

EXECUTIVE DIRECTORS

Mr. LEUNG Ngai Man (*Chairman*)
Mr. NG Ping Man
Mr. LIN Wei Fen
Mr. YEUNG Kit (appointed on 25th July, 2002)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Kam Wah, Andrew
Mr. CHAN Sing Fai

COMPANY SECRETARY

Ms. CHEUNG Woon Yiu, ASCPA, AHKSA, CPA

HONG KONG LEGAL ADVISOR

Chiu & Partners

AUDITORS

Deloitte Touche Tohmatsu

REGISTERED OFFICE

P.O. Box 2681 GT
Century Yard
Cricket Square
Hutchins Drive
George Town
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit C - D
10th Floor
Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank, Dalian Branch
The National Commercial Bank Ltd.

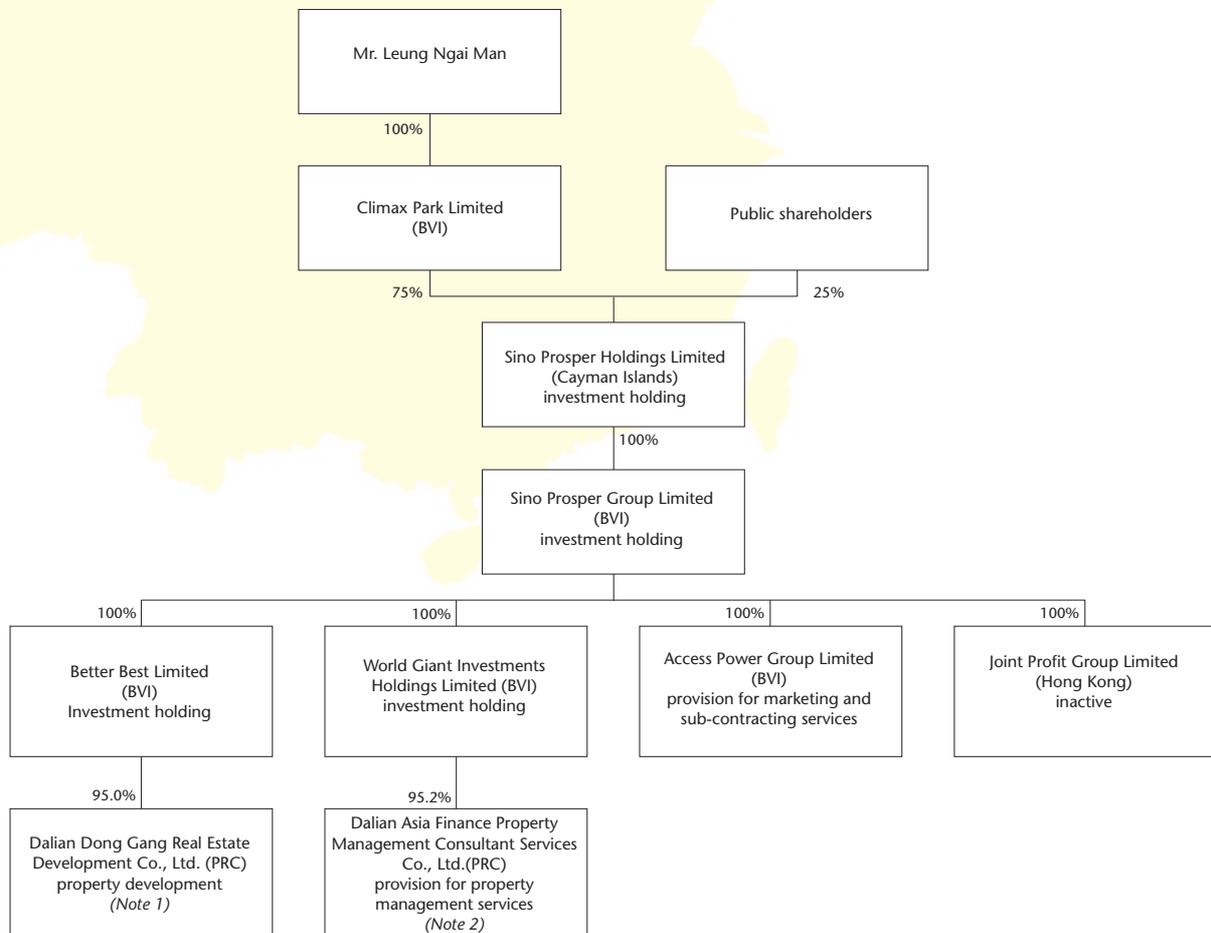
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Secretaries Limited
5th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

INVESTOR AND MEDIA RELATIONS

Team Concept Financial Communications Limited
Tel: (852) 2893 6880
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E-mail: info@teamconcept.com.hk

As at 31st March, 2002, the corporate structure and main activities of the principal members of the Company are shown below:



Notes:

- (1) Dalian Dong Gang Real Estate Development Co., Ltd. is a Sino-foreign equity joint venture established on 11th August, 1992.
- (2) Dalian Asia Finance Property Management Consultant Services Co., Ltd. is a Sino-foreign equity joint venture established on 12th June, 2000 and commenced its operation in January 2001.

The Company entered into a new era as a publicly listed company on 15th May, 2002 when the trading of its shares commenced on The Stock Exchange of Hong Kong Limited. This is a firm milestone for the Company, which is now set for greater achievements of the upcoming years.

We believe that the success of the listing bears testament to the high quality standards, which we have established in all areas of our business. We have an experienced management team and a well-trained and committed workforce, which takes pride in our achievements.



"... a firm milestone of the Company ..."

The Directors anticipate that the People's Republic of China (the "PRC") economy will continue to grow in the coming years and that Dalian will remain as one of the most important economic and trading regions in the northeastern coastal region of the PRC. The Directors are also confident that the PRC's entry into the World Trade Organisation ("WTO") will attract more foreign investments in the PRC and that, in particular, the expected increase in business activities will become more promising in the coastal cities of the PRC, including those in Liaoning Province. The expected continuing economic growth in the PRC, together with the improvement in living standard, will be conducive to sustaining a growing demand for quality and modern residential and commercial premises in Dalian by both domestic and foreign buyers.

The achievements we have made, the goodwill we have established, the professional team we have built up – are factors which will lead our group to strong growth and profitability in the coming years. We will continue to remain focused in the Dalian market while at the same time, seek new growth opportunities through expansion and diversification of its core business. With a management team backed by rich experience, expertise and market insight, the Group will continue to examining its role and edge in the property development industry in the PRC and is prepared to take up opportunities and challenges in order to stay ahead of the competition.

CONCLUSION

I would like to express my gratitude to the Board of Directors and all the staff of the Group for their support and effort over the year. Their efforts are invaluable as we move forward to assure a prosperous future for the Company.

