NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

1. GENERAL INFORMATION

The Company was incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activities of the Company and its subsidiaries (the "Group") were the design, manufacture and marketing of car-related consumer products as well as investment. However, the listing of the Company's shares on the Stock Exchange was suspended on 19 October 2001. Most of the companies within the Group ceased trading in October 2001, except for a subsidiary in Tianjin, the People's Republic of China (the "PRC"), which is engaged in the manufacturing of car mirrors.

On 22 October 2001, pursuant to the terms of a composite guarantee and debenture dated 19 October 1999 (the "Debenture") granted by the Company and twenty-five of its subsidiaries (the "Charging Companies") to their secured creditors (being certain banks and other financial institutions which had provided loan and other relevant banking and financing facilities in Hong Kong to various members of the Charging Companies), John Robert Lees, Desmond Chung Seng Chiong and Kelvin Edward Flynn were appointed as joint and several receivers and managers (the "Receivers") of all the property and assets of the Charging Companies with immediate effect.

The Debenture was granted by the Charging Companies to the secured creditors in exchange for those secured creditors entering into formal standstill arrangements in respect of the indebtedness due to them by certain members of the Charging Companies.

The Receivers were appointed to enforce and/or to preserve the security granted under the Debenture. The Receivers acted as agents of each of the Charging Companies in respect of which they were appointed without personal liability.

On 10 July 2002, the Receivers, the Company and Power Assets Enterprises Limited, a private company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by the Gouw Family Trust (the "New Investor") entered into a compromise agreement, a subscription agreement and an escrow agreement (collectively called the "Restructuring Agreements"). The Restructuring Agreements set out the framework for implementation of a restructuring proposal which was set out in a circular to the company's shareholders dated 16 November 2002 (the "Restructuring Proposal").

The Restructuring Proposal involved, inter alia, the capital restructuring, the share premium cancellation, the debt restructuring. The Restructuring Proposal was approved by all parties, including the relevant authorities, creditors and shareholders and completed on 20 December 2002.

The effects of the completion are summarized as follows:

(a) Capital Restructuring

The existing issued share capital of the Company was reduced from HK$0.10 par value each to HK$0.0005 par value each. The reduced shares were then consolidated into new shares in the ratio of twenty reduced shares for one new share.

The credit balance arising from the reduction of existing issued share capital of HK$57,614,439.603 was applied to write off part of the brought forward accumulated losses of the Company (see also Notes 31 and 32 below).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

1. GENERAL INFORMATION *(Continued)*

(b) Share Premium Cancellation

The credit balance in the share premium account of HK$445,895,000 as of 1 April 2002 was cancelled and applied to write off part of the brought forward accumulated losses of the Company (see also Note 32 below).

(c) Debt Restructuring

As a compromise of indebtedness owing by the Group to all of its creditors as set out in the Restructuring Proposal, the Company paid HK$52,500,000 by way of cash and issued 800,000,000 new shares at HK$0.01 each pro-rated to the amount of indebtedness owed to each of the secured creditors of the Debenture. The remaining balances owing were waived by the secured creditors.

In addition, the Company paid an amount of HK$1,000,000 pro-rated to its unsecured creditors, in full satisfaction of the amount outstanding prior to completion of the Restructuring Proposal. The remaining balances owing were waived by the unsecured creditors accordingly.

2. IMPACT OF NEW SSAPS

During the year, the Group has adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants ("the 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 34	Employee benefits

The significant changes in the Group's accounting policies resulting from the adoption of these new accounting standards are set out below.

(i) SSAP 1 (revised) "Presentation of financial statements"

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The consolidated statement of changes in equity for the current year and the comparative balances have been presented in accordance with this revised SSAP.

(ii) SSAP 11 (revised) "Foreign currency translation"

SSAP 11 (revised) prescribes the basis for the translation of foreign currency transactions and financial statements. This revised SSAP has had no major impact on these financial statements.

(iii) SSAP 15 (revised) "Cash flow statements"

The main revision to SSAP 15 is to classify cash flows during the year into operating, investing and financing activities. The consolidated cash flow statement for the current year has been presented in accordance with the revised SSAP.

