



NEW CITY (BEIJING) DEVELOPMENT LIMITED

新城市 (北京) 建設有限公司

Interim Report 2003



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MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results

For the period under review, the Group's turnover and net loss amounted to HK\$872,000 and HK\$44,077,000 respectively, whereas the figures for the corresponding period of 2002 was HK\$1,188,000 and HK\$17,271,000 respectively. Loss per share for the period was HK cents 16.22.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2003 (2002: nil).

Review of Operations

During the period under review, a PRC subsidiary of the Group has concluded an agreement with its major creditors under which the creditors agreed to support the ongoing development of China Securities Plaza, which is situated on a prime location in Beijing Finance Street. The penalty interest of approximately RMB69 million will be waived provided that the PRC subsidiary repays the agreed instalments as they become due. The first instalment of RMB80 million has been paid on time out of the shareholder's loan provided by purchaser as referred to below.

The Group has also completed the disposal of 49% interest in Tong Sun Limited during the period. The purchaser has agreed to provide to the Group an interest free and an interest bearing loan in the sums of HK\$165 million and HK\$45 million respectively.

With such efforts of the management, the financial burden of the Group has been eased. This has significantly facilitated the further development of China Securities Plaza and improvement of the Group's results and financial position.

Recent Development of China Securities Plaza

During the period under review, the Group rescheduled the development plan of China Securities Plaza with the view to complete the disposal of a 49% interest in Tong Sun Limited. Besides, the Group was engaged in negotiations with certain major potential buyers in PRC regarding the wholesale disposal of China Securities Plaza. In order to expedite the negotiations, the functions and development plan were adjusted in accordance with the requirements of these potential buyers. The Group expected that the construction work would proceed in full scale in October 2003.

Prospects

Steering by a professional and down-to-earth management under a collective accountability system, the Group's PRC subsidiary has successfully reached a settlement agreement with its major creditors and has secured their full support. In addition, the disposal of a 49% interest in Tong Sun Limited was also completed during the period under review. The financial burden of the Group has therefore been relieved substantially.

Strategically located in Beijing Finance Street, China Securities Plaza has attracted many potential buyers. The sales of the property will generate steady cash inflow and income for the Group and lay down a solid foundation for the future development of the Group.

With the support of our bankers, creditors and new business partners, and in light of increasing demand for office premises in Beijing Finance Street, the Board is confident for the future improvement of the Group's operating results and financial position.

Review of results

The deterioration of the operating results of the Group during the period ended 30 June 2003 was primarily attributable to:—

- a) No property sales and drop in rental income;
- b) Due to the construction plan adjustment as referred above, development work for China Securities Plaza did not proceed in full scale. The related borrowing costs of approximately HK\$8 million were expensed to the income statement;
- c) Included in administrative expenses, legal and professional fees of approximately HK\$11 million, out of which approximately HK\$8 million related to the restructuring of the Group, litigation costs and compensation of approximately HK\$5 million.

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding Requirements

As at 30 June 2003, the Group's borrowings have been reduced to approximately HK\$382,814,000. Of the total bank borrowings, HK\$337,814,000 is repayable within one year.

The gearing ratio (total debts/total assets of the Group) was 1.23 as at 30 June 2003 (as at 31 December 2002: 1.20). The liquidity of the Group as at 30 June 2003 has been improved, the cash and bank balances increased to approximately HK\$50 million, and the current ratio of the Group as at 30 June 2003 (current assets/current liabilities) was 0.74 (as at 31 December 2002: 0.67).

The net current liabilities of the Group has improved primarily due to two long-term loans of HK\$95 million (interest free) and HK\$45 million (bearing interest at 6% per annum) with maturity date on 22 June 2005.

The majority of the Group's operations are located in the PRC, and the main operational currencies are Hong Kong Dollars and Renminbi, there is no significant exchange rate fluctuation during the period under review. Therefore, it is not necessary for the Group to make any foreign currency hedging arrangement to minimize the foreign exchange risk and exposure.

