

Notes to the Condensed Interim Accounts

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA") and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed interim accounts should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January, 2001:

- SSAP 9 (revised) : Events after the balance sheet date
- SSAP 14 (revised) : Leases (effective for periods commencing on or after 1st July, 2000)
- SSAP 26 : Segment reporting
- SSAP 30 : Business combinations

The changes to the Group's accounting policies and the effect of adopting these new policies is set out below:

(a) SSAP 9 (revised): Events after balance sheet date

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. The adoption of this standard had no effect on the interim accounts as the Group did not propose the payment of any final dividend after the balance sheet date in the year of 2001.

(b) SSAP 14 (revised): Leases

In accordance with the revised SSAP 14, the disclosure for the Group's commitments under operating leases should be changed to total future aggregate minimum lease payments under non-cancellable operating leases. The comparative figures at the balance sheet date in the year of 2001 have been restated.

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1 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(c) SSAP 26: Segment Reporting

In Note 2 to these condensed interim accounts the Group has disclosed segment revenue and results. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.

(d) SSAP 30: Business Combinations

Goodwill/Negative goodwill

Goodwill/Negative goodwill on acquisitions of subsidiary, associated company and jointly controlled entities occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. For acquisitions prior to 1st January 2001, goodwill/negative goodwill was written off against/taken directly to reserves on acquisition. The Group has taken advantage of the transitional provisions in SSAP 30 and such goodwill/negative goodwill has not been retroactively restated.

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2 SEGMENTAL INFORMATION

The Group is principally engaged in the investments in telecommunication, internet-related business, property investment and operating a dairy farm in New Zealand. An analysis of the Group's turnover and contribution to profit from operation for the period by business segments and geographical segments are as follows:

	Turnover 6 months ended 30th September, 2001 HK\$'000		Contribution to profit from operation 6 months ended 30th September, 2001 HK\$'000	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Principal activities:				
Retailing	1,831	474	1,431	396
Property investment	3,756	6,019	2,387	4,965
	<u>5,587</u>	<u>6,493</u>	<u>3,818</u>	<u>5,361</u>
Principal markets:				
Hong Kong	3,091	5,274	2,026	4,250
People's Republic of China	665	745	361	715
New Zealand	1,831	474	1,431	396
	<u>5,587</u>	<u>6,493</u>	<u>3,818</u>	<u>5,361</u>

The associated company is principally engaged in telecommunication business.

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3 NET OTHER INCOME/(EXPENSES)

	6 months ended 30th September, 2001	
	HK\$'000	2000 HK\$'000
Gain on disposal of a subsidiary	—	37,995
Provision for diminution in value of investment properties	—	(28,000)
	<u>—</u>	<u>9,995</u>

4 OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	6 months ended 30th September, 2001	
	HK\$'000	2000 HK\$'000
Crediting		
Dividend income	16	77
Interest income	641	1,277
	<u>641</u>	<u>1,277</u>
Charging		
Cost of inventories sold	400	272
Depreciation of fixed assets	426	280
Outgoings in respect of investment properties	1,369	860
Operating lease rental in respect of land and buildings	1,180	580
Provision for doubtful debts	—	260
Staff costs	17,848	6,882
	<u>17,848</u>	<u>6,882</u>

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5 FINANCE COSTS

	6 months ended 30th September,	
	2001	2000
	HK\$'000	HK\$'000
Interest expense on:		
- bank loans and overdrafts wholly repayable within five years	1,063	5,471
- other loan wholly repayable within five years	—	302
- bank loans not wholly repayable within five years	285	99
- loan from a former fellow subsidiary wholly repayable within five years	153	193
	<u>1,501</u>	<u>6,065</u>

6 TAXATION

No Hong Kong profits tax has been provided for the six months ended 30th September, 2001 as there is no estimated assessable profit for the period (six months ended 30th September, 2000: Nil).

7 BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$25,949,000 (2000: HK\$9,886,000) and the weighted average of 3,059,266,000 (2000: 2,384,033,620) ordinary shares in issue during the period.

The Company has no dilutive potential ordinary shares for the six months ended 30th September, 2000 and 2001 and no diluted loss per share is presented.

8 CAPITAL EXPENDITURE

For the six months ended 30th September, 2001, the Group has acquired fixed assets amounting to approximately HK\$1,044,000.

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9 PROPERTY UNDER DEVELOPMENT

At 30th September, 2001 and at 31st March, 2001, the cost of property under development for long term investment purpose is HK\$2,774,000. Full provision has been made for the cost. The property under development is situated in the People's Republic of China ("PRC") and is held under a lease of between 10 to 50 years.

10 OTHER NON-CURRENT ASSETS

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Investment in an associated company	(2,259)	(883)
Investment securities	916	916
	<u>(1,343)</u>	<u>33</u>

Investment in an associated company represents 36% equity interest in Wanbao Telecom (H.K.) Company, Limited, which is principally engaged in telecommunication business. At 30th September, 2001, the Group had commitments to contribute additional funds to the associated company (note 18 (a)).

11 JOINTLY CONTROLLED ENTITIES

(a) Interests in jointly controlled entities

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Share of net assets	40,277	40,277
Amount due to a jointly controlled entity	(8,334)	(5,983)
	<u>31,943</u>	<u>34,294</u>

The liquidation process of the jointly controlled entity, Beijing 21CN Liyang Internet Technology Service Company Limited has been commenced and the amount of capital contributed by the Group will be refunded once the deregistration is completed.

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11 JOINTLY CONTROLLED ENTITIES *(continued)*

(b) Deposits for investment in jointly controlled entities

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Deposits for the investment in jointly controlled entities	17,000	17,000
Provision	(17,000)	(17,000)
	<u>—</u>	<u>—</u>

The major shareholder of the Company, Uni-Tech International Group Limited has provided a guarantee to the Company to reimburse any loss that the Group may suffer in respect of these deposits. In prior year, the Company's Directors have assessed the matter and decided to make a full provision against the deposits in the year ended 31st March, 2001 notwithstanding the guarantee provided by the major shareholder.

12 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and their ageing analysis is as follows:

	Current	Overdue 1 month	Overdue 2 months	Overdue 3 months or above	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 30th September, 2001	265	233	214	1,462	2,174
Balance at 31st March, 2001	324	224	207	998	1,753

The majority of the balance are rental receivables from tenants with credit term of 1 month which are mostly covered by rental deposits.