(iv) SSAP 34 "Employee benefits"

SSAP 34 prescribes the accounting treatment and disclosure requirements for employee benefits. This SSAP has had no major impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies which have been adopted in preparing these financial statements are as follows:

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong, certain of the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Where an interest in a subsidiary is acquired with the intention that control be temporary, the interest is accounted for as a short term investment and is included in the balance sheet at the lower of cost and net realisable value.

The results of the subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All material intercompany transactions and balances within the Group have been eliminated on consolidation.

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business. Accumulated losses result in a deficiency of net assets in the amount of HK$852,000 at the balance sheet date. The Group's continuance in business as a going concern is dependent upon maintaining the necessary continuing financial support from the company's ultimate holding company and/or achieving future profitable operations in order to generate sufficient cash flow to meet its liabilities as they fall due. The ultimate holding company has agreed to provide continuing financial support to the Group, to enable it to meet its liabilities as and when they fall due for at least one year from the date of these financial statements.

(d) Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, has the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's balance sheet at cost less impairment loss, if any.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment and depreciation

Property, plant and equipment other than investment properties are stated at cost less depreciation and impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the property, plant and equipment.

Any surplus arising on revaluation of property, plant and equipment other than investment properties is credited to revaluation reserve to the extent that this exceeds the deficit, if any, charged to the income statement relating to the previous revaluation of the particular assets. A decrease in net carrying amount arising on revaluation of property, plant and equipment is charged to the income statement to the extent that this exceeds the surplus, if any, held in revaluation reserve relating to the previous revaluation of the particular assets.

When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement. Any revaluation surplus relating to the assets under disposal is transferred to retained profits/accumulated losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Plant and machinery	9% to 18%

(f) Intangible assets

Intangible assets include goodwill, commercial records, customer lists, supplier lists, book debt and customer contracts, which were purchased by the Group from one of its former subsidiaries.

Intangible assets are stated at cost less amortisation over a period of ten years and impairment loss, if any.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(h) Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Cash and cash equivalents

Cash and cash equivalents are short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash and cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

(j) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged or credited to the income statement on a straight line basis over the lease terms.

(k) Foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

(l) Recognition of revenue

Revenue from the sale of goods is recognised when the goods are delivered and title has passed to the customers.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

(m) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Impairment *(Continued)*

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

(o) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are charged to the income statement in the year in which they are incurred unless they can be capitalised in accordance with SSAP 19 issued by the HKSA.

(p) Contributions to pension and retirement benefits schemes

The Group contributes to a defined contribution retirement benefits scheme, the Mandatory Provident Fund Scheme (MPF Scheme) in Hong Kong. The Group's subsidiary in the PRC participates in the provincial/municipal retirement benefits schemes managed by the respective provincial/municipal bureau. Pursuant to the relevant provisions, the subsidiary is required to make monthly contributions at rates prevailing in the relevant province on the employees' monthly salaries. The retirement benefits costs are charged to the income statement.

(q) Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probably that a liability or asset will crystallise in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4. TURNOVER AND REVENUE

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

	2003 **HK$'000**	2002 HK$'000
Turnover	**11,452**	69,952
Other revenue	**38**	2,803
Total revenue recognized during the year	**11,490**	72,755

5. SEGMENTAL INFORMATION

The analysis of the consolidated turnover and contribution to loss from operations which derived entirely from the manufacturing and trading of car mirrors in the People's Republic of China, by geographical location and principal activity for the year is provided as follows:

	Turnover		**Contribution to loss from operations**	
	2003 **HK$'000**	2002 HK$'000	**2003** **HK$'000**	2002 HK$'000
By geographical location:				
Europe	**–**	24,273	**–**	(13,605)
America	**–**	26,052	**–**	(14,602)
Asia	**11,452**	9,104	**(3,081)**	(2,594)
Australia and Oceania	**–**	4,951	**–**	(2,775)
Others	**–**	5,572	**–**	(3,123)
	11,452	69,952	**(3,081)**	(36,699)
By activity:				
Manufacturing and trading	**11,452**	69,952	**(3,081)**	(36,699)

All of the Group's assets and liabilities are attributable to the above activity and geographical locations.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

6. FINANCE COSTS

	2003 **HK$'000**	2002 HK$'000
Interest on bank overdrafts	**6**	44,091
Convertible note interest	**–**	5,237
	6	49,328

7. ADDITIONAL CLAIMS

Subsequent to the approval of the annual report for the year ended 31 March 2002, several banks submitted to the Receivers additional claims against the Company for loans in respect of which the Company had previously provided corporate guarantees. The details of the additional claims were not established and admitted as liabilities until after the finalisation of the financial statements made up to 31 March 2002. In the opinion of the Directors and the Receivers, the additional claims do not constitute a prior year adjustment as the amount involved does not have a significant effect on the financial statements for the year ended 31 March 2002.

