

GOLD-FACE HOLDINGS LIMITED

Notes:

1. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties. They have been prepared in accordance with Statement of Standard Accounting Practice 25 (SSAP 25) Interim Reporting except that no comparative figures have been presented for the condensed cash flow statement as permitted by the Hong Kong Stock Exchange Listing Rules. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st March, 2000.

2. Segment information

Business Segments

	Turnover		(Loss) profit from operations	
	Six months ended 30th September,		Six months ended 30th September,	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property dealing	30,832	253,455	(23,753)	23,615
Property rental	20,274	21,461	2,762	1,758
Interest income from financial services	9,041	5,650	4,375	4,325
Property management fee	998	682	417	161
	<u>61,145</u>	<u>281,248</u>	<u>(16,199)</u>	<u>29,859</u>

Geographical Segments

	Turnover		(Loss) profit from operations	
	Six months ended 30th September,		Six months ended 30th September,	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	57,160	274,686	(13,740)	32,668
The United Kingdom	2,658	5,290	(3,026)	(2,968)
Other regions in the People's Republic of China	1,327	1,272	567	159
	<u>61,145</u>	<u>281,248</u>	<u>(16,199)</u>	<u>29,859</u>

3. Depreciation

During the period, depreciation of HK\$1,711,000 (1999: HK\$2,153,000) was charged in respect of the Group's property, plant and equipment.

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4. Taxation

	Six months ended 30th September,	
	2000 HK\$'000	1999 HK\$'000
Hong Kong Profits Tax		
Overprovision in prior years	18	3
Overseas taxation		
Current year	-	(14)
	<u>18</u>	<u>(11)</u>
Share of taxation of associates		
Overseas	<u>(386)</u>	<u>(108)</u>
	<u>(368)</u>	<u>(119)</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the current period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

5. (Loss) earnings per share

The calculation of (loss) earnings per share is based on the Group's net loss for the period of HK\$44,192,000 (1999: net profit of HK\$8,282,000) and on weighted average number of 907,901,100 (1999: 833,098,186) shares in issue during the period.

There is no dilution effect from outstanding warrants and convertible debenture.

6. Transfers to and from reserves

	Six months ended 30th September,	
	2000 HK\$'000	1999 HK\$'000
Transferred from accumulated profits to capital redemption reserve upon repurchase and cancellation shares	<u>292</u>	<u>125</u>
Transferred from investment property revaluation reserve and credited to the income statement on disposal of properties	<u>545</u>	<u>4,547</u>
Goodwill reserve realised on disposal of an associate	<u>(682)</u>	<u>-</u>
Capital reserve realised on disposal of properties held for future development	<u>-</u>	<u>149</u>

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7. Additions to Investment Properties and Property, Plant and Equipment

During the period, the Group did not acquire any investment property (1999: addition of an investment property of HK\$10,400,000 which was transferred from properties under development).

There were additions of property, plant and equipment during the period amounted to HK\$803,000 (1999: HK\$3,450,000).

8. Trade and other receivables

The Group adopts a flexible credit policy in line with prevailing marketing strategy. The credit periods granted to customers range from 30 days to 90 days on average.

Trade and other receivables included HK\$84,228,000 as trade debtors and the following is an unaudited aged analysis of trade debtors at the following reporting dates:

	At 30th September, 2000 HK\$'000	At 31st March, 2000 HK\$'000
Trade debtors		
0 – 60 days	30,225	56,722
61 – 90 days	1,175	76
> 90 days	52,828	71,525
	<u>84,228</u>	<u>128,323</u>

9. Trade and other payables

Trade and other payables included HK\$80,164,000 as trade creditors and the following is an unaudited aged analysis of trade creditors at the following reporting dates:

	At 30th September, 2000 HK\$'000	At 31st March, 2000 HK\$'000
Trade creditors		
0 – 60 days	49,553	23,585
61 – 90 days	6,772	76
>90 days	23,839	5,344
	<u>80,164</u>	<u>29,005</u>

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10. Share capital

	Number of shares		Amount	
	For the six months ended 30th September,			
	2000	1999	2000	1999
			HK\$'000	HK\$'000
Issued and fully paid:				
At beginning of period	835,814,977	833,975,782	83,581	83,397
Private placement of shares	65,000,000	–	6,500	–
Exercise of warrant subscription rights	1,812,310	–	182	–
Conversion of convertible debenture	16,640,955	–	1,664	–
Shares repurchased and cancelled	(2,920,000)	(1,250,000)	(292)	(125)
At end of period	<u>916,348,242</u>	<u>832,725,782</u>	<u>91,635</u>	<u>83,272</u>

11. Post balance sheet events

On 17th October, 2000, the Company signed an Agreement pursuant to which Ultimarum Limited ("Ultimarum"), a wholly-owned subsidiary of the Company, agreed to (a) purchase from Golden Land Investments Plc ("Golden Land") all of the shares of its property owning subsidiaries, and (b) acquire the benefit of the inter company debts owed to Golden Land by, and assume the liabilities in respect of the inter company debts owed by Golden Land to, its subsidiaries and associated undertakings, for an aggregate consideration of £13.88 million. In addition, Golden Land will also transfer to Ultimarum for no additional consideration the rights and obligations under an Option Agreement, whereby Ultimarum will acquire the right to purchase, if it so wishes, the whole of the issued share capital of Celtic Swing Limited at any time prior to 31st March, 2004 for a consideration of £1 million, which if exercised, would enable Ultimarum to acquire the remaining 51% of Goldline Properties Limited.

The independent shareholders of Golden Land have passed a shareholders' resolution on 10th November, 2000 to approve the transaction.

A special general meeting of the Company has been held on 27th November, 2000 whereby the transaction was approved by the independent shareholders.

It is expected that completion of the transaction will take place on or before 31st January, 2001.