Pledge of assets

As at 30 June 2003, certain properties with aggregate carrying value of approximately HK\$890 million (as at 31 December 2002: approximately HK\$883 million) have been pledged to secure the bank loans granted to the Group. In addition, charges for certain properties of the Group with aggregate value of approximately HK\$4 million as at 30 June 2003 were also ordered by the court following the legal actions taken by certain creditors.

Contingent Liabilities

As at 30 June 2003, contingent liabilities of the Group amounted to (a) approximately RMB30 million in respect of a claim of the refund of the deposit previously paid by a customer together with the interests and (b) approximately HK\$9 million in respect of the guarantees provided for the mortgage facilities granted by a bank to the buyers of the properties developed by the Group.

Staff

As at 30 June 2003, the Group has employed about 60 employees in both PRC and Hong Kong. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed annually with reference to the then prevailing market employment practices and legislation.

OTHER INFORMATION

Directors' Interest and Short Positions in Securities

As at 30 June 2003, the interest and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as follows:—

(i) Long position in the shares of the Company

Name of Director	Number of shares held and nature of interest				% of the total issued shares as at 30 June 2003
	Personal	Corporate	Other	Total	
Han Junran, <i>Chairman</i>	13,587,900 (Note 1)	—	—	13,587,900	5%

Note :

- (1) Pursuant to a share charge entered into between New Rank Groups Limited and Mr. Han Junran as chargors and Starry Joy Properties Investment Ltd. ("Starry Joy"), a wholly owned subsidiary of Continental Mariner Investment Company Limited ("CMIC"), as chargee dated 23 June, 2003, among other things, Mr. Han Junran charged his interest in 5% of the issued share capital of the Company, representing 13,587,900 shares of the Company, in favour of Starry Joy.

(ii) Long position in underlying shares of the Company

Name of Director	Nature of interest	Number of equity derivatives held (share options)	Number of underlying shares (ordinary shares)	% of the total issued shares as at 30 June 2003
Han Junran, <i>Chairman</i>	Personal	5,000,000	5,000,000	1.84%

Further details of the share options held by Directors are shown in the section headed "Information on Share Option Scheme" of this report.

Save as disclosed above and certain nominee shares in subsidiaries held by the Director in trust for the Group, none of the Directors or chief executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2003 which is required to be recorded in the register to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Information on Share Option Scheme

As at 30 June 2003, details of share options granted to the Directors and employees of the Group were as follows:—

Name of grantees	Date of Grant	Vesting Period	Exercise Period	Exercise Price (HK\$)	Number of share options			Cancelled/ Lapsed during the period	Balance as at 30 June 2003
					Balance as at 1 January 2003	Granted during the period	Exercised during the period		
Han Junran, <i>Chairman</i>	15.2.2001	15.2.2001 to 14.2.2004	15.2.2001 to 14.2.2004	0.69	5,000,000	—	—	—	5,000,000
Leung Kwo, <i>director</i> <i>(resigned on 16.12.2002)</i> <i>(Note)</i>	27.7.2000	27.7.2000 to 26.7.2003	27.7.2000 to 26.7.2003	1.04	1,450,000	—	—	—	1,450,000
Employees	21.2.2001	21.2.2001 to 20.2.2004	21.2.2001 to 20.2.2004	0.96	1,000,000	—	—	—	1,000,000
					<u>7,450,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,450,000</u>

Note : The option granted to Mr. Leung Kwo, a former director and chairman of the Company, was lapsed on 26 July 2003 upon the expiry of the exercise period.

Save as disclosed above, no other options were outstanding, granted, exercised, cancelled or lapsed under the share option scheme of the Company during the six months ended 30 June 2003. Similarly, none of the spouses or children under the age of 18 of the Directors had any rights to subscribe for securities of the Company or had exercised any such rights during the six months ended 30 June 2003.

