CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

	For the six months ended 30 September	
	2001	2000
	HK$'000	HK$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	**91,702**	108,572
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(3,128)**	(18,423)
TAXATION	**(3,616)**	(12,543)
INVESTING ACTIVITIES	**(28,516)**	(45,200)
NET CASH INFLOW BEFORE FINANCING ACTIVITIES	**56,442**	32,406
FINANCING ACTIVITIES	**(10,858)**	3,782
INCREASE IN CASH AND CASH EQUIVALENTS	**45,584**	36,188
Cash and cash equivalents at beginning of period	**53,685**	(11,653)
Effect of foreign exchange rate changes, net	**(4,419)**	(125)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**94,850**	24,410
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**47,355**	49,523
Unpledged time deposits	**57,962**	882
Bank loans, trust receipt loans and overdrafts with original maturity of not more than three months	**(10,467)**	(25,995)
	94,850	24,410

Notes:

1. Accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting".

The accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the audited financial statements for the year ended 31 March 2001, except that the following SSAPs have been adopted for the first time in the preparation of the current period's condensed consolidated interim financial statements:

SSAP 9 (revised)	:	Events after the Balance Sheet Date
SSAP 14 (revised)	:	Leases
SSAP 28	:	Provisions, Contingent Liabilities and Contingent Assets
SSAP 30	:	Business Combinations
SSAP 31	:	Impairment of Assets
SSAP 32	:	Consolidated Financial Statements and Accounting for Investments in Subsidiaries

A summary of their major effects is as follows:

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 31 March 2001 of HK$14,524,000, previously classified as a current liability at 31 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.

SSAP 14 (revised) prescribes the accounting treatment and disclosures for leases and hire purchase contracts. This SSAP has been applied prospectively. This has had no major impact on these financial statements, however, the disclosures for commitments under non-cancellable operating leases have been changed. In prior years, operating lease commitments were disclosed as payment committed to be made during the next year, analysed between those in which the commitment would expire within that year; in the second to fifth years, inclusive; and over five years. In the current Period, such disclosure has been changed to the total of future minimum lease payments under non-cancellable operating leases analysed into those not later than one year, later than one year and not later than five years; and later than five years. Disclosures as required are set out in note 12 to these financial statements.

SSAP 28 prescribes the accounting treatment and disclosures for provisions, contingent liabilities and contingent assets. This has had no major impact on these financial statements.

SSAP 30 prescribes the accounting treatment and disclosures for business combinations. This SSAP has been applied prospectively. Under SSAP 30, goodwill/negative goodwill arising from business combinations after 1 January 2001 is capitalised and amortised over its useful life.

The Group has taken advantage of the transitional provisions in SSAP 30 and the goodwill/negative goodwill arose from acquisitions prior to 1 January 2001 which have been previously eliminated against/taken to reserves had not been retrospectively restated under the new accounting policy. Therefore goodwill arising on acquisitions prior to 1 January 2001 is held in reserves and will be charged to the profit and loss account at the time of disposal of the subsidiaries/associate, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 January 2001 is held in reserves and will be credited to the profit and loss account at the time of disposal of the relevant subsidiaries/associate.

SSAP 31 requires enterprises to consider whether assets are carried in excess of their recoverable amounts and prescribes the accounting treatment for any resulting impairment losses. This SSAP has been applied prospectively. This has had no major impact on these financial statements.

SSAP 32 prescribes the accounting treatment and disclosures in the preparation and presentation of consolidated financial statements. This had no major impact on these financial statements.

2. Segmented information

The Group is principally engaged in the manufacture, trading and distribution of garments, property investment and development and the operation of restaurant.

