

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

These consolidated interim financial statements are unaudited but have been reviewed by the Company's Audit Committee.

These consolidated interim financial statements have been prepared in accordance with 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 (the "Listing Rules").

The accounting policies and basis of preparation used in the preparation of these interim financial statements are the same as those used in the preparation of the Group's audited financial statements for the year ended 31 March 2001 except the Group has changed certain of its accounting policies following the adoption of the new and revised SSAPs which became effective for the accounting periods commencing on or after 1 January 2001.

The Group has taken advantage of the transitional provision of SSAP No. 30 "Business Combination" by not restating goodwill previously included in retained reserves. Therefore, goodwill arising on acquisition prior to 1 April 2001 is held in reserves and will be charged to the profit and loss account at the time of disposal of the relevant subsidiaries, or at such time the goodwill is determined to be impaired in accordance with SSAP No. 31 "Impairment of Assets".

The adoption of the other new and revised SSAPs has no significant effect on the results of the Group in the current and prior periods.

2. SEGMENTAL INFORMATION

The Group's turnover and contribution to operating loss before finance costs by principal activities and geographical locations are analysed as follows:

	Turnover (Unaudited)		Contribution to operating loss before finance costs (Unaudited)	
	Six months ended		Six months ended	
	30 September 2001 HK\$'000	30 September 2000 HK\$'000	30 September 2001 HK\$'000	30 September 2000 HK\$'000
By principal activities:				
Sales and leasing of properties	5,392	11,608	851	1,597
Freight forwarding, shipping and logistics services	1,499	31,344	7,421	10,186
Property and household services	981	1,240	5,963	4,077
Information technology and related services	670	965	1,702	7,329
Financial services	411	1,582	(398)	(1,552)
Sales of other goods	1,931	–	286	–
Miscellaneous income	1,066	–	988	–
	<u>11,950</u>	<u>46,739</u>		
Unallocated expenses			20,154	16,323
			<u>36,967</u>	<u>37,960</u>

2. SEGMENTAL INFORMATION (continued)

	Turnover (Unaudited)		Contribution to operating loss before finance costs (Unaudited)	
	Six months ended		Six months ended	
	30 September 2001	30 September 2000	30 September 2001	30 September 2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By geographical locations:				
North America	521	1,125	987	271
South America	7	88	14	21
Europe	272	480	514	116
The People's Republic of China				
– Hong Kong	10,708	15,307	12,870	17,891
– Mainland China	76	362	1,735	585
Asia Pacific	366	29,377	693	2,753
	<u>11,950</u>	<u>46,739</u>		
Unallocated expenses			20,154	16,323
			<u>36,967</u>	<u>37,960</u>

3. OPERATING LOSS

The operating loss is stated after charging / (crediting) the following:–

	(Unaudited)	
	Six months ended	
	30 September 2001	30 September 2000
	HK\$'000	HK\$'000
Amortization of goodwill	–	3,079
Depreciation of fixed assets	945	1,048
Loss on disposal of fixed assets	381	–
Profit on sale of properties	(215)	–
	<u> </u>	<u> </u>

4. TAXATION

No provision for Hong Kong profits tax has been made as the Group had no assessable profits during the period and in prior period.

Overseas taxation was provided on the income of the overseas subsidiaries and branches in accordance with the tax laws of the countries in which the subsidiaries and branches operate.

5. DIVIDEND

The Board does not recommend an interim dividend for ordinary shares for the six months ended 30 September 2001 (2000: Nil).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	(Unaudited)	
	Six months ended	
	30 September 2001 HK\$'000	30 September 2000 HK\$'000
Loss		
Net loss for the period	36,186	36,541
Dividend for preference shares	319	458
Loss for the purpose of basic loss per share	<u>36,505</u>	<u>36,999</u>
Number of shares		
Weighted average number of shares for the purpose of basic loss per share	<u>13,989,261,136</u>	<u>10,054,421,911</u>
Loss per share		
Basic	<u>0.26 cents</u>	<u>0.37 cents</u>

Diluted loss per share for the period has not been presented as the effect of any dilution is anti-dilutive.

