



Takson Holdings Limited

(Incorporated in Bermuda with limited liability)

**Interim Report
And
Condensed Interim Accounts**

For the six months ended 30th September, 2001

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MANAGEMENT COMMENTARY

The Board of Directors of Takson Holdings Limited (the “Company”) presents the interim report and the unaudited condensed interim accounts of the Company and its subsidiaries (together the “Group”) and its jointly controlled entity for the six months ended 30th September, 2001.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Group’s unaudited turnover and profit attributable to shareholders for the six months ended 30th September, 2001 amounted to HK\$164.7 million and HK\$1.7 million, as compared to HK\$419.0 million and HK\$20.8 million respectively for the same period last year.

Interim Dividend

After due consideration of the future working capital and development needs of the Group, the directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2001 (2000: HK\$Nil).

Review

Core business

Regarding sales orders of HK\$255 million for the year 2001/2002 as mentioned in the 2000/2001 annual report, sales of HK\$164.7 million have been recorded in the first half of the year 2001/2002 while orders of HK\$73.1 million will be shipped in the second half of the year and the remaining shipments of HK\$17.2 million will fall into the year of 2002/2003 in order to meet the customers’ schedules.

The Group’s gross profit % for the first half of the year was close to that of the same period last year. The Group has streamlined its operations in Hong Kong so that its office overhead is maintained at a minimum level.

B2B textile and garment portal

Given the less than favourable prevailing industry and market conditions, the Group has re-assessed the business prospects of its B2B textile and garment portal. In October, 2001, the project was terminated and the Group’s loss on the project is not expected to be material to the Group’s results for the year ending 31st March, 2002.

Prospects

Outerwear garment business

Owing to the slow-down of the U.S. economy, it is not expected for the Group to receive any additional huge orders for the remaining part of the financial year.

As mentioned in the 2000/2001 annual report, the Group will devote some of its resources to the distribution of garments in the PRC in the year 2002/2003 so as to capture the business opportunities there.

Technology-related joint venture

The liquidation process of the joint venture has been substantially completed. The Group's earlier capital contribution to the joint venture together with the interest income amounting to approximately HK\$14.1 million was returned to the Group in November, 2001. The remaining part of the liquidation process is expected to be completed on or before the end of February, 2002.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's gearing ratio at 30th September, 2001 was 1.1 (31st March, 2001: 0.8) which is calculated based on the Group's total liabilities of HK\$115,104,000 (31st March, 2001: HK\$82,750,000) and shareholders' funds of HK\$103,423,000 (31st March, 2001: HK\$103,533,000).

As the Group's earnings and borrowings are primarily denominated in United States dollars and Hong Kong dollars, it has no significant exposure to foreign exchange rate fluctuations.

SEASONALITY OF INTERIM OPERATIONS

The Group's peak season falls into the period from July to October each year as the down-filled or polyester-filled outerwear garments are shipped to meet the fall/winter seasons in the USA. Some light-weighted garments will be shipped to the USA from December each year to March of the following year to meet the spring season. About 69% of annual sales was recorded in the first six months of the current financial year as compared to that of 81% for the same period last year due to the drop in fall/winter orders.

As compared with the respective balances as at 31st March, 2001, the increase in trade receivables, cash and bank balances, bills payable and accrued charges as well as trust receipt and export packing loans as at 30th September, 2001 reflected the Group's peak month of sales in September this year and these balances will drop to a lower level at the coming year end date of 31st March, 2002.

EMPLOYEES

As at 30th September, 2001, the Group had a total of 84 employees, as compared to 91 employees as of 31st March, 2001. Staff costs including directors' remuneration totalled HK\$12.6 million and HK\$15.7 million for the six months ended 30th September, 2001 and 2000, respectively. The Group's employment and remuneration policies have remained unchanged with those described in the 2000/2001 annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES

On 27th August, 2001, 4,500,000 ordinary shares of HK\$0.1 each were repurchased by the Company at HK\$0.4 per share through The Stock Exchange of Hong Kong Limited. The repurchase, involving a total cash consideration of approximately HK\$1.8 million, was for the purpose of enhancing the per share return.