An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity and geographical area of operations for the six months ended 30 September 2001 is as follows:

	Turnover		Contribution to profit/(loss) from operating activities	
	For the six months ended 30 September			
	2001 (Unaudited) HK$'000	2000 (Unaudited) HK$'000	**2001 (Unaudited) HK$'000**	2000 (Unaudited) HK$'000
By principal activity:				
Garment	**193,275**	440,234	**23,593**	42,459
Restaurant	**113,332**	100,905	**7,451**	8,004
Property investment and development	**58,392**	63,928	**3,843**	479
Others	**1,004**	5,405	**(1,279)**	(3,777)
	366,003	610,472	**33,608**	47,165
By geographical area:				
America	**65,641**	275,321	**2,563**	14,615
South Africa	**103,029**	110,585	**17,703**	23,694
The People's Republic of China (the "PRC"):				
Hong Kong Special Administrative Region ("Hong Kong")	**37,989**	134,275	**(950)**	4,087
Mainland China	**142,579**	44,473	**13,899**	2,523
Japan	**10,925**	36,630	**233**	2,145
Europe	**3,533**	9,188	**119**	101
Others	**2,307**	–	**41**	–
	366,003	610,472	**33,608**	47,165

3. Profit from operating activities

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

	For the six months ended 30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest income	**(2,588)**	(4,063)
Depreciation	**3,626**	4,770

4. Finance costs

	For the six months ended 30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest expenses	**7,726**	18,423
Less: interest capitalised	**(2,010)**	(8,645)
	5,716	9,778

5. Tax

	For the six months ended 30 September	
	2001	2000
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Group:		
Hong Kong	**5**	20
Mainland China	**500**	23
Overseas	**2,675**	8,101
	3,180	8,144
Associates:		
Mainland China	**298**	–
Tax charge for the period	**3,478**	8,144

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes 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.

6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK$20,275,000 (2000: HK$18,304,000), and the weighted average of 730,978,476 ordinary shares in issue during the period (2000: 726,187,219).

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the period of HK$20,275,000. The weighted average number of ordinary shares used in the calculation is 730,978,476 ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 1,972,075 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during the period.

No diluted earnings per share for the six months ended 30 September 2000 is presented as the effect arising from the exercise of warrants of the Company during that period is anti-dilutive.

7. Interim dividend

The Board of Directors has resolved not to declare any interim dividend (2000: Nil) for the six months ended 30 September 2001.

8. Trade debtors and bills receivable

The aged analysis of trade debtors and bills receivable is as follows:

	As at	
	30 September (Unaudited) 2001 HK$'000	31 March (Audited) 2001 HK$'000
Outstanding balances with ages:		
Current to 30 days	**81,403**	44,722
31–60 days	**7,487**	3,423
61–90 days	**1,709**	1,776
Over 90 days	**11,084**	13,633
	101,683	63,554

Credit terms

Trade debtors and bills receivable, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amount less provision for doubtful debts which is recorded when collection of the full amount is no longer probable. Bad debts are written off as incurred.

9. Trade creditors

The aged analysis of trade creditors is as follows:

	As at	
	30 September 2001 (Unaudited) HK$'000	31 March 2001 (Audited) HK$'000
Outstanding balance with ages:		
Current to 30 days	**29,049**	29,242
31–60 days	**7,001**	7,286
61–90 days	**1,397**	2,912
Over 90 days	**5,181**	8,132
	42,628	47,572

10. Share capital

Shares

	As at	
	30 September 2001 (Unaudited) HK$'000	31 March 2001 (Audited) HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
732,587,219 (31 March 2001: 726,187,219) ordinary shares of HK$0.10 each	**73,259**	72,618

During the period, 6,400,000 shares of HK$0.10 each were issued for cash at a subscription price of HK$0.16 per share, pursuant to the exercise of share options under the Company's share option scheme, for a total cash consideration, before expenses, of approximately HK$1,024,000.

11. Contingent liabilities

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	As at	
	30 September 2001 (Unaudited) HK$'000	31 March 2001 (Audited) HK$'000
Bills discounted with recourse	**251**	9,800
Long service payments	**1,746**	2,127
Guarantee of banking facilities in favour of banks on mortgage arised from the Group's property sales in Shenzhen	**93,485**	–
	95,482	11,927

The Group has also given a guarantee to a bank for granting a loan to an associate in the amount of HK$33,333,336 (31 March 2001: HK$38,333,000). The fellow shareholders of the associate have undertaken to indemnify the Company to the extent of their proportionate equity interest in respect of any liability arising from the guarantee given by the Company. The net exposure of the Company after taking into account the above indemnities was HK$14,000,000 (31 March 2001: HK$16,100,000) at the balance sheet date.

