



INTERIM FINANCIAL STATEMENTS

The Directors of WellNet Holdings Limited (the “Company”) are pleased to present the unaudited condensed financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2001 as follows:–

Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
	Notes	2001 HK\$'000	2000 HK\$'000
Turnover	2	1,449,047	1,179,012
Cost of sales		(1,342,133)	(1,104,741)
Gross profit		106,914	74,271
Other revenue		4,013	3,575
Selling expenses		(12,880)	(10,371)
Administrative expenses		(14,531)	(11,112)
Other operating expenses, net		(44,144)	(37,094)
Profit from operations	3	39,372	19,269
Finance costs		(15,179)	(9,937)
Share of (loss) profit of an associate		(91)	1,063
Profit before taxation		24,102	10,395
Taxation			
Company and subsidiaries	4	(2,282)	(842)
Associate		(56)	(65)
		(2,338)	(907)
Profit after taxation		21,764	9,488
Interests of minority shareholders		(6,683)	550
Profit attributable to the shareholders		15,081	10,038
Dividend		–	–
Retained profit for the period		15,081	10,038
Earnings per share	5		
– basic		1.65 HK Cents	1.14 HK Cents
– diluted		1.64 HK Cents	1.12 HK Cents



Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2001 HK\$'000	Audited 31 December 2000 HK\$'000
Non-current assets			
Fixed assets		358,736	369,495
Investment in an associate		27,650	27,797
Other investments		40,993	13,738
Long-term receivables		480	674
Deferred borrowing costs		1,457	2,065
Intangible assets		5,256	6,679
Total		434,572	420,448
Current assets			
Inventories		41,050	37,463
Properties under development and held for sale		167,576	127,524
Short-term investments		804	2,659
Bills and accounts receivable	6	688,637	644,416
Due from related parties		16,834	—
Deposits and prepayments		15,889	10,078
Taxation recoverable		1,324	4
Cash and bank balances		88,380	168,185
Pledged bank deposits		50,102	54,400
Total		1,070,596	1,044,729
Current liabilities			
Bills and accounts payable	7	432,073	566,095
Accrued charges		50,149	23,669
Obligations under finance leases		2,599	3,358
Taxation payable		10,359	8,970
Bank loans – secured		140,431	102,987
Total		635,611	705,079
Net current assets		434,985	339,650
Total assets less current liabilities		869,557	760,098



Condensed Consolidated Balance Sheet (continued)

	Notes	Unaudited 30 June 2001 HK\$'000	Audited 31 December 2000 HK\$'000
Capital and reserves			
Share capital	8	93,158	91,167
Reserves	9	385,714	361,389
Retained profits		197,157	182,076
Total capital and reserves		676,029	634,632
Minority interests		53,712	47,012
		729,741	681,644
Non-current liabilities			
Bank loans – secured		92,731	27,149
Loans from related parties – unsecured		19,374	17,984
Obligations under finance leases		292	1,222
Convertible bonds		26,520	31,200
Deferred taxation		899	899
Total		139,816	78,454
		869,557	760,098



Condensed Consolidated Cash Flow Statement

Unaudited
Six months ended 30 June

	2001 HK\$'000	2000 HK\$'000
Net cash outflow from operating activities	(169,842)	(75,980)
Net cash outflow from returns on investments and serving of finance	(12,726)	(5,523)
Net (payment) refund of tax	(2,212)	1,276
Net cash inflow from investing activities	1,671	4,653
Net cash inflow from financing activities	105,006	21,121
Decrease in pledged bank deposits	4,298	31,990
Decrease in cash and cash equivalents	(73,805)	(22,463)
Cash and cash equivalents, beginning of the period	101,695	172,520
Effect of foreign exchange rate changes	(614)	(72)
Cash and cash equivalents, end of the period	27,276	149,985
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	88,380	177,460
Import loans	(61,104)	(27,475)
	27,276	149,985



Condensed Consolidated Statement of Recognised Gains and Losses

Unaudited
Six months ended 30 June

	2001 HK\$'000	2000 HK\$'000
Exchange difference on translation of the financial statements of foreign subsidiaries not recognised in the income statement	(1,955)	(1,823)
Net profit for the period	15,081	10,038
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Total recognised gains and losses	13,126	8,215
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