

**NOTES TO CONDENSED FINANCIAL STATEMENTS****1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Statement of Standard Accounting Practice 25 "Interim Financial Reporting" and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2004.

**2. TURNOVER AND SEGMENT INFORMATION**

Turnover represents the sales value of goods supplied to customers and income from sales of properties. An analysis of turnover and results by business segments and geographical segments are as follows:

**Business segments:**

	<b>Revenue from external customers Six months ended 30 September</b>		<b>Segment results Six months ended 30 September</b>	
	<b>2004 (unaudited) HK\$'000</b>	<b>2003 (unaudited) HK\$'000</b>	<b>2004 (unaudited) HK\$'000</b>	<b>2003 (unaudited) HK\$'000</b>
Consumer products	5,476	20,005	(825)	(4,402)
Properties trading	—	2,320	48	(767)
Metals and minerals trading	104,050	63,014	(2,743)	1,106
	<b>109,526</b>	<b>85,339</b>	<b>(3,520)</b>	<b>(4,063)</b>
Unallocated operating income and expenses			<b>(3,815)</b>	<b>(4,500)</b>
Loss from operating activities			<b>(7,335)</b>	<b>(8,563)</b>
Finance costs			<b>(428)</b>	<b>(483)</b>
Share of profits of associates			<b>1,892</b>	<b>317</b>
Tax			<b>—</b>	<b>—</b>
Minority interests			<b>4,035</b>	<b>(1,376)</b>
Net loss attributable to shareholders			<b>(1,836)</b>	<b>(10,105)</b>

## 2. TURNOVER AND SEGMENT INFORMATION (Continued)

## Geographical segments:

	Revenue from external customers Six months ended 30 September		Segment results Six months ended 30 September	
	2004 (unaudited) HK\$'000	2003 (unaudited) HK\$'000	2004 (unaudited) HK\$'000	2003 (unaudited) HK\$'000
PRC (including Hong Kong)	108,657	78,101	(7,433)	(8,733)
Other Asian countries	869	7,238	98	170
	<u>109,526</u>	<u>85,339</u>		
Loss from operating activities			<u>(7,335)</u>	<u>(8,563)</u>

## 3. OTHER REVENUE

	Six months ended 30 September	
	2004 (unaudited) HK\$'000	2003 (unaudited) HK\$'000
Interest income	26	25
Others	2,540	2,097
	<u>2,566</u>	<u>2,122</u>

**4. LOSS FROM OPERATING ACTIVITIES**

The Group's loss from operating activities has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2004</b>	<b>2003</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation	<b>561</b>	821
Amortisation of goodwill	<b>117</b>	3,288

**5. TAX**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2004</b>	<b>2003</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>—</b>	—

No Hong Kong profits tax has been provided for the Company and its subsidiaries as they had no assessable profits for the current period (2003: Nil).

Overseas taxes on profits assessable of the Company, subsidiaries or associates, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof. No overseas tax has been provided for the Group as they had no estimated assessable profits in the jurisdiction in which they operated for the period (2003: Nil).

There were no significant deferred tax liabilities at the balance sheet date (31 March 2004: Nil)

**6. LOSS PER SHARE**

Basic loss per share is calculated based on the net loss attributable to shareholders for the period of approximately HK\$1,836,000 (2003: HK\$10,105,000) and 883,296,800 (2003: 489,748,721 (adjusted)) ordinary shares in issue during the period.

**6. LOSS PER SHARE (Continued)**

The comparative basic loss per share has been retrospectively adjusted for the capital reorganisation and the open offer of 794,967,120 new shares during the year ended 31 March 2004 by adjusting the number of shares used in the calculation.

Diluted loss per share is not presented for current period as the Company had no potential ordinary shares at the balance sheet date. Comparative diluted loss per share is not presented for last period as the effect arising from the exercise of the potential ordinary shares would have been anti-dilutive.

**7. ACCOUNTS RECEIVABLE**

The aged analysis of the Group's accounts receivable is as follows:

	As at			
	30 September 2004		31 March 2004	
	(unaudited) HK\$'000	(unaudited) Percentage	(audited) HK\$'000	(audited) Percentage
Current to three months	31,418	78	17,423	77
Four to six months	4,269	10	668	3
Over six months	4,709	12	4,438	20
Total after provision	40,396	100	22,529	100

The normal credit period granted by the Group to customers ranges from 90 days to 180 days.

**8. ACCOUNTS PAYABLE**

The aged analysis of the Group's accounts payable is as follows:

	As at			
	30 September 2004		31 March 2004	
	(unaudited) HK\$'000	(unaudited) Percentage	(audited) HK\$'000	(audited) Percentage
Current to three months	15,482	71	6,195	82
Four to six months	4,870	22	3	1
Over six months	1,446	7	1,282	17
	21,798	100	7,480	100

**9. SHARE CAPITAL**

	<b>Company</b>	
	<b>30 September 2004 (unaudited) HK\$'000</b>	<b>31 March 2004 (audited) HK\$'000</b>
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each	<b>500,000</b>	500,000
Issued and fully paid:		
883,296,800 ordinary shares of HK\$0.01 each	<b>8,833</b>	8,833

**Share options**

The Company's share option scheme (the "Option Scheme"), which was adopted by the shareholders of the Company on 5 January 2004 (the "Adoption Date"), constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and will remain in force for 10 years from the Adoption Date.

The Company operates the Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

No share option was granted under the Option Scheme during the period and there was no outstanding share option as at the balance sheet date.

**10. CONTINGENT LIABILITIES**

As at 30 September 2004, there were contingent liabilities in respect of bills discounted with a bank amounting to approximately HK\$4,212,000 (31 March 2004: approximately HK\$3,004,000) for the Group.