

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors, the Company’s ultimate holding company is China Poly Group Corporation (“China Poly”), a state-owned enterprise established in The People’s Republic of China (the “PRC”). China Poly and its affiliated companies, other than members of the Group, are hereinafter collectively referred to as the China Poly Group.

The Company is an investment holding company. The subsidiaries are engaged in shipping, hotel operations, property investment and management, securities investment, financial services and general trading.

The financial statements for the current period cover the nine-month period from 1st April, 2000 to 31st December, 2000. The comparative amounts shown for the income statement, statement of recognised gains and losses, cash flows and related notes covered a twelve-month period ended 31st March, 2000 may not be comparable with amounts shown for the current period.

As the majority of the Group’s business are operated in the PRC where they are required by statutes to adopt 31st December as the fiscal year end, the directors believe the change of the Company’s financial year end to 31st December would facilitate the preparation of the Group’s consolidated financial information.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties, hotel properties and investments in securities and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

During the period, the Company changed its financial year end date from 31st March to 31st December. Therefore, the consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December, 2000 for the current period and made up to 31st March, 2000 for last year.

The results of subsidiaries, associates and jointly controlled entities acquired or disposed of during the period/year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate or a jointly controlled entity, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate or jointly controlled entity at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of investments in subsidiaries, associate or jointly controlled entities, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary, associate or jointly controlled entities.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or registered capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Associates

An associate is an enterprise, over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associate for the period/year. In the consolidated balance sheet, interests in associate are stated at the Group's share of the net assets of the associate.

When the Group transacts with its associate, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

The result of associate is accounted for by the Company on the basis of dividends received and receivable during the period/year. In the Company's balance sheet, investments in associate are stated at cost, as reduced by any decline in the value of the associate that is other than temporary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the relevant jointly controlled entities. The Group's share of post-acquisition results of jointly controlled entities are included in the consolidated income statement.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Other joint venture arrangements

Investments made by means of joint venture structures which do not result in the Group having joint control with the other venturers are accounted for as subsidiaries (where the Group controls the board of directors or equivalent governing body), associates (where the Group is in a position to exercise significant influence) or investments in securities (where the Group exercises neither control nor significant influence).

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in securities *(Continued)*

Investments other than held-to-maturity debt securities are classified as investment securities or other investments.

Investment securities, which are securities held for an identified long term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period/year.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed while service revenue is recognised when services are provided.

Sales of investments in securities are recognised on a trade date basis.

Revenue from hotel operations and related services is recognised when the relevant services are provided.

Rental income, including rental invoiced in advance, from properties let under operating leases is recognised on a straight line basis over the period of the respective leases.

Licence fees for the exclusive right of managing certain of the Group's assets by a third party are recognised on a straight line basis over the period of the respective licence agreements.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Charterhire income is recognised on a straight line basis over the charterhire period.

Guaranteed income on investments attributable to the period/year is recognised when the Group's right to receive payment can prudently be foreseen.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment properties revaluation reserve unless the balance on this reserve is insufficient to cover a deficit on a portfolio basis, in which case the excess of the deficit over the balance on the investment properties revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of investment properties, any balance in the investment properties revaluation reserve attributable to the disposed properties is transferred to the income statement.

No depreciation is provided in respect of investment properties except where the unexpired term of the relevant lease is 20 years or less.

Hotel properties

Hotel properties are interests in land and buildings and their integral fixed plant, and are stated at independent professional valuation at the balance sheet date. Changes in the value of hotel properties are dealt with as movements in hotel properties revaluation reserve. Any surplus arising on revaluation of hotel properties is credited to the hotel properties revaluation reserve, except to the extent that it reverses a decrease in revaluation of the same hotel property previously recognised as an expense, then it is recognised as income. A decrease in net carrying amount arising on revaluation of hotel properties is charged to the income statement to the extent it exceeds the balance, if any, on the hotel properties revaluation reserve relating to a previous revaluation of that hotel property.

The gain or loss arising from the disposal or retirement of a revalued hotel property is determined as the difference between the sales proceeds and the carrying amount of the hotel property and is recognised in the income statement.

On the subsequent sale or retirement of a revalued hotel property, the attributable surplus is transferred to accumulated profits. No depreciation or amortisation are provided on hotel properties held on land use rights of more than 20 years. It is the Group's practice to maintain the properties on a continual state of sound repair and maintenance, and accordingly, the directors consider that depreciation and amortisation are not necessary due to their high residual value. The related maintenance expenditure is dealt with in the income statement in the period of expenditure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment other than construction in progress, are stated at cost or valuation less depreciation and amortisation at the balance sheet date.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Land and buildings which have been previously classified as investment properties are stated at their valuation immediately prior to transfer. No further valuation will be carried out on these land and buildings.

Construction in progress is stated at cost which includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalised. It is not depreciated or amortised until completion of construction. Costs of completed construction works are transferred to the appropriate categories of property, plant and equipment.

The cost of leasehold land is amortised over the period of the lease using the straight line method.

Depreciation of motor vessels is calculated at a rate sufficient to write off their costs less estimated scrap value over their remaining estimated useful lives on a straight line basis of 25 years from the date of their first registration.

Depreciation is provided to write off the cost or valuation of other assets over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	2% - 18%
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Plant and machinery	6% - 23%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Intangible assets

Intangible assets are stated at cost less amortisation and any decline in the value that is other than temporary. Amortisation is calculated to write off the cost of the intangible assets over their estimated useful lives, using the straight line method, up to a maximum period of eighteen months.

Stores

Stores which represent lubricants and bunkers on board are stated at cost.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Retirement benefits scheme contributions

Contributions payable by the Group to its defined contribution retirement benefits scheme are charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

The charge for taxation is based on the results for the period/year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes in certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas operations which are denominated in currencies other than the Hong Kong dollar are translated at the rates ruling on the balance sheet date. Exchange differences arising, if any, are classified as equity and are recognised as income or as expenses in the period in which the operations are disposed of.

Motor vessels' repairs and surveys

Drydocking and special survey expenses are provided for over a special survey cycle on the basis of the estimated cost thereof and charged as vessel operating expenses.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the respective leases.

Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which are within three months of maturity when acquired, less advances from banks which are repayable within three months from the dates of the advances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

3. TURNOVER

Turnover represents the aggregate of the net amounts received and receivable from third parties, net of business tax payable in the PRC and is summarised as follows:

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Rental income and property management	41,085	73,657
Management fees	9,000	12,000
Vessel charterhire income	54,846	59,413
Interest income from investments in securities	28,474	30,006
Income from hotel operation	27,259	42,693
Sales proceeds from disposal of other investments	24,396	25,520
Dividend income	2,539	4,825
Shipment handling fees	1,094	1,785
Sales of goods	—	422
Income from infrastructure project	—	1,226
	188,693	251,547

4. GUARANTEED RENTAL INCOME

Pursuant to a deed entered into between the Group and China Poly Group, China Poly Group has guaranteed to the Group an annual rental income of not less than US\$4,560,000 (the "Guaranteed Rental Income") for two years commencing September 1997 in respect of certain investment properties situated in Shanghai, the PRC. The deed expired in September 1999. During the year ended 31st March, 2000, pursuant to this deed, the Group received HK\$12,600,000 as income representing the shortfall between the actual rental income and the Guaranteed Rental Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

5. (LOSS) PROFIT FROM OPERATIONS

	THE GROUP	
	1.4.2000 to 31.12.2000 HK\$'000	1.4.1999 to 31.3.2000 HK\$'000
(Loss) profit from operations has been arrived at after charging:		
Staff costs		
— directors' emoluments	4,118	5,417
— other staff costs	28,689	29,619
— retirement benefits scheme contributions, net of forfeited contribution of HK\$324,000 (1.4.1999 to 31.3.2000: HK\$185,000)	1,633	2,036
	<u>34,440</u>	<u>37,072</u>
Auditors' remuneration	918	855
Depreciation and amortisation of property, plant and equipment	27,138	37,464
Loss on disposal of property, plant and equipment	3,365	187
Operating lease rentals in respect of land and buildings	130	121
and after crediting:		
Property rental income, net of outgoing of HK\$5,289,000 (1.4.1999 to 31.3.2000: HK\$5,928,000)	<u>35,796</u>	<u>67,729</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

6. DIRECTORS' EMOLUMENTS

	THE GROUP	
	1.4.2000 to 31.12.2000 HK\$'000	1.4.1999 to 31.3.2000 HK\$'000
Directors' fees:		
Executive	60	80
Independent non-executive	80	80
	<u>140</u>	<u>160</u>
Other emoluments of executive directors:		
Salaries and other benefits	3,772	4,925
Retirement benefits scheme contributions	206	332
	<u>3,978</u>	<u>5,257</u>
Total directors' emoluments	<u><u>4,118</u></u>	<u><u>5,417</u></u>

The emoluments of the directors were within the following bands:

	THE GROUP	
	1.4.2000 to 31.12.2000 Number of directors	1.4.1999 to 31.3.2000 Number of directors
Nil to HK\$1,000,000	9	9
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,000,001 to HK\$2,500,000	<u>—</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

7. EMPLOYEES' EMOLUMENTS

The aggregate emoluments of the five highest paid individuals included three (1.4.1999 to 31.3.2000: three) executive directors of the Company, whose emoluments are included in note 6 above. The aggregate emoluments of the remaining two (1.4.1999 to 31.3.2000: two) highest paid individuals are as follows:

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Salaries and other benefits	1,653	2,050
Retirement benefits scheme contributions	74	99
	<u>1,727</u>	<u>2,149</u>

The emoluments of the two highest paid individuals were within the following bands:

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Nil to HK\$1,000,000	2	—
HK\$1,000,001 to HK\$1,500,000	—	2
	<u>2</u>	<u>2</u>

During the period/year, no emoluments were paid by the Group to the five highest paid individuals, including directors and employees, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the period/year.

8. FINANCE COSTS

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	6,817	21,120
— not wholly repayable within five years	8,724	11,246
	<u>15,541</u>	<u>32,366</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

9. TAXATION

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% of the estimated assessable profit for the period/year	19	37
PRC income tax	812	1,385
	831	1,422
Share of taxation of an associate	861	1,148
	1,692	2,570

PRC income tax is calculated in accordance with the relevant laws and regulations in the PRC.

Details of unrecognised deferred tax assets are set out in note 35.

10. (LOSS) PROFIT FOR THE PERIOD/YEAR

The Group's (loss) profit for the period/year includes a profit of HK\$16,755,000 (1.4.1999 to 31.12.2000: HK\$15,985,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Ordinary shares:		
Interim, paid — Nil (1.4.1999 to 31.3.2000: HK\$0.02 per share)	—	13,925
Final, proposed — Nil (1.4.1999 to 31.3.2000: HK\$0.02 per share)	—	16,705
	—	30,630

The amount of the final dividend proposed for the year ended 31st March, 2000 was calculated by reference to 835,257,200 ordinary shares in issue as at 17th August, 2000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

12. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss for the period of HK\$52,648,000 (1.4.1999 to 31.3.2000: profit of HK\$37,799,000) and on the weighted average number of 826,149,334 shares (1.4.1999 to 31.3.2000: 696,257,200 shares) in issue during the period/year.

13. INVESTMENT PROPERTIES

HK\$'000

THE GROUP

VALUATION

At 1st April, 2000	781,096
Additions	18,678
Deficit arising on revaluation	(26,949)
	<hr/>
At 31st December, 2000	<u>772,825</u>

The investment properties of the Group were revalued at 31st December, 2000 on an open market value existing use basis by AA Property Services Limited, an independent firm of professional property valuers. The deficit arising on revaluation has been charged to the consolidated income statement.

The carrying amount of investment properties comprises:

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Properties held under		
— long leases in Hong Kong	46,000	50,000
— long-term land use rights in the PRC (Note (i))	301,725	263,096
— medium-term land use rights in the PRC (Note (ii))	425,100	468,000
	<hr/>	<hr/>
	<u>772,825</u>	<u>781,096</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

13. INVESTMENT PROPERTIES (Continued)

Notes:

- (i) The hotel properties and certain investment properties and other buildings with an aggregate net book value of approximately HK\$960.2 million (31.3.2000: HK\$914.5 million) comprising the Poly Plaza held by the Group in the PRC. The land on which Poly Plaza is situated is state-owned and the Group has been granted the right to use the land for a term of 17 years expiring 2003 at no cost. Pursuant to a deed dated 11th June, 1997 entered into between the Group and China Poly Group, China Poly Group has guaranteed the successful application for the extension of the joint venture term of the Company's subsidiary Poly Plaza Limited ("PPL"), and the land use right of Poly Plaza up to year 2053 on the same terms and at the payment of all premium, charges and fees for such extension by China Poly Group. China Poly Group further undertakes that if the joint venture term or the land use right is not so extended, the Group will have a put option exercisable before 31st March, 2004 to require China Poly Group to purchase back PPL at its consideration on acquisition together with interest at 12% per annum for the entire period of investment, less distribution of profits already received, if any. In the opinion of the directors, the joint venture term and the land use right can be extended upon expiration.
- (ii) At the balance sheet date, the property ownership certificates in respect of property interests held under medium-term land use rights in the PRC as stated above have not been issued by the relevant PRC government authority. The Group has settled the full amount of the purchase consideration and in the opinion of the directors, such certificates will be issued in due course.

14. HOTEL PROPERTIES

	HK\$'000
THE GROUP	
VALUATION	
At 1st April, 2000	606,645
Additions	4,372
Deficit arising on revaluation	<u>(23,040)</u>
At 31st December, 2000	<u><u>587,977</u></u>

The hotel properties of the Group were revalued at 31st December, 2000 on an open market value existing use basis by AA Property Services Limited, an independent firm of professional property valuers. Of the deficit of HK\$23,040,000 arising on revaluation of hotel properties, HK\$11,623,000 (net of minority interests of HK\$3,874,000) has been charged to the hotel properties revaluation reserve and the remaining balance of HK\$7,543,000 being the excess of the deficit over the balance on the hotel properties revaluation reserve, has been charged to the consolidated income statement.