Leung Ngai Man
Chairman

Hong Kong, 25th July, 2002

REVIEW OF OPERATION

During the financial year ended 31st March, 2002, the Group recorded a turnover of approximately HK\$113.3 million (2001: HK\$70.0 million) which was mainly contributed by the pre-sale/sales of residential/commercial/office units developed by the Group. Profit before taxation and net profit attributable to shareholders were approximately HK\$53.0 million (2001: HK\$30.7 million) and HK\$27.8 million (2001: HK\$22.0 million) representing an increase by approximately 72.6% and 26.4% respectively, compared to the figures in the previous financial year of 2001. The improvement in profit before taxation and net profit attributable to shareholders was due to an increase in the pre-sale/sales of properties. Net profit margin was slightly decreased to approximately 24.5% from 31.4% in the previous year. Such decrease was largely due to the increase in the selling and administrative expenses for the year ended 31st March, 2002.

MAJOR PROJECTS OF THE GROUP

Dalian Asia Pacific Finance Centre

The leading development project of the Company – Dalian Asia Pacific Finance Centre (大連亞太國際金融中心), is a 28-storey commercial and residential building located at no. 55 Renmin Road, Zhongshan District Dalian, a prominent landmark within Dalian's central business district. Located in the immediate vicinity of Dalian Asia Pacific Finance Centre are financial institutions and 5-star hotels. The excellent strategic location and high accessibility of Dalian Asia Pacific Finance Centre make it a prestigious business and residential property. Dalian Asia Pacific Finance Centre is fully equipped with all necessary amenities and utilities, including clubhouse, business center, conference room and parking area so as to cater for residential and commercial needs. The project has been completed in December 2001. It is believed to be one of the most luxurious commercial and residential developments in Dalian in 2002.

Gao Er Ji Road Project

In addition to Dalian Asia Pacific Finance Centre, another development of the Company is Gao Er Ji Road project (高爾基路項目) located in Dalian, Gao Er Ji Road project occupies a site area of approximately 3,855sq.m. with an aggregate GFA of approximately 15,912 sq.m. and is in the vicinity of the town center. The development of the project is expected to be completed by the end of the year 2003.

Golden Pebble Beach Project

Another development which is at the planning stage is a coastal site at Golden Pebble Beach (金石灘項目) adjacent to Dalian Golden Beach Golf Club. It concerns approximately 36,002 sq.m. of sea-front land within the Jinshitan National Tourist Zone, which offers lush greenery and a landscaped environment. The Directors believe that this site will become more popular upon the completion of a light railway connecting the site with Dalian city center, which is expected to be completed within a few years. The Golden pebble Beach project site is located in one of the exclusive residential areas of Dalian away from the town center. The Directors intend to develop the project site into around 31 villas with a GFA of approximately 18,001 sq.m.. The development of the Golden Pebble Beach project is expected to be completed in 2005.

LISTED SUCCESSFULLY

The Group was listed on the main board of The Stock Exchange of Hong Kong Limited successfully on 15th May, 2002. It indicates that the Group will develop and expand with an increasing pace.

BUSINESS OUTLOOKS

In order to tap the potential growth in the demand for quality and modern residential and commercial premises in the PRC, the Directors intend to continue to focus on its property development business in Dalian in the near future by employing different strategies for different types of property developments. In relation to residential properties, the Directors will focus on the development of medium to large size residential apartments with modern concepts of information technology infrastructure and energy conservation, whereas in relation to commercial properties, the Directors will, after conducting necessary market research, develop the type of commercial buildings which will be popular in Dalian. The Directors expect that the sales of both residential and commercial properties developed by the Group will continue to generate a substantial income for the Group and offer a high income revenue for the Group.

Most of the properties developed by the Group are expected to be sold but the Group have also selectively retained a portion of these properties for long term investments to broaden its income base. For rental purposes, the Group intended to retain approximately 20.9% and 9.4% of all commercial and residential units developed by the Group respectively for long term investment purpose.

The Directors intend to maintain a land bank in Dalian sufficient to support the Group's future development activities by purchasing more land to complement the existing property portfolio of the Group.

The Directors also plan to further strengthen the Group's property management business through Dalian Asia Finance Property Management Consultant Co. Ltd, particularly by way of forming alliances or associations with professionals with the relevant experience and expertise. Such alliances or associations are expected to further enhance the Group's management, corporate expertise and business connections.

With a view to diversify the investment portfolio of the Group, the Directors are opened for opportunities to make strategic investments and/or mergers and acquisitions with companies in the PRC, in which their business are complementary to the Group's existing business and with high growth potential.

FINANCIAL REVIEW

Net assets

As at 31st March, 2002, the Group recorded total assets of approximately HK\$341,848,000 which were financed by liabilities of approximately HK\$230,785,000. The Group's net asset value as at 31st March, 2002 increased by 186% to approximately HK\$111,063,000 as compared to approximately HK\$38,842,000 as at 31st March, 2001.

Liquidity

The Group had total cash and bank balances of approximately HK\$3,167,000 as at 31st March, 2002 (2001: approximately HK\$10,269,000). As at 31st March, 2002, the current ratio has been changed to 1.09 (2001: 0.98) and the gearing ratio (debt to equity) has been changed to 0.61 (2001: 1.75) with equity being defined as the total of capital and reserves.

Charges on assets

At 31st March, 2002, properties amounting to HK\$132,059,000 (2001: HK\$125,418,000) were pledged to banks to secure banking facilities granted.

Treasury policies

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in the PRC. The interest rates of most of these are charged by reference to the PRC bank rates. Both bank deposits and borrowings are mainly in renminbi.

Contingent liabilities

At 31st March, 2002, the Company had contingent liabilities in relation to penalties for late completion of properties of approximately HK\$8,469,000 and guarantees given to a bank in respect of mortgage facilities granted to purchasers for the acquisition of the properties of amounting to approximately HK\$94,867,000.

Use of proceeds of New Issue

The Company placed and issued 130,000,000 shares on 9th May, 2002 and the ultimate holding company of the Company had also placed 70,000,000 shares at a price of HK\$0.25 each.

As at 24th July, 2002, the net proceeds of share offer, after deduction of related expenses, were approximately HK\$24,200,000 and HK\$18,200,000 has been utilized for the development of various projects, expansion of the property management business and working capital of the Group. The balance of approximately HK\$6,000,000 was placed into short term fixed deposit and savings account and will be used for the Group's business in accordance with the plan.

Capital commitment

As at 31st March, 2002, there was no material capital commitment for the Group and the Company.

Foreign exchange exposure

The Group mainly earns revenue and incurs costs in Renminbi, United States dollars and Hong Kong dollars. Foreign exchange exposure of the Group is minimal as long as the policy of the Government of Hong Kong Special Administrative Region to link the Hong Kong dollars to the United States dollars remains in effect.

Employee and remuneration policies

As at 31st March, 2002, the Group employed approximately 68 full time staff in the PRC, Hong Kong and Overseas. The Group remunerates its employees based on their performance, work experience and the prevailing market price. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

DIRECTORS

Executive directors

Mr. LEUNG Ngai Man, aged 41, is the founder and the Chairman of the Group. Mr. Leung has over 15 years of experience in the areas of trading, property development and property management in the PRC. Mr. Leung first engaged in the PRC trading business in 1983, since then he established an extensive network and relationship with numerous PRC companies and authorities. Mr. Leung commenced his business in the property development industry in the 1990s. He was previously a vice chairman and general manager of China Land Group Limited, the shares of which are currently listed on the main board of the Stock Exchange and principally engaged in the property development and investment in the PRC.

