



VISION TECH INTERNATIONAL HOLDINGS LIMITED

金科數碼國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 922)

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

* *for identification only*

VISION TECH INTERNATIONAL HOLDINGS LIMITED

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CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2002

		(Unaudited)	
		Six months ended	
		30 September	
		2002	2001
	Notes	HK\$'000	HK\$'000
Turnover	2	16,796	38,344
Cost of inventories sold		(13,994)	(37,201)
Gross profit		2,802	1,143
Other revenue		–	32
Interest income		–	61
Selling and distribution expenses		–	(257)
Administrative expenses		(1,953)	(10,285)
Impairment loss of goodwill		(1,579)	–
(Loss)/profit from operations	3	(730)	(9,306)
Finance costs	4	(433)	(588)
Loss before taxation		(1,163)	(9,894)
Taxation	5	–	–
Loss for the period		(1,163)	(9,894)
Minority interests		(467)	259
Loss attributable to shareholders		(1,630)	(9,635)
Loss per share – Basic	7	HK0.5 cents	HK4.3 cents

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CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2002

	(Unaudited) 30 September 2002 HK\$'000	(Audited) 31 March 2001 HK\$'000
NON-CURRENT ASSETS		
Fixed assets	21,797	17,381
Intangible assets	10,830	–
Current assets		
Inventories	6,306	3,801
Accounts receivable	82,764	71,418
Amount due from related companies	–	5,276
Prepayments, deposits and other receivables	101,071	15,759
Cash and bank balances	1,990	2,033
Total current assets	<u>192,131</u>	<u>98,287</u>
Current liabilities		
Accounts payable	39,476	–
Accrued charges and other payables	50,457	4,487
Trust receipt loans	30,660	–
Obligations under hire purchase contracts	313	313
Short term loan	–	10,000
Tax payable	1,671	–
Total current liabilities	<u>122,577</u>	<u>14,800</u>
Net current assets	<u>69,554</u>	<u>83,487</u>
Total assets less current liabilities	<u>102,181</u>	<u>100,868</u>
Financed by:		
Share capital	30,960	30,960
Reserves	67,927	69,557
Shareholders' funds	98,887	100,517
Minority interests	3,173	230
Non-current liabilities	121	121
	<u>102,181</u>	<u>100,868</u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2002

		(Unaudited) 2002 HK\$'000	(Unaudited and restated) 2001 HK\$'000
Net cash inflow/(outflow) from operating activities	8	<u>17,851</u>	<u>2,447</u>
Net cash inflow/(outflow) from investing activities		<u>(15,304)</u>	<u>(20)</u>
Net cash inflow/(outflow) from financing		<u>(2,590)</u>	<u>25,276</u>
Increase/(decrease) in cash and cash equivalents		(43)	49,179
Cash and cash equivalents at 1 April		<u>2,033</u>	<u>(48,251)</u>
Cash and cash equivalents at 30 September		<u><u>1,990</u></u>	<u><u>928</u></u>
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		<u><u>1,990</u></u>	<u><u>928</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2002

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2002	30,960	42,908	69,903	(629)	(42,625)	100,517
Loss for the period	–	–	–	–	(1,630)	(1,630)
	<u>30,960</u>	<u>42,908</u>	<u>69,903</u>	<u>(629)</u>	<u>(44,255)</u>	<u>98,887</u>

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NOTES TO THE ACCOUNTS

1 Basis of preparation

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”), and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2 Segmental information

	For the six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Turnover by activity and geographical location:		
Trading of audio-visual products	–	37,555
Assembling and distribution of goods		
Home appliance products	16,796	–
Digital camera	–	789
	<u>16,796</u>	<u>–</u>
– Mainland China	16,796	–
– Hong Kong	–	38,344
	<u>–</u>	<u>38,344</u>
Contribution to profit/(loss) before taxation by activity and geographical location:		
Trading of audio-visual products	–	(8,827)
Assembling and distribution of goods		
Home appliance products	(730)	–
Digital camera	–	(540)
	<u>(730)</u>	<u>(9,367)</u>
Less: Net interest expenses	(433)	(527)
	<u>(433)</u>	<u>(527)</u>
– Mainland China	(1,163)	–
– Hong Kong	–	(9,894)
	<u>–</u>	<u>(9,894)</u>

