

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2001 except as described below.

The Group has adopted a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants for the first time in the current period. The adoption of these new or revised SSAPs has had no material effect on the results for the current or prior accounting periods, accordingly, no prior period adjustment has been required.

In adopting SSAP No. 30 "Business Combinations", the Group has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1 April 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 April 2001 will be credited to the income statement at the time of disposal of the relevant subsidiary.

Goodwill arising on acquisitions on or after 1 April 2001 will be capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisitions on or after 1 April 2001 will be presented as a deduction from assets and will be released to the income statement based on an analysis of the circumstances from which the balance resulted.

3. SEGMENT INFORMATION

Business segments

	Garment sourcing and export <i>HK\$'000</i>	Property letting <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 September 2001:				
Turnover				
External	329,859	8,832	—	338,691
Inter-segment	—	1,887	(1,887)	—
	<u>329,859</u>	<u>10,719</u>	<u>(1,887)</u>	<u>338,691</u>
Profit from operations	<u>18,527</u>	<u>6,677</u>		<u>25,204</u>
Six months ended 30 September 2000:				
Turnover				
External	291,615	9,927	—	301,542
Inter-segment	—	791	(791)	—
	<u>291,615</u>	<u>10,718</u>	<u>(791)</u>	<u>301,542</u>
Profit from operations	<u>16,538</u>	<u>6,921</u>		<u>23,459</u>

Geographical segments

	Hong Kong <i>HK\$'000</i>	United States of America <i>HK\$'000</i>	Europe <i>HK\$'000</i>	Canada <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 September 2001:							
Turnover							
External	8,832	319,080	3,330	7,449	—	—	338,691
Inter-segment	1,887	—	—	—	—	(1,887)	—
	<u>10,719</u>	<u>319,080</u>	<u>3,330</u>	<u>7,449</u>	<u>—</u>	<u>(1,887)</u>	<u>338,691</u>
Profit (loss) from operations	<u>6,282</u>	<u>18,988</u>	<u>(50)</u>	<u>(12)</u>	<u>(4)</u>		<u>25,204</u>
Six months ended 30 September 2000:							
Turnover							
External	10,384	272,918	4,838	12,989	413	—	301,542
Inter-segment	791	—	—	—	—	(791)	—
	<u>11,175</u>	<u>272,918</u>	<u>4,838</u>	<u>12,989</u>	<u>413</u>	<u>(791)</u>	<u>301,542</u>
Profit (loss) from operations	<u>6,940</u>	<u>17,188</u>	<u>(298)</u>	<u>(360)</u>	<u>(11)</u>		<u>23,459</u>

4. PROFIT FROM OPERATIONS

	Six months ended	
	30 September	
	2001	2000
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Profit from operations has been arrived at after charging:		
Depreciation and amortisation on:		
- property, plant and equipment	1,237	1,163
- permanent textile quota entitlements	2,013	11,826
	<u> </u>	<u> </u>

5. UNREALISED (LOSS) GAIN ON OTHER INVESTMENTS

The amount represents unrealised (loss) gain on revaluation of other investments, being shares of 21 CN CyberNet Corporation Limited ("21CN"), to fair value at the reporting date (see also note 11).

6. FINANCE COSTS

The amount represents interest on borrowings wholly repayable within five years.

7. TAXATION

The amount represents provision for Hong Kong Profits Tax calculated at the rate of 16% (2000: 16%) of the estimated assessable profit for the period.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	Six months ended 30 September	
	2001 HK\$ '000	2000 HK\$ '000
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	(28,755)	377,148
Number of shares		
Weighted average number of shares for the purposes of basic (loss) earnings per share	790,532,675	615,647,324
Effect of dilutive potential shares in respect of share options		1,449,747
Weighted average number of shares for the purposes of diluted (loss) earnings per share		617,097,071

The denominators for the purposes of calculating both basic and diluted earnings per share of the prior period have been adjusted to reflect the rights issue on 4 September 2001 by a factor of 0.1520/0.1513.

No diluted loss per share has been presented for the current period as the exercise of the Company's outstanding share options would reduce the loss per share of the current period.

9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$1,731,000 (2000: HK\$1,100,000) on acquisition of property, plant and equipment.

10. INVESTMENT PROPERTIES

In the opinion of the directors of the Company, there is no significant change of value of the Group's investment properties since the last professional valuation at 31 March 2001.