If the Group's hotel properties had not been revalued, they would have been included on a historical cost basis at a cost of HK\$595.5 million (31.3.2000: HK\$591.1 million).

All the hotel properties are situated in the PRC and held under long-term land use rights (Note 13(i)).

NOTES TO THE FINANCIAL STATEMENTS

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15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Motor vessels HK\$'000	Plant and machinery HK\$'000	Construction in progress HK\$'000	Total HK\$'000
THE GROUP							
COST OR VALUATION							
At 1st April, 2000	205,514	75,334	6,426	579,294	51,075	11,826	929,469
Acquisition of subsidiaries	—	1,441	479	—	51,462	3,190	56,572
Additions	—	1,653	—	—	1,419	35,742	38,814
Disposals	(5,969)	(964)	(128)	—	(168)	—	(7,229)
Transfers	31,732	10,730	—	—	3,691	(46,153)	—
At 31st December, 2000	231,277	88,194	6,777	579,294	107,479	4,605	1,017,626
Comprising:							
At cost	87,745	88,194	6,777	579,294	107,479	4,605	874,094
At valuation							
— 1995	27,893	—	—	—	—	—	27,893
— 1997	115,639	—	—	—	—	—	115,639
	231,277	88,194	6,777	579,294	107,479	4,605	1,017,626
DEPRECIATION AND AMORTISATION							
At 1st April, 2000	26,396	68,926	4,998	153,171	45,430	—	298,921
Acquisition of subsidiaries	—	353	117	—	2,934	—	3,404
Provided for the period	4,869	1,191	347	17,814	2,917	—	27,138
Eliminated on disposals	(2,685)	(914)	(115)	—	(114)	—	(3,828)
At 31st December, 2000	28,580	69,556	5,347	170,985	51,167	—	325,635
NET BOOK VALUE							
At 31st December, 2000	202,697	18,638	1,430	408,309	56,312	4,605	691,991
At 31st March, 2000	179,118	6,408	1,428	426,123	5,645	11,826	630,548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE GROUP	
31.12.2000	31.3.2000
HK\$'000	HK\$'000

The net book value of land and buildings shown above comprises:

Properties held under

— long leases in Hong Kong	132,172	134,325
— long-term land use rights in the PRC (Note 13(i))	70,525	44,793
	<u>202,697</u>	<u>179,118</u>

The Group's land and buildings stated at 1995 and 1997 valuation were valued at 31st March, 1995 and 31st March, 1997 by an independent firm of professional property valuers, on an open market value basis before being transferred from investment properties. No further valuation has been carried out on these properties.

If land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation at approximately HK\$113,119,000 (31.3.2000: HK\$88,101,000).

All motor vessels are held for use under operating leases.

16. INTANGIBLE ASSETS

THE GROUP	HK\$'000
COST	
Acquisition of subsidiaries and at 31st December, 2000	<u>5,580</u>

Intangible assets represent the publishing rights acquired from independent third parties during the period.

In the opinion of the directors, the intangible assets are worth at least their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	10,056	10,056
Amounts due from subsidiaries less provision	1,952,582	1,909,033
	<u>1,962,638</u>	<u>1,919,089</u>

Details of the Company's principal subsidiaries at 31st December, 2000 are set out in note 42.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, the amounts will not be repayable within twelve months from the balance sheet date and are therefore shown as non-current.

None of the subsidiaries had any loan capital outstanding at the end of the period/year or at any time during the period/year.

18. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	31.12.2000	31.3.2000	31.12.2000	31.3.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted shares, at cost	—	—	78,102	—
Share of net assets of associates:				
Listed	237,349	245,993	—	—
Unlisted	73,738	—	—	—
	<u>311/,087</u>	<u>245,993</u>	<u>78,102</u>	<u>—</u>
Market value of listed shares at the balance sheet date	<u>123,826</u>	<u>216,323</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

18. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's associates at 31st December, 2000 are as follows:

Name of associate	Place of incorporation	Attributable proportion of nominal value of issued capital held by the Group	Principal activities
Poly Investments Holdings Limited ("Poly")	Hong Kong	40.37%	Investment holding, property investment, manufacture and trading of chemical fibres, financial services and securities investment
Winterthur Insurance (Asia) Limited ("Winterthur")	Hong Kong	48%	Insurance business

The followings details have been extracted from the audited financial statements of Poly, the Group's major associate, for the period ended 31st December, 2000:

Results for the period/year:

	1.4.2000 to 31.12.2000 HK\$'000	1.4.1999 to 31.3.2000 HK\$'000
Turnover	<u>277,848</u>	<u>403,425</u>
(Loss) profit before tax and after minority interests	<u>(17,277)</u>	<u>14,682</u>
(Loss) profit before tax and after minority interests attributable to the Group	<u>(7,783)</u>	<u>3,438</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

18. INTERESTS IN ASSOCIATES (Continued)

Financial position:

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Non-current assets	439,796	499,709
Current assets	562,100	523,683
Current liabilities	(211,131)	(180,028)
Non-current liability	(134,508)	(148,781)
Minority interests	(68,321)	(85,236)
Net assets	<u>587,936</u>	<u>609,347</u>
Net assets attributable to the Group	<u>237,349</u>	<u>245,993</u>

At 31st March, 2000, Poly had given guarantees to banks in respect of credit facilities extended to a minority shareholder of one of Poly's subsidiaries amounted to approximately HK\$13,551,000. The guarantees were released during the period.

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Share of net liabilities of jointly controlled entities	(16,661)	(8,498)
Loans to jointly controlled entities	<u>123,004</u>	<u>119,447</u>
	<u>106,343</u>	<u>110,949</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Details of the principal jointly controlled entities which were indirectly held by the Group at 31st December, 2000 are as follows:

Name of jointly controlled entity	Place of incorporation	Attributable proportion of nominal value of registered capital	Principal activities
The NCHK Power (Shengzhou) Limited	British Virgin Islands	50%	Holding 52% equity interest in a power plant in Shengzhou, Zhejiang Province, the PRC
The NCHK Power (Taicang) Limited ("Taicang BVI") *	British Virgin Islands	50%	Holding 51% equity interest in a power plant in Taicang, Jiangsu Province, the PRC
Tianjin Winson Real Estate Development Company Limited ("Tianjin Winson")	PRC	25%	Property development in Tianjin, the PRC

* At 31st December, 2000, CMIC-NCHK Energy Holdings Limited, a wholly owned subsidiary of the Company, held 100% equity interest in Taicang BVI. However, at the time of acquisition of Taicang BVI, it was the intention of the Group to procure an Australian investor with experience in the power industry as a partner such that the Group would eventually only hold 50% of Taicang BVI. Because of its internal reorganization, the Australian investor was unable to invest in Taicang BVI. The Group remains in active negotiations with several potential investors for disposal of its interest in Taicang BVI. In the opinion of the directors, given that the intention of the Group is not to hold a majority interest in Taicang BVI and not to retain control but to jointly control the entity with other investors for long-term, it would be misleading to consolidate the financial statements of Taicang BVI. Accordingly, for the purpose of the preparation of these financial statements, 50% interest in Taicang BVI which the Group intends to hold for the long-term is dealt with using equity accounting; while the other 50% interest in Taicang BVI is accounted for as short-term loans receivable.

