

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31st July	
	2004	2003
	(unaudited)	(unaudited)
	HK\$	HK\$
NET CASH USED IN OPERATING ACTIVITIES	(1,332,951)	(853,977)
NET CASH FROM INVESTING ACTIVITIES	4,580,000	3,070
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(2,924,900)	81,383
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	322,149	(769,524)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,191	2,465,834
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	323,340	1,696,310
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	323,340	1,696,310

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST JULY, 2004

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st January, 2004.

3. Segment information

An analysis of turnover and contribution to profit (loss) before taxation of the Group for the six months ended 31st July, 2004 and 2003 is as follows:

	Turnover 2004 HK\$	Contribution to profit (loss) before taxation 2004 HK\$	Turnover 2003 HK\$	Contribution to loss before taxation 2003 HK\$
Business Segments				
Property development and trading	–	(22,891)	–	(241,085)
Property investment	180,000	(810,749)	184,000	(662,288)
	<u>180,000</u>	<u>(833,640)</u>	<u>184,000</u>	<u>(903,373)</u>
Gain on disposal of associates		3,089,612		–
Share of results of associates		(1,253,967)		(198,683)
Profit (loss) before taxation		<u>1,002,005</u>		<u>(1,102,056)</u>

4. Depreciation

During the Period, depreciation provided by the Group was HK\$301 (2003: HK\$807).

5. Taxation

No provision for Hong Kong Profits Tax and overseas tax has been made in the financial statements as there were no assessable profits for the Period.

A deferred tax asset of approximately HK\$1,619,000 (31st January, 2004: HK\$1,465,000) has not been recognised in the financial statements in respect of estimated tax losses available to offset future profits, due to the unpredictability of future profit streams.

6. Earnings (loss) per share

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	For the six months ended 31st July	
	2004	2003
	HK\$	HK\$
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>1,002,005</u>	<u>(1,057,817)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	86,141,399	86,141,399
Effect of dilutive convertible preference shares	<u>333,213</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>86,474,612</u>	

7. Investment properties

The directors have considered the carrying amounts of the Group's investment properties at 31st July, 2004 and have estimated that the carrying amounts do not differ significantly from those which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

8. Related party transactions

During the Period, the Group received rental income of HK\$96,000 (2003: HK\$120,000) from a related company, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests. The above transaction was carried out at price as stated in the rental agreement.

In addition, included in borrowings at 31st July, 2004 was an amount of HK\$342,317 (31st January, 2004: HK\$3,004,517), due to a shareholder. The amount is unsecured and non-interest bearing.

9. Post balance sheet event

On 12th August, 2004, the Company entered into a sale and purchase agreement with an independent third party for the disposal of an investment property for a cash consideration of HK\$4,350,000.