



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2001

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No.25 “Interim Financial Reporting” and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

The accounting policies adopted for the preparation of the condensed financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2001, except as described below.

In the current period, the Group has adopted, for the first time, the following new Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants:

Segment reporting

In the current period, the Group has changed the basis of identifying reportable segments to that required by SSAP 26 “Segment Reporting”. Segment disclosures for the six months ended 30 September 2000 have been amended so that they are presented on a consistent basis.

Provisions

In accordance with SSAP 28 “Provisions, Contingent Liabilities and Contingent Assets”, provisions are recognized when the Group has a present obligation as a result of a past event which it is probable will result in an inflow of economic benefits that can be reasonably estimated.

Impairment of assets

SSAP 31 “Impairment of Assets” is effective for periods beginning on or after 1 January 2001 and has introduced a formal framework for the recognition of impairment losses in respect of the Group’s assets other than financial assets.

The adoption of the above standards has had no material effect on amounts reported in prior periods.



3. SEGMENTAL INFORMATION

Segment information for the six months ended 30 September 2001 and 2000 is as follows:

By business segments:

	Turnover		Segment result	
	Six months ended		Six months ended	
	30 September		30 September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property rental and management	11,725	14,349	5,125	6,873
Security and commodity broking	23,773	–	4,370	–
	35,498	14,349	9,495	6,873
Unallocated corporate expenses			(9,960)	(2,443)
Finance costs			(9,896)	(16,263)
Interest income			4,625	112
Gain on disposal of a subsidiary			149,163	–
Gain on dissolution of a dormant subsidiary			–	2,529
Liabilities waived by bank creditors			–	401,951
Liabilities waived by other creditors			–	2,876
Profit before taxation			143,427	395,635

By geographical segments:

	Turnover		Segment result	
	Six months ended		Six months ended	
	30 September		30 September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	34,177	13,297	1,805	6,237
Mainland China	1,321	1,052	7,690	636
	35,498	14,349	9,495	6,873
Unallocated corporate expenses			(9,960)	(2,443)
Finance costs			(9,896)	(16,263)
Interest income			4,625	112
Gain on disposal of a subsidiary			149,163	–
Gain on dissolution of a dormant subsidiary			–	2,529
Liabilities waived by bank creditors			–	401,951
Liabilities waived by other creditors			–	2,876
Profit before taxation			143,427	395,635



4. PROFIT FROM OPERATIONS

	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Loss on disposal of property, plant and equipment	28	14
Loss on disposal of securities	120	–
Compensation payment in respect of termination of a director	2,200	5,200

5. TAXATION

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profits of certain subsidiaries in Hong Kong for the period.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share (net profit for the period)	139,938	395,635
Increase in earnings attributable to ordinary shareholders on conversion of potential ordinary shares	648	–
Earnings for the purpose of diluted earnings per share	140,586	395,635
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,386,367,894	1,016,759,726
Effect of dilutive share options	117,467,273	–
Effect of 3% convertible loan note	42,622,951	–
Weighted average number of shares for the purpose of diluted earnings per share	4,546,458,118	1,016,759,726



7. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired plant and equipment of HK\$5,368,000 (2000: HK\$2,056,000). A property with a carrying value of HK\$18,673,000 was reclassified to investment properties. There were no other significant movements.

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers. The aged analysis of trade receivables of HK\$162,965,000 (31 March 2001: HK\$66,305,000) included in trade and other receivables at the reporting date is as follows:

	30 September 2001 HK\$'000	31 March 2001 HK\$'000
Current to 30 days	39,355	19,537
31 to 60 days	347	–
61 to 90 days	233	–
Over 90 days	15,338	22,574
	55,273	42,111
Margin clients accounts receivable	107,692	24,194
	162,965	66,305

The settlement terms of accounts receivable, which is arised from the ordinary course of business of dealing in securities and futures, is two business days after the trade date.

No aged analysis is disclosed for margin clients accounts receivable as the aged analysis does not give additional value in view of the nature of business of securities and future margin financing.



9. TRADE AND OTHER PAYABLES

The aged analysis of trade payables of HK\$99,810,000 (31 March 2001: HK\$51,065,000) included in trade and other payables at the reporting date is as follows:

	30 September	31 March
	2001	2001
	HK\$'000	HK\$'000
Current to 30 days	28,597	28,088
Over 90 days	292	2,828
	28,889	30,916
Margin clients accounts payable	70,921	20,149
	99,810	51,065

No aged analysis is disclosed for margin clients accounts payable as the aged analysis does not give additional value in view of the nature of business of securities and future margin financing.

10. BANK BORROWINGS

During the period, the Group obtained new bank loans amounting HK\$164,225,000. All bank borrowings bear interest at market rates and are repayable either within one year or by instalments over periods ranging from one to ten years. The proceeds were used to finance the operations of the Group.

All bank borrowings are secured.

11. SHARE CAPITAL

	Six months ended	
	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Issued and fully paid		
At 1 April 2001	4,384,123,632	438,412
Exercise of share options	7,350,000	735
At 30 September 2001	4,391,473,632	439,147



12. SHARE PREMIUM AND RESERVES

	Share premium of the Company	Special reserve	Exchange reserve	Accumulated (losses) profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP					
At 1 April 2001	96,344	571,996	6,126	(677,820)	(3,354)
Premium arising from issue of shares	448	–	–	–	448
Expenses incurred in connection with the issue of shares	(4)	–	–	–	(4)
Release of exchange reserve on disposal of a subsidiary	–	–	(4,193)	–	(4,193)
Exchange differences on translation of overseas operations	–	–	(1,255)	–	(1,255)
Net profit for the period	–	–	–	139,938	139,938
At 30 September 2001	96,788	571,996	678	(537,882)	131,580

13. CONVERTIBLE LOAN NOTE

A convertible loan note of HK\$200,000,000 was issued on 23 August 2001. The note is convertible into ordinary shares of the Company for a certain percentage of the principle amount of the note within 30 days prior to the expiry of 12, 24, 30 and 36 months, respectively, from the date of issue. If the note has not been converted, it will be redeemed on the third anniversary of the date of issue. Interest at 3% per annum will be paid annually up and until the settlement date.



14. CONTINGENT LIABILITIES

	30 September 2001 HK\$'000	31 March 2001 HK\$'000
Guarantees given to bankers in respect of banking facilities granted to:		
Property buyers	100,000	100,000

15. CAPITAL COMMITMENT

As at 30 September 2001, the Group was committed to capital expenditure of approximately HK\$33,489,000 in respect of the acquisition of property, plant and equipment.

16. DISPOSAL OF A SUBSIDIARY

On 29 September 2001, the Group disposed of a subsidiary. The results of the subsidiary disposed of during the period were as follows:

	29 September 2001 HK\$'000	30 September 2000 HK\$'000
Revenue	1,325	1,061
Liabilities waived by the immediate holding company	23,704	–
Liabilities waived by creditors	–	33,166
Operating costs	(1,734)	(638)
Finance costs	(414)	(415)
Profit before taxation	22,881	33,174
Taxation	–	–
Profit after taxation	22,881	33,174