Substantial Shareholders' Interests and Short Positions

As at 30 June 2003, the shareholders (other than Directors or chief executive of the Company) interested in 5% or more in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as follows:—

Name	Capacity	Number of shares (Long Position ("L")/Short Position ("S"))	Approximate percentage of holding (Long Position ("L")/Short Position ("S"))
Continental Mariner Investment Company Limited	Person having a security interest in shares <i>(Note 1)</i>	67,939,500(L)	25%(L)
New Rank Groups Limited ("NRG")	<i>(Notes 1 and 2)</i>	54,351,600(L) 54,351,600(S)	20%(L) 20%(S)
Silver World Limited	<i>(Note 3)</i>	54,351,600(L) 54,351,600(S)	20%(L) 20%(S)
Royal Bank of Canada Trust Company (Cayman) Limited	<i>(Note 4)</i>	54,351,600(L) 54,351,600(S)	20%(L) 20%(S)
Wei Ping	Beneficial owner	39,620,000(L)	14.58%(L)
Lu Shu Guang	<i>(Notes 1 and 5)</i>	13,587,900(L)	5%(L)

Notes :

- (1) Pursuant to a share charge entered into between NRG and Mr. Han Junran as chargors and Starry Joy, a wholly owned subsidiary of CMIC, as chargee dated 23 June, 2003, NRG and Mr. Han Junran charged their respective interests in 20% and 5% of the issued share capital of the Company, representing 54,351,600 shares and 13,587,900 shares of the Company respectively, in favour of Starry Joy. By virtue of its shareholdings in Starry Joy, CMIC is deemed to be interested in 67,939,500 shares of the Company under the SFO.
- (2) NRG is a wholly-owned subsidiary of Silver World Limited which is, in turn, wholly-owned by Royal Bank of Canada Trust Company (Cayman) Limited ("Royal Bank Trustee")
- (3) Royal Bank Trustee is the trustee of a discretionary trust called New Rank Trust. The beneficiaries of the New Rank Trust include a holding company and its wholly owned subsidiary and certain relatives of Mr. Leung Kwo and Ms. Lau Shun (formerly known as Lau Suen), wife of Mr. Leung Kwo, provided that such individuals are not residents of Canada for tax purpose nor residents of the PRC. The holding company is wholly owned by another discretionary trust called Hold Trust.
- (4) The beneficiaries under the Hold Trust include the lineal descendants (together with their spouses) of every degree of consanguinity of the paternal grandfather and maternal grandfather of each of Mr. Leung Kwo and Ms. Lau Shun provided that they are not residents of Canada for tax purposes or residents of the PRC.
- (5) Ms. Lu Shu Guang is the spouse of Mr. Han Junran, a director and chairman of the Company. Ms. Lu is deemed to be interested in the 13,587,900 shares of the Company held by Mr. Han Junran under the SFO.

Save as disclosed above, the Directors are not aware of any other persons (other than the Directors and chief executive of the Company) who have interest or short positions representing 5% or more of the issued share capital of the Company as at 30 June 2003 which is required to be recorded in the register pursuant to Section 336 of the SFO.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2003. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2003.

COMPLIANCE WITH THE 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 30 June 2003 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial statements of the Company for the six months ended 30 June 2003.

By Order of the Board
Han Junran
Chairman

Hong Kong, 19 September 2003

INTERIM RESULTS

The Board of Directors ("Board") of New City (Beijing) Development Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2003 together with the comparative figures for the corresponding period in 2002 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2003

		(Unaudited)	
		Six months ended	
		30 June	
	Notes	2003 HK\$'000	2002 HK\$'000
TURNOVER	3	872	1,188
OTHER REVENUE	3	147	3,403
ADMINISTRATIVE EXPENSES		<u>(33,551)</u>	<u>(18,457)</u>
LOSS FROM OPERATING ACTIVITIES		(32,532)	(13,866)
FINANCE COSTS		<u>(11,545)</u>	<u>(3,435)</u>
LOSS BEFORE TAXATION		(44,077)	(17,301)
TAXATION	4	<u>—</u>	<u>—</u>
LOSS AFTER TAXATION		(44,077)	(17,301)
MINORITY INTERESTS		<u>—</u>	<u>30</u>
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		<u>(44,077)</u>	<u>(17,271)</u>
DIVIDENDS	5	<u>—</u>	<u>—</u>
LOSS PER SHARE			
Basic and diluted (Hong Kong cents)	6	<u>(16.22)</u>	<u>(6.36)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2003

