

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations by internally generated cashflows, bank borrowings and borrowings from a related company. Outstanding borrowings as at 31st December, 2001 included bank overdrafts, bank loans and advance from a related company of approximately HK\$16.9 million, HK\$275 million and HK\$135.4 million respectively. The directors believes that cash generated from operations, existing banking facilities would be adequate to finance future operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The unaudited condensed consolidated interim accounts have been prepared in accordance with Hong Kong Statement of Standard Practice No. 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 30th June 2001.

2. Segment Information

Turnover and results

	Turnover		Results	
	six months ended		six months ended	
	31st December		31st December	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By business activity:				
Property rental	4,737	5,246	2,234	3,295
Estate management	747	1,158	747	1,158
Interest income	201	313	201	313
	<u>5,685</u>	<u>6,717</u>	<u>3,182</u>	<u>4,766</u>
Administrative and other operating expenses			(4,649)	(5,186)
Operating loss			<u>(1,467)</u>	<u>(420)</u>
By geographical area:				
Hong Kong	5,101	6,410	(1,750)	(539)
Malaysia	584	307	283	119
	<u>5,685</u>	<u>6,717</u>	<u>(1,467)</u>	<u>(420)</u>

3. Operating loss

	Six months ended	
	31st December	
	2001	2000
	HK\$'000	HK\$'000
Operating loss is stated after charging:		
Depreciation	<u>215</u>	<u>197</u>

4. Finance costs

	Six months ended	
	31st December	
	2001	2000
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	7,393	13,630
Interest on advances from a related company	5,112	3,841
Other incidental borrowing costs	263	415
	<u>12,768</u>	<u>17,886</u>
Less: Borrowing costs capitalized in properties under development	<u>(4,377)</u>	<u>(9,957)</u>
Finance costs charged to profit and loss account	<u><u>8,391</u></u>	<u><u>7,929</u></u>

5. Taxation

	Six months ended	
	31st December	
	2001	2000
	HK\$'000	HK\$'000
The charge for taxation comprises:		
Hong Kong profits tax	–	66
Overseas profits tax		
Current period	–	33
Overprovision in respect of prior periods	–	(8)
	<u>–</u>	<u>91</u>
	<u><u>–</u></u>	<u><u>91</u></u>

No profits tax has been provided as there were no assessable profits for the period.

6. Loss per share

The calculation of the basic loss per share is based on the loss attributable to shareholders of HK\$9,858,000 (2000: HK\$8,440,000) and 3,232,987,170 ordinary shares in issue during the period (2000: weighted average number of 2,869,861,799 shares).

Diluted loss per share has not been presented because the Company does not have any dilutive potential ordinary shares.

7. Trade and other receivables

Included in trade and other receivables are trade receivables with an age analysis as follows:

	31st December	30th June
	2001	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 30 days	129	223
31-60 days	118	218
61-90 days	61	150
Over 90 days	507	150
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	815	741
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8. Trade and other payables

Included in trade and other payables are trade payables amounting to HK\$10,011,000 (30th June 2001: HK\$14,451,000) which are principally incurred by the Group during the six months ended at the balance sheet date.

9. Share capital

	No. of shares	Amount <i>HK\$'000</i>
Authorised		
Ordinary shares of HK\$0.001 each		
At 31st December 2001 and		
30th June 2001	<u>1,000,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid		
Ordinary shares of HK\$0.001 each		
At 31st December 2001 and		
30th June 2001	<u>3,232,987,170</u>	<u>3,233</u>

PLEDGE OF ASSETS

All of the Group's investment properties and certain of the Group's properties for sale with an aggregate carrying value of HK\$1,472,127,000 (30th June 2001: HK\$1,460,843,000) have been pledged to banks as security for banking facilities granted to the Group to the extent of HK\$383,232,000 (30th June 2001: HK\$383,232,000) of which HK\$291,841,000 (30th June 2001: HK\$289,108,000) was utilised at the balance sheet date.