

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 October 2001

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting". The accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 30 April 2001. Figures for the year ended 30 April 2001 are extracted from the Group's annual financial statements for that year.

The Group has adopted the following new SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting period commencing on or after 1 January 2001, except for SSAP 14 which are effective for accounting period commencing on or after 1 July 2000:

SSAP 14: (Revised) Leases

SSAP 28: Provisions, Contingent Liabilities and Contingent Assets

SSAP 30: Business Combinations

SSAP 31: Impairment of Assets

SSAP 32: Consolidated Financial Statements and Accounting for Investments in Subsidiaries

Leases

SSAP 14 (revised) prescribes the accounting treatment and disclosure for finance and operating leases. This has no major impact on these financial statements save for the changes in disclosures for commitments under non-cancellable operating leases. In prior years, operating leases commitments were disclosed as payments committed to be made during the next year, analysed between those in which the commitments would expire within that year, in the second to fifth years, inclusive; and over five years. In the current period, the disclosure has been changed to the total of the future minimum lease payments under non-cancellable operating leases analysed into those not later than one year; later than one year but not later than five years; and later than five years.

Goodwill

With the introduction of SSAP 30 "Business Combinations", the Group has adopted the transitional provisions prescribed therein, and as a result all goodwill arising from acquisition of subsidiaries and associates before 1 January, 2001 will continue to be eliminated against reserves and no reinstatement as non-current asset has been made. Further, any subsequent impairment arising on such goodwill is recognised in the profit and loss account in accordance with SSAP 31 "Impairment of assets".

2. SEGMENTAL INFORMATION — TURNOVER

The Group's turnover represents proceeds from the provision of services, sales of goods, tickets, food and beverages, provision of port facilities and ticketing services, less sales tax and after trade discounts and returns, during the period.

	For the six months ended 31 October	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
By activity:		
Hotel business	90,384	91,918
Tourist attraction business	42,412	63,138
Provision of port facilities and ticketing services	14,673	13,959
	<u>147,469</u>	<u>169,015</u>

The turnover was principally derived from activities conducted in Zhuhai, the People's Republic of China (the "PRC").

3. SEGMENTAL INFORMATION — PROFIT FROM OPERATING ACTIVITIES

	For the six months ended 31 October	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
By activity:		
Hotel business	2,051	7,661
Tourist attraction business	13,822	14,337
Provision of port facilities and ticketing services	6,341	6,510
Securities trading	(2,339)	2,803
Interest income	399	950
Operating expenses	(1,069)	(2,719)
	<u>19,205</u>	<u>29,542</u>
By geographical location:		
PRC, excluding Hong Kong	22,214	28,508
Hong Kong	(3,009)	1,034
	<u>19,205</u>	<u>29,542</u>

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	For the six months ended	
	31 October	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	12,775	16,601
Cost of services provided	100,679	102,240
Amortisation on rights to use port facilities	371	57
Depreciation	19,548	21,205
Net unrealised holding gains less losses on short term listed equity investments	2,480	(2,392)
Net realised gains on trading of short term listed equity investments	(141)	(411)
Rental income	(3,015)	(1,156)
Interest income	(399)	(950)
	<u> </u>	<u> </u>

5. WRITE BACK OF PROVISION

The balance represented the write back of provision for staff benefits due to the enactment of new PRC laws and regulations. The above write back has been included in the Tourist attraction business of note 3 above.

6. TAX

	For the six months ended	
	31 October	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current period provision:		
Hong Kong	—	—
Elsewhere	1,291	3,221
	<u>1,291</u>	<u>3,221</u>
Jointly-controlled entity	1,497	1,198
	<u>2,788</u>	<u>4,419</u>

No provision for Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the period (2000: Nil).

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.

Deferred tax has not been provided because there were no significant timing differences at 31 October 2001 (2000: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$23,952,000 (2000: HK\$30,173,000) and the weighted average of 799,000,000 shares (2000: 799,000,000 shares) in issue during the period.

Diluted earnings per share for the periods ended 31 October 2001 and 2000 have not been shown as the share options outstanding during these periods had an anti-dilutive effect on the basic earnings per share for these periods.

8. SHORT TERM INVESTMENTS

	As at 31 October 2001 (Unaudited) HK\$'000	As at 30 April 2001 (Audited) HK\$'000
Hong Kong listed equity investments, at market value	<u>6,693</u>	<u>9,503</u>

9. TRADE RECEIVABLES

A defined credit policy is maintained within the Group. The general credit term ranges from 1 month to 18 months depending on the relationship with the Group and the creditworthiness of the customers. The age analysis of trade debtors at 31 October 2001 was as follows:

	As at 31 October 2001 (Unaudited) HK\$'000	As at 30 April 2001 (Audited) HK\$'000
0 - 3 months	10,020	9,470
4 - 6 months	2,313	3,965
7 - 12 months	4,707	3,928
over 12 months	<u>5,562</u>	<u>5,872</u>
	<u>22,602</u>	<u>23,235</u>