	Notes	At 30 June 2003 HK\$'000 (Unaudited)	At 31 December 2002 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Investment properties	7	156,852	156,852
Property, plant and equipment	9	82,531	83,734
Restricted cash	12	487	521
		239,870	241,107
CURRENT ASSETS			
Property under development for sale		718,113	710,307
Prepayments and other receivables		62,934	54,097
Amount due from a former director		—	986
Amounts due from former related companies		—	7,009
Accounts receivable	10	18,619	18,993
Restricted bank balances		—	23,434
Bank balances and cash		50,590	1,879
		850,256	816,705
CURRENT LIABILITIES			
Taxes payable		169,157	169,942
Accruals and other payables		174,243	180,972
Advances from customers		62,750	51,053
Accounts payable	11	205,796	201,119
Bank borrowings		337,814	337,496
Amounts due to former related companies		—	179
Land development cost payable		204,140	277,107
Current portion of obligations under finance leases		100	100
		1,154,000	1,217,968
NET CURRENT LIABILITIES		(303,744)	(401,263)
TOTAL ASSETS LESS CURRENT LIABILITIES		(63,874)	(160,156)
NON-CURRENT LIABILITIES			
Long-term payables		141,642	46,642
Long-term payable, interest bearing		45,000	—
Bank borrowings		—	101
Obligations under finance leases		158	200
		186,800	46,943
		(250,674)	(207,099)
CAPITAL AND RESERVES			
Share capital	13	272	272
Reserves		(250,946)	(207,371)
		(250,674)	(207,099)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2003

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2003, as previously reported	272	20,773	4,755	47,132	6,681	1,664	(288,376)	(207,099)
Prior year adjustment (note 2)	—	—	—	(15,554)	(2,205)	—	17,759	—
At 1 January 2003, as restated	272	20,773	4,755	31,578	4,476	1,664	(270,617)	(207,099)
Exchange realignments	—	—	—	—	—	502	—	502
Loss for the period	—	—	—	—	—	—	(44,077)	(44,077)
At 30 June 2003	<u>272</u>	<u>20,773</u>	<u>4,755</u>	<u>31,578</u>	<u>4,476</u>	<u>2,166</u>	<u>(314,694)</u>	<u>(250,674)</u>
At 1 January 2002, as previously reported	272	20,773	4,755	63,367	58,093	1,664	(151,267)	(2,343)
Prior year adjustment (note 2)	—	—	—	(20,911)	(19,171)	—	12,118	(27,964)
At 1 January 2002, as restated	272	20,773	4,755	42,456	38,922	1,664	(139,149)	(30,307)
Loss for the period	—	—	—	—	—	—	(17,271)	(17,271)
Deferred tax effect on revaluation	—	—	—	3,240	1,759	—	—	4,999
Net deficit on revaluation	—	—	—	(9,819)	(5,328)	—	—	(15,147)
At 30 June 2002	<u>272</u>	<u>20,773</u>	<u>4,755</u>	<u>35,877</u>	<u>35,353</u>	<u>1,664</u>	<u>(156,420)</u>	<u>(57,726)</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2003

	(Unaudited)	
	Six months ended 30 June 2003 HK\$'000	Six months ended 30 June 2002 HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(80,467)	(93,296)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	51	(3,749)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	128,643	(32,370)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	48,227	(129,415)
EFFECT OF FOREIGN EXCHANGE RATES	484	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF SIX MONTHS	1,879	196,306
CASH AND CASH EQUIVALENTS AT END OF SIX MONTHS	<u>50,590</u>	<u>66,891</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks and in hand	<u>50,590</u>	<u>66,891</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2003

1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (“SSAP”) No. 25 “interim financial reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention as modified for revaluation of certain properties.