Apart from the aforesaid, the Company has not redeemed any of its shares during the period and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

DIRECTORS' AND CHIEF EXECUTIVES' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, its holding companies, its fellow subsidiaries or its subsidiaries a party to any arrangement to enable the directors and chief executives or their spouse or children under 18 years of age of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30th September, 2001, the interests of the directors, chief executives and their associates of the Company in the shares of the Company or any associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)) as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of directors	Number of ordinary shares beneficially held				Total Interests
	Personal interests	Family interests	Corporate interests	Other interests	
Wong Tek Sun, Takson	1,018,000	9,000,000	237,600,000 (Note 1)	–	247,618,000
Pang Shu Yuk, Adeline Rita	9,000,000	237,600,000 (Note 1)	–	–	246,600,000
Lian Cheng Chi	–	1,018,000	–	–	1,018,000
	1,000,000	–	–	–	1,000,000

Note:

- The references to 237,600,000 shares relate to the same block of shares in the Company. Such shares are held by Takson International Holdings Limited, the entire issued share capital of which are held by Wangkin Investments Inc. (“WII”) as trustee of the Wangkin Investments Unit Trust (the “Unit Trust”). All issued and outstanding units in the Unit Trust are beneficially held by Guardian Trustee Limited as trustee of the Wang & Kin Family Trust (the “Family Trust”). The discretionary beneficiaries of the Family Trust are, inter alia, Ms Pang Shu Yuk, Adeline Rita, Mr Wong Chi Wang, Calvin, and Mr Wong Chi Kin, Christopher.

Mr Wong Tek Sun, Takson owns more than one-third of the issued share capital of WII and his children as, inter alia, discretionary beneficiaries of the Family Trust have interests in the share capital of the Company. Accordingly, he is taken to be interested in the 237,600,000 shares in the Company under the SDI Ordinance.

Ms Pang Shu Yuk, Adeline Rita, by virtue of her husband’s interest in the share capital of the Company and her and her children’s interests in the share capital of the Company as, inter alia, discretionary beneficiaries of the Family Trust, is deemed to be interested in the 237,600,000 shares in the Company under the SDI Ordinance.

Apart from the aforesaid, as at 30th September, 2001, none of the directors and chief executives (including their spouse or children under 18 years of age) had any other interests in the shares or debentures of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) which had been entered in the register kept by the Company pursuant to Section 29 of the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that as at 30th September, 2001, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of substantial shareholders	Number of ordinary shares held
Wangkin Investments Inc. (<i>Note 1</i>)	237,600,000
Takson International Holdings Limited (<i>Note 1</i>)	237,600,000
China Sci-Tech Holdings Limited (<i>Note 2</i>)	43,500,000
Vigor Online Offshore Limited (<i>Note 2</i>)	43,500,000
China Online (Bermuda) Limited (<i>Note 2</i>)	43,500,000
Besford International Limited (<i>Note 2</i>)	43,500,000
Taskwell Limited (<i>Note 2</i>)	43,500,000

Notes:

1. Takson International Holdings Limited is a wholly-owned subsidiary of Wangkin Investments Inc. Therefore, all of these shares are entirely duplicated.
2. Taskwell Limited is a wholly-owned subsidiary of Besford International Limited, which is a company wholly-owned by China Online (Bermuda) Limited. China Sci-Tech Holdings Limited through two of its wholly-owned subsidiaries, one of which being Vigor Online Offshore Limited, held in the aggregate more than one-third of shares in China Online (Bermuda) Limited. Therefore, all of these shares are entirely duplicated.

Save as disclosed herein, as at 30th September, 2001, no other person is recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance as having an interest in 10% or more of the issued share capital of the Company.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information which would indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th September, 2001, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report and the unaudited condensed interim accounts for the six months ended 30th September, 2001 with the directors.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited	
		Six months ended	
		30th September	
		2001	2000
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	164,658	419,011
Cost of sales		(138,891)	(355,663)
Gross profit		25,767	63,348
Other revenues		805	1,884
Distribution costs		(3,352)	(9,665)
Administrative expenses		(19,179)	(23,491)
Operating profit	2, 3	4,041	32,076
Finance costs		(2,892)	(7,352)
Share of profit/(loss) of a jointly controlled entity		137	(1,165)
Profit before taxation		1,286	23,559
Tax credit/(charge)	4	404	(2,792)
Profit attributable to shareholders		1,690	20,767
Basic earnings per share	6	0.43 cents	5.54 cents
Diluted earnings per share	6	N/A	5.31 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30th September, 2001	Audited 31st March, 2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Intangible assets		907	990
Fixed assets		34,583	35,170
Investment in a jointly controlled entity		14,101	14,004
Current assets			
Inventories		15,813	19,118
Trade receivables	7	29,586	9,465
Other receivables, textile quota deposits and prepayments		59,166	63,998
Tax recoverable		1,008	649
Pledged time deposits		3,000	24,650
Cash and bank balances		60,363	18,239
		168,936	136,119
Current liabilities			
Trade payables	8	1,753	2,089
Bills payable and accrued charges		30,007	9,416
Trust receipt and export packing loans		54,655	30,690
Current portion of long-term liabilities	11	9,909	16,432
Taxation payable		–	518
Bank overdrafts – secured		73	3,909
		96,397	63,054
Net current assets		72,539	73,065
Total assets less current liabilities		122,130	123,229
Financed by:			
Share capital	9	39,150	39,600
Reserves	10	64,273	63,933
Shareholders' funds		103,423	103,533
Long-term liabilities	11	18,707	19,696
		122,130	123,229

