

## Interim Results

The Board of Directors of Texwinca Holdings Limited (the "Company") has pleasure in presenting the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2000 as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<b>Six months ended 30th September</b>	
	<i>Notes</i>	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000 <i>(Restated)</i>
<b>TURNOVER</b>	3	<b>2,089,975</b>	1,455,402
Cost of sales		<b>(1,523,390)</b>	(1,042,063)
Gross profit		<b>566,585</b>	413,339
Other revenue		<b>9,910</b>	15,355
Selling and distribution costs		<b>(203,110)</b>	(142,979)
Administrative expenses		<b>(130,048)</b>	(107,631)
Other operating expenses		<b>(10,047)</b>	(4,553)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	4	<b>233,290</b>	173,531
Share of profit of an associate		<b>25,648</b>	16,885
Finance costs	5	<b>(3,693)</b>	(12,634)
<b>PROFIT BEFORE TAX</b>		<b>255,245</b>	177,782
Tax	6	<b>(22,984)</b>	(13,017)
<b>PROFIT BEFORE MINORITY INTERESTS</b>		<b>232,261</b>	164,765
Minority interests		<b>—</b>	—
<b>NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>232,261</b>	164,765
Dividends		<b>(76,531)</b>	(38,419)
<b>RETAINED PROFIT FOR THE PERIOD</b>		<b>155,730</b>	126,346
Earnings per share (cents)	8		
Basic		<b>18.2</b>	12.9
Diluted		<b>17.9</b>	12.7
Interim dividend per share (cents)		<b>6.0</b>	3.0

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	<b>Six months ended 30th September</b>	
	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000 (Restated)
Premium paid in respect of share repurchases	<b>(3,815)</b>	—
Exchange differences on translation of the financial statements of foreign entities	<b>(52)</b>	2,644
Net gains/(losses) not recognised in the profit and loss account	<b>(3,867)</b>	2,644
Net profit from ordinary activities attributable to shareholders		
— As previously reported	<b>232,261</b>	161,735
— Effect of change in accounting policy on adoption of the new Interpretation 9 "Accounting for Pre-operating Costs"	<b>—</b>	3,030
Total recognised gains and losses	<b>228,394</b>	167,409

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Fixed assets		<b>730,066</b>	699,132
Investment properties		<b>29,750</b>	29,750
Construction in progress		<b>—</b>	4,615
Trademarks		<b>44,999</b>	45,810
Interest in an associate		<b>75,742</b>	67,359
Rental deposits		<b>45,688</b>	20,206
		<b>926,245</b>	866,872
<b>CURRENT ASSETS</b>			
Due from an associate		<b>24,416</b>	31,074
Inventories		<b>551,958</b>	445,648
Trade and bills receivables	9	<b>481,655</b>	362,273
Prepayments, deposits and other receivables		<b>159,589</b>	100,254
Cash and cash equivalents		<b>250,555</b>	228,070
		<b>1,468,173</b>	1,167,319
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued liabilities	10	<b>659,106</b>	467,112
Tax payable		<b>68,158</b>	52,427
Dividends		<b>153,146</b>	76,615
Interest-bearing bank and other borrowings	11	<b>15,386</b>	102,968
		<b>895,796</b>	699,122
<b>NET CURRENT ASSETS</b>		<b>572,377</b>	468,197
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,498,622</b>	1,335,069

## CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	<i>Notes</i>	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	12	<b>17,953</b>	7,393
Deferred tax		<b>18,119</b>	16,769
		<b>36,072</b>	24,162
<b>MINORITY INTERESTS</b>			
		<b>478</b>	478
		<b>1,462,072</b>	1,310,429
<b>CAPITAL AND RESERVES</b>			
Issued capital		<b>63,811</b>	64,031
Reserves	13	<b>1,398,261</b>	1,246,398
		<b>1,462,072</b>	1,310,429

