

Notes:

### 1. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2001, except that in the current period, the Group has adopted SSAP 30 *Business Combinations* and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1st April, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st April, 2001 will be credited to income at the time of disposal of the relevant subsidiary or associate.

Goodwill arising on acquisitions after 1st April, 2001 is capitalized and amortised over its estimated useful life i.e. over periods ranging between 5 and 20 years. Negative goodwill arising on acquisitions after 1st April, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

Apart from SSAP 30, the other new and revised SSAPs adopted during the period do not have significant impacts to the Group.

### 2. Turnover and profit (loss) from operations

The Group's turnover and contribution to profit (loss) from operations before finance costs, analysed by business and geographical segments, were as follows:

|  | Turnover                            |          | Profit (loss) from operations       |          |
|--|-------------------------------------|----------|-------------------------------------|----------|
|  | six months ended<br>30th September, |          | Six months ended<br>30th September, |          |
|  | 2001                                | 2000     | 2001                                | 2000     |
|  | HK\$'000                            | HK\$'000 | HK\$'000                            | HK\$'000 |
| <b><i>Business segments</i></b>                    |                                     |          |                                     |          |
| Property dealing                                   | 120,505                             | 30,832   | 7,484                               | (23,753) |
| Property rental                                    | 31,715                              | 20,274   | 21,705                              | 2,762    |
| Interest income from                               |                                     |          |                                     |          |
| financial services                                 | 4,658                               | 9,041    | 4,026                               | 4,375    |
| Sale of electricity                                | 11,104                              | –        | 2,848                               | –        |
| Sale of food and beverage                          | 19,904                              | –        | (2,007)                             | –        |
| Property management fee                            | 879                                 | 998      | 152                                 | 417      |
|  | <b>188,765</b>                      | 61,145   | <b>34,208</b>                       | (16,199) |
| <b><i>Geographical segments</i></b>                |                                     |          |                                     |          |
| Hong Kong  | 143,135                             | 57,160   | 22,970                              | (13,740) |
| The United Kingdom                                 | 33,362                              | 2,658    | 8,015                               | (3,026)  |
| Other regions in the People's<br>Republic of China | 12,268                              | 1,327    | 3,223                               | 567      |
|  | <b>188,765</b>                      | 61,145   | <b>34,208</b>                       | (16,199) |

### 3. Depreciation

During the period, depreciation of HK\$ 3,067,000 (2000: HK\$1,711,000) was charged in respect of the Group's property, plant and equipment.

**4. Taxation**

|                                 | <b>Six months ended<br/>30th September,</b> |          |
|---------------------------------|---|----------|
|                                 | <b>2001</b>                                 | 2000     |
|                                 | <b>HK\$'000</b>                             | HK\$'000 |
| The credit (charge) comprises:  |   |          |
| Hong Kong Profits Tax           |   |          |
| Overprovision in prior years    | <b>3,645</b>                                | 18       |
| Overseas taxation               |   |          |
| Current year                    | <b>(254)</b>                                | –        |
|                                 | <b>3,391</b>                                | 18       |
| Share of taxation of associates |   |          |
| Overseas                        | –   | (386)    |
|                                 | <b>3,391</b>                                | (368)    |

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the period. Overseas taxation is calculated at the rates prevailing in respective jurisdictions.

**5. Earnings (loss) per share**

The calculation of earnings(loss) per share is based on the Group's net profit for the period of HK\$ 6,042,000 (2000 : loss of HK\$ 44,192,000) and on the weighted average number of 938,035,262 (2000: 907,901,100) shares in issue during the period.

There is no dilution effect from outstanding convertible debenture.

