

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow / (outflow) from operating activities	8,658	(251)
Returns on investments and servicing of finance	(2,014)	(32,587)
Tax refund / (paid)	(16)	3
Investing activities	(27,198)	(10,555)
Net cash outflow before financing activities	(20,570)	(43,390)
Financing activities	(7,855)	15,302
Decrease in cash and cash equivalents	(28,425)	(28,088)
Cash and cash equivalents at beginning of period	69,553	83,282
Cash and cash equivalents at end of period	41,128	55,194
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	25,937	17,622
Bank deposits	16,405	38,186
	42,342	55,808
Less: Bank overdraft	(569)	–
Less: Bank deposits with original maturity of more than three months	(645)	(614)
	41,128	55,194

Notes:

1. Basis of Preparation

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting". The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31st March, 2001 except in relation to SSAP 9 (revised) "Events after the Balance Sheet Date".

Following the adoption of SSAP 9 (revised), whereby dividends proposed after the balance sheet date should not be recognized as a liability at the balance sheet date, the final dividend proposed for the year ended 31st March, 2001 of HK\$3,343,000, classified as a current liability at 31st March, 2001, has been reclassified and shown under the shareholders' equity. There is no impact on the condensed consolidated profit and loss account because of this change.

In addition, with the introduction of SSAP 30 "Business Combinations", the Group has adopted the transitional provisions prescribed therein, and as a result all goodwill arising from acquisition before 1st January, 2001 will continue to be eliminated against reserves and no reinstatement has been made. However, any impairment arising on such goodwill is recognized in the profit and loss account.

2. Turnover

Turnover represents the invoiced value of goods sold, net of discounts and returns, and services rendered during the period after elimination of all significant intra-group transactions.

3. Segmental Information

	Turnover		Contribution to profit from operating activities	
	For the six months ended 30th September,			
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activities:				
Manufacture and sale of paper cartons and packaging boxes and commercial printing	167,574	174,568	16,005	21,568
Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags	8,501	14,997	1,399	552
Provision of internet on-line games (Discontinued operation)	–	–	(375)	(5,762)
	176,075	189,565	17,029	16,358

More than 90% of the Group's turnover is derived from activities in Hong Kong and accordingly, a geographical analysis of turnover is not presented. The Group's operations in the People's Republic of China ("PRC") and Hong Kong contributed 45.3% and 54.7% of the Group's profit from operating activities, respectively.

4. Other Revenue

	For the six months ended 30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	1,750	1,282
Rental income	836	402
Sales of scrap materials	2,812	2,489
Gain on disposal of fixed assets	–	4
Gain on disposal of a subsidiary	2,300	87
Others	35	121
	7,733	4,385

5. Profit before Tax

Profit before tax is arrived at after charging the following:

	For the six months ended 30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses	445	1,140
Depreciation	11,993	11,764

6. Tax

	For the six months ended 30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax	813	6,329
Overseas tax	1,091	953
Deferred tax	(372)	(8,172)
	1,532	(890)

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the relevant jurisdictions in which the Group operates.

7. Interim Dividend

	For the six months ended 30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK0.5 cent (2000: Nil) per ordinary share	2,089	-

8. Earnings Per Share

The calculation of basic earnings per share is based on the Group's unaudited consolidated net profit from ordinary activities attributable to shareholders for the period of HK\$15,371,000 (2000: HK\$16,132,000) and the weighted average of 462,355,874 ordinary shares in issue after adjusting for the bonus issue and shares repurchased during the period (2000: 621,166,666, adjusted for the bonus issue).

The calculation of diluted earnings per share is based on the Group's unaudited consolidated net profit from ordinary activities attributable to shareholders for the period of HK\$15,371,000 (2000: HK\$16,132,000). The weighted average number of ordinary shares used in the calculation is

462,355,874 (2000: 621,166,666) ordinary shares in issue, adjusted for the bonus issue and shares repurchased during the period, as used in basic earnings per share calculation, and the weighted average of 1,828,246 (2000: 11,234,550) ordinary shares assumed to have been issued at no consideration, adjusted for the bonus issue, on the deemed exercise of all share options during the period.

9. Investment Securities

	As at	
	30th September, 2001 (Unaudited) HK\$'000	31st March, 2001 (Audited) HK\$'000
8% convertible redeemable note	24,000	–
Unlisted equities outside Hong Kong, at cost	–	142,794
	24,000	142,794

The unlisted equities outside Hong Kong represented investment cost in the 6.8% equity interest in the issued share capital of Sega.com PC Networks, Inc. ("Sega.com PC") and was disposed of to Sega.com, Inc. at a consideration of HK\$142,794,000 pursuant to the disposal and share repurchase agreement dated 6th February, 2001 (the "Agreement"). Furthermore, as part of the condition of the Agreement, the Company also disposed of Sega.com Asia Networks Limited ("Sega Asia"), a former wholly owned subsidiary, to Sega.com, Inc.. On 7th May, 2001, the conditions of the Agreement were fulfilled. The resulting net gain on disposal of Sega.com PC and Sega Asia was approximately HK\$1,112,000.

