



南聯實業有限公司

WINSOR INDUSTRIAL CORPORATION LTD.

Incorporated in Hong Kong with limited liability

Interim Report for the six months ended 30 September 2001

INTERIM RESULTS

The Directors are pleased to present the Group's consolidated profit and loss account, consolidated cash flow statement and consolidated statement of recognised gains and losses for the six months ended 30 September 2001 ("the Period"), and the consolidated balance sheet as at 30 September 2001, all of which are unaudited and condensed, along with selected explanatory notes (collectively "Interim Accounts").

Condensed Consolidated Profit and Loss Account

For the six months ended 30 September 2001

		Unaudited	
		Six months ended	
		30 September	
		2001	2000
	Note	HK\$'000	HK\$'000
Turnover	2	415,968	522,373
Cost of sales		<u>(324,213)</u>	<u>(403,247)</u>
Gross profit		91,755	119,126
Other revenues		16,787	16,226
Selling expenses		(26,675)	(36,630)
Administrative expenses		(42,540)	(43,831)
Other operating income/(expenses)		<u>5,027</u>	<u>(855)</u>
		44,354	54,036
Finance costs		<u>(4,902)</u>	<u>(10,217)</u>
Operating profit	2, 3	39,452	43,819
Share of profits less losses of			
Associated companies		4,757	4,392
Jointly controlled entities		<u>906</u>	<u>750</u>
Profit before taxation		45,115	48,961
Taxation	4	<u>(6,673)</u>	<u>(7,900)</u>
Profit after taxation		38,442	41,061
Minority interests		<u>589</u>	<u>218</u>
Profit attributable to shareholders		<u>39,031</u>	<u>41,279</u>
Dividends			
2000/2001 Final, paid, of HK\$0.03 (1999/2000: HK\$0.08) per share		7,790	20,775
2001/2002 Interim, declared on 12 December 2001, of HK\$0.05 (2000/2001: Nil) per share		12,984	—
Special dividend, declared on 12 December 2001, of HK\$0.65 (2000/2001: HK\$0.10) per share		<u>168,796</u>	<u>25,969</u>
		<u>189,570</u>	<u>46,744</u>
		HK\$	HK\$
Earnings per share	5	<u>0.15</u>	<u>0.16</u>

Condensed Consolidated Balance Sheet

At 30 September 2001

	<i>Note</i>	Unaudited 30/9/2001 HK\$'000	Audited and restated 31/3/2001 HK\$'000
Non-current assets			
Fixed assets		212,612	216,920
Associated companies		72,110	77,109
Jointly controlled entities		148,221	148,260
Investment securities	7	<u>169,108</u>	<u>176,834</u>
		<u>602,051</u>	<u>619,123</u>
Current assets			
Inventories		83,265	96,118
Debtors and other receivables	8	174,581	145,617
Other investments	9	53,246	72,058
Cash and bank balances		<u>357,547</u>	<u>316,475</u>
		<u>668,639</u>	<u>630,268</u>
Current liabilities			
Creditors and accruals	10	134,651	122,257
Bank loans and overdrafts	11	150,849	171,787
Tax payable		<u>6,923</u>	<u>3,629</u>
		<u>292,423</u>	<u>297,673</u>
Net current assets		<u>376,216</u>	<u>332,595</u>
Total assets less current liabilities		<u>978,267</u>	<u>951,718</u>
Share capital			
		129,843	129,843
Reserves			
	12	414,477	419,416
Retained earnings			
	13	223,146	364,935
Interim dividend declared			
		12,984	—
Special dividend declared			
		168,796	—
Proposed final dividend			
		<u>—</u>	<u>7,790</u>
Shareholders' funds			
		949,246	921,984
Minority interests			
		2,585	2,674
Long term liabilities			
	14	26,204	26,204
Deferred taxation			
		<u>232</u>	<u>856</u>
Funds employed		<u>978,267</u>	<u>951,718</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2001

