

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Significant accounting policies

### a. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” except that the comparative figures of the condensed consolidated cash flow statement have not been prepared as the Company has taken advantage of the transitional provisions set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and basis of preparation are the same as those used in the annual financial statements for the year ended 31 March 2000. Figures for the year ended 31 March 2000 are extracted from the Group annual financial statements for that year.

### b. Prior period adjustments

The Group has adopted SSAP 1 “Presentation of financial statements”, SSAP 2 “Net profit or loss for the period, Fundamental and changes in Accounting policies” and SSAP 24 “Accounting for investment in securities” for the first time in this interim reporting period. There is no prior period adjustments.

### c. Comparative figures

The presentation of the financial statements have been changed due to the adoption of the requirements of SSAP 1 (revised) “Presentation of financial statements”. As a result, the formats of the consolidated profit and loss account and consolidated balance sheet have been revised in accordance with the SSAP. Comparative figures have been reclassified to conform with the current period’s presentation.

## 2. Analysis of turnover and contribution to profit

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September 2000</b>	
	<b>Turnover</b>	<b>Contribution</b>
	<b>to profit from</b>	<b>operating</b>
	<b>activities</b>	<b>activities</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
By activity:		
Management and sub-licensing of		
Chinese wet markets	39,431	9,063
Management and sub-licensing of shopping centres	10,309	530
Management of car parks	33,944	356
Construction, renovation and decoration services	171	(2,665)
Sale of properties held for re-sale	1,230	640
Rental income	873	602
Exploration and development of website	—	(8,199)
Others	1,668	2,424
	<u>87,626</u>	<u>2,751</u>

The Group's turnover and contribution to profit from operating activities for the period were principally derived in Hong Kong.

### 3. Profit from operating activities

**Unaudited**  
**Six months ended**  
**30 September**  
**2000**                      1999  
*HK\$'000*                      *HK\$'000*

The profit from operating activities is stated  
after charging/(crediting) the following items:

Depreciation	<b>4,524</b>	4,694
Amount released for provision for onerous contracts	<b>(2,485)</b>	(12,100)
Gain on disposal of properties held for re-sale	<b>(640)</b>	—
Bank interest income	<b>(5,075)</b>	(1,920)
Investment income		
— Listed	<b>(260)</b>	—
— Unlisted	<b>(702)</b>	—
	<b>—————</b>	<b>—————</b>

### 4. Tax

**Unaudited**  
**Six months ended**  
**30 September**  
**2000**                      1999  
*HK\$'000*                      *HK\$'000*

Group:

Hong Kong profits tax	—	—
Share of tax attributable to associates	<b>60</b>	637
	<b>—————</b>	<b>—————</b>
	<b>60</b>	637
	<b>—————</b>	<b>—————</b>

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong for the period under review. The Group did not have any significant unprovided deferred tax in respect of the periods.

## 5. Earnings per share

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net profit from ordinary activities attributable to shareholders	<u><b>2,268</b></u>	<u><b>6,764</b></u>
	No. of Shares '000	No. of Shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><b>741,610</b></u>	<u><b>420,181</b></u>

The diluted earnings per share is not shown as there were no potentially dilutive during these periods.

## 6. Assets pledged

At 30 September 2000, the Group's cash and bank balances of HK\$6,662,000 (31 March 2000: HK\$8,037,000), its investment property and all of its properties held for re-sale, and the rental income required from the properties held for re-sale, were pledged to serve the banking facilities granted to the Group.

## 7. Investments

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2000</b>	2000
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Listed equity securities, short term	(a)	<u>3,048</u>	<u>—</u>
Dated debt securities			
Short term— unlisted	(b)	<b>19,472*</b>	—
— listed	(c)	<b>21,728*</b>	—
Long term— unlisted	(d)	<b>13,394</b>	—
— listed	(e)	<u>24,469</u>	<u>—</u>
		<u><b>79,063</b></u>	<u>—</u>
Total		<u><b>82,111</b></u>	<u>—</u>
Classified as:			
Short term		<u><b>44,248</b></u>	<u>—</u>
Long term		<u><b>37,863</b></u>	<u>—</u>

All investments in equity and debt securities are held in Hong Kong.

\* *These securities have maturity dates within one year.*

*Notes:—*

(a) Investments in equity securities which are not held for an identified long term purpose are stated in the balance sheet at fair values. Fair values are determined on the basis of their quoted market prices at the balance sheet date and on an individual investment basis. The gains or losses arising from changes in the fair values of such securities are credited or charged to the profit and loss account in the period in which they arise.

(b) Investments in unlisted dated debt securities which are intended to be held-to-maturity are stated in the balance sheet at cost, adjusted for the amortisation of premiums or discounts arising on acquisitions, less any provisions for diminutions in values.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account in the period in which they arise.

(c) Investments in listed dated debt securities which are not held for an identified long term purpose are stated at fair value with the relevant gains or losses taken to the profit and loss account for the period in which they arise.

(d) Investments in unlisted dated debt securities which are intended to be held on a continuing basis for an identified long term purpose are stated in the balance sheet at cost less any provisions for diminutions in values.

The carrying amounts of unlisted held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account in the period in which they arise.

(e) Investments in listed dated debt securities which are intended to be held for an identified long term purpose are stated in the balance sheet at cost less any provisions for diminutions in values.

The carrying amounts of listed securities are reviewed at the balance sheet date in order to assess whether the fair values have declined below the carrying amounts. Fair values are based on the quoted market prices at the balance sheet date and on an individual investment basis. When such a decline has occurred, the carrying amounts are reduced to the fair value unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the profit and loss account in the period in which it arises.

