

Notes to Interim Financial Statements

1. Basis of preparation and changes in accounting policies

The unaudited interim financial statements are 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 methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2001 except that the Group has adopted the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting period commencing on or after 1 January 2002.

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

Accordingly, the presentation in the current period’s statement of changes in equity and cash flow statement has been modified in order to conform with the requirements of the revised SSAPs. Comparative disclosures have been restated in order to achieve a consistent presentation.

The effect of adopting these new or revised standards on the results for the period is insignificant.

2. Segment reporting

The Group was principally engaged in investment holding.

(i) Business segments

The Group comprises the following business segments:

Share investment and dealing – investments in listed and unlisted securities, purchase and sales of long-term and short-term listed securities

Other operation – property investment

	Share investment and dealing		Other operation		Consolidated adjustment		Consolidated account	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue								
Turnover	2,879	16,546	1,625	1,571	-	(38)	4,504	18,079
Other revenue and income	1,587	3,650	-	-	-	-	1,587	3,650
Total revenue	<u>4,466</u>	<u>20,196</u>	<u>1,625</u>	<u>1,571</u>	<u>-</u>	<u>(38)</u>	<u>6,091</u>	<u>21,729</u>
Segment results	<u>(7,200)</u>	<u>(113,251)</u>	<u>1,377</u>	<u>1,492</u>	<u>-</u>	<u>-</u>	<u>(5,823)</u>	<u>(111,759)</u>
Finance costs							(10,116)	(17,351)
Share of results of associates							(56,041)	(2,148)
Loss before taxation							(71,980)	(131,258)
Taxation							(13)	(1,970)
Loss attributable to shareholders							<u>(71,993)</u>	<u>(133,228)</u>

(ii) Geographical segments

Over 90% of the Group's revenue is derived from operations carried out in Hong Kong.

3. Operating loss before finance costs

	2002 HK\$'000	2001 HK\$'000
Operating loss before finance costs is stated after charging (crediting):		
Depreciation	26	30
Interest income	(1,242)	(1,253)
Unrealised gain on listed investments held for trading purpose	(1,480)	(2,332)
Profit on disposals of subsidiaries	-	(751)

4. Taxation

	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax provision – Company and subsidiaries		
Current period	–	–
Underprovision for prior years	–	1,961
	<u>–</u>	<u>1,961</u>
Share of associates' taxation	13	9
	<u>13</u>	<u>9</u>
	<u><u>13</u></u>	<u><u>1,970</u></u>

5. Interim dividend

	2002	2001
	HK\$'000	HK\$'000
Interim dividend proposed, 1 cent per share (2001: 1 cent)	3,388	3,410
	<u><u>3,388</u></u>	<u><u>3,410</u></u>

6. Loss per share

The calculation of loss per share is based on unaudited consolidated loss attributable to shareholders of HK\$71,993,000 (2001: HK\$133,228,000) and weighted average of 338,803,725 (2001: 341,770,305) shares of HK\$1 each in issue during the period.

7. Debtors, deposits and prepayments

The Group maintains a defined credit policy on its trade debtors.

	30.6.2002	31.12.2001
	HK\$'000	HK\$'000
Trade debtors over 180 days	13,603	13,002
Other debtors, deposits and prepayments	937	1,084
	<u>14,540</u>	<u>14,086</u>
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