Mr. NG Ping Man, aged 61, is an executive director of the Company. Mr. Ng has over 20 years of experience in the area of retail, marketing and property management. Mr. Ng has been a property development and management consultant for the Group since 1995.

Ms. LIN Wei Fen, aged 35, is an executive director of the Company. Ms. Lin graduated in 廣東業餘財經學院 and has more than 10 years of experience in the area of accounting and finance.

Mr. YEUNG Kit, aged 39, is an executive director of the Company. Mr. Yeung has over 8 years of experience in the field of banking and finance. Mr. Yeung also has over 5 years experience in the area of China Trade and investment. Mr. Yeung was appointed as executive director of the Company on 25th July, 2002.

Independent non-executive directors

Mr. LAU Kam Wah Andrew, aged 46, is a publisher of a healthcare magazine in Hong Kong. Mr. Lau has more than 20 years of experience as senior management with a number of companies in Hong Kong, which includes directorship in a publishing company. Mr. Lau has extensive knowledge and experience in the field of management, economics and accounting.

Mr. CHAN Sing Fai, aged 46, is the chairman of Finnex Development Limited and Vision On Net Technology Limited. Mr. Chan has about 20 years of experience in property development and management. He was a director of Jones Lang Wootton Limited and the chairman of 401 Holdings Limited, a company currently listed on the main board of the Stock Exchange. Mr. Chan obtained a master degree of business administration from the Hong Kong Chinese University in 1981.

SENIOR MANAGEMENT

Mr. YU Jin Fan, aged 62, is the Chief Architect of the Group. Mr. Yu has been working as a structural architect with Dalian City Development General Company (大連城建總公司) since 1980. Mr. Yu joined the Group since 1993.

Mr. WONG Shui Yi, aged 54, is the Civil Engineer of the Group. Mr. Wong has been working for an international architectural firm in Hong Kong for 15 years. Mr. Wong joined the Group in 1996.

Mr. MIAO Feng, aged 46, is the Architect of the Group. Mr. Miao has been working as a architect with Dalian City Development General Company (大連城建總公司) since 1989. Mr. Miao joined the Group since 1996.

Ms. WU Wei Hua aged 31, is the chief accountant of the Group in Dalian. Ms. Wu has more than six years of experience in the accounting field. She joined the Group since 1996.

Mr. KO Ming Kin, aged 39, is the Chief Financial Officer of the Group and is responsible for financial, accounting and legal affairs. Mr. Ko has over 15 years of experience in accounting, finance and administration. Prior to joining the Group in November 2001, Mr. Ko worked as an executive in finance departments of a number of listed companies in Hong Kong. He holds a professional diploma in accountancy from Hong Kong Polytechnic University and is an associate of the Hong Kong Society of Accountants, fellow member of the Association of Chartered Certified Accountants of the United Kingdom and member of the Hong Kong Securities Institute.

Ms. CHEUNG Woon Yiu, aged 37, acting as the Group's company secretary since 2001. She is a member of the Australian Society of Certified Practising Accountants and an associate member of the Hong Kong Society of Accountants. Ms. Cheung has worked in an international accounting firm for over 5 years and practising as Certified Public Accountant since 1998.

The directors present their annual report and the audited financial statements of the Company for the year ended 31st March, 2002.

The financial statements of the Company for the period from 26th October, 2001 (date of incorporation) to 31st March, 2002 are set out on pages 17 to 19 of the annual report.

REORGANISATION AND LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

Pursuant to a group reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the group (the "Group") formed after the completion of the group reorganisation on 25th April, 2002 and the shares of the Company have been listed on the Stock Exchange since 15th May, 2002.

Details of the group reorganisation are set out on page 26 of the annual report. Proforma financial statements of the Group, based on the group structure following the group reorganisation, are set out on pages 22 to 47 of the annual report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. It did not trade for the period from 26th October, 2001 (date of incorporation) to 31st March, 2002.

RESULTS AND APPROPRIATIONS

The Company did not trade nor derive any income in the period between its date of incorporation on 26th October, 2001 and 31st March, 2002, accordingly, no dividend was proposed.

SHARE CAPITAL

Details of movements during the period in the share capital of the Company are set out in note 6 to the financial statements.

DIRECTORS

The directors of the Company since incorporation and up to the date of this report were:

Executive directors:

Mr. Leung Ngai Man (appointed on 8th November, 2001)

Mr. Ng Ping Man (appointed on 8th November, 2001)

Ms. Lin Wei Fen (appointed on 19th April, 2002)

Mr. Yeung Kit (appointed on 25th July, 2002)

Independent non-executive directors:

Mr. Chan Sing Fai (appointed on 19th April, 2002)

Mr. Lau Kam Wah, Andrew (appointed on 19th April, 2002)

In accordance with the provisions of the Company's Articles of Association, Mr. Ng Ping Man and Mr. Lau Kam Wah, Andrew shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Article of Association.

Each of the executive directors, except Mr. Yeung Kit, has entered into a service contract with the Company for an initial term of two years commencing 1st April, 2002, which will continue thereafter unless and until terminated by either party by giving to the other party not less than three months' prior written notice.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of the companies which became its subsidiaries on 25th April, 2002 which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

The Company became a listed company on 15th May, 2002. The interests of the directors in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (SDI Ordinance) at that date, were as follows:

Name of director	Type of interest	Number of shares held
Mr. Leung Ngai Man ("Mr. Leung")	Corporate	600,000,000

Note: The above shares are held by Climax Park Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Leung.

Other than as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Group, none of the directors or the chief executives, nor their associates, had an interest in any securities of the Company or any of its associated corporations.

SHARE OPTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25th April, 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 14th May, 2012. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 21 days from the date of the offer of grant of the share option. Options may be exercised at any time not later than 10 years from the date of grant of the share option. The exercise price is determined by the directors of the Company, shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's

daily quotations on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; (iii) the nominal value of the shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

No options has been granted since the adoption of the Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company or any of the companies which became the Company's subsidiaries on 25th April, 2002, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 33 to the proforma financial statements, no contract of significance to which the Company, its holding company or any of the companies which became its subsidiaries on 25th April, 2002 was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

The Company became a listed company on 15th May, 2002. The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed as of that date that, other than the interests disclosed under the heading "Directors' interests in shares", the Company had not been notified of any interests representing 10% or more in the share capital of the Company.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 7 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2002, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 64% of the Group's total purchases and purchases attributable to the Group's largest supplier were approximately 16% of the total purchases.

