

Notes to the Interim Financial Statements (Unaudited)

1 BASIS OF PREPARATION

The interim financial statements are unaudited, but has been reviewed by the audit committee of the group.

The interim financial statements have been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the HKSA.

The same accounting policies adopted in the 1999/2000 annual accounts have been applied to the interim financial statement.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and investment in securities.

2 SEGMENTAL INFORMATION

The principal activities of the Group during the period consisted of property development and investment, retailing, hotel management, investment holding and information technology development.

(a) The Group's turnover for the six months ended 31st December, 2000 amounted to approximately HK\$450 million and the analysis is as follows:

	Group turnover	
	For the six months ended 31st December	
	2000	1999
	HK\$'000	HK\$'000
Sale of properties	3,279	6,496
Rental income	184,404	191,776
Interest income	9,434	4,644
Hotel operation	52,724	61,439
Retail sales	115,949	110,219
Security services	36,465	26,764
Infrastructure	23,279	—
Others	24,275	7,273
	<u>449,809</u>	<u>408,611</u>

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- (b) The operating profits of the Group during the period amounted to approximately HK\$165 million and the analysis of contribution to operating profits is as follows:

	Contribution to Operating Profit	
	For the six months ended 31st December	
	2000	1999
	HK\$'000	HK\$'000
Sale of properties	1,784	3,792
Rental income	116,677	131,235
Interest income	9,434	4,644
Hotel operation	21,011	15,363
Retail sales	20,972	16,350
Security services	12,198	8,427
Infrastructure	9,792	—
Others	7,259	7,245
	199,127	187,056
Other revenue	33,020	2,989
Unallocated expenses	(67,313)	(12,946)
	164,834	177,099

No geographical analysis of each segment is shown as less than 10% of the Group's turnover and profit from operations are derived from activities outside Hong Kong.

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3 PROFIT ON DISPOSAL OF INVESTMENT

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Profit on partial disposal of interest in a subsidiary	582,262	—
Profit on disposal of long-term listed securities	72,201	777,352
	<u>654,463</u>	<u>777,352</u>

Profit on partial disposal of interest in a subsidiary represented profit arising on the spin-off of Henderson Cyber Limited on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited during the period.

4 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

The consolidated profit from ordinary activities before taxation is arrived at after charging:

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
(a) Finance costs:		
Interest on borrowings	66,410	86,695
Other borrowing costs	16,193	12,668
	<u>82,603</u>	<u>99,363</u>
(b) Items other than those separately disclosed in Notes 2 and 4(a):		
Amortisation and depreciation	5,435	5,549
Staff costs	63,372	38,089
Cost of sales		
– completed properties for sale	1,419	2,002
– inventories	26,650	28,445
	<u>26,650</u>	<u>28,445</u>

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5 TAXATION

- (a) Taxation in the consolidated income statement represents:

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
The Group	23,443	26,305
Associates	57,713	57,025
Jointly controlled entities (outside Hong Kong)	2,251	—
	<u>83,407</u>	<u>83,330</u>

Provision for Hong Kong profits tax has been made at 16% on the estimated assessable profits for the period.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the period on the estimated assessable profits arising in the relevant foreign jurisdiction during the period.

- (b) No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

6 DIVIDENDS

	For the six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Special dividend	507	—
Interim dividend at HK\$0.11 per share (1999 – HK\$0.11 per share)	309,906	309,906
	<u>310,413</u>	<u>309,906</u>

The Company distributed 14,086,384 Henderson Cyber Shares as special dividend by way of distribution in specie to its shareholders on the basis of 1 Henderson Cyber Share for every 200 shares in the Company held as at 11 July, 2000.

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7 EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of HK\$1,158,722,000 (1999 - HK\$1,358,088,000) and on 2,817,327,395 ordinary shares (1999 - 2,817,327,395 ordinary shares) in issue during the period.

