

## NOTES TO CONDENSED INTERIM REPORTS

### 1. Basis of preparation

The condensed unaudited consolidated interim reports (“Interim Reports”) 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, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The accounting policies and methods of computation used in the preparation of these Interim Reports are consistent with those in the audited reports for the year ended 31 March 2001, except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 29:	Intangible assets
SSAP 30:	Business combination
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries



4



The changes to the Group’s accounting policies and the effect of adopting these new policies is set out below:

In accordance with the revised SSAP9 “Events after balance sheet date”, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance date.

2. Segment Information

An analysis of the turnover and contribution to profit from operating activities by principal activity for the period is as follows:

	Turnover		Contribution to profit from operating activities	
	Six months ended		Six months ended	
	30 September 2001 HK\$'000 (unaudited)	30 September 2000 HK\$'000 (unaudited)	30 September 2001 HK\$'000 (unaudited)	30 September 2000 HK\$'000 (unaudited)
Commission and brokerage income from securities broking	5,623	12,910	2,426	9,475
Commission and brokerage income from futures contracts broking	233	372	(146)	102
Margin financing interest Income	5,207	12,534	3,808	9,154
Loan financing interest income	8,526	2,016	5,600	1,458
Interest income earned from financial institutions and other sources	2,380	527	2,380	527
Management and handling fee from securities broking	1,128	1,669	561	1,193
Placing and underwriting commission	168	1,669	105	1,026
Investment management fee	674	0	366	0
Corporate finance advisory fee	1,265	559	666	181
	<u>25,204</u>	<u>32,256</u>	15,766	23,116
Investment (loss) income			(6,295)	25,876
Other income			51	19
Profit before taxation			<u>9,522</u>	<u>49,011</u>



The Group's turnover and contribution to profit from operating activities were principally derived from operations in Hong Kong.

The Group has no operation outside Hong Kong and thus no contribution to profit from operating activities, and accordingly an analysis of such activities has not been presented.

### 3. Investment (loss) income

	Six months ended 30 September	
	2001 HK\$'000 (unaudited)	2000 HK\$'000 (unaudited)
Unrealised (loss) gain on holding shares in Hong Kong Exchanges and Clearing Limited ("HKEC")	(6,295)	25,876

### 4. Finance costs

	Six months ended 30 September	
	2001 HK\$'000 (unaudited)	2000 HK\$'000 (unaudited)
Interest on bank loans and overdrafts	1,936	2,128
Interest on escrow money	1,834	0

6

### 5. Profit before taxation

	Six months ended 30 September	
	2001 HK\$'000 (unaudited)	2000 HK\$'000 (unaudited)
Depreciation	238	224
Loss on disposal of investment	496	0

### 6. Taxation

	Six months ended 30 September	
	2001 HK\$'000 (unaudited)	2000 HK\$'000 (unaudited)
Hong Kong profits tax	2,290	3,416

Hong Kong profits tax is calculated at 16% (2000: 16%) on the estimated assessable profit during the period.

## 7. Interim dividend

The Board have resolved to declare the payment of an interim dividend of 1.5 HK cents (2000: Nil) per ordinary share on 25 January 2002 to shareholders of the Company whose names appear on the register of members of the Company on 18 January 2002.

## 8. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders for the six months ended 30 September 2001 of HK\$7,232,000 (2000: HK\$45,595,000) and the weighted average number of 280,000,000 shares (2000: 210,000,000 shares deemed to be in issue) during the period.

The effects of all potential ordinary shares are anti-dilutive for the periods.

## 9. Investment in securities

	30 September 2001 HK\$'000 (unaudited)	31 March 2001 HK\$'000 (audited)
Unlisted non-current equity securities	–	1,250
Listed non-current equity securities – HKEC	<u>18,786</u>	<u>25,081</u>
	<u><u>18,786</u></u>	<u><u>26,331</u></u>



7



## 10. Trade and other receivables

An ageing analysis of trade and other receivables are as follows:

	30 September 2001 HK\$'000 (unaudited)	31 March 2001 HK\$'000 (audited)
0 – 1 month	<u>227,171</u>	<u>296,638</u>

## 11. Trade and other payables

An ageing analysis of trade and other payables are as follows:

	30 September 2001 HK\$'000 (unaudited)	31 March 2001 HK\$'000 (audited)
0 – 1 month	<u>51,805</u>	<u>112,740</u>

## 12. Related party transactions

During the period, the Group entered into transactions with Town Bright Industries Limited (“Town Bright”) and UBA Investments Limited (“UBA”). In the opinion of the Board, the following transactions arose in the ordinary course of the Group’s business:

	Six months ended 30 September	
	2001 HK\$’000 (unaudited)	2000 HK\$’000 (unaudited)
Rental expenses to Town Bright	368	454
Investment management fee from UBA	<u>674</u>	<u>0</u>

## 13. Comparative figures

Certain comparative figures have been adjusted to conform with change in accounting policies.



8



## CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Thursday, 17 January 2002 to Friday, 18 January 2002, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrars in Hong Kong, Standard Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 16 January 2002.

## BUSINESS REVIEW

### Securities Dealing

During the period under review, our total turnover decreased by approximately HK\$7.1 million, representing a drop of 22%, which is mainly due to a decrease of brokerage income from securities dealing by approximately HK\$7.3 million. Such a decrease in brokerage income was caused by the market turnover of the main board and GEM board of the Stock Exchange had dropped by nearly 30% and 40% respectively during that period. The major reason for such a sharp drop in market activities during the period was the poor market condition caused by the gloomy economic outlook.