	Unaudited	
	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Net cash inflow from operating activities	46,532	56,617
Net cash inflow from returns on investments and servicing of finance	14,372	4,665
Tax paid	(2,377)	(1,867)
Net cash inflow/(outflow) from investing activities	3,227	(2,996)
Net cash inflow from financing	<u>15,000</u>	<u>2,045</u>
Increase in cash and cash equivalents	76,754	58,464
Cash and cash equivalents at 1 April	186,688	96,288
Effect of foreign exchange rate changes	<u>(244)</u>	<u>(2,475)</u>
Cash and cash equivalents at 30 September	<u>263,198</u>	<u>152,277</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	357,547	310,454
Bank overdrafts and loans repayable within 3 months from date of advance	<u>(94,349)</u>	<u>(158,177)</u>
	<u>263,198</u>	<u>152,277</u>

Condensed Consolidated Statement of Recognised Gains and Losses

For the six months ended 30 September 2001

	Unaudited	
	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Loss not recognised in the profit and loss account		
Exchange differences arising on translation of accounts		
of subsidiaries, associated companies and jointly controlled entities	(4,005)	(266)
Profit for the six months	39,031	41,279
Add: Realisation of exchange loss on disposal of an associated company		
included in profit for the six months	<u>26</u>	<u>—</u>
Total recognised gains	35,052	41,013
Net write off of goodwill on acquisition/disposal of subsidiaries	<u>—</u>	<u>(142)</u>
	<u>35,052</u>	<u>40,871</u>

Notes to the Interim Accounts

1. Accounting policies

These unaudited condensed consolidated interim accounts (“Interim Accounts”) are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) (“Stock Exchange”). The Interim Accounts should be read in conjunction with the annual accounts for the year ended 31 March 2001.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31 March 2001, except that the Group has adopted the following new and revised SSAPs which became effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 14 (revised):	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26:	Segment reporting
SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 29:	Intangible assets
SSAP 30:	Business combinations
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries

Other than noted below, the adoption of these SSAPs had no material effect on the Group’s results.

SSAP 9 (revised): In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively. This change has resulted in an increase in shareholders’ funds at 31 March 2001 by HK\$7,790,000, which is the proposal final dividend for the year then ended, and a corresponding decrease in current liabilities as at that date. Changes to headings used in the previously reported balance sheet at 31 March 2001 and profit and loss account for the year then ended relating to dividends and profit for the year retained have also been made to reflect the changes resulting from SSAP 9 (revised).

SSAP 26: In Note 2 to the Interim Accounts the Group has disclosed segment turnover and results as defined under SSAP 26. In accordance with the Group’s internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.

SSAP 30: No goodwill or negative goodwill has arisen in the six months ended 30 September 2001. The Group has taken advantage of the transitional provision in SSAP 30 and the goodwill and negative goodwill arising in previous years have not been restated.

Certain comparative figures have been reclassified to conform with the current period’s presentation.

2. Segment information

The Group is principally engaged in the manufacturing and trading of textiles and clothing, and investment holding. An analysis of turnover and operating profit by business and geographical segments is as follows:

Business segments

	Six months ended 30 September							
	Textile and clothing		Investment		Others		Group	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	408,759	520,777	—	—	7,209	1,596	415,968	522,373
Segment results	30,889	48,828	3,898	(4,511)	(2,007)	27	32,780	44,344
Unallocated income less expenses							(1,729)	(1,947)
Profit on sale of land and buildings	8,066	5,090					8,066	5,090
Loss on disposal of associated companies							(74)	—
Operating profit before interest							39,043	47,487
Interest income less finance costs							409	(3,668)
Operating profit							39,452	43,819
Share of profits less losses of								
Associated companies	(3,746)	(2,710)	8,503	7,102			4,757	4,392
Jointly controlled entities	(365)	153	1,271	597			906	750
Profit before taxation							45,115	48,961
Taxation							(6,673)	(7,900)
Profit after taxation							38,442	41,061
Minority interests							589	218
Profit attributable to shareholders							39,031	41,279

Geographical segments

	Six months ended 30 September			
	Turnover		Operating profit	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Hong Kong	95,667	120,256	13,542	17,358
North America	201,527	297,230	12,049	15,917
U.S.A.	196,951	288,406	11,809	15,226
Canada	4,576	8,824	240	691
Europe	85,685	74,985	3,872	5,995
Asia	28,568	26,362	2,979	4,702
Others	4,521	3,540	338	372
Segment results	415,968	522,373	32,780	44,344
Unallocated income less expenses			(1,729)	(1,947)
Profit on sale of land and buildings			8,066	5,090
Loss on disposal of associated companies			(74)	—
Operating profit before interest			39,043	47,487
Interest income less finance costs			409	(3,668)
Operating profit			39,452	43,819