Other than an advance of HK\$77,200,000 (31.3.2000: HK\$77,200,000) which carries interest at commercial rates, the advances to jointly controlled entities are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, the amount will not be repayable within twelve months from the balance sheet date and is therefore shown as non-current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

The above table lists the jointly controlled entities of the Group which, in the opinion of the directors, principally affected the results of the period/year or formed a substantial portion of the net assets of the Group. To give details of other jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

The following details have been extracted from the unaudited financial statements of the Group's principal jointly controlled entities:

	Tianjin Winson		The NCHK Power (Shengzhou) Limited		Taicang BVI	
	1.4.2000	1.4.1999	1.4.2000	1.4.1999	1.4.2000	1.4.1999
	to	to	to	to	to	to
	31.12.2000	31.3.2000	31.12.2000	31.3.2000	31.12.2000	31.3.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Results for the period/year:						
Turnover	<u>48,749</u>	<u>62,569</u>	<u>40,346</u>	<u>56,625</u>	<u>51,172</u>	<u>75,640</u>
(Loss) profit before taxation and after minority interests	<u>(47,803)</u>	<u>(84,705)</u>	<u>2,081</u>	<u>4,739</u>	<u>6,061</u>	<u>4,909</u>
(Loss) profit before taxation and after minority interests attributable to the Group	<u>(11,951)</u>	<u>(21,176)</u>	<u>1,041</u>	<u>2,370</u>	<u>3,031</u>	<u>2,455</u>
Financial position:						
Non-current assets	195	207	137,195	140,276	177,464	194,101
Current assets	264,062	329,761	29,445	25,995	80,423	117,358
Current liabilities	(47,386)	(47,644)	(108,532)	(112,183)	(147,568)	(246,208)
Non-current liabilities	(324,986)	(342,636)	—	—	(55,792)	(22,609)
Minority interests	—	—	(49,790)	(47,851)	(42,645)	(36,821)
Net (liabilities) assets	<u>(108,115)</u>	<u>(60,312)</u>	<u>8,318</u>	<u>6,237</u>	<u>11,882</u>	<u>5,821</u>
Net (liabilities) assets attributable to the Group	<u>(27,029)</u>	<u>(15,078)</u>	<u>4,159</u>	<u>3,118</u>	<u>5,941</u>	<u>2,911</u>

At 31st December, 2000, Tianjin Winson had given a guarantee of approximately HK\$28.5 million (31.3.2000: HK\$9.5 million) to a bank in respect of credit facilities granted to prospective purchasers of properties developed by Tianjin Winson.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

20. INVESTMENTS IN SECURITIES

THE GROUP

	Held-to-maturity		Investment securities		Other investments		Total	
	31.12.2000	31.3.2000	31.12.2000	31.3.2000	31.12.2000	31.3.2000	31.12.2000	31.3.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities:								
Listed	—	—	86,468	68,468	27,056	22,204	113,524	90,672
Unlisted	—	—	—	—	935	935	935	935
	<u>—</u>	<u>—</u>	<u>86,468</u>	<u>68,468</u>	<u>27,991</u>	<u>23,139</u>	<u>114,459</u>	<u>91,607</u>
Debt securities:								
Unlisted	112	168	—	—	—	—	112	168
	<u>112</u>	<u>168</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>112</u>	<u>168</u>
Total:								
Listed in Hong Kong	—	—	86,468	68,468	27,056	22,204	113,524	90,672
Unlisted	112	168	—	—	935	935	1,047	1,103
	<u>112</u>	<u>168</u>	<u>86,468</u>	<u>68,468</u>	<u>27,991</u>	<u>23,139</u>	<u>114,571</u>	<u>91,775</u>
Market value of listed securities	<u>—</u>	<u>—</u>	<u>57,108</u>	<u>64,465</u>	<u>27,056</u>	<u>22,204</u>	<u>84,164</u>	<u>86,669</u>
Carrying amount analysed for reporting purposes as:								
Current	—	—	—	—	27,056	22,204	27,056	22,204
Non-current	112	168	86,468	68,468	935	935	87,515	69,571
	<u>112</u>	<u>168</u>	<u>86,468</u>	<u>68,468</u>	<u>27,991</u>	<u>23,139</u>	<u>114,571</u>	<u>91,775</u>

Details of the Group's major investment securities which are listed in Hong Kong and were held by the Group at 31st December, 2000 are as follows:

Name of company	Place of incorporation	Attributable proportion of nominal value of issued capital	Principal activities
Yu Ming Investments Limited	Hong Kong	7.06%	Investments in listed and unlisted shares in Hong Kong

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FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

21. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing a credit period ranging from 30 days to 90 days (31.3.2000: 30 days to 90 days) to its trade customers. Included in trade and other receivables are trade receivables of HK\$14,188,000 (31.3.2000: HK\$18,812,000) and their aged analyses are as follows:

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
0 to 30 days	10,042	11,836
31 to 90 days	1,708	4,144
More than 90 days	2,438	2,832
	<u>14,188</u>	<u>18,812</u>

22. SHORT-TERM LOANS RECEIVABLE

Included in the short-term loans is an interest-free shareholder's loan of HK\$15,912,000 (31.3.2000: HK\$15,912,000) advanced to Taicang BVI. Details of the Group's investment in Taicang BVI are set out in note 19.

23. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$22,780,000 (31.3.2000: HK\$14,788,000) and their aged analyses are as follows:

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
0 to 30 days	11,727	7,951
31 to 90 days	4,169	4,491
More than 90 days	6,884	2,346
	<u>22,780</u>	<u>14,788</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

24. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	31.12.2000	31.3.2000	31.12.2000	31.3.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans				
— secured	254,382	270,645	—	—
— unsecured	—	78,000	—	78,000
	<u>254,382</u>	<u>348,645</u>	<u>—</u>	<u>78,000</u>

The maturity of the above loans is as follows:

On demand or within one year	133,833	211,833	—	78,000
More than one year, but not exceeding two years	21,684	21,684	—	—
More than two years, but not exceeding five years	65,052	65,052	—	—
More than five years	33,813	50,076	—	—
	<u>254,382</u>	<u>348,645</u>	<u>—</u>	<u>78,000</u>
Less: Amounts due within one year shown under current liabilities	133,833	211,833	—	78,000
	<u>120,549</u>	<u>136,812</u>	<u>—</u>	<u>—</u>

25. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.50 each		
Authorised:		
At 1st April, 1999, 31st March, 2000 and 31st December, 2000	<u>1,200,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 1st April, 1999 and 31st March, 2000	696,257,200	348,129
Issue of shares	139,000,000	69,500
Shares repurchased and cancelled	<u>(14,102,000)</u>	<u>(7,051)</u>
At 31st December, 2000	<u>821,155,200</u>	<u>410,578</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

25. SHARE CAPITAL (Continued)

During the period, the following changes in the share capital of the Company took place:

- (i) In March 2000, Congratulations Company Ltd. ("Congratulations"), a wholly owned subsidiary of China Poly Group, entered into an agreement (the "Placing Agreement") with a placing agent to place 49,600,000 existing shares of HK\$0.50 each in the Company to independent third parties, represented about 7.12% of the then existing issued share capital of the Company, at a price of HK\$1.50 per share (the "Placing").