10. DUE FROM RELATED PARTIES

Particulars of amounts due from related parties disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name	Relationship	As at 31 October 2001 (Unaudited) HK\$'000	Maximum amount outstanding during the period (Unaudited) HK\$'000	As at 1 May 2001 (Audited) HK\$'000
Macau-Mondial Travel & Tours Ltd.	Fellow subsidiary of the Company	3,300	5,401	5,398
Zhuhai Special Economic Zone Hotel	Fellow subsidiary of the Company	458	458	458
Zhu Kuan Enterprise (Group) Finance Company Limited of Zhuhai	Fellow subsidiary of the Company	1,213	1,213	1,213
		<u>4,971</u>	<u>7,069</u>	<u>7,069</u>

The amounts due from related parties are unsecured, interest-free except for an amount due from Zhu Kuan Enterprise (Group) Finance Company Limited of Zhuhai which is interest-bearing at a rate of 3% per annum, and have no fixed terms of repayment.

11. CASH AND CASH EQUIVALENTS

	As at 31 October 2001 (Unaudited) HK\$'000	As at 30 April 2001 (Audited) HK\$'000
Cash and bank balances	66,350	43,931
Time deposits	55,097	54,064
	<u>121,447</u>	<u>97,995</u>

12. TRADE PAYABLES

The age analysis of trade creditors at 31 October 2001 was as follows:

	As at 31 October 2001 (Unaudited) HK\$'000	As at 30 April 2001 (Audited) HK\$'000
0 - 3 months	9,488	10,026
4 - 6 months	1,693	2,717
7 - 12 months	2,382	1,657
over 12 months	1,782	1,652
	<u>15,345</u>	<u>16,052</u>

13. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Goodwill reserve HK\$'000	Asset revaluation reserve HK\$'000	Statutory reserve funds HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 May 2001 (Audited)	359,599	446,355	(192,973)	85,458	35,032	107,561	841,032
Net profit for the period (Unaudited)	—	—	—	—	—	23,952	23,952
Transfer to statutory reserve funds (Unaudited)	—	—	—	—	1,258	(1,258)	—
Share of reserve movements in jointly-controlled entity (unaudited)	—	—	—	—	1,667	(1,667)	—
At 31 October 2001 (Unaudited)	<u>359,599</u>	<u>446,355</u>	<u>(192,973)</u>	<u>85,458</u>	<u>37,957</u>	<u>128,588</u>	<u>864,984</u>

14. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

Name	Notes	Nature	For the six months ended	
			31 October	
			2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Zhuhai Holiday Resort Co., Ltd.	(i)	Rental expenses	4,250	4,250
Zhuhai High-Speed Passenger Ferry Co., Ltd. ("Ferry Company")	(ii)	Agency cum management fee	10,130	8,744
Minority shareholder of Zhuhai Jiuzhou Port Passenger Traffic Service Co., Ltd. ("Minority Shareholder")	(iii)	Rental expenses	241	241
Zhu Kuan Enterprise (Group) Finance Company Limited of Zhuhai	(iv)	Interest income	<u>36</u>	<u>38</u>

Notes:

- (i) The rental expense paid to Zhuhai Holiday Resort Co., Ltd. was calculated by reference to the tenancy agreement.
- (ii) Zhuhai Jiuzhou Port Passenger Traffic Service Co., Ltd. ("Jiuzhou Port Company") received agency commission fees and service fees ("Agency cum management fee") for the provision of agency services for the selling of ferry tickets to passengers and management services of the berthing facilities of Jiuzhou Port to the Ferry Company. The Agency cum management fee is charged at a rate of 23.5% on the gross proceeds from the sales of ferry tickets.
- (iii) The rental expenses paid to the Minority Shareholders, who is also the major shareholder of the Ferry Company, was calculated by reference to the lease agreement.
- (iv) Jiuzhou Port Company had a balance with Zhu Kuan Enterprise (Group) Finance Company Limited of Zhuhai, a fellow subsidiary of the Company. As at 31 October 2001, the outstanding balance amounted to HK\$1,213,000 (30 April 2001: HK\$1,213,000). The balance is unsecured, interest-bearing at a rate of 3% per annum and has no fixed terms of repayment (see note 10).

As at 31 October 2001, the Group had a balance due from the Minority Shareholder. The balance is unsecured, interest-free and has no fixed terms of repayment. The Minority Shareholder has agreed with the Group that the amount receivable from the Minority Shareholder of HK\$7,102,000 as at 31 October 2001 (2000: HK\$7,278,000) will be settled by the Minority Shareholder's entitlement to future dividends from the Ferry Company.

15. CONTINGENT LIABILITIES

At the balance sheet date, the Group had no significant contingent liabilities (2000: Nil).

16. COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating lease in respect of land and buildings, which fall due as follows:

	As at 31 October 2001 (Unaudited) <i>HK\$'000</i>	As at 30 April 2001 (Unaudited) Restated <i>HK\$'000</i>
Within one year	9,630	8,944
In the second to fifth year inclusive	38,009	35,774
After five years	315,420	319,556
	<u>363,059</u>	<u>364,274</u>

17. COMPARATIVE FIGURES

As a result of the adoption of the revised SSAP 14, certain comparatives have been reclassified to conform with the current period presentation.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the Board of Directors on 28 January 2002.