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1. Basis of preparation

The unaudited condensed consolidated interim accounts (the “Interim Accounts”) have been prepared in accordance with Statement of Standard Accounting Practice (the “SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Principal accounting policies

These Interim Accounts have been prepared under the historical cost convention.

These Interim Accounts should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 March 2004.

The accounting policies adopted in the preparation of these Interim Accounts are consistent with those followed in the preparation of the Group’s audited annual financial statements for the year ended 31 March 2004.

3. Segment information

No business segment information (primary segment information) has been disclosed for the period presented as the Group is operating in a single business segment which is property development and investment. Substantially all of the Group’s operations are located in the PRC and therefore no geographical segment information has been disclosed for the period presented.

4. Turnover

Turnover represents proceeds received and receivable from the sales of properties in the PRC to outside customers and rental and building management fee income received and receivable from leasing of investment properties less business tax and discounts, if any, during the period, and is analysed as follows:

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Proceeds from sales of properties	–	32,187
Rental and building management fee income from leasing of investment properties	–	318
Less: Business tax	–	(1,633)
	<u>–</u>	<u>30,872</u>

Business tax is calculated at 5% on the proceeds received and receivable from the sales of properties and on the rental and building management fee income received and receivable from leasing of investment properties during the period.



5. (Loss)/Profit from operations

	Six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/Profit from operations has been arrived at after charging:		
Directors' remuneration	870	242
Other staff costs (excluding directors):		
Salaries and allowances	888	860
Retirement benefit scheme contributions	12	8
Total staff costs	1,770	1,110
Auditors' remuneration	112	—
Depreciation of owned fixed assets	7	32
Loss on disposal of properties held for investment	3,798	—
Operating lease rentals in respect of land and buildings	—	512
and after crediting:		
Interest income	—	4

6. Finance costs

	Six months ended 30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	—	4,184
Less: Amounts capitalised in properties under development	—	(4,018)
	—	166



7. Taxation

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong.

The charge represents the PRC income tax. The PRC income tax is calculated at a rate of 33% on the assessable profits arising in the PRC. No provision for the PRC income tax has been made for the current period since there was no assessable profit during the period.

Under the Implementation Regulations on the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") issued on 27 January 1995, all added value from transfer of real estate in the PRC from 1 January 1994 is subject to LAT at progressive rates up to 60% of the amount of property value appreciation after deduction of certain costs and expenses. An exemption to LAT is applicable to first hand sales contracts entered into on or before 31 December 2000 in respect of those property development contracts or related project proposals signed or approved before 1 January 1994 and whose capital for the development has been injected according to the relevant property development contracts. The Group's properties under development were approved in 1993, accordingly, there was no LAT exposure to the Group for the period from 1 April 1998 to 31 December 2000.

All added value arising from sales contracts of the properties under development entered into subsequent to 31 December 2000 is subject to LAT at progressive rates up to 60% of the amount of property value appreciation after deduction of certain costs and expenses.

Deferred tax has not been provided for in these Interim Accounts as the amounts involved are not significant (2003: Nil).

8. (Loss)/Earnings per share

The calculation of basic loss per share for the period is based on the net loss attributable to shareholders for the six months ended 30 September 2004 of approximately HK\$6,654,000 (2003: net profit of approximately HK\$4,592,000) and on the weighted average number of 800,000,000 (2003: 800,000,000) ordinary shares in issue or deemed to be in issue throughout the periods presented.

Diluted (loss)/earnings per share has not been disclosed as there were no dilutive potential ordinary shares outstanding during the six months ended 30 September 2004 and 2003.



9. Interim dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2004 (2003: Nil).

10. Fixed assets

	Furnitures, fixtures and equipment HK\$'000
At Cost:	
As at 1 April 2004 (Audited)	19
Additions	57
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As at 30 September 2004 (Unaudited)	76
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Accumulated depreciation:	
As at 1 April 2004 (Audited)	5
Charge for the period	7
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As at 30 September 2004 (Unaudited)	12
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Net book value:	
As at 30 September 2004 (Unaudited)	64
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As at 31 March 2004 (Audited)	14
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11. Trade receivables

The Group grants credit terms to purchasers of properties on the merit of individual purchaser's credit. The aged analysis of trade receivables as at 30 September 2004 is as follows:

	At 30 September 2004 (Unaudited) HK\$'000	At 31 March 2004 (Audited) HK\$'000
0 – 90 days	26,300	–
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12. Share capital

	Number of shares	Issued and fully paid share capital HK\$'000
Balance at 1 April 2004 and 30 September 2004	800,000,000	8,000

13. Operating lease commitments

As at 30 September 2004, the Group had future aggregate minimum lease payments under the non-cancellable operating leases in respect of land and buildings as follows:

	At 30 September 2004 (Unaudited) HK\$'000	At 31 March 2004 (Audited) HK\$'000
Within one year	238	—
In the second to fifth year inclusive	159	—
	<u>397</u>	<u>—</u>

14. Related party transactions

There was no significant related party transactions undertaken by the Group at any time during the six months ended 30 September 2004 and 30 September 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2004, the Group has not generated any turnover (six months ended 30 September 2003: approximately HK\$30.8 million). The Group's net loss attributable to shareholders were approximately HK\$6.7 million (six months ended 30 September 2003: net profit of approximately HK\$4.6 million).

MAJOR PROJECTS AND PROSPECTS OF THE GROUP

Investment Properties

Moving on from the disposal of its property development business subsidiaries, Better Best Limited and World Giant Investments Holdings Limited in last financial year, the Group now focuses on its remaining investment in property business. The Group is currently seeking new areas of quality projects in order to further diversify its business in different major cities of the PRC.

During the period under review, the Group has sold investment property in Dalian, PRC at a loss of approximately HK\$3.8 million. There remains 6,437.52 sq meters of property with the carrying value at approximately HK\$133 million.

