

Notes

1. Basis of preparation

The interim results are unaudited, but have been reviewed by the Audit Committee of the Company. The interim results 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 except that comparative figures for the cash flow statement have not been prepared as the Company has taken advantage of the transitional provision set out in the Main Board Listing Rules. The same accounting policies adopted in the 2000 annual accounts have been applied to the interim results.

2. Segmental information

An analysis of the principal activities and geographical locations of the operations of the Group is as follows:

	Turnover		Profit from operations	
	For the six months ended 30 June		For the six months ended 30 June	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities				
Sales of securities	49,142	–	(2,252)	–
Rental income	5,686	5,703	5,048	5,275
Property management	65	4,901	7,815	2,348
Interest income	3,040	685	3,040	685
Others	–	–	3,202	301
	<u>57,933</u>	<u>11,289</u>	<u>16,853</u>	<u>8,609</u>
Administrative and other expenses			(15,519)	(5,099)
			<u>1,334</u>	<u>3,510</u>
By geographical location				
Hong Kong	56,158	4,423	174	(255)
Mainland, China	1,775	6,866	1,160	3,765
	<u>57,933</u>	<u>11,289</u>	<u>1,334</u>	<u>3,510</u>

3. Other income

	For the six months ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Income from warranty (<i>Note</i>)	8,500	–
Forfeited deposit of disposal of investment properties	3,148	–
Handling charges received in connection to loans	–	186
Discount received	–	51
Others	54	49
	<u>11,702</u>	<u>286</u>

Note: The amount represents a claim against an independent third party under a warranty in respect of the acquisition of a subsidiary in 1999.

4. Finance costs

	For the six months ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Interest on bank advances and other borrowings repayable within 5 years	1,824	2,155
Finance charges on obligations under finance lease	48	–
	<u>1,872</u>	<u>2,155</u>

5. Profit/(loss) from ordinary activities before taxation

The Group's profit from ordinary activities before taxation is arrived at after charging:

	For the six months ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Depreciation	719	161
Bank loan interest	1,824	2,155
Finance lease expenses	48	–
Net loss on disposal of investment properties	5,500	–
Net loss on trading of securities	2,252	–

6. Taxation

For the six months ended
30 June

	2001 HK\$'000	2000 HK\$'000
Hong Kong	<u>397</u>	<u>18</u>

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders for the period of HK\$141,000 (2000: HK\$1,283,000) and the weighted average of 2,018,136,719 (2000: 1,641,767,888) ordinary shares in issue for the period.

No diluted earnings per share has been presented for the period as there is no outstanding share option of the Company that would have a diluting effect on the earnings per share.

8. Accounts receivables

The Group normally allows credit terms to customers from 0 to 90 days. All accounts receivables as at 30 June 2001 and 31 December 2000 were aged less than 90 days from the date of recognition of the sale.

9. Accounts payables

All accounts payables as at 30 June 2001 and 31 December 2000 were matured for payment.

10. Share capital

	No. of shares '000	Amount HK\$'000
<i>Authorized:</i>		
Ordinary shares at HK\$0.01 each	5,000,000	50,000
<i>Issued and fully paid:</i>		
At 1 January 2001	1,969,417	19,694
Issue of new shares	<u>333,880</u>	<u>3,339</u>
At 30 June 2001	<u>2,303,297</u>	<u>23,033</u>

Notes:

- (a) On 20 February 2001, the Company placed 53,880,000 new ordinary shares at \$0.74 per share to five independent subscribers. The new shares rank pari passu in all material aspects with the existing issued shares of the Company.
- (b) On 19 June 2001 and 27 June 2001, the Company placed 80,000,000 and 200,000,000 new ordinary shares respectively at \$0.21 per share to four independent subscribers. The new shares rank pari passu in all material aspects with the existing issued shares of the Company.

11. Reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2001	193,739	31,350	(60,892)	(3,994)	118,247	278,450
Issue of new shares	95,332	-	-	-	-	95,332
Exchange differences	-	-	-	(2,481)	-	(2,481)
Retained profit for the period	-	-	-	-	141	141
At 30 June 2001	<u>289,071</u>	<u>31,350</u>	<u>(60,892)</u>	<u>(6,475)</u>	<u>118,388</u>	<u>371,442</u>

12. Pledge of assets

At 30 June 2001, the investment properties of HK\$107,030,000 held by the Group were pledged to secure the Group's bank borrowings, such facilities were utilized to the extent of HK\$64,177,000 (2000: HK\$69,810,000).

13. Capital commitments

	30 June 2001 <i>HK\$'000</i>	31 December 2000 <i>HK\$'000</i>
The Group had the following significant capital commitments:		
Contracted for	18,405	426
Authorized, but not contracted for	-	26,178
	<u>18,405</u>	<u>26,604</u>

14. Related party transactions

- (a) In December 1999, a subsidiary of the Company entered into a property management contract with Shanghai Taigu Apartment Service & Management Co., Ltd (“Taigu”), a fellow subsidiary of the Company, for a term of two years commencing 1 January 2000. Pursuant to the contract, the Group appointed Taigu as its agent in Shanghai, the PRC, for the leasing of the Group’s investment properties in Shanghai. In this connection, a service fee of RMB8,000 (equivalent to HK\$7,500) per month is payable to Taigu. During the period, Taigu received rental income and net deposits of HK\$1,167,000 (2000: HK\$1,908,000) and HK\$3,085,000 (2000: Nil) respectively on behalf of the Group. In return, the Group paid service fees totaling HK\$45,000 to Taigu (2000: HK\$45,000).

The amount due from Taigu as at 30 June 2001 was HK\$8,552,000 (2000: HK\$4,065,000) and is included in the amounts due from ultimate holding company and fellow subsidiary.

- (b) During the period, the Company refunded HK\$1,800,000 to a director who deposited such fund into the Company in December 2000.
- (c) On 20 February 2001, Coastal Broadband Network Development Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China Wan Tai Group Limited and Shanghai Wan Tai Property Company Limited (上海萬泰房地產發展有限公司), to acquire a 98% interest of Taigu for a consideration of HK\$156,028,531. Detail information was disclosed as per the circular dispatched on 14 March 2001. During the interim period, the Group paid HK\$30,500,000 to China Wan Tai Group Ltd. and Shanghai Wan Tai Property Company Limited as deposit in connection to the acquisition of Taigu.

15. Post balance sheet event

On 1 July 2001, the Company entered into a trust agreement with 上海融興投資發展有限公司 (“上海融興”) for appointing 上海融興 as the agent to invest in real estates in major cities of Mainland, the PRC with a total investment sum of HK\$39.4 million. The Company has paid the said investment sum to 上海融興 in full.