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30th September	
Note	2001 HK\$'000	2000 HK\$'000
Net cash inflow from operating activities	13,161	1,011
Returns on investments and servicing of finance		
Interest received	466	1,695
Interest paid	(2,841)	(7,302)
Interest element of finance leases	(51)	(50)
Dividends paid	–	(41,206)
Net cash outflow from returns on investments and servicing of finance	(2,426)	(46,863)
Taxation		
Hong Kong profits tax paid	(216)	(3,274)
Overseas tax paid	(257)	–
Total tax paid	(473)	(3,274)
Investing activities		
Purchases of fixed assets	(655)	(328)
Advance from/(to) a jointly controlled entity	40	(205)
Proceeds from disposal of fixed assets	10	24
Net cash outflow from investing activities	(605)	(509)
Net cash inflow/(outflow) before financing	9,657	(49,635)
Financing		
Net bank loans drawn	22,756	28,576
Repurchase of shares	(1,800)	–
Payment of capital element of finance leases	(220)	(218)
Net cash inflow from financing	20,736	28,358
Net change in pledged time deposit	21,650	(3,021)
Increase/(decrease) in cash and cash equivalents	52,043	(24,298)
Cash and cash equivalents at 1st April	8,247	36,847
Cash and cash equivalents at 30th September	60,290	12,549

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CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Unaudited	
	Six months ended	
	30th September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange gains arising on translation of accounts of overseas subsidiaries and a jointly controlled entity not recognised in the consolidated profit and loss account	–	12
Profit attributable to shareholders	<u>1,690</u>	<u>20,767</u>
Total recognised gains	<u><u>1,690</u></u>	<u><u>20,779</u></u>

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. ACCOUNTING POLICIES

The unaudited consolidated condensed interim accounts 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.

These condensed interim accounts should be read in conjunction with the 2000/2001 annual report.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March, 2001 except for the change in accounting policy for inventories and change in the Group’s accounting policy following the adoption of SSAP 26 issued by the Hong Kong Society of Accountants.

In prior years, the cost of inventories was determined on a first-in, first-out basis. On 1st April, 2001, the directors adopted the weighted average basis for inventory cost determination as they considered that it would be more appropriate to the Group’s circumstances. This basis has been applied prospectively as this change in costing method does not have a material impact on the state of affairs of the Group or its results for the year ended 31st March, 2001 and the six months ended 30th September, 2001.

Moreover, as a result of the Group’s adoption of SSAP No. 26, “Segment reporting”, the Group has disclosed segment revenue and results as defined under SSAP No. 26 in Note 2 to these condensed interim accounts. In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.

2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and providing technical support services for website development during the period. In October, 2001, the Group terminated the services for the provision of technical support for website development and this activity is no longer considered to be a principal operation of the Group subsequent to the period end date. Revenues recognised during the period are as follows:

By business segment:

	Six months ended 30th September, 2001 HK\$'000			
	Sales of outerwear garments	E-business	Other operations	Total
Revenue				
Turnover	164,658	–	–	164,658
Income from sample sales	43	–	–	43
Rental income	–	–	296	296
	<u>164,701</u>	<u>–</u>	<u>296</u>	<u>164,997</u>
Segment results	<u>5,561</u>	<u>(1,555)</u>	<u>(292)</u>	3,714
Interest income				466
Unallocated costs				<u>(139)</u>
Operating profit				4,041
Finance costs				(2,892)
Share of profit of a jointly controlled entity				<u>137</u>
Profit before taxation				1,286
Tax credit				404
Profit attributable to shareholders				<u>1,690</u>

