

## NOTES TO THE UNAUDITED CONDENSED INTERIM ACCOUNTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 (revised), "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA").

These unaudited condensed consolidated interim accounts should be read in conjunction with the annual accounts of the Group for the year ended 30th April 2003 (the "Annual Accounts").

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim accounts are consistent with those used in the Annual Accounts except that the Group has changed certain of its accounting policies following its adoption of SSAP 12 (revised), "Income Taxes" issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003.

Under the revised standard, deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated company, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for using the liability method at the current taxation rate in respect of timing differences between profit 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 recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy but the effect of such change is not significant to the results of the Group.

**2. BASIS OF CONSOLIDATION**

The unaudited consolidated interim results of the Group include the results of the Company and its subsidiaries for the six months ended 31st October 2003. All significant intra-group transactions and balances have been eliminated on consolidation.

The results of operation and net assets of a subsidiary, Zhong Freight Limited (“Zhong Freight”), have not been consolidated because the directors are of the opinion that the Company has no control over Zhong Freight as Zhong Freight is in the process of being liquidated.

Investment in unconsolidated subsidiaries is stated at cost less provision for any impairment in value. Income from the unconsolidated subsidiaries is accounted for to the extent of dividends declared.

**3. SEGMENT INFORMATION**

The Group is principally engaged in property letting and investment holding.

An analysis of the Group’s turnover and results for the period by business segments (primary reporting segment) is as follows:

	<b>Unaudited</b>			
	<b>Six months ended 31st October 2003</b>			
	<b>Property letting HK\$'000</b>	<b>Property held for sale HK\$'000</b>	<b>Investment holding HK\$'000</b>	<b>Consolidated total HK\$'000</b>
Turnover	<u>911</u>	<u>-</u>	<u>-</u>	<u>911</u>
Segment results	<u>(462)</u>	<u>-</u>	<u>3</u>	<u>(459)</u>
Finance costs				(2,216)
Share of profit of an associated company				<u>313</u>
Loss before taxation				(2,362)
Taxation				-
Minority interests				<u>-</u>
Loss attributable to shareholders				<u>(2,362)</u>

## 3. SEGMENT INFORMATION (continued)

	Unaudited			Consolidated total HK\$'000
	Six months ended 31st October 2002			
	Property letting HK\$'000	Property held for sale HK\$'000	Investment holding HK\$'000	
Turnover	949	–	–	949
Segment results	(1,075)	–	(2,112)	(3,187)
Finance costs				(2,032)
Share of profit of an associated company				103
Loss before taxation				(5,116)
Taxation				–
Minority interests				1
Loss attributable to shareholders				(5,115)

There are no sales or other transactions between the business segments.

Although the Group's three business segments are managed on a worldwide basis, they operate in two main geographical areas:

Hong Kong – property letting

Malaysia – property letting, property held for sale and investment holding

**3. SEGMENT INFORMATION (continued)**

An analysis of the Group's turnover and contribution to operating loss for the period by geographical segment (secondary reporting segment) is as follows:

	Unaudited Turnover		Unaudited Operating loss	
	6 months ended		6 months ended	
	31st October		31st October	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segment:				
Hong Kong	663	720	(133)	(1,147)
Malaysia	229	229	(161)	(1,045)
Other	19	—	(165)	(995)
	<u>911</u>	<u>949</u>	<u>(459)</u>	<u>(3,187)</u>

**4. OPERATING LOSS**

Operating loss is stated after charging realised gain on other investments amounting to approximately HK\$5,000 (2002: HK\$Nil) and depreciation expenses on fixed assets of approximately HK\$83,000 (2002: HK\$102,000).

**5. TAXATION**

The Company has no estimated assessable profit for Hong Kong and overseas profits tax purposes for the period.

**6. LOSS PER SHARE**

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to shareholders for the six months ended 31st October 2003 of approximately HK\$2,362,000 (2002: HK\$5,115,000) and on the weighted average of 591,047,975 ordinary shares in issue throughout the six months ended 31st October 2003 (2002: 591,047,975 ordinary shares).

At 31st October 2003 and 2002, there were no dilutive financial instruments (such as share options and warrants) outstanding and therefore, the diluted loss per share for both periods is the same as the basic loss per share.

