

GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda (as amended) on 5 March 2002. Pursuant to a Scheme of Arrangement (the "Scheme") sanctioned by the Supreme Court of Bermuda, which became effective on 26 August 2002, the Company issued its shares to the shareholders of Dransfield Holdings Limited ("Dransfield"), the former holding company of the Group, in exchange for the entire issued share capital of Dransfield. Dransfield then became a wholly owned subsidiary of the Company and its listing status on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was withdrawn on 27 August 2002. The shares of the Company were listed on the main board of the Stock Exchange on 28 August 2002.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

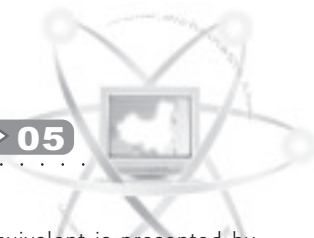
1. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by The Hong Kong Society of Accountants ("HKSA").

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements have been prepared in accordance with the accounting policies consistent with those adopted by the Group in its financial statements for the year ended 31 March 2002. In addition, the Group has adopted the following new or revised SSAPs issued by HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 33	:	Discontinuing operations
SSAP 34	:	Employee benefits



In accordance with SSAP 15 (Revised), the cash flow equivalent is presented by means of a cash flow statement which classifies cash flows during the period according to operating, investing and financing activities. The condensed consolidated cash flow statement for the six months ended 30 September 2001 of Dransfield, which has become a wholly owned subsidiary of the Company pursuant to the Scheme, has been presented on a consistent basis.

Except for the above, the adoption of the new or revised SSAPs has no material impact on the Group's consolidated financial statements.

2. SEGMENT INFORMATION

	Turnover		Loss from operations	
	For the six months ended 30 September		For the six months ended 30 September	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
By principal activity:				
Food and Beverage	13,198	8,248	(1,045)	(595)
UK Brewery Production – discontinuing operation	–	14,420	–	(1,006)
Logistics	4,176	1,964	(1,705)	(1,650)
Others	2,193	8,762	(2,205)	(13,386)
	<u>19,567</u>	<u>33,394</u>	<u>(4,955)</u>	<u>(16,637)</u>
Unallocated corporate expenses			<u>(2,145)</u>	<u>(9,502)</u>
Loss from operations			<u><u>(7,100)</u></u>	<u><u>(26,139)</u></u>
By geographical area:				
Hong Kong	2,519	9,632		
The Peoples' Republic of China	17,048	9,342		
Europe	–	14,420		
	<u>19,567</u>	<u>33,394</u>		

3. DISCONTINUING OPERATION

On 12 April 2002, the Group and a third party entered into an agreement whereby the Group disposed of its entire equity interest in the subsidiaries comprising the UK Brewery Production Division, a separate business segment (Note 2), and the property occupied by the subsidiaries for an aggregate consideration of HK\$2,000,001.

	Continuing operations		Discontinuing operations		Total consolidated	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover (Note)	19,567	18,974	-	14,420	19,567	33,394
Cost of sales	(14,537)	(10,172)	-	(13,255)	(14,537)	(23,427)
Gross profit	5,030	8,802	-	1,165	5,030	9,967
Other operating income	2,744	1,265	-	-	2,744	1,265
Selling expenses	(483)	(780)	-	(432)	(483)	(1,212)
Administrative expenses	(11,551)	(10,922)	-	(1,739)	(11,551)	(12,661)
Unrealised loss on investment in securities	(2,403)	-	-	-	(2,403)	-
Loss on disposal of equipment	(437)	-	-	-	(437)	-
Allowance for amount due from an investee	-	(7,578)	-	-	-	(7,578)
Provision for loss on disposal of investment property	-	(15,920)	-	-	-	(15,920)
Loss from operations	(7,100)	(25,133)	-	(1,006)	(7,100)	(26,139)
Bank interest income	34	47	-	-	34	47
Interest on bank borrowings wholly repayable within five year	(2,276)	(6,731)	-	-	(2,276)	(6,731)
Provision for loss on disposal of an associate	-	(30,162)	-	-	-	(30,162)
Gain on sale of discontinuing operation	-	-	8,877	839	8,877	839
Share of results of an associate	-	(995)	-	-	-	(995)
Share of results of a jointly controlled entity	(4,808)	(1,000)	-	-	(4,808)	(1,000)
Loss before taxation	(14,150)	(63,974)	8,877	(167)	(5,273)	(64,141)
Taxation	-	(131)	-	-	-	(131)
Loss after taxation	(14,150)	(64,105)	8,877	(167)	(5,273)	(64,272)

Note: The turnover of continuing operations for the six months ended 30 September 2001 includes rental income of HK\$3,684,000 arising from an investment property which was sold in December 2001. This disposal of investment property is not classified as a discontinuing operation under SSAP 33.



