

INTERIM RESULTS

For the six months ended 30th June 2001, the Group's turnover decreased by approximately 68% to approximately HK\$8,716,000 as compared to the corresponding period for 2000. The decrease was mainly due to the decrease in the disposal of properties by the Group. The loss attributable to shareholders decreased slightly by 2% to approximately HK\$22,968,000 from HK\$23,363,000 for the corresponding period in 2000.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the period ended 30th June 2001 (2000: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30th June 2001, the Group's operating loss amounted to HK\$18,055,000 as compared with a loss of HK\$17,832,000 recorded in the corresponding period last year.

The Group is previously principally engaged in the property investment and management businesses. In early 2000, to cope with the New Economy, the Board of Directors has redefined the core business directions of the Group as high-tech area and core business directions of its listed associate company, INNOMAXX Biotechnology Group Limited, as biotechnology business.

High-tech Business

The Professional Service Subcontract ("PSS") entered into with Cisco System, Inc. ("Cisco") in October 2000 and the acquisition of interest in Strong Way International Limited ("SWIL") in August 2001 represented the Group's major commitments in the high-tech field and the Directors of the Company are confident that moving the Group in this direction will bring improved returns and long-term enhanced value for the Company's shareholders.

Strong Way International Limited

On 10th August 2001, the Group acquired 60% of the issued share capital of SWIL for an aggregate consideration of HK\$66,000,000, satisfied by the allotment and issue of 53,000,000 new shares by the Company at an issue price of HK\$1.00 per share and payment of HK\$13,000,000 in cash.

SWIL is principally engaged in design and distribution of “SONIX” brand integrated circuits for toy manufacturings in Hong Kong and the South East Asia Region. SWIL is an agent and the distributor of “SONIX” brand integrated circuits in Hong Kong. SWIL has approximately 20 staff, dominated by engineering and sales personnel. The major revenue of the SWIL is generated from design, programming, consultation and distribution of “SONIX” brand integrated circuits.

PSS with Cisco

In October 2000, Ever Global Technology (Beijing) Limited (“EGTB”), a company incorporated in the PRC which is a wholly-owned subsidiary of the Company, has entered into an agreement with Cisco setting out the terms and conditions which will govern the provision by EGTB of professional services to Cisco and/or Cisco customers in respect of specific projects on which EGTB commits to provide such services from time to time. The Board believes that, EGTB shall have a promising market share in the System Integration Business.

EGTB has already set up a permanent office of approximately 4,000 square feet in the Central Business District of Beijing with the support of about 30 technical staffs, which includes a group of qualified CCIE, CCNP and CCNA. In anticipation of the huge market size of System Integration Business, EGTB is still expanding and strengthening its technical workforce and will set up a number of branch offices in strategic location of different major cities of the PRC. The Board of the Company is confident that EGTB can provide the highest quality services to Cisco and their customers in PRC.

Pursuant to the PSS, EGTB will provide the following services to Cisco and/or their customers in PRC:

- Provide networking solutions to Cisco customers (include network design and hardware recommendations but exclusive of hardware procurement)
- Perform pre-installation testing of Cisco equipment
- Liaise with Cisco or its appointed representative and Cisco’s customers for site inspection
- Install and commission Cisco equipment at customer sites
- Perform network acceptance test together with Cisco and/or their customers

Biotechnology Businesses

As at 30th June 2001, the Group held 22.18% of the issued capital of INNOMAXX Biotechnology Group Limited (“INNOMAXX”), the shares of which are listed on The Stock Exchange of Hong Kong Limited. INNOMAXX has been defined as the investment vehicle of the Group in biotechnology field.

On 22nd January 2001, a wholly-owned subsidiary of INNOMAXX acquired all the issued share capital of Cell Therapy Technologies Centre Limited (“CTTC”), a private Hong Kong biotechnology company established in 1996. The consideration of HK\$30,000,000 was settled by the allotment and issue of 100,000,000 new shares of HK\$0.10 each by INNOMAXX at an issue price of HK\$0.30 per share.

CTTC principally involves in the analysis, storage, matching and use of umbilical cord blood stem cells and the research and commercial development of stem cell therapeutic and scientific applications, including the treatment of leukemia, lymphoma, myeloma, gynaecological cancers, genetic diseases and blood and immune system disorders.

CTTC is the owner of the trademark “cryoLIFE” which offers expectant parents once-in-a-lifetime opportunity to collect and store their newborns’ umbilical cord blood stem cells for potential life-saving use. CTTC is presently the largest and most successful privately-owned cord blood banking centre in Asia. It achieved ISO9002 certification since 1999, ensuring its top quality in processing and storage of the clients’ cord blood sample.

Property Investment

The development project in the PRC, Fairview Garden, Chaoyang District, Beijing, PRC, under the Group’s 50% interest jointly controlled entity, Beijing Glory Real Estate Development Co., Ltd. (“Beijing Glory”), comprises of three phases. The first phase of development had been completed in mid-1997 with currently occupancy of over 67%. Development of second phase is in progress and pre-sale of units for second phase has been launched in mid-August 2001.

On 16th August 2001, the Group entered into an agreement with another shareholder of Beijing Glory in relation to the sale of 42% interest in Beijing Glory and the transfer of indebtedness from Beijing Glory to the Group to that shareholder at a total consideration of RMB110,000,000 (approximately HK\$103,400,000). The transaction is expected to be completed within twelve month from the date of the agreement. Upon completion of the transaction, the Group will hold 8% interest in Beijing Glory.

The Group owns 31.5% interests in Beijing Long Quan Hotel Limited, which is running smoothly and steadily.

In addition to the above, as at 30th June 2001, the Company also held interests in the following properties and development projects in Hong Kong:

- (1) Two units at Dynamic Cargo Centre, Tsuen Wan, New Territories; and
- (2) Thirteen houses at Lot No.242 in DD331, Cheung Sha, Lantau Island.

FINANCING

As at 30th June, 2001, the Group had current assets of HK\$21,793,000 (31st December 2000: HK\$30,073,000) and current liabilities of HK\$72,955,000 (31st December 2000: HK\$43,230,000). The Group's cash and bank balances as at 30th June, 2001 amounted to HK\$3,146,000 (31st December 2000: HK\$2,114,000).

As at 30th June, 2001, the Group has pledged the properties in Hong Kong with carrying value of approximately HK\$45,000,000 (31st December 2000: HK\$54,780,000) as securities for the bank loans amounted to HK\$29,414,000 (31st December 2000: HK\$44,378,000). The gearing ratio, as a ratio of bank loans to shareholders' funds, was 19% (31st December 2000: 23%).

As most of the cash reserves were placed in HK dollars short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is minimal.

HUMAN RESOURCES

Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. The Group has participated in Mandatory Provident Fund Scheme since December 2000.