

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2002

| | Sep-02 HK\$'000 |
|---|--------------------|
| Net cash outflow from operations activities | (9,531) |
| Net cash outflow from returns on investments and servicing of finance | (2,180) |
| Net cash inflow from investing activities | 20,066 |
| Increase in cash and cash equivalents | 8,355 |
| Cash and cash equivalents at 1st April, 2002 | 18,119 |
| Cash and cash equivalents at 30th September, 2002 | 26,474 |

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30th September 2002

1. Basis of preparation

These unaudited interim consolidated accounts have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and Appendix 16 of the Listing Rules of the Stock Exchange of Hong Kong Limited. The accounting policies used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2002.

The following new and revised accounting standards which have been adopted for the first time in the preparation of the financial statements:

| | | |
|-------------------|---|--------------------------------------|
| SSAP 1 (Revised) | : | Presentation of Financial Statements |
| SSAP 15 (Revised) | : | Cash Flow Statements |
| SSAP 25 (Revised) | : | Interim Financial Reporting |
| SSAP 34 | : | Employee Benefits |

2. Turnover

| | Sep-02 HK\$'000 | Sep-01 HK\$'000 |
|----------------|--------------------|--------------------|
| Sales of goods | 17,246 | 67,478 |
| Rental Income | 3,106 | 2,059 |
| | 20,352 | 69,537 |

Turnover represents the amounts received and receivable for goods to outside customers, less returns and allowances, and rental income during the period.

3. Loss from operations

Business Segments Results

| | Sep-02 HK\$'000 | Sep-01 HK\$'000 |
|----------------------|--------------------|--------------------|
| Sales of goods | (12,248) | (23,642) |
| Rental Income | 481 | 368 |
| Loss from operations | <u>(11,767)</u> | <u>(23,274)</u> |

| | Sep-02 HK\$'000 | Sep-01 HK\$'000 |
|----------------------------|--------------------|--------------------|
| Geographical region | | |
| Mainland China | 17,246 | 147 |
| Hong Kong | 3,106 | 2,067 |
| United States of America | – | 66,881 |
| Other European market | – | 442 |
| | <u>20,352</u> | <u>69,537</u> |

4. Finance costs

| | Sep-02 HK\$'000 | Sep-01 HK\$'000 |
|--|--------------------|--------------------|
| Factoring charges | – | 211 |
| Interest on | | |
| – bank borrowings wholly repayable within five years | 1,844 | 1,188 |
| – bank borrowings not wholly repayable within five years | 380 | 466 |
| | <u>2,224</u> | <u>1,865</u> |

5. Loss per shares – Basic

The calculation of loss per share is based on the loss attributable to shareholders of approximately HK\$13,971,000 (2001: loss of approximately HK\$25,558,000) and on the weighted average of 959,853,000 shares (2001: weighted average 859,049,000 shares) in issue during the period. The gain per share for 2002 has been adjusted accordingly.

6. Trade and other receivables

The trade and other receivables included trade receivable of approximately HK\$69,000 (31st March, 2002: HK\$223,000). The ageing analysis of trade receivables was as follows:

| | Sep-02 HK\$'000 | Mar-02 HK\$'000 |
|---------------|----------------------------------|----------------------------------|
| 0-1 month | 0 | 133 |
| 1-2 months | 39 | 69 |
| 2-3 months | 15 | 13 |
| over 3 months | 15 | 8 |
| | <hr/> | <hr/> |
| | 69 | 223 |
| | <hr/> | <hr/> |

7. Trade and other payables

The trade and other payables included trade payables of approximately HK\$1,109,000 (31st March, 2002: HK\$763,000). The ageing analysis of trade payables was as follows:

| | Sep-02 HK\$'000 | Mar-02 HK\$'000 |
|---------------|----------------------------------|----------------------------------|
| 0-1 month | 68 | 11 |
| 1-2 months | 152 | 86 |
| 2-3 months | 323 | 209 |
| over 3 months | 566 | 457 |
| | <hr/> | <hr/> |
| | 1,109 | 763 |
| | <hr/> | <hr/> |

8. Share capital

| | Number of shares | Share Capital HK\$'000 |
|-----------------------------------|-------------------------|---|
| Ordinary shares of HK\$0.10 each: | | |
| Issued and fully paid | | |
| As at 30th September, 2002 | 959,853,000 | 95,985 |
| | <hr/> | <hr/> |