Notes to the Interim Accounts

3. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30 September	
	2001	2000
	HK\$'000	HK\$'000
Crediting:		
Profit on disposal of land and buildings	8,066	5,090
Profit on disposal of fixed assets other than land and buildings	—	154
Rental income from other properties less outgoings	409	974
Realised gain on disposal of other investments	4,448	4,855
Provision for diminution in value of investment securities written back	—	764
Dividend income from listed investments	10,647	8,482
Dividend income from unlisted investments	420	221
Interest income	5,311	6,549
Exchange gain	77	920
	77	920
Charging:		
Cost of inventories sold	324,213	403,247
Depreciation of fixed assets	9,072	10,680
Staff costs	74,365	88,825
Retirement benefit costs	1,600	301
Provision for long service payments	—	123
Operating leases rental in respect of land and buildings	1,796	1,652
Auditors' remuneration	980	1,037
Loss on disposal of fixed assets other than land and buildings	1,145	—
Loss on disposal of associated companies	74	—
Loss on disposal of investment securities	—	2,057
Provision for diminution in value of investment securities	5,763	—
Unrealised loss on other investments	5,854	16,776
	5,854	16,776

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits for the Period. Taxation on overseas profits has been provided on the estimated assessable profits for the Period at the rates of taxation applicable in the countries in which the Group operates.

	Six months ended 30 September	
	2001	2000
	HK\$'000	HK\$'000
The amount of taxation charged to the consolidated profit and loss account represents:		
The Company and its subsidiaries:		
Hong Kong profits tax	3,495	4,704
Overseas taxation	2,176	1,904
Deferred taxation	(624)	(415)
	5,047	6,193
Share of taxation attributable to:		
Associated companies	1,529	1,526
Jointly controlled entities	97	181
	1,626	1,707
	6,673	7,900
Deferred tax charge for the Period has not been accounted for in respect of:		
Tax losses	59	2,390
	59	2,390

5. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$39,031,000 (2000: HK\$41,279,000) and 259,685,289 (2000: 259,685,289) shares in issue during the Period.

6. Related party transactions

The following is a summary of significant related party transactions which, in the opinion of the Directors, were carried out in the normal course of the Group's business on terms no more favourable than terms available to independent third parties:

	Six months ended	
	30 September	
	2001	2000
	HK\$'000	HK\$'000
Sale of properties to the Winsor Properties Holdings Limited ("WPHL") Group	—	75,000
Rental and storage expenses paid to WPHL Group	2,721	2,402
Rental income charged to WPHL Group	822	828
Reimbursement of administrative expenses from WPHL Group	4,311	7,253
Reimbursement of administrative expenses from associated companies	627	—
Purchases from associated companies	4,082	5,589
Sales to associated companies	7,286	13,341
Contracting fee paid to jointly controlled entities	1,178	1,178

The Group and WPHL Group are considered to be related by virtue of the fact that certain Directors of the Company are also directors of WPHL.

7. Investment securities

	30/9/2001	31/3/2001
	HK\$'000	HK\$'000
Unlisted equity investments – at cost	23,336	23,336
Loans due from unlisted equity investments	164,004	165,967
Provision	(69,059)	(66,811)
	<u>118,281</u>	<u>122,492</u>
Listed equity investments – at cost		
Listed in Hong Kong	61,072	61,072
Provision	(10,245)	(6,730)
	<u>50,827</u>	<u>54,342</u>
	<u>169,108</u>	<u>176,834</u>
Market value of listed equity investments	<u>308,563</u>	<u>344,226</u>

The loans due from unlisted equity investments are unsecured, interest free and have no fixed terms of repayment.

