

## NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

### 1. Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The accounting policies adopted are consistent with those followed in the Group's annual financial statement for the year ended 31 March, 2001, except as described below.

The Group has adopted SSAP 30 "Business Combinations" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1 January, 2001 and has elected not to restate the goodwill or negative goodwill previously eliminated against or 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 associate, or at such time the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 April, 2001 will be credited to income at the time of disposal of the relevant subsidiary or associate.

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

### 2. Segment Information

	Turnover		Contribution to profit (loss) from operation	
	Unaudited six months ended		Unaudited six months ended	
	30 September, 2001	30 September, 2000	30 September, 2001	30 September, 2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations:				
Sales of garment products to the United States of America	<u>107,529</u>	<u>87,492</u>	<u>2,398</u>	<u>8,904</u>
Discontinued operations:				
Publishing and provision of related services in Hong Kong	<u>—</u>	<u>42,152</u>	<u>—</u>	<u>(6,836)</u>
	<u><b>107,529</b></u>	<u><b>129,644</b></u>	<u><b>2,398</b></u>	<u><b>2,068</b></u>

### 3. Depreciation

During the period, depreciation of approximately HK\$1,538,000 (2000: HK\$6,981,000) was charged in respect of the Group's property, plant and equipment.

## 4. Taxation

	<b>1 April, 2001 to 30 September, 2001 HK\$'000</b>	1 April, 2000 to 30 September, 2000 HK\$'000
Hong Kong's Profits Tax calculated at 16% of the estimated assessable profit of the period	<b>668</b>	1,357
Deferred taxation (credit) charge	<b>(106)</b>	199
	<b><u>562</u></b>	<b><u>1,556</u></b>

## 5. Earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the Group's unaudited consolidated profit attributable to shareholders for the period of HK\$1,843,000 (2000: loss of HK\$2,962,000) and on the weighted average number of 169,524,961 (2000: 164,064,976) ordinary shares in issue during the period.

No diluted earnings (loss) per share figures have been shown as there were no dilutive potential ordinary shares outstanding for both of the periods.

## 6. Addition to property, plant and equipment

During the period, the Group spent approximately HK\$938,000 (2000: HK\$2,254,000) on property, plant and equipment to expand its operation.

## 7. Trade and Other Receivables

Included in trade and other receivables are trade receivables of approximately HK\$19,390,000 (31 March, 2001: HK\$19,110,000).

The aging analysis for trade receivables is as follows:

	<b>At 30 September, 2001 HK\$'000</b>	At 31 March, 2001 HK\$'000
Within 30 days	<b>10,687</b>	18,639
Over 30 days but less than 60 days	<b>8,671</b>	398
Over 60 days but less than 90 days	—	72
Over 90 days	<b>32</b>	1
	<b><u>19,390</u></b>	<b><u>19,110</u></b>

Note:

**Credit policy**

Apart from payment by letter of credit, settlement is generally on an open account basis with credit terms ranging from 30 days to 60 days following the month of sale.

It is the policy of the Group to allow settlement on an open account basis only by customers who have good repayment records and well-established relationships with the Group. The credit period for such customers is reviewed periodically in response to the financial conditions, orders on hand and other credit information.

## 8. Trade and Other Payables

Included in trade and other payables are trade payables of approximately HK\$14,263,000 (31 March, 2001: HK\$24,630,000).

The aging analysis for trade payables is as follows:

	<b>At 30 September, 2001 HK\$'000</b>	At 31 March, 2001 HK\$'000
Within 90 days	<u>14,263</u>	<u>24,630</u>

## 9. Share Capital

	<b>Number of shares</b>	<b>Nominal value HK\$'000</b>
<i>Authorized:</i>		
At 1 April, 2001		
Ordinary share of HK\$0.02 each	25,000,000,000	500,000
Consolidation of every 50 shares into 1 share from HK\$0.02 to HK\$1 each ( <i>note a</i> )	(24,500,000,000)	—
Subdivided into 100 shares of HK\$0.01 each ( <i>note a</i> )	<u>49,500,000,000</u>	<u>—</u>
At 30 September, 2001		
Ordinary share of HK\$0.01 each	<u>50,000,000,000</u>	<u>500,000</u>
<i>Issued and fully paid</i>		
At 1 April, 2001		
Ordinary share of HK\$0.02 each	8,539,860,830	170,797
Repurchases of shares	(188,310,000)	(3,766)
	<u>8,351,550,830</u>	<u>167,031</u>
Consolidation of every 50 shares into 1 share ( <i>note a</i> )	(8,184,519,814)	—
Capital reduction ( <i>note a</i> )	<u>—</u>	<u>(165,361)</u>
At 30 September, 2001		
Ordinary share of HK\$0.01 each	<u>167,031,016</u>	<u>1,670</u>

Note:

- (a) Pursuant to the ordinary and special resolutions regarding the Capital Reorganization passed in the Annual General Meeting on 3 August, 2001, every fifty issued and unissued ordinary shares of HK\$0.02 each of the Company were consolidated ("Share Consolidation") into one share of HK\$1 each ("Consolidated Share"). After the Share Consolidation, the par value of each of the issued Consolidated Shares was reduced from HK\$1 to HK\$0.01 by canceling paid up capital to the extent of HK\$0.99 each ("Capital Reduction") and each of the unissued Consolidated Shares (including the unissued Consolidated Shares arising from the Capital Reduction) was subdivided into one hundred new shares of HK\$0.01 each.

## 10. Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Deficit HK\$'000	Total HK\$'000
Balance at 1 April, 2001	137,019	320,785	15	7,903	(587,497)	(121,775)
Surplus arising from repurchase of shares	—	1,288	—	—	—	1,288
Transferred to capital redemption reserve upon repurchase of shares	—	(3,766)	3,766	—	—	—
Consolidation of shares and capital reduction	—	165,361	—	—	—	165,361
Transferred to contributed surplus upon premium reduction	(137,019)	137,019	—	—	—	—
Elimination of deficits	—	(554,939)	—	—	554,939	—
Profit attributable to shareholders	—	—	—	—	1,843	1,843
Balance at 30 September, 2001	<u>—</u>	<u>65,748</u>	<u>3,781</u>	<u>7,903</u>	<u>(30,715)</u>	<u>46,717</u>

## 11. Contingent liabilities

At 30 September, 2001, the company had given corporate guarantee of HK\$20,000,000 (31 March, 2001: HK\$20,000,000) to secure general banking facilities granted to a subsidiary.

## 12. Related party transactions

During the period, the Group had the following transactions with related parties:

	HK\$'000
Consultancy fee paid to a related company	100
Rental charges paid to a related company	331
	<u>431</u>

## 13. Comparative figures

Certain comparative figures have been restated to conform to the current period's presentation.

An adjustment is made to the gain on disposal of discontinued operation of last year interim report. The adjustment was due to the reallocation of the amount HK\$4,588,000 of the revaluation reserve to the retained profits resulted from the Group's disposal of subsidiaries. Such an adjustment is a matter of accounting treatment and does not affect the net assets value or cash flows of the Group.