Adoption of revised SSAP

The accounting policies and basis of preparation adopted for the preparation of the interim financial report are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2002, except that the Group has adopted the revised SSAP 12 “Income Taxes” issued by the Hong Kong Society of Accountants which is effective for accounting period commencing on or after 1 January 2003 to account for deferred taxation.

In previous years, deferred taxation was accounted for in respect of timing differences between profits as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or receivable in the foreseeable future. Pursuant to the revised SSAP 12, deferred taxation is provided in full, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values in the accounts. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively and the comparative figures have been restated accordingly. This change in accounting policy has not affect the loss attributable to shareholders for the six months ended 30 June 2003 and 2002 respectively. The opening reserves as at 1 January 2003 and 2002 have been unchanged and reduced by HK\$27,964,000 respectively.

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

3. SEGMENT INFORMATION

The Group's turnover and contribution to operating loss before taxation for the six months ended 30 June 2003 and 2002, analysed by principal activity are as follows:

	Property development		Property investment		Unallocated		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Turnover	—	—	872	1,188	—	—	872	1,188
Other income	52	—	68	3,403	27	—	147	3,403
	<u>52</u>	<u>—</u>	<u>940</u>	<u>4,591</u>	<u>27</u>	<u>—</u>	<u>1,019</u>	<u>4,591</u>
Segment results:								
Net loss	<u>(21,975)</u>	<u>—</u>	<u>(10,571)</u>	<u>(17,301)</u>	<u>(11,531)</u>	<u>—</u>	<u>(44,077)</u>	<u>(17,301)</u>

No geographical analysis of the Group's consolidated turnover and contribution is shown as the operating business of the Group is solely carried out in Beijing, The People's Republic of China (the "PRC").

4. TAXATION

Income Tax

The companies of the Group which are operating in Hong Kong are subject to profits tax at the rate of 17.5% (six months ended 30 June 2002: 16%) on the estimated assessable profit arising in or derived from Hong Kong for the period. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for Hong Kong Profits Tax for the six months ended 30 June 2003 and 2002 respectively.

The companies of the Group which are operating in the PRC are subject to enterprise income tax at a rate of 33%. No provision for PRC enterprise income tax has been made as the Group has no assessable income for PRC tax for the six months ended 30 June 2003 and 2002 respectively.

Land Appreciation Tax

Land appreciation tax is levied at progressive rates ranging from 30% to 60% on the balance of the proceeds received on transfer of real properties after deducting certain items including consideration paid for acquisition of land use rights, land development costs incurred, construction costs and taxes paid in relation to the transfer of real properties.

Business Tax

The Group is subject to the business tax at 5% on its turnover and other revenue.

The change in accounting policy in accordance with the revised SSAP 12 "Incomes Taxes" to account for deferred taxation has been applied retrospectively and the comparative amounts previously reported have been restated accordingly.

As at 30 June 2003, the amount of unprovided deferred taxation in respect of estimated taxation loss amounted to HK\$13,431,000 (as at 31 December 2002: HK\$2,914,000).

5. DIVIDENDS

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2003 (six months ended 30 June 2002: HK\$nil).

6. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2003 is based on the net loss attributable to shareholders of HK\$44,077,000 (six months ended 30 June 2002: HK\$17,271,000) and the weighted average number of 271,758,000 ordinary shares in issue during the six months ended 30 June 2003 (six months ended 30 June 2002: 271,758,000 ordinary shares).

The computation of diluted loss per share for 30 June 2003 and 30 June 2002 does not assume the exercise of the Company's outstanding options as their exercise would result in decrease in loss per share.

7. INVESTMENT PROPERTIES

The investment properties are held outside Hong Kong under medium term lease.