4. TAXATION

For the six months ended
30th September

The charge comprises:

Hong Kong profits tax

Overseas

2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
-	131
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>131</u>

Hong Kong profits tax is calculated at 16% of the estimated assessable profits for the period.

Overseas taxation is provided on the profits of overseas subsidiaries in accordance with the tax laws of the countries in which the subsidiaries operate.

The Group had no significant unprovided deferred taxation for the period.

5. LOSS FOR THE PERIOD

For the six months ended
30th September

The Group's loss before taxation is
arrived at after charging:

Depreciation

2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
<u>2,632</u>	<u>3,205</u>

6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period of HK\$4,907,000 (2001: HK\$64,060,000) and the weighted average of 2,384,657,000 shares (2001: 1,825,150,000) ordinary shares in issue during the period.

No diluted loss per share has been presented for both periods as the exercise of the warrants (2001: share options) would result in a decrease in loss per share.

7. TRADE AND OTHER RECEIVABLES

	At 30 September 2002 (Unaudited) HK\$'000	At 31 March 2002 (Audited) HK\$'000
Less than 3 months	2,892	3,708
3 to 6 months	30	30
6 to 12 months	54	35
	<u>2,976</u>	<u>3,773</u>
Other receivables	4,798	2,948
	<u>7,774</u>	<u>6,721</u>

8. TRADE AND OTHER PAYABLES

	At 30 September 2002 (Unaudited) HK\$'000	At 31 March 2002 (Audited) HK\$'000
Less than 3 months	3,814	4,667
3 to 6 months	1,986	696
6 to 12 months	406	1,331
Over 1 year	2,037	2,908
	<u>8,243</u>	<u>9,602</u>
Other payables	22,849	42,913
	<u>31,092</u>	<u>52,515</u>



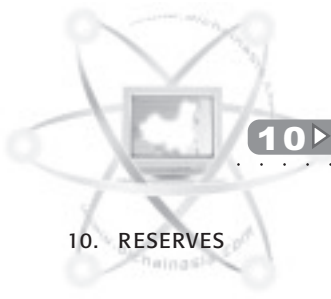
9. SHARE CAPITAL

	Number of Ordinary shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 September 2002	<u>8,000,000,000</u>	<u>80,000,000</u>
Issued and fully paid:		
At 30 September 2002	<u>4,536,565,000</u>	<u>45,365,650</u>

During the period, a reorganization of the Group by way of the Scheme became effective on 26 August 2002. The shareholders of Dransfield received the shares of the Company, credited as fully-paid and ranking pari passu with all the shares of the Company then in issue, on the basis of one share of the Company for every one share of Dransfield. The listing of the shares of Dransfield was withdrawn on 27 August 2002 and the shares of the Company were listed on the main board of the Stock Exchange on 28 August 2002 and traded in board lots of 10,000 shares and rank pari passu in all respects with each other.

During the period, 23,400,000 share options of Dransfield were exercised for an aggregate consideration of HK\$3,488,000. The share option scheme of Dransfield was cancelled on 26 August 2002.

The Company adopted a new share option scheme on 21 June 2002, which will enable the Company to grant share options to eligible persons as an incentive or reward for their contributions to the Company. The terms of the new share option scheme fully comply with the provisions of Chapter 17 of the Listing Rules. Details of the share option scheme have been set out in the circular dated 28 June 2002 issued by Dransfield. Since the adoption of the new share option scheme, no share option has been granted.



10. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Goodwill reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April, 2002	214,157	19,931	11,989	7,152	(387,528)	(134,299)
Released on disposal of discontinuing operation	-	-	(11,268)	(492)	-	(11,760)
Premium arising on issue of shares	27,973	-	-	-	-	27,973
Capital Reserve arising from the Group						
Reorganisation	-	166,864	-	-	-	166,864
Transfer to Capital Reserve pursuant to the Group Reorganisation	(215,305)	215,305	-	-	-	-
Net loss for the period	-	-	-	-	(4,907)	(4,907)
At 30 September, 2002	<u>26,825</u>	<u>402,100</u>	<u>721</u>	<u>6,660</u>	<u>(392,435)</u>	<u>43,871</u>

11. WARRANTS

On 26 August 2002 (the "Issue Date"), the Company issued warrants to Farsight Holdings Limited and DiChain Holdings Limited (formerly DiChain Systems Limited) conferring the right upon the holders, exercisable in whole or in part, at any time during the period up to and including two years from the Issue Date, to subscribe for respectively 61,339,189 and 840,193,811 fully paid shares at a price of HK\$0.023 per share.