10. Other Investments

	As at	
	30th September, 2001 (Unaudited) HK\$'000	31st March, 2001 (Audited) HK\$'000
Shares listed in Hong Kong, at market value	–	539
Equity-linked bonds in Hong Kong, at fair value	2,936	2,779
	2,936	3,318

11. Accounts Receivable

The Group allows an average credit period of 60 days to its trade customers.

Ageing Analysis

	As at			
	30th September, 2001		31st March, 2001	
	(Unaudited) HK\$'000	(Unaudited) %	(Audited) HK\$'000	(Audited) %
Current to 30 days	47,470	46	20,946	42
31 – 60 days	38,631	37	12,584	26
61 – 90 days	14,312	14	4,531	9
Over 90 days	3,428	3	11,174	23
	103,841	100	49,235	100

12. Accounts Payable

Ageing Analysis

	As at	
	30th September, 2001 (Unaudited) HK\$'000	31st March, 2001 (Audited) HK\$'000
Current to 30 days	18,572	14,562
31 – 60 days	9,544	5,001
61 – 90 days	14,418	4,665
Over 90 days	2,061	3,259
	44,595	27,487

13. Share Capital

	As at	
	30th September, 2001 (Unaudited) HK\$'000	31st March, 2001 (Audited) HK\$'000
<i>Authorised:</i>		
800,000,000 ordinary shares of HK\$0.1 each	80,000	80,000
<i>Issued and fully paid:</i>		
417,875,000 ordinary shares of HK\$0.1 each (31st March, 2001: 510,300,000 ordinary shares of HK\$0.1 each)	41,788	51,030

A summary of the movements in the share capital of the Company is as follows:

	Number of ordinary shares of HK\$0.1 each	Amount HK\$'000
As at 1st April, 2001	510,300	51,030
Repurchase shares from Sega.com, Inc.	(176,000)	(17,600)
Bonus issue 1 for 4	83,575	8,358
As at 30th September, 2001	417,875	41,788

Notes:

- (i) During the period under review, 176,000,000 ordinary shares of HK\$0.1 each was repurchased from Sega.com, Inc. pursuant to the Agreement. The conditions as laid down in the Agreement were completed on 7th May, 2001 and the 176,000,000 repurchased shares were cancelled accordingly.

- (ii) By an ordinary resolution passed at the Annual General Meeting of the Company held on 31st August, 2001, the issued share capital was increased by way of a bonus issue by applying HK\$8,357,500 standing to the credit of the share premium account in payment in full at par of 83,575,000 shares of HK\$0.1 each on the basis of one new share for every four shares held on 31st August, 2001. These shares ranked pari passu with the existing ordinary shares of the Company but were not entitled to the final dividend of HK1 cent each declared by the Company for the year ended 31st March, 2001.

14. Contingent Liabilities

The Company provided corporate guarantees as set out below:

	As at	
	30th September, 2001 (Unaudited) HK\$'000	31st March, 2001 (Audited) HK\$'000
Corporate guarantee to banks for the provision of general banking facilities	69,900	69,900

REVIEW OF OPERATION

For the period under review, the Group reported a total turnover of approximately HK\$176.1 million and a net profit attributable to shareholders of approximately HK\$15.4 million. This represented a decrease of about 7.1% from the turnover of HK\$189.6 million and a decrease of about 4.7% from the net profit attributable to shareholders of HK\$16.1 million of the Group for the corresponding period of last year respectively.

Printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, together with the manufacture of children novelty books and commercial printing continued to be the Group's major activities and has accounted for about 95.2% of the total turnover of Group for the six months ended 30th September, 2001. Persistent severe competition and downward pricing pressure within the market continued to affect the turnover and profit margin of this division. For the period under review, the Group recorded a turnover of approximately HK\$167.6 million and a contribution to profit from operating activities of approximately HK\$16 million for this division, as compared to the turnover of approximately HK\$174.6 million and a contribution to profit from operating activities of approximately HK\$21.6 million of the corresponding period of last year respectively.

The Group is also engaged in the manufacture of hangtags, labels, shirt paper boards and plastic bags. For the six months ended 30th September, 2001, about 4.8% of the Group's total turnover in the amount of approximately HK\$8.5 million was attributable to this division. The contribution to profit from this division was approximately HK\$1.4 million for the period under review, as compared to the contribution to profit of approximately HK\$0.6 million of the corresponding period of last year.