

Notes to the condensed financial statements

1. Significant Accounting Policies

The unaudited condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

The unaudited condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those adopted by the Group in its annual accounts for the year ended 31 December 1999.

2. Segment Information

Analysis of the Group's turnover and operating profit/(loss) by principal activities for the twelve months ended 31 December 2000 is as follows:

	Turnover		Results	
	2000 HK\$ '000	1999 HK\$ '000	2000 HK\$ '000	1999 HK\$ '000
By Business Segments				
Securities trading	15,029	91,024	(80,621)	83,238
Property rental	7,586	7,978	4,219	5,093
	<u>22,615</u>	<u>99,002</u>	<u>(76,402)</u>	<u>88,331</u>
Profit on disposal of investment properties			1,103	—
Other revenue			3,373	2,937
General and administrative expenses			<u>(13,523)</u>	<u>(12,480)</u>
Profit/(Loss) from operating activities			<u>(85,449)</u>	<u>78,788</u>

All principal activities are carried out in Hong Kong. There were no significant changes in the nature of the principal activities during the year.

3. Tax

Hong Kong profits tax has not been provided because the Group had no assessable profits arising in Hong Kong (1999: Hong Kong profits tax was provided at the rate of 16% on the estimated assessable profits arising in Hong Kong). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2000 HK\$ '000	1999 HK\$ '000
Hong Kong	—	(790)
Elsewhere	(9)	(29)
Overprovision in prior years	—	206
	<u>(9)</u>	<u>(613)</u>

4. Earnings/(Loss) per share

The calculation of earnings/(loss) per share is based on the net loss attributable to shareholders for the period of HK\$91,904,000 (1999: profit of HK\$68,507,000) and the weighted average of 108,711,688 shares (1999: 108,979,428 shares) in issue during the twelve months ended 31 December 2000. Diluted earnings per share for the periods ended 31 December 2000 and 1999 have not been calculated as no diluting events existed during these periods.

5. Depreciation

During the period, depreciation of HK\$351,000 (1999: HK\$580,000) was charged in respect of the Group's furniture, equipment and fixtures.

6. Accounts receivable

Sales proceeds from securities trading is receivable in accordance with the settlement terms of respective stock markets practice, and rental income from investment properties shall normally be receivable in advance each month during the term of tenancy.

The following is an aging analysis of accounts receivable at the reporting date:

	2000 HK\$ '000	1999 HK\$ '000
0 – 60 days	15,818	60,759
61 – 90 days	29	112
Above 90 days	59	301
	<u>15,906</u>	<u>61,172</u>

7. Accounts payable and other current liabilities

The following is an aging analysis of accounts payable at the reporting date:

	2000	1999
	HK\$ '000	HK\$ '000
Accounts payable		
0 – 60 days	14,952	58,439
61 – 90 days	8	–
Above 90 days	37	12
	<hr/>	<hr/>
	14,997	58,451
Tenant deposits and other payable	2,837	1,848
	<hr/>	<hr/>
	17,834	60,299

8. Pledge of assets

As at 31 December 2000, bank loans of approximately HK\$63.5 million were secured by the Group's investment properties and short term investments with a total carrying value of approximately HK\$132 million, and bank overdrafts of approximately HK\$38.9 million were secured by the Group's investment properties with a carrying value of approximately HK\$62 million.

9. Related Party Transactions

During the year, rental income of HK\$443,000 (1999: HK\$358,000) was received from a director. The rental was calculated by reference to open market value. In addition, management fee expense in a total sum of HK\$120,000 (1999: HK\$120,000) was paid to a related company for providing management services for the Group's investment properties.

Included in the other long term liabilities in the balance sheet was a loan of HK\$100 million advanced by a director to the Group. The amount due is unsecured, interest free and is not repayable before 8 March 2002.

10. Reserves

	Capital redemption reserve <i>HK\$ '000</i>	Capital reserve <i>HK\$ '000</i>	Exchange fluctuation reserve <i>HK\$ '000</i>	Investment property revaluation reserve <i>HK\$ '000</i>	Contributed surplus <i>HK\$ '000</i>	Retained profits <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 31 December 1999	193	28,309	(1,734)	182,264	26,801	112,425	348,258
Released on disposal of investment properties	—	—	—	(905)	—	—	(905)
Exchange adjustments	—	—	(1,704)	204	—	—	(1,500)
Net loss for the period	—	—	—	—	—	(91,904)	(91,904)
Repurchase of shares	15	—	—	—	—	(394)	(379)
At 31 December 2000	208	28,309	(3,438)	181,563	26,801	20,127	253,570