NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2001

1. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"), except that comparative figures are not presented either for the condensed consolidated statement of recognised gains and losses or for the condensed consolidated cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1 July 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 July 2000.

2. SEGMENT INFORMATION

The Group's turnover and contribution to (loss) profit from operations for the six months ended 31 January 2001 and 2000, analysed by principal activity and by geographical location, are as follows:

	Turnover Six months ended		Contribution to (loss) profit from operations Six months ended	
	31.1.2001 HK$	31.1.2000 HK$	31.1.2001 HK$	31.1.2000 HK$
By principal activity:				
Continuing operations:				
Property maintenance, management and agency services	13,940,797	14,161,183	1,703,835	(379,645)
Property rental	7,325,855	7,340,522	2,644,675	3,217,597
Financial investment	7,941,163	7,756,295	793,421	(190,880)
Property sale	–	–	(36,946)	(120,733)
	29,207,815	29,258,000	5,104,985	2,526,339
Discontinued operations:				
Manufacture and sale of biscuits	–	5,898,655	–	(152,870)
	29,207,815	35,156,655	5,104,985	2,373,469
Impairment loss on investment properties			(3,480,000)	–
Impairment loss on amount due from an investee company			(3,360,269)	–
			(1,735,284)	2,373,469
By geographical location:				
Hong Kong	29,207,815	29,258,000	(1,698,337)	2,647,072
The People's Republic of China, other than Hong Kong (the "PRC")	–	5,898,655	(26,551)	(269,313)
Japan	–	–	(10,396)	(4,290)
	29,207,815	35,156,655	(1,735,284)	2,373,469

3. IMPAIRMENT LOSS ON AMOUNT DUE FROM AN INVESTEE COMPANY

On 6 December 2000, the Company entered into a conditional sale and purchase agreement (as supplemented by supplemental agreements dated 12 December 2000 and 27 March 2001 and an extension letter dated 19 January 2001) with E-Cash Ventures Limited, a company incorporated in the British Virgin Islands and wholly owned by Far East Consortium International Limited, a then substantial shareholder of the Company, to dispose of its entire 15.33% interest in Mutual Luck Investment Limited ("Mutual Luck"), an investee company in which the Group holds as other securities, together with a shareholder's advance of HK$123,222,298 for a cash consideration of HK$120,000,000. As a result of the foregoing, an impairment loss of HK$3,360,269 was recognised in the income statement for the six months ended 31 January 2001 to state the shareholder's advance at its net realisable value.

The amount due from Mutual Luck is unsecured, non-interest bearing and has no fixed repayment terms. It is the intention of the directors that the proceeds from the aforesaid disposal will be used to fund the consideration payable by the Company in relation to the acquisition of Marvelink Limited and its subsidiaries ("the Marvelink Group") and the rights and benefits of a shareholder's loan to the Marvelink Group pursuant to a conditional sale and purchase agreement dated 6 December 2000. Details of the acquisition were disclosed in the circular issued to the shareholders of the Company dated 31 March 2001.

4. (LOSS) PROFIT FROM OPERATIONS

Loss from operations for the current period has been arrived at after charging depreciation and amortisation of approximately HK$548,000 (six months ended 31.1.2000: HK$647,000) in respect of the Group's property, plant and equipment.

5. LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS

During the six months ended 31 January 2000, the Group disposed of its entire interest in Guangzhou Jessica Food Products Company Limited ("Guangzhou Jessica") to the minority shareholder. Guangzhou Jessica was engaged in the manufacture and sale of biscuits in the PRC. Accordingly, the Group's business of manufacture and sale of biscuits was discontinued and the effective date of discontinuance for accounting purposes was 16 September 1999.

A loss of approximately HK$39,000 arose on the disposal of Guangzhou Jessica, being the proceeds of the disposal less the carrying amount of Guangzhou Jessica's net assets and currency translation reserve. No tax charge or credit arose from the transaction.

The results of the business of manufacture and sale of biscuits for the period from 1 August 1999 to 16 September 1999, which have been included in the condensed consolidated income statement, were as follows:

	1.8.1999 to 16.9.1999 HK$
Turnover	5,898,655
Operating costs	(6,051,525)
Loss from operations	(152,870)

6. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for both periods. The taxation represents the share of taxation on results of associates for the periods.

