

# **INTERCHINA HOLDINGS COMPANY LIMITED**

## ***Notes to the unaudited Interim Financial Statements***

### **1. Group reorganization**

The Company was incorporated in Hong Kong on 9 February 2000 under the Companies Ordinance as a company limited by shares. The shares of the Company have been listed on the Stock Exchange with effect from 31 August 2000 by way of introduction.

Pursuant to a scheme of arrangement ("Scheme of Arrangement") of Burlingame, whose shares were previously listed on the Stock Exchange, the Company issued one share in exchange for one Burlingame's share for the entire issued share capital of Burlingame and thereby became the holding company of the Group on 29 August 2000.

### **2. Basis of presentation and preparation**

The Group resulting from the Scheme of Arrangement is regarded as a continuing entity. Accordingly, the condensed financial statements of the Group set out above have been presented on a combined basis as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the Period.

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and property, plant, and equipment and on a basis consistent with the accounting policy adopted in the preparation of the Group's financial statements for the year ended 31 March 2000.

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, except the comparative figures are not presented for the cash flow statement. Such departures from SSAP No. 25 are permitted under the Rules Governing the Listing of Securities on the Stock Exchange.

### **3. Segmental information**

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated operating results of the Group are attributable to markets outside Hong Kong.

### **4. Depreciation**

During the Period, depreciation of HK\$240,000 (1999: HK\$60,000) was charged in respect of the Group's property, plant and equipment.

### **5. Taxation**

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for the Period.

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## 6. Earnings (loss) per share

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

	<b>Six months ended 30 September 2000 HK\$'000</b>	Six months ended 30 September 1999 HK\$'000
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	<u><b>395,635</b></u>	<u>(42,363)</u>
Weighted average number of shares for the purpose of basic earnings (loss) per share	<u><b>1,016,759,726</b></u>	<u>425,019,668</u>
Earnings (loss) per share – Basic	<u><b>38.91 cents</b></u>	<u>(9.97 cents)</u>

No diluted earnings (loss) per share is presented as the employee share options have no dilutive effect on the earnings (loss) per share for the current period and the corresponding period in last year.

## 7. Property, plant and equipment

During the Period, the Group spent HK\$2,056,000 on additions to plant and equipment (1999: HK\$5,000). A property with a carrying value HK\$33,660,000 was transferred to investment properties.

## 8. Investment properties

During the Period, the Group sold one investment property with carrying value of HK\$92,000,000 to discharge HK\$95,880,000 liabilities.

## 9. Trade and other receivables

The Group allows an average credit period of 60 days to its credit trade customers.

The following is an aged analysis of trade receivables at the reporting dates:

	<b>30 September 2000 HK\$'000</b>	31 March 2000 HK\$'000
0 – 30 days	<b>3,793</b>	841
31 – 60 days	–	31
61 – 90 days	–	–
>90 days	<u><b>31,247</b></u>	<u>34,393</u>
	<u><b>35,040</b></u>	<u>35,265</u>

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## 10. Trade and other payables

The following is an aged analysis of trade payables at the reporting dates:

	<b>30 September 2000 HK\$'000</b>	31 March 2000 HK\$'000
0 – 30 days	<b>269</b>	44
31 – 60 days	<b>2,973</b>	253
61 – 90 days	<b>1,383</b>	129
>90 days	<b>111,433</b>	114,056
	<hr/> <b>116,058</b> <hr/>	<hr/> 114,482 <hr/>

## 11. Share capital

The Company was incorporated on 9 February 2000 with authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 2 subscriber shares were allotted and issued as fully paid on 9 February 2000.

On 4 May 2000, by an ordinary resolution of the shareholders of the Company, each of the then existing 10,000 ordinary shares of HK\$1.00 each in the capital of the Company was sub-divided into 10 shares of HK\$0.10 each and the authorised share capital of the Company became 100,000 shares of HK\$0.10 each.

On 25 July 2000, by an ordinary resolution of the shareholders of the Company, the authorized share capital of the Company was increased from HK\$10,000 to HK\$1,000,000,000 by the creation of an additional 9,999,900,000 new shares of HK\$0.10 each.

On 29 August 2000, as pursuant to the Scheme of Arrangement:

- (a) The directors were authorized to allot and issue an aggregate of 425,019,668 shares, credited as fully paid as consideration for the acquisition of the entire share capital of Burlingame.
- (b) The directors were authorized to allot and issue an aggregate of 345,103,964 shares, credited as fully paid as consideration for the settlement of HK\$34,510,396 of the unsecured portion of the indebtedness.
- (c) The directors were authorized to allot and issue an aggregate of 2,300,000,000 shares of HK\$0.10 each at par.

On 1 September 2000, as pursuant to the Scheme of Arrangement, 700,000,000 shares of HK\$0.10 each were allotted and issued at par.

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## 12. Contingent liabilities

	<b>30 September 2000 <i>HKS'000</i></b>	31 March 2000 <i>HKS'000</i>
Guarantees given to bankers in respect of mortgage facilities granted to third parties	<b>85,581</b>	85,581

## 13. Lease commitment

At 30 September 2000, the Group had the following commitments payable within the next twelve months under non-cancellable operating leases:

	<b>30 September 2000 <i>HKS'000</i></b>	31 March 2000 <i>HKS'000</i>
Operating leases for rented premises which expires – In the second to fifth year inclusive	<b>4,158</b>	–