

HV CONSTRUCTION SERVICES LIMITED**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the Statement of Accounts for the year ended 31st March, 1995.

PRINCIPAL ACTIVITY

The principal activity of the company is long term investment in overseas real estate.

During the period the company concentrated upon building out its existing land bank. Completions are expected in the next trading period.

DIRECTORS

The directors of the company during the year were as follows:—

Mr. I.G. Hayworth
Mr. S.J. Vass

In accordance with the Company's Articles of Association all of the Directors shall retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

During the year, the Company paid consultancy fee to the following two companies at which the Directors has interest in these companies:—

Mr. I.G. Hayworth is a director of Sigma Construction Management Ltd.
Mr. S.J. Vass is a director of Standpost Ltd.

Save as mentioned as above, none of the directors had a material interest in any other contracts with the Company at the end of the year or at any time during the year.

AUDITORS

The Auditors, Messrs. H.M. Yung & Co., Certified Public Accountants retire, but being eligible, offer themselves for re-appointment.

For & On Behalf Of
The Board of Directors

J. Hayworth
Chairman

Hong Kong, 10th November, 1995



REPORT OF AUDITORS
TO THE MEMBERS OF
HV CONSTRUCTION SERVICES LIMITED

We have audited the balance sheet together with the notes thereon in accordance with accounting principles generally accepted in Hong Kong.

The Companies Ordinance requires the directors to prepare a profit and loss account and a balance sheet. Pursuant to section 141D of the Ordinance, the balance sheet together with the notes thereon should be prepared in accordance with the requirements of the Eleventh Schedule. In preparing these 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 the balance sheet together with the notes thereon and to report our opinion to you.

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. The audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the balance sheet and the notes thereon. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the balance sheet and the notes thereon, 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 balance sheet together with the notes thereon is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the balance sheet together with the notes thereon. We believe that our audit provides a reasonable basis for our opinion.

We report that we have obtained all the information and explanations which we have required.

In our opinion, the balance sheet together with the notes thereon is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at 31st March, 1995 according to the best of our information and explanations given to us, and so shown by the books of the company.

H. M. Yung & Co.

H. M. Yung & Co.
Certified Public Accountants
Hong Kong,

HV CONSTRUCTION SERVICES LIMITED
BALANCE SHEET AS AT 31 MARCH, 1995

	<u>1995</u> HK\$	<u>1994</u> HK\$
<u>FIXED ASSETS</u>		
OFFICE EQUIPMENT	30,678	30,678
<u>CURRENT ASSETS</u>		
LANDED PROPERTIES (OVERSEAS)	8,135,034	6,557,750
PREPAYMENT	9,369,891	3,441,800
CASH AT BANK	590,952	3,865
RENTAL DEPOSITS	13,300	13,300
UNQUOTED INVESTMENTS	1,626,333	1,626,333
LOAN ADVANCED	319,698	319,698
	<u>20,055,208</u>	<u>11,962,746</u>
<u>LESS: CURRENT LIABILITIES</u>		
SALES DEPOSIT RECEIVED	17,254,950	7,929,398
LOAN FROM SPACE DIMENSION LIMITED	1,500,000	1,500,000
ACCRUED CHARGES	9,000	10,000
BANK OVERDRAFT (OVERSEAS)	3,182,238	2,499,381
AMOUNT DUE TO RELATED COMPANIES	482,389	2,532,838
	<u>22,428,577</u>	<u>14,471,617</u>
NET CURRENT LIABILITIES	(2,373,369)	(2,508,871)
	<u>(2,342,691)</u>	<u>(2,478,193)</u>
<u>REPRESENTED BY:—</u>		
PAID-UP CAPITAL	100	100
PROFIT/(LOSS) ACCOUNT B/F	(2,478,193)	(69,017)
PROFIT FOR THE YEAR	135,402	(2,409,276)
	<u>(2,342,791)</u>	<u>(2,478,293)</u>
	<u>(2,342,691)</u>	<u>(2,478,193)</u>


