

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. ACCOUNTING POLICIES

These unaudited consolidated condensed interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, (as applicable to condensed interim accounts), and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited. The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2001 annual accounts, except that the following SSAP has been adopted for the first time in the preparation of the current period's interim accounts.

#### SSAP 9 (revised) "Events after the Balance Sheet Date"

SSAP 9 (revised) prescribes the accounting treatment and disclosures for events occurring after the balance sheet date. Following the adoption of SSAP 9 (revised), dividends proposed after the balance sheet date should not be recognised as a liability at the balance sheet date. Accordingly, the final dividend proposed for the year ended 31st March 2001 of HK\$3,983,000, previously classified as a current liability at 31st March 2001, has been reclassified and shown under the shareholders' equity. There is no impact on the profit and loss account because of this change.

### 2. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of the group's turnover and contribution to operating profit for the period by principal activities and markets is as follows:

	6 months ended 30th September 2001		6 months ended 30th September 2000	
	Turnover HK\$'000	Contribution to profit HK\$'000	Turnover HK\$'000	Contribution to profit HK\$'000
By activity:				
Manufacture and sale of fur garments	46,772	9,604	60,088	10,292
Trading of fur skins	15,477	778	20,428	2,215
Others	1,399	280	1,764	353
	<u>63,648</u>	<u>10,662</u>	<u>82,280</u>	<u>12,860</u>
Interest income		1,209		1,599
Interest income from other investments		2,058		2,123
Rental income		518		411
Unrealised loss on investments in listed equity securities		<u>(1,772)</u>		<u>-</u>
		<u>12,675</u>		<u>16,993</u>

	6 months ended 30th September 2001		6 months ended 30th September 2000	
	Turnover HK\$'000	Contribution to profit HK\$'000	Turnover HK\$'000	Contribution to profit HK\$'000
By geographical area:				
The People's Republic of China (the "PRC"):				
Hong Kong	132	25	460	68
Elsewhere	16,876	1,072	28,725	7,143
Japan	32,320	6,628	35,199	3,745
North America	9,851	2,020	15,695	1,670
Others	4,469	917	2,201	234
	<u>63,648</u>	<u>10,662</u>	<u>82,280</u>	<u>12,860</u>
Interest income		1,209		1,599
Interest income from other investments		2,058		2,123
Rental income		518		411
Unrealised loss on investments in listed equity securities		(1,772)		-
		<u>12,675</u>		<u>16,993</u>

### 3. PROFIT FROM OPERATING ACTIVITIES

Operating profit is stated after (crediting) and charging the following:

	6 months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Crediting		
Gain on disposal of fixed assets	(3)	-
Rental income	(518)	(402)
Interest income from other investments	(2,058)	(2,123)
Bank interest income	(1,209)	(1,522)
Charging		
Depreciation	1,229	1,152
Operating lease rentals on lands and buildings	318	152
Staff costs including directors' remuneration	7,228	6,551

### 4. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period.

The amount of taxation charged to the consolidated profit and loss account represents:

	6 months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax	<u>1,010</u>	<u>1,658</u>

There was no material unprovided deferred tax for the period.

## 5. DIVIDENDS

	6 months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Interim dividend proposed HK1 cent (2000: HK1.2 cents) per ordinary share	<u>3,983</u>	<u>4,779</u>

The Board has resolved to declare an interim dividend of HK1 cent (2000: HK1.2 cents) per share payable to all the shareholders whose names appear on the Register of Members of the Company on Monday, 7th January 2002. The interim dividend will be paid on or about Tuesday, 15th January 2002.

## 6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of HK\$11,008,000 (2000: HK\$15,172,000). The basic earnings per share is based on the weighted average of 398,264,000 (2000: 398,315,650) ordinary shares in issue during the period.

Diluted earning per share is not presented because there were no dilutive potential shares in existence during the period.

## 7. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	30th September 2001	31st March 2001
	HK\$'000	HK\$'000
0-30 days	9,125	4,829
31-60 days	2,659	511
more than 60 days	<u>6,612</u>	<u>8,227</u>
	<u>18,396</u>	<u>13,567</u>

## 8. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	30th September 2001	31st March 2001
	HK\$'000	HK\$'000
0-30 days	996	459
31-60 days	700	289
more than 60 days	<u>1,502</u>	<u>1,486</u>
	<u>3,198</u>	<u>2,234</u>

## 9. OTHER INVESTMENTS

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
At market value:		
Equity securities listed in Hong Kong	4,385	6,157
Debt securities listed outside Hong Kong	<u>59,212</u>	<u>60,259</u>

At 30th September 2001, the Group's other investments with carrying values of approximately HK\$30,804,000 (31st March 2001: HK\$30,938,000) were pledged to secure certain banking facilities granted to the Group.

## 10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<i>Authorised</i>		
Shares of HK\$ 0.1 each at 1st April 2001 and 30th September 2001	<u>1,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid</i>		
At 1st April 2001 and 30th September 2001	<u>398,264,000</u>	<u>39,826</u>

## 11. RESERVES

	Share premium account HK\$'000	Contributed surplus HK\$'000	Fixed asset re valuation reserve HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profit HK\$'000	Total HK\$'000
At 1st April 2001	48,252	5,830	2,747	-	4,469	109,529	170,827
Exchange difference arising on translation of subsidiaries	-	-	-	118	-	-	118
Surplus on revaluation of investment in listed debt securities	-	-	-	-	977	-	977
Net profit for the period	-	-	-	-	-	11,008	11,008
Dividends	-	-	-	-	-	(3,983)	(3,983)
	<u>48,252</u>	<u>5,830</u>	<u>2,747</u>	<u>118</u>	<u>5,446</u>	<u>116,554</u>	<u>178,947</u>
At 30th September 2001	48,252	5,830	2,747	118	5,446	116,554	178,947

## 12. CONTINGENT LIABILITIES

At 30th September 2001, the Group did not have any significant contingent liabilities. The Company has given guarantees in favour of certain banks to the extent of HK\$52,000,000 (31st March 2001: HK\$52,000,000) in respect of banking facilities granted to certain subsidiaries of the Company.