

Interim Report 2002/2003



福海集團有限公司
FUJIAN GROUP LIMITED
(Incorporated in Hong Kong with limited liability)



CONTENTS

	<i>Pages</i>
1. Management Discussion and Analysis	2
2. Condensed Consolidated Income Statement	10
3. Condensed Consolidated Balance Sheet	11
4. Condensed Consolidated Statement of Changes in Equity	12
5. Condensed Consolidated Cash Flow Statement	13
6. Notes to the Condensed Consolidated Financial Statements	14



INTERIM RESULTS

The board of directors (the "Directors") of Fujian Group Limited (the "Company") and its subsidiaries (the "Group") are pleased to present the Group's Interim Report and condensed financial statements for the six-months ended 30 September 2002. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six-months ended 30 September 2002, and the consolidated balance sheet as at 30 September 2002 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 10 to 20 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover of the Group for the period ended 30 September 2002 was approximately HK\$9.95 million and net loss for the period amounted to approximately HK\$21.99 million. As at 30 September 2002, the Group's capital deficiency amounted to approximately HK\$439.84 million, compared to HK\$417.86 million as at 31 March 2002.

Business Review

The Group's major investment properties have been put under receivership by its mortgagee banks since last year. Certain investment properties under receivership have been force-sold during the period to settle a portion of the indebtedness outstanding to relevant banks. Rental income from investment properties for the six months ended 30 September 2002 was approximately HK\$1.64 million, representing a decrease of 61.61% in comparison to the corresponding period.

The hotel operation in Xiamen Plaza Hotel became the major business operation sustained by the Group now, though it has encountered the most difficult time with a recorded decline of revenue to approximately HK\$2.02 million during the period. The average room rate obtained at the hotel was approximately RMB261 and the average room occupancy was 49.0% as compared to RMB252 and 50.5% respectively for the corresponding period in 2001.

The Group's business activities have been consolidating. The Group's operations will be sustained in a minimal scale to prepare for its future revival after the restructuring process.



Prospect

The Group has already entered into a memorandum of understanding (the "MOU") on 29 May 2002 with certain potential investors, to invest in the Company and to arrange for financial assistance to the Group for its operations and to facilitate, inter alia, debt restructuring of the Group. It is expected that the Group will resume normal had any constructive restructuring plan and terms are jointly accepted by the major financial creditors.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2002, the interests of the directors in the share capital of the Company or any associated corporations (as defined under the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance")) as recorded in the register maintained under Section 29 of the SDI Ordinance were as follows:—

Name of director	Number of shares of HK\$0.125 each in the shares capital of the Company (the "Shares")			% of total issued shares
	Personal Interests	Corporate Interests	Total	
Mr. SO Sik	—	248,897,760 ^(a)	248,897,760	23.17
Mr. WANG Hai Min	200,000	—	—	0.02

Note:

- (a) Mr. SO Sik is interested in 248,897,760 shares by virtue of his ownership of 100% of the issued share capital of Pelota Worldwide Limited (in liquidation) ("Pelota"), which beneficially holds these 248,897,760 Shares. Pelota was put into liquidation on 8 November 2000 by a bank in Hong Kong.

Save as disclosed herein, as at 30 September 2002, none of the directors or the chief executives of the Company were beneficially interested in any equity or debt securities of the Company or any associated corporations (within the meaning of the SDI Ordinance) which are required to be recorded in the register kept under Section 29 of the SDI Ordinance or which are required to be notified to the Company.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 September 2002, no share options under the employees share option scheme of the Company were granted to the directors and remained outstanding.

Save as disclosed herein and in the paragraph under the heading "Directors' Interests in Shares" above, at no time during the period under review was the Company or any of its subsidiaries and associated corporations a party to any arrangements which enable a director or chief executive of the Company to acquire benefits by means of an acquisition of shares in or debentures of the Company or any other body corporate.



SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, and so far as the Directors are aware, the following are particulars of the parties, other than the directors or chief executives of the Company whose interests are disclosed above, having an interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries as recorded in the register of substantial shareholders required to be kept by the Company under Section 16(1) of the SDI Ordinance:—

	Number of Shares held	% of total issued shares
Pelota	248,897,760 ^(a)	23.17
Sino Earn Holdings Limited ("Sino Earn")	344,568,000 ^(b)	32.07
Fujian Huaxing Trust & Investment Company ("FHTI")	344,568,000 ^(b)	32.07
Fujian Huaxing Industrial Company ("FHIC")	344,568,000 ^(b)	32.07

Notes:

- (a) Pelota beneficially holds 248,897,760 Shares. The whole interests of Pelota are the direct and indirect interests held by Mr. SO Sik as disclosed above in the paragraph under the heading "Directors' Interests in Shares".
- (b) Sino Earn beneficially holds 344,568,000 Shares. Each of FHTI and FHIC is deemed interested in these 344,568,000 Shares by virtue of their being beneficially interested in 30% and 70% of the issued share capital of Sino Earn respectively. Both FHTI and FHIC are state-owned enterprises in PRC.

Save as disclosed herein, there is no person known to the Directors who, as at 30 September 2002, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2002 (2001: NIL).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's debt ratio measured by the total liabilities over the total assets was 332.37% as at 30 September 2002, compared to 232.21% as at 31 March 2002. The Group has been unable to meet most of the scheduled repayments due to its bankers and creditors since August 1999, and most of the Group's credit facilities were either frozen or due for repayment.



The Group is now still engaged with its major financial creditors for negotiating and concluding a formal debt restructuring scheme. Pursuant to the MOU entered into between the Company and a potential investor on 29 May 2002, a loan facility with maximum amount of HK\$5,000,000 was granted by the potential investors to support the daily operation of the Group in Hong Kong during the period. The investors and the Company are in the process of negotiation with the major financial creditors in respect of the debt restructuring proposal.

CAPITAL STRUCTURE

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars and Renminbi. As there is no significant fluctuation in exchange rate between the Hong Kong dollars and Renminbi, the Group believes its exposure to exchange rate risk is not material.

During the period, the Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposures.

Funding and treasury policies of existing subsidiaries in the Group are centrally managed and controlled by the top management in Hong Kong.

All the bank borrowings of the Group are at default rate since the Group was unable to meet most of the scheduled repayments starting from August 1999.

SIGNIFICANT INVESTMENTS HELD

There is no material change in the significant investments held by the Group during the six months ended 30 September 2002.

DISPOSAL OF CHARGED ASSETS

During the period under review, 4 mortgaged commercial units of the Group were force-sold by the mortgagee banks at a total consideration of HK\$115,280,000. Proceeds on disposal of the aforementioned properties were being applied by the relevant banks for direct settlement of outstanding interest and loans due and other relevant outgoings of the transactions.

STAFF

As at 30 September 2002, the Group's total number of employees was approximately 360, with most of them worked for the operations in Mainland China. Remuneration packages are generally structured by referring to the market terms and individual merits, which include mandatory provident fund scheme, employees share option scheme and medical insurance besides contracted salaries.



PLEDGE OF ASSETS

Bank loans of HK\$33,210,762 (31 March 2002: HK\$235,743,630) and bank overdrafts of HK\$NIL (31 March 2002: HK\$83,189,398) as at 30 September 2002 are secured by the Group's investment properties with carrying value amounting to HK\$16,200,000 (31 March 2002: 124,600,000).

The Group's investment properties with carrying value of HK\$11,400,000 as at 30 September 2002 (31 March 2002: HK\$11,400,000) are secured, among other securities, in favour of Sino Earn Holdings Limited for loan facilities granted to the Company amounting to HK\$145,455,569 (31 March 2002: HK\$145,288,265).

The Group's investment properties with carrying value of HK\$1,600,000 as at 30 September 2002 (31 March 2002: HK\$1,600,000) are secured in favour of a third party for a loan granted to the Company amounting to HK\$3,526,551 (31 March 2002: HK\$3,526,551).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period ended 30 September 2002, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company.

PUBLICATION OF INFORMATION OF THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website in due course.

AUDIT COMMITTEE

The Audit Committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters in relation to the preparation of the unaudited condensed financial statements for the six months ended 30 September 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

Throughout the period ended 30 September 2002 the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.



