

Notes to the Condensed Interim Accounts

13 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	Current	Overdue 1 month	Overdue 2 months	Overdue 3 months or above	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 30th September, 2001	150	206	63	2,079	2,498
Balance at 31st March, 2001	99	157	146	831	1,233

14 SHARE CAPITAL

Authorised:	Ordinary shares of HK\$0.01 (At 31st March, 2000: HK\$0.10) each	
	<i>Number of shares</i>	<i>HK\$'000</i>
At 1st April, 2000	10,000,000,000	1,000,000
Reduction of share capital from HK\$0.10 each to HK\$0.01 each	—	(900,000)
At 30th September, 2000, 31st March, 2001 and 30th September, 2001	10,000,000,000	100,000

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14 SHARE CAPITAL *(continued)*

Issued and fully paid:	Ordinary shares of HK\$0.01 (At 31st March, 2000: HK\$0.10) each	
	Number of shares	HK\$'000
At 1st April, 2000	647,978,320	64,798
Reduction of share capital from HK\$0.10 each to HK\$0.01 each	—	(58,318)
Issue of shares of HK\$0.01 each	2,352,377,680	23,524
At 30th September, 2000	3,000,356,000	30,004
Issue of shares of HK\$0.01 each	58,910,000	589
At 31st March, 2001 and 30th September, 2001	3,059,266,000	30,593

For the period ended 30th September, 2001, there is no change in authorized and issued share capital.

15 SHARE OPTION SCHEME

Details of share options granted to the employees and Directors of the Group under a share option scheme approved at a special general meeting of the Company on 28th May, 1998 are as follows:

Date of grant	Exercise price HK\$	Number of share options		
		Balance at 1st April, 2001	Cancelled during the period	Outstanding at 30th September, 2001
13th July, 2000	0.99	118,050,000	22,500,000	95,550,000
20th November, 2000	0.792	49,200,000	24,200,000	25,000,000
9th January, 2001	0.566	12,000,000	—	12,000,000
20th March, 2001	0.3304	17,200,000	300,000	16,900,000

All the options granted will expire at the end of ten years from the date of grant or the life of the scheme, whichever is earlier. The subscription price of the options shall be at a price not less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares of the Company on The Stock Exchange of the Hong Kong Limited on the five trading days immediately preceding the date of the offer to grant the option. No option was granted and exercised for the six months ended 30th September, 2001.

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16 RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange translation reserve HK\$'000	General reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April, 2000	—	19,790	2,013	5,658	(84,193)	(56,732)
Contributed surplus arising from reduction of share capital from HK\$0.10 each to HK\$0.01 each	—	58,318	—	—	—	58,318
Premium on issue of ordinary shares, net of expenses	227,646	—	—	—	—	227,646
Exchange differences	—	—	(1,174)	—	—	(1,174)
Loss for the year	—	—	—	—	(64,834)	(64,834)
At 31st March, 2001	227,646	78,108	839	5,658	(149,027)	163,224
Exchange differences	—	—	(12)	—	—	(12)
Loss for the period	—	—	—	—	(25,949)	(25,949)
At 30th September, 2001	227,646	78,108	827	5,658	(174,976)	137,263

17 BANK LOANS

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Bank loans - secured	30,886	57,450
Less: Amount due within one year included under current liabilities	—	(55,456)
Current portion of long term bank loans	(1,376)	(85)
	<u>29,510</u>	<u>1,909</u>

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17 BANK LOANS (continued)

The analysis of the above is as follows:

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Bank loans		
Wholly repayable within five years	—	55,456
Not wholly repayable within five years	<u>30,886</u>	<u>1,994</u>
	<u>30,886</u>	<u>57,450</u>

At 30th September, 2001, the Group's bank loans were repayable as follows:

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Within one year	1,376	55,541
In the second year	1,461	240
In the third to fifth year inclusive	4,916	718
After the fifth year	<u>23,133</u>	<u>951</u>
	<u>30,866</u>	<u>57,450</u>

In August 2001, the Group successfully refinanced the bank loans. The balance of bank loan of HK\$28,907,000 at 30th September, 2001 is a 15 years term loan repayable in 180 instalments, bearing interest at Hong Kong dollar prime rate and secured by two leasehold properties with carrying value of HK\$85,000,000 situated in Hong Kong.

The remaining bank borrowings of HK\$1,979,000 are secured by freehold land and buildings with carrying value of HK\$4,652,000 situated in New Zealand.

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18 COMMITMENTS

(a) Capital commitments

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Authorized but not contracted for investment in an associated company	9,497	9,497
Contracted but not provided for purchase of investment securities	2,037	2,037
	<u>11,534</u>	<u>11,534</u>

(b) Commitments under operating leases

At 30th September, 2001, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th September, 2001 HK\$'000	Restated 31st March, 2001 HK\$'000
Within one year	320	280
In the second to fifth year inclusive	80	280
	<u>400</u>	<u>560</u>

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18 COMMITMENTS *(continued)*

- (c) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable leases are as follows:

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Within one year	4,953	4,784
In the second to fifth year inclusive	2,554	1,805
	<u>7,507</u>	<u>6,589</u>

The Group's operating leases are for terms ranging from one to three years.

19 CONTINGENT LIABILITIES

	30th September, 2001 HK\$'000	31st March, 2001 HK\$'000
Guarantees given in lieu of utility deposits	<u>200</u>	<u>200</u>

20 RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	6 months ended 30th September, 2001 HK\$'000	2000 HK\$'000
Interest expense payable to a former fellow subsidiary	<u>153</u>	<u>193</u>

The loan from the former fellow subsidiary, Planetic International Limited, is interest bearing at prime rate plus 2% per annum. Planetic International Limited is a subsidiary of Easyknit International Holdings Limited which was the former ultimate holding company of the Company up to 15th May, 2000.

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21 LITIGATION

In respect of the claims from Wai Fung Plaza Limited and Kadoorie Estate Limited for damages resulted from breaches of terms of the operating lease agreements between the Group and the respective parties, legal advice had been obtained and the directors considered that the provisions as at 30th September, 2001 of HK\$4.6 million and HK\$2.2 million made in prior years in the respective cases are adequate and no further provision is required.

22 SUBSEQUENT EVENT

A conditional sale and purchase agreement was signed on 1st November, 2001 to dispose of the land and buildings, livestock and investment securities held by the dairy farm in New Zealand at a consideration of NZD 3 million. The disposal is expected to be completed on 30th June, 2002.

On behalf of the Board

Chen Xiao Ying

Executive Chairman

Hong Kong, 21st December, 2001