

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### I. Principal accounting policies

These unaudited condensed consolidated interim accounts (“interim accounts”) are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants, (as applicable to condensed interim accounts) and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except that, in this first year of implementation of the Standard, as permitted by the rules of the Stock Exchange, no comparative figures have been presented for the condensed cash flow statement.

The accounting policies and method of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st December 2000.

Certain comparative figures for the six months ended 30th June 2000 have been reclassified to conform with the current period’s presentation as required under SSAP I “Presentation of Financial Statements”.



## 2. Turnover and segment information

The Group's principal activities engaged in the provision of Internet products and services.

An analysis of the Group's turnover and contribution to the loss for the period by principal activities is as follows:

	Unaudited Turnover		Unaudited Operating loss	
	Six months ended 30th June		Six months ended 30th June	
	2001	2000	2001	2000
	HK\$000	HK\$000	HK\$000	HK\$000
Continuing operation				
Internet services	277	0	(66,321)	(41,555)
Discontinued operation				
Distribution and sales of motor vehicles	0	29,261	0	(6,924)
Motor vehicle after sales service	0	26,647	0	872
	<u>277</u>	<u>55,908</u>	<u>(66,321)</u>	<u>(47,607)</u>
Principal markets:				
Hong Kong	41	38,707	(55,931)	(20,406)
Mainland China	163	16,966	(10,139)	(25,972)
United States	73	235	(251)	(1,229)
	<u>277</u>	<u>55,908</u>	<u>(66,321)</u>	<u>(47,607)</u>



### 3. Loss from operating activities

Operating loss is stated after crediting and charging the following:

	<b>Unaudited</b> <b>30th June 2001</b> <b>HK\$000</b>	Unaudited 30th June 2000 HK\$000
<b>Crediting</b>		
Exchange gains	26	0
Gain on disposal of fixed assets	<u>756</u>	<u>0</u>
<b>Charging</b>		
Exchange loss	0	8
Write off of investment in websites	26,220	0
Write off of fixed assets	267	0
Depreciation		
Owned fixed assets	2,003	494
Leased fixed assets	3,875	0
Diminution in value of listed investment	<u>169</u>	<u>0</u>

### 4. Gain on disposal of discontinued operations

On 2nd January 2001, the Group disposed of its entire 100% interest in a subsidiary, Ankor Service Limited ("ASL"), which carried out in motor vehicles after sales services. On 23rd January 2001, the Group disposed of its entire 100% interest in Ankor Investments Limited ("AIL"), which carried out in distribution and sales of motor vehicles.

Following the disposal of ASL and AIL, the Group recorded a gain on disposal of subsidiaries of HK\$10,405,000. Details of these transactions were disclosed in the 2000 Annual Report.

The ASL and AIL were dormant, and did not make any contribution to the results of the Group during the interim period.



## 5. Taxation

No provision for Hong Kong Profits Tax has been made in the interim accounts as the Company and its subsidiaries have no assessable income for the period ended.

## 6. Loss per share

The calculation of the loss per share is based on the net loss from ordinary activities attributable to shareholders for the period ended 30th June 2001 of HK\$56,793,000 (2000: HK\$47,845,000), and the weighted average of 7,765,021,988 (2000: 2,499,454,865) ordinary shares in issue during the period.

Diluted loss per share has not been calculated as no diluting events existed during both periods.

## 7. Investment in securities

	<b>Unaudited</b> <b>30th June 2001</b> <b>HK\$000</b>	Audited 31st December 2000 HK\$000
Listed investments, at cost	<b>21,943</b>	0
Less: Diminution in value	<u>169</u>	<u>0</u>
Market value of listed investments	<b><u>21,774</u></b>	<b><u>0</u></b>



## 8. Trade and other receivables

	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2001</b>	2000
	<b>HK\$000</b>	HK\$000
Trade receivables (note)	158	1,586
Prepayments and deposits	1,606	1,398
Other receivables	121	2,997
	<u>1,885</u>	<u>5,981</u>

Note: at 30th June 2001, the ageing analysis of the trade receivables were as follows:

	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2001</b>	2000
	<b>HK\$000</b>	HK\$000
1 – 30 days	0	909
31 – 60 days	0	188
61 – 90 days	0	282
Over 90 days	158	207
	<u>158</u>	<u>1,586</u>

## 9. Trade and other payables

	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2001</b>	2000
	<b>HK\$000</b>	HK\$000
Trade payables (note)	2,801	3,273
Other accounts payables	348	4,878
Accruals	4,279	11,568
	<u>7,428</u>	<u>19,719</u>



Note: at 30th June 2001, the ageing analysis of the trade payables were as follows:

	<b>Unaudited</b> <b>30th June</b> <b>2001</b> <b>HK\$000</b>	Audited 31st December 2000 <i>HK\$000</i>
1 – 30 days	1,173	619
31 – 60 days	22	1,064
61 – 90 days	27	364
Over 90 days	<u>1,579</u>	<u>1,226</u>
	<b><u>2,801</u></b>	<b><u>3,273</u></b>

#### 10. Obligations under finance leases

	<b>Unaudited</b> <b>30th June</b> <b>2001</b> <b>HK\$000</b>	Audited 31st December 2000 <i>HK\$000</i>
Within one year	7,804	2,703
In the second year	<span style="border: 1px solid black; padding: 2px;">4,511</span>	<span style="border: 1px solid black; padding: 2px;">3,136</span>
In the third year	<span style="border: 1px solid black; padding: 2px;">197</span>	<span style="border: 1px solid black; padding: 2px;">1,005</span>
	<u>4,708</u>	<u>4,141</u>
Total	<b><u>12,512</u></b>	<b><u>6,844</u></b>



## 11. Share capital

	Number of shares	Amounts expressed In thousands
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each		
– balance at 31st December 2000 and 30th June 2001	30,000,000,000	300,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK0.01 each		
– balance at 31st December 2000	7,600,396,465	76,004
– Issued during the period	1,464,754,524	14,648
– Balance at 30th June 2001	<u>9,065,150,989</u>	<u>90,652</u>

## 12. Reserves

	Unaudited 30th June 2001 HK\$000	Audited 31st December 2000 HK\$000
Accumulated losses		
Balance brought forward	(437,001)	(316,957)
Cancelled paid-up ordinary share capital	0	70,380
Loss for the period or year	<u>(56,793)</u>	<u>(190,424)</u>
Balance carried forward	<u>(493,794)</u>	<u>(437,001)</u>
Share premium		
Balance brought forward	429,870	186,191
Issue of shares	58,372	262,306
Issue expenses	<u>(3,163)</u>	<u>(18,627)</u>
Balance carried forward	<u>485,079</u>	<u>429,870</u>
Total Reserves	<u>(8,715)</u>	<u>(7,131)</u>