Six months ended
30th September, 2000
HK\$'000

	Sales of outerwear garments	E-business	Other operations	Total
Revenue				
Turnover	419,011	–	–	419,011
Income from sample sales	189	–	–	189
	<u>419,200</u>	<u>–</u>	<u>–</u>	<u>419,200</u>
Segment results	<u>31,628</u>	<u>(355)</u>	<u>(787)</u>	30,486
Interest income				1,695
Unallocated costs				<u>(105)</u>
Operating profit				32,076
Finance costs				<u>(7,352)</u>
Share of loss of a jointly controlled entity				<u>(1,165)</u>
Profit before taxation				23,559
Tax charge				<u>(2,792)</u>
Profit attributable to shareholders				<u>20,767</u>

There are no sales or other transactions between the business segments. Unallocated costs represent corporate expenses.

By geographical segment:

	Turnover		Operating profit/(loss)	
	Six months ended 30th September		Six months ended 30th September	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
United States of America	133,975	388,882	3,364	29,703
Europe	16,063	23,260	585	1,236
Canada	12,745	6,212	359	357
Others	1,875	657	(594)	(810)
	<u>164,658</u>	<u>419,011</u>	<u>3,714</u>	<u>30,486</u>
Interest income			466	1,695
Unallocated costs			(139)	<u>(105)</u>
			<u>4,041</u>	<u>32,076</u>

3. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Crediting		
Interest income	<u>466</u>	<u>1,695</u>
Charging		
Amortisation of trademarks	83	83
Depreciation	<u>1,079</u>	<u>1,448</u>

4. TAXATION

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current period (note 4(a))	–	2,521
Overprovision in prior year	<u>(371)</u>	<u>(4)</u>
	<u>(371)</u>	<u>2,517</u>
Overseas taxation		
Current period (note 4(b))	37	275
Overprovision in prior year	<u>(70)</u>	<u>–</u>
	<u>(33)</u>	<u>275</u>
	<u>(404)</u>	<u>2,792</u>

- (a) No provision for Hong Kong profits tax has been made in the accounts as subsidiaries operating in Hong Kong either have no assessable profit for the period or have tax losses brought forward from prior year which can be utilised to offset the assessable profit for the period (note 4(c)).
- (b) Overseas taxation represents income taxes provided by certain subsidiaries, calculated at the tax rates prevailing in the countries in which the subsidiaries operate.

- (c) A potential deferred tax asset, which represents mainly timing difference arising from tax losses for the prior year, has not been recognised in the accounts as, in the opinion of the directors, it is uncertain that such asset will be realised in the foreseeable future. At 30th September, 2001, the potential deferred tax asset amounted to approximately HK\$7,086,000 (31st March, 2001: HK\$6,082,000).

5. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2001 (2000: HK\$Nil).

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of HK\$1,690,000 (2000: HK\$20,767,000) for the period.

The basic earnings per share is based on the weighted average number of 395,139,344 (2000: 374,600,000) ordinary shares in issue during the period. Diluted earnings per share for the six months ended 30th September, 2001 is not shown as there is no dilutive potential ordinary shares during the period. The diluted earnings per share for the six months ended 30th September, 2000 is based on 374,600,000 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 16,575,472 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

7. TRADE RECEIVABLES

- (a) At 30th September, 2001, the ageing analysis of trade receivables was as follows:

	30th September, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	25,858	7,588
1 to 3 months	3,424	1,503
4 to 6 months	66	63
7 to 9 months	298	145
10 to 12 months	–	3
Over 1 year	28	229
	<hr/> 29,674	<hr/> 9,531
Less: Provision for doubtful debts	(88)	(66)
	<hr/> 29,586 <hr/>	<hr/> 9,465 <hr/>

The majority of the Group's sales are on letter of credit. The remaining sales which were not covered by letter of credit are with credit terms of 30 days.

- (b) As at 30th September, 2001, trade receivables included amounts totalling HK\$6,151,000 (31st March, 2001: HK\$6,662,000) which were factored to a bank in the ordinary course of business and the recourse element of the proceeds is included as trust receipt and export packing loans under current liabilities.

