

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (outflow)/inflow from operating activities	(18,711)	53,875
Net cash outflow from returns on investments and servicing of finance	(20,875)	(44,274)
Net tax paid	(2,411)	(2,445)
Net cash outflow from investing activities	(3,137)	(5,283)
Net cash (outflow)/inflow before financing	(45,134)	1,873
Net cash inflow from financing	46,742	19,196
Increase in cash and cash equivalents	1,608	21,069
Cash and cash equivalents at 1 April	151,593	156,087
Effect of foreign exchange rate changes	-	16
Cash and cash equivalents at 30 September	<u>153,201</u>	<u>177,172</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>153,201</u>	<u>177,172</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Unaudited	
	Six months ended 30 September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange difference arising on translation of subsidiaries, not recognised in the profit and loss account	-	16
Profit for the period	10,108	30,518
Total recognised gains	<u>10,108</u>	<u>30,534</u>

Notes to condensed interim accounts

1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants.

These condensed interim accounts should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	Events after the balance sheet date
SSAP 14 (revised)	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

The changes to the Group's accounting policies and the effect of adopting these new policies is set out below:

a) *SSAP 9 (revised): Events after the balance sheet date*

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 9, opening retained earnings at 1 April 2000 have increased by HK\$6,004,000 which is the reversal of the provision for the 1999-2000 proposed final dividend previously recorded as a liability as at 31 March 2000 although not declared until after the balance sheet date.

This adjustment has resulted in a decrease in current liabilities at 31 March 2000 by HK\$6,004,000 for provision for proposed dividends that is no longer required.

b) *SSAP 26: Segment reporting*

In note 2 to these condensed interim accounts, the Group has disclosed segment revenue and results as defined under SSAP 26. In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format. Comparative information has been given.

2. Segment information

The Group is engaged in the trading and marketing of paper products. As stated in note 1 to these condensed interim accounts, the Group has determined that business segments, which comprise the trading and marketing of paper products only, be presented as the primary reporting format. Accordingly, an analysis of the Group's revenue and results for the period by business segments has not been presented.

The Group operates in two main geographical areas, Hong Kong and Mainland China. An analysis of the Group's turnover for the period by geographical segment is as follows:

	Six months ended 30 September	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong	987,211	1,354,158
Mainland China	239,549	141,087
	<u>1,226,760</u>	<u>1,495,245</u>

No contribution to operating profit from any of the above geographical segment is substantially out of line with the normal ratio of profit to turnover.

3. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30 September	
	2001	2000
	HK\$'000	HK\$'000
Crediting:		
Interest income	4,474	5,510
Charging:		
Depreciation of fixed assets	5,955	5,770

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000:16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the applicable rates of taxation prevailing in the areas in which the Group operates.

The taxation charges comprise:

	Six months ended 30 September	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax	3,620	6,102
Overseas taxation	-	123
	<u>3,620</u>	<u>6,225</u>

5. Dividends

	Six months ended 30 September	
	2001	2000
	HK\$'000	HK\$'000
Final – HK\$Nil (2000: HK\$0.015) per share paid (Note (i))	-	6,004
Proposed interim – HK\$0.005 (2000: HK\$0.015) per share (Note (ii))	2,146	6,439
	<u>2,146</u>	<u>12,443</u>

Notes:

- (i) The previously recorded final dividend proposed and declared after the balance sheet date but accrued in the accounts for the year ended 31 March 2000 was HK\$6,004,000. Under the Group's new accounting policy as described in Note 1(a), the dividend has been written back against opening reserves as at 1 April 2000 and was now charged in the year ended 31 March 2001 the year in which the dividend was proposed.
- (ii) At a meeting held on 19 December 2001 the directors declared an interim dividend of HK\$0.005 per share. This proposed dividend is not reflected as a dividend payable in these interim condensed accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2002.

6. Earnings per share

The calculation of earnings per share is based on the Group's unaudited consolidated profit attributable to shareholders of HK\$10,108,000 (2000: HK\$30,518,000) for the period and on the weighted average number of 429,258,039 (2000: 400,258,039) shares of the Company in issue during the period.

7. Accounts receivable, deposits and prepayments

Included in accounts receivable, deposits and prepayments are trade debtors of HK\$842,633,000 (31 March 2001: HK\$710,176,000) and their ageing analysis is as follows:

	30 September	31 March
	2001	2001
	HK\$'000	HK\$'000
Current to 60 days	547,550	434,685
61 to 90 days	162,118	123,060
Over 90 days	132,965	152,431
	<u>842,633</u>	<u>710,176</u>

The Group has a defined credit policy with general credit terms ranged from 30 days to 90 days.

8. Accounts payable and accrued charges

Included in accounts payable and accrued charges are trade creditors of HK\$210,360,000 (31 March 2001: HK\$191,130,000) and their ageing analysis is as follows:

	30 September 2001 HK\$'000	31 March 2001 HK\$'000
Current to 60 days	157,731	152,001
61 to 90 days	47,438	27,142
Over 90 days	5,191	11,987
	<u>210,360</u>	<u>191,130</u>

9. Reserves

	Share premium HK\$'000	Assets revaluation HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2000 as previously reported	76,128	62,742	33,311	(142)	242,418	414,457
Effect of adopting SSAP 9 (revised)	-	-	-	-	6,004	6,004
At 1 April 2000 as restated	76,128	62,742	33,311	(142)	248,422	420,461
1999-2000 final dividend paid	-	-	-	-	(6,004)	(6,004)
Net proceeds from issue of ordinary shares	20,165	-	-	-	-	20,165
Exchange difference	-	-	-	16	-	16
Profit for the year	-	-	-	-	21,509	21,509
2000-2001 interim dividend paid	-	-	-	-	(6,439)	(6,439)
At 31 March 2001	<u>96,293</u>	<u>62,742</u>	<u>33,311</u>	<u>(126)</u>	<u>257,488</u>	<u>449,708</u>
At 1 April 2001	96,293	62,742	33,311	(126)	257,488	449,708
Profit for the period	-	-	-	-	10,108	10,108
Reserves	96,293	62,742	33,311	(126)	265,450	457,670
Proposed interim dividend	-	-	-	-	2,146	2,146
At 30 September 2001	<u>96,293</u>	<u>62,742</u>	<u>33,311</u>	<u>(126)</u>	<u>267,596</u>	<u>459,816</u>

10. Contingent liabilities

The Company provided corporate guarantees on the banking facilities granted to two subsidiaries. The amount of such facilities utilized by the subsidiaries as at 30 September 2001 amounted to HK\$699,903,000 (31 March 2001: HK\$636,340,000).

11. Commitments

(a) Forward exchange contracts

At 30 September 2001, the Group had outstanding forward exchange contracts to purchase American Dollars and Euro amounting to an aggregate of HK\$77,822,000 (31 March 2001: HK\$30,604,000).

(b) Operating lease commitments

At 30 September 2001, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30 September 2001 HK\$'000	Restated 31 March 2001 HK\$'000
Within one year	10,082	3,768
In the second to fifth years inclusive	419	7,020
	<u>10,501</u>	<u>10,788</u>

12. Charge of assets

At 30 September 2001, trust receipt loans of HK\$246,548,000 (31 March 2001: HK\$224,597,000) and bank loans of HK\$37,480,000 (31 March 2001: HK\$40,000,000) were secured by legal charges on certain properties of the Group in Hong Kong.