properties recorded high occupancy despite the weak local economy. The service apartment, **The Bauhinia** (寶軒), including the commercial podium, **Honwell Commercial Centre** (漢貿商業中心) at 237-241 Des Voeux Road Central, Hong Kong and the office building, **Hon Kwok Jordan Centre** (漢國佐敦中心), at 5-7A Hillwood Road, Tsimshatsui, Kowloon are being leased out at more than 90% occupancy.

Malaysia

With the gradual pick-up of the Malaysian economy after the Asian Financial Crisis, occupancy for our commercial complex, **Plaza Ampang**, at Kuala Lumpur, Malaysia has been in the up-trend over the past few months. Occupancy reached to 75% as at 30th September, 2002, as compared with 66% a year ago.

CHAIRMAN'S STATEMENT *(Continued)***FINANCIAL REVIEW****Liquidity and financial resources**

Total interest-bearing debts of the Group amounted to HK\$1,190 million as at 30th September, 2002 (as at 31st March, 2002: HK\$1,304 million), of which HK\$300 million (as at 31st March, 2002: HK\$300 million) related to the convertible bonds due April 2003. Approximately 57% of the debts were due and repayable within one year.

Total cash on hand was HK\$154 million as at 30th September, 2002 (as at 31st March, 2002: HK\$166 million). The Group had a total of HK\$101 million committed but undrawn banking facilities at period end.

There was no significant change of the total assets of the Group. Total assets were HK\$2,713 million as at 30th September, 2002 (as at 31st March, 2002: HK\$2,794 million). The gearing ratio of the Group, as measured by the total interest-bearing debts over total assets, improved from 47% as at 31st March, 2002 to 44% as at 30th September, 2002.

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30th September, 2002, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Certain properties of the Group having a carrying value of HK\$1,896 million as at 30th September, 2002 were pledged to secure banking facilities of the Group.

Apart from the above, the Group also pledged its entire shareholding interest in two of its subsidiaries and assigned receivables of HK\$220 million due from two subsidiaries in favour of Lucky Year Finance Limited ("Lucky Year"), a substantial shareholder of the Company, as security for Lucky Year pledging its cash deposits with banks for certain bank loans granted to the Company. The financing arrangement was approved by the independent shareholders of the Company on 28th June, 2001.

CHAIRMAN'S STATEMENT *(Continued)*

Contingent liabilities

Other than the contingent liability of HK\$12 million as at 30th September, 2002 in respect of banking facilities granted to a jointly-controlled entity, there have been no significant changes in the contingent liabilities of the Group since 31st March, 2002.

Employees and remuneration policies

The Group employs over 100 employees in Hong Kong, in other parts of the People's Republic of China and overseas. There are no significant changes in the remuneration policies and benefits to the employees of the Group.

OVERVIEW

In November 2002, the Government introduced nine measures to stabilise the local property market. These measures, including the cessation of Home Ownership Scheme indefinitely from 2003 and relaxation of anti-speculation measures, represent a clear signal of the Government to retreat from the market. In the long run, these will pave the way for the development of a healthier property market. Any immediate market recovery is however unlikely against the backdrop of high unemployment rate and abundant supply of new developments in the coming twelve months. But at least, the Government is demonstrating its commitment to stabilise the property price, which has already dropped from its peak by more than 60%, in a bid to restore public confidence and lift the economy.

Amid an uncertain global economic environment, the Mainland economy continues to prosper at a GDP growth rate of over 7%. The Group has been carefully exploring property development opportunities in the Mainland to capture the upswing in the property market as a result of economic growth. The recent comments from Premier Zhu on the risk of oversupply in the property market in certain Mainland cities and the tightening up of real estate loans will cool off the otherwise over-heated property market and serve to prevent a burst of the property bubble as presently suffered in Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

The long-term success of any property company lies with its land acquisition strategy to capture the cyclical up and down of the property market. Your directors will continue to exercise their expertise in monitoring the property markets here and elsewhere and help the Group to steer through the present difficult economic environment.

Lastly, I wish to express my sincere appreciation to my fellow directors for their guidance and all staff for their loyalty and dedication during this difficult period.

James Sai-Wing Wong
Chairman

Hong Kong, 12th December, 2002

GENERAL INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September, 2002, the interests of the directors in the securities of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

The Company

(a)

Name of director	Note	Nature of interests	Number of shares held
James Sai-Wing Wong	1	Corporate	632,284,758
Madeline May-Lung Wong	1	Corporate	632,284,758
William Chung-Yue Fan		Personal	7,085
Herman Man-Hei Fung		Family	14,171

(b) Pursuant to the Company's share option scheme, Herman Man-Hei Fung has options to subscribe for 12,000,000 shares in the Company at an exercise price, subject to adjustment in certain events, of HK\$0.70 per share. The exercise period expires on 16th March, 2003 and none of these options was exercised during the period.