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	<b>Six months ended 30th September 2000 (Unaudited)</b> <i>HK\$'000</i>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	14	202,971
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		15,515
<b>TAX PAID</b>		(3,638)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<u>(110,906)</u>
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITIES</b>		103,942
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<u>(60,455)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		43,487
Cash and cash equivalents at 1st April 2000		205,495
Foreign exchange adjustments		<u>(400)</u>
<b>CASH AND CASH EQUIVALENTS AT 30th SEPTEMBER 2000</b>		<u>248,582</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances		49,028
Time deposits		201,527
Less: Bank overdrafts		(1,423)
Trust receipt loans		<u>(550)</u>
		<u>248,582</u>

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

### **1. Basis of preparation**

This unaudited interim financial report has been prepared in accordance with the requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited ("SEHK") and is in compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, except that comparative figures of the condensed consolidated cash flow statement have not been shown as the Company has taken advantage of the transitional provision set out in the Listing Rules. In preparation of this interim financial report, the same principal accounting policies and methods of computations adopted in the most recent published annual financial statements have been followed.

### **2. Principal activities**

The Group's principal activities during the period include the production, dyeing and sale of knitted fabric and yarn, the retailing and distribution of casual apparel and accessories, the provision of repair and maintenance services for motors and generators, the trading of generators and the provision of franchise services. There was no change in the principal activities of the Group during the period.

### 3. Segmental information

As the Group's turnover and profits are mainly derived from activities carried out in the People's Republic of China, including Hong Kong, therefore no analysis by territory is provided.

An analysis of the Group's turnover and contribution to profit from operating activities by principal activity during the period is shown as follows:

	Turnover Six months ended 30th September		Contribution to profit from operating activities Six months ended 30th September	
	2000 (Unaudited) HK\$'000	1999 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000	1999 (Unaudited) HK\$'000 (Restated)
Production, dyeing and sale of knitted fabric	991,144	773,167	150,852	145,737
Production, dyeing and sale of yarn	362,610	230,419	42,360	22,278
Retailing and distribution of casual apparel and accessories	704,170	432,068	29,469	5,764
Repair and maintenance services for motors and generators, and trading of generators	15,928	14,413	1,062	(1,731)
Franchise income	16,123	5,335	9,547	1,483
	<u>2,089,975</u>	<u>1,455,402</u>	<u>233,290</u>	<u>173,531</u>

#### 4. Profit from operating activities

The Group's profit from operating activities is arrived at after charging/(crediting):

	<b>Six months ended 30th September</b>	
	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000
Cost of inventories sold	<b>1,523,390</b>	1,042,063
Depreciation:		
owned fixed assets	<b>57,376</b>	45,459
leased fixed assets	<b>62</b>	3,560
Staff costs including directors' remuneration	<b>142,424</b>	116,826
Amortisation of trademarks	<b>873</b>	871
Operating lease rentals for land and buildings	<b>99,280</b>	61,385
Operating lease rentals for plant and machinery	<b>4,686</b>	2,341
Auditors' remuneration	<b>637</b>	566
Provision for doubtful debts	<b>8,636</b>	4,180
Loss on disposal of fixed assets	<b>1,408</b>	41
Exchange losses/(gains), net	<b>991</b>	(559)
Net rental income	<b>(2,102)</b>	(2,324)
Interest income	<b>(4,208)</b>	(9,547)

#### 5. Finance costs

	<b>Six months ended 30th September</b>	
	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000
Interest on bank loans wholly repayable within five years	<b>3,670</b>	12,067
Interest on finance leases	<b>23</b>	567
	<b>3,693</b>	12,634



## 6. Tax

Hong Kong profits tax is provided at the rate of 16.0% (1999: 16.0%) on the estimated assessable profits arising in Hong Kong for the period.

Taxes on profits in respect of subsidiaries operating overseas have been calculated at the rates of tax prevailing in the respective tax jurisdictions in which they operate based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended 30th September</b>	
	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000
Group:		
Hong Kong and PRC profits tax:		
Current period provision	<b>19,369</b>	10,680
Deferred tax	<b>1,350</b>	786
	<b>20,719</b>	11,466
Associate	<b>2,265</b>	1,551
	<b>22,984</b>	13,017

## 7. Prior period adjustment

The Group's deferred pre-operating expenses represented expenses incurred by certain subsidiaries of the Company prior to the commencement of these subsidiaries' operations. Before the adoption of the SSAP Interpretation 9 "Accounting for Pre-operating Costs" issued by the Hong Kong Society of Accountants, these expenses were capitalised up to the date of commencement of operations of these subsidiaries and were amortised on a straight-line basis over a period of five years.