7. DIVIDEND

The directors resolved not to declare an interim dividend for the six months ended 31 January 2001 (six months ended 31.1.2000: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period of HK$4,684,593 (six months ended 31.1.2000: HK$1,340,076) and on the weighted average number of 451,375,672 (six months ended 31.1.2000: 400,075,717) shares in issue during the period.

No disclosure of diluted loss per share for the six months ended 31 January 2001 and 2000 is shown as the effect of the potential ordinary shares in issue is anti-dilutive for both periods.

9. INVESTMENT PROPERTIES

The investment properties of the Group are held for rental purposes under operating leases and were revalued at 31 July 2000 on an open market value basis by Chung Sen Surveyors Limited, an independent firm of professional valuers.

As the Group had entered into various conditional agreements with independent third parties in October 2000 to dispose of certain of its investment properties at a loss of HK$3,480,000 and these transactions were completed in March 2001, the value of those properties at 31 January 2001 was reduced by the same amount to reflect this impairment. Other than that, the directors are of the opinion that the valuation of other investment properties of the Group at 31 January 2001 is not significantly different from the valuation as at 31 July 2000. Accordingly, the same valuation has been adopted by the directors for those retained properties and included in the interim financial report.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2001, the Group spent approximately HK$300,000 (six months ended 31.1.2000: HK$670,000) on property, plant and equipment. During the same period, the Group disposed of certain of its property, plant and equipment with a carrying value of approximately HK$16,000 (six months ended 31.1.2000: HK$2,000).

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers. The ageing analysis of trade receivables is stated as follows:

	31.1.2001 HK$	31.7.2000 HK$
0 to 60 days	3,738,655	3,890,251
61 to 90 days	11,656	9,800
91 days or above	–	8,500
Total trade receivables	3,750,311	3,908,551
Other receivables	34,989,899	1,090,811
	38,740,210	4,999,362

Included in other receivables is an amount of HK$26,280,015 (31.7.2000: Nil) which represents the Group's 50% share of a loan portfolio purchased from an overseas financial institution on a non-recourse basis (the "Overseas Debt"). The Group is entitled to a proportionate share of the receivable and bears a proportionate share of the outgoings in relation to its collection. The amount is secured, non-interest bearing and has no fixed repayment terms.

Subsequent to the balance sheet date the whole amount was assigned on a dollar to dollar basis to set off partially the consideration payable to the vendor of Worldwide IP Communications Limited (the "Vendor"), details of which are set out in note 16(c).

At 31 January 2001, other receivables also included an aggregate amount of HK$6,000,000 (31.7.2000: Nil) advanced to independent third parties ("Project Partners") pursuant to various cooperation contracts entered into with the Project Partners for assessing potential investment projects in the PRC. The potential projects will only proceed upon receiving relevant project feasibility reports prepared by the Project Partners and the approval by the Group, by which time the above mentioned advance will be recognised as investment contribution to the relevant project, otherwise such amount will be refunded to the Group.

12. TRADE AND OTHER PAYABLES

The ageing analysis of trade payable is stated as follows:

	31.1.2001	31.7.2000
	HK$	HK$
0 to 60 days	3,180,636	3,195,278
91 days or above	4,342,172	5,163,437
Total trade payables	7,522,808	8,358,715
Other payables	6,431,542	6,035,309
	13,954,350	14,394,024

13. SHARE CAPITAL

The movements in the share capital of the Company for the six months ended 31 January 2001 are as follows:

	Number of ordinary shares	Amount
		HK$
Ordinary shares of HK$0.40 each		
Authorised:		
At beginning and end of the period	750,000,000	300,000,000
Issued and fully paid:		
At beginning of the period	401,999,630	160,799,852
Issue of shares on placement	80,399,926	32,159,970
At end of the period	482,399,556	192,959,822

On 18 August 2000, the Company entered into a subscription agreement to issue 80,399,926 new ordinary shares of HK$0.40 each in the Company to Rocket High Investments Limited ("Rocket High"), a company beneficially and wholly owned by a director of Far East Consortium International Limited, a then substantial shareholder of the Company, at a price of HK$0.40 per share. This represented a discount of approximately 2.4% to the closing price of HK$0.41 per share as quoted on the Stock Exchange on 18 August 2000 (being the date of the subscription agreement) and approximately 2.6% premium over the average of the closing prices of approximately HK$0.39 per share as quoted on the Stock Exchange for the last 10 trading days up to and including 18 August 2000. The shares were issued to Rocket High on 11 October 2000 who then becomes a substantial shareholder of the Company.

14. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	31.1.2001	31.7.2000
	HK$	HK$
Contracted for but not provided for in the financial statements in respect of acquisition of:		
– An associate	168,000,000	–
– Property, plant and equipment	1,600,000	1,600,000
– Subsidiaries and the respective shareholder's loan	646,800,000	–
	816,400,000	1,600,000

15. PLEDGE OF ASSETS

At the balance sheet date, certain assets of the Group with the following net book values have been pledged to banks to secure banking facilities granted to the Group:

	31.1.2001	31.7.2000
	HK$	HK$
Property, plant and equipment	8,633,000	8,738,000
Investment properties	48,670,000	52,150,000
Properties held for sale	24,074,000	20,074,000
Listed share in Hong Kong	11,200,000	10,400,000
	92,577,000	91,362,000

16. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to the balance sheet date:

(a) The disposal of the Group's entire interests in Mimosa Land Company Limited, Jet Asia Development Limited and certain of the Group's investment and leasehold properties in Lee Tak Estates Limited and the Company to independent third parties pursuant to various conditional agreements of 14 October 2000 for an aggregate consideration of HK$52,808,000 was completed on 28 March 2001.

(b) The conditional sale and purchase agreement of 4 November 2000 in respect of the acquisition of a 40% interest in Worldwide IP Communications Limited (the "Agreement"), a company incorporated in the British Virgin Islands, which is principally engaged in the business of internet communication and products and services, was completed on 26 February 2001 as the directors considered on 16 February 2001 that the conditions precedent to the Agreement had been fulfilled. On the same date, the Company's entire interests in Tai Hing Estates Limited and Yoshiya Property Management Limited were transferred to the Vendor for HK$90,000,000 pursuant to the Agreement to satisfy part of the consideration of the acquisition.

(c) By a deed of assignment dated 25 April 2001 between the Group and the Vendor, the Overseas Debt of HK$26,280,015, were assigned at the same amount to the Vendor to set off partially the respective cash consideration payable pursuant to the Agreement.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare an interim dividend for the six months ended 31 January 2001 (six months ended 31.1.2000: Nil).

FINANCIAL REVIEW

Results for the Period

During the first half of the financial year, the Group's turnover decreased by approximately 16.9%, which was mainly due to the cessation of the Group's biscuit manufacturing operation in Guangzhou, the PRC. The turnover of the other business segments remained stable.

The Group recorded a loss attributable to shareholders of approximately HK$4.7 million for the six-month period ended 31 January 2001 (six months ended 31.1.2000: HK$1.3 million). Included in the current period loss were impairment losses of approximately HK$3.5 million on the contracted disposal of several investment properties and approximately HK$3.4 million on the contracted disposal of a shareholder's advance to the investee company. The loss per share was HK1.04 cents (six months ended 31.1.2000: HK0.33 cents).

Financial Resources and Liquidity

In August 2000, the Company entered into a subscription agreement to issue 80,399,926 new ordinary shares of the Company to Rocket High Investments Limited ("Rocket High"), a company beneficially and wholly owned by a director of Far East Consortium International Limited, a then substantial shareholder of the Company. This transaction was completed in October 2000 and the net proceeds of approximately HK$31.7 million were partly applied for repayment of bank borrowings with the remaining amount retained as working capital.

As at 31 January 2001, the Group had total bank borrowings of approximately HK$81.3 million, all of which were secured by investment properties and listed securities of the Group with a total net book value of approximately HK$92.6 million. The gearing ratio, calculated as the total borrowings of the Group divided by shareholders' funds, decreased from 27.2% to 24.8%. The current ratio also improved from 1.3 to 1.9. The overall liquidity and debt position of the Group has improved during the period.