Associated corporations

Name of director	Notes	Name of associated corporations	Nature of interests	Number/face value of securities held	Type of securities
James Sai-Wing Wong	1	Hon Kwok Land Treasury II Limited	Corporate	HK\$141,000,000	10% convertible guaranteed bonds
Madeline May-Lung Wong	1	Hon Kwok Land Treasury II Limited	Corporate	HK\$141,000,000	10% convertible guaranteed bonds
William Chung-Yue Fan	2	Wise Pacific Investment Limited	Corporate	2,000	Ordinary shares
		Hon Kwok Land Treasury II Limited	Personal	HK\$2,000,000	10% convertible guaranteed bonds
Patrick Yen-Tse Tsai		Hon Kwok Land Treasury II Limited	Personal	HK\$2,000,000	10% convertible guaranteed bonds

GENERAL INFORMATION *(Continued)***DIRECTORS' INTERESTS IN SECURITIES** *(Continued)**Notes:*

1. *These shares and bonds are beneficially held by Chinney Investments, Limited ("Chinney Investments"). More than one-third of the equity capital of Chinney Investments is owned by Chinney Holdings Limited ("Chinney Holdings") which in turn is owned by Lucky Year. James Sai-Wing Wong and Madeline May-Lung Wong are directors of and beneficially own more than one-third of the equity capital in Lucky Year and, accordingly, are regarded to be interested in these shares and bonds under the SDI Ordinance.*
2. *These shares are held by Gold Sound Enterprises Limited, of which William Chung-Yue Fan is both a director and a shareholder.*

Save as disclosed above, as at 30th September, 2002, none of the directors or their associates had any beneficial interests in the securities of the Company or any of its associated corporations, as defined in the SDI Ordinance.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2002, the following shareholders had an interest of 10% or more in the share capital of the Company, as recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of the Company's share capital
Chinney Investments	632,284,758	47.39
Chinney Holdings	632,284,758	47.39
Lucky Year	632,284,758	47.39
Madeline May-Lung Wong	632,284,758	47.39
James Sai-Wing Wong	632,284,758	47.39

James Sai-Wing Wong, Madeline May-Lung Wong, Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of shares by virtue of Section 8(2) of the SDI Ordinance.

GENERAL INFORMATION *(Continued)***SHARE OPTION SCHEME**

Under the Company's share option scheme adopted on 16th September, 1993, the following share options to subscribe for shares in the Company were granted to an employee of the Company:-

Director	Date of options granted	Exercise price per share	Exercise period of the share options	Outstanding options as at 1st April, 2002 and 30th September, 2002
Herman Man-Hei Fung	23rd January, 1998	HK\$0.70	16th March, 1998 to 15th March, 2003	12,000,000

During the period, no options were granted, exercised, cancelled or lapsed.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's securities during the six months ended 30th September, 2002.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th September, 2002, in compliance 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 (the "Listing Rules"), except that the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company.

AUDIT COMMITTEE

The Company's audit committee has reviewed with the Company's management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated financial statements for the six months ended 30th September, 2002.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th September,	
		2002	2001
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>		
Turnover		309,245	316,529
Cost of sales		(262,284)	(303,112)
Gross profit		46,961	13,417
Other revenue	3	1,410	7,931
Administrative expenses		(15,630)	(16,613)
Profit from operating activities	4	32,741	4,735
Finance costs	5	(16,319)	(28,175)
Share of profits less losses of jointly-controlled entities		2,805	(5,033)
Profit/(loss) before tax		19,227	(28,473)
Tax	6	(6,712)	(1,093)
Profit/(loss) before minority interests		12,515	(29,566)
Minority interests		(7,996)	(146)
Net profit/(loss) from ordinary activities attributable to shareholders		<u>4,519</u>	<u>(29,712)</u>
Earnings/(loss) per share	7		
Basic		<u>0.34 cent</u>	<u>(2.23 cents)</u>
Diluted		<u>0.24 cent</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30th September, 2002 (Unaudited) HK\$'000	As at 31st March, 2002 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		5,647	6,221
Properties under development		770,066	724,571
Investment properties		893,150	893,150
Deferred charges		2,301	4,404
Interests in jointly-controlled entities		610	33,802
Interests in associates		14,857	14,857
		<u>1,686,631</u>	<u>1,677,005</u>
CURRENT ASSETS			
Prepaid tax		30	322
Properties held for sale		778,456	861,809
Prepayments, deposits and other receivables	8	93,850	64,288
Pledged time deposits		–	25,000
Time deposits		80,944	37,161
Cash and bank balances		73,088	128,738
		<u>1,026,368</u>	<u>1,117,318</u>
CURRENT LIABILITIES			
Amounts due to related companies		8,663	12,414
Accounts payable and accrued liabilities	9	89,859	86,822
Customer deposits		8,954	8,118
Tax payable		15,850	11,943
Convertible guaranteed bonds		300,000	–
Interest-bearing bank loans		381,935	450,803
		<u>805,261</u>	<u>570,100</u>
NET CURRENT ASSETS		<u>221,107</u>	<u>547,218</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,907,738</u>	<u>2,224,223</u>

