

Notes to the Condensed Consolidated Financial Statements

(1) Principal accounting policies and basis of presentation

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investments in securities.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 (Interim Financial Reporting) issued by the Hong Kong Society of Accountants and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The interim consolidated financial statements for the period ended 31st December, 2001 are unaudited and have been reviewed by the Audit Committee of the Company.

The principal accounting policies and methods of computation used in the preparation of the interim consolidated financial statements are consistent with those adopted in the annual report for the year ended 30th June, 2001.

(2) Segmental information

The Group's turnover and contribution to profit before taxation, analysed by principal activities were as follows:

	Turnover		Profit from operating activities	
	Six months ended		Six months ended	
	31st December,		31st December,	
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activity				
Garments trading	2,936	21,822	31	1,103
Proprietary trading in securities	89,694	64,016	(590)	(418)
Securities broking	278	595	93	484
	<u>92,908</u>	<u>86,433</u>	(466)	1,169
Other revenue			31,234	23,364
Other expenses			<u>(22,619)</u>	<u>(17,144)</u>
Profit before taxation			<u>8,149</u>	<u>7,389</u>

Other than the garments trading activity which is based in the People's Republic of China, all the other activities of the Group is based in Hong Kong SAR.

(3) Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended	
	31st December,	
	2001	2000
	HK\$'000	HK\$'000
Amortisation of intangible asset	34	—
Depreciation and amortisation of property, plant and equipment	1,905	958
Loss on disposal of property, plant and equipment	1,158	—

(4) Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred tax losses for the period.

(5) Earnings per share

The calculation of basic earnings per share for the six months ended 31st December, 2001 is based on the unaudited profit attributable to shareholders of HK\$8,149,000 (2000: HK\$7,389,000) and the weighted average number of 1,242,106,679 shares (2000: 1,250,760,400 shares) in issue during the period.

(6) Fixed assets

During the period, the Group spent approximately HK\$14,900,000 on plant and equipment in the PRC and Hong Kong. As at 31st December, 2001, the Group did not have any capital commitments.

(7) Trade debtors

The Group allows an average credit period of 45 days to its trade customers.

The age analysis of trade debtors is as follows:

	At 31st December, 2001 (Unaudited) HK\$'000	At 30th June, 2001 (Audited) HK\$'000
0-30 days	3,393	4,026
Over 60 days	—	2
Total	<u>3,393</u>	<u>4,028</u>

(8) Trade creditors

The age analysis of trade creditors is as follows:

	At 31st December, 2001 (Unaudited) HK\$'000	At 30th June, 2001 (Audited) HK\$'000
0-30 days	4,789	3,370
31-60 days	34	127
61-90 days	74	415
Over 90 days	44	—
Total	<u>4,941</u>	<u>3,912</u>

(9) Share Capital

	Number of shares of HK\$0.10 each		Share capital	
	31.12.2001	30.6.2001	31.12.2001 HK\$'000	30.6.2001 HK\$'000
Authorised				
At beginning and end of period	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid				
At beginning of period	1,249,144,400	1,250,760,400	124,914	125,076
Shares repurchased	<u>(14,966,000)</u>	<u>(1,616,000)</u>	<u>(1,496)</u>	<u>(162)</u>
At end of period	<u>1,234,178,400</u>	<u>1,249,144,400</u>	<u>123,418</u>	<u>124,914</u>

During the period, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of shares of HK\$0.10 each	Price per share		Aggregate Consideration Paid HK\$'000
		Highest HK\$	Lowest HK\$	
October 2001	270,000	0.175	0.170	47
November 2001	708,000	0.200	0.165	141
December 2001	<u>13,988,000</u>	<u>0.223</u>	<u>0.204</u>	<u>3,054</u>
	<u>14,966,000</u>			<u>3,242</u>

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

(10) Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Balances at						
1st July, 2001	242,903	162	1,000	18	381,268	625,351
Repurchase of own shares	<u>(1,746)</u>	<u>1,496</u>	<u>-</u>	<u>-</u>	<u>(1,496)</u>	<u>(1,746)</u>
Net profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,149</u>	<u>8,149</u>
Balances at						
31st December, 2001	<u>241,157</u>	<u>1,658</u>	<u>1,000</u>	<u>18</u>	<u>387,921</u>	<u>631,754</u>

(11) Contingent liabilities

At 31st December, 2001, the Company has given guarantee to a bank in respect of general banking facilities granted to its subsidiaries amounting to HK\$40 million (30th June, 2001: HK\$40 million).