**6. Transfers to and from reserve**

|  | <b>Six months ended<br/>30th September,</b> |          |
|--|---|----------|
|  | <b>2001</b>                                 | 2000     |
|  | <b>HK\$'000</b>                             | HK\$'000 |
| Transferred from investment property revaluation reserve and credited to the income statement on disposal of investment properties | <b>20,450</b>                               | 545      |
| Transferred from retained profits to capital redemption reserve upon repurchase and cancellation of shares                         | –   | 292      |
| Goodwill reserve realised on disposal of an associate  | –   | (682)    |

**7. Additions to Investment properties and Property, plant and equipment**

During the period, additions to Investment properties amounted to HK\$254,250,000 (2000:NIL), and additions to Property, plant and equipment amounted to HK\$17,958,000 (2000: HK\$803,000)

**8. Trade and other receivables**

The Group adopts a flexible credit policy in line with prevailing marketing strategy. The credit periods granted to customers range from 30 days to 90 days on average. The following is an aged analysis of trade debtors of the Group:

|                   | <b>At 30th<br/>September, 2001<br/>HK\$'000</b> | At 31st<br>March, 2001<br>HK\$'000 |
|-------------------|---|------------------------------------|
| Trade debtors     |   |                                    |
| 0 – 60 days       | <b>20,646</b>                                   | 5,608                              |
| 61 – 90 days      | <b>362</b>                                      | 102                                |
| Over 90 days      | <b>7,887</b>                                    | 8,099                              |
|                   | <b>28,895</b>                                   | 13,809                             |
| Other receivables | <b>41,556</b>                                   | 27,675                             |
|                   | <b>70,451</b>                                   | 41,484                             |

**9. Trade and other payables**

The following is an aged analysis of trade creditors of the Group:

|                 | <b>At 30th<br/>September, 2001<br/>HK\$'000</b> | At 31st<br>March, 2001<br>HK\$'000 |
|-----------------|---|------------------------------------|
| Trade creditors |   |                                    |
| 0 – 60 days     | <b>12,246</b>                                   | 13,985                             |
| 61 – 90 days    | <b>238</b>                                      | 5,400                              |
| Over 90 days    | <b>67,879</b>                                   | 67,167                             |
|                 | <b>80,363</b>                                   | 86,552                             |
| Other payables  | <b>113,364</b>                                  | 94,002                             |
|                 | <b>193,727</b>                                  | 180,554                            |

**10. Share capital**

| Shares of HK\$0.10 each                    | Number of shares                         |             | Amount           |                  |
|--|--|-------------|------------------|------------------|
|  | For the six months ended 30th September, |             | 2001             | 2000             |
|  | 2001                                     | 2000        | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Issued and fully paid:                     |  |             |                  |                  |
| At beginning of period                     | <b>932,703,126</b>                       | 835,814,977 | <b>93,270</b>    | 83,581           |
| Exercise of warrant<br>subscription rights | <b>404,494</b>                           | 1,812,310   | <b>40</b>        | 182              |
| Conversion of<br>convertible debenture     | <b>5,957,058</b>                         | 16,640,955  | <b>596</b>       | 1,664            |
| Private placement of shares                | –  | 65,000,000  | –                | 6,500            |
| Shares repurchased<br>and cancelled        | –  | (2,920,000) | –                | (292)            |
| At end of period                           | <b>939,064,678</b>                       | 916,348,242 | <b>93,906</b>    | 91,635           |

**INTERIM DIVIDEND**

The Board has resolved not to declared an interim dividend (2000: Nil).

**BUSINESS REVIEW**

For the six months ended 30th September, 2001, turnover of the Group amounted to HK\$188,765,000, an increase of 200% as compared with the same period in last year. The increase was mainly attributable to the increase in sale of properties during the period. Total property sales generated by the Group amounted to HK\$120,505,000, an increase of 290% over the previous period. Profit generated from property dealing was HK\$7,484,000. During the period, the Group acquired the remaining 51% interest in equity in Goldline Properties Limited (“Goldline”) which becomes a wholly owned subsidiary of the Group. The Group held a 49% interest in Goldline in previous year and as at 31st March, 2001, the market value of investment properties held by Goldline amounted to HK\$254,250,000. These properties, which are located adjacent to the China Town in London, are fully let, and this accounted for the sharp increase in profit generated from property rental during the period. The power plant located in Guangdong Province, which became a subsidiary of the Group in January 2001, continued to generate a profit for the Group. The Group also acquired a Chinese restaurant business located at the China Town in London during the period.