

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies

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

The interim financial report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"), except that comparative figures are not presented, for the cash flow statement to be included in the interim financial report relating to accounting period ended 30th June, 2001. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Save as disclosed above, the condensed financial statements have been prepared in accordance with SSAP 25. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2000.

Under SSAP 24, investments in securities are now recognised on a trade-date basis and are initially measured at cost. Investments other than held-to-maturity debt securities are classified as investment securities and other investments. Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary. Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period.

2. Segmental information

The Group's turnover and contribution to (loss) profit from operations, analysed by principal activity are as follows:

	Contribution to (loss) profit from operations Six months ended		Contribution to (loss) profit from operations Six months ended	
	30/6/2001 (unaudited) HK\$'000	30/06/2001 (unaudited) HK\$'000	30/06/2000 (unaudited) HK\$'000	30/6/2000 (unaudited) HK\$'000
Sales of goods	28,331	(229)	22,155	(655)
Share investment	10,633	3,745	27,876	4,517
Restaurant income	7,945	(3,042)	5,987	229
Gross rental income from investment properties	5,825	(1,552)	4,732	508
Golf-resort complex	3,064	(2,926)	3,068	(2,124)
Sales of properties	691	691	2,449	2,449
Dividend income	96	96	47	47
Interest income	327	327	356	356
Amusement park	221	(1,064)	269	(1,867)
	<u>57,133</u>	<u>(3,954)</u>	<u>66,939</u>	<u>3,460</u>

2. Segmental information (continued)

A geographical analysis of the Group's turnover and contribution to (loss) profit from operations, by location of market, are as follows:

	Contribution to (loss) profit from operations		Contribution to (loss) profit from operations	
	Turnover Six months ended 30/6/2001 (unaudited) HK\$'000	Turnover Six months ended 30/06/2001 (unaudited) HK\$'000	Turnover Six months ended 30/06/2000 (unaudited) HK\$'000	Turnover Six months ended 30/6/2000 (unaudited) HK\$'000
Hong Kong	5,290	(3,948)	5,791	(401)
Singapore	11,969	(4,814)	9,849	(891)
Malaysia	5,359	(1,401)	5,671	479
PRC	11,198	3,610	4,147	(2,507)
Japan	23,317	2,599	41,481	6,780
	<u>57,133</u>	<u>(3,954)</u>	<u>66,939</u>	<u>3,460</u>

3. Depreciation

During the period, depreciation of HK\$6 million (six months ended 30th June, 2000: HK\$3 million) was charged in respect of the group's property, plant and equipment.

4. Taxation

	Six months ended	
	30/06/2001 (unaudited) HK\$'000	30/06/2000 (unaudited) HK\$'000

The charge comprises:

The Company and Subsidiaries

Profits Tax for the period

Hong Kong

Other jurisdictions

	-	-
	<u>181</u>	<u>(626)</u>
	<u>181</u>	<u>(626)</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit during the period (six months ended 30th June 2000: 16%). Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

At the reporting date, no provision for deferred tax has been made for the Company as the effect of timing differences is immaterial. No provision for deferred tax is required for subsidiaries as there are deferred tax debits which will be recognised only when they become crystallized.

5. Dividends

The Directors have resolved not to declare an interim dividend for the six months ended 30th June, 2001 (Six months ended 30th June, 2000: Nil).

6. Loss per share

The calculation of loss per share is based on the loss for the period of HK\$11,183,000 (six months ended 30th June, 2000: HK\$3,879,000) and on 331,668,905 (six months ended 30th June, 2000: 298,568,905) ordinary shares in issue during the period. As there was no dilutive potential ordinary share for the period ended 30th June, 2001, no diluted loss per share was presented.