8. PROVISIONS FOR IMPAIRMENT AND WRITE OFFS

Long term investments were disposed of by the Receivers in October 2002 for a total consideration of HK$900,000. An impairment loss of HK$81,000 had been charged to the consolidated income statement before the disposal took place.

9. RESTRUCTURING COSTS

The restructuring costs mainly represent direct expenditure arising from the restructuring as set out in Note 1 to the financial statements.

10. GAIN/(LOSS) ON DECONSOLIDATION OF SUBSIDIARIES

The gain on deconsolidation of subsidiaries represents the excess of liabilities over assets as at 31 March 2003 of the deconsolidated subsidiaries in accordance with the Restructuring Proposal.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

11. PROFIT/(LOSS) BEFORE TAXATION

	2003 HK$'000	2002 HK$'000
Profit/(loss) before taxation is arrived at after charging:		
Auditors' remuneration		
– for the current year	**178**	475
– (over)/underprovision in prior years	**(84)**	48
Amortisation of intangible assets	**50**	3,900
Depreciation of property, plant and equipment	**292**	24,087
Exchange loss	**–**	35
Loss on deconsolidation of subsidiaries	**–**	124,033
Loss on disposal of property, plant and equipment	**4**	–
Operating lease charges in respect of rented premises	**334**	*
Professional fees in relation to debts restructuring	**12,400**	3,058
Provision for bad and doubtful debts	**1,021**	53
Provisions for impairment and write offs:		
Cash and cash equivalents unaccounted for	**–**	8,069
Intangible assets written off	**–**	312
Inventories written off	**–**	68,506
Long term investment	**81**	–
Loss on freezing of Dongguan assets	**–**	33,522
Property, plant and equipment written off	**–**	92,232
Provision for impairment in value of property, plant and equipment	**–**	31,202
Provision for impairment in value of property held for sale	**–**	2,090
Provision for loans advanced	**–**	12,164
Trade and other receivables written off	**–**	9,806
Write back of loan in connection with Dongguan assets	**–**	(17,205)
	81	240,698
Provision for long term investments (included in other operating expenses)	**–**	230
Receivers' remuneration	**5,036**	3,683
Staff costs (including directors' emoluments)		
– salaries and allowances	**1,002**	9,897
– contributions to retirement benefits schemes	**294**	153
And after crediting:		
Gain on deconsolidation of subsidiaries	**92,118**	–
Gain on disposal of short term investments	**–**	128
Interest income	**38**	128

* *Information was not available in 2002.*

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

12. TAXATION

	2003	2002
	HK$'000	HK$'000
The tax charge comprises:		
Current year tax provision:		
– Hong Kong profits tax	**–**	–
– Overseas tax	**141**	–
Deferred tax	**–**	*
	141	–

* *Information was not available in 2002.*

Taxes on profits assessable outside Hong Kong have been calculated at the rate of taxation prevailing in the countries in which the Group operates, based on existing law, practice and interpretation thereof.

No Hong Kong profits tax has been provided in the financial statements since, in the opinion of the Directors, the Group did not derive any assessable profit in Hong Kong for the year.

As a result of the corporate restructuring, certain loans and accounts payable were written back at the individual company level. Based on the documentation and financial records provided by the Receivers of the Company and its subsidiaries during the administration period, the Directors are of the opinion that certain of these intercompany balances related to overseas registered companies which are not subject to Hong Kong tax, and other amounts involved were all of a capital nature and/or for the advancement of long term investments. No taxation benefit was received by any of these companies. Hence, the write-back of these payables is not subject to profits tax.

No provision for deferred tax has been provided as, in the opinion of the Directors, the effect of all timing difference is immaterial.

13. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit/(loss) attributable to shareholders includes a profit of approximately HK$721,800,000 (2002: loss of HK$603,182,000) dealt with in the financial statements of the Company.

14. DIVIDENDS

No dividends were paid or declared by the Company during the year (2002: HK$Nil).