Notes to the Interim Accounts

8. Debtors and other receivables

- a. Included in debtors and other receivables is an amount of HK\$1,863,000 (31/3/2001: HK\$3,574,000) being shared administrative expenses receivable from WPHL Group.
- b. Also included in debtors and other receivables are trade debtors. The majority of the Group's sales are on terms of letters of credit at sight or documents against payment. Open accounts or longer credit terms are granted to a few customers with long business relationship and strong financial position. The ageing analysis of trade debtors is as follows:

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Current – 30 days	80,504	61,656
31 – 60 days	7,411	10,854
Over 60 days	13,584	18,461
	<u>101,499</u>	<u>90,971</u>

9. Other investments

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Equity securities:		
Listed in Hong Kong	114	179
Listed outside Hong Kong	28,078	42,587
Managed funds	25,054	29,292
Market value	<u>53,246</u>	<u>72,058</u>

10. Creditors and accruals

Included in creditors and accruals are trade creditors the ageing analysis of which is as follows:

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Current – 30 days	31,614	26,518
31 – 60 days	10,261	3,278
Over 60 days	5,548	21,321
	<u>47,423</u>	<u>51,117</u>

11. Bank loans and overdrafts

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Repayable on demand or within one year:		
Unsecured	<u>150,849</u>	<u>171,787</u>

12. Reserves

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Share premium		
At beginning and end of the period	<u>306,211</u>	<u>306,211</u>
Capital redemption reserve		
At beginning and end of the period	<u>775</u>	<u>775</u>
Land and buildings revaluation reserve		
At beginning and end of the period	<u>22,267</u>	<u>22,267</u>
General reserve		
At beginning of the period	11,845	13,082
Transfer to retained earnings	<u>—</u>	<u>(1,237)</u>
At end of the period	<u>11,845</u>	<u>11,845</u>
Capital reserve		
At beginning and end of the period	<u>61,993</u>	<u>61,993</u>
Exchange fluctuation account		
At beginning of the period	16,325	16,909
Realised on disposal of an associated company	26	—
Arising on translation of accounts of subsidiaries, associated companies and jointly controlled entities	<u>(4,005)</u>	<u>(2,090)</u>
Written (back from) / off to retained earnings	<u>(960)</u>	<u>1,506</u>
At end of the period	<u>11,386</u>	<u>16,325</u>
Total reserves	<u>414,477</u>	<u>419,416</u>

The Group's share of the undistributed post-acquisition reserves of associated companies comprises:

Land and buildings revaluation reserve	15,932	15,932
Capital reserve	36,766	36,766
Exchange fluctuation account	<u>15,148</u>	<u>15,682</u>
	<u>67,846</u>	<u>68,380</u>

The Group's share of the undistributed post-acquisition reserves of jointly controlled entities comprises:

Exchange fluctuation account	<u>1,183</u>	<u>1,186</u>
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Notes to the Interim Accounts

13. Retained earnings

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
At beginning of the period, as previously stated	364,935	356,486
Effect of adopting SSAP 9 (revised)	7,790	20,775
At beginning of the period, as restated	<u>372,725</u>	<u>377,261</u>
Profit for the period	39,031	41,188
2000/2001 (1999/2000) final dividend paid	(7,790)	(20,775)
2001/2002 (2000/2001) special dividend paid	—	(25,969)
Net write back of goodwill on acquisition / disposal of subsidiaries	—	1,289
Transfer from general reserve	—	1,237
Write back/(off) of exchange fluctuation account	<u>960</u>	<u>(1,506)</u>
At end of the period	<u>404,926</u>	<u>372,725</u>
Represented by:		
Retained earnings	223,146	364,935
Interim dividend declared	12,984	—
Special dividend declared	168,796	—
Final dividend proposed	<u>—</u>	<u>7,790</u>
	<u>404,926</u>	<u>372,725</u>
Company and subsidiaries	483,192	444,925
Associated companies	(66,284)	(60,200)
Jointly controlled entities	<u>(11,982)</u>	<u>(12,000)</u>
	<u>404,926</u>	<u>372,725</u>

14. Long term liabilities

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Provision for long service payments	<u>26,204</u>	<u>26,204</u>

Certain subsidiaries have been making provisions for long service payments. The provision at the balance sheet date is sufficient to cover the Group's potential obligations under the Employment Ordinance to make long service payments to eligible employees.

15. Capital commitments

The Group did not have material capital commitments at 30 September 2001 (31/3/2001: Nil).