The policy of accounting for deferred pre-operating expenses was changed during the period as a result of the adoption of the revised SSAP 1, which was subsequently clarified by Interpretation No. 9 "Accounting for Pre-operating Costs". Under the new accounting policy, the Group's deferred pre-operating expenses are charged to the profit and loss account in the period in which they arise.

## 7. Prior period adjustment *(continued)*

In restating the condensed consolidated profit and loss account for the period ended 30th September 1999 on the basis of the new policy, the Group's net profit from ordinary activities attributable to shareholders for the period ended 30th September 1999 have been increased by HK\$3,030,000 and the retained profit as at 1st April 1999 have been decreased by HK\$12,085,000. There is no tax attributable to this prior period adjustment. Accordingly, the comparative amounts including earnings per share and opening retained profits have been restated.

## 8. Earnings per share

### (a) Basic earnings per share

The calculation of the basic earnings per share is based on the net profit from ordinary activities attributable to shareholders of HK\$232,261,000 (1999: HK\$164,765,000 restated) and the weighted average number of 1,277,676,716 (1999: 1,278,720,104) shares in issue during the period.

### (b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the followings:

	<b>Six months ended 30th September</b>	
	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000 (Restated)
Net profit from ordinary activities attributable to shareholders	<b>232,261</b>	164,765
Weighted average number of ordinary shares used in calculation of basic earnings per share	<b>1,277,676,716</b>	1,278,720,104
Deemed issue of ordinary shares for no consideration arising from share options	<b>17,770,423</b>	14,393,465
Weighted average number of ordinary shares used in calculation of diluted earnings per share	<b>1,295,447,139</b>	1,293,113,569

## 8. Earnings per share *(continued)*

Therefore, the diluted earnings per share for the six months ended 30th September 2000 was 17.9 cents (1999: 12.7 cents, restated).

## 9. Trade and bills receivables

The Group has a clear and tight monitoring system on credit control and it normally trades with its customers under the following credit terms:

- (a) cash before or upon delivery;
- (b) letter of credit at sight or usance;
- (c) open credit of 30–90 days.

Generally, it is only those with good reputation and well-established financial background will be granted with open account credit terms.

The ageing of trade and bills receivables as at 30th September 2000 is as follows:

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Unaudited) HK\$'000
0–90 days	<b>465,396</b>	350,816
91–180 days	<b>7,129</b>	6,606
Over 180 days	<b>9,130</b>	4,851
	<hr/> <b>481,655</b> <hr/>	<hr/> <b>362,273</b> <hr/>

## 10. Trade payables and accrued liabilities

The ageing of trade payables and accrued liabilities as at 30th September 2000 is as follows:

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Unaudited) HK\$'000
0-90 days	<b>625,558</b>	448,964
91-180 days	<b>33,548</b>	18,040
Over 180 days	<b>—</b>	108
	<b>659,106</b>	467,112

## 11. Interest-bearing bank and other borrowings

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
Bank overdrafts, unsecured	<b>1,423</b>	1,066
Trust receipt loans, unsecured	<b>550</b>	21,509
Current portion of bank loans	<b>13,410</b>	78,545
	<b>15,383</b>	101,120
Finance lease payables	<b>3</b>	1,848
	<b>15,386</b>	102,968

