

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and Appendix 16 to the Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules"). These interim accounts should be read in conjunction with the 2000 annual accounts.

The accounting policies and method of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2000.

2. SEGMENT INFORMATION

The Group's turnover and operating loss by principal activities are analysed as follows:

	For the six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Turnover		
Interest income from money lending business	3,066	1,300
Travel agency services	2,669	-
	<u>5,735</u>	<u>1,300</u>
Other revenues		
Bank interest income	339	594
Licence fee income	456	-
Others	136	48
	<u>931</u>	<u>642</u>
Total revenues	<u>6,666</u>	<u>1,942</u>

2. SEGMENT INFORMATION (CONT'D)

	For the six months ended 30 June 2001			
	Money lending <i>HK\$'000</i>	Travel agency services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenues	<u>3,066</u>	<u>2,669</u>	<u>931</u>	<u>6,666</u>
Segment results – profit/(loss)	<u>789</u>	<u>56</u>	<u>(3,501)</u>	<u>(2,656)</u>
Provision for diminution in value of investment securities				(2,511)
Unrealised loss on trading securities				(1,439)
Share of losses of associated companies				<u>(954)</u>
Loss attributable to shareholders				<u>(7,560)</u>

	For the six months ended 30 June 2000			
	Money lending <i>HK\$'000</i>	Travel agency services <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenues	<u>1,300</u>	<u>–</u>	<u>642</u>	<u>1,942</u>
Segment results – (loss)	<u>(519)</u>	<u>–</u>	<u>(1,321)</u>	<u>(1,840)</u>
Share of losses of associated companies				<u>(37)</u>
Loss attributable to shareholders				<u>(1,877)</u>

No geographical analysis is presented as less than 10% of the Group's turnover and trading results were generated from operations outside Hong Kong.

3. OPERATING LOSS

Operating loss is stated after charging the following:

	For the six months ended 30 June	
	2001	2000
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	614	218
Staff costs (including Directors' remuneration)	3,812	1,820
Retirement benefit costs	141	146
Operating leases – land and buildings	790	348
Loss on disposal of fixed assets	15	7
Provision for diminution in value of investment securities	2,511	–
Unrealised loss on trading securities	1,439	–
	<u>1,439</u>	<u>–</u>

4. TAX

Hong Kong profits tax has not been provided as the Group has no estimated assessable profits for the six months ended 30 June 2001. (2000: Nil)

5. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2001 (2000: Nil).

6. LOSS PER SHARE

The calculation of loss per share for the period is based on the loss attributable to shareholders of HK\$7,560,000 (2000: loss of HK\$1,877,000) and the weighted average of 610,044,199 (2000: 720,423,561 adjusted for rights issue in 2001) shares in issue during the six-month period.

7. ASSOCIATED COMPANY

	30 June 2001	31 December 2000
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advance to an associated company	2,137	2,137
Share of net liabilities, other than goodwill	(2,137)	(1,183)
	<u>–</u>	<u>954</u>

8. LOAN RECEIVABLES

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Loan receivables – secured	5,827	20,000
Loan receivables – unsecured	<u>3,917</u>	<u>1,650</u>
Gross loan receivables	9,744	21,650
Provision for doubtful loans	<u>(500)</u>	<u>(500)</u>
	9,244	21,150
<i>Less: amount due within one year</i>	<u>(8,630)</u>	<u>(20,984)</u>
Amount due after one year	<u>614</u>	<u>166</u>

The repayment terms of loan receivables are negotiated on an individual basis. The maturity profile of loan receivables is analysed as follows:

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
On demand	1,865	14
Three months or less	6,857	21,015
Below one year but over three months	408	455
One to three years	<u>614</u>	<u>166</u>
	<u>9,744</u>	<u>21,650</u>

9. TRADE AND OTHER PAYABLES

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Trade payables	455	265
Other payables and accruals	<u>1,769</u>	<u>2,174</u>
	<u>2,224</u>	<u>2,439</u>

At 30 June 2001, the ageing of the trade payables was within three months.

10. SHARE CAPITAL

	As at 30 June 2001 No of shares (million)	As at 30 June 2001 Nominal value HK\$'000	As at 31 December 2000 No of shares (million)	As at 31 December 2000 Nominal value HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning of period	600	60,000	600	60,000
Additions (<i>note 1</i>)	1,200	120,000	-	-
At end of period	<u>1,800</u>	<u>180,000</u>	<u>600</u>	<u>60,000</u>
Issued and fully paid:				
At beginning of period	478	47,800	400	40,000
Issue upon a placement	-	-	70	7,000
Issue for acquisition	-	-	8	800
Rights issue (<i>note 2</i>)	478	47,800	-	-
Bonus issue (<i>note 2</i>)	478	47,800	-	-
At end of period	<u>1,434</u>	<u>143,400</u>	<u>478</u>	<u>47,800</u>

Notes:

- By a special resolution passed on 10 May 2001, the authorized share capital of the company was increased from HK\$60,000,000 to HK\$180,000,000 by the creation of 1,200,000,000 shares at HK\$0.1 each. These shares rank pari passu with the existing shares.
- On 6 June 2001, 478,000,000 shares were issued at HK\$0.10 per share pursuant to a rights issue on the basis of one rights share for every existing share held on 10 May 2001. In addition, 478,000,000 new shares were issued by way of a bonus issue by applying HK\$47.8 million charging to the share premium account in payment in full at par and on the basis of one bonus share for every rights share taken up as mentioned above.

11. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2000	72,131	17,314	(82,220)	7,225
Profit for the period	-	-	587	587
Premium on issue of shares	10,200	-	-	10,200
Goodwill arising from acquisition of a subsidiary and associated companies	-	(9,006)	-	(9,006)
At 1 January 2001	82,331	8,308	(81,633)	9,006
Loss for the period	-	-	(7,560)	(7,560)
Issue of bonus shares	(47,800)	-	-	(47,800)
Rights issue costs	(1,618)	-	-	(1,618)
At 30 June 2001	<u>32,913</u>	<u>8,308</u>	<u>(89,193)</u>	<u>(47,972)</u>

12. SUBSEQUENT EVENTS

On 31 August 2001, the Group has entered into a conditional sale and purchase agreement with independent third parties to acquire the entire equity interest in a company which substantially owns two subsidiaries engaging in the operation of hair salons under the trade name of "Headquarters" in Hong Kong and a health and beauty centre in Hong Kong respectively.

The consideration was HK\$8,604,000 and will be satisfied by the issue of convertible notes ("Convertible Notes") by the Company. To facilitate the issue of conversion shares pursuant to the Convertible Notes, the Board proposes to implement a capital reduction ("Capital Reduction") and share subdivision ("Share Subdivision") pursuant to which the nominal value of the issued shares will be reduced from HK\$0.10 to HK\$0.01 each and every unissued share of HK\$0.10 each will be subdivided into 10 new shares of HK\$0.01 each respectively. The Capital Reduction and Share Subdivision will be subject to approval by a special general meeting to be convened on 11 October 2001 ("SGM"). The SGM will also approve an ordinary resolution to increase the authorized share capital of the Company from HK\$180,000,000 to HK\$400,000,000 by the creation of an additional 22,000,000,000 shares of HK\$0.01 each.

Details of the acquisition has been announced on 4 September 2001 and a circular will be despatched to the Shareholders on 18 September 2001.