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

		As at 30th September, 2002 (Unaudited) <i>HK\$'000</i>	As at 31st March, 2002 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Convertible guaranteed bonds		–	300,000
Interest-bearing bank loans		507,923	553,331
Loans from minority interests		74,121	58,066
		<u>582,044</u>	<u>911,397</u>
MINORITY INTERESTS			
		25,351	17,355
		<u>1,300,343</u>	<u>1,295,471</u>
CAPITAL AND RESERVES			
Issued capital	<i>10</i>	133,415	133,415
Reserves	<i>11</i>	1,166,928	1,162,056
		<u>1,300,343</u>	<u>1,295,471</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th September,	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Net cash inflow from operating activities	114,099	129,893
Net cash inflow/(outflow) from investing activities	5,074	(4,108)
Net cash outflow from financing activities	(131,040)	(177,221)
Decrease in cash and cash equivalents	(11,867)	(51,436)
Cash and cash equivalents at the beginning of the period	165,899	111,105
Cash and cash equivalents at the end of the period	<u>154,032</u>	<u>59,669</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	73,088	22,571
Non-pledged time deposits	80,944	37,098
	<u>154,032</u>	<u>59,669</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30th September,	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Total shareholders' equity as at 1st April	1,295,471	1,292,258
Exchange differences on translation of the financial statements of foreign entities	353	(100)
Net profit/(loss) for the period	4,519	(29,712)
Total shareholders' equity as at 30th September	<u>1,300,343</u>	<u>1,262,446</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the requirements of Appendix 16 of the Listing Rules and the Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting”.

The condensed consolidated interim financial statements should be read in conjunction with the 2001/2002 annual financial statements.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March, 2002, except that the Group has adopted the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January, 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

The adoption of these new or revised SSAPs has no significant effect on the results of the Group in both accounting periods, other than a change in the format of presentation of the cash flow statement and the requirement to present a statement of changes in equity.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Segment information

The Group is principally engaged in property development, property investment and property related activities. An analysis of the Group's revenue and results by business and geographical segments is as follows:

Business segments

	Property development		Property investment		Property management		Others		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30th September,		30th September,		30th September,		30th September,		30th September,	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	<u>280,739</u>	<u>287,857</u>	<u>22,084</u>	<u>22,838</u>	<u>3,285</u>	<u>2,894</u>	<u>3,137</u>	<u>2,940</u>	<u>309,245</u>	<u>316,529</u>
Segment results	<u>28,032</u>	<u>(7,082)</u>	<u>16,839</u>	<u>15,511</u>	<u>445</u>	<u>607</u>	<u>824</u>	<u>664</u>	<u>46,140</u>	<u>9,700</u>
Interest income									<u>388</u>	<u>2,538</u>
Unallocated gains									<u>308</u>	<u>4,753</u>
Unallocated expenses									<u>(14,095)</u>	<u>(12,256)</u>
Profit from operating activities									<u>32,741</u>	<u>4,735</u>
Interest expenses									<u>(15,742)</u>	<u>(27,356)</u>
Amortisation of bond issue expenses									<u>(577)</u>	<u>(819)</u>
Share of profits less losses of jointly-controlled entities	<u>2,826</u>	<u>(5,012)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>(21)</u>	<u>2,805</u>	<u>(5,033)</u>
Profit/(loss) before tax									<u>19,227</u>	<u>(28,473)</u>
Tax									<u>(6,712)</u>	<u>(1,093)</u>
Profit/(loss) before minority interests									<u>12,515</u>	<u>(29,566)</u>
Minority interests									<u>(7,996)</u>	<u>(146)</u>
Net profit/(loss) from ordinary activities attributable to shareholders									<u>4,519</u>	<u>(29,712)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Segment information (Continued)