## 12. Interest-bearing bank loans and overdrafts

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
Bank overdrafts, unsecured	<b>1,423</b>	1,066
Trust receipt loans, unsecured	<b>550</b>	21,509
Bank loans: unsecured	<b>12,078</b>	80,140
secured	<b>19,285</b>	5,798
	<b>31,363</b>	85,938
	<b>33,336</b>	108,513
Bank overdrafts, repayable within one year or on demand	<b>1,423</b>	1,066
Trust receipt loans, repayable within one year	<b>550</b>	21,509
Long term bank loans wholly repayable:		
Within one year	<b>13,410</b>	78,545
Within the second year	<b>4,382</b>	7,393
Within the third to fifth years, inclusive	<b>8,571</b>	—
Over five years	<b>5,000</b>	—
	<b>31,363</b>	85,938
	<b>33,336</b>	108,513
Less: Portion classified as current liabilities (note 11)	<b>(15,383)</b>	(101,120)
	<b>17,953</b>	7,393

### 13. Reserves

	<b>At 31st March 2000 (Audited)</b> HK\$'000	<b>Transfer on repurchase of own shares (Unaudited)</b> HK\$'000	<b>Foreign exchange adjustment (Unaudited)</b> HK\$'000	<b>Retained profit for period (Unaudited)</b> HK\$'000	<b>At 30th September 2000 (Unaudited)</b> HK\$'000
Share premium account	316,772	(3,815)	—	—	312,957
Capital redemption reserve	722	220	—	—	942
Contributed surplus	3,986	—	—	—	3,986
Goodwill on acquisition	(110,603)	—	—	—	(110,603)
Exchange fluctuation reserve	(9,904)	—	(52)	—	(9,956)
Investment property revaluation reserve	7,238	—	—	—	7,238
Asset revaluation reserve	7,840	—	—	—	7,840
Retained profit	1,030,347	(220)	—	155,730	1,185,857
	<u>1,246,398</u>	<u>(3,815)</u>	<u>(52)</u>	<u>155,730</u>	<u>1,398,261</u>

### 14. Reconciliation of profit from operating activities to net cash inflow from operating activities

	<b>Six months ended 30th September 2000 (Unaudited)</b> HK\$'000
Profit from operating activities	233,290
Interest income	(4,208)
Depreciation	57,438
Amortisation of trademarks	873
Loss on disposal of fixed assets	1,408
Decrease in amount due from an associate	6,658
Increase in inventories	(106,310)
Increase in trade and bills receivables	(119,382)
Increase in prepayments, deposits and other receivables	(59,335)
Increase in trade payables and accrued liabilities	191,994
Foreign exchange adjustments	545
	<u>202,971</u>

## 15. Related party transactions

- (a) During the period, the Group had the following transactions with its associates:

	<b>Six months ended 30th September</b>	
	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000
Sales to Megawell Industrial Limited & its subsidiaries ("Megawell Group")	<b>163,659</b>	119,527
Purchase from Megawell Group	<b>79,621</b>	51,601

- (b) During the period, the Group had transactions with the following related parties:

		<b>Six months ended 30th September</b>	
	<i>Notes</i>	<b>2000 (Unaudited) HK\$'000</b>	1999 (Unaudited) HK\$'000
Rental expenses:			
Nice Market Limited ("NML")	<i>(i)</i>	<b>847</b>	847
Winlife Trading Limited ("WTL")	<i>(ii)</i>	<b>900</b>	1,920
Sonway Enterprises Limited ("SEL")	<i>(iii)</i>	<b>420</b>	300
Boat expenses:			
Tak Shun Piecegoods Company Limited ("TSL")	<i>(i)</i>	<b>500</b>	500

Notes:

- (i) Mr. Poon Bun Chak, a director of the Company, is a director and controlling shareholder of NML and TSL;
- (ii) The Group acquired all the issued share capital of WTL from The Evergreen Trust, which was beneficially owned by the family of a director of the Company Mr. Poon Bun Chak, on 10th November 1999. Details of the acquisition have been shown in the 2000 Annual Report. Before the acquisition, Mr. Poon Bun Chak was a director and controlling shareholder of WTL; and
- (iii) Mr. Ting Kit Chung, a director of the Company, is a director and controlling shareholder of SEL.

