

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants (“HKSA”).

The accounting policies and basis of presentation adopted in the preparation of these interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31 March 2002, except for the new/revised SSAPs have been adopted for the first time in the preparation of current period condensed consolidated financial statements.

The following relevant SSAPs issued by the HKSA are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (Revised)	:	Presentation of Financial Statements
SSAP 11 (Revised)	:	Foreign Currency Translation
SSAP 15 (Revised)	:	Cash Flow Statements
SSAP 25 (Revised)	:	Interim Financial Reporting
SSAP 34	:	Employee Benefits

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative balances have been presented in accordance with this revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. This revised SSAP has had no major impact on these condensed consolidated financial statements.

SSAP 15 (Revised) prescribes the provision of information about the historical changes in cash and cash equivalents by means of a cash flow statement which classifies cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative balances have been presented in accordance with this revised SSAP.

SSAP 25 (Revised) prescribes the presentation and disclosures following changes in SSAP 1 (Revised) and SSAP 15 (Revised). The condensed consolidated financial statements for the current interim period and comparative balances have been presented in accordance with this revised SSAP.

SSAP 34 prescribes the accounting treatment and disclosure requirements for employee benefits. This has had no major impact on these condensed consolidated financial statements.

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	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Depreciation	7,540	3,626
Impairments of interests in an associate	6,248	–
Loss on disposal of fixed assets	1,406	–
Staff Costs		
Wages and Salaries	30,795	28,363
Staff retirement scheme contributions	879	856
	31,674	29,219
Interest income	(1,496)	(2,588)
Negative goodwill recognised*	(16,522)	–

* The movements in negative goodwill recognised in the profit and loss account for the six months ended 30 September 2002 are included in "Other revenue" on the face of condensed consolidated profit and loss account.

4. FINANCE COSTS

	For the six months ended 30 September	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Interest in respect of:		
Bank loans, overdrafts and other loans wholly repayable within five years	10,026	7,679
Finance leases	110	47
Total interest	10,136	7,726
Less: Interest capitalised in respect of properties under development	–	(2,010)
Total finance costs	10,136	5,716

5. TAX

	For the six months ended 30 September	
	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Group:		
Hong Kong	–	5
Mainland China	1,668	500
Overseas	1,630	2,675
	3,298	3,180
Associates:		
Mainland China	–	298
Tax charge for the period	3,298	3,478

Hong Kong profits tax has been provided at the rate of 16% (2001: 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\$22,446,000 (2001: HK\$20,275,000), and the weighted average of 732,587,219 ordinary shares in issue during the period (2001: 730,978,476).

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the period of HK\$22,446,000 (2001: HK\$20,275,000). The weighted average number of ordinary shares used in the calculation is 732,587,219 (2001: 730,978,476) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 2,223,557 (2001: 1,972,075) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options and warrants outstanding during the period.

7. INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend (2001: Nil) for the six months ended 30 September 2002.

8. FIXED ASSETS

	HK\$'000
Cost or Valuation:	
At beginning of period	267,095
Additions	9,010
Disposals	(6,106)
Exchange realignment	699
At 30 September 2002	270,698
Accumulated depreciation	
At beginning of period	109,263
Provided during the period	7,540
Disposals	(4,700)
Exchange realignment	815
At 30 September 2002	112,918
Net book value	
At 30 September 2002	157,780
At 31 March 2002	157,832

9. TRADE DEBTORS AND BILLS RECEIVABLE

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

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Outstanding balances with ages:		
Current to 30 days	58,868	48,331
31–60 days	2,545	5,449
61–90 days	1,314	3,017
Over 90 days	133,152	132,256
	195,879	189,053

9. TRADE DEBTORS AND BILLS RECEIVABLE (Continued)**Credit terms**

Trade debtors and bills receivable arised from garment business generally have credit terms of 30 to 90 days. Restaurant business is normally traded on cash basis. For property sales, credit terms varies in accordance with the terms of the sales and purchase agreements. All trade debtors are recognised and carried at their original invoiced amounts less provision for doubtful debts which is recorded when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

10. TRADE CREDITORS

The aged analysis of trade creditors is as follows:

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Outstanding balance with ages:		
Current to 30 days	23,506	25,469
31–60 days	6,977	5,716
61–90 days	2,941	1,655
Over 90 days	6,391	15,884
	39,815	48,724

11. SHARE CAPITAL**Shares**

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (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 2002: 732,587,219) ordinary shares of HK\$0.10 each	73,259	73,259

12. CONTINGENT LIABILITIES

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

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Bills discounted with recourse	8,120	2,351
Guarantee given for mortgage loan facilities granted for purchases of properties	133,546	155,571
	141,666	157,922

13. OPERATING LEASE ARRANGEMENTS**(a) As lessor**

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 10 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Within one year	27,130	24,190
In the second to fifth years, inclusive	55,922	61,770
After five years	10,486	13,768
	93,538	99,728

13. OPERATING LEASE ARRANGEMENTS *(Continued)***(b) As lessee**

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years and rentals are normally fixed in accordance with the respective tenancy agreements and no arrangements have been entered into for contingent rental payments.

The Group had commitments under non-cancellable operating leases to make payments as set out below:

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Land and buildings expiring:		
Within one year	11,587	9,022
In the second to fifth years, inclusive	28,696	29,386
After five years	1,524	870
	41,807	39,278

14. COMMITMENTS

In addition to the operating lease commitments detailed in note 13 above, the Group had the following commitments at the balance sheet date:

	30 September 2002 (Unaudited) HK\$'000	31 March 2002 (Audited) HK\$'000
Other capital commitments:		
Authorised and contracted for	1,065	7,040
Foreign currency forward contracts:		
Commitments to purchase/sell	-	1,188

15. RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the period:

- (a) In addition to the transactions and balances set out elsewhere in the notes to the financial statements, the Company had significant transactions with parties in which Ma Kai Cheung and/or Ma Kai Yum, directors of the Company, have beneficial equity interests as follows:

	Notes	For the six months ended 30 September	
		2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Sales of goods	(i)	5,956	4,759
Purchase of goods	(ii)	26,701	21,834

Notes:

- (i) The directors consider that sales to related companies were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The directors consider that purchase prices were determined according to the published prices and conditions similar to those offered to other customers of the supplier.

In the opinion of the directors, the above transactions were entered into by the Group in the normal course of business.

- (b) On 25 July 1997, Carrianna (Shenzhen) Investment Limited ("Carrianna (Shenzhen)"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "Principal Agreement") with an independent Chinese party to co-operate in and to jointly undertake the redevelopment of a building site in Shenzhen, Mainland China.

On 22 September 1997, Carrianna (Shenzhen) entered into a joint venture agreement with Luendan Enterprises Company Limited ("Luendan"), a company in which Yip Hing Chung, a non-executive director of the Company, and his family hold 80% equity interest, for the joint development of the aforesaid building site. Pursuant to the joint venture agreement, Luendan will share 20% of all entitlements, rights, benefits and profits in the redevelopment which were originally enjoyed by Carrianna (Shenzhen) under the Principal Agreement. The particulars of these transactions were disclosed in the press announcement of the Company on 23 September 1997.

The redevelopment was completed in 2001.

16. COMPARATIVE FIGURES

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