## **8. Other investment**

At 30 September 2000, this represented an unlisted investment in Hong Kong which is intended to be held for an identified long term purpose and is stated at cost less provision for diminution in value.

## 9. Deposit paid

The deposit paid relates to the acquisition of the remaining 51% interest in Majorluck Limited in which the Group currently has a 49% interest. Subsequent to the period and the conditions precedent to the acquisition had been fulfilled and the acquisition was completed.

## 10. Trade receivables

The unaudited aging analysis of trade receivables are as follows:—

	<b>30 September</b>	31 March
	<b>2000</b>	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 3 months	<b>4,901</b>	6,223
Over 3 months	<b>37</b>	265
Over 6 months	<b>4,778</b>	9,875
	<hr/>	<hr/>
	<b>9,716</b>	16,363
Less: Provision for bad and doubtful debts	<b>(2,547)</b>	(4,732)
	<hr/>	<hr/>
	<b>7,169</b>	11,631
	<hr/> <hr/>	<hr/> <hr/>

The credit policy for its trade customers of the Group has not changed and is consistent with previous year.

## 11. Trade payables and accrued expenses

The unaudited aging analysis of trade payables and accrued expenses are as follows:—

	<b>30 September 2000 HK\$'000</b>	31 March 2000 HK\$'000
Less than 3 months	<b>6,868</b>	10,828
Over 3 months	<b>158</b>	1,242
Over 6 months	<b>8,900</b>	12,681
	<b>15,926</b>	24,751
Accrued expenses and other payables	<b>8,251</b>	10,443
	<b>24,177</b>	35,194

## 12. Share capital

	<b>Unaudited 30 September 2000 HK\$'000</b>	Audited 31 March 2000 HK\$'000
Authorised: 10,000,000,000 (31 March 2000: 10,000,000,000) ordinary shares of HK\$0.01 (31 March 2000: HK\$0.01) each	<b>100,000</b>	100,000
Issued and fully paid: 817,593,914 (31 March 2000: 682,593,914) ordinary shares of HK\$0.01 (31 March 2000: HK\$0.01) each	<b>8,176</b>	6,826

On 13 July 2000, 135,000,000 ordinary shares of HK\$0.01 each were issued for cash at subscription price of HK\$0.29 per share for a total cash consideration, before expenses, of HK\$39.1 million. The net proceeds were used for the expansion of the commercial management business in Chinese wet markets, car parks and shopping centres, for the repayment of bank loans and for general investment and working capital.



A summary of the transactions during the period with reference to the above movement of the Company's ordinary share capital is as follows:—

	<b>Nominal value of shares issued</b> <i>HK\$'000</i>	<b>Number of shares issued</b>
At 1 April 2000	6,826	682,593,914
Issue of 135,000,000 shares of HK\$0.01 each	<u>1,350</u>	<u>135,000,000</u>
At 30 September 2000	<u><u>8,176</u></u>	<u><u>817,593,914</u></u>

### 13. Reserves — unaudited

	<b>Share premium account</b> <i>HK\$'000</i>	<b>Capital reserve</b> <i>HK\$'000</i>	<b>Investment property revaluation reserve</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2000	218,987	5,721	2,095	31,730	258,533
Issue of new shares	37,800	—	—	—	37,800
Share issue expenses	(778)	—	—	—	(778)
Goodwill on acquisition of associates	—	(2,290)	—	—	(2,290)
Profit for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,268</u>	<u>2,268</u>
At 30 September 2000	<u><u>256,009</u></u>	<u><u>3,431</u></u>	<u><u>2,095</u></u>	<u><u>33,998</u></u>	<u><u>295,533</u></u>

## 14. Related party transactions

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

		Unaudited Six months ended 30 September	
	Notes	2000 HK\$'000	1999 HK\$'000
Rental received from Mr. Tang Ching Ho	(a)	540	—
Income received from an associate	(b)		
— Consultancy fee income		300	300
— Management and promotion fee income		<u>3,500</u>	<u>—</u>

(a) The Property was leased to Mr. Tang Ching Ho for a period of two years from 20 December 1999 for a monthly rental of HK\$90,000, which was approved in Company's special general meeting held on 17 December 1999. For details, please refer to the Company's announcement dated 6 November 1999.

(b) The transactions were based on terms as agreed between the group and the associate.

## 15. Contingent Liabilities

(a) The contingent liabilities not provided for in the financial statements were as follows:

	Unaudited 30 September 2000 HK\$'000	Audited 31 March 2000 HK\$'000
Guarantees in respect of performance bonds given to third parties	18,230	12,487
Guarantees given in lieu of utility and property rental deposits	16,939	14,785
Guarantees given to banks in connection with facilities granted to subsidiaries and associates	<u>3,042</u>	<u>23,286</u>
	<u>38,211</u>	<u>50,558</u>

(b) As reported in the Group's 2000 annual report, a wholly-owned subsidiary of the Group (the "Subsidiary") was involved in 2 litigation cases, one as the plaintiff and the other as the defendant. Both cases are related to disputes with contractors for contract monies in relation to works performed.

The directors, having taken legal advice considered that the alleged claims from the contractors were without grounds. Accordingly, no provision had been made for the alleged claims in the financial statements. Meanwhile, the directors are pursuing the Subsidiary's claim and counterclaim.

#### **16. Approval of the unaudited condensed consolidated financial statements**

The unaudited condensed consolidated financial statements were approved by the Board of Directors on 22 December 2000.