



1. ACCOUNTING POLICIES

The condensed consolidated 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 ("SSAP 25") except that no comparative figures have been presented for the condensed consolidated statement of recognized gains and losses and the condensed consolidated cash flow statement, being the first condensed consolidated cash flow statement included in the interim report relating to accounting period 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 accounting policies adopted in the preparation of these interim financial report are in consistent with those adopted in the annual financial statements of the Group for the year ended 31st December 2000.

2. TURNOVER AND SEGMENT INFORMATION

The Group's principal activities have not changed during the period and consisted of securities dealing and the provision of margin finance and consumer finance.

An analysis of the Group's turnover and contribution to loss before tax by principal activity and geographical area of operation for the period ended 30th June 2001 is as follows:

	Turnover		Contribution/(loss)	
	For the six months ended 30th June			
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
By activity:				
Securities dealing and margin finance	6,914,032	23,946,265	(8,444,573)	(4,796,330)
Consumer finance	547,671	667,890	(2,408,780)	796,845
	7,461,703	24,614,155	(10,853,353)	(3,999,485)
By geographical area:				
Hong Kong	6,958,213	21,129,526	(10,776,645)	(35,327)
Philippines	503,490	3,484,629	(76,708)	(3,964,158)
	7,461,703	24,614,155	(10,853,353)	(3,999,485)

**3. RELATED PARTY TRANSACTIONS**

The Group had the following transactions with related parties during the period:

		For the six months ended	
		30th June	
		2001	2000
		(Unaudited)	(Unaudited)
		HK\$	HK\$
Interest expenses charged by a fellow subsidiary	(i)	40,423	61,252
Interest expenses charged by immediate holding company	(ii)	1,848,830	1,155,000
Interest expenses charged by an intermediate holding company	(iii)	1,438,397	1,342,989
		3,327,650	2,559,241

- (i) The balance is unsecured, bears interest at rates ranging from 3.06% to 4.94% per annum and is not repayable within one year.
- (ii) Except for an amount of HK\$53,049,000 which bears interest at rates ranging from 4.31% to 7.57% per annum, the balance is unsecured, interest-free and is not repayable within one year.
- (iii) The balance is unsecured, bears interest at 7.2% per annum and is not repayable within one year.



4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	For the six months ended	
	30th June	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$

This is arrived at after charging:

Loss on disposal of short term investments	112,500	—
Depreciation	846,200	1,103,265
Amortisation of intangible asset	252,955	57,035

and after crediting:

Interest income	3,659,085	6,277,318
Dividend income from listed investments	210,183	1,136
Gross rental income	880,399	1,126,650
Less: outgoings	(41,650)	(14,315)
Net rental income	838,749	1,112,335

5. FINANCE COSTS

	For the six months ended	
	30th June	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$

Interest expenses on:

Bank loans and overdrafts wholly repayable within five years	903,438	3,122,951
Amounts due to related parties	3,327,650	2,559,241
	4,231,088	5,682,192

**6. TAX**

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the period (2000: Nil). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended	
	30th June	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current period provision:		
Elsewhere outside Hong Kong	—	335,810
Tax charge for the period	—	335,810

7. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$10,853,353 (2000: HK\$4,335,295) and on the 615,024,175 shares (2000: 615,024,175 shares) in issue throughout the period.

The diluted loss per share for the period ended 30th June 2001 and 2000 have not been shown as the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share.

8. INTERIM DIVIDEND

As at 30th June 2001, the Company did not have any reserves available for cash/in specie dividend distribution.