Subsequent to the balance sheet date, the Group has fully repaid its bank borrowings upon completion of several transactions, details of which are given in the section headed "Material Acquisitions and Disposals".

Exchange Rate Exposure

Except for certain properties held for sale and development in Japan and the P.R.C. respectively, all assets, liabilities and transactions of the Group are denominated in Hong Kong dollars. Apart from the unfavourable fluctuation of the Japanese Yen during the period which had a negative effect on the net asset value of the Group at the balance sheet date, the Group was not exposed to material exchange risk during the period.

Contingent Liabilities

As at 31 January 2001, save for a corporate guarantee to the extent of HK$20 million issued by the Company in favour of a bank for securing banking facilities made available to a subsidiary, there were no other significant contingent liabilities.

Ageing Analysis

There have been no material changes in the ageing profile of trade receivables and payables since the last published annual report.

BUSINESS REVIEW

During the period under review, the Group focused on property investment and property management businesses in Hong Kong.

Property Investment

The Group's investment properties comprise mainly office and shop units in Hong Kong, where market conditions remain depressed. Property rental contributed around HK$2.6 million profit to the Group's operating results during the period, representing a decrease of approximately 17.8% when compared with the last corresponding period.

Property Management

The property management operation in Hong Kong reported improved results. Profit contribution for the first half of the financial year amounted to approximately HK$1.7 million.

Material Acquisitions and Disposals

In October 2000, the Group entered into various conditional agreements to dispose of several investment properties and its entire interests in two property investment companies at an aggregate consideration of approximately HK$52.8 million with a view to setting aside funds for new investment opportunities. The disposals were completed on 28 March 2001.

In November 2000, the Company entered into a conditional sale and purchase agreement whereby the Company disposed of its entire interests in a property investment company and a property management company together with cash consideration of HK$78 million in exchange of a 40% stake in an internet communication business (the "WIP Agreement"). Full details of the transaction were disclosed in a circular dated 2 December 2000. The directors considered that the asset swap represented a good opportunity for the Group to diversify into the growing internet and telecommunication businesses, and paved the way for the Group to open up new sources of revenues. The transaction was completed on 26 February 2001.

On 14 December 2000, the Company jointly announced with China Rich Holdings Limited ("China Rich") that:

(i) a conditional agreement was entered into between the Company and E-Cash Ventures Limited ("E-Cash"), an indirect wholly owned subsidiary of Far East Consortium International Limited, on 6 December 2000, whereby the Company conditionally agreed to sell its entire 15.33% interest in Mutual Luck Investment Limited ("Mutual Luck") to E-Cash at a cash consideration of HK$120 million (the "Mutual Luck Agreement");

(ii) a conditional agreement was entered into between the Company, China Rich and Rocket High on 6 December 2000, whereby the Company conditionally agreed to acquire from China Rich the entire interests in Marvelink Limited and its subsidiaries (the "Marvelink Group") at a consideration of HK$646.8 million (the "Evergreen Agreement"), of which HK$120 million will be satisfied by cash and the balance of HK$526.8 million will be satisfied by the issue and allotment of 1,097,500,000 new shares in the Company to China Rich at HK$0.48 per share; and

(iii) upon completion of the Evergreen Agreement, China Rich will have acquired 69.5% of the enlarged issued share capital of the Company and will make a cash offer for all the remaining shares at HK$0.48 per share.

On 28 March 2001, the Directors further announced that a second supplemental agreement to the Mutual Luck Agreement and a third supplemental agreement to the Evergreen Agreement had been entered into between the Company and the respective parties, whereby certain terms of the principal agreements had been varied. In particular, the date for fulfillment or waiver of all conditions precedent under both agreements had been extended to 28 April 2001.

Full details of the Mutual Luck Agreement, Evergreen Agreement and the second supplemental agreement to the Mutual Luck Agreement were disclosed in the Company's circulars dated 22 January 2001, 31 March 2001 and 10 April 2001 respectively.