16. Lease commitments

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
At the end of the period, the Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:		
Not later than one year	2,084	3,496
Later than one year and not later than five years	<u>1,367</u>	<u>2,910</u>
	<u>3,451</u>	<u>6,406</u>

17. Contingent liabilities

	30/9/2001 HK\$'000	31/3/2001 HK\$'000
Bills discounted with recourse	30,217	14,405
Guarantees given in respect of banking facilities granted to:		
Associated companies	21,850	24,117
Other investments, in proportion to the Group's equity interests in such companies	<u>25,300</u>	<u>25,300</u>
	<u>77,367</u>	<u>63,822</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

As anticipated in the last Annual Report, the results of the Group's textile and clothing segment for the Period were disappointing. The slowdown in the global economy, the American economy in particular, has taken its toll. Consumer confidence was weak, buyers were hesitant in placing orders, margin squeeze was more pronounced, and certain costs were inelastic. As compared with the corresponding six months in the year 2000, this segment's turnover reported a decrease of 21.5% and its operating profit before interest was cut by 36.7%.

With exception of the finished yarn trading division which managed to report increase in both turnover and profit, all other divisions reported declines to various extents with the woven garment division bearing the brunt. In terms of markets, Group exports to Europe and Asia reported improvement of 14.3% and 8.4% respectively but operating profit therefrom could not be spared from showing a decline. Exports to North America were reduced by almost one-third, and local sales also dropped by 20.4%.

A subsidiary in Malaysia, which discontinued its textile operation in 1996, sold part of its land and buildings during the Period. These assets have been fully written off in the year ended 31 March 1997 and their disposal resulted in a profit of HK\$8.1 million. As such profit is exceptional in nature, it is excluded from the segment results. The profit of HK\$5.1 million on the sale of land and buildings in Hong Kong by the woven garment division to a related party in the previous corresponding period was also dealt with in the same manner.

During the Period, dividend income has improved, net realised and unrealised losses on trading investments were reduced but provisions for long-term investment securities, both listed and unlisted, were called for. The investment segment therefore netted an operating profit before interest of HK\$3.9 million compared to a loss of HK\$4.5 million in the corresponding six months last year.

Other minor activities carried on by the Group were grouped under the segment of *Others*. This segment's turnover increased by more than fourfold but remained relatively insignificant. An operating loss before interest of HK\$2.0 million was reported for the Period.

Benefiting from the low interest rate environment, the Group's finance cost for the Period has been reduced by 52.0%. This cost saving coupled with the contribution from the investment segment and the exceptional profit on the sale of land and buildings have cushioned the decrease in earnings of the Group's core textile and clothing businesses. All in all the Group's operating profit for the Period was HK\$39.5 million, compared to HK\$43.8 million for the corresponding six months in the year 2000, or a decrease of 10.0%.

Associated Companies and Jointly Controlled Entities

During the Period, those associated companies and jointly controlled entities engaged in the textile and clothing businesses exacerbated their aggregate operating loss from HK\$2.6 million to HK\$4.1 million. In contrast, the aggregate operating profit of associated companies and jointly controlled entities in other businesses improved from HK\$7.7 million to HK\$9.8 million. Total combined contribution from all associated companies and jointly controlled entities was therefore HK\$5.7 million before tax, compared to HK\$5.1 million for the previous corresponding period.

Group Structure

Apart from the acquisition of a 60% owned subsidiary engaged in broadcast engineering at a cost of HK\$750,000 and the strike off of a dormant associated company, there were no other changes in the Group's structure during the Period.

Employees

As at 30 September 2001 the Group employed a total of about 3,100 employees, of which about 2,200 were employed in Mainland China. During the Period no option has been granted from the employee share option scheme adopted on 15 August 2001.

INVESTMENT PORTFOLIO

The Group's long-term listed investments are all listed in Hong Kong. There was no change in the portfolio during the Period other than provisions made in the amount of HK\$3.5 million. At 30 September 2001, their net book value was HK\$50.8 million and their market value was HK\$308.6 million.

At 30 September 2001, the net book value of the Group's long-term unlisted investments was HK\$118.3 million. Movements during the Period were due to provisions made and movements in advances.

The Group's short-term listed investments comprise mainly of securities listed in the United States and are carried at market value. Their carrying value as at 30 September 2001 was HK\$53.2 million.

