

## **BASIS OF PRESENTATION**

The consolidated interim financial statements were unaudited and had been prepared in accordance with all applicable Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and on a basis consistent with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2000.

## **BASIS OF CONSOLIDATION**

The unaudited consolidated interim financial statements included the financial statements of the Company and its subsidiaries for the Period. The results of subsidiaries during the Period were consolidated and all significant inter-company transactions and balances within the Group were eliminated on consolidation. The basis of consolidation adopted in this interim report is consistent with that used by the Group in presenting the annual financial statements for the year ended 31 December 2000.

### **1. Turnover**

Turnover represents the invoiced value of inventories sold, net of discounts and returns, and rental income. There had been no change in the Group's principal activities during the Period. As before, the Group was involved in the following principal activities:

- Marketing and distribution of left-hand-drive motor vehicles; and
- Property holding for rental income purposes.

## Notes to Financial Statements

Six months ended 30 June 2001

The results of operations of the Group by principal activities and geographical locations are summarised as follows:

	Group Turnover		Contribution to loss	
	Six months ended		from operating	
	30 June		activities	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Principal activities:</b>				
Trading of motor vehicles	12,428	12,979	(4,208)	(4,424)
Rental income	921	971	650	626
Other revenue	276	304	276	304
Goodwill written off	—	—	—	—
Other group expenses	—	—	—	—
	<u>13,625</u>	<u>14,254</u>	<u>(3,282)</u>	<u>(3,494)</u>

Geographical locations of operations:

	Group Turnover		Contribution to loss	
	Six months ended		from operating	
	30 June		activities	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	12,699	11,671	(2,969)	(2,635)
China	926	2,583	(313)	(859)
	<u>13,625</u>	<u>14,254</u>	<u>(3,282)</u>	<u>(3,494)</u>

## Notes to Financial Statements

Six months ended 30 June 2001

### 2. Other revenue

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
Rental income	921	971
Interest income	193	269
Foreign exchange gain	—	—
Others	83	35
	<u>1,197</u>	<u>1,275</u>

### 3. Loss from operating activities

Loss from operating activities was arrived at after charging/  
(crediting) the following:

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
Depreciation	33	66
Foreign exchange loss, net	244	631
Compensation for premises re-instatement by tenant	(65)	—
Staff costs (including Directors' remuneration)	1,939	1,758
Cost of inventories	12,049	12,703
Interest income	(193)	(269)
Gross and net rental income	<u>(921)</u>	<u>(971)</u>

## Notes to Financial Statements

Six months ended 30 June 2001

### 4. Finance costs

	Six months ended 30 June	
	2001	2000
	HK\$'000	HK\$'000
Interest on:		
Bank loans, overdrafts and trust receipt loans	1,917	2,033
Finance leases	—	—
	<u>1,917</u>	<u>2,033</u>

### 5. Taxation

No provision for Hong Kong profits tax had been provided as there were no assessable profits earned in, or derived from, Hong Kong during the Period (2000: nil).

### 6. Interim dividend

The Directors did not recommend the payment of an interim dividend for the Period (2000: nil).

### 7. Loss per share

The calculation of basic loss per share for the Period was based on the net loss attributable to shareholders for the Period of HK\$5,199,000 (2000: HK\$5,527,000) and the issued weighted average 1,441,572,729 shares for the Period (2000: weighted average 1,179,118,597 issued shares). No diluted loss per share is disclosed in either 2001 or 2000 as the effect of the potential ordinary shares in issue is anti-dilutive for both periods.

**8. Pledged time deposits**

Time deposits of HK\$10.69 million (31 December 2000: HK\$10.52 million) were used to secure the Group's banking facilities. The interests derived therefrom were treated as the Group's other revenue.

**9. Trade and bills receivables**

The Group only allows credit terms to long-established customers ranging from 30 to 90 days. All trade and bills receivables at 30 June 2001 were aged less than 60 days from the date of recognition of the sale. At the time of preparing this interim report, receivables of approximately HK\$1.50 million had been settled.

**10. Amount due to related company**

The amount due to Winsley Investment Limited ("Winsley"), which is wholly owned by Mr. Chan Chun Choi and Madam Lam Mo Kuen, Anna, both of whom are the Directors of the Company, is unsecured, interest free and has no fixed terms of repayment (2000: nil).

**11. Trade and other payables and accruals**

89.73% of all trade and other payables and accruals at 30 June 2001 were aged less than 90 days from the date of receipt of goods purchased (2000: 96.85%).

## Notes to Financial Statements

Six months ended 30 June 2001

### 12. Interest-bearing bank borrowings

	30 June 2001 HK\$ '000	31 December 2000 HK\$ '000
Bank loans repayable within one year	1,010	19,344
Bank overdraft repayable within one year or on demand	<u>17,217</u>	<u>20,079</u>
	<u>18,227</u>	<u>39,423</u>
Bank loans repayable more than one year	<u>13,133</u>	<u>—</u>

### 13. Issued capital

	30 June 2001 HK\$ '000	31 December 2000 HK\$ '000
<i>Authorised:</i>		
2,500,000,000 ordinary shares of HK\$0.02 each	<u>50,000</u>	<u>50,000</u>
<i>Issued and fully paid:</i>		
1,470,744,000 (31 December 2000: 1,230,744,000) ordinary shares of HK\$0.02 each	<u>29,415</u>	<u>24,615</u>

#### New issue:

Pursuant to a resolution passed in the Board meeting of the Company on 8 January 2001, and by means of placing, the Company issued a total of 240,000,000 new ordinary shares of HK\$0.023 per share on 23 January 2001 to ten independent investors. The net proceeds of HK\$5,220,000 were used for general working capital purposes.