CORPORATE GOVERNANCE

The Company has complied in the period between the listing date and the date of this report, with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

The Company's audit committee was formed on 25th April, 2002, comprising the independent non-executive directors at that time, Mr. Chan Sing Fai and Mr. Lau Kam Wah, Andrew.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company since its incorporation on 26th October, 2001. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Leung Ngai Man
Director

Hong Kong, 25th July, 2002

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
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永安中心26樓

**Deloitte
Touche
Tohmatsu****TO THE MEMBERS OF SINO PROSPER HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 17 to 19 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of its results for the period from 26th October, 2001 (date of incorporation) to 31st March, 2002 and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants

Hong Kong, 25th July, 2002

BALANCE SHEET

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At at 31st March, 2002

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	NOTES	HK\$
CURRENT ASSETS		
Other receivables		212,313
Bank balance		<u>1,000</u>
		213,313
CURRENT LIABILITY		
Amount due to a director	5	<u>213,313</u>
		<u> </u>
		<u> </u>
SHARE CAPITAL	6	<u> </u>
		<u> </u>

The financial statements on pages 17 to 19 were approved and authorised for issue by the Board of Directors on 25th July, 2002 and are signed on its behalf by:

Leung Ngai Man
DIRECTOR

Ng Ping Man
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the period from 26th October, 2001 (Date of Incorporation)
To 31st March, 2002

1. GENERAL

The Company was incorporated in the Cayman Islands on 26th October, 2001 as an exempted company with limited liability and listed on the Stock Exchange on 15th May, 2002. The Company's ultimate holding company is Climax Park Limited ("Climax"), a company which is incorporated in the British Virgin Islands.

The Company is an investment holding company. It did not trade for the period between its date of incorporation on 26th October, 2001 and 31st March, 2002.

2. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong.

3. RESULTS FOR THE PERIOD

The Company did not derive any income during the period. The expenses for the period which were necessary to maintain the Company, including auditors' remuneration, were borne by Access Power Group Limited which became the Company's subsidiary on 25th April, 2002.

4. TAXATION

No provision for taxation has been made in the financial statements as the Company had no income for the period.

5. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, non-interest bearing and was fully repaid after the balance sheet date.

6. SHARE CAPITAL

The Company was incorporated on 26th October, 2001 with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each.

On 8th November, 2001, 1,000,000 shares of HK\$0.10 each were allotted and issued nil paid.

Changes in share capital subsequent to 31st March, 2002 are set out in note 7.

NOTES TO THE FINANCIAL STATEMENTS

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For the period from 26th October, 2001 (Date of Incorporation)
To 31st March, 2002

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7. POST BALANCE SHEET EVENTS

- (a) On 24th April, 2002, a written resolution was passed by the sole shareholder of the Company to sub-divide each share having a par value of HK\$0.10 each in the share capital of the Company into ten shares.
- (b) On 25th April, 2002, the following written resolutions were passed by the sole shareholder of the Company:
 - (i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000 by the creation of additional 10,000,000 shares with a nominal value of HK\$0.01 each;
 - (ii) the authorised share capital of the Company was then increased from HK\$200,000 to HK\$200,000,000 by the creation of a further addition of 19,980,000,000 shares with a nominal value of HK\$0.01 each; and
 - (iii) adoption of a share option scheme for the employees of the Company and its subsidiaries.
- (c) The companies comprising the Group underwent a reorganisation prior to and in preparation for the listing of the shares on the Stock Exchange of Hong Kong Limited. Pursuant to the agreement on 25th April, 2002, the Company acquired the entire issued share capital of Sino Prosper Group Limited from Climax in consideration of (i) allotting and issuing 10,000,000 shares to Climax credited as fully paid at par, and (ii) crediting as fully paid at par the 10,000,000 nil paid shares then held by Climax.

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永安中心26樓

**Deloitte
Touche
Tohmatsu****TO THE MEMBERS OF SINO PROSPER HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)

We have audited the proforma financial statements on pages 22 to 47 which have been prepared in accordance with the accounting policies set out in note 2 to the proforma financial statements which comply with accounting principles generally accepted in Hong Kong except that the effects of the group reorganisation entered into after the balance sheet date have been accounted for using merger accounting which is not in accordance with the requirements of Statement of Standard Accounting Practice No. 27 "Accounting for group reconstructions" ("SSAP 27"). Although the group reorganisation meets the definition of a group reconstruction under SSAP 27, SSAP 27 specifies that financial statements should not incorporate a combination which occurs after the date of the most recent balance sheet included in the financial statements.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of proforma financial statements which are properly prepared in accordance with the accounting policies set out in note 2 to the proforma financial statements. In preparing such proforma financial statements it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the proforma financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the proforma financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the proforma financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the proforma financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the proforma financial statements for the year ended 31st March, 2002 have been properly prepared in accordance with the accounting policies set out in note 2 to the proforma financial statements and the disclosure requirements of the Hong Kong Companies Ordinance.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants

Hong Kong, 25th July, 2002

PROFORMA CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Turnover	3	113,318	70,007
Cost of sales		<u>(53,648)</u>	<u>(33,144)</u>
Gross profit		59,670	36,863
Other operating income		154	36
Selling expenses		(364)	(1,326)
Administrative expenses		<u>(5,588)</u>	<u>(4,398)</u>
Profit from operations	5	53,872	31,175
Loss on disposal of a 5% interest in a subsidiary		–	(438)
Finance costs	6	<u>(846)</u>	<u>–</u>
Profit before taxation		53,026	30,737
Taxation	8	<u>(24,241)</u>	<u>(8,359)</u>
Profit before minority interests		28,785	22,378
Minority interests		<u>(1,019)</u>	<u>(408)</u>
Net profit for the year		<u>27,766</u>	<u>21,970</u>
Earnings per share – basic	9	<u>4.14 cents</u>	<u>3.28 cents</u>

PROFORMA CONSOLIDATED BALANCE SHEET

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As at 31st March, 2002

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	NOTES	2002 HK\$'000	2001 HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Plant and equipment	10	158	213
Investment properties	11	95,800	–
Properties under development	12	–	44,587
Investment securities	13	–	111
		<u>95,958</u>	<u>44,911</u>
CURRENT ASSETS			
Completed properties held for sales	14	79,230	–
Deposit paid	15	29,974	–
Properties under development	12	92,284	148,197
Trade receivables	16	35,457	13,373
Other receivables and prepayments		4,619	7,904
Amount due from a minority shareholder		1,159	751
Amount due from a director	17	–	25,549
Bank balances and cash		3,167	10,269
		<u>245,890</u>	<u>206,043</u>
CURRENT LIABILITIES			
Trade payables	18	89,832	104,197
Other payables and accruals		23,640	19,279
Amount due to a director	17	2,136	–
Amount due to a related company	19	114	72
Tax payable		41,048	17,970
Secured bank borrowings		67,854	67,831
		<u>224,624</u>	<u>209,349</u>
NET CURRENT ASSETS (LIABILITIES)		<u>21,266</u>	<u>(3,306)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>117,224</u>	<u>41,605</u>
MINORITY INTERESTS		<u>6,161</u>	<u>2,763</u>
		<u>111,063</u>	<u>38,842</u>
CAPITAL AND RESERVES			
Share capital	20	78	–
Reserves	21	110,985	38,842
		<u>111,063</u>	<u>38,842</u>

