

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31st December 2000

### 1. ACCOUNTING POLICIES

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

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants, except that comparative figures are not presented, for the first statement of recognised gains and losses and the cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1st July 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies adopted are consistent with those followed in the Group’s annual financial statements for the year ended 30th June 2000.

Comparative figures in the condensed consolidated income statement have been restated in order to conform with the requirements of revised SSAP No. 1 “Presentation of financial statements”.

### 2. SEGMENT INFORMATION

By principal activity:

	Turnover		Contribution to profit before taxation	
	Six months ended	31.12.1999	Six months ended	31.12.1999
	HK\$	HK\$	HK\$	HK\$
Hotel operations	65,871,607	55,035,989	45,966,137	35,897,478
Restaurant and club operations	13,584,967	14,051,055	5,709,243	5,243,609
Others	3,502,304	2,596,935	3,502,304	2,596,935
	<u>82,958,878</u>	<u>71,683,979</u>	55,177,684	43,738,022
Marketing costs			(2,766,510)	(2,395,743)
Administrative expenses			(9,309,199)	(9,402,508)
Other operating expenses			(15,834,190)	(14,346,756)
Finance costs			(47,733,048)	(49,938,667)
Share of results of associates			60,410,915	44,763,571
Profit before taxation			<u>39,945,652</u>	<u>12,417,919</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)***For the six months ended 31st December 2000*

All of the activities of the Group are based in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and all of the Group's turnover and operating profit are derived from Hong Kong.

**3. PROFIT BEFORE TAXATION**

	<b>Six months ended</b>	
	<b>31.12.2000</b>	31.12.1999
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation has been arrived at after charging:		
Interest expenses	<b>47,078,546</b>	49,585,422
Cost of inventories recognised as an expense	<b>6,936,062</b>	7,164,365
Depreciation	<b><u>637,434</u></b>	<u>381,829</u>

**4. TAXATION**

	<b>Six months ended</b>	
	<b>31.12.2000</b>	31.12.1999
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong Profits Tax:		
Provision for the period	<b>2,601,222</b>	1,631,318
Under(over)-provision in prior periods	<b><u>73,345</u></b>	<u>(82,523)</u>
	<b>2,674,567</b>	1,548,795
Share of taxation attributable to associates	<b><u>4,060,750</u></b>	<u>600,000</u>
	<b><u><u>6,735,317</u></u></b>	<u><u>2,148,795</u></u>

Hong Kong Profits Tax is calculated at the rate of 16% on the estimated assessable profit for the period.

There is no significant unprovided deferred taxation for both periods.

**5. EARNINGS PER SHARE**

The calculation of earnings per share is based on the net profit for the period of HK\$33,210,335 (1999: HK\$10,269,124) and on the weighted average number of 776,454,805 (1999: on the number of 776,119,328) shares in issue during the period.

**6. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group spent approximately HK\$1,032,000 (HK\$218,000 for the six months ended 31st December 1999) on property, plant and equipment.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)***For the six months ended 31st December 2000***7. TRADE AND OTHER RECEIVABLES**

Included in trade and other receivables are trade receivables and the following is an aged analysis of which at the reporting date:

	<b>31.12.2000</b>	30.6.2000
	<i>HK\$</i>	<i>HK\$</i>
0-30 days	4,365,854	2,848,469
31-60 days	1,111,581	768,084
61-90 days	425,920	537,241
over 90 days	45,043	39,853
	<u>5,948,398</u>	<u>4,193,647</u>

**8. TRADE AND OTHER PAYABLES**

Included in trade and other payables are trade payables and the following is an aged analysis of which at the reporting date:

	<b>31.12.2000</b>	30.6.2000
	<i>HK\$</i>	<i>HK\$</i>
0-30 days	7,076,673	5,761,987
31-60 days	203,287	1,666
61-90 days	560	116
over 90 days	33,960	22,425
	<u>7,314,480</u>	<u>5,786,194</u>

**9. SHARE CAPITAL**

	Number of ordinary shares of HK\$1 each	Amount <i>HK\$</i>
Authorised:		
At 1st July 2000 and at 31st December 2000	<u>3,000,000,000</u>	<u>3,000,000,000</u>
Issued and fully paid:		
At 1st July 2000	776,119,328	776,119,328
Issued pursuant to the scrip dividend scheme for final dividends in respect of the financial year ended 30th June 2000	<u>6,172,784</u>	<u>6,172,784</u>
<b>At 31st December 2000</b>	<u><b>782,292,112</b></u>	<u><b>782,292,112</b></u>

In December 2000, the Company issued and allotted a total of 6,172,784 shares of HK\$1 each in the Company at an issue price of HK\$1.132 each to the shareholders who elected to receive shares in the Company in lieu of cash for the final dividends in respect of the financial year ended 30th June 2000 pursuant to the scrip dividend scheme announced by the Company. These shares rank pari passu in all respects with the existing shares in issue.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 31st December 2000

## 10. RESERVES

	Capital reserve	Hotel property revaluation reserve	Investment revaluation reserve	Share premium	Distri- butable reserve	Retained profits	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st July 1999	42,059,973	290,436,690	(48,197,737)	54,904,517	1,532,787,278	223,819,816	2,095,810,537
Movement on							
revaluation reserve	-	-	(104,163,959)	-	-	-	(104,163,959)
Net profit for the year	-	-	-	-	-	31,657,873	31,657,873
Dividend	-	-	-	-	-	(7,761,193)	(7,761,193)
	<u>42,059,973</u>	<u>290,436,690</u>	<u>(48,197,737)</u>	<u>54,904,517</u>	<u>1,532,787,278</u>	<u>223,819,816</u>	<u>2,095,810,537</u>
At 30th June 2000							
and at 1st July 2000	42,059,973	290,436,690	(152,361,696)	54,904,517	1,532,787,278	247,716,496	2,015,543,258
Movement on							
revaluation reserve	-	-	(11,294,887)	-	-	-	(11,294,887)
Premium on issue							
of shares	-	-	-	814,808	-	-	814,808
Share issue expenses	-	-	-	(26,500)	-	-	(26,500)
Net profit for							
the period	-	-	-	-	-	33,210,335	33,210,335
Dividend	-	-	-	-	-	(7,822,921)	(7,822,921)
	<u>42,059,973</u>	<u>290,436,690</u>	<u>(163,656,583)</u>	<u>55,692,825</u>	<u>1,532,787,278</u>	<u>273,103,910</u>	<u>2,030,424,093</u>
At 31st December							
2000	<u>42,059,973</u>	<u>290,436,690</u>	<u>(163,656,583)</u>	<u>55,692,825</u>	<u>1,532,787,278</u>	<u>273,103,910</u>	<u>2,030,424,093</u>

## 11. CONTINGENT LIABILITIES

At 31st December 2000, the Company had contingent liabilities in respect of guarantees given to bankers in respect of loan facilities utilised by an associate amounting to HK\$134,000,000 (30th June 2000: HK\$105,000,000).