7. Trade and other receivables

For sales of goods, the group has a policy of allowing an average credit period of 30 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The ageing analysis of trade receivables at the reporting date is as follows:

	THE GROUP	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
0 – 30 days	15,851	29,950
31 – 60 days	7,261	4,577
61 – 90 days	479	527
Over 90 days	25,724	5,886
	<hr/>	<hr/>
Total trade receivables	49,315	40,940
Other receivables	132,853	162,918
	<hr/>	<hr/>
	182,168	203,858

8. Trade and other payables

The ageing analysis of trade payables at the reporting date is as follows:

	THE GROUP	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
0 – 30 days	2,442	6,038
31 – 60 days	121	317
61 – 90 days	441	1,164
Over 90 days	35,353	44,166
	<hr/>	<hr/>
Total trade payables	38,357	51,685
Other payables	62,779	71,031
	<hr/>	<hr/>
	101,136	122,716

9. Share capital

There was no movements in the share capital of the Company in the current interim reporting period.

After the prior interim reporting period, 33,100,000 ordinary shares of par value HK\$1 each were issued on 21st July, 2000 for the acquisition of an investment security. The new shares issued rank pari passu with the existing shares in all respects.

10. Pledge of assets

At the reporting date:

- (a) the term loans granted to a Group's subsidiary obtained from licensed financial institutions to the extent of approximately HK\$103 million (31/12/2000: HK\$103 million), of which HK\$76 million (31/12/2000: HK\$74 million) were utilised are secured by:
 - (i) Group's golf resort complex and properties under development in Malaysia with an aggregate net book value of approximately HK\$158 million (31/12/2000: HK\$158 million);
 - (ii) fixed and floating charge over the land and properties of the respective subsidiary; and
 - (iii) jointly and severally guaranteed by a director of the Company and a director of the respective subsidiary.
- (b) banking facilities to the extent of approximately HK\$135 million (31/12/2000: HK\$142 million) of which HK\$119 million (31/12/2000: HK\$126 million) were utilised, are secured by:
 - (i) Group's investment properties in Singapore with an aggregate net book value of approximately HK\$192 million (31/12/2000: HK\$202 million); and
 - (ii) several guarantees by the Company and a director of the Company.

Save as disclosed above, other banking facilities which were set out in note 37 of the Group's Annual Report 2000 remained unchanged during the period under review.

11. Contingent liabilities

At the reporting date, there were contingent liabilities, so far as not provided for in the financial statements as follow:

	THE GROUP		THE COMPANY	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
Guarantees given to bank, in respect of banking facilities utilised by subsidiaries	—	—	186,585	193,303

12. Capital commitments

At the reporting date, there were outstanding capital commitments authorised and contracted for, but not provided for in the financial statements in respect of:

	THE GROUP		THE COMPANY	
	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000	30/06/2001 (unaudited) HK\$'000	31/12/2000 HK\$'000
Contribution to capital investment	<u>9,678</u>	<u>9,678</u>	<u>9,678</u>	<u>9,678</u>
	<u>9,678</u>	<u>9,678</u>	<u>9,678</u>	<u>9,678</u>

At the reporting date, the Group and the Company has no capital expenditure that has been authorised but not contracted for.

13. Significant event

A conditional sale and purchase agreement was signed between the Company and an independent third party (the "Sellers") on 9th April, 2001 (the "Agreement"). Based on the Agreement, the Company agreed to acquire 49% interest of the issued share capital of Asian Mark Limited ("Asian Mark") at a consideration of HK\$196 million to be satisfied by the 95% interest in Tang Dynasty City Pte Ltd ("TDC"), a pro-rata directors' loan of S\$51.2 million (approximately HK\$238 million) advanced to TDC and the allotment and issue of 59 million shares of the Company at par value of HK\$1 each. The completion of this transaction is subject to the satisfactory results of a due diligence review to be performed by the Company.

The Company and the Sellers had not been able to reach agreement on various operational issue and obtain regulatory approvals on the licence for Asia Continental Limited, a wholly-owned subsidiary of Asian Mark, to conduct oil exploration business in the People's Republic of China. Accordingly, the due diligence review on Asian Mark and its subsidiary, being one of the conditions of the Agreement, cannot be completed by 15th July, 2001 to the satisfaction of the Company. The Company and the Sellers had therefore on 14th July, 2001 agreed in writing to cancel the Agreement and to release and discharge each other from obligation and claims in relation to the Agreement.