DIRECTOR

HV CONSTRUCTION SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1995

	<u>1995</u> HK\$	<u>1994</u> HK\$
INCOME	1,000,000	1,374,733
LESS: CONSULTANCY FEE PAID	425,000	(2,529,575)
	<u>575,000</u>	<u>(1,154,842)</u>
ADD: MANAGEMENT FEE RECEIVED	0	152,888
INTEREST RECEIVED	0	3,734
GROSS PROFIT	<u>575,000</u>	<u>(998,220)</u>
<u>LESS : EXPENSES</u>		
ADVERTISING & PROMOTION	2,664	78,222
AUDITORS' REMUNERATION	6,000	5,000
BANK CHARGES	19,853	34,446
BUSINESS REGISTRATION FEE	2,250	1,250
ENTERTAINMENT	330	0
EXCHANGE LOSS	6,483	26,830
EXHIBITION EXPENSES	0	38,612
INTEREST EXPENSES	19,823	56,254
LEGAL & PROFESSIONAL FEE	14,590	497,678
MANAGEMENT FEE PAID	0	165,336
OFFICE RENT	213,648	157,413
OVERSEAS TRAVELLING	71,435	56,614
PLANNING FEE	0	115,836
POSTAGE	1,496	0
PRINTING & STATIONERY	5,203	5,578
SECRETARIAL FEE	62,341	100,574
STAFF SALARIES	1,100	46,500
SUNDRIES	2,056	749
TELEPHONE AND FAX	10,326	24,164
	<u>439,598</u>	<u>1,411,056</u>
PROFIT/(LOSS) FOR THE YEAR	<u>135,402</u>	<u>(2,409,276)</u>

HV CONSTRUCTION SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1995

INCOME

Representing total invoiced value for providing consultation services to building developers and acting as sales agent.

LANDED PROPERTIES (OVERSEAS)

The company has acquired two pieces of land situated in Burham and Buntingford, United Kingdom for the building of seventeen houses for sale and the payments for the land were:—

	<u>HK\$</u>
Burham Project	4,382,000
Buntingford Project	<u>3,753,034</u>
	<u>8,135,034</u>

SHARE CAPITAL

	<u>HK\$</u>
Authorised 1,000 shares at HK\$10.00 each	<u>10,000</u>
Issued & Fully Paid 10 shares at HK\$10.00 each	<u>100</u>

DIRECTORS' REMUNERATION

Pursuant to Section 161 of the Companies Ordinance, the remuneration of Director for the year was nil.

WAIVER OF COMPLIANCE UNDER 141D OF THE COMPANIES ORDINANCE

All the shareholders of the Company have agreed in writing that Section 141D of the Companies Ordinance shall apply to the Company with respect to the fiscal year ended 31st March, 1995.

FOREIGN CURRENCIES

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising in these cases are dealt with in the income and expenditure statement.

BANKING FACILITIES

The land in Bell Crescent, Burham, Kent has been pledged to a bank in England to secure overdraft facilities to the extent of HK\$3,750,000.

APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Director on 10th November, 1995.

IV CONSTRUCTION SERVICES LIMITED
TAX COMPUTATION
FOR THE YEAR OF ASSESSMENT 1994/95
FILE NO.: 3/10553611

Basis Period : For the year ended 31st March, 1995

	HK\$
Profit as per accounts	135,402
Less: Depreciation Allowance	<u>1,005</u>
Assessable Profits	<u><u>134,397</u></u>

DEPRECIATION ALLOWANCE

	Office Equipment 20% POOL HK\$	Allowances HK\$
W.D.V. B/F	5,026	
Additions	<u>0</u>	
	5,026	
A.	<u>0</u>	0
	5,026	
A.A.	<u>1,005</u>	<u>1,005</u>
	<u><u>4,021</u></u>	<u><u>1,005</u></u>