15. EARNINGS/(LOSS) PER SHARE

The basic earnings per share is calculated based on the consolidated profit attributable to shareholders of HK$711,364,000 (2002: loss of HK$444,368,000) and the weighted average number of 2,266,517,691 ordinary shares (2002: 579,039,594 shares) in issue during the year.

The diluted earnings per share for the year ended 31 March 2003 is calculated based on the consolidated profit attributable to shares of HK$711,364,000 and the weighted average number of 2,266,517,691 ordinary shares in issue during the year and 330,251,669 ordinary shares deemed to be issued under the exercising of warrants at the issue date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

16. RETIREMENT BENEFITS COSTS

The retirement benefits costs charged to the income statement represent contributions payable by the Group to retirement benefits schemes.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings outside Hong Kong	Leasehold improvements	Plant and Machinery	Moulds	Instruments and appliances	Furniture and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
At 1 April 2002	56,604	208	4,109	400	108	876	225	62,530
Exchange adjustment	–	–	9	–	–	–	–	9
Additions	–	–	441	–	–	–	–	441
Deconsolidation of subsidiaries	(56,604)	(208)	–	(400)	(108)	(876)	(225)	(58,421)
Disposals	–	–	(30)	–	–	–	–	(30)
At 31 March 2003	**–**	**–**	**4,529**	**–**	**–**	**–**	**–**	**4,529**
Depreciation/amortisation								
At 1 April 2002	36,697	208	2,395	400	108	876	225	40,909
Exchange adjustment	–	–	5	–	–	–	–	5
Charge for the year	–	–	292	–	–	–	–	292
Deconsolidation of subsidiaries	(36,697)	(208)	–	(400)	(108)	(876)	(225)	(38,514)
On disposals	–	–	(26)	–	–	–	–	(26)
At 31 March 2003	**–**	**–**	**2,666**	**–**	**–**	**–**	**–**	**2,666**
Net book value								
At 31 March 2003	**–**	**–**	**1,863**	**–**	**–**	**–**	**–**	**1,863**
At 31 March 2002	19,907	–	1,714	–	–	–	–	21,621

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

18. INTERESTS IN SUBSIDIARIES

Company

	2003 HK$'000	2002 HK$'000
Unlisted shares, at cost	**88**	200,340
Amounts due from subsidiaries	**24**	498,964
Less: Provisions	**(89)**	(699,304)
At 31 March 2003/2002	**23**	–

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms for repayment.

Particulars of the principal subsidiaries as at 31 March 2003 are as follows:

Name	**Place of incorporation/ operation**	**Nominal value of issued and fully paid/ registered capital**	**Percentage held by the Company**	**Percentage held by the Group**	**Principal activities**
Autotenna (HK) Limited) *(see note (a) below)*	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Dormant
Bright Focus Development Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	100%	100%	Investment holding
Crownville Development Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	100%	Investment holding
Global Fame Resources Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	100%	Investment holding
Gorient (Hong Kong) Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Investment holding
Join Cosmos Development Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	100%	Investment holding
Northern China Power Sources Investments Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Nominal value of issued and fully paid/ registered capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Tianjin Guangying Automotive Mirror Company Limited *(see note (b) below)*	People's Republic of China	US$500,000	–	50%	Manufacturing of car mirrors
Toprank Assets Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	100%	Investment holding
Vincent Sino Limited	Hong Kong	350 ordinary shares of HK$1 each	–	88.58%	Investment holding
Yinshau Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	100%	Investment holding

Notes:

(a) Subsequent to the balance sheet date, on 11 April 2003, Autotenna (HK) Limited changed its name to Gorient (Holdings) Limited and on 25 June 2003, changed its name to Innovative International (Holdings) Limited.

(b) Tianjin Guangying Automotive Mirror Company Limited ("Tianjin Guangying") has been consolidated since in the opinion of the Directors, the Group has the power to govern its financial and operating policies. The financial information included has been based on financial statements audited by auditors of Tianjin Guangying in the People's Republic of China made up to 31 December 2002 and the management accounts made up to 31 March 2003.