Geographical segments

	Hong Kong		Mainland China		Malaysia		Canada		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30th September,		30th September,		30th September,		30th September,		30th September,	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	<u>60,212</u>	<u>210,787</u>	<u>240,472</u>	<u>97,534</u>	<u>5,986</u>	<u>5,736</u>	<u>2,575</u>	<u>2,472</u>	<u>309,245</u>	<u>316,529</u>
Segment results	<u>(3,105)</u>	<u>(1,877)</u>	<u>45,650</u>	<u>8,290</u>	<u>3,309</u>	<u>3,087</u>	<u>286</u>	<u>200</u>	<u>46,140</u>	<u>9,700</u>

3. Other revenue

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income from bank deposits	115	2,063
Interest income from mortgages	273	475
Gain on disposal of listed short term investment	–	3,798
Others	<u>1,022</u>	<u>1,595</u>
	<u>1,410</u>	<u>7,931</u>

4. Profit from operating activities

Profit from operating activities is arrived at after charging:

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	1,092	1,050
Staff costs (including directors' emoluments)	<u>9,044</u>	<u>7,197</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***5. Finance costs**

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans wholly repayable within five years	10,290	27,298
Bank loans wholly repayable after five years	6,943	756
Convertible guaranteed bonds	15,000	18,832
Bank overdrafts	–	40
	32,233	46,926
Less: Amounts capitalised under property development projects	16,491	19,570
	15,742	27,356
Accretion of convertible bond premium on redemption	–	3,776
Less: Amounts capitalised under property development projects	–	3,776
	–	–
Amortisation of bond issue expenses	2,103	2,686
Less: Amounts capitalised under property development projects	1,526	1,867
	577	819
Total finance costs	16,319	28,175

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***6. Tax**

	Six months ended	
	30th September,	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Hong Kong	40	36
Elsewhere	6,672	1,057
	6,712	1,093

The Group companies provide for tax on the basis of their income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period. Tax on the profits of subsidiaries operating elsewhere has been calculated at the rates of tax prevailing in their respective jurisdictions.

7. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders of HK\$4,519,000 (2001: net loss of HK\$29,712,000) and on 1,334,154,019 (2001: 1,334,154,019) shares of the Company in issue during the period.

The calculation of diluted earnings per share for the period ended 30th September, 2002 is based on the net profit from ordinary activities attributable to shareholders of HK\$5,017,000 as adjusted for the interest saving less deferred charges expensed on the conversion of the convertible guaranteed bonds into ordinary shares of the Company. The weighted average number of ordinary shares used in the calculation is the sum of the number of ordinary shares in issue during the period used in the basic earnings per share calculation of 1,334,154,019 and the number of 750,000,000 ordinary shares assumed to have been issued at no consideration on the deemed conversion of all convertible guaranteed bonds into ordinary shares of the Company during the period. The share options outstanding during the period ended 30th September, 2002 had no dilutive effect on the basic earnings per share for the period.

The diluted loss per share for the period ended 30th September, 2001 had not been shown as all convertible guaranteed bonds and share options outstanding during the period had an anti-dilutive effect on the basic loss per share for that period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***8. Prepayments, deposits and other receivables**

Included in prepayments, deposits and other receivables are trade receivables of HK\$64,366,000 (as at 31st March, 2002: HK\$40,935,000). An aged analysis of trade receivables is as follows:

	As at 30th September, 2002 (Unaudited) HK\$'000	As at 31st March, 2002 (Audited) HK\$'000
Current to 30 days	62,599	39,270
31-60 days	587	589
61-90 days	251	428
Over 90 days	929	648
	<hr/>	<hr/>
Total	<u>64,366</u>	<u>40,935</u>

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are followed up closely by management and provided in full in case of non-recoverability.

9. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are trade payables of HK\$5,131,000 (as at 31st March, 2002: HK\$18,036,000). An aged analysis of trade payables is as follows:

	As at 30th September, 2002 (Unaudited) HK\$'000	As at 31st March, 2002 (Audited) HK\$'000
Current to 30 days	5,131	18,036
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***10. Share capital**

There were no movements in the authorised, issued and fully paid share capital of the Company in the current interim period.

