

Notes	6 months ended 30.9.2001 <i>(HK\$'000)</i>	6 months ended 30.9.2000 <i>(HK\$'000)</i>
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	10,445	10,405
Bank overdrafts	(50,305)	(43,413)
Cash and cash equivalents at September 30	<u>(39,860)</u>	<u>(33,008)</u>

Notes to the Financial Statements

1. Basis of preparation

The unaudited interim results of the Group have been prepared in compliance with Statements of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" and Appendix 16 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited and on a basis consistent with the accounting policies adopted in the report and accounts for the year ended March 31, 2001.

The interim consolidated accounts for the six months ended September 30, 2001 are unaudited, but have been reviewed by the Audit Committee of the Company.

2. Segmental information

Turnover represents total net invoiced value of goods supplied to customers outside the Group.

The analysis of the Group's turnover and profit/(loss) from operations by principal activities and geographical markets are as follows:

	Turnover		Loss from operations	
	6 months ended 30.9.2001 (HK\$'000)	6 months ended 30.9.2000 (HK\$'000)	6 months ended 30.9.2001 (HK\$'000)	6 months ended 30.9.2000 (HK\$'000)
By principal activities				
Manufacturing and trading	<u>60,783</u>	<u>93,208</u>	<u>(61,761)</u>	<u>(19,049)</u>
By geographical markets				
Europe	23,200	40,745	(23,500)	(8,300)
America	22,360	29,307	(22,700)	(6,000)
Asia	4,786	11,265	(4,800)	(2,300)
Australia and Oceania	4,755	6,738	(4,831)	(1,379)
Others	<u>5,682</u>	<u>5,153</u>	<u>(5,930)</u>	<u>(1,070)</u>
	<u>60,783</u>	<u>93,208</u>	<u>(61,761)</u>	<u>(19,049)</u>

3. Depreciation and amortisation

During the period, depreciation of HK\$11.2 million (2000: HK\$13.8 million) was charged in respect of the Group's property, plant and equipment and amortisation of HK\$19.5 million (2000: HK\$4.4 million) in respect of other assets.

4. Taxation

	6 months ended 30.9.2001 <i>(HK\$'000)</i>	6 months ended 30.9.2000 <i>(HK\$'000)</i>
The tax charge/(credit) comprises:		
Current tax		
Hong Kong profits tax		
– Company and subsidiaries		
Underprovision in respect of prior years	–	(380)
	<u> </u>	<u> </u>

No provision for Hong Kong and overseas profits tax has been made in the consolidated financial statements as the Group had no assessable profit for both periods.

5. Loss per share

The basic loss per share is calculated based on the loss attributable to shareholders in the amount of HK\$87 million (2000: HK\$48 million) and on the 579,039,594 ordinary shares.

Diluted loss per share has not been calculated for the reporting and preceding periods, as no diluting events existed during these periods.

6. Disposal of property, plant and equipment

During the period, there have been no disposals of the Group's property, plant and equipment. (2000: HK\$5.9 million carrying value of a freehold land and building was disposed of and incurred a loss of approximately HK\$2.2 million).

7. Trade and other receivables

The Group allows its trade customers a credit period normally ranging from 30 days to 90 days. Included in trade and other receivables are trade receivables (net of provisions for bad and doubtful debts) with the following aging analysis:

	As at 30.9.2001 (HK\$'000)	As at 30.9.2000 (HK\$'000)
Trade receivables	29,545	41,330
Prepayments and deposits	331	929
Loan to related companies	–	13,000
Other receivables	4,486	12,706
	<u>34,362</u>	<u>67,965</u>

As at September 30, 2001, the aging analysis of the trade receivables was as follows:

	As at 30.9.2001 (HK\$'000)	As at 30.9.2000 (HK\$'000)
Within 3 months	19,957	21,380
4 to 6 months	820	1,418
Over 6 months	8,768	18,532
	<u>29,545</u>	<u>41,330</u>

8. Trade and other payables

	As at 30.9.2001 (HK\$'000)	As at 30.9.2000 (HK\$'000)
Trade payables	51,492	55,161
Other payables	<u>95,819</u>	<u>86,674</u>
	<u><u>147,311</u></u>	<u><u>141,835</u></u>

As at September 30, 2001, the aging analysis of the trade payables was as follows:

	As at 30.9.2001 (HK\$'000)	As at 30.9.2000 (HK\$'000)
Within 3 months	26,046	22,939
4 to 6 months	5,918	4,549
Over 6 months	<u>19,528</u>	<u>27,673</u>
	<u><u>51,492</u></u>	<u><u>55,161</u></u>

9. Reserves

	As at 30.9.2001 (HK\$'000)	As at 30.9.2000 (HK\$'000)
Share premium	445,895	445,895
Asset revaluation reserve	25,034	54,537
Exchange reserve	(12,420)	(13,057)
Capital redemption reserve	1,868	1,868
Capital reserve	27,489	27,489
Enterprise development reserve	<u>803</u>	<u>803</u>
	<u>488,669</u>	<u>517,535</u>

	As at 30.9.2001 (HK\$'000)	As at 30.9.2000 (HK\$'000)
Accumulated losses		
At April 1	(875,008)	(648,291)
Loss for the period	(87,380)	(48,192)
At September 30	(962,388)	(696,483)
	<u>(473,719)</u>	<u>(178,948)</u>
Company and subsidiaries		
Share premium	445,895	445,895
Assets revaluation reserve	25,034	54,537
Exchange reserve	(12,420)	(13,057)
Capital reserve	27,489	27,489
Capital redemption reserve	1,868	1,868
Enterprise development reserve	803	803
Accumulated losses	(866,032)	(598,147)
	<u>(377,363)</u>	<u>(80,612)</u>
Associated companies		
Accumulated losses	(96,356)	(98,336)
	<u>(473,719)</u>	<u>(178,948)</u>

10. Notes to the consolidated cash flow statement

Reconciliation of loss before taxation to net cash outflow from operating activities

	6 months ended 30.9.2001 (HK\$'000)	6 months ended 30.9.2000 (HK\$'000)
Loss before taxation	(89,015)	(48,062)
Interest income	(48)	(49)
Interest expenses less amount capitalised	27,244	27,003
Depreciation of property, plant and equipment	11,201	13,840
Share of loss of associated companies	10	2,010
Amortisation of development costs	–	2,434
Amortisation of intangible assets	1,950	1,950
Loss on disposal of property, plant and equipment	–	2,158
Written back provision for loans to associated companies	–	(1,998)
Change in inventories	34,108	6,071
Change in trade and other receivables	13,162	505
Change in trade and other payables	946	(9,296)
Change in loan to investee company	–	930
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Net cash outflow from operating activities	(442)	(2,504)
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11. Comparative figures

The presentation and classification of items in the interim financial report have been changed due to the adoption of the requirement of SSAP1 (revised) "Presentation of financial statements" and additional line items have been included on the face of the income statement as required by SSAP 1 (revised). Comparative figures have been reclassified to conform with the current period's presentation.