7. ACCOUNTS RECEIVABLES

The following is an aged analysis of trade receivables at the balance sheet date:

	(Unaudited)	(Audited)
	30 September 2001 HK\$'000	31 March 2001 HK\$'000
0 – 3 months	1,708	1,763
4 – 6 months	210	307
7 – 9 months	66	177
Over 9 months	850	481
	<u>2,834</u>	<u>2,728</u>

The Group maintains defined credit policies for the respective businesses and trade debtors are closely monitored in order to control credit risk associated with trade receivables.

8. ACCOUNTS PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	(Unaudited)	(Audited)
	30 September 2001 HK\$'000	31 March 2001 HK\$'000
0 – 3 months	660	1,195
4 – 6 months	303	359
7 – 9 months	323	24
Over 9 months	8,232	6,232
	<u>9,518</u>	<u>7,810</u>

9. SHARE CAPITAL

	(Unaudited) 30 September 2001 HK\$'000	(Audited) 31 March 2001 HK\$'000
Authorised:		
28,500,000,000 ordinary shares of HK\$0.01 each	285,000	285,000
1,500,000,000 6% convertible cumulative redeemable preference shares of HK\$0.01 each	15,000	15,000
	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:		
14,992,539,825 (31 March 2001: 12,842,539,825) ordinary shares of HK\$0.01 each	149,925	128,425
708,908,975 6% convertible cumulative redeemable preference shares of HK\$0.01 each	7,089	7,089
	<u>157,014</u>	<u>135,514</u>

Details of the changes in the Company's share capital during the six months ended 30 September 2001 are as follows:-

- On 7 May 2001, 800,000,000 new ordinary shares of the Company at an issued price of HK\$0.01 each were issued to Silver Bound Capital Limited (the "Vendor") pursuant to an agreement entered into between Lucky Regent International Limited ("LRI"), a wholly-owned subsidiary of the Company, the Vendor and the Company on 16 March 2001 in relation to the purchase of certain properties situated at Kwun Tong Industrial Centre, Kwun Tong from the Vendor by LRI.
- On 29 June 2001, 600,000,000 new ordinary shares of the Company at an issued price of HK\$0.011 each were issued to Skibbereen Company Limited (the "Vendor") pursuant to an agreement entered into between Total Property Services Limited ("TPS"), a wholly-owned subsidiary of the Company, the Vendor and the Company on 21 June 2001 in relation to the purchase of certain properties situated at Chung Mei Centre, Kwun Tong from the Vendor by TPS.
- On 7 August 2001, 600,000,000 new ordinary shares of the Company at an issued price of HK\$0.01 each were issued to New Horizon Associates Limited (the "Vendor") pursuant to an agreement entered into between Cyberhome Limited ("CHL"), a wholly-owned subsidiary of the Company, the Vendor and the Company on 23 July 2001 in relation to the purchase of a property situated at Enterprise Square, Kowloon Bay from the Vendor by CHL.
- On 12 September 2001, 150,000,000 new ordinary shares of the Company at an issued price of HK\$0.01 each were issued to EP & Partners Limited (the "Vendor") pursuant to an agreement entered into between Citilink Investment Limited ("CIL"), a wholly-owned subsidiary of the Company, the Vendor and the Company on 27 August 2001 in relation to the purchase of a property situated at City Garden from the Vendor by CIL.

10. RESERVES

	Share premium account HK\$'000	Goodwill HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance as at 1 April 2001	756,610	(41,543)	357	(833,446)	(118,022)
Premium arising from issuing new shares	600	-	-	-	600
Goodwill relating to disposal of a subsidiary	-	16,308	-	-	16,308
Exchange realignment	-	-	2	-	2
Loss for the period	-	-	-	(36,186)	(36,186)
Balance as at 30 September 2001	<u>757,210</u>	<u>(25,235)</u>	<u>359</u>	<u>(869,632)</u>	<u>(137,298)</u>

11. PLEDGE OF ASSETS

- (a) As at the balance sheet date, the following assets of the Group were pledged to secure certain convertible bonds, bank loans, other loans and bank overdrafts facilities granted to the Group:

	(Unaudited) 30 September 2001 HK\$'000	(Audited) 31 March 2001 HK\$'000
Properties for sale, carrying value	48,618	27,615
Fixed deposits	5,224	5,134
	<u>53,842</u>	<u>32,749</u>

- (b) As at 30 September 2001 and 31 March, 2001, a fixed deposit of the Company amounting to HK\$5,980,000 has been pledged to a bank as a security for guarantee granted by the bank on behalf of AWT Shipping Limited, a former subsidiary of the Company, to a leasing company to the extent of US\$755,000.

12. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties in the ordinary course of business:

		Unaudited Six months ended 30 September 2001 HK\$'000	30 September 2000 HK\$'000
THL Management Company Limited	(a)		
Rental income from		60	120
Car rental expenses payable to		92	—
THL Engineering Company Limited	(a)		
Maintenance service charges payable to		1	—
THL (Holdings) Company Limited	(a)		
Car rental expenses payable to		—	68
Finnex Development Limited	(b)		
Car rental expenses payable to		93	93
Po Kam Hi, John	(c)		
Car rental expenses payable to		<u>54</u>	<u>—</u>

Notes:

- (a) The companies in which Mr. Leung Tze Hang, David, the Managing Director of the Company, has a beneficial interest
- (b) The company in which Mr. Chan Sing Fai, the former Chairman of the Company, has a beneficial interest
- (c) an executive director of the Company

Except for the transactions disclosed above, the directors confirmed that there were no other related party transactions entered into by the Group for the six months ended 30 September 2001.

13. CONTINGENT LIABILITIES

- (a) The Company has provided corporate guarantees to certain banks, finance companies and creditors to secure general finance facilities granted to its subsidiaries. Such facilities utilized by the subsidiaries as at 30 September 2001 are HK\$19,323,000 (as at 31 March 2001: HK\$6,160,000) and the related liabilities have been fully recorded in the consolidated balance sheet.
- (b) As at 30 September 2001, 11 employees have completed the required number of years of service under the Hong Kong Employment Ordinance (the "Ordinance") eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the circumstances specified in the Ordinance.

If the termination of all such employees meets the circumstances set out in the Ordinance, the Group's liabilities as at 30 September 2001 in this matter would be approximately HK\$716,000 (as at 31 March 2001: HK\$502,000). No provision has been made for this amount in the accounts as it is not expected to be crystallised in the foreseeable future.

- (c) According to rights and restriction of the 6% convertible cumulative redeemable preference shares ("CP Shares") which were approved by the shareholders of the Company in a special general meeting held on 6 January 2000, the shareholders of the CP Shares are entitled in priority to any distribution in respect of any other class of shares of the Company to a fixed cumulative preferential dividend at the rate of 6 per cent per annum on the notional value of each CP Share held from the date of issue to the date when the CP Shares are converted into ordinary shares or are redeemed. As at 30 September 2001, the shareholders of the CP Shares have the right for an accrued dividend of approximately HK\$1,095,000 (as at 31 March 2001: HK\$776,000). Such dividend was not accrued in the accounts as the Company has no retained earnings lawfully available for distribution as at 30 September 2001 and 31 March 2001.

14. LITIGATION

On 30 November 2001, a winding-up petition ("Petition") was filed against the Company by Gold Metro Finance Limited ("Gold Metro"). It was alleged in the Petition that a sum of HK\$4,011,917.82 was due and owing to Gold Metro by the Company ("Outstanding Sum"). The Outstanding Sum was alleged to be the balance of HK\$4,098,712.32 (being the principal sum of HK\$4,000,000 under four HK\$1,000,000 convertible bonds issued by the Company in favour of Gold Metro on 29 December 2000 ("Convertible Bonds") plus interest of HK\$98,712.32 as at 12 October 2001) demanded by Gold Metro in the written notice served on the Company on 12 October 2001 less an amount of HK\$86,794.50 paid by the Company to Gold Metro on 17 October 2001. The Petition is scheduled to be heard on 6 February 2002 at The High Court of the Hong Kong Special Administrative Region. The Company was advised by its legal adviser that it has grounds to strike out the Petition. As at the date of this report, the Company continues discussions with Gold Metro with respect to the rescheduling of the Convertible Bonds.

Apart from the Petition and the litigations set out in the audited financial statements for the year ended 31 March 2001 of the Company, there were alleged claims against the Group in the sum of HK\$273,000 which mainly include supply of goods and salary payment due from certain subsidiaries of the Company.

15. COMPARATIVE FIGURES

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