

Notes:

1. Basis of Preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2004.

3. Principal activities

The Company is an investment holding company. The principal activities of the Group are properties investment, manufacture and sale of electronic consumer products and snap off blade cutters.

4. Segment information

The analyses of the Group's turnover and profit/(loss) from operations by business and geographical segments for the six months ended 30 September 2004 and 2003 are as follows:

	Six months ended 30 September	
	2004 (Unaudited) HK\$	2003 (Unaudited) HK\$
<i>Business segments</i>		
Turnover		
– snap off blade cutters	21,480,293	23,659,864
– electronic consumer products	10,716,948	21,806,881
– corporate and others	1,678,740	1,593,849
	<u>33,875,981</u>	<u>47,060,594</u>
Results		
– snap off blade cutters	(740,382)	2,766,241
– electronic consumer products	(3,812,037)	2,151,685
– corporate and others	1,565,687	1,478,090
	<u>(2,986,732)</u>	<u>6,396,016</u>
Central administrative expenses	<u>(4,667,328)</u>	<u>(4,732,467)</u>
Profit/(Loss) from operations	(7,654,060)	1,663,549
Finance costs	<u>(1,243,456)</u>	<u>(838,133)</u>
Profit/(Loss) before tax	(8,897,516)	825,416
Tax	<u>–</u>	<u>(21,195)</u>
Net profit/(loss) from ordinary activities attributable to shareholders	<u>(8,897,516)</u>	<u>804,221</u>

Geographical segments (by location of customers)

	Turnover		Profit/(Loss) from operations	
	Six months ended		Six months ended	
	30 September		30 September	
	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
North America	6,987,311	7,160,802	(616,048)	973,226
Hong Kong	12,178,739	21,817,794	(1,073,759)	2,965,261
Europe	5,829,440	10,342,495	(513,962)	1,405,651
East Asia	2,193,914	2,932,583	(193,430)	398,568
Others	6,686,577	4,806,920	(589,533)	653,310
	<u>33,875,981</u>	<u>47,060,594</u>	<u>(2,986,732)</u>	<u>6,396,016</u>
Central administrative expenses			<u>(4,667,328)</u>	<u>(4,732,467)</u>
Profit/(Loss) from operations			<u>(7,654,060)</u>	<u>1,663,549</u>

5. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and gross rental income received and receivable from investment properties during the period.

6. Profit/(loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Depreciation	1,801,304	1,054,569
Interest income	<u>(20,387)</u>	<u>(3,247)</u>

7. Tax

No (2003: Nil) profits tax has been provided on the estimated assessable profits arising in Hong Kong during the period. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Hong Kong	—	—
Elsewhere	<u>—</u>	<u>21,195</u>
	<u>—</u>	<u>21,195</u>

8. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$8,897,516 (2003: net profit of HK\$804,221) and on the weighted average of 4,829,931,202 shares (2003: 4,544,501,421) in issue during the period.

9. Fixed assets

During the six months ended 30 September 2004, the Group acquired fixed assets at a cost of HK\$906,812 (Six months ended 30 September 2003: HK\$1,617,647).

10. Trade and bills receivables

The Group allows an average credit period of 60 days. The following is an aging analysis of trade receivables at the balance sheet date:

	As at 30 September 2004 (Unaudited) HK\$	As at 31 March 2004 (Audited) HK\$
Age		
Within – 60 days	9,754,110	6,659,435
61- 90 days	541,382	57,701
Over 90 days	674,740	892,646
	<u>10,970,232</u>	<u>7,609,782</u>

11. Trade payables

The following is an aging analysis of trade payables at the balance sheet date:

	As at 30 September 2004 (Unaudited) HK\$	As at 31 March 2004 (Audited) HK\$
Age		
Within 60 days	6,679,172	6,033,316
61- 90 days	1,336,925	292,778
Over 90 days	3,439,451	3,438,341
	<u>11,455,548</u>	<u>9,764,435</u>

12. Share Capital

	Number of shares	Amount HK\$
Authorised:		
At 30 September 2004, ordinary shares of HK\$ 0.01 each	<u>30,000,000,000</u>	<u>300,000,000</u>
Issued and fully paid:		
At 30 September 2004, ordinary shares of HK\$ 0.01 each	<u>4,831,957,705</u>	<u>48,319,577</u>

13. Related party transactions

- (a) During the period, the Group had the following transactions with Twin Base Limited (“Twin Base”), a company in which Mr. Chong Sing Yuen has a beneficial interest:
- (i) The Group paid rentals of approximately HK\$237,000 (2003: HK\$237,000) to Twin Base for a motor vehicle. The rentals were charged in accordance with a motor vehicle rental agreement.
 - (ii) As at 30 September 2004, Twin Base had pledged certain of its property interests to a bank to secure the credit facilities to the extent of HK\$12,899,980 (31 March 2004: HK\$12,899,980) granted to the Group.
- (b) During the period, the Group had the following material transactions with its associates:

		Six months ended 30 September	
		2004	2003
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Purchases of raw materials from an associate	(i)	251,634	322,749
Management fee received from an associate	(ii)	72,000	72,000

- (i) The purchases from an associate were made according to the prices mutually agreed between the associate and the Group.
- (ii) The management fee was charged based on mutually agreed terms between the associate and the Group.

During the period, the Group’s associates repaid HK\$3,000,000 advances to the Group. These advances are unsecured, interest-free and are repayable on demand.

- (c) During the period, Mrs. Chong Cheng Man Shan, the spouse of Mr. Chong Sing Yuen, advanced HK\$330,000 to the Group. The advances are unsecured, interest-free and are repayable on demand.
- (d) On 1 April 2004, the Group and Mrs. Chong Cheng Man Shan, entered into a facility agreement pursuant to which Mrs. Chong Cheng Man Shan agreed to grant to the Group a standby facility (the “Facility”) of HK\$8,000,000 from 1 April 2004 to 31 July 2005. The purpose of the Facility is to enable the Group to have sufficient funds for its operations. The Facility is unsecured and interest-free.
- (e) On 23 July 2004, the Group and Mrs. Chong Cheng Man Shan entered into a loan agreement pursuant to which Mrs. Chong Cheng Man Shan agreed to grant to the Group a loan of HK\$5,660,000 for the repayment of a short term bank loan of the Group to be matured in August 2004. The loan is unsecured, interest-free and is repayable at the earlier of 23 August 2005 or the date on which the Group is able to obtain a new one-year or longer term loan facility to repay the aforementioned short term bank loan.

The full principal amount was drawn down by the Group on 23 July 2004.

14. Commitments

At the balance sheet date, the Group had no significant commitments.