

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

**Six months ended
31st December, 2000**
(Unaudited)
HK\$'000

NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(23,668)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	25,024
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(5,015)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(3,659)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>116,569</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>112,910</u></u>

Notes to the Condensed Consolidated Financial Statements

(1) Principal accounting policies and basis of presentation

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments in securities.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25 (Interim Financial Reporting) except that, in this first year of implementation of the standard, as permitted by the Hong Kong Stock Exchange Listing Rules, no comparative figures have been presented for the condensed cash flow statement.

The interim consolidated financial statements for the period ended 31st December, 2000 are unaudited and have been reviewed by the Audit Committee of the Company.

The principal accounting policies and methods of computation used in the preparation of the interim consolidated financial statements are consistent with those adopted in the annual report for the year ended 30th June, 2000.

(2) Segmental information

The Group's turnover and contribution to profit before taxation, analysed by principal activities were as follows:

	Turnover		Profit from operating activities	
	Six months ended 31st December,		Six months ended 31st December,	
	2000	1999	2000	1999
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By principal activity				
Garments trading	21,822	35,084	1,103	3,536
Proprietary trading in securities	64,016	–	(418)	–
Securities broking	595	419	484	163
	<u>86,433</u>	<u>35,503</u>	<u>1,169</u>	<u>3,699</u>
Other revenue			23,364	22,212
Other expenses			(17,144)	(14,722)
Profit before taxation			<u>7,389</u>	<u>11,189</u>

(3) Profit before taxation

Profit before taxation is arrived at after charging depreciation amounting to HK\$958,000 (1999: HK\$1,236,000).

(4) Income tax credit

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred tax losses for the period. Taxation credit in 1999 represents tax overprovided in previous periods.

(5) Earnings per share

The calculation of basic earnings per share for the six months ended 31st December, 2000 is based on the unaudited profit attributable to shareholders of HK\$7,389,000 (1999: HK\$11,195,000) and on 1,250,760,400 (1999: 1,250,760,400) shares in issue during the period.

(6) Debtors

The Group allows an average credit period of 45 days to its trade customers.

The age analysis of trade debtors is as follows:

	At 31st December, 2000 (Unaudited) HK\$'000	At 30th June, 2000 (Unaudited) HK\$'000
0-30 days	1,841	4,246
31-60 days	64	–
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Total	<u>1,905</u>	<u>4,246</u>

(7) Creditors and accrued charges

The age analysis of trade creditors is as follows:

	At 31st December, 2000 (Unaudited) HK\$'000	At 30th June, 2000 (Unaudited) HK\$'000
0-30 days	2,294	4,106
31-60 days	10	–
over 60 days	–	43
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Total	<u>2,304</u>	<u>4,149</u>

(8) Contingent liabilities

At 31st December, 2000, the Company has given guarantee to a bank in respect of general banking facilities granted to its subsidiaries amounting to HK\$40 million (30th June, 2000: HK\$40 million).

(9) Connected transactions

During the period, the Group had the following transactions with a company in which Mr. Lung Tze Lam has beneficial interests:

Name of company	Nature of transaction	Amount HK\$'000
Lovely Fashion Company Limited	Sales of goods	4,554
	Sales rebate	3,168