

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2001

**Unaudited**  
**Six months ended**  
**30 September 2001**  
HK\$'000

Net cash inflow from operating activities	112,650
Net cash inflow from returns on investment and servicing of finance	206
Net cash inflow before financing activities	112,856
Net cash outflow from financing activities	(219)
Increase in cash and cash equivalents	112,637
Cash and cash equivalents at beginning of period	(90,174)
Effect of foreign exchange rate changes	112
Cash and cash equivalents at end of period	<u>22,575</u>

### Notes to the condensed financial statements:

#### 1. Basis of Preparation

The Group has changed its financial year-end date from 31 December to 31 March commencing from the year 2000. Accordingly, these financial statements are presented for the six months ended 30 September 2001 with comparative figures cover for the six months ended 30 June 2000.

The unaudited condensed financial statements have been prepared in accordance with Statement of Standard of Accounting Practice ("SSAP") 25 "Interim Financial Reporting" and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited except that comparative figures are not presented for the condensed consolidated cash flow statement, being the first consolidated cash flow statement included in the interim report relating to accounting period ended after 1 July 2000 since the Group changed its financial year end to 31 March. Such departure from SSAP 25 is permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used by the Group in its financial statements for the 15 months ended 31 March 2001 except as described below.

In the current period, the Group has adopted, for the first time, the following new SSAPs issued by the Hong Kong Society of Accountants:

##### Segment Reporting

SSAP 26 "Segment Reporting", which has been adopted for the first time in this interim reporting period, has established principles for reporting the segmental analysis of financial information. The Group has changed the basis of identification of reporting segments to that required by SSAP 26 and segment disclosures for the six months ended 30 June 2000 have been amended so that they are presented on a consistent basis. The details are set out in note 2.

##### Business Combination

In accordance with SSAP 30 "Business Combination", goodwill arising from acquisition of subsidiaries should be recognised as an asset and amortised on a straight-line basis over its estimated useful life. In previous years, goodwill/negative goodwill on the acquisition of subsidiary was written off/credited to reserves immediately upon acquisition. The Group has taken advantage of the transitional provisions in SSAP 30 not to restate the goodwill/negative goodwill previously written off/credited to reserves upon the adoption of this SSAP.

#### 2. Segment Information

Analysis of the Group's turnover and operating profit/(loss) by principal activities for the six months ended 30 September 2001 is as follows:

	Turnover		Results	
	Six months ended 30 September 2001 HK\$'000	Six months ended 30 June 2000 HK\$'000	Six months ended 30 September 2001 HK\$'000	Six months ended 30 June 2000 HK\$'000
By Business Segments				
Securities trading	(30,545)	15,498	(38,138)	(38,368)
Property rental	3,367	3,614	2,196	942
	<u>(27,178)</u>	<u>19,112</u>	(35,942)	(37,426)
Other revenue			1,090	2,481
General and administrative expenses			(3,982)	(7,091)
Loss from operating activities			<u>(38,834)</u>	<u>(42,036)</u>

All principal activities are carried out in Hong Kong. There were no significant changes in the nature of the principal activities during the period.

#### 3. Tax

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong for both periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September 2001 HK\$'000	Six months ended 30 June 2000 HK\$'000
Hong Kong	-	-
Elsewhere	-	32
	<u>-</u>	<u>32</u>

#### 4. Loss Per Share

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$39,016,000 (6 months ended 30 June 2000: HK\$42,241,000) and the weighted average of 108,659,267 shares (6 months ended 30 June 2000: 108,735,113 shares) in issue during the six months ended 30 September 2001. Diluted earnings per share for the both periods have not been calculated as no diluting events existed during these periods.

#### 5. Depreciation

During the period, depreciation of HK\$219,000 (6 months ended 30 June 2000: HK\$178,000) was charged in respect of the Group's furniture, equipment and fixtures.

#### 6. Accounts Receivable

The aged analysis of the Group's accounts receivable is as follows:

	30 September 2001 <i>HK\$'000</i>	31 March 2001 <i>HK\$'000</i>
0 – 60 days	728	8,301
61 – 90 days	–	50
Above 90 days	1,325	86
	<u>2,053</u>	<u>8,437</u>

Sales proceeds from securities trading are receivable in accordance with the settlement terms of the respective stock market practice, and rental income from investment properties is normally receivable each month in advance during the term of tenancy.

#### 7. Accounts Payable

The aged analysis of the Group's accounts payable is as follows:

	30 September 2001 <i>HK\$'000</i>	31 March 2001 <i>HK\$'000</i>
0 – 60 days	21,793	24
61 – 90 days	–	–
Above 90 days	12	12
	<u>21,805</u>	<u>36</u>

#### 8. Bank Borrowings and Overdrafts

	30 September 2001 <i>HK\$'000</i>	31 March 2001 <i>HK\$'000</i>
Bank overdrafts – secured, repayable within one year	27,866	49,792
Bank loans – secured, repayable:		
Within one year	324	49,608
In the second year	348	307
In the third to fifth years, inclusive	1,201	1,106
Beyond five years	2,550	2,874
	<u>4,423</u>	<u>53,895</u>
Total bank borrowings	32,289	103,687
Portion classified as current liabilities	(28,190)	(99,400)
Non-current portion	<u>4,099</u>	<u>4,287</u>

Certain of the Group's bank loans and overdrafts are secured by:

- (i) legal charges over the Group's investment properties situated in Hong Kong which had an aggregate carrying value of HK\$58,600,000 (31 March 2001: HK\$66,900,000) at 30 September 2001;
- (ii) floating charges over the Group's investment portfolio; and
- (iii) a corporate guarantee executed by the Company.

#### 9. Other Non-Current Liabilities

	30 September 2001 <i>HK\$'000</i>	31 March 2001 <i>HK\$'000</i>
Loans from a director	115,576	115,572
Government lease regrant premium	39	39
Tenant deposits due after one year	1,266	1,417
	<u>116,881</u>	<u>117,028</u>

The loans from a director, Mr Eric Edward Hotung, are unsecured, interest-free and not repayable within one year.

#### 10. Contingent Liabilities

	30 September 2001 <i>HK\$'000</i>	31 March 2001 <i>HK\$'000</i>
Guarantees given by the Company to banks for facilities granted to subsidiaries	<u>84,423</u>	<u>91,963</u>

As at 30 September 2001, the guarantees given to banks in connection with facilities granted to subsidiaries by the Company were utilised to the extent of approximately HK\$32.3 million (31 March 2001: HK\$54.4 million).

As at 30 September 2001, the Group had short positions of certain securities investments which the Group had committed to repurchase at a later date. As at 30 September 2001, the aggregate market value of the securities which the Group was required to deliver under short positions amounted to HK\$20,908,955. Such liabilities were included in accounts payable in the condensed consolidated balance sheet. Included in the bank balance as at 30 September 2001 was an amount of approximately HK\$26,267,000 which was used as collateral in the margin account to cover short selling liabilities.

#### 11. Related Party Transactions

During the period, rental income of HK\$236,000 (6 months ended 30 June 2000: HK\$161,000) was received from a director. The rental was calculated by reference to open market value. In addition, management fee expense in a total sum of HK\$60,000 (6 months ended 30 June 2000: HK\$60,000) was paid to a related company for providing management services for the Group's investment properties.

#### 12. Comparative Figures

Certain comparative figures have been reclassified to conform with the current period's presentation.