

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31st March, 2000.

2 Segmental information

	Turnover		Contribution to profit from operating activities	
	Six months ended 30th September			
	2000 (Unaudited) HK\$'000	1999 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	1999 (Unaudited) HK\$'000
By principal activities:				
Trading	72,289	71,445	3,525	4,791
Securities dealing and broking	10,051	6,176	4,979	6,674
Financing business	16,244	4,217	22,515	19,830
Others	61	83	95	144
	<u>98,645</u>	<u>81,921</u>	<u>31,114</u>	<u>31,439</u>
Gross profits / (losses) from securities trading			<u>79</u>	<u>(374)</u>
			<u>31,193</u>	<u>31,065</u>
By geographical area:				
People's Republic of China, Hong Kong	46,512	46,025		
Europe	48,083	23,802		
North America	3,710	10,272		
Other Asian countries	340	1,822		
	<u>98,645</u>	<u>81,921</u>		

3 Profit before tax

Profit before tax was determined after charging the following:

	Six months ended 30th September	
	2000	1999
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses	8,672	14,202
Depreciation	816	937
	<u> </u>	<u> </u>

4 Tax

Hong Kong profits tax had been provided for at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the period.

5 Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$18,362,000 (1999: HK\$7,377,000) and the weighted average number of 36,480,991,896 (1999: 3,142,078,334) shares in issue during the period.

The comparative amount of earnings per share has been adjusted for the rights issue of 25,478,787,991 shares of the Company in March 2000 and the bonus issue of shares during the period.

The calculation of diluted earnings per share for the period is based on the profit attributable to shareholders of HK\$18,362,000 (1999: HK\$7,377,000) and the weighted average number of 36,875,011,442 (1999: 3,202,344,584) shares which include the weighted average of 394,019,546 (1999: 60,266,250) shares assumed to have been issued at no consideration on the deemed exercise of share options of the Company that were outstanding during the period. The 2000 Warrants outstanding during the period had an anti-dilutive effect on the basic earnings per share.

6 Accounts and loans receivable

	As at 30th September, 2000	As at 31st March, 2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Aging analysis of accounts and loans receivable are as follows:		
Current to 3 months	100,291	147,280
Over 3 months	100,749	51,195
	<u> </u>	<u> </u>
	<u>201,040</u>	<u>198,475</u>

The Group usually grants an average credit period of approximately 60 days to its trade customers.

7 Accounts payable

	As at 30th September, 2000 (Unaudited) HK\$'000	As at 31st March, 2000 (Unaudited) HK\$'000
Aging analysis of accounts payable are as follows:		
Current to 3 months	40,024	72,700
Over 3 months	1,774	982
	<u>41,798</u>	<u>73,682</u>
Other payables and accrued expenses	31,475	137,919
	<u>73,273</u>	<u>211,601</u>

8 Reserves

Movement of reserves during the period are as follows:

	Share premium account HK\$'000	Special capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Exchange fluctuation reserve HK\$'000	Total HK\$'000
At 31st March, 2000 and 1st April, 2000 (audited)	675,663	215,965	809	(184,280)	(718)	707,439
Issue of bonus shares	(72,962)					(72,962)
Share issue expenses	(272)					(272)
Goodwill on acquisition of an associate		(116,575)				(116,575)
Capital reserve on acquisition of subsidiaries		21,323				21,323
Profit retained for the period				18,362		18,362
Exchange realignments					(3)	(3)
	<u>602,429</u>	<u>120,713</u>	<u>809</u>	<u>(165,918)</u>	<u>(721)</u>	<u>557,312</u>

9 Contingent liabilities

	As at 30th September, 2000 (Unaudited) HK\$'000	As at 31st March, 2000 (Audited) HK\$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	<u>269,000</u>	<u>249,000</u>