

Notes to Interim Accounts

1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited consolidated interim accounts have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" and Appendix 16 of Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2001 except the methods of accounting for proposed dividend and segment reporting, the impacts of which are described below.

(a) Proposed dividend

In prior years, dividend proposed after balance sheet date was accrued as liabilities at the balance sheet date. With effect from 1 April 2001, the dividend proposed after balance sheet date is shown as a separate component of shareholders' funds in accordance with revised SSAP 9 "Events After the Balance Sheet Date" issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, shareholders' funds as at 1 April 2001 were restated and increased by HK\$69.1 million representing the proposed final dividend for the year ended 31 March 2001.

As a result of the adoption of SSAP 9 and restating the prior years' reserves, the Group's shareholders' funds at 30 September 2001 have increased by HK\$34.5 million (31/3/2001: HK\$69.1 million).

(b) Segment reporting

A segment is distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Inter-segment pricing is based on similar terms as those available to other external parties.

In note 2 to these condensed interim accounts, the Group has disclosed segment revenue and results as defined under SSAP 26 "Segment Reporting". In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Notes to Interim Accounts

2. SEGMENT INFORMATION

Turnover and operating profit

	Segment Revenue		Segment Results	
	30/9/2001	30/9/2000	30/9/2001	30/9/2000
	HK\$Million	HK\$Million	HK\$Million	HK\$Million
Business segment				
Sales of property	201.2	50.3	19.2	6.5
Property rental	68.0	66.1	44.9	43.0
Investments & others	65.4	87.9	48.3	120.2
	<u>334.6</u>	<u>204.3</u>	<u>112.4</u>	<u>169.7</u>
Unallocated expenses			(7.4)	(10.9)
Operating profit			<u>105.0</u>	<u>158.8</u>
Geographical segment				
Hong Kong	321.1	184.4	92.2	139.9
Singapore	13.5	19.9	12.8	18.9
	<u>334.6</u>	<u>204.3</u>	<u>105.0</u>	<u>158.8</u>

3. OTHER NET (LOSSES)/INCOME

	30/9/2001	30/9/2000
	HK\$Million	HK\$Million
Net (loss)/profit on disposal of non-trading securities	(13.7)	129.6
Provision for non-trading securities	-	(44.7)
Provision for properties under development	-	(44.0)
	<u>(13.7)</u>	<u>40.9</u>

4. OPERATING PROFIT

	30/9/2001	30/9/2000
	HK\$Million	HK\$Million
Operating profit is arrived at after charging :		
Cost of properties sold	<u>166.3</u>	<u>38.0</u>
and after crediting :		
Dividend income for listed securities	<u>35.5</u>	<u>40.8</u>

Notes to Interim Accounts

5. BORROWING COSTS

	30/9/2001 HK\$Million	30/9/2000 HK\$Million
Interest payable on:		
Bank loans and overdrafts	20.5	36.2
Other loans repayable within 5 years	-	3.2
	<u>20.5</u>	<u>39.4</u>
Other borrowing costs	5.0	2.4
	<u>25.5</u>	<u>41.8</u>

6. TAXATION

The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 16 % (2000: 16 %). The taxation charge is made up as follows:

	30/9/2001 HK\$Million	30/9/2000 HK\$Million
Company and subsidiaries		
Hong Kong profits tax for the period	3.4	2.4
Associates		
Hong Kong profits tax for the period	0.1	0.3
	<u>3.5</u>	<u>2.7</u>

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings for the period of HK\$77.9 million (2000: HK\$116.8 million) and 1,151.4 million ordinary shares in issue throughout the financial period ended 30 September 2001 and the previous corresponding period.

8. DEBTORS AND PREPAYMENTS

The Group maintains defined credit policies for its businesses and trade debtors are closely monitored in order to control credit risk associated with trade debtors.

Included in debtors and prepayments are trade debtors with an ageing analysis as at 30 September 2001 as follows:

	30/9/2001 HK\$Million	31/3/2001 HK\$Million
Current	4.0	15.2
31 - 60 days	0.2	0.2
61 - 90 days	0.1	0.2
Over 90 days	0.5	0.4
	<u>4.8</u>	<u>16.0</u>

Notes to Interim Accounts

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors with an ageing analysis as at 30 September 2001 as follows:

	30/9/2001 HK\$Million	31/3/2001 HK\$Million
Amounts payable in the next:		
0 - 30 days	5.5	9.4
31 - 60 days	9.3	14.5
61 - 90 days	8.3	12.9
Over 90 days	10.6	5.6
	<u>33.7</u>	<u>42.4</u>

10. CONTINGENT LIABILITIES

- (a) Guarantees given by the Group in respect of banking facilities available to associates amounted to HK\$1,180.8 million (31/3/2001: HK\$1,180.8 million) of which HK\$553.0 million (31/3/2001: HK\$251.0 million) has been drawn.
- (b) The Company, a fellow subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms under an agreement for the development of Sorrento (Kowloon Station Package II).

11. COMMITMENTS

	30/9/2001 HK\$Million	31/3/2001 HK\$Million
Acquisition of and future development expenditure relating to properties :		
Contracted but not provided for	<u>484.1</u>	<u>356.7</u>

12. RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transaction during the period ended 30 September 2001.

- (a) Loan in the amount of HK\$950.4 million (31/3/2001 : HK\$1,181.4 million) advanced by the Group to an associate involved in the Sorrento project is considered to be related party transaction and also constitutes a connected transaction as defined under the Listing Rules. A waiver was granted by the Stock Exchange in 1997 from complying with the relevant connected transaction requirements.

Notes to Interim Accounts

- (b) The Company, a fellow subsidiary and the ultimate holding company together with its two associates have severally guaranteed bank loan facilities granted to a subsidiary of an associate, Hopfield Holdings Limited, to finance the Sorrento project. The amount of guarantee given attributable to the Company was HK\$680.0 million (31/3/2001: HK\$680.0 million). Such guarantee given by the Company constitutes a connected transaction as defined under the Listing Rules, but a waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1997.
- (c) The Company, a fellow subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms by the subsidiary of an associate under an agreement to develop the Sorrento project. Such guarantee given by the Company constitutes a connected transaction as defined under the Listing Rules, but a waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1997.
- (d) The Group paid to a related party a General Managers' Commission of HK\$4.3 million (30/9/2000: HK\$6.3 million) for the provision of management services to the Group during the period. The payment of such an amount to the General Managers was in accordance with the agreements dated 31 March 1992 and 3 March 2000 respectively, which constituted connected transactions as defined under the Listing Rules, but were exempted from the requirements of the Listing Rules under paragraph 14.24 (2) thereof relating to connected transactions.

13. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of changes in accounting policies for proposed dividend and segment reporting in order to comply with SSAP 9 and 26 respectively, details of which are set out in note 1.

14. REVIEW OF UNAUDITED INTERIM ACCOUNTS

The unaudited interim accounts for the six months ended 30 September 2001 have been reviewed by the audit committee of the Company.