8. TRADE PAYABLES

At 30th September, 2001, the ageing analysis of trade payables was as follows:

	30th September, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	453	239
1 to 3 months	258	530
4 to 6 months	24	422
7 to 9 months	349	245
10 to 12 months	2	–
Over 1 year	667	653
	<u>1,753</u>	<u>2,089</u>

9. SHARE CAPITAL

	Ordinary shares of HK\$0.1 each	
	<u>No. of shares</u>	<u>HK\$'000</u>
Authorised:		
At 31st March, 2000, 31st March, 2001 and 30th September, 2001	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1st April, 2000	374,600,000	37,460
Issue of shares upon exercise of share options	<u>21,400,000</u>	<u>2,140</u>
At 31st March, 2001	<u>396,000,000</u>	<u>39,600</u>
At 1st April, 2001	396,000,000	39,600
Repurchase of shares (<i>note 9(a)</i>)	<u>(4,500,000)</u>	<u>(450)</u>
At 30th September, 2001	<u>391,500,000</u>	<u>39,150</u>
(a) On 27th August, 2001, 4,500,000 ordinary shares of HK\$0.1 each were repurchased by the Company at HK\$0.4 per share at a total consideration of approximately HK\$1,807,000. These shares have been duly cancelled.		

10. RESERVES

	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Reserve on consolidation <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2000	41,742	46	3,214	84,438	129,440
Premium on exercise of share options	4,280	–	–	–	4,280
Exchange gains arising on translation of accounts of overseas subsidiaries and a jointly controlled entity	–	49	–	–	49
Loss attributable to shareholders	–	–	–	(69,836)	(69,836)
At 31st March, 2001	<u>46,022</u>	<u>95</u>	<u>3,214</u>	<u>14,602</u>	<u>63,933</u>
At 1st April, 2001	46,022	95	3,214	14,602	63,933
Profit attributable to shareholders	–	–	–	1,690	1,690
Repurchase of shares	(1,350)	–	–	–	(1,350)
At 30th September, 2001	<u>44,672</u>	<u>95</u>	<u>3,214</u>	<u>16,292</u>	<u>64,273</u>

11. LONG-TERM LIABILITIES

	30th September, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Bank loans – secured (<i>note 11(a)</i>)	27,708	35,000
Obligations under finance leases wholly repayable within five years (<i>note 11(b)</i>)	682	902
Less: Current portion of long-term liabilities	<u>(9,909)</u>	<u>(16,432)</u>
	18,481	19,470
Deferred taxation	226	226
	<u>18,707</u>	<u>19,696</u>

- (a) At 30th September, 2001 and 31st March, 2001, the Group's bank loans are repayable as follows:

	30th September, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	9,240	16,042
In the second year	9,240	17,500
In the third to fifth year inclusive	9,228	1,458
	<u>27,708</u>	<u>35,000</u>

- (b) Finance lease liabilities – minimum lease payments

	30th September, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	734	481
In the second year	16	390
In the third to fifth year inclusive	–	390
	<u>750</u>	<u>1,261</u>
Future finance charges on finance leases	<u>(68)</u>	<u>(359)</u>
Present value of finance lease liabilities	<u>682</u>	<u>902</u>
The present value of finance lease liabilities is as follows:		
Within one year	669	390
In the second year	13	390
In the third to fifth year	–	122
	<u>682</u>	<u>902</u>

12. CASH AND CASH EQUIVALENTS

	30th September 2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	60,363	129,099
Bank overdrafts – secured	(73)	(1,373)
Trust receipt and export packing loans	(54,655)	(166,126)
Bank loans – secured	(27,708)	(35,000)
Less: Trust receipt, export packing and other bank loans repayable more than three months from the date of advance	<u>82,363</u>	<u>85,949</u>
	<u>60,290</u>	<u>12,549</u>

13. BANKING FACILITIES

As at 30th September, 2001, the Group's banking facilities amounting to HK\$334,400,000 (31st March, 2001: HK\$324,110,000) were secured by the following:

- (a) charges on bank deposits of the Group amounting to HK\$3,000,000 (31st March, 2001: HK\$24,650,000);
- (b) first legal charge over properties held by a subsidiary with an aggregate carrying value of approximately HK\$27,102,000 (31st March, 2001: HK\$27,400,000); and
- (c) corporate guarantees from the Company and certain subsidiaries of the Group.

14. CONTINGENT LIABILITIES

As at 30th September, 2001, bills of exchange discounted with various banks with recourse amounted to approximately HK\$46,516,000 (31st March, 2001: HK\$Nil) for the Group.

15. ULTIMATE HOLDING COMPANY

The directors regard Wangkin Investments Inc., a company incorporated in