The proforma financial statements on pages 22 to 47 were approved and authorised for issue by the Board of Directors on 25th July, 2002 and are signed on its behalf by:

Leung Ngai Man
DIRECTOR

Ng Ping Man
DIRECTOR

PROFORMA CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31st March, 2002

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange differences arising from translation of the overseas operations	22	72
Revaluation surplus of investment properties	44,355	–
Gains not recognised in the proforma consolidated income statement	44,377	72
Net profit for the year	27,766	21,970
Total recognised gains	72,143	22,042

PROFORMA CONSOLIDATED CASH FLOW STATEMENT

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For the year ended 31st March, 2002

ANNUAL REPORT 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	23	<u>(24,953)</u>	<u>47,902</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(5,077)	(4,744)
Interest received		<u>135</u>	<u>36</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(4,942)</u>	<u>(4,708)</u>
TAXATION			
The People's Republic of China (the "PRC") tax paid		<u>(1,315)</u>	<u>(885)</u>
INVESTING ACTIVITIES			
Increase in properties under development		(3,696)	(8,685)
Purchase of plant and equipment		<u>(17)</u>	<u>(239)</u>
CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(3,713)</u>	<u>(8,924)</u>
NET CASH (OUTFLOW) INFLOW BEFORE FINANCING		<u>(34,923)</u>	<u>33,385</u>
FINANCING	24		
New bank borrowings raised		34,866	32,973
Advance from (to) a director		27,818	(36,954)
Repayment of bank borrowings		<u>(34,866)</u>	<u>(32,973)</u>
NET CASH INFLOW (OUTFLOW) FROM FINANCING		<u>27,818</u>	<u>(36,954)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(7,105)	(3,569)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		3	19
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>10,269</u>	<u>13,819</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		<u><u>3,167</u></u>	<u><u>10,269</u></u>

For the year ended 31st March, 2002

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF PROFORMA FINANCIAL STATEMENTS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 26th October, 2001. Its ultimate holding company is Climax Park Limited, a company which is incorporated in the British Virgin Islands (the "BVI").

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the group (the "Group") formed after the completion of the Group Reorganisation on 25th April, 2002.

The Group Reorganisation principally involved the exchange of fully-paid shares of the Company with all the issued shares of Sino Prosper Group Limited.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, these proforma financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the Group. The directors consider that this basis provides meaningful information for shareholders as regards the historical performance of the companies now comprising the Group.

Details of the Group Reorganisation are set out in the prospectus (the "Prospectus") issued by the Company dated 30th April, 2002.

The shares of the Company were listed on the Stock Exchange on 15th May, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

The proforma financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, except for the non compliance with Statement of Standard Accounting Practice No. 27 "Accounting for Group Reconstructions" ("SSAP 27") described under basis of consolidation below. The principal accounting policies adopted are as follows:

Basis of consolidation

The proforma consolidated financial statements incorporate the financial statements of the Company and the companies which became the Company's subsidiaries on 25th April, 2002 made up to 31st March each year.

The proforma consolidated financial statements incorporate the effects of the Group Reorganisation completed on 25th April, 2002 (as described in note 1 above). For the purposes of the proforma presentation, the reorganisation has been accounted for by using merger accounting. This treatment is not in accordance with SSAP 27 because, although the group reorganisation meets the definition of a group reconstruction under SSAP 27, SSAP 27 specifies that financial statements should not incorporate a combination which occurs after the date of the most recent balance sheet included in the financial statements.

The results of subsidiaries acquired or disposed of during the year are included in the proforma consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Revenue recognition

Sales of completed properties held for sales are recognised upon the execution of legally binding sales agreements.

Sales of properties under development are recognised upon the execution of legally binding sales agreements provided that the construction work has progressed to a stage where the ultimate realisation of profit can be reasonably determined and on the basis set out in "Properties under development".

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

For the year ended 31st March, 2002

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Motor vehicles	30%
Furniture, fixtures and equipment	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Properties under development

Properties under development are stated at cost less allowances for any possible losses. Cost includes all development expenditure, interest charges and other direct costs attributable to such properties.

When properties under development have been pre-sold, the total estimated profit is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the accounting date to the estimated total construction costs to completion, and is limited to the recoverable amount after due allowance for contingencies.

Properties under development which have either been pre-sold or are intended for sale are classified as current assets.

For the year ended 31st March, 2002

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment securities

The Company has selected the benchmark treatment to measure securities other than held to maturity securities under SSAP 24 "Accounting for investments in securities" issued by the Hong Kong Society of Accountants.

Investment securities, which are securities held for an identified long-term strategic purpose and are stated at cost, as reduced by any impairment loss that is other than temporary.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure, interest charges and other direct costs attributable to such properties until they reach a marketable condition. Net realisable value is estimated by the directors based on prevailing market conditions.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of the overseas operations which are denominated in currencies other than the Hong Kong dollars are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in translation reserve.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the proforma financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease terms.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Retirement benefit scheme

The Group's contributions to a local municipal government retirement scheme in the PRC are expensed as incurred while the local municipal government in the PRC undertakes to assume the retirement obligations of all existing and future retirees of the qualified staff in the PRC.

3. TURNOVER

Turnover represents proceeds received and receivable from the sales of properties in the PRC to outside customers less business tax and discounts, if any, during the year, and is analysed as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proceeds from sales of properties	119,282	73,691
Less: business tax	(5,964)	(3,684)
	<u>113,318</u>	<u>70,007</u>

Business tax is calculated at 5% on the proceeds received and receivable from the sales of properties during the year.

For the year ended 31st March, 2002

4. SEGMENTAL INFORMATION

The Group is engaged only in the provision of property development and its operations are all located in the PRC.

5. PROFIT FROM OPERATIONS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Directors' remuneration	584	500
Other staff costs	739	332
Retirement benefit scheme contributions (excluding directors)	32	14
	<u>1,355</u>	<u>846</u>
Less: Amounts capitalised in properties under development	<u>(243)</u>	<u>(185)</u>
Total staff costs	<u>1,112</u>	<u>661</u>
Auditors' remuneration	355	4
Depreciation	72	37
Management fee	1,922	625
Net exchange losses	15	84
and after crediting:		
Interest income	<u>135</u>	<u>36</u>

6. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	5,077	4,744
Less: Amounts capitalised in properties under development	<u>(4,231)</u>	<u>(4,744)</u>
	<u>846</u>	<u>-</u>

NOTES TO THE PROFORMA FINANCIAL STATEMENTS

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For the year ended 31st March, 2002

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7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors		
Directors' fees:		
Executive	-	-
Independent non-executive	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Other emoluments to executive directors:		
Salaries and allowances	572	500
Retirement benefits scheme contribution	12	-
	<u> </u>	<u> </u>
Total directors' remunerations	<u>584</u>	<u>500</u>

The aggregate emoluments of each of the directors during the year were less than HK\$1,000,000.

