

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2001.

### 2. Segmental information

	Turnover		Contribution to profit / (loss) from operating activities	
	Six months ended 30 September			
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
<b>By principal activity:</b>				
Trading	<b>64,669</b>	72,289	<b>2,359</b>	3,525
Securities business	<b>5,502</b>	10,051	<b>5,847</b>	4,979
Financing business	<b>7,294</b>	16,244	<b>11,395</b>	22,515
Others	<b>127</b>	61	<b>(50,978)</b>	174
	<u><b>77,592</b></u>	<u>98,645</u>	<u><b>(31,377)</b></u>	<u>31,193</u>
<b>By geographical area:</b>				
People's Republic of China, Hong Kong	<b>29,532</b>	46,512	<b>(33,130)</b>	28,651
Europe	<b>43,217</b>	48,083	<b>1,576</b>	2,345
North America	<b>4,530</b>	3,710	<b>165</b>	181
Other Asian countries	<b>313</b>	340	<b>12</b>	16
	<u><b>77,592</b></u>	<u>98,645</u>	<u><b>(31,377)</b></u>	<u>31,193</u>

### 3. Profit / (loss) before tax

Profit / (loss) before tax was determined after charging the following:

	Six months ended 30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses	7,232	8,672
Depreciation	1,536	816
	<u>          </u>	<u>          </u>

### 4. Tax

Hong Kong profits tax had been provided for at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period.

### 5. Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2001 (2000: Nil).

### 6. Earnings/(Loss) per share

The calculation of loss per share is based on the loss attributable to shareholders of HK\$33.74 million (2000: Profit of HK\$18.36 million) and the weighted average number of 489,375,772 (2000: 486,413,225 as restated) shares in issue during the period. The comparative amounts for earnings per share and diluted earnings per share have been adjusted for the capital reorganisation in December 2000 that every 100 shares of HK\$0.01 each of the Company were consolidated into one share of HK\$1.00 and the nominal value of the consolidated shares of HK\$1.00 each was reduced to HK\$0.01 each and for the bonus issue as detailed in Note 12.

Diluted loss per share has not been presented as the outstanding options and warrants had an anti-dilutive effect on the basic loss per share for the period.

### 7. Loans receivable

	As at 30 September 2001 (Unaudited) HK\$'000	As at 31 March 2001 (Audited) HK\$'000
The ageing analysis of loans receivable is as follows:		
Within 6 months	61,734	67,810
Between 6 to 12 months	2,093	40,224
Over 1 year	50,594	30,700
	<u>          </u>	<u>          </u>
	114,421	138,734
Provision for doubtful debts	(33,746)	(43,124)
	<u>          </u>	<u>          </u>
	80,675	95,610
	<u>          </u>	<u>          </u>

## 8. Accounts receivable

	<b>As at 30 September 2001 (Unaudited) HK\$'000</b>	As at 31 March 2001 (Audited) HK\$'000
The ageing analysis of accounts receivable is as follows:		
Within 6 months	<b>13,692</b>	16,477
Between 6 to 12 months	<b>227</b>	4,772
Over 1 year	<b>4,700</b>	630
	<b>18,619</b>	21,879
Provision for doubtful debts	<b>(4,901)</b>	(4,948)
	<b>13,718</b>	16,931

The Group usually grants an average credit period of approximately 60 days to its trade customers.

## 9. Accounts payable, other payables and accrued expenses

	<b>As at 30 September 2001 (Unaudited) HK\$'000</b>	As at 31 March 2001 (Audited) HK\$'000
Ageing analysis of accounts payable are as follows:		
Within 6 months	<b>29,413</b>	19,483
Between 6 to 12 months	<b>128</b>	843
Over 1 year	<b>836</b>	4,505
	<b>30,377</b>	24,831
Other payables and accrued expenses	<b>23,053</b>	25,356
	<b>53,430</b>	50,187

## 10. Interest-bearing bank loans and other borrowings

	<b>As at 30 September 2001 (Unaudited) HK\$'000</b>	As at 31 March 2001 (Audited) HK\$'000
Bank overdrafts, secured	—	1,077
Bank loans, secured	<b>148,728</b>	147,590
	<b>148,728</b>	148,667
Other borrowings, secured	<b>31,200</b>	41,147
Total bank loans and other borrowings	<b>179,928</b>	189,814
Portion classified as current liabilities	<b>(50,980)</b>	(61,632)
Long term portion	<b>128,948</b>	128,182
Bank loans and overdrafts are repayable:		
Within one year	<b>19,780</b>	20,485
In the second year	<b>29,364</b>	28,883
In the third to fifth years, inclusive	<b>88,427</b>	58,776
Beyond five years	<b>11,157</b>	40,523
	<b>148,728</b>	148,667
Other borrowings are repayable:		
Within one year	<b>31,200</b>	41,147

The bank loans and overdrafts are secured by the Group's time deposits of approximately HK\$20,222,000 (As at 31 March 2001: HK\$23,643, 000), certain of the Group's leasehold land and buildings and investment properties and the investment in a joint venture.

Other borrowings are due to financial institutions, bear interests at rates ranging from 8% to 10% per annum and are secured by the properties held for redevelopment and certain investment properties of the Group.

## 11. Contingent liabilities

	<b>As at 30 September 2001 (Unaudited) HK\$'000</b>	As at 31 March 2001 (Audited) HK\$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	<b>222,000</b>	193,205

## 12. Share capital

	<b>As at 30 September 2001 (Unaudited) HK\$'000</b>	As at 31 March 2001 (Audited) HK\$'000
Authorised:		
200,000,000,000 ordinary shares of HK\$0.01 each	<u><b>2,000,000</b></u>	<u>2,000,000</u>
Issued and fully paid:		
498,785,790 (As at 31 March 2001:359,365,368) ordinary shares of HK\$0.01 each	<u><b>4,988</b></u>	<u>3,594</u>

During the period, 14,723,975 ordinary shares of HK\$0.01 each were issued at a subscription price of HK\$0.38 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses of HK\$5,595,111.

On 24 August 2001, 124,696,447 ordinary shares of HK\$0.01 each were issued by way of a bonus issue on the basis of one bonus share for every three existing shares held by shareholders on the register of members on 23 August 2001.

## 13. Reserves

Movement of reserves during the period are as follows:

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Special capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Exchange fluctuation reserve HK\$'000	Total HK\$'000
At 31 March 2001 and 1 April 2001 (audited)	2,105	6,040	571,147	604,573	(508,988)	(4)	674,873
Issue of shares upon exercise of warrants	5,447	—	—	—	—	—	5,447
Share issue expenses	(16)	—	—	—	—	—	(16)
Issue of bonus shares	—	—	—	(1,247)	—	—	(1,247)
Loss for the period	—	—	—	—	(33,737)	—	(33,737)
Exchange realignments	—	—	—	—	—	21	21
At 30 September 2001 (unaudited)	<u>7,536</u>	<u>6,040</u>	<u>571,147</u>	<u>603,326</u>	<u>(542,725)</u>	<u>17</u>	<u>645,341</u>

## 14. Post balance sheet event

On 28 November 2001, 997,571,580 ordinary shares of HK\$0.01 each were issued for cash at a subscription price of HK\$0.03 per rights share by way of a rights issue on the basis of two rights shares for every one existing share held. The net proceeds from the rights issue of HK\$27 million were partly used to repay outstanding bank and other borrowings and partly as general working capital.

## 15. Approval of the interim financial statements

The interim financial statements were approved by the board of directors on 24 December 2001.