12. PLEDGE OF ASSETS

At 30 September 2002, certain of the Group's leasehold land, buildings and plant and machinery with an aggregate carrying value of HK\$700,000 (31 March 2002: HK\$700,000), HK\$98,742,000 (31 March 2002: HK\$100,000,000), and HK\$23,940,000 (31 March 2002: HK\$29,309,000) were pledged to a bank to secure loan facilities granted to the Group.

13. PROPOSED INTERIM DIVIDEND

At the Board Meeting held on 17 December 2002, the Directors did not recommend the payment of an interim dividend for the period (2001: nil).



14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The current Board of Directors of the Company presents its first interim results of the Group for the half year ended 30 September 2002, which is approximately one month after the completion of the Scheme.

For the period under review, the Group has recorded a loss of approximately HK\$5 million (2001: HK\$64 million) which represents a very significant decrease compared to the corresponding period of 2001. The loss is mainly attributable to the share of the losses of the operations of Futian logistics, Yixing Brewery and Shenyang Edible oil in the PRC.

Review of Operations

Since late 2001, the Company has been disposing of its non-core assets and businesses. Other than the disposals as disclosed in the 2002 annual report of Dransfield, in April 2002, the Group has further disposed of the Redruth brewery operation in the UK together with the assignment to the Redruth purchaser of the debt of GBP3.2 million (equivalent to HK\$36 million) owing to Dransfield Food & Beverage Holdings Limited, a company which is 95% owned by the Group, and the property occupied by Redruth, for the aggregate consideration of HK\$2,000,001. Henceforth, the Group's remaining business activities are the logistics operation of the bonded warehouse in Futian Bonded Trade Zone, the brewery operation in Yixing, the edible oil manufacturing operation in Shenyang, the sales of drinks and snacks via vending machines, the sale of electrical home appliances and the holding of a 19.67% equity interest in DF China Corporation Technology Inc. ("DFCT").

Though the operating losses of the Yixing brewery and Shenyang edible oil operations have been further reduced, the Board of Directors is considering divesting these two investments and the 19.67% equity interest in DFCT when suitable opportunities arise.

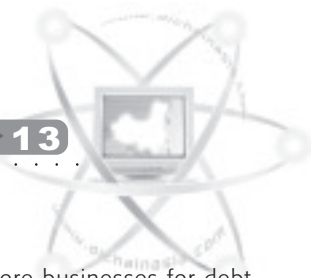
The bonded warehouse in Futian is still operating at a loss due to its low turnover during the period under review. Measures have been taken to increase its operating efficiency.

Liquidity and Capital Resources

On completion of the Scheme, proceeds of approximately HK\$54 million as the subscription to the issued share capital of the Company from the Subscribers were raised, out of which approximately HK\$26 million was applied to repay part of the bank loans as agreed with the Bank of East Asia, Ltd and the remainder will be applied as general working capital for the Group. The cash flow of the Group has been substantially improved as a result of this subscription.

In order to strengthen and enlarge the Company's asset base so as to provide a stable and recurrent income for the Group, the Company is currently considering a number of investment opportunities. Details will be advised to shareholders as and when appropriate.

As at 30 September 2002, the Group had current assets and current liabilities of HK\$57 million and HK\$63 million respectively (31 March 2002: HK\$39 million and HK\$133 million respectively). The Group's total borrowings amounted to approximately HK\$53 million (31 March 2002: HK\$74 million). The Group's gearing ratio was 28% (31 March 2002: 38%), which is expressed as a percentage of total bank borrowings to total assets. The decrease in gearing ratio was mainly due to the injection of capital by the Subscribers pursuant to the subscription agreement dated 8 January 2002 entered into between Dransfield, Farsight Holdings Limited and DiChain Holdings Limited (formerly DiChain Systems Limited).



Prospects

The Company will continue to dispose of the Group's non-core businesses for debt reduction and will strive to become one of the leading logistics platform operators in the greater China area by providing world-class logistics services, supported by state-of-art technologies and extensive applications.

Your Directors, after completion of the Scheme, have taken the following measures:

- The restructuring of existing businesses and the strengthening of our core business;
- Creation of a new business model for logistics operating platform;
- Development of business by co-operation, merger and acquisition; and
- Consolidating internal and external resources to produce synergy.

With the support of the extensive business network of our shareholders, the strengthened financial position of the Group and new management team, your Board of Directors is confident that the Group is now placed in an advantageous position to improve its business performance in future, for the benefit of shareholders.

Financial year end

The Directors have decided that the financial year of the Company will continue to end on 31 March and the first financial statements of the Company will end on 31 March 2003.

Employees and remuneration policies

As at 30 September 2002, the number of employees of the Group was 96. The remuneration packages of employees are maintained at competitive levels and include monthly salaries, insurance and medical cover, mandatory provident fund and share option scheme; other employee benefits include meal and travelling allowances and discretionary bonuses.