## 15. Related party transactions *(continued)*

- (c) Nice Dyeing Factory Limited and Winson Knitting Factory Company Limited, wholly owned subsidiaries of the Company, advances totalling HK\$252,524,000 (31st March 2000: HK\$223,181,000) to Baleno Kingdom Limited, a non-wholly owned subsidiary of the Company, and charged interest at prime rate minus 1.25% p.a. (31st March 2000: prime rate minus 1.00% p.a.). The advances are unsecured and have no fixed terms of repayment. The principal purpose of these advances is to finance the non-wholly owned subsidiary's operations.

According to the directors, the above transactions were transacted at commercial terms during the ordinary course of business of the Group.

## 16. Contingent liabilities

Contingent liabilities not provided for in the financial statements were:

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
Guarantees of banking facilities granted to an associate	<b>12,500</b>	12,500
Export bills discounted with recourse	<b>13,930</b>	49,441
	<b>26,430</b>	61,941

At 30th September 2000, irrevocable and unconditional guarantees aggregating HK\$874 million (31st March 2000: HK\$750 million) have been given by the Company in respect of an associate's and certain subsidiaries' banking facilities and borrowings aggregating HK\$46,978,000 (31st March 2000: HK\$43,847,000).



## 17. Capital commitments

The aggregate commitments for capital expenditure not being provided in the financial statements were:

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
In respect of fixed assets, contracted for	<b>10,550</b>	—
In respect of investment in subsidiaries in the PRC, contracted for	<b>81,089</b>	9,915
	<b>91,639</b>	9,915

## 18. Operating lease commitments

	<b>At 30th September 2000 (Unaudited) HK\$'000</b>	At 31st March 2000 (Audited) HK\$'000
Annual commitments under non-cancellable operating leases for land and buildings expiring:		
Within one year	<b>19,862</b>	48,508
In the second to fifth years, inclusive	<b>135,259</b>	87,918
After five years	<b>4,099</b>	1,314
	<b>159,220</b>	137,740
Annual commitment under a non-cancellable operating lease for plant and machinery expiring after five years	<b>9,406</b>	9,406

## 19. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation. In particular, the comparative figures have been reclassified or expanded to conform with Statement of Standard Accounting Practice 1 "Presentation of Financial Statements" issued by the Hong Kong Society of Accountants which became effective during the year ended 31st March 2000.

## INTERIM DIVIDEND

The Board has declared an interim dividend of 6.0 cents per share (1999: 3.0 cents) for the six months ended 30th September 2000. The interim dividend will be payable on Monday, 12th February 2001 to shareholders registered on the Register of Members at the close of business on Tuesday, 23rd January 2001.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 17th January 2001 to Tuesday, 23rd January 2001 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Tengis Limited at 4/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 16th January 2001.

## BUSINESS REVIEW

For this interim period, the Group's turnover and net profit from ordinary activities attributable to shareholders rose remarkably by 44% and 41% respectively. The Board has recommended an interim dividend of 6.0 cents per share, an increase of 100% over last year's 3.0 cents.

Turnover of the textile business amounted to HK\$1,354 million, up 35% compared with 1999 interim period. The robust growth was mainly due to an increase in productivity and strong orders from Asian buyers. As rise in prices was still not feasible during the period, the management had exercised stringent cost control measures to improve profit margins.

## BUSINESS REVIEW *(continued)*

Retail sales recorded an amazing surge of 63%, at HK\$704 million. The sales distribution of the three major markets is as below:

	<u>Sales</u>			<u>Retail outlets</u>		
	<b>Six months ended 30th September</b>			<b>At 30th September</b>		
	<b>2000</b>	1999	Growth rate	<b>2000</b>	1999	Growth rate
	<b>HK\$'000</b>	HK\$'000				
China	<b>518,978</b>	328,542	58%	<b>545</b>	297	84%
Hong Kong	<b>128,014</b>	69,268	85%	<b>28</b>	18	56%
Taiwan	<b>57,178</b>	34,258	67%	<b>62</b>	33	88%
Total	<b>704,170</b>	432,068	63%	<b>635</b>	348	82%

Licensed outlets were also operated in Macau, South Korea, Malaysia, Kuwait, Jordan and Iran.