12. Capital commitments

(a) Capital commitments

As at 30 September 2001, the Group had outstanding contracted capital commitments in respect of property amounting to HK$4,143,000 (31 March 2001: HK$24,495,000).

(b) Operating lease commitments

As at 30 September 2001, the Group had total commitments payable in future years under non-cancellable operating leases in respect of land and buildings, as follows:

	(Unaudited) HK$'000
Not later than one year	16,105
In the second to fifth year, inclusive	23,816
Beyond five years	758
	40,679

As at 31 March 2001, the Group had annual commitments payable in the following year under non-cancellable operating leases in respect of land and buildings expiring:

	(Audited) HK$'000
Within one year	3,851
In the second to fifth years, inclusive	379
Beyond five years	3,890
	8,120

13. Subsequent event

On 8 November 2001, Gartrend Development Limited, a wholly owned subsidiary of the Group, has entered into a conditional Share Purchase Agreement to acquire from Mark Light Development Limited its 56% shareholding in Carrianna Holdings Limited and shareholders loan of HK$76,000,000 together with all unpaid interest thereon at a total consideration of HK$180,000,000. Details of the acquisition are set out in an announcement of the Company dated 12 November 2001.

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2001, the unaudited turnover of the Group amounted to HK$366,003,000 representing a 40.0% decrease over the corresponding period of last year while the unaudited attributable profit to shareholders grew by 10.8% to HK$20,275,000.

Garment

Mainly affected by the disposal of Maran Inc., garment turnover for the period reduced by 56.1% to HK$193,275,000. Contribution to profit from operating activities reduced by 44.4% to HK$23,593,000.

Also affected by reduction in purchase order from all major export market and worldwide slow down of economic activities, the Group's garment export and local market business (mainly South Africa) recorded reduction in sales. While sales reduction in South Africa is moderate, decrease in Japan and Europe is more significant. In America, excluding the effect of Maran Inc. disposal, satisfactory growth was recorded mainly due to significant sales increase in Canada.

Export business for the second half of the year should be better than first half. As inventory of importers are low in the third quarter, the Group obtained satisfactory sales orders in the fourth quarter and early 2002. However major economies have not yet recovered from downturn, the Directors do not expect too much for the short term prospects of the garment division.

Restaurant

During the period, turnover for restaurants increased by 12.3% to HK$113,332,000 while contribution to operating profit reduced by 6.9% to HK$7,451,000. The increase in turnover was due to growth in PRC while profit reduction was due to profit decrease in Hong Kong more than offset profit increase in PRC. For the second half year, China restaurants will continue to grow while Hong Kong restaurants will remain difficult.

Property

Occupation permit for "Imperial Palace", the Group's property development project in Shenzhen, was obtained in late May 2001. Leasing of the three storeys shopping arcade has also started which will bring rental income in the second half year. The few remaining residential units would be sold out within next year.

On 5th December 2001, the Group has completed the acquisition of 56% shares of Carrianna Holdings Limited, the Group's associated company and increased its shareholding to 98%. Carrianna Holdings Limited owns the shopping mall of Carrianna Friendship Square in Shenzhen which achieved significant growth in rent out rate and average rental during the period. The shopping mall will provide significant contribution to the Group's profit in the future.

Overall, the Group's first half year results was satisfactory and the board is prudently optimistic about the results in the second half of the year.

FINANCIAL CONDITION

As at 30 September 2001, the Group has net bank loans (total loans less cash deposit for securing such loans) of HK$183,430,000, increased by HK$29,009,000 from 31 March 2001. At the same date, the Group has cash and bank balances of HK$105,317,000, increased by HK$35,474,000 from 31 March 2001. During the period, the Group's interest expenses, after deduction for interest capitalised as construction cost, amounted to HK$5,716,000, reduced by HK$4,062,000 from last year. The reduction in interest expense was due to lower interest rate and less borrowings.

With sales proceeds and rental income from the Group's property continued to flow in, low gearing ratio and large cash balance on hand, the Group has sufficient fund and borrowing ability to complete the acquisition of the 56% shareholdings in Carrianna Holdings Limited. The Directors are optimistic about the current and future financial condition of the Group.