## 7. DEBTORS, PREPAYMENTS AND DEPOSITS

(a) Debtors, prepayments and deposits comprise:

	<b>Unaudited</b> <b>As at</b> <b>31st October</b> <b>2003</b> <i>HK\$'000</i>	Audited As at 30th April 2003 <i>HK\$'000</i>
Trade debtors	111	90
Prepayments and deposits	<u>413</u>	<u>441</u>
	<u><b>524</b></u>	<u><b>531</b></u>

(b) The Group grants a credit period of 15 days to the trade debtors. As at 31st October 2003, the aging analysis of the trade debtors is as follows:

	<b>Unaudited</b> <b>As at</b> <b>31st October</b> <b>2003</b> <i>HK\$'000</i>	Audited As at 30th April 2003 <i>HK\$'000</i>
Overdue by:		
31 – 90 days	87	84
91 – 180 days	<u>24</u>	<u>6</u>
	<u><b>111</b></u>	<u><b>90</b></u>

**8. CREDITORS AND ACCRUED LIABILITIES**

(a) Creditors and accrued liabilities comprise:

	<b>Unaudited As at 31st October 2003 HK\$'000</b>	Audited As at 30th April 2003 HK\$'000
Other creditors	–	12
Accrued liabilities	<u>539</u>	<u>856</u>
	<u><b>539</b></u>	<u><b>868</b></u>

(b) The balances with other creditors are not secured, interest-free and have no fixed repayment terms.

**9. LONG-TERM BANK LOAN – SECURED**

The maturity of the secured long-term bank loan of the Group is as follows:

	<b>Unaudited As at 31st October 2003 HK\$'000</b>	Audited As at 30th April 2003 HK\$'000
Within one year	<b>998</b>	2,308
More than one year but not exceeding two years	<b>818</b>	2,005
More than two years but not exceeding five years	<u><b>2,804</b></u>	<u>6,998</u>
Total within five years	<b>4,620</b>	11,311
More than five years	<u><b>9,768</b></u>	<u>4,128</u>
	<b>14,388</b>	15,439
Current portion included under current liabilities	<u><b>(998)</b></u>	<u>(2,308)</u>
	<u><b>13,390</b></u>	<u><b>13,131</b></u>

As at 31st October 2003, the long-term bank loan was secured by certain of the investment properties and leasehold land and building of the Group located in Hong Kong.

**10. FIXED ASSETS, NET**

	<i>HK\$'000</i>
Opening net book amount, as at 1st May 2003	36,577
Additions	2
Deprecation	<u>(83)</u>
Closing net book amount, as at 31st October 2003	<u><u>36,496</u></u>

**11. RELATED PARTY TRANSACTIONS**

- (a) The amounts due from shareholders are unsecured, non-interest bearing and are not repayable within the next twelve months.
- (b) The loans from related companies and shareholders which bear interests at Hong Kong Dollar prime lending rate plus 3 percent per annum are unsecured and not repayable within the next twelve months.

**12. SHARE CAPITAL**

	<b>Unaudited As at 31st October 2003 <i>HK\$'000</i></b>	Audited As at 30th April 2003 <i>HK\$'000</i>
<i>Authorised:</i>		
1,250,000,000 ordinary shares of HK\$0.2 each	<u><b>250,000</b></u>	<u>250,000</u>
<i>Issued and fully paid:</i>		
591,047,975 ordinary shares of HK\$0.2 each	<u><b>118,210</b></u>	<u>118,210</u>

**13. CAPITAL COMMITMENT**

Pursuant to the contractual joint venture agreement dated 19th April 1995 for the organisation of Berjaya-Huitong, the Group agreed to contribute capital of US\$10,000,000 (equivalent to approximately HK\$77,300,000) in total to the said contractual joint venture on or before 12th May 1997. Although the Group has yet to make the remaining capital contribution of US\$1,592,568 (equivalent to approximately HK\$12,300,000) (30th April 2003: HK\$12,300,000) at 31st October 2003 to fulfill its commitment under the contractual joint venture agreement, in the opinion of the Directors, no consequential exposures or liabilities are envisaged.

Berjaya-Huitong has contracted a builder to draft an industrial and commercial complex plan on its leasehold land in Pudong area of Shanghai. The contracted commitment not provided for in the accounts at 31st October 2003 is approximately HK\$3,950,000 (30th April 2003: HK\$3,950,000).

**14. OPERATING LEASE RECEIVABLE**

As at 31st October 2003, the Group had future aggregate minimum rental income in respect of investment properties under non-cancellable operating leases as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st October</b>	30th April
	<b>2003</b>	2003
	<b>HK\$'000</b>	<b>HK\$'000</b>
Not later than one year	1,221	1,632
Later than one year and not later than five years	<u>238</u>	<u>390</u>
	<u><b>1,459</b></u>	<u><b>2,022</b></u>

**15. ADDITIONAL FINANCIAL INFORMATION ON UNAUDITED CONSOLIDATED BALANCE SHEET**

At 31st October 2003, the net current assets of the Group amounted to approximately HK\$2,354,000 (30th April 2003: HK\$111,000). On the same date, the total assets less current liabilities of the Group was approximately HK\$110,232,000 (30th April 2003: HK\$107,757,000).

**16. SUBSEQUENT EVENT**

At 2nd January 2004, a subsidiary of the Group entered into a sale and purchase agreement with China Brighter Limited, a third party company, to sell the leasehold land and building with a carrying value of approximately HK\$5.54 million at 31st October 2003 at a consideration of HK\$5.50 million. The transaction is anticipated to be completed in February 2004.