1. Accounting Policies

The unaudited condensed interim financial statements ("interim financial statements") have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and in compliance with the Statement of Standard Accounting Practice No. 25 (SSAP 25) Interim Financial Reporting issued by the Hong Kong Society of Accountants, except that the comparative figures of the condensed consolidated cash flow statement have not been presented as the Group has taken advantage of the transitional provisions set out in Appendix 16 of the Listing Rules on the Stock Exchange.

These condensed interim financial statements should be read in conjunction with the 2000 annual financial statements.

In the current period, the Group has adopted SSAP 30 "Business combinations" and has elected not to restate goodwill or negative goodwill previously eliminated against or credited to, respectively, reserves. Accordingly, goodwill or negative goodwill arising on acquisition prior to 1 January 2001 is held in reserves and will be charged or credited to the income statement at the time of disposal of the relevant subsidiary, associate, joint venture or business, or at such time as the goodwill is determined to be impaired.

Any goodwill arising on acquisitions after 1 January 2001 will be capitalised and amortised over its estimated useful life. Any negative goodwill arising on acquisitions after 1 January 2001 will be presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

The adoption of new accounting policy in accordance with SSAP 9 (Revised) has resulted in significant impact on the preparation of the interim financial statements. Events after the balance sheet date as defined by this accounting standard are those events that occur between the balance sheet date and the date when the financial statements are approved by the Board. This accounting standard requires that, if dividends are proposed or declared after balance sheet date, an enterprise should not recognise those dividends as a liability at the balance sheet date. After the adoption of this accounting standard, reclassification is required for the Group's accumulated profits and proposed dividend as at 31 December 2000.

Except for the above changes, the accounting policies and methods of computation followed in the preparation of the interim financial statements are consistent with the latest published annual financial statements for the year ended 31 December 2000.

2. Turnover and Segmental Information

An analysis of the Group's consolidated turnover and contribution to profit (loss) from operations by principal activity and geographical location for the six months ended 30 June 2001 and 2000 is as follows:

	Turnover		Contribution to profit (loss) from operations	
	Six months ended 30 June		Six months ended 30 June	
	2001	2000	**2001**	2000
	Unaudited	Unaudited	**Unaudited**	Unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By principal activity:				
Trading and manufacturing	**534,578**	766,033	**(62,646)**	(6,379)
Provision of financial and brokerage services	**67,074**	130,632	**(17,853)**	39,499
Securities and commodities trading	**15,154**	20,238	**76,202**	(22,518)
Property development and investment	**4,215**	6,074	**1,261**	498
Information technology related business	**44,659**	10,989	**(4,078)**	(1,114)
Media business	**105,330**	103,592	**(21,704)**	(15,782)
Investment holding and others	**34**	12	**52,614**	(22,525)
	771,044	1,037,570	**23,796**	(28,321)
By geographical location*:				
United States of America	**272,981**	360,786	**(35,753)**	(7,835)
Europe	**125,956**	226,258	**(16,702)**	(1,274)
The People's Republic of China	**109,411**	91,391	**(9,822)**	(3,971)
Hong Kong	**189,434**	256,991	**95,286**	(13,533)
Japan	**20,102**	35,124	**(4,314)**	423
Others	**53,160**	67,020	**(4,899)**	(2,131)
	771,044	1,037,570	**23,796**	(28,321)

* Turnover by geographical location is determined on the basis of the location where merchandise is delivered and/or service is rendered.

3. Depreciation

Profit (Loss) from operations for the period is arrived at after charging depreciation of approximately HK$36,864,000 (2000: HK$39,048,000) in respect of the Group's property, plant and equipment.

4. Taxation

Hong Kong profits tax was provided at the rate of 16% (1999: 16%) on the estimated assessable profit arising in or derived from Hong Kong. Taxes on profit assessable elsewhere have been calculated at rates of taxation prevailing in the countries in which the Group operates.