19. INTERESTS IN ASSOCIATES

Group

	2003 **HK$'000**	2002 HK$'000
Loans to associates	–	93,346
Share of net liabilities other than goodwill	–	(93,346)
At 31 March 2003/2002	–	–

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

20. INTANGIBLE ASSETS

Group

	2003 HK$'000	2002 HK$'000
Patents, at cost	**–**	702
Technology transfers, at cost	**–**	19,500
Hive-down assets, at cost	**500**	–
	500	20,202
Less: Accumulated amortisation	**(50)**	(20,202)
At 31 March 2003/2002	**450**	–

21. LONG TERM INVESTMENTS

Group

	2003 HK$'000	2002 HK$'000
Investment securities:		
Unlisted investments, at cost		
Hong Kong	**–**	1
Overseas	**–**	7,532
Less : Provision for diminution in value	**–**	(7,532)
At 31 March 2003/2002	**–**	1
Unlisted debentures, at cost	**–**	980
At 31 March 2003/2002	**–**	981

The long term investments were disposed of during the year.

22. INVENTORIES

Group

	2003 HK$'000	2002 HK$'000
Raw materials	**130**	*
Work in progress	**13**	*
Finished goods	**118**	*
At 31 March 2003/2002	**261**	963

* *Information on the analysis of inventories was not available in 2002.*

The inventories are stated at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

23. PROPERTIES HELD FOR SALE

Group

	2003 **HK$'000**	2002 HK$'000
Leasehold land and buildings in Hong Kong under a medium term lease, at cost less provision	–	19,410

The properties held for sale were disposed of during the year.

24. TRADE AND OTHER RECEIVABLES

Group

	2003 **HK$'000**	2002 HK$'000
Trade receivables	**2,249**	5,228
Other receivables	**961**	4,355
At 31 March 2003/2002	**3,210**	9,583

As at 31 March 2003, the ageing analysis of the trade receivables was as follows:

	2003 **HK$'000**	2002 HK$'000
Within 3 months	**1,609**	*
4 to 6 months	–	*
Over 6 months	**640**	*
At 31 March 2003/2002	**2,249**	5,228

* *Information on the ageing analysis was not available in 2002.*

The normal credit period granted to trade debtors is 30 to 90 days.

25. BANK LOANS AND OVERDRAFTS

Group

	2003 **HK$'000**	2002 HK$'000
Bank overdrafts (secured)	–	108,147
Bank loans (secured)	–	372,814
At 31 March 2003/2002	–	480,961

The bank loans and overdrafts were waived pursuant to the Restructuring Proposal (see details in Note 1 above).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

26. CONVERTIBLE NOTE

	Group and Company	
	2003	2002
	HK$'000	HK$'000
Convertible note	**–**	92,880

During the year, the liability arising from the convertible note was waived, pursuant to the Restructuring Proposal, by the noteholders.

27. DUE TO RELATED COMPANIES (GROUP)

The amount due to a related company is unsecured, interest free and there are no fixed terms for repayment.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**3,275**	50,705	**–**	–
Other payables and accruals	**3,997**	70,580	**3,150**	2,774
At 31 March 2003/2002	**7,272**	121,285	**3,150**	2,774

As at 31 March 2003, the ageing analysis of the trade payables was as follows:

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 3 months	**3,275**	*	**–**	–
4 to 6 months	**–**	*	**–**	–
Over 6 months	**–**	*	**–**	–
At 31 March 2003/2002	**3,275**	50,705	**–**	–

* *Information on the ageing analysis was not available in 2002.*

The normal credit period granted by trade creditors is 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

29. INTEREST PAYABLE

As at 31 March 2003, the analysis of the interest payable was as follows:

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest on bank loans and overdrafts	**–**	117,064	**–**	–
Convertible note interest	**–**	23,813	**–**	23,813
At 31 March 2003/2002	**–**	140,877	**–**	23,813

Upon the completion of the Restructuring Proposal of the Group (see details in Note 1), all unpaid interest due to the secured creditors was schemed out and satisfied.

30. SHAREHOLDER'S LOAN (GROUP AND COMPANY)

The shareholder's loan is unsecured, interest free and not repayable within the next twelve months.