11. Reserves

	Share premium account (Unaudited) HK\$'000	Special capital reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1st April, 2001	126,628	533,659	(32)	10	(82,107)	580,685	1,158,843
Exchange realignments	-	-	-	-	(100)	-	(100)
Loss for the period	-	-	-	-	-	(29,712)	(29,712)
At 30th September, 2001	<u>126,628</u>	<u>533,659</u>	<u>(32)</u>	<u>10</u>	<u>(82,207)</u>	<u>550,973</u>	<u>1,129,031</u>
At 1st April, 2002	126,628	533,659	-	10	(82,082)	583,841	1,162,056
Exchange realignments	-	-	-	-	353	-	353
Profit for the period	-	-	-	-	-	4,519	4,519
At 30th September, 2002	<u>126,628</u>	<u>533,659</u>	<u>-</u>	<u>10</u>	<u>(81,729)</u>	<u>588,360</u>	<u>1,166,928</u>

As a result of the capital reduction of the Company effected on 17th October, 2000, a credit of HK\$533,658,876.40 was transferred from the share capital account to a special capital reserve account. The Company has undertaken that the special capital reserve:

- (a) shall not be treated as realised profit; and
- (b) shall, for so long as the Company remains a listed company (as defined in the Companies Ordinance), be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Companies Ordinance or any statutory re-enactment or modification thereof

provided always that the amount standing to the credit of the special capital reserve may be reduced by (i) the aggregate of any increase in the issued capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration; or (ii) upon a capitalisation of distributable reserves after the capital reduction.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***12. Commitments**

(a) Capital commitments

As at 30th September, 2002, the Group had authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties amounting to approximately HK\$182,673,000 (as at 31st March, 2002: HK\$227,916,000) and HK\$49,500,000 (as at 31st March, 2002: nil) respectively.

There are no amounts relating to jointly-controlled entities included in the above (as at 31st March, 2002: property development expenditure amounted to HK\$5,622,000).

(b) Lease commitments

The Group leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

As at 30th September, 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30th September, 2002 (Unaudited) HK\$'000	As at 31st March, 2002 (Audited) HK\$'000
Within one year	2,904	2,582
In the second to fifth years, inclusive	2,620	3,864
	<u>5,524</u>	<u>6,446</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***13. Related party transactions**

- (a) During the period, the Group had transactions with companies in which James Sai-Wing Wong, Madeline May-Lung Wong, William Chung-Yue Fan and Herman Man-Hei Fung, directors of the Company, had beneficial interests. The significant transactions are summarised below.

		Six months ended	
		30th September,	
		2002	2001
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Construction costs paid to related companies	<i>(i)</i>	9,170	29,733
Interests paid to a substantial shareholder	<i>(ii)</i>	7,050	6,384
Commissions paid to a substantial shareholder	<i>(iii)</i>	1,313	642
Legal and professional fees paid to a solicitor's firm in which a director of the Company is a consultant	<i>(iv)</i>	298	1,307
		_____	_____

Notes:

- (i) *Construction costs paid to related companies were agreed on an individual contract basis between the respective parties. Such costs were negotiated and charged on bases similar to those under contracts with third parties.*
- (ii) *The interests were paid to the substantial shareholder at a fixed coupon rate of 10% per annum for the convertible guaranteed bonds issued to the substantial shareholder as more fully described in paragraph (b) below.*
- (iii) *The commissions were paid to the substantial shareholder for provision of cash security for certain bank loans granted to the Company and were agreed and charged on bases taking into consideration the average borrowing cost of the Group. Please refer to paragraph (c) below for details.*
- (iv) *The directors consider that the provision of legal and professional services was made according to the standard prices and conditions similar to those offered to other clients of the solicitor's firm.*
- (b) In April 2001, the Group issued 10% convertible guaranteed bonds due April 2003 with a principal sum of HK\$300 million (the "Bonds"). Chinney Investments, as a substantial shareholder, and Patrick Yen-Tse Tsai, as a director, subscribed for the Bonds in the principal amount of HK\$141 million and HK\$2 million respectively. The subscriptions together with the Group's repurchase of the principal amount of US\$5,625,000 of the 5.3% convertible guaranteed bonds due July 2001 held by Chinney Investments were approved by the independent shareholders of the Company on 9th April, 2001. The Bonds were issued and allotted to Chinney Investments and Patrick Yen-Tse Tsai under the same terms and conditions as other independent bondholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Related party transactions *(Continued)*

- (c) In May 2001, the Group obtained bank loan facilities of HK\$150 million through cash collaterals provided by Lucky Year, a substantial shareholder of the Company. In consideration of Lucky Year's provision of the cash security, the Group agreed to pay a commission of 1.75% per annum on the average principal amount of the cash security outstanding during the term of the bank loans to Lucky Year and counter-indemnify Lucky Year in respect of the cash security. As security for the counter-indemnity, the Group mortgaged the entire issued share capital of two of its subsidiaries and assigned shareholders' loans in an aggregate amount of HK\$220,245,000 to Lucky Year. The connected financing arrangement was approved by the independent shareholders of the Company on 28th June, 2001.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

15. Approval of the interim financial statements

These condensed interim financial statements were approved and authorised for issue by the board of directors on 12th December, 2002.