## FINANCIAL POSITION

During the period, the Group had been in healthy financial status. At the end of this interim period, cash and cash equivalents amounted to HK\$251 million and total bank borrowings was HK\$33 million. Total bank borrowings to equity ratio was further reduced to 0.02. Inventory turnover on sales was 48 days while receivables turnover on sales was 42 days.

## OUTLOOK

As market conditions have been favourable, the Group will continue its expansions as planned. For the textile business, productivity would be further expanded in our China factories. As to the retail business, more shops will be opened in our three major markets and the total number of shops will be over 700 in the second half year. The interim results have met our expectation, and the management is confident about the results for the whole financial year.

## DIRECTORS' INTEREST IN SHARE CAPITAL

At 30th September 2000, the interests of the directors and their associates in the share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Personal Interests	Number of ordinary shares of the Company held		Total
		Family Interests	Corporate interests	
Poon Bun Chak <i>(Note)</i>	33,720,000	234,800,104	571,200,000	839,720,104
Poon Kai Chak	6,502,800			6,502,800
Poon Kei Chak	27,377,200			27,377,200
Poon Kwan Chak	9,442,800			9,442,800
Ting Kit Chung	4,500,000			4,500,000
Cheng Shu Wing	260,000			260,000
Au Son Yiu	260,000			260,000
	<u>82,062,800</u>	<u>234,800,104</u>	<u>571,200,000</u>	<u>888,062,904</u>

*Note:* 234,800,104 shares are owned by Farrow Star Limited, which is wholly-owned by Perfection Inc. as trustee for The Evergreen Trust, a discretionary trust, the objects of which include the family members of Mr. Poon Bun Chak. These shares are held as family interest under the SDI Ordinance.

571,200,000 shares are owned by Giant Wizard Corporation in which Farrow Star Limited has an 87.51% equity interest, and are held as corporate interests under the SDI Ordinance. A 12.4% interest in Giant Wizard Corporation is owned by Mr. Poon Kei Chak, Mr Poon Kwan Chak and Mr. Poon Kai Chak.

Save as disclosed above, none of the directors, or their respective spouses or children under 18 years of age of any of the directors or chief executives or their associates, had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations, as defined in the SDI Ordinance.

Apart from the share option scheme of the Company, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouses, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

At 30th September 2000, no person, other than the directors of the Company whose interests are set out above, had registered an interest in the share capital of the company that was required to be recorded under Section 16(1) of the SDI Ordinance, as having an interest in 10% or more of the issued share capital of the Company.

## ARRANGEMENTS TO PURCHASE, REDEEM AND SELL SHARES

During the six months ended 30th September 2000, the Company repurchased a total of 4,398,000 of its listed shares on The Stock Exchange of Hong Kong Limited as follows:

Month / Year	Number of shares repurchased	Price per share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
April 2000	1,574,000	0.88	0.78	1,290
May 2000	1,420,000	0.88	0.82	1,218
June 2000	702,000	1.19	0.84	715
August 2000	140,000	1.28	1.25	177
September 2000	562,000	1.11	1.05	610
	<u>4,398,000</u>			<u>4,010</u>
	Add: Brokerage & commission charges			<u>25</u>
	Total cash paid			<u><u>4,035</u></u>

The above repurchased shares have been duly cancelled and the issued share capital of the Company has been reduced according to the par value of the cancelled shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed, or sold any of the Company's securities during the six months ended 30th September 2000.

## AUDIT COMMITTEE

Members of the Audit Committee (the "Committee") comprise the two independent non-executive directors of the Group, namely Mr. Au Son Yiu and Mr. Cheng Shu Wing. The principal duties of the Committee include the review and supervision of the financial reporting process and internal controls of the Group.

For the interim period, the Committee has reviewed and discussed with management the interim report and the internal controls of the Group.

## CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of SEHK throughout the accounting period covered by the interim report except that the independent non-executive directors of the Company are not appointed for specific terms. Independent non-executive directors are subject to retirement and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Bye-laws.

By order of the Board  
**Poon Bun Chak**  
*Chairman*

Hong Kong, 18th December 2000