31. SHARE CAPITAL

	2003	2002
	HK$'000	HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each (2002:4,000,000,000 ordinary shares of HK$0.10 each)	**100,000**	400,000
Issued and fully paid:		
7,328,951,979 ordinary shares of HK$0.01 each (2002: 579,039,594 ordinary shares of HK$0.10 each)	**73,290**	57,904

(a) Changes in share capital

On 20 December 2002, resolutions were passed to:

- reduce the par value of share capital from HK$0.10 to HK$0.0005 each. The amount of capital reduction would be used to set off the accumulated losses.
- issue and allot 6 ordinary shares of HK$0.0005 each at par value.
- consolidate 20 ordinary shares of HK$0.0005 each into 1 ordinary share of HK$0.01 each.
- increase the authorised share capital by 9,800,000,000 ordinary shares of HK$0.01 each.
- issue and allot 800,000,000 ordinary shares of HK$0.01 each at par value pro-rata to the amount of indebtedness owed to each of the secured creditors of the Debenture.
- issue and allot 6,500,000,000 ordinary shares of HK$0.01 each at par value to the New Investor. The shares were issued for the purpose of raising capital to repay bank loans and overdrafts in accordance with the Restructuring Proposal as explained in Note 1.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

31. SHARE CAPITAL *(Continued)*

(b) Repurchases of shares

No shares were repurchased during the year ended 31 March 2003.

32. RESERVES

Group	Share premium HK$'000	Assets revaluation reserve HK$'000	Exchange reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Enterprises development reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Company and subsidiaries	445,895	25,034	(12,420)	27,489	1,868	803	(778,662)	(289,993)
Associates	–	–	–	–	–	–	(96,346)	(96,346)
At 1 April 2001	445,895	25,034	(12,420)	27,489	1,868	803	(875,008)	(386,339)
Exchange differences on translation of the financial statements of foreign subsidiaries	–	–	267	–	–	–	–	267
Exchange differences arising on deconsolidation of subsidiaries	–	–	11,700	–	–	–	–	11,700
Deficit on revaluation of property, plant and equipment and property held for sale	–	(25,034)	–	–	–	–	–	(25,034)
Transfer	–	–	–	(27,489)	–	–	27,489	–
Loss for the year	–	–	–	–	–	–	(444,368)	(444,368)
At 31 March 2002/ 1 April 2002	445,895	–	(453)	–	1,868	803	(1,291,887)	(843,774)
Company and subsidiaries	445,895	–	(453)	–	1,868	803	(1,195,531)	(747,418)
Associates	–	–	–	–	–	–	(96,356)	(96,356)
At 31 March 2002/ 1 April 2002	445,895	–	(453)	–	1,868	803	(1,291,887)	(843,774)
Capital reduction	–	–	–	–	–	–	57,614	57,614
Cancellation of Share premium	(445,895)	–	–	–	–	–	445,895	–
Exchange differences on translation of the financial statements of a foreign subsidiary	–	–	10	–	–	–	–	10
Exchange differences arising on deconsolidation of subsidiaries	–	–	644	–	–	–	–	644
Profit for the year	–	–	–	–	–	–	711,364	711,364
At 31 March 2003	**–**	**–**	**201**	**–**	**1,868**	**803**	**(77,014)**	**(74,142)**
Company and subsidiaries	–	–	201	–	1,868	803	(77,014)	(74,142)
Associates	–	–	–	–	–	–	–	–
At 31 March 2003	**–**	**–**	**201**	**–**	**1,868**	**803**	**(77,014)**	**(74,142)**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

32. RESERVES *(Continued)*

Company	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2001	445,895	79,723	1,868	(699,621)	(172,135)
Loss for the year	–	–	–	(603,182)	(603,182)
At 31 March 2002 and 1 April 2002	445,895	79,723	1,868	(1,302,803)	(775,317)
Capital reduction	–	–	–	57,614	57,614
Cancellation of share premium	(445,895)	–	–	445,895	–
Profit for the year	–	–	–	721,800	721,800
Deconsolidation of subsidiaries	–	(79,723)	–	–	(79,723)
At 31 March 2003	**–**	**–**	**1,868**	**(77,494)**	**(75,626)**

The Company has no reserves available for distribution as at 31 March 2003 (2002: HK$Nil).

33. BANK BORROWINGS

As more fully explained in Note 1 above, on 22 October 2001, pursuant to the terms of a composite guarantee and debenture dated 19 October 1999 granted by the Charging Companies to their secured creditors, which are banks and financial institutions, the Receivers were appointed as joint and several receivers and managers of all the property and assets of the Charging Companies with immediate effect.

On 10 July 2002, the Company, the Receivers and the New Investor entered into the Restructuring Agreements setting out the terms of the Restructuring Proposal.

