

1 Basis of preparation

The 2001 interim financial report is unaudited and has 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 Hong Kong Society of Accountants except that comparative figures for the cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules.

The financial information relating to the financial year ended 31 December 2000 included in the interim financial report does not constitute the Company’s statutory accounts for the financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2000 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 2 March 2001.

The same accounting policies adopted in the 2000 annual accounts have been applied to the 2001 interim financial report.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2000 annual accounts.

2 Turnover and operating profit

The principal activities of the Group are investment holding and treasury management.

The analysis of the principal activities and geographical location of the operations of the Company and its subsidiaries during the financial period are as follows:

Principal activities

	Six months ended 30 June	
	2001	2000
	HK\$ million	HK\$ million
Dividend income	2.2	2.4
Interest income	12.8	11.9
Property	—	0.1
	<hr/>	<hr/>
Group turnover	15.0	14.4
	<hr/> <hr/>	<hr/> <hr/>
Investment and interest income	24.1	10.4
Property	—	0.1
	<hr/>	<hr/>
Contribution to profit from operations	24.1	10.5
	<hr/> <hr/>	<hr/> <hr/>

During the period, all assets and liabilities of the Group were related to investing and treasury management business only.

During the period, more than 90 per cent of the operations of the Group in terms of both turnover and operating profit, and assets and liabilities, were in Hong Kong.

No income has been derived from related party transactions or investments in related parties during the period (2000: HK\$2.4 million).

3 Other net income

	Six months ended 30 June	
	2001	2000
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net realised gain on disposal of long-term investments, net of surplus transferred from investment revaluation reserve of HK\$2.7 million	10.5	—
Net realised gain on disposal of short-term investments	—	0.5
	<u>10.5</u>	<u>0.5</u>

4 Taxation

- (a) No provision for Hong Kong profits tax has been made in the consolidated accounts as the Group's accumulated tax losses exceed the Group's assessable profit for the period.
- (b) No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

5 Interim dividend

The board of directors does not recommend the payment of any interim dividend for the period. An interim dividend of HK\$7.3 million, being HK\$0.25 per share, was paid on 9 October 2000 in respect of the period ended 30 June 2000.

6 Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders for the period of HK\$24.1 million (2000: HK\$13.5 million) and 29,282,000 (2000: 29,282,000) ordinary shares in issue during the period. There were no dilutive potential ordinary shares in existence during the period and the corresponding period last year.

7 Investments

- (a) Long term investments represents non-trading equity securities listed in Hong Kong, stated at market value.
- (b) Short term investments represents held-to-maturity debt securities listed outside Hong Kong, stated at amortised cost.

8 Debtors and prepayments

Debtors and prepayments comprise interest receivable and sundry prepayments.

9 Creditors and accrued charges

Creditors and accrued charges comprise accrued expenses and sundry payables.

10 **Share capital**

HK\$ million

Issued and fully paid:

29,282,000 ordinary shares of HK\$4 each

117.1

11 **Reserves**

	Share premium	Investment revaluation reserve	Revenue reserve	Total
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Balance at 1 January 2001	39.3	2.5	468.7	510.5
Revaluation surplus transferred to the profit and loss account on disposal of non-trading securities	—	(2.7)	—	(2.7)
Revaluation surplus of non-trading securities	—	5.1	—	5.1
Transfer from the profit and loss account	—	—	24.1	24.1
Balance at 30 June 2001	<u>39.3</u>	<u>4.9</u>	<u>492.8</u>	<u>537.0</u>