8. DEPRECIATION

During the period, depreciation of HK\$1,261,000 (2002: HK\$1,667,000) was charged in respect of the Group's property, plant and equipment.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired approximately HK\$65,000 (2002: HK\$664,000) property, plant and equipment.

10. ACCOUNTS RECEIVABLE

Accounts receivable with aging analysis:

	At 30 June 2003 HK\$'000	At 31 December 2002 HK\$'000
Within 3 months	—	—
4 - 6 months	92	—
7 - 9 months	—	—
10 - 12 months	—	—
Over 1 year	18,527	18,993
	<hr/> 18,619 <hr/>	<hr/> 18,993 <hr/>

11. ACCOUNTS PAYABLE

Accounts payable with aging analysis:

	At 30 June 2003 HK\$'000	At 31 December 2002 HK\$'000
Within 3 months	—	20,464
4 - 6 months	5,189	8,562
7 - 9 months	67,096	2,827
10 - 12 months	8,570	10,586
Over 1 year	124,941	158,680
	205,796	201,119

12. RESTRICTED CASH

As at 30 June 2003, pursuant to the terms of certain guarantee agreements, cash of approximately HK\$487,000 were designated as guarantee against mortgage facilities provided by a bank to the buyers of the Group's properties (see note 14(1) below). Accordingly, the use of such cash balances is restricted.

13. SHARE CAPITAL

	At 30 June 2003 HK\$'000	At 31 December 2002 HK\$'000
Authorised:		
500,000,000 ordinary shares of HK\$0.001 each	500	500
Issued and fully paid:		
271,758,000 ordinary shares of HK\$0.001 each	272	272

14. CONTINGENT LIABILITIES

- (1) The Group had provided guarantees for mortgage facilities granted by a bank to the buyers of properties developed by the Group. In addition, bank balances of approximately HK\$487,000 as at 30 June 2003 (as at 31 December 2002: HK\$521,000) were restricted as guarantee for those mortgages. As at 30 June 2003, the outstanding amount of the above mentioned mortgage facilities for which the Group had provided guarantees amounted to approximately HK\$9,296,000 (as at 31 December 2002: HK\$8,477,000).

- (2) During the year ended 31 December 2002, a purchaser of a unit of the Group's property under development for sale in the PRC took legal action to cancel the sale and purchase agreement of the aforesaid unit and to claim the refund of the deposits of RMB30 million paid together with interest and applied to freeze the bank balances or equivalent assets of the Group to the extent of RMB30 million. On 8 January 2003, the PRC court ordered that the Group was liable to refund the deposits together with interest to the purchaser. On 31 March 2003, the Group appealed to the PRC court to object the decision based on the fact that the evidence provided by the purchaser was not valid. The Directors of the Group, based on the opinion of the independent legal advisers, considered that the claim from the purchaser would be overruled and no provision for the loss in the financial statements was necessary.

15. CAPITAL AND CONSTRUCTION COMMITMENTS

As at 30 June 2003, the Group had the following capital and construction commitments:

	At 30 June 2003 HK\$'000	At 31 December 2002 HK\$'000
Capital expenditure in relation to the property, plant and equipment contracted but not provided for	—	2,390
Capital expenditure in relation to the property under development contracted but not provided for	16,274	20,059
Capital expenditure in relation to the property under development authorised but not contracted for	576,347	567,079
	592,621	589,528

16. PLEDGED OF ASSETS

As at 30 June 2003, the Group had pledged its properties under development and certain investment properties and land and building with an aggregate net book value of HK\$718,113,000 and HK\$172,720,000 respectively (as at 31 December 2002: HK\$710,307,000 and HK\$172,720,000 respectively) to secure bank loans granted to its subsidiaries. Charges of certain investment properties and land and building with aggregate carrying value of HK\$3,760,000 as at 30 June 2003 (as at 31 December 2002: HK\$23,430,000) have been ordered by the court in the PRC following the legal action taken by creditors of the Group.