NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2001

1. Accounting Policies

The unaudited condensed interim financial statements have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and in compliance with the Statement of Standard Accounting Practice No. 25 (SSAP 25) Interim Financial Reporting issued by the Hong Kong Society of Accountants, except that the comparative figures of the condensed consolidated cash flow statement have not been presented as the Group has taken advantage of the transitional provisions set out in Appendix 16 of the Listing Rules on the Stock Exchange.

These condensed interim financial statements should be read in conjunction with the 2000 annual financial statements.

In the current period, the Group has adopted SSAP 30 "Business combinations" and has elected not to restate goodwill or negative goodwill previously eliminated against or credited to, respectively, reserves. Accordingly, goodwill or negative goodwill arising on acquisition prior to 1 January 2001 is held in reserves and will be charged or credited to the income statement at the time of disposal of the relevant subsidiary, associate, joint venture or business, or at such time as the goodwill is determined to be impaired.

Any goodwill arising on acquisitions after 1 January 2001 will be capitalised and amortised over its estimated useful life. Any negative goodwill arising on acquisitions after 1 January 2001 will be presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

Except for the above changes, the accounting policies and methods of computation followed in the preparation of the interim financial statements are consistent with the latest published annual financial statements for the year ended 31 December 2000.

2. Segmental Information

An analysis of the Group's consolidated turnover and contribution to loss from operations by principal activity and geographical location for the six months ended 30 June 2001 and 2000 is as follows:

	Turnover		Contribution to loss from operations	
	Six months ended 30 June		Six months ended 30 June	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Business Segments				
Information technology related business	**44,659**	10,989	**(4,078)**	(1,114)
Property development and investment	**1,452**	272	**754**	211
Investment holdings and others	**—**	—	**(2,639)**	(11,736)
	46,111	11,261	**(5,963)**	(12,639)
Geographical Segments				
Hong Kong	**318**	504	**(1,883)**	(11,525)
The People's Republic of China (the "PRC")	**45,793**	10,757	**(4,080)**	(1,114)
	46,111	11,261	**(5,963)**	(12,639)

3. Depreciation

Loss from operations for the period is arrived at after charging depreciation of approximately HK$672,000 (2000: HK$387,000) in respect of the Group's fixed assets.

4. Taxation

No Hong Kong profits tax has been provided, as companies within the Group have no estimated assessable profit during the year.

5. Dividends

The Directors do not recommend the payment of a dividend for the six months ended 30 June 2001 (2000: Nil).

6. Loss per Share

The calculation of basic loss per share is based on the loss attributable to shareholders of approximately HK$26,226,000 (2000: HK$1,499,000) and on the 680,529,273 shares (2000: weighted average number of 680,528,465 shares) in issue during the period.

Diluted earnings per share is not shown, as there is no dilution effect for both periods.

7. Trade Receivables

Sales of goods are largely on credit except for new customers. Trade deposits are normally required. The credit terms of trade debtors are defined in the respective sales agreements, and usually range from cash before delivery to 90 days after delivery.

8. Trade Payables

Trade payables are substantially with an aging within 6 months.

9. Post balance sheet event

On 28 June 2001, the Company, Fourseas.com Limited ("Fourseas") and Giant Glory Limited (an unrelated third party independent of the Company, its substantial shareholders, chief executives and directors, and their respective associates) jointly announced that a Subscription Agreement, a Disposal Agreement and a Management Agreement had been entered into on 18 June 2001, to give effect to the Financial Restructuring Proposal of Fourseas.

Subsequent to the interim reporting date, the Financial Restructuring Proposal of Fourseas had been approved on 29 August 2001 and completed on 3 September 2001. Essentially, this involved introduction of a new substantial shareholder for Fourseas, the Group acquired all the existing properties of Fourseas, and Fourseas' travel business was became a joint venture between its new substantial shareholder and the Group. The Group will retain as the sole manager of Fourseas' travel business. Details of the transactions are set out in the circular of the Company dated 2 August 2001.