

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30th September, 2001

1. ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in compliance with Statement of Standard Accounting Practice 25 "Interim Financial Reporting", and on a basis consistent with the accounting policies adopted by the Group in the preparation of its financial statements for the year ended 31st March, 2001.

2. TURNOVER

Sales of knitted fabric and dyed yarns account for more than 90% of the Group's turnover for the period, substantially all of which are made to the customers based in Hong Kong. The turnover comprises:

	Six months ended 30th September,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of knitted fabric and dyed yarns	190,138	215,058
Subcontracting fee income	3,407	2,736
	<u>193,545</u>	<u>217,794</u>

3. TAXATION

	Six months ended 30th September,	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax calculated at 16% of the estimated assessable profit for the period	–	26
Deferred taxation	(660)	406
	(660)	432
Overseas Tax calculated at the rates prevailing in the respective jurisdictions	10	36
	<u>(650)</u>	<u>468</u>

4. (LOSS) EARNING PER SHARE

The calculation of the basic loss (earning) per share for the six months ended 30th September, 2001 is based on the loss for the period of approximately HK\$717,000 (2000: a profit of approximately HK\$7,516,000) and on the weighted average number of 1,611,000,000 shares (2000: 1,564,715,847 shares) in issue during the period. Diluted (loss) earning per share for the periods were not disclosed as there were no dilutive potential ordinary shares.

5. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$11,160,000 (2000: HK\$18,727,000) on property, plant and equipment to upgrade its production capabilities. Depreciation of approximately HK\$11,328,000 (2000: HK\$10,089,000) was charged in respect of Group's property, plant and equipment.

At the balance sheet date, the net book value of property, plant and equipment held under finance leases is nil (31st March, 2001: HK\$5,194,000). And net book value of certain Group's leasehold land and building of approximately HK\$2,589,000 (31st March, 2001: HK\$2,620,000) have been pledged to bank as security for general banking facilities granted to the Group.

6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$94,697,000 (31st March, 2001: HK\$92,377,000). An aging analysis of the trade receivable at the balance dates is as follows:

	30th September, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	52,933	47,935
61-90 days	20,845	9,562
> 90 days	20,919	34,880
	<u>94,697</u>	<u>92,377</u>

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically

7. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$16,589,000 (31st March, 2001: HK\$22,891,000). An aging analysis of the trade payables at the balance dates is as follows:

	30th September, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	10,807	13,727
61-90 days	4,684	2,643
> 90 days	1,098	6,521
	<u>16,589</u>	<u>22,891</u>