Conditional, inter alia, to the completion of the Placing Agreement, Congratulations has agreed to subscribe 139,000,000 new shares of HK\$0.50 each in the Company (the "Subscription") at a price of HK\$1.50 per share, represented about 19.96% of the then existing share capital of the Company and about 16.64% of the issued share capital of the Company as enlarged by the new shares to be issued under the Subscription. The net proceeds of the Subscription, which amounted to about HK\$206,000,000, will be used as general working capital of the Group and for expansion of the Group's business and future investments if opportunity arises.

The Placing and the Subscription were completed in April 2000. The new shares issued under the Subscription rank pari passu in all respects with the then existing shares.

- (ii) During the period, the Company repurchased certain of its own shares on the Stock Exchange pursuant to the Company's general mandate granted to the directors of the Company passed at the annual general meetings of the Company held on 28th September, 1999 and 29th September, 2000. Details are summarised as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
September 2000	2,542,000	1.40	1.18	3,481
October 2000	5,580,000	1.23	1.12	6,570
November 2000	4,712,000	1.24	1.03	5,298
December 2000	1,268,000	1.12	0.96	1,331
	<u>14,102,000</u>			<u>16,680</u>

The repurchased shares were subsequently cancelled upon repurchase and accordingly, the issued share capital of the Company was diminished by the nominal value thereof. The premium payable on repurchase was charged against the accumulated profits account.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

26. SHARE OPTIONS

Pursuant to the Company's share option scheme adopted on 16th June, 1993, the Company may grant options to the directors and the employees of the Company or its subsidiaries to subscribe for shares in the Company for a negligible consideration. Options granted are exercisable during the period commencing on the date one year after the date of grant and expiring on the date ten years after the date of grant. The maximum number of shares in respect of which options may be granted shall not exceed 10% of the issued share capital of the Company from time to time excluding the aggregate number of shares already allotted and issued pursuant to the share option scheme.

A summary of the movements during the period in the share options granted under the Company's share option scheme is as follows:

Date of grant	Exercise price per share HK\$	Number of shares subject to options			
		Outstanding at 1.4.2000	Granted during the period	Lapsed during the period	Outstanding at 31.12.2000
3rd September, 1997	5.175	36,480,000	—	4,320,000	32,160,000
5th June, 1998	1.370	19,000,000	—	2,000,000	17,000,000
30th November, 2000	0.740	—	26,935,000	—	26,935,000
		<u>55,480,000</u>	<u>26,935,000</u>	<u>6,320,000</u>	<u>76,095,000</u>

Subsequent to the balance sheet date, 600,000 options granted on 3rd September, 1997 lapsed.

NOTES TO THE FINANCIAL STATEMENTS

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27. RESERVES

	Share premium HK\$'000	Hotel properties revaluation reserve HK\$'000	Exchange translation reserve HK\$'000	Capital redemption reserve HK\$'000	PRC statutory reserves HK\$'000	Other capital reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE GROUP								
At 1st April, 1999	1,321,079	11,623	2,598	2,038	1,331	—	421,017	1,759,686
Share of translation reserve of jointly controlled entities	—	—	(4)	—	—	—	—	(4)
Share of premium of a subsidiary arising from issue of new shares	—	—	—	—	—	586	—	586
Share of transfer to statutory reserve of jointly controlled entities	—	—	—	—	110	—	(110)	—
Goodwill arising on purchase of additional interests in a subsidiary	—	—	—	—	—	—	(1,761)	(1,761)
Profit for the year	—	—	—	—	—	—	37,799	37,799
Dividends	—	—	—	—	—	—	(30,630)	(30,630)
At 31st March, 2000	1,321,079	11,623	2,594	2,038	1,441	586	426,315	1,765,676
Goodwill arising on acquisition of subsidiaries	—	—	—	—	—	—	(12,319)	(12,319)
Goodwill arising on acquisition of an associate	—	—	—	—	—	—	(4,364)	(4,364)
Premium arising on issue of shares	139,000	—	—	—	—	—	—	139,000
Share issue expenses	(1,836)	—	—	—	—	—	—	(1,836)
Deficit arising on revaluation	—	(11,623)	—	—	—	—	—	(11,623)
Shares repurchased and cancelled:								
— Premium on shares repurchased	—	—	—	—	—	—	(9,629)	(9,629)
— Transfer	—	—	—	7,051	—	—	(7,051)	—
Loss for the period	—	—	—	—	—	—	(52,648)	(52,648)
At 31st December, 2000	<u>1,458,243</u>	<u>—</u>	<u>2,594</u>	<u>9,089</u>	<u>1,441</u>	<u>586</u>	<u>340,304</u>	<u>1,812,257</u>
THE COMPANY								
At 1st April, 1999	1,321,079	—	—	2,038	—	—	109,336	1,432,453
Profit for the year	—	—	—	—	—	—	15,985	15,985
Dividends	—	—	—	—	—	—	(30,630)	(30,630)
At 31st March, 2000	1,321,079	—	—	2,038	—	—	94,691	1,417,808
Premium arising on issue of shares	139,000	—	—	—	—	—	—	139,000
Shares issue expenses	(1,836)	—	—	—	—	—	—	(1,836)
Shares repurchased and cancelled:								
— Premium on shares repurchased	—	—	—	—	—	—	(9,629)	(9,629)
— Transfer	—	—	—	7,051	—	—	(7,051)	—
Profit for the period	—	—	—	—	—	—	16,755	16,755
At 31st December, 2000	<u>1,458,243</u>	<u>—</u>	<u>—</u>	<u>9,089</u>	<u>—</u>	<u>—</u>	<u>94,766</u>	<u>1,562,098</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

27. RESERVES (Continued)

The accumulated profits of the Group include a loss of approximately HK\$6,975,000 (31.3.2000: a profit of HK\$1,669,000) attributable to an associate and a loss of approximately HK\$35,206,000 (31.3.2000: HK\$27,043,000) attributable to jointly controlled entities.

The PRC statutory reserves are reserves required by the relevant PRC laws applicable to the Group's PRC subsidiaries, associate and jointly controlled entities.

The Company's reserves available for distribution to shareholders as at 31st December, 2000 represents its accumulated profits of approximately HK\$94.8 million (31.3.2000: HK\$94.7 million).

28. OTHER BORROWING

The amount is secured by 41.666% of the Company's interest in Winterthur, bears interest at 6% simple rate per annum and is repayable on 21st November, 2010.

29. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors, the amounts are unlikely to be repayable within twelve months from the balance sheet date and are therefore shown as non-current.

30. LOAN FROM A FELLOW SUBSIDIARY

The loan is unsecured, interest-free and repayable upon expiration of the joint venture term of PPL (note 13(i)). In the opinion of the directors, the loan is unlikely to be repayable within twelve months from the balance sheet date and is therefore shown as non-current.

31. DEFERRED LICENCING INCOME

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Unamortised deferred licensing income brought forward	115,888	130,841
Less: Licence income recognised	(11,215)	(14,953)
	<u>104,673</u>	<u>115,888</u>

The licensing income was received from China Poly Group, pursuant to an agreement whereby China Poly Group paid an amount of RMB160 million to the Group in January 1998 for the exclusive right of managing the Group's property interest in Poly Plaza, Beijing, the PRC for a period of 10 years.

NOTES TO THE FINANCIAL STATEMENTS

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32. RECONCILIATION OF (LOSS) PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
(Loss) profit before taxation	(47,459)	49,225
Interest on bank borrowings	15,541	32,366
Share of results of an associate	7,783	(3,438)
Share of results of jointly controlled entities	8,163	15,581
Amortisation in deferred licencing income	(11,215)	(14,953)
Depreciation and amortisation of property, plant and equipment	27,138	37,464
Deficit arising on revaluation of investment properties	26,949	37,733
Deficit arising on revaluation of hotel properties	7,543	—
Gain on disposal of investment securities	—	(37,858)
Loss on disposal of investment in an infrastructure project	—	258
Loss on disposal of property, plant and equipment	3,365	187
Provision for short-term loans receivable	7,000	—
Provision for bad and doubtful debts	—	1,662
Unrealised holding loss (gain) on other investments	19,108	(6,684)
Guaranteed rental income	—	(12,614)
(Increase) decrease in stores	(169)	642
(Increase) decrease in inventories	(105)	475
(Increase) decrease in trade and other receivables	(29,152)	15,456
(Increase) decrease in short-term loans receivable	(3,952)	12,314
Decrease (increase) in amount due from an associate	2,906	(3,000)
Increase in other investments	(23,960)	(7,265)
Increase (decrease) in trade and other payables	3,036	(24,217)
Decrease in property rental deposits	(1,170)	(239)
Net cash inflow from operating activities	<u>11,350</u>	<u>93,095</u>

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FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

33. PURCHASE OF SUBSIDIARIES

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Net assets acquired:		
Property, plant and equipment	53,168	—
Intangible assets	5,580	—
Inventories	4,323	—
Trade and other receivables	11,321	—
Bank and cash balances	4,629	—
Trade and other payables	(72,841)	—
Minority interests	(2,760)	—
	<u>3,420</u>	<u>—</u>
Net assets	3,420	—
Goodwill arising on acquisition	12,319	—
	<u>15,739</u>	<u>—</u>
Satisfied by:		
Cash consideration paid	<u>15,739</u>	<u>—</u>
Analysis of net outflow of cash and cash equivalents in connection with the purchase of subsidiaries:		
Total cash consideration paid (including legal and professional charges)	15,739	—
Bank balances and cash acquired	<u>(4,629)</u>	<u>—</u>
Net outflow of cash and cash equivalents in connection with the purchase of subsidiaries	<u>11,110</u>	<u>—</u>

The subsidiaries which were acquired during the period did not make a significant contribution to the net cash flows, turnover and operating results of the Group.

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FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

34. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD/YEAR

THE GROUP

	Share capital, share premium and capital redemption reserve HK\$'000	Loan from a minority shareholder of a subsidiary HK\$'000	Bank borrowings HK\$'000	Other borrowing HK\$'000	Minority interests HK\$'000
At 1st April, 1999	1,671,246	9,935	550,965	—	120,621
Advances	—	—	112,149	—	—
Repayment of borrowings	—	(9,935)	(314,469)	—	—
Minority interests share of profits for the year	—	—	—	—	8,856
Premium of a subsidiary arising from issue of share	—	—	—	—	780
Minority interests share of premium of a subsidiary arising from issue of share by the Group	—	—	—	—	(586)
Elimination of minority interests on purchase of additional interest in a subsidiary	—	—	—	—	(1,162)
At 31st March, 2000	1,671,246	—	348,645	—	128,509
Advance	—	—	—	31,477	—
Repayment of borrowings	—	—	(94,263)	—	—
Acquisition of subsidiaries	—	—	—	—	2,760
Minority interests share of profits for the period	—	—	—	—	3,497
Minority interests share of hotel properties revaluation reserve	—	—	—	—	(3,874)
Issue of shares for cash	208,500	—	—	—	—
Shares issue expenses	(1,836)	—	—	—	—
Shares repurchase and cancelled Consideration paid	(16,680)	—	—	—	—
Premium charged to accumulated profits	9,629	—	—	—	—
Transfer	7,051	—	—	—	—
	<u>1,877,910</u>	<u>—</u>	<u>254,382</u>	<u>31,477</u>	<u>130,892</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

35. UNRECOGNISED DEFERRED TAXATION

At 31st December, 2000, the Group other than its subsidiaries in the PRC had an unrecognised deferred tax asset of approximately HK\$7.7 million (31.3.2000: HK\$8.1 million) which represents the tax effect of timing differences arising as a result of tax losses available to set off against future assessable profits. In addition, at 31st December, 2000, the Group's PRC subsidiary had an unrecognised deferred tax asset of approximately HK\$7.5 million (31.3.2000: HK\$2.8 million), representing the maximum benefit from unutilised tax losses which can be carried forward up to five years from the year in which the loss was originated to offset future taxable profits. These deferred tax assets have not been recognised in the financial statements as it is not certain that the benefit will be realised in the foreseeable future.

Deferred taxation has not been provided on the valuation surplus arising on the valuation of investment properties and hotel property as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the taxation does not constitute a timing difference for tax purposes.

The Company had no significant unprovided deferred taxation for the period or at the balance sheet date.

36. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases as follows:

	THE GROUP	
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Operating leases in respect of rental premises which expire:		
— within one year	392	211
— in the second to fifth year inclusive	294	312
	686	523
Operating lease in respect of leasing a satellite television channel which expires more than five years	6,240	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

37. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	31.12.2000	31.3.2000	31.12.2000	31.3.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of				
— acquisition of property, plant and equipment	—	9,346	—	—
— acquisition of interests in an unlisted company	—	75,545	—	75,545
	<u>—</u>	<u>84,891</u>	<u>—</u>	<u>75,545</u>
Capital expenditure authorised but not contracted for in respect of				
— acquisition of property, plant and equipment	—	37,383	—	—
— acquisition of interests in an unlisted company	—	11,364	—	—
	<u>—</u>	<u>48,747</u>	<u>—</u>	<u>—</u>

38. CONTINGENT LIABILITIES

At 31st December, 2000, the Company had given guarantees of approximately HK\$148 million (31.3.2000: HK\$190 million) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company.