COMPLIANCE WITH PRACTICE NOTE 19 OF THE LISTING RULES

Details of the advances, financial assistance and guarantees provided by the Group to its jointly controlled entities disclosed pursuant to the Practice Note 19 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as at the latest practicable date on 30 September 2002 are set out as follows:—

(i) Loans to a jointly controlled entity

	<i>Note</i>	<i>HK\$</i>
Westly Limited (“Westly”)	<i>(a)</i>	<u>96,868,809</u>

Notes:

- (a) The Company holds 50% interest in Westly, and the remaining 50% interest of which is held by a third party independent of the Group. The principal asset of Westly is its 70% interest in Asian Eagle Limited, which is the developer of 12 three-storey detached garden townhouses at No. 23 Pik Sha Road, Pik Sha Wan, Sai Kung, New Territories, Hong Kong. The loans provided by the Company to Westly are mainly for financing the construction of the properties. The properties were granted the occupation permit on 26 November 1999 and all 12 houses were sold before 30 September 2002. The loan is unsecured, bearing interest of 12% per annum and repayable on demand.

(ii) Corporate guarantees given for banking facilities and subordinated loans granted to jointly controlled entity

	<i>HK\$</i>
MT Finance Limited (“MT”)	
(a) Extent of guarantee provided by the Company	<u>15,000,000</u>
(b) Banking facilities utilised that is guaranteed by the Company	<u>14,045,353</u>
(c) Kincheng Banking Corporation (“Kincheng”) has obtained debt judgment on 11 July 2001 against MT for the sum of HK\$13,698,713.97 due together with interest thereon at 17.5% p.a. from 5 September 2000 until full payment (HCA10431/2000). On 24 September 2001, Kincheng petitioned for winding up MT (HCW1094/2001) and on 26 February 2002, the winding-up petition was dismissed by withdrawal.	



COMPLIANCE WITH PRACTICE NOTE 19 OF THE LISTING RULES *(continued)*

- (iii) The proforma combined balance sheets of the jointly controlled entities and the Group's attributable interest thereof disclosed in accordance with paragraph 3.10 of the Practice Note 19 of the Listing Rules as at 30 September 2002 are set out as follows:—

	Proforma combined balance sheet <i>HK\$</i>	Group's attributable interest <i>HK\$</i>
NON-CURRENT ASSETS		
Fixed assets	—	—
Jointly controlled entity	—	—
	<u>—</u>	<u>—</u>
CURRENT ASSETS		
Other current assets	308,547	154,274
Cash and bank balances	3,808,291	1,904,145
	<u>4,116,838</u>	<u>2,058,419</u>
CURRENT LIABILITIES		
Other loans	2,500,000	1,250,000
Other current liabilities	5,364,106	2,682,053
Bank loans and overdrafts	14,045,353	14,045,353
	<u>21,909,459</u>	<u>17,977,406</u>
NET CURRENT LIABILITIES	(17,792,621)	(15,918,987)
LOANS AND AMOUNTS DUE TO SHAREHOLDERS	<u>(327,168,391)</u>	<u>(156,834,196)</u>
NET LIABILITIES	<u>(344,961,012)</u>	<u>(172,753,183)</u>
SHARE CAPITAL AND RESERVES	<u>(344,961,012)</u>	<u>(172,753,183)</u>

Note:

The above proforma financial information is prepared based on the unaudited management accounts each of the jointly controlled entities at the balance sheet date.



APPRECIATION

I would like to take this opportunity to express my appreciation to my fellow directors and all our staff for their support, hard work and dedication.

By Order of the Board
Fujian Group Limited
Huang Jian Guan
Chairman

Hong Kong, 16 December 2002



CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited) Six months ended 30th September	
	<i>Note</i>	2002 HK\$	2001 <i>HK\$</i>
Turnover	2	9,946,295	14,424,830
Other revenue		233,856	177,812
		10,180,151	14,602,642
Cost of properties sold		—	—
Staff costs		3,185,951	3,041,777
Depreciation		5,857,938	6,399,885
(Written back of provision)/Provision for impairment loss on interest in jointly controlled entities	3	(10,360,818)	62,862,213
Net (gain)/loss on disposals of charged investment properties	4	(4,792,875)	1,246,082
Other operating expenses	2	9,301,803	12,833,100
Total operating expenses		3,191,999	86,383,057
Operating profit/(loss)		6,988,152	(71,780,415)
Finance cost		(29,042,497)	(34,719,251)
Share of results of jointly controlled entities		—	(6,715,082)
Share of results of associates		75,330	155,876
Loss from ordinary activities before taxation		(21,979,015)	(113,058,872)
Taxation	5	(14,461)	(1,313,112)
Loss from ordinary activities after taxation		(21,993,476)	(114,371,984)
Minority interests		—	—
Loss attributable to the shareholders		(21,993,476)	(114,371,984)
Basic loss per share	6	2.0 cents	10.6 cents



CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2002 (Unaudited) HK\$	As at 31 March 2002 (Audited) HK\$
Non-current assets			
Fixed assets	7	157,708,422	271,423,643
Jointly controlled entities		—	—
Associates		14,495,686	16,434,817
		<u>172,204,108</u>	<u>287,858,460</u>
Current assets			
Loan to a jointly controlled entity		—	7,704,170
Amounts due from related companies		11,395,888	15,294,388
Accounts receivable, utility deposits and prepayments	8	2,767,221	2,073,785
Inventories, at cost		1,063,877	1,190,013
Cash and bank balances		1,850,379	1,935,801
		<u>17,077,365</u>	<u>28,198,157</u>
Total assets		<u>189,281,473</u>	<u>316,056,617</u>
Less: Liabilities			
Bank and other borrowings		485,708,867	570,393,577
Interests payable on borrowings		90,359,656	104,727,932
Obligations to jointly controlled entities		15,000,000	16,740,933
Accounts payable, accrued charges and tenants' deposits	9	26,751,819	30,756,243
Taxation		6,982,064	6,982,064
Unclaimed dividends		81,573	81,573
Loans from minority shareholders		4,237,716	4,237,716
		<u>629,121,695</u>	<u>733,920,038</u>
Total liabilities		<u>629,121,695</u>	<u>733,920,038</u>
Less: Minority interests		—	—
		<u>(439,840,222)</u>	<u>(417,863,421)</u>
Capital and reserves			
Share capital	10	134,291,046	134,291,046
Reserves		(574,131,268)	(552,154,467)
		<u>439,840,222</u>	<u>(417,863,421)</u>



STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2002 (Unaudited)

	Share capital HK\$	Share Premium HK\$	Capital reserve HK\$	Investment properties revaluation reserve attributable to associates HK\$	Exchange fluctuation HK\$	Accumulated losses HK\$	Total HK\$
At 1 April 2002	134,291,046	498,369,397	20,309,992	8,129,866	(33,454)	(1,078,930,267)	(417,863,420)
Exchange difference on translation	—	—	—	—	16,674	—	16,674
Loss for the period	—	—	—	—	—	(21,993,476)	(21,993,476)
At 30 September 2002	<u>134,291,046</u>	<u>498,369,397</u>	<u>20,309,992</u>	<u>8,129,866</u>	<u>(16,780)</u>	<u>(1,100,923,743)</u>	<u>(439,840,222)</u>

Six months ended 30 September 2001 (Unaudited)

At 1 April 2001	134,291,046	498,369,397	20,309,992	8,796,533	0	(883,461,791)	(221,694,823)
Exchange difference on translation	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(114,371,984)	(114,371,984)
At 30 September 2001	<u>134,291,046</u>	<u>498,369,397</u>	<u>20,309,992</u>	<u>8,796,533</u>	<u>—</u>	<u>(997,833,775)</u>	<u>(336,066,807)</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited) Six months ended 30 September 2002 HK\$	2001 HK\$
Net cash outflow from operating activities	<u>(50,288,977)</u>	<u>(12,130,306)</u>
Net cash inflow from investing activities	<u>135,328,443</u>	<u>66,159,151</u>
Net cash outflow from financing	<u>(60,281,019)</u>	<u>(59,280,950)</u>
Net increase/(decrease) in cash and cash equivalents	24,758,447	(5,252,105)
Cash and cash equivalents at 1 April	(81,253,597)	(70,686,195)
Effect of foreign exchange rate changes	<u>(378,477)</u>	—
Cash and cash equivalents at 30 September	<u>(56,873,627)</u>	<u>(75,938,300)</u>
Analysis of cash and cash equivalents		
Cash and bank balances	1,850,379	1,220,931
Bank overdrafts	<u>(58,724,006)</u>	<u>(77,159,231)</u>
	<u>(56,873,627)</u>	<u>(75,938,300)</u>



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants and with the Appendix 16 to the Listing Rules.