The Group received additional assessments for taxation relating to previous years. Taking into account the advice received from external professional advisers, additional provision for taxation of approximately HK$32,641,000 has been made in the current interim results.

5. Interim dividend

On 16 August 2001, the shares of the Company were sub-divided on the basis of one existing ordinary share to four new ordinary shares (the "New Shares").

On 24 September 2001, the Board of Directors declared an interim dividend of HK0.1 cents per share for the six months ended 30 June 2001, totalling approximately HK$1,823,000 (six months ended 30 June 2000: HK1.25 cents as adjusted for share-subdivision, totalling approximately HK$22,783,000). The total amount of the dividend payable of approximately HK$1,823,000 is based on the total number of New Shares in issue of approximately 1,823,328,000 as at 24 September 2001, being the date of the board meeting. This dividend has not been recognised as a liability at 30 June 2001.

6. Transfer (To) From Reserves

The transfer (to) from reserves during the period comprised:

	Six months ended 30 June	
	2001	2000
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Transfer from special reserve	**—**	7,648
Transfer to statutory reserve	**(987)**	(436)
	(987)	7,212

7. Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately HK$13,632,000 (2000: HK$1,547,000) and on approximately 455,663,000 shares (2000: 455,663,000 shares) in issue during the period.

Diluted earnings per share is not shown, as there is no dilution effect for both periods.

8. Trade Receivables

Trade receivables are stated net of provision for bad and doubtful debts, substantially with an aging within 6 months.

Sales of goods are largely on credit, except for new customers when trade deposits are normally required. The credit terms of trade debtors are defined in the respective agreements, and usually range from cash before delivery to 90 days after delivery.

The Group allows a credit period up to the settlement dates of securities, bullion and commodities transactions or a different credit period mutually agreed with the contracting parties.

9. Bank Balances and Cash

Approximately HK$22,269,000 (31 December 2000: HK$29,000,000) of bank deposits were pledged for the banking facilities granted to the Group.

The bank balances included an amount of approximately HK$171,120,000 (31 December 2000: HK$143,918,000) held on behalf of clients of securities and commodities broking business.

10. Trade Payables

Trade payables are substantially with an aging within 6 months.

11. Retained Profits

	30 June 2001 Unaudited ***HK$'000***	31 December 2000 Restated *HK$'000*
At beginning of period/year as previously reported	**236,709**	313,116
Effect of adopting SSAP 9 (revised)	**22,783**	29,618
At beginning of period/year as restated	**259,492**	342,734
Final dividend for the previous year paid	**(22,783)**	(29,618)
Profit (Loss) for the period/year	**13,632**	(42,513)
Transfer (to) from reserves	**(987)**	11,672
2000 interim dividend paid	**—**	(22,783)
At end of period/year	**249,354**	259,492
2000 final dividend proposed	**—**	(22,783)
2001 interim dividend	**(1,823)**	—
	247,531	236,709

12. Post Balance Sheet Events

On 16 August 2001, the shares of the Company were sub-divided on the basis of one existing ordinary share to four new ordinary shares.

On 28 June 2001, South China Information and Technology Limited ("SCIT"), Fourseas.com Limited ("Fourseas") and Giant Glory Limited (an unrelated third party independent of the Company, its substantial shareholders, chief executives and directors, and their respective associates) jointly announced that a Subscription Agreement, a Disposal Agreement and a Management Agreement had been entered into on 18 June 2001, to give effect to a Financial Restructuring Proposal of Fourseas. Subsequent to the interim reporting date, the Financial Restructuring Proposal of Fourseas was approved on 29 August 2001 and completed on 3 September 2001. Essentially, this involved introduction of a new substantial shareholder for Fourseas, SCIT acquired all the existing properties of Fourseas, and Fourseas' travel business became a joint venture between its new substantial shareholder and SCIT. SCIT will retain as the sole manager of Fourseas' travel business. Details of the transactions are set out in the circular of SCIT dated 2 August 2001.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.