In addition, at 31st December, 2000, the Group had given a guarantee of approximately HK\$14.3 million (31.3.2000: HK\$14.3 million) to a bank in respect of credit facilities granted to prospective purchasers of properties developed by a jointly controlled entity of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

39. PLEDGE OF ASSETS

At the balance sheet date, bank deposits of HK\$13,407,000 (31.3.2000: HK\$12,543,000), certain of the Group's investment properties of approximately HK\$301,725,000 (31.3.2000: approximately HK\$313,096,000), other property interests and motor vessels with an aggregate net book value of approximately HK\$1,000,067,000 (31.3.2000: approximately HK\$1,211,885,000) and shares in certain subsidiaries and an associate were pledged to secure credit facilities granted to the Group.

40. RETIREMENT BENEFITS SCHEME

The Company operates a defined contribution retirement benefits scheme for its qualified employees. The assets of the scheme are held separately in a fund which is under the control of an independent trustee. The retirement benefits scheme contributions charged to the income statement represent the contributions payable by the Company to the fund at rates specified in the rules of the scheme. When there are employees who leave the scheme prior to becoming fully vested in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Company.

The employees in the subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

At the balance sheet date, there was no significant forfeited contributions, which arose upon employees leaving the retirement benefits scheme, available to reduce the contribution payable in the future years.

With effective from 1st December, 2000, the Group has joined a Mandatory Provident Fund scheme ("MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

41. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

During the period/year, the Group had significant transactions and balances with related companies, some of which are also deemed to be connected persons pursuant to the Rules Governing the Listing of Securities on the Stock Exchange. The significant transactions with these companies during the period/year, and significant balances with them at the balance sheet date, are as follows:

(I) CONNECTED PERSONS

(A) Transactions and balances with China Poly Group

	THE GROUP	
	1.4.2000	1.4.1999
	to	to
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Transactions:		
Subscription of new shares (note i)	208,500	—
Property rental income (note ii)	15,437	21,278
Manager remuneration paid (note iii)	5,716	14,575
Interest income (note iv)	378	—
Property leasing commission and management fees paid (note v)	2,121	2,839
Guaranteed rental income (note vi)	—	12,614
Purchase of property, plant and equipment (note vii)	—	449
	At	At
	31.12.2000	31.3.2000
	HK\$'000	HK\$'000
Balances:		
Trade and other receivables (note viii)	3,051	2,763
Trade and other payables (note viii)	40,048	3,904
Long term loan payable (note ix)	168,224	168,224
Property rental deposits (note x)	736	736

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

41. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(I) CONNECTED PERSONS *(Continued)*

(A) Transactions and balances with China Poly Group *(Continued)*

Notes:

- (i) The subscription of new shares were carried out under a subscription agreement signed on 29th March, 2000. Details of the subscription are set out in note 25(i).
- (ii) Of this rental income, an amount of HK\$13,549,000 (1.4.1999 to 31.3.2000: HK\$14,377,000) is related to tenancy agreements which were previously approved by shareholders, who have no interest in the transactions of the Company in extraordinary general meetings; and an amount of HK\$1,888,000 (1.4.1999 to 31.3.2000: HK\$6,901,000) is related to tenancy agreements which were previously disclosed in the Company's press announcements.

The rentals were charged in accordance with the relevant tenancy agreements and the prevailing rent is equivalent or approximate to the market rentals as certified by an independent firm of professional property valuers.
- (iii) The manager remuneration was calculated as a percentage of the gross profit before tax of a subsidiary of the Company managed by China Poly Group.
- (iv) In April 2000, a wholly owned subsidiary of the Company granted an unsecured loan facility of up to RMB20,000,000 to Poly Southern Co. ("Poly Southern"), a wholly owned subsidiary of China Poly Group. The loan carried interest at 8% per annum and was matured at 3 months after the drawdown which was previously disclosed in the Company's announcement. Poly Southern drawdown the loan in April 2000 and repaid the principal together with interest in July 2000.
- (v) The property leasing commission and management fees were calculated with reference to the rental income of certain of the Group's properties managed by China Poly Group.
- (vi) Pursuant to agreements previously approved by independent shareholders of the Company in extraordinary general meetings, China Poly Group has undertaken that the financial performance of certain subsidiaries of the Group will meet certain minimum levels over a specified period. During the year ended 31st March, 2000, pursuant to these undertakings, the Group received a total of HK\$12,614,000 as guaranteed income from China Poly Group, representing the shortfall between the actual performance of the relevant subsidiaries and the guaranteed minimum.
- (vii) The purchase of property, plant and equipment was carried out on arm's length basis and with reference to market prices.
- (viii) The balances are unsecured, interest-free and repayable on demand.
- (ix) Details of the terms are set out in note 30.
- (x) Rental deposits are repayable when the related tenancy agreements expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

41. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(I) CONNECTED PERSONS *(Continued)*

(A) *Transactions and balances with China Poly Group (Continued)*

In addition, on 26th January, 2000, the Group and China Poly Group entered into an agreement (the “Supplemental Agreement”) supplemental to the management agreement dated 11th June, 1997 (the “Management Agreement”) between the same parties. Pursuant to the Supplemental Agreement, the profit guarantee provided by China Poly Group under the Management Agreement would be suspended for the two years ending 31st December, 2001 and extended to cover the two years following its expiry on 31st December, 2007 until 31st December, 2009, based on the mechanism provided in the Management Agreement. The Supplemental Agreement was approved by shareholders in an extraordinary general meeting on 17th March, 2000.

Furthermore, pursuant to a conditional agreement and a supplementary agreement entered into by the Group and China Poly Group in March 2000 and September 2000 respectively, the Group was entitled to acquire a 49% interest in Polystar Digidisc Co., Ltd. (“Polystar”) and an option to acquire another 17% of the existing registered capital in Polystar subject to the fulfillment of certain conditions. The consideration was approximately HK\$15,237,000 (RMB16,380,000). The conditions precedent were satisfied in November 2000 and the acquisition was approved by the PRC authorities in December 2000. Details of the acquisition were set out in note 33 and previously disclosed in the Company’s press announcements.

(B) *Transaction with the minority shareholder of a subsidiary*

Pursuant to an agreement dated 2nd September, 1999 entered into between CMIC Enterprises (China) Limited (“CMIC Enterprises”), a wholly owned subsidiary of the Company holding 75.76% equity interests in CMIC-NCHK Energy Holdings Limited (“CMIC-NCHK”), and The NCHK Power Assets Limited (“NCHK Power”), the minority shareholder of CMIC-NCHK, CMIC Enterprises acquired from NCHK Power the remaining 24.24% equity interests in CMIC-NCHK not already held by it for a cash consideration of US\$374,565. Following such acquisition, CMIC-NCHK became a wholly owned subsidiary of the Company.

