

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2003

	As at 30 September 2003 HK\$'000	As at 30 September 2002 HK\$'000
Net cash inflow /(outflow) from operations activities	4,332	(9,531)
Net cash outflow from investing activities	(5,133)	(2,180)
Net cash outflow from financing activities	(231)	20,066
Increase/(decrease) in cash and cash equivalents	(1,032)	8,355
Cash and cash equivalents at beginning of period	3,673	18,119
Cash and cash equivalents at end of period	2,641	26,474

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30th September 2003

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, 2003.

2. Principal Accounting Policies

The accounting policies adopted are consistent with those followed in the preparation of the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2003, except that the Company has adopted, for the first time in the current period, SSAP No. 12 (Revised) “Income taxes” (“SSAP 12 (Revised)”) issued by the HKSA.

The principal effect of the adoption of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognized in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. The adoption of this standard has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. Turnover

	September 2003 HK\$'000	September 2002 HK\$'000
Sales of goods	130	17,246
Rental Income	1,824	3,106
	<u>1,954</u>	<u>20,352</u>

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

4. Loss from operations

Business Segments Results

	September 2003 HK\$'000	September 2002 HK\$'000
Sales of goods	(19,899)	(12,248)
Rental Income	(3,402)	481
Loss from operations	<u>(23,301)</u>	<u>(11,767)</u>

	September 2003 HK\$'000	September 2002 HK\$'000
Geographical region		
Mainland China	130	17,246
Hong Kong	1,824	3,106
	<u>1,954</u>	<u>20,352</u>

5. Finance costs

	September 2003 HK\$'000	September 2002 HK\$'000
Interest on		
– bank borrowings wholly repayable within five years	180	1,844
– bank borrowings not wholly repayable within five years	–	380
	<u>180</u>	<u>2,224</u>

6. Loss per shares – Basic

The calculation of loss per share is based on the loss attributable to shareholders of approximately HK\$14,527,000 (2002: loss of approximately HK\$13,971,000) and on the weighted average of 959,853,000 shares (2002: weighted average 959,853,000 shares) in issue during the period. The gain per share for 2003 has been adjusted accordingly.

7. Trade and other receivables

The trade and other receivables included trade receivable of approximately HK\$1,973,000 (31st March, 2003: HK\$4,151,000). The ageing analysis of trade receivables was as follows:

	September 2003 <i>HK\$'000</i>	March 2003 <i>HK\$'000</i>
0-1 month	985	2,363
1-2 months	284	268
2-3 months	526	637
over 3 months	178	883
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	1,973	4,151
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8. Trade and other payables

The trade and other payables included trade payables of approximately HK\$3,073,000 (31st March, 2003: HK\$2,065,000). The ageing analysis of trade payables was as follows:

	September 2003 <i>HK\$'000</i>	March 2003 <i>HK\$'000</i>
0-1 month	308	392
1-2 months	399	435
2-3 months	170	97
over 3 months	2,196	1,141
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	3,073	2,065
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9. Share capital

	Number of shares	Share Capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each:		
Issued and fully paid		
As at 30th September, 2003	959,853,750	95,985
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