The Restructuring Proposal was completed on 20 December 2002. Pursuant to the terms of the Restructuring Proposal, the secured creditors waived their debts owing by the Group in the amount of HK648,765,000.

34. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of subsidiaries

	2003 HK$'000	2002 HK$'000
Net liabilities disposed of:		
Property, plant and equipment	**19,407**	*
Trade and other receivables	**2,265**	*
Trade and other payables	**(88,114)**	*
Provision for tax	**(704)**	*
Minority interests	**(5,515)**	*
	(72,661)	*
Satisfied by:		
Cash	**(19,457)**	*
Gain on deconsolidation of subsidiaries	**(92,118)**	*

* *Information was not available in 2002.*

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

34. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Major non-cash transaction

During the year, 800,000,000 ordinary shares of HK$0.01 each were issued and allotted at par pro-rated to the amount of indebtedness owed to each of the secured creditors of the Debenture.

35. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' remuneration

The aggregate amounts of emoluments payable to the Directors of the Company during the year are as follows:

	2003 **HK$'000**	2002 HK$'000
Fees		
Executive directors	**114**	250
Non-executive directors	**114**	–
Independent non-executive directors	**174**	208
	402	458
Other emoluments for directors		
Salaries and other benefits	**60**	1,096
Retirement benefits scheme contributions	**–**	–
	60	1,096
	462	1,554

The emoluments of the Directors fell within the following bands:

Emoluments bands	**Number of directors** **2003**	2002
HK$Nil – HK$1,000,000	**14**	7
HK$1,000,001 – HK$1,500,000	**–**	–

During the year, no share options were granted to the Directors.

During the year, no Directors waived remuneration and no emolument of the Directors was incurred as an inducement to join or upon joining the Company or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

35. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group for the year ended 31 March 2003 included one (2002: two) executive director, two (2002: Nil) non-executive directors and two (2002: Nil) independent non-executive directors, details of whose emoluments are set out above. The emoluments of the remaining three employees for the year ended 31 March 2002 were as follows:

	2003 HK$'000	2002 HK$'000
Salaries and other benefits	–	866
Retirement benefits scheme contributions	–	26
	–	892

The emoluments were within the following bands:

Emoluments bands	**Number of individuals 2003**	2002
HK$Nil – HK$1,000,000	–	3

36. CAPITAL COMMITMENTS

	Group	
	2003 HK$'000	2002 HK$'000
Capital expenditure contracted but not provided for in the financial statements	–	*

* *Information was not available in 2002.*

37. COMMITMENTS UNDER OPERATING LEASES

At the balance sheet date, the Group had outstanding minimum commitments under non-cancellable operating leases as follows:

	Group	
	2003 HK$'000	2002 HK$'000
Operating leases which expire:		
Within one year	**334**	*
Two to five years	**752**	*
	1,086	*

* *Information on commitments under operating leases was not available in 2002.*

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 March 2003

38. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions during the year.

	Group	
	2003	2002
	HK$'000	HK$'000
Consultancy fee paid to a related company	**45**	*
Management fee paid to a related company	**900**	*

* *Information on related party transactions was not available in 2002.*

The above transactions were entered into in normal course of business and on normal commercial terms by the Directors during the year.

39. POST BALANCE SHEET EVENTS

(a) Change of name

Subsequent to the balance sheet date, a resolution was passed to change the Company's name from Innovative International (Holdings) Limited to Gorient (Holdings) Limited on 21 May 2003.

(b) Conditional placing of convertible bond

On 15 July 2003, the Company entered into a conditional placing agreement (the "Agreement") with Kingsway SW Securities Limited (the "Placing Agent") to place the convertible bond in the aggregate principal amount of HK$10 million to not less than six subscribers to be procured by the Placing Agent. The bond will carry interest at a rate of 8% per annum and will mature on the first anniversary of the date of issue. The bondholders will be able to convert their bonds at any time after the date of issue at an initial conversion price of HK$0.016 per share. The Agreement, which is conditional upon obtaining the approvals from the relevant authorities, is expected to be completed on or before 15 August 2003.

40. ULTIMATE HOLDING COMPANY

The directors consider the Company's ultimate holding company to be Power Assets Enterprises Limited, which is incorporated in the British Virgin Islands.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized and approved for issue by the board of Directors on 18 July 2003.