**9. INTANGIBLE ASSET**

	30th June 2001 (Unaudited) HK\$	31st December 2000 (Audited) HK\$
Cost:		
At beginning of period/year	5,059,100	—
Transfer from other assets	—	5,059,100
At end of period/year	5,059,100	5,059,100
Accumulated amortisation:		
At beginning of period/year	379,432	—
Provision for amortization for the period/year	252,955	379,432
At end of period/year	632,387	379,432
Net book value at end of period/year	4,426,713	4,679,668

10. OTHER ASSETS

	30th June 2001 (Unaudited) HK\$	31st December 2000 (Audited) HK\$
Share in The Stock Exchange of Hong Kong Limited, at cost:		
At beginning of period/year	—	5,059,100
Transfer to intangible asset	—	(5,059,100)
At end of period/year	—	—
Share in the Philippine Stock Exchange, Inc., at cost:		
At beginning of period/year	4,516,400	15,572,816
Provision for impairment in value	—	(8,419,084)
Exchange realignment	(273,976)	(2,637,332)
At end of period/year	4,242,424	4,516,400
	4,242,424	4,516,400

**11. SHORT TERM INVESTMENTS**

At the date of approval of the interim financial report, the market values of the short term listed equity investments held by the Group as at 30th June 2001 was approximately HK\$7.5 million.

12. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

- (a) The credit terms given to customers are consistent with the practice of the securities dealing industries. Details of the accounts receivable of the Group as at the balance sheet date are as follows:

Accounts receivable:

	30th June 2001 (Unaudited) HK\$	31st December 2000 (Audited) HK\$
Not yet due	9,219,352	12,536,131
0 — 30 days	7,078,470	5,248,282
Over 30 days	2,160,958	616,666
	18,458,780	18,401,079

- (b) Details of the accounts payable of the Group as at the balance sheet date are as follows:

Accounts payable:

	30th June 2001 (Unaudited) HK\$	31st December 2000 (Audited) HK\$
Not yet due	11,924,862	12,045,670
0 — 30 days	6,600,928	387,427
Over 30 days	5,991,587	3,294,122
	24,517,377	15,727,219

**13. OTHER PAYABLES AND ACCRUED LIABILITIES**

Included in the balance is an amount of HK\$26,395,000 received from the sale of securities on behalf of the Company's immediate holding company and intermediate holding company. The Group has been instructed by the holding companies to manage such amount on behalf of them. The Group placed the amount in saving accounts, in the name of a subsidiary, amounting to HK\$26,395,000, as at the balance sheet date.

14. ISSUED CAPITAL

	30th June 2001 (Unaudited) HK\$	31st December 2000 (Audited) HK\$
<i>Authorised:</i>		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000,000	100,000,000
<i>Issued and fully paid:</i>		
615,024,175 ordinary shares of HK\$0.10 each	61,502,418	61,502,418



15. RESERVES

	Share premium	Contributed Surplus	Fixed assets revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st January 2000	168,315,330	29,412,071	2,740,350	(17,816,370)	(196,630,211)	(13,978,830)
Exchange loss realised upon cessation of business of a foreign subsidiary	—	—	—	2,634,427	—	2,634,427
Exchange realignment	—	—	—	(6,339,880)	—	(6,339,880)
Net loss for the year	—	—	—	—	(17,684,641)	(17,684,641)
At 31st December 2000 and 1st January 2001 (audited)	168,315,330	29,412,071	2,740,350	(21,521,823)	(214,314,852)	(35,368,924)
Exchange realignment	—	—	—	(826,754)	—	(826,754)
Net loss for the period	—	—	—	—	(10,853,353)	(10,853,353)
At 30th June 2001 (unaudited)	168,315,330	29,412,071	2,740,350	(22,348,577)	(225,168,205)	(47,049,031)



16. COMPARATIVE AMOUNTS

Certain comparative amounts of the condensed consolidated profit and loss account have been reclassified to conform with the current period's presentation which is consistent with the presentation adopted in the Company's audited financial statements for the year ended 31st December 2000.

17. REVIEW BY THE COMPANY'S AUDITORS

These condensed consolidated financial statements have been reviewed by the Company's auditors whose review report was included in pages 9 to 10 of this interim report.

18. APPROVAL OF THE INTERIM FINANCIAL REPORT

These interim financial report was approved by the board of directors on 18th September 2001.