

#### 14. SECURED BORROWINGS

The Group was, at the reporting date, unable to meet the repayment schedules of its secured borrowings, accordingly, all these borrowings at the reporting date were technically repayable on demand and have been classified under current liabilities.

As announced by the Company on 15 October 2001, the Company and certain of its subsidiaries entered into a debt restructuring agreement (the "Debt Restructuring Agreement") on that day with its bankers in relation to the rescheduling of outstanding indebtedness in the principal amount of approximately HK\$366.4 million as at 31 August 2001 as follows:

- (a) The Tranche "A" Debt (as defined in the Debt Restructuring Agreement) in the aggregate sum of approximately HK\$147.0 million is to be repaid as follows:
- on completion of the Debt Restructuring Agreement (the "Debt Completion") HK\$25.0 million
  - 3, 6 and 9 months after Debt Completion tranches of HK\$11.5 million each
  - first anniversary of Debt Completion balance of approximately HK\$87.5 million

The Debt Completion took place on 18 October 2001.

- (b) The Tranche "B" Debt (as defined in the Debt Restructuring Agreement) in the aggregate sum of approximately HK\$216.7 million is expected to be repaid in 16 instalments. Each of the first 15 instalments will be in an amount representing not less than 6.25% of the Tranche "B" Debt (i.e. approximately HK\$13.5 million), with the balance to be paid as the 16th instalment. The first instalment will be made on the expiry of the 15th month after Debt Completion, with each subsequent instalment payable every three months, subject to certain mandatory repayment requirements with reference to the total market value of the Group's property portfolio held by the bankers by way of security.
- (c) The Excluded Trade Facility (as defined in the Debt Restructuring Agreement) of up to approximately HK\$2.7 million granted by one of the bankers is to be gradually run down or to be repaid by utilising new trading facilities of up to HK\$40.0 million in total granted by the bankers.

The Tranche "A" Debt and the Tranche "B" Debt bear interest at the rate of 1.8% above the Hong Kong Interbank Offer Rate per annum and is repayable on a three monthly basis.

The total debt owed to respective bankers is secured by existing charges over different properties of the Group in favour of the relevant bankers and by existing fixed and floating charges over the assets, properties and undertaking of the Company and certain of its subsidiaries.

Details of the debt restructuring, including principal terms and provisions of the Debt Restructuring Agreement, are set out in the announcement of the Company dated 15 October 2001.

## 15. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$ '000</b>
Shares of HK\$0.10 each		
Authorised:		
At 31 March 2001 and 30 September 2001	30,000,000,000	3,000,000
Issued and fully paid:		
At 1 April 2001	735,374,106	73,537
Rights issue of shares at a price of HK\$0.15 per rights share	367,687,053	36,769
At 30 September 2001	1,103,061,159	110,306

There were no movements in the share capital of the Company in the prior interim reporting period.

## 16. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

- (a) During the period, the Group had the following transactions carried out at prices determined by reference to market prices for similar transactions with related parties/persons deemed to be "connected persons" by the Stock Exchange, being entities controlled by certain relatives of Koon Wing Yee and his spouse Lui Yuk Chu, both of whom are directors of the Company:

	<b>Six months ended 30 September</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Sales of garments	3,849	8,538
Purchases of garments	97,065	117,855

At 30 September 2001, deposits paid to these entities which are included in trade receivables amounted to HK\$52,967,000 (31.3.2001: HK\$33,413,000).

The Group, its principal shareholders and directors of the Company neither control these entities, nor, other than having significant business transactions with these entities, exercise significant influence over these entities in making financial and operating decisions.

- (b) As announced by the Company on 5 June 2001, Magical Profits Limited proposed to place 93,040,000 then existing shares of HK\$0.10 each in the capital of the Company through an independent placing agent to independent outside parties and conditionally agreed to subscribe for 147,074,000 new shares in the capital of the Company at HK\$0.23 per share. The Company further announced on 5 July 2001 that the relevant placing agreement and subscription agreement were terminated on 4 July 2001 and the proposed placing and subscription would not proceed.

Magical Profits Limited is beneficially owned by The Magical 2000 Trust, the beneficiaries of which include Lui Yuk Chu and her family members.

**17. CONTINGENT LIABILITIES**

	<b>30 September 2001</b>	<b>31 March 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bills discounted with recourse	2,457	8,716
	<u>2,457</u>	<u>8,716</u>

Details of the warranty provided by the Company regarding gross proceeds and market value of properties of 21CN Group held as at 31 March 2000 within three years from Completion on 15 May 2000 are described in note 11. In the opinion of the directors of the Company, no provision at 30 September 2001 in respect of such warranty is necessary.

**18. CAPITAL COMMITMENTS**

	<b>30 September 2001</b>	<b>31 March 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure contracted for but not provided in the condensed financial statements in respect of:		
- development of properties	5,092	6,111
- acquisition of other property, plant and equipment	1,066	373
	<u>6,158</u>	<u>6,484</u>
	<u>6,158</u>	<u>6,484</u>