Other emoluments to executive directors were emoluments paid to the directors and officers of the Company's subsidiaries who became directors of the Company prior to their appointment and the incorporation of the Company.

Employees

The five highest paid individuals included two directors (2001: one director) whose emoluments are set out above. The emoluments of the remaining three (2001: four) highest paid individuals for the year were as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	406	155
Retirement benefits scheme contribution	-	6
	<u> </u>	<u> </u>
	<u>406</u>	<u>161</u>

For the year ended 31st March, 2002

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

During the years ended 31st March, 2001 and 2002, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during both years.

The aggregate emoluments of each of the employees during the year were less than HK\$1,000,000.

8. TAXATION

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
The charge comprises:		
The PRC income tax	16,689	8,359
Land Appreciation Tax ("LAT")	<u>7,552</u>	<u>–</u>
	<u><u>24,241</u></u>	<u><u>8,359</u></u>

The PRC income tax is calculated at a rate of 33% on the assessable profits arising in the PRC for both years.

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

Under the Implementation Regulations on the Provisional Regulations of the PRC on LAT issued on 27th January, 1995, all added value from transfer of real estate in the PRC from 1st January, 1994 is subject to LAT at progressive rates up to 60 per cent. An exemption to LAT is applicable to first hand sales contracts entered into on or before 31st December, 2000 in respect of those property development contracts signed before 1st January, 1994, or those related project proposals approved before 1st January, 1994 and whose capital for the development has been injected according to the contract. The properties under development was approved in 1993, accordingly, there was no LAT exposure to the Group for the period from 1st April, 1998 to 31st December, 2000.

All added value arising from sales agreements of the properties under development entered into subsequent to 31st December, 2000 is subject to LAT at progressive rates up to 60 per cent.

NOTES TO THE PROFORMA FINANCIAL STATEMENTS

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For the year ended 31st March, 2002

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8. TAXATION (continued)

Deferred taxation has not been provided for in the financial statements as the amounts involved are not significant.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the year of approximately HK\$27,766,000 (2001: HK\$21,970,000) and the weighted average number of ordinary shares of 670,000,000 of the Company in issue and issuable comprising 20,000,000 shares of the Company in issue as at the date of the Prospectus and 650,000,000 shares to be issued pursuant to the capitalisation issue as are fully explained in Appendix V to the Prospectus, had been effective on 30th April, 2002.

10. PLANT AND EQUIPMENT

	Motor vehicles <i>HK\$ '000</i>	Furniture, fixtures and equipment <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
COST			
At 1st April, 2001	346	153	499
Exchange realignment	1	–	1
Additions	–	17	17
	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2002	<u>347</u>	<u>170</u>	<u>517</u>
DEPRECIATION			
At 1st April, 2001	185	101	286
Exchange realignment	1	–	1
Provided for the year	57	15	72
	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2002	<u>243</u>	<u>116</u>	<u>359</u>
NET BOOK VALUES			
At 31st March, 2002	<u>104</u>	<u>54</u>	<u>158</u>
At 31st March, 2001	<u>161</u>	<u>52</u>	<u>213</u>

For the year ended 31st March, 2002

11. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1st April, 2001	–
Transferred from properties under development	49,111
Revaluation surplus	46,689
	<u> </u>
At 31st March, 2002	<u>95,800</u>

Investment properties were valued at their open market value at 31st March, 2002 by Castores Magi Surveyors Limited, professional valuer, a firm of independent valuers, on an open market existing use basis. This valuation gave rise to a revaluation increase of HK\$46,689,000 which has been credited to the investment properties revaluation reserve.

The Group's investment properties have been pledged to secure banking facilities granted to the Group.

The carrying amount of investment properties comprises land in the PRC under medium-term leases.

As at balance sheet date, the Group did not enter into any operating lease arrangements.

NOTES TO THE PROFORMA FINANCIAL STATEMENTS

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For the year ended 31st March, 2002

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12. PROPERTIES UNDER DEVELOPMENT

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year, at cost	192,784	175,356
Exchange realignment	68	294
Interest capitalised	4,231	4,744
Additions	77,190	45,534
Transferred to cost of sales	(53,648)	(33,144)
Transferred to investment properties	(49,111)	–
Transferred to completed properties held for sales	(79,230)	–
	<u>92,284</u>	<u>192,784</u>
At end of the year, at cost	92,284	192,784
Less: Amount included in current assets	(92,284)	(148,197)
	<u>–</u>	<u>44,587</u>
Amount included in non-current assets	–	44,587

At 31st March, 2001, properties under development amounting to approximately HK\$44,587,000 were held for investment purpose by the Group. Accordingly, these amounts had been classified as non-current assets. The remaining balances held for sales purpose have been classified as current assets.

13. INVESTMENT SECURITIES

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity shares, at cost	–	111
	<u>–</u>	<u>111</u>

At 31st March, 2001, the investment securities represented the Group's interest in Dalian Asia Finance Property Management Consultant Services Co., Ltd ("Asia Finance"). During the year, additional contributed capital of Asia Finance amounting to HK\$629,000 (note 28) has been paid up by the Group. Accordingly, the Group has accounted for Asia Finance as a subsidiary in current year.

For the year ended 31st March, 2002

14. COMPLETED PROPERTIES HELD FOR SALES

During the year, the Group has entered an arbitration proceeding with a contractor claiming approximately HK\$5,769,000 against the Group. The amount claimed is fully provided in the financial statements and disclosed in page 24 of the Prospectus.

Completed properties held for sales amounting to approximately HK\$10,073,000 were subject to a charging order ordered by the People's Court of the PRC pending the execution in respect of the above arbitration

15. DEPOSIT PAID

The amount represents deposit paid for the acquisition of land in the PRC for the development of properties for sale.

16. 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 at the balance sheet date is as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	35,434	–
1 – 2 years	23	11,584
Over 2 years	–	1,789
	<u>35,457</u>	<u>13,373</u>

NOTES TO THE PROFORMA FINANCIAL STATEMENTS

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For the year ended 31st March, 2002

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17. AMOUNT DUE (TO) FROM A DIRECTOR

Particulars of amount due (to) from a director disclosed pursuant to section 161B of the Companies Ordinance are as follows:

	2002	2001	Maximum debit amount outstanding during the year
	HK\$'000	HK\$'000	HK\$'000
Mr. Leung Ngai Man	<u>(2,136)</u>	<u>25,549</u>	<u>25,549</u>

The amount was unsecured, non – interest bearing and was fully settled after the balance sheet date.

18. TRADE PAYABLES

The aged analysis of trade payables at the balance sheet date is as follows:

	2002	2001
	HK\$'000	HK\$'000
0 – 90 days	31	13,474
91 – 180 days	954	3,454
181 – 365 days	41,538	20,164
1 – 2 years	27,740	40,203
Over 2 years	19,569	26,902
	<u>89,832</u>	<u>104,197</u>

19. AMOUNT DUE TO A RELATED COMPANY

The amount was unsecured, non-interest bearing and was fully repaid after the balance sheet date. Mr. Leung Ngai Man, a director of the Company, has a beneficial interest in the related company, Pacific Glory Group Holding Limited.