(C) *Proportional financing to a jointly controlled entity*

Since May 1997, the Group has given a guarantee of approximately HK\$14.3 million to a bank in respect of credit facilities granted to prospective purchasers of properties developed by a jointly controlled entity of the Group, Tianjin Winson, in proportion to the Group’s equity interest in Tianjin Winson. The Group has also made unsecured, interest-carrying advances to Tianjin Winson in proportion to its equity interest in Tianjian Winson. The balance of advances and accrued interest at 31st December, 2000 amounted to HK\$92,571,000 (31.3.2000: HK\$89,014,000). China Poly Group also has a 20% indirect beneficial interest in Tianjin Winson other than that held by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

41. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(I) CONNECTED PERSONS (Continued)

(D) Disproportionate financing

Prior to its acquisition on 2nd September, 1999 of the 24.24% equity interests in CMIC-NCHK held by NCHK Power, the Group only held 75.76% equity interest in CMIC-NCHK. Immediate prior to the above-mentioned acquisition, the Group had provided shareholder's loan of approximately HK\$43.4 million to and standby letters of credit of approximately HK\$46.8 million for CMIC-NCHK; whereas NCHK Power had only provided a shareholder's loan of approximately HK\$9 million to CMIC-NCHK.

(II) RELATED PARTIES, OTHER THAN CONNECTED PERSONS

Related parties	Nature of transactions	THE GROUP	
		1.4.2000 to 31.12.2000 HK\$'000	1.4.1999 to 31.3.2000 HK\$'000
Associate	Management fees received (note i)	9,000	12,000
Jointly controlled entities	Interest income received (note ii)	3,557	4,589
	Management fees paid (note iii)	—	1,697

Notes:

- (i) The management fees were charged to the associate with reference to the administration costs incurred by the Group.
- (ii) Interest income was calculated with reference to the principal outstanding and at market interest rates.
- (iii) The management fees paid to a jointly controlled entity represent an appropriate allocation of costs incurred by the jointly controlled entity.
- (iv) Balances with the Group's jointly controlled entities are set out in note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

42. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which are wholly-owned and held indirectly by the Company except otherwise indicated, at 31st December, 2000 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid share capital/ registered capital	Principal activity
Bassington Investments Limited	Hong Kong	HK\$2	Property investment
Bontec Developments Ltd.	British Virgin Islands	US\$2	Investment holding
California Hero Property Limited	British Virgin Islands	US\$1	Securities investment
CMIC Finance Limited #	Hong Kong	HK\$2	Financial services
CMIC Management Services Limited #	Hong Kong	HK\$100	Management services
CMIC-NCHK Energy Holdings Limited	British Virgin Islands	US\$100	Investment holding
CMIC Trading Limited #	Hong Kong	HK\$2	General trading
Fainland Limited	Hong Kong	HK\$2	Property investment
First Great Investments Limited	Hong Kong	HK\$2	Investment holding
Fortune Port Profits Limited	British Virgin Islands	US\$1	Investment holding
Geldy Limited	Hong Kong	HK\$10,000	Property holding
Gold Star Enterprises S.A.	Liberia	US\$10,000	Ship owning
Golden Mountain Limited	British Virgin Islands	US\$1	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid share capital/ registered capital	Principal activity
Grandful International Limited	Hong Kong	HK\$2	Investment holding
High Wealth International Limited	Hong Kong	HK\$2	Property investment
Honorlink Investments Limited	Hong Kong	HK\$2	Property investment
Jinfeng Shipping Inc.	Panama	US\$2	Ship owning
New Gain Limited	British Virgin Islands	US\$350	Investment holding
Overseas Mariner Investment Company Limited #	Bermuda	US\$12,000	Investment holding
Poly Plaza Limited ("PPL") *	PRC	US\$10,000,000	Investment, management and operation of a hotel complex
Polystar Digidisc Co., Ltd. ("Polystar") **	PRC	RMB9,000,000	Manufacturing and wholeselling of compact discs, video compact discs and digital video discs
Prime Brilliant Limited	Hong Kong	HK\$2	Property investment
Propwood Limited	Hong Kong	HK\$2	Property investment
Regal Step Investments Limited	Hong Kong	HK\$2	Property investment
Richwood Corporation	Liberia	US\$10,000	Ship owning

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

42. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid share capital/ registered capital	Principal activity
Saneble Limited	Hong Kong	HK\$2	Property investment
Silver Point Assets Limited #	British Virgin Islands	US\$1	Investment holding
Silver Spirit Enterprises Limited	British Virgin Islands	US\$1	Investment holding
Taksin Limited #	British Virgin Islands	US\$1	Investment holding
Topower Assets Limited #	British Virgin Islands	US\$1	Securities investment
Upperace Developments Ltd. #	British Virgin Islands	US\$1	Securities investment
Volgala International Ltd.	British Virgin Islands	US\$1	Securities investment

These subsidiaries are directly held by the Company.

* PPL is 75% indirectly held by the Company and established for a term of 17 years commencing 9th July, 1986 (see note 13(i) for details in connection with the arrangement to extend the joint venture term).

** Polystar is 66% indirectly held by the Company and established for a term of 20 years commencing 18th December, 2000.

The above table only lists those subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

All the above subsidiaries are principally operating in their place of incorporation/establishment except otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST APRIL, 2000 TO 31ST DECEMBER, 2000

43. SEGMENT INFORMATION

The Group's turnover and contribution to (loss) profit before taxation for the period/year analysed by principal activity and geographical market, were as follows:

	Turnover		Contribution to (loss) profit before taxation	
	1.4.2000 to 31.12.2000 HK\$'000	1.4.1999 to 31.3.2000 HK\$'000	1.4.2000 to 31.12.2000 HK\$'000	1.4.1999 to 31.3.2000 HK\$'000
By principal activity:				
Property investment and management	50,085	85,657	(8,878)	17,600
Shipping	54,846	59,413	9,078	3,865
Hotel and restaurant operations	27,259	42,693	(5,205)	13,540
Financial services	28,474	30,005	21,442	29,918
Securities investment	26,935	30,346	(15,725)	54,446
Trading	1,094	2,207	1,056	1,648
Infrastructure business	—	1,226	—	(1,101)
	<u>188,693</u>	<u>251,547</u>	<u>1,768</u>	<u>119,916</u>
Less: Central administrative expenses			(17,740)	(26,182)
Interest expenses			(15,541)	(32,366)
			(31,513)	61,368
Add: Share of results of an associate			(7,783)	3,438
Share of results of jointly controlled entities			(8,163)	(15,581)
(Loss) profit before taxation			<u>(47,459)</u>	<u>49,225</u>
By geographical market:				
Hong Kong	68,901	78,847	18,291	75,990
Other regions in the PRC	64,946	113,287	(25,601)	40,062
Other parts of the World	54,846	59,413	9,078	3,864
	<u>188,693</u>	<u>251,547</u>	<u>1,768</u>	<u>119,916</u>
Less: Central administrative expenses			(17,740)	(26,182)
Interest expenses			(15,541)	(32,366)
			(31,513)	61,368
Add: Share of results of an associate			(7,783)	3,438
Share of results of jointly controlled entities			(8,163)	(15,581)
(Loss) profit before taxation			<u>(47,459)</u>	<u>49,225</u>