

NOTES TO CONDENSED INTERIM ACCOUNTS:

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts (the "Interim Accounts") for the six months ended 30th September, 2001 are prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No.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 (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual financial statements for the year ended 31st March, 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAP issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January, 2001:

- SSAP 9 (Revised): Events after the balance sheet date
- SSAP 14 (Revised): Leases (effective for periods commencing on or after 1st July, 2000)
- SSAP 26 (Revised): Segment reporting

The changes in the Group's accounting policies resulting from the adoption of these revised standards are set out below:

- (a) SSAP 9 (Revised): Events after the balance sheet date

In accordance with the SSAP 9 (Revised), 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 so that the comparative figures presented have been restated to conform to the changed policy.

The adjustment has resulted in a decrease in current liabilities at 30th September, 2001 by HK\$6,127,000 (31st March, 2001:HK\$6,127,000) for the provision of the proposed dividend that is no longer required.

(b) SSAP 14 (Revised): Leases

The revised standard requires the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

- (i) not later than one year
- (ii) later than one year and not later than five years, and
- (iii) later than five years

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

2. SEGMENT INFORMATION

The Group is principally engaged in design, manufacturing and retailing of ladies' apparel under the Group's three own brandnames, namely, **Wanko**, **Veeko** and **i-MIIX**.

An analysis of the Group's turnover and the contribution to profit from operations for the period by principal markets is as follows:

	Unaudited Turnover		Unaudited Contribution to profit (loss) from operations	
	Six months ended 30th September 2001 HK\$'000	Six months ended 30th September 2000 HK\$'000	Six months ended 30th September 2001 HK\$'000	Six months ended 30th September 2000 HK\$'000
Hong Kong and Macau	107,006	131,161	2,721	20,107
Taiwan	44,129	32,865	712	5,247
Others	14,220	2,070	(343)	1,073
	<u>165,355</u>	<u>166,096</u>	<u>3,090</u>	<u>26,427</u>
Finance costs			(1,428)	(531)
Investment income			375	1,607
Profit before taxation			<u>2,037</u>	<u>27,503</u>

No analysis of the Group's turnover for the period by principal activities has been prepared as less than 10% of such amounts are derived from activities other than retailing of ladies' apparel.

3. PROFIT FROM OPERATIONS

	Unaudited	
	Six months ended	
	30th September	
	2001	2000
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging :		
Depreciation of property, plant and equipment	9,536	7,120
and after crediting:		
Interest income	375	1,607

4. TAXATION

	Unaudited	
	Six months ended	
	30th September	
	2001	2000
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	360	1,265
Overseas Taxation	(177)	1,200
	183	2,465

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group had no significant unprovided deferred taxation for the period and at the balance sheet date.

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$1,854,000 (2000: HK\$25,038,000) and on the 1,656,000,000 shares in issue (2000: 1,656,000,000) during the period.

6. TRADE AND OTHER RECEIVABLES

At 30th September, 2001, included in the Group's trade and other receivables were trade receivables of approximately HK\$16,059,000 (31st March, 2001: HK\$14,073,000). The Group's credit card sales and credit terms on consignment sales are mostly range from 0 – 60 days. Details of the aged analysis of trade receivables are as follows:

	Unaudited 30th September 2001 HK\$'000	Audited 31st March 2001 HK\$'000
0 – 30 days	10,245	10,044
31 – 60 days	5,801	3,813
Over 60 days	13	216
	16,059	14,073

7. TRADE AND OTHER PAYABLES

At 30th September, 2001, included in the Group's trade and other payables were trade payables of approximately HK\$13,322,000 (31st March, 2001: HK\$18,927,000). Details of the aged analysis of the trade payables are as follows:

	Unaudited 30th September 2001 HK\$'000	Audited 31st March 2001 HK\$'000
0 – 30 days	3,743	8,319
31 – 60 days	6,560	8,719
Over 60 days	3,019	1,889
	13,322	18,927

8. SHARE CAPITAL

	Unaudited 30th September 2001 HK\$'000	Audited 31st March 2001 HK\$'000
Authorised :		
10,000,000,000 of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid :		
1,656,000,000 ordinary share of HK\$0.01 each	<u>16,560</u>	<u>16,560</u>

9. RESERVES

	Share Premium	Translation Reserve	Contributed Surplus	Special Reserve	Retained Profits (deficit)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2000 as previously reported	8,611	154	0	2,266	89,438	100,469
Effect of adopting SSAP 9 (Revised) (Note 1(a))	0	0	0	0	6,127	6,127
At 1st April 2000 as restated	8,611	154	0	2,266	95,565	106,596
1999/2000 final dividend paid	0	0	0	0	(6,127)	(6,127)
Exchange differences on translation of overseas operations	0	(10)	0	0	0	(10)
Profit attributable to shareholders	0	0	0	0	40,699	40,699
2000/2001 interim dividend paid	0	0	0	0	(3,809)	(3,809)
At 31st March 2001 before proposed dividend	8,611	144	0	2,266	126,328	137,349
2000/2001 final dividend proposed	0	0	0	0	(6,127)	(6,127)
At 31st March 2001 after proposed dividend	<u>8,611</u>	<u>144</u>	<u>0</u>	<u>2,266</u>	<u>120,201</u>	<u>131,222</u>
At 1st April 2001 as previously reported	8,611	144	0	2,266	120,201	131,222
Effect of adopting SSAP 9 (Revised) (Note 1(a))	0	0	0	0	6,127	6,127
At 1st April 2001 as restated	8,611	144	0	2,266	126,328	137,349
Exchange differences on translation of overseas operations	0	(7)	0	0	0	(7)
Profit attributable to shareholders	0	0	0	0	1,854	1,854
At 30th September 2001	<u>8,611</u>	<u>137</u>	<u>0</u>	<u>2,266</u>	<u>128,182</u>	<u>139,196</u>

10. CONTINGENT LIABILITIES

At 30th September, 2001, the Company had guarantees of approximately of HK\$90,062,000 (31st March, 2001:HK\$90,062,000) to certain banks in respect of banking facilities granted to certain subsidiaries of the Company. The amount utilised by the subsidiaries was approximately HK\$42,206,000 (31st March, 2001: HK\$25,142,000).

11. OPERATING LEASE COMMITMENTS

The total future minimum payments under non-cancellable operating leases in respect of rented properties of the Group are as follows:

	Unaudited 30 September 2001 HK\$'000	Restated 31 March 2001 HK\$'000
Not later than one year	93,572	82,668
Later than one year and not later than five years	105,598	83,191
Later than five years	18,010	19,693
	217,180	185,552

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th September, 2001 (2000: HK0.23 cent per share of HK\$0.01 each).