FINANCIAL REVIEW

As at 30 September 2001, the Group's cash and bank balances amounted to HK\$357.5 million, and bank borrowings amounted to HK\$150.8 million. All the bank borrowings are short-term unsecured loans on a floating rate basis denominated in Hong Kong dollar. The Group's net current assets and shareholders' funds as at that date were HK\$376.2 million and HK\$949.2 million respectively. The Group's gearing ratio as at 30 September 2001, computed as the ratio of total bank borrowings to shareholders' funds, was 15.9%.

The Group's contingent liabilities as at 30 September 2001 amounted to HK\$77.4 million, of which HK\$47.2 million represent guarantees given in respect of banking facilities granted to associated companies and investee companies. The balance of HK\$30.2 million was in respect of bills discounted with recourse.

The Group presently does not have any material capital commitments.

OUTLOOK

Opinions on the state of the global economy are mixed, save that a recovery will not be in place any earlier than the second quarter of next year. Whereas it is not sure whether the impacts of the September 11 attacks on the USA have fully set in, squeeze on margin is bound to escalate and competition from low cost producer countries will continue to intensify. Hong Kong is handicapped structurally to deal with the same but prospects for the short term are not totally gloomy. With buyers keeping their inventories at a bare minimum, orders may rebound at any time and this is already benefiting the Group's woven garment division. However, it is not expected that the rebound will be strong enough to make up for the retrenchment in the Period. The results of the Group's core textile and clothing businesses are therefore expected to report a decline for the full year ending 31 March 2002.

DIVIDENDS AND CLOSE OF REGISTER

The Directors have resolved to declare for the year ending 31 March 2002 an interim dividend of 5 cents per share. In view of the surplus cash position of the Group in relation to its funding requirements, the Directors have also resolved to declare a one-time special dividend of 65 cents per share. Total distribution will amount to HK\$181,780,000.

The interim dividend and the one-time special dividend will be payable on 7 February 2002 to all shareholders on register as at 31 January 2002. The Register of Members and the Transfer Books will be closed from 28 January to 31 January 2002, both days inclusive. In order to qualify for the interim dividend and the one-time special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Central Registration Hong Kong Ltd., 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 25 January 2002.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the Interim Accounts.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

During the Period the Company has complied with the Code of Best Practice set out by the Stock Exchange, except that non-executive Directors are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's Articles of Association.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors at 30 September 2001 in the issued share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance) as recorded in the register maintained under section 29 of that Ordinance were as follows: —

<u>Name of Director</u>	<u>Personal interests</u>	<u>Family interests</u>	<u>Corporate interests</u> <i>(Note)</i>	<u>Total</u>
<i>The Company</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	192,615,464	192,615,464
Mr. Chow Chung Kai	—	—	192,615,464	192,615,464
Mr. Ting Hsiun Shih, Patrick	—	10,000	—	10,000
<i>National Garments Holdings Private Ltd.</i>				
<i>(in members' voluntary liquidation)</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	500,002	—	—	500,002
Mr. Chow Chung Kai	500,000	—	—	500,000

<u>Name of Director</u>	<u>Personal interests</u>	<u>Family interests</u>	<u>Corporate interests</u> <i>(Note)</i>	<u>Total</u>
<i>Winsor Health Investment Ltd.</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	300	300
Mr. Chow Chung Kai	—	—	300	300
<i>Winsor Health Products Ltd.</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	15,000	15,000
Mr. Chow Chung Kai	—	—	15,000	15,000
<i>10% Redeemable preference shares held:</i>				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000
<i>Winsor Health Products (International) Ltd.</i>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000

Note : Such interests are held by corporations where Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise one-third or more of the voting power in their general meetings.

The Company has not granted any right to subscribe for equity or debt securities of the Company. Save as disclosed herein, none of the Directors had any interest in the equity or debt securities of the Company or any of its associated corporations at 30 September 2001.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that at 30 September 2001 the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company, other than those of the Directors as disclosed above:-

	<u>Number of Ordinary shares held</u>	<u>% of Total</u>
Super-Rich Finance Limited	192,615,464	74.17%

On behalf of the Board
Chou Wen Hsien
Chairman

Hong Kong, 12 December 2001.