These condensed financial statements should be read in conjunction with the 2002 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual accounts for the year ended 31 March 2002 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2002.

SSAP 1 (revised)	:	Presentation of Financial Statements
SSAP11 (revised)	:	Foreign Currency Translation
SSAP15 (revised)	:	Cash Flow Statements
SSAP25 (revised)	:	Interim Financial Reporting
SSAP33	:	Discontinuing Operations
SSAP34	:	Employee Benefits

The adoption of the above standards does not have material impact on amounts reported in prior period and certain comparative figures for prior period have been restated to reflect new disclosure requirements.



2. Segmental information

The Group is principally engaged in property investment and development and hotel operation.

The Group's revenue and operating loss for the period analysed by principal activities and geographical location are as follows:—

(a) Business Segments

Six months ended 30 September 2002 (Unaudited)

	Property investment and development <i>HK\$</i>	Hotel operation <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Revenue from external customers	1,641,405	8,304,890	—	9,946,295
Other revenue from external customers	—	—	233,856	233,856
Total	<u>1,641,405</u>	<u>8,304,890</u>	<u>233,856</u>	<u>10,180,151</u>
Segment results	1,611,252	(6,046,341)	—	(4,435,089)
Unallocated corporate income				11,423,241
Profit from operations				6,988,152
Finance costs				(29,042,497)
Share of results of jointly controlled entities				—
Share of results of associates				75,330
Loss from ordinary activities before taxation				(21,979,015)
Taxation				(14,461)
Loss from ordinary activities after taxation				(21,993,476)
Minority interests				—
Net loss attributable to the shareholders				<u>(21,993,476)</u>



2. Segmental information *(continued)*

(a) Business Segments *(continued)*

Six months ended 30 September 2001 (Unaudited)

	Property investment and development HK\$	Hotel operation HK\$	Unallocated HK\$	Consolidated HK\$
Revenue from external customers	4,276,204	10,326,438	—	14,602,642
Other revenue from external customers	—	—	177,812	177,812
Total	<u>4,276,204</u>	<u>10,326,438</u>	<u>177,812</u>	<u>14,780,454</u>
Segment results	3,404,650	(7,155,655)	—	(3,751,005)
Unallocated corporate expenses				<u>(68,029,410)</u>
Loss from operations				(71,780,415)
Finance costs				(34,719,251)
Share of results of jointly controlled entities				(6,715,082)
Share of results of associates				<u>155,876</u>
Loss from ordinary activities before taxation				(113,058,872)
Taxation				<u>(1,313,112)</u>
Loss from ordinary activities after taxation				(114,371,984)
Minority interests				<u>—</u>
Net loss attributable to the shareholders				<u>(114,371,984)</u>

No inter-segment sales and transfers were transacted during the current and prior years.



2. Segmental information *(continued)*

(b) Geographical segments

The following table presents revenue, profit/(loss) for the Group's geographical segments:

	Hong Kong		PRC	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Segment revenue:				
Revenue from external customers	<u>1,641,405</u>	4,276,204	<u>8,304,890</u>	10,326,438
Segment results	<u>1,611,252</u>	<u>3,404,650</u>	<u>(6,046,341)</u>	<u>(7,155,655)</u>

No inter-segment sales and transfers were transacted during the current and prior years.

3. Written back of provision on interest in jointly controlled entities

The written back of provision on the Company's interest in a jointly controlled entity, Westly Limited ("Westly"), was recognized to state such an interest to its recoverable amount, when the joint venture development project at Pik Sha Wan has been sold and the Company's loans to Westly has been partially recovered.

4. Net (gain)/loss on disposals of charged investment properties

The net gain or loss on disposals of charged investment properties was arising on the enforcement of the mortgages on certain investment properties of the Group by the banks during the period. The aggregate consideration of the disposals amounted to HK\$114,618,204, which was not being classified as the Group's turnover during the period. The outgoings incurred on the disposals amounted to HK\$1,425,329. The aggregate carrying value of the investment properties just before their disposals was HK\$108,400,000.