3 (Loss)/Profit from operations

(Loss)/Profit from operations is stated after charging the following:

	For the six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
After charging:		
Cost of inventories sold	13,994	37,201
Depreciation of owned fixed assets	58	1,367
Depreciation of fixed assets held under hire purchase contracts	–	117
Provision for claim	–	5,000
Exchange loss	–	15
Impairment loss of goodwill	1,579	–
Write-off of amount due from a subsidiary	–	–
	<u>–</u>	<u>–</u>

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4 Finance costs

	For the six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	433	554
Interest element of hire purchase contracts	–	34
	<u>433</u>	<u>588</u>

5 Taxation

- a No Hong Kong profits tax has been provided as there is no estimated profit for the period (2001: Nil).
- b No PRC profits tax has been provided for in the financial statements as there is no profit chargeable to PRC tax (2001: Nil)
- c There was no significant unprovided deferred taxation as at 30 September 2002.

6 Dividends

No interim dividend was recommended by the broad of director for the period ended 30 September 2002 (2001: Nil).

7 Loss per share – Basic

The calculation of loss per share is based on loss attributable to shareholders for the period ended 30 September 2001 of approximately HK\$1,630,000 (2001: HK\$9,635,000) and on the weighted average number of 309,600,000 ordinary shares in issue during the period (2001: 258,000,000 shares).

Diluted earnings per share for the six months ended 30 September 2002 respectively was not disclosed as there were no dilutive potential ordinary shares.

8 Reconciliation of profit (loss) before taxation to net cash inflow from operating activities

	Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Profit (Loss) before taxation	(1,163)	(9,894)
Interest income	–	(61)
Interest on bank loans and overdrafts wholly repayable within five years	433	554
Interest element of hire purchase contracts	–	35
Depreciation of owned fixed assets	58	1,367
Depreciation of fixed assets held under hire purchase contracts	–	117
Impairment loss of goodwill	1,579	–
(Increase)/decrease in inventories	(2,505)	(7,130)
(Increase)/decrease in accounts receivable, prepayments, deposits and other receivables	(96,657)	26,184
Increase/(decrease) in accounts payable, accrued charges and other payables including amounts due to directors	116,106	13,299
Net cash inflow from operating activities	<u>17,851</u>	<u>24,471</u>

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BUSINESS REVIEW

The Group engaged in the business of home appliances. For the period under review, the Group recorded a turnover of approximately HK\$16,796,000 (2001: HK\$38,344,000) representing a drop of 56% (2001: 60%) as compared with same period of last year. The decrease in turnover was due to the fierce competition in the domestic electronic products market in PRC.

PROSPECTS

The Group has continued to reinforce our commitment in improvement of our cost control and profit margin in 2002. The management of the Company exercised stringent cost control, quality assurance and expenses control, so as to minimize production and management costs and improve flexibility and efficiency.

EMPLOYEES

As at 30 September 2002, the Group had approximately a total of 72 employees of whom 12 were based in Hong Kong whereas 50 were local staff employed in the PRC. The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary, employees are entitled to other benefits such as share option scheme, of which the Board may, at its discretion, grant options to employees of the Group.

The Group did not operate any pension or retirement schemes for its Directors or employees until implementation of MPF in December 2000. The Group has a share option scheme, which was duly approved by the shareholders on 5 September 2001, available for any fulltime employees of the Company or any of its subsidiaries, including any executive directors of the Company or of any subsidiaries. No options have been granted since the approval of the scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2002, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 5 June 2003 which was established in accordance with the requirements of the Code of Best Practice (the "Code"), as set out in The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), with written terms of reference, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

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The Committee comprises two independent non-executive directors of the Company. The Group's unaudited interim financial statements for the six months ended 30 September 2002 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards and the Stock Exchange's and legal requirements, and that adequate disclosures have been made.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's Bye-laws.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The unaudited interim financial statements for the six months ended 30 September 2002 containing all the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules (before the amendments made on 31 March 2004) will be published on the website of the Stock Exchange in due course.

By Order of the Board
Mrs Pei Chen Chi Kuen
Chairman

Hong Kong, 5 July 2004