For the year ended 31st March, 2002

20. SHARE CAPITAL

For the purpose of the preparation of these proforma financial statements, the balance of the share capital shown in the proforma consolidated balance sheet at 31st March, 2002 and 2001, respectively, represents the issued capital of Sino Prosper Group Limited ("Sino Prosper") which was acquired by the Company pursuant to the Group Reorganisation.

	2002	2001
Issued and fully paid	<u>US\$10,000</u>	<u>US\$1</u>
Shown in the financial statements as	<u>HK\$78,000</u>	<u>HK\$8</u>

The authorised share capital of Sino Prosper is US\$50,000 shares of US\$1 each for both years.

Sino Prosper was incorporated on 17th October, 2000 with an authorised share capital of US\$50,000. At the time of incorporation, 1 share of US\$1 was issued at par to the subscriber to provide the initial capital of the Company. On 31st July, 2001, 9,999 shares of US\$1 each were issued at par to Sino Prosper's shareholder and these shares rank pari passu with the then existing share.

21. RESERVES

	Translation reserve <i>HK\$'000</i>	Properties revaluation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2000	(13,515)	–	30,315	16,800
Exchange differences arising from translation of financial statements of the overseas operations	72	–	–	72
Profit for the year	–	–	21,970	21,970
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2001	(13,443)	–	52,285	38,842
Exchange differences arising from translation of financial statements of the overseas operations	22	–	–	22
Revaluation increase	–	44,355	–	44,355
Profit for the year	–	–	27,766	27,766
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2002	<u>(13,421)</u>	<u>44,355</u>	<u>80,051</u>	<u>110,985</u>

For the year ended 31st March, 2002

22. PARTICULARS OF THE COMPANY'S SUBSIDIARIES

Details of the Company's subsidiaries at 31st March, 2002 are as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid share capital/ registered capital	Percentage of equity interest held by the Company		Principal activities
			Direct	Indirect	
Access Power Group Limited ("Access Power")	The BVI	US\$1	–	100%	Provision for marketing and subcontracting services
Better Best Limited	The BVI	US\$1	–	100%	Investment holding
Asia Finance 大連亞太物業行有限公司	The PRC	US\$105,000	–	95%	Provision for property management services
Dalian Dong Gang Real Estate Development Co., Ltd. ("Dong Gang") 大連東港房地產開發有限公司	The PRC	US\$5,000,000	–	95%*	Property development
Joint Profit Group Limited 駿港集團有限公司	Hong Kong	HK\$2	–	100%	Inactive
Sino Prosper Group Limited	The BVI	US\$10,000	100%	–	Investment holding
World Giant Investments Holdings Limited	The BVI	US\$1	–	100%	Investment holding

* Dong Gang was a wholly owned subsidiary for the period from November 1999 to August 2000.

For the year ended 31st March, 2002

23. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	53,026	30,737
Interest income	(135)	(36)
Depreciation	72	37
Finance cost	846	–
Loss on disposal of a 5% minority interest in a subsidiary	–	438
Increase in deposit paid	(29,974)	–
Increase in properties under development	(19,696)	(3,405)
(Increase) decrease in trade receivables	(22,079)	18,439
Decrease (increase) in other receivables and prepayments	3,396	(6,572)
Increase in amount due from a minority shareholder	(408)	(175)
(Decrease) increase in trade payables	(14,399)	3,712
Increase in other payables and accruals	4,356	4,703
Increase in amount due to a related company	42	24
	<hr/>	<hr/>
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	(24,953)	47,902
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE PROFORMA FINANCIAL STATEMENTS

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24. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Amount due to (from) a director <i>HK\$'000</i>	Bank borrowings <i>HK\$'000</i>	Minority interest <i>HK\$'000</i>
At 1st April, 2000	13,223	67,721	–
Exchange realignment	(14)	110	–
Advance to a director	(36,954)	–	–
New bank borrowings raised	–	32,973	–
Repayment	–	(32,973)	–
Consideration of investment securities paid by a director (Note 25(a))	111	–	–
Receipt on disposal of a 5% interest in a subsidiary by a director (Note 25(b))	(1,915)	–	2,353
Share of results of minority interests	–	–	408
Share of translation reserve by minority shareholder	–	–	2
	<hr/>	<hr/>	<hr/>
At 31st March, 2001	(25,549)	67,831	2,763
Exchange realignment	(10)	23	–
Advance from a director	27,818	–	–
New bank borrowings raised	–	34,866	–
Repayment	–	(34,866)	–
Issue of new shares (Note 25(c))	(78)	–	–
Share of results of minority interests	–	–	1,019
Share of properties revaluation reserve	–	–	2,334
Capital injection in a subsidiary by a minority shareholder (Note 25(d))	(45)	–	45
	<hr/>	<hr/>	<hr/>
At 31st March, 2002	<u>2,136</u>	<u>67,854</u>	<u>6,161</u>

For the year ended 31st March, 2002

25. MAJOR NON-CASH TRANSACTIONS

- (a) The investment cost of investment securities was paid by a director and included in amount due to (from) a director.
- (b) The disposal of the 5% interest of a subsidiary was received on behalf of the Group by a director and included in the amount due to (from) a director.
- (c) New shares of the Company were issued to its existing shareholder and included in the amount due to (from) a director.
- (d) Capital injection in a subsidiary by a minority shareholder was received by a director and included in the amount due to (from) a director.

26. OPERATING LEASE COMMITMENTS

Minimum lease payments paid under operating leases for rented premises during the year amounting to approximately HK\$283,000 (2001: HK\$240,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year amounting to approximately HK\$90,000 (2001: HK\$88,000).

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated and rentals are fixed for an average term of half year.

27. MANAGEMENT FEE COMMITMENTS

At the balance sheet date the Group had outstanding commitments under non-cancellable management fee agreements which fall due as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Within one year	1,246	2,282
In the second to fifth year inclusive	—	1,246
	<u>1,246</u>	<u>3,528</u>

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For the year ended 31st March, 2002

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28. CAPITAL COMMITMENTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements in respect of capital contribution in Asia Finance	—	629

29. OTHER COMMITMENTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Expenditure contracted for but not provided in the financial statements in respect of construction of the properties under development	3,223	2,791

30. CONTINGENT LIABILITIES

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Penalties for late completion of properties (note 1)	8,469	6,208
Guarantees given to a bank in respect of mortgage facilities granted to purchasers for the acquisition of the properties (note 2)	94,867	84,400
Total contingent liabilities	103,336	90,608

Notes:

1. The relevant parties have not claimed for late completion up to now, in the opinion of the directors, it is unlikely for these parties to make the claims and accordingly, no provision has been made.
2. The guarantees given will be released upon the earliest of: (i) registration of mortgage by the purchaser-mortgagors holding the relevant housing ownership certificate; (ii) repayment of loan by the purchaser-mortgagors; and (iii) two years from the date of any breach of obligations by the purchaser-mortgagors.