5. Taxation

	(Unaudited) Six months ended 30 September	
	2002 HK\$	2001 HK\$
Hong Kong profits tax		
Company and subsidiaries	—	1,271,819
Share of taxation attributable to associates	<u>14,461</u>	<u>41,293</u>
	<u>14,461</u>	<u>1,313,112</u>



5. Taxation (continued)

- (a) Hong Kong profits tax is calculated at the rate of 16% (2001: 16%) on the estimated assessable profits of the Group derived from Hong Kong. No provision for Hong Kong profits tax has been made as the Company and its subsidiaries did not have any assessable profits for the period.
- (b) No provision for PRC income tax has been made, as there were no assessable profits of the subsidiary operating in China during the period.
- (c) There is no material unprovided deferred taxation for the period.

6. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to the shareholders for the period ended 30 September 2002 of HK\$21,993,476 (2001: HK\$114,371,984) and the 1,074,328,367 shares (2001: 1,074,328,367 shares) in issue during the period.

7. Investment properties

The Directors are of the opinion that the market value of the Group's investment properties as at 30 September 2002 is not materially different from the carrying value of the investment properties. Accordingly, no valuation movement has been recognized in respect of the Group's investment properties in the period.

8. Accounts receivable, utility deposits and prepayments

The Group allows an average credit period ranging from 30-90 days to its trade customers.

Included in accounts receivable, utility deposits and prepayments are trade receivables of HK\$1,839,257 (31 March 2002:HK\$1,189,094). The ageing analysis of trade receivables was as follows:—

	(Unaudited) 30 September 2002 HK\$	(Audited) 31 March 2001 HK\$
0 – 30 days	299,323	210,812
31 – 60 days	161,391	158,289
61 – 90 days	107,950	46,002
> 90 days	1,270,593	773,991
	<u>1,839,257</u>	<u>1,189,094</u>



9. Accounts payable, accrued charges and tenants' deposits

Included in accounts payable, accrued charges and tenants' deposits are trade payables of HK\$23,868,534 (31 March 2002: HK\$26,088,228). The ageing analysis of trade payables was as follows:—

	(Unaudited) 30 September 2002 HK\$	(Audited) 31 March 2002 HK\$
0 – 180 days	3,259,751	9,098,584
> 180 days	20,608,783	16,989,644
	<u>23,868,534</u>	<u>26,088,228</u>

10. Share capital

There were no movements in the share capital of the Company in the current interim reporting period.

11. Pledge of assets

At 30 September 2002, bank loans of HK\$33,210,762 (31 March 2002: HK\$235,743,630) and bank overdrafts of HK\$NIL (31 March 2002: HK\$83,189,398) were secured by the Group's investment properties of carrying value amounted to HK\$16,200,000 (31st March 2002: HK\$124,600,000). The Group's investment properties with carrying value of HK\$11,400,000 (31 March 2002: HK\$11,400,000) was secured, among other securities, in favour of Sino Earn Holdings Limited ("Sino Earn") for loan facilities granted amounting to HK\$145,455,569 (31 March 2002: HK\$145,288,265).

12. Contingent liabilities

Contingent liabilities in respect of guarantees provided by the Company for outstanding loan facilities utilised by jointly controlled entities amounted to HK\$NIL as at 30 September 2002 (31 March 2002: HK\$7,259,067).



13. Related party transactions

During the period, the Group had the following transactions with related parties:—

		(Unaudited) Six months ended 30th September	
	<i>Note</i>	2002 HK\$	2001 <i>HK\$</i>
Office rental paid to Sino Earn	<i>(a)</i>	<u>204,900</u>	<u>204,900</u>

- (a) The office rental related to the provision of the existing office premises of the Company by Sino Earn.

In the opinion of the Directors, the above transactions were conducted in the ordinary course of the Group's business.

14. Post balance sheet events

On 1 November 2002, the Labour Tribunal ordered that the Labour Tribunal Claim No. LBTC 8170/2002 regarding the claim from two former directors (the "Claimants") for arrears of wages and other related claims for the total sum of HK\$5,722,580.60 be consolidated with the High Court Action No. 3576/2002 regarding a writ of summons against the Claimants for wrongful breach of their duties owed to the Group and as a result thereof losses and damages have been suffered by the Group in the sum of not less than and transferred to the High Court in which the consolidated case will be heard.