8 FIXED ASSETS

	Investment properties HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
Cost or valuation			
At 1st July, 2000	4,676,007	1,149,949	5,825,956
Additions	—	119,625	119,625
Acquisitions of subsidiaries	—	1,027,491	1,027,491
Disposals	—	(1,392)	(1,392)
At 31st December, 2000	<u>4,676,007</u>	<u>2,295,673</u>	<u>6,971,680</u>
Amortisation and depreciation			
At 1st July, 2000	—	87,966	87,966
Charge for the period	—	5,435	5,435
Acquisitions of subsidiaries	—	96,514	96,514
Written back on disposals	—	(861)	(861)
At 31st December, 2000	<u>—</u>	<u>189,054</u>	<u>189,054</u>
Amortisation and depreciation			
At 31st December, 2000	<u>4,676,007</u>	<u>2,106,619</u>	<u>6,782,626</u>
At 30th June, 2000	<u>4,676,007</u>	<u>1,061,983</u>	<u>5,737,990</u>

The Group's investment properties and hotel properties were revalued as at 30th June, 2000 by Mr. Augustine Wong, *FHKIS, ARICS, RPS(GP), ACI Arb*, the Group's professional valuer on an open market value basis.

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9 ACCOUNTS RECEIVABLE

The Group maintains a defined credit policy. The ageing analysis of trade debtors (net of provision for bad debts) are as follows:

	At 31st December, 2000 HK\$'000	At 30th June, 2000 HK\$'000
Under 1 month overdue	32,885	245,415
1 to 3 months overdue	23,216	20,694
More than 3 months overdue but Less than 6 months overdue	2,086	2,203
Over 6 months overdue	20,686	3,305
	<u>78,873</u>	271,617
Prepayments, deposits and other receivable	144,519	130,663
	<u>223,392</u>	<u>402,280</u>

10 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The analysis of trade payable included in Creditors and Accrued Expenses by due date are as follows:

	At 31st December, 2000 HK\$'000	At 30th June, 2000 HK\$'000
Current and on demand	138,615	100,042
Due within 1 month or on demand	6,358	4,510
Due after 1 month but within 3 months	11,496	3,618
Due after 3 month but within 6 months	2,627	5,081
	<u>159,096</u>	113,251
Rental deposits and other payable	141,237	91,448
	<u>300,333</u>	<u>204,699</u>

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11 SHARE CAPITAL

	At 31st December, 2000 HK\$'000	At 30th June, 2000 HK\$'000
Authorised:		
3,000,000,000 ordinary shares of HK\$0.2 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid:		
2,817,327,395 (1999:2,817,327,395) ordinary shares of HK\$0.2 each	<u>563,466</u>	<u>563,466</u>

There was no movement in the share capital of the Company in either the current or the prior interim reporting period.

12 COMMITMENTS AND CONTINGENT LIABILITIES

At 31st December, 2000, the Group had commitments and contingent liabilities not provided for in these accounts as follows:

	At 31st December, 2000 HK\$'000	At 30th June, 2000 HK\$'000
(a) Contracted commitments for acquisition of property, plant and equipment, property development and renovation expenditure		
– within 1 year	65,696	82,676
– after 1 year but within 2 years	<u>7,020</u>	<u>—</u>
	<u>72,716</u>	<u>82,676</u>
(b) Property development and renovation expenditure approved by the directors but not yet contracted for	<u>—</u>	<u>31</u>
(c) Annual commitments under non-cancellable operating leases in respect of telecommunication network facilities which expire		
– within one year	5,800	2,411
– in the second to fifth year inclusive	<u>—</u>	<u>7,500</u>
	<u>5,800</u>	<u>9,911</u>

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	At 31st December, 2000 HK\$'000	At 30th June, 2000 HK\$'000
(d) Annual commitments under non-cancellable operating leases in respect of rented premises which expire		
– within one year	38,235	7,097
– in the second to fifth year inclusive	25,955	41,852
	<u>64,190</u>	<u>48,949</u>

In addition, there were contingent liabilities in respect of performance bond guaranteed by a bank on behalf of a subsidiary of the Group amounting to HK\$40 million (30th June, 2000: HK\$40 million). The performance bond was provided in accordance with the terms of the fixed telecommunications network services licence granted to the Group on 16 February, 2000.

13 COMPARATIVE FIGURES

Due to the adoption of revised SSAPs during the current period, the presentation of the income statement has been revised to comply with the new requirements. Accordingly, certain comparative figures have been reclassified to confirm the current period's presentation.