Mutual Luck was the registered owner of a piece of agricultural land known as Fung Lok Wai in Yuen Long, Hong Kong. The Company has maintained a 15.33% interest in Mutual Luck since 1992. The land was originally zoned by the Government as Conservation Area and after more than eight years' negotiation with the Government, the land was conditionally re-zoned as Other Specified Uses annotated Comprehensive Development and Wetland Enhancement Area in October 2000. Construction work has not yet commenced. In view of the scale and nature of the proposed development and the time and financial resources to be expended, the directors considered that the Mutual Luck transaction represented a good opportunity for the Company to realise its investment. The proceeds from the transaction will be used to fund the consideration payable by the Company under the Evergreen Agreement.

On the other hand, the principal assets of the Marvelink Group comprise various property interests, recreational and healthcare operations in the PRC known as the Evergreen Club. The Evergreen Club is designed to serve as either a permanent home or a holiday center catering for retirees. The directors considered that the Evergreen transaction would allow the Company to expand its investment portfolio to include residential properties as well as recreational and healthcare facilities in the PRC which were expected to provide additional revenue streams for the Company.

Both the Mutual Luck Agreement and the Evergreen Agreement are expected to complete in May 2001. Since the Evergreen Agreement is conditional and the cash offer following the completion of the Evergreen Agreement is a possibility only, shareholders of the Company are again reminded to exercise caution in dealing in the shares of the Company.

OUTLOOK

The continual fall in property values in Hong Kong has a negative impact on the Group's results since 1998. Amidst a sluggish property market, the directors pursue a policy of diversification with a view to broadening income base in areas with considerable growth potential. The Group's current earnings may be affected as a result of the business diversification program; nonetheless, the directors are of the view that the new businesses, when mature, will generate profits more than offsetting the loss of immediate earnings.

DIRECTORS' INTERESTS IN SHARES OR SHARE OPTIONS

As at 31 January 2001, the interests of the directors and associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

1. Shares

Name of director	Number of shares held	Nature of interest
Liu Ngai Wing	3,000,000	Personal interest
Wong Chui Kay	160,000	Personal interest

2. Share Options

Name of director	Number of options outstanding	Subscription price per share	Exercisable period
Liu Ngai Wing	3,000,000	HK$0.5712	8 April 1997 to 6 March 2007

Other than as disclosed above and certain nominee shares in subsidiaries held by directors in trust for the Company, at 31 January 2001, none of the directors or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives or their spouses or children under the age of 18 had any right to subscribe for securities of the Company or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDER

As at 31 January 2001, the register of substantial shareholder maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10% or more in the Company's issued share capital:

Name of Shareholder	Number of Shares Held	%
Rocket High Investments Limited	80,399,926 *(note)*	16.7

Note: As disclosed in the circular dated 8 September 2000, Rocket High Investments Limited is beneficially and wholly-owned by Mr. David Chiu ("Mr. Chiu"). At present, Far East Consortium International Limited ("FECIL") is interested in 41,623,666 shares. Mr. Chiu together with his family members and associates are controlling shareholders of FECIL. Tokai Kanko Co., Ltd., a company in which Mr. Chiu holds a 40% interest, is holding 27,372,000 shares. Accordingly, Mr. Chiu and his associates are interested in 149,395,592 shares (approximately 31% of the issued share capital of the Company).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 January 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE UNDER PRACTICE NOTE 19 OF THE LISTING RULES

As at the date of this report, the Company has an advance of approximately HK$123,222,000 (the "Advance") to Mutual Luck Investment Limited ("Mutual Luck"), a company in which the Company holds a 15.33% interest. The Advance represents the shareholder's loan granted in 1989 by the Group with accrued interest up to 31 July 1999.

Mutual Luck is engaged in property investment and the advance is made for financing its acquisition of a parcel of leasehold land known as Fung Lok Wai in Yuen Long, Hong Kong in 1989.

Details have been disclosed in a circular of the Company dated 26 May 1989, at which time Mutual Luck was a wholly-owned subsidiary of the Group.

The Advance is unsecured, non-interest bearing and has no fixed repayment terms.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 31 January 2001, in compliance with the "Code of Best Practice" as set out in Appendix 14 of the Listing Rules.

By Order of the Board

LAI YICK FUNG
Company Secretary

Hong Kong, 26 April 2001