For the year ended 31st March, 2002

31. PLEDGE OF ASSETS

At the balance sheet date, the Group pledged its assets in respect of banking facilities granted to the Group as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	95,800	–
Completed properties held for sales	36,259	–
Properties under development	–	125,418
	<u>132,059</u>	<u>125,418</u>

32. RETIREMENT BENEFIT SCHEME

During the year, the Group contributed to a local Municipal Government retirement scheme to all qualified employees in the PRC.

The retirement benefit scheme contributions arising from the PRC Municipal Government retirement scheme charged to the consolidated income statement represent contributions paid or payable by the Group at rates specified in the rules of the schemes.

33. RELATED PARTY TRANSACTION

The Group entered into the following related party transaction during the year:

Name of related party	Nature of transaction	2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>
Pacific Glory Group Holding Limited ("Pacific Glory")	Rental expenses paid	<u>21</u>	<u>24</u>

Mr. Leung Ngai Man, a director of the Company, has a beneficial interest in the above company.

In the opinion of the directors, the above transaction is based on terms agreed by both parties and in the ordinary course of business. The Group has discontinued the rental transactions with Pacific Glory subsequent to 31st March, 2002.

34. POST BALANCE SHEET EVENTS

- (a) On 24th April, 2002, a written resolution was passed by the sole shareholder of the Company to sub-divide each share having a par value of HK\$0.10 each in the share capital of the Company into ten shares.
- (b) On 25th April, 2002, the following written resolutions were passed by the sole shareholder of the Company:
 - (i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000 by the creation of additional 10,000,000 shares with a nominal value of HK\$0.01 each;
 - (ii) the authorised share capital of the Company was then increased from HK\$200,000 to HK\$200,000,000 by the creation of a further addition of 19,980,000,000 shares with a nominal value of HK\$0.01 each; and
 - (iii) adoption of a share option scheme for the employees of the Company and its subsidiaries.
- (c) The companies comprising the Group underwent a reorganisation prior to and in preparation for the listing of the shares on the Stock Exchange. Pursuant to the agreement on 25th April, 2002, the Company acquired the entire issued share capital of Sino Prosper from Climax in consideration of (i) allotting and issuing 10,000,000 shares to Climax credited as fully paid at par, and (ii) crediting as fully paid at par the 10,000,000 nil paid shares then held by Climax.

PROFORMA FINANCIAL SUMMARY

	Year ended 31st March,			
	1999	2000	2001	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS				
Turnover	41,785	44,981	70,007	113,318
Cost of sales	(20,460)	(21,293)	(33,144)	(53,648)
Gross profit	21,325	23,688	36,863	59,670
Other operating income	27	29	36	154
Selling expenses	(141)	(52)	(1,326)	(364)
Administrative expenses	(1,768)	(1,940)	(4,398)	(5,588)
Profit from operations	19,443	21,725	31,175	53,872
Loss on disposal of a 5% interest in a subsidiary	–	–	(438)	–
Finance costs	–	–	–	(846)
Profit before taxation	19,443	21,725	30,737	53,026
Taxation	(4,560)	(5,029)	(8,359)	(24,241)
Profit before minority interests	14,883	16,696	22,378	28,785
Minority interests	(300)	(204)	(408)	(1,019)
Net profit for the year	14,583	16,492	21,970	27,766
Earnings per share – basic	2.18 cents	2.46 cents	3.28 cents	4.14 cents

	As at 31st March,			
	1999	2000	2001	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES				
Total assets	122,299	222,905	250,954	341,848
Total liabilities	(120,460)	(206,105)	(209,349)	(224,624)
Minority interests	(1,704)	–	(2,763)	(6,161)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Shareholders' funds	135	16,800	38,842	111,063
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes:

1. The Company was incorporated on 26th October, 2001 and became the holding company of the Group on 25th April, 2002. The above summary represents the proforma financial statements based on the group structure following the group reorganisation as explained on page 26 of the annual report.
2. The proforma results for each of the four years ended 31st March, 2002 have been prepared on a combined basis as if the current group structure had been in existence throughout those years.
3. The Company was incorporated on 26th October, 2001 and became the holding company of the Group as a result of a group reorganisation which became effective on 25th April, 2002. Accordingly, the only proforma consolidated balance sheet of the Group that have been prepared are those set out on page 23 of the annual report.
4. The calculation of the earnings per share for the year is based on the profit for the year of approximately HK\$27,766,000 (2001: HK\$21,970,000) and on the number of ordinary shares of 670,000,000 in issue during the year immediately preceding the issue of the Prospectus in connection with the Group Reorganisation in preparation of the Company's shares on the Stock Exchange.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Name/Location	Type	Stage of completion	Effective % held	Lease term	Gross floor area (square metres)	Anticipated completion
A. Investment properties						
Dalian Asia Pacific Finance Centre No. 55, Ren Min Road, Zhong Shan District, Dalian City, Liaoning Province, the PRC	Residential and commercial	Completed	100%	Medium-term	6,105	–
B. Completed properties held for sales						
Dalina Asia Pacific Finance Centre No. 55, Ren Min Road, Zhong Shan District, Dalian City, Liaoning Province, the PRC	Residential and commercial	Completed	100%	Medium-term	12,129	–
C. Properties under development						
A development site located at Gao Er Ji Road, Xigang District, Dalian City, Liaoning Province, the PRC	Residential and commercial	Super-structure in progress	100%	Medium-term	15,912	December 2003

NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the annual general meeting of Sino Prosper Holdings Limited (the "Company") will be held at 3:30 p.m. on Thursday, 29 August 2002 at Board Room I, M/F, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong to transact the following ordinary business:

1. to receive and approve the audited combined financial statements and the reports of the directors and the Company's auditors for the year ended 31 March 2002;
2. to re-elect the retiring director, to fix the maximum number of directors for the time being at 15 and to authorise the board of directors to fix the director's remuneration;
3. to re-appoint the Company's auditors and to authorise the board of directors to fix their remuneration;

and, as special businesses, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

4. **"THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (each a "Share") of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which may require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for Shares, which may require the exercise of such powers at any time during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of

the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) (the “Companies Law”) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence

or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchased shares (each a “Share”) of HK\$0.01 each in the capital of the Company on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law, and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law of the Cayman Islands or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

6. **“THAT** conditional on the passing of resolution numbered 4 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 4 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares of HK\$0.01 each in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the

share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”

By order of the board of directors of
Sino Prosper Holdings Limited
Cheung Woon Yiu
Company Secretary

Hong Kong, 25 July 2002

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O.Box 2681 GT
George Town
Grand Cayman
British West Indies

*Head office and principal place
of business in Hong Kong:*

Unit C-D, 10th Floor,
Neich Tower,
128 Gloucester Road,
Wanchai,
Hong Kong.

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch share registrar, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
3. In relation to proposed resolutions numbered 4 and 6 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
4. In relation to proposed resolution numbered 5 above, the directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules will be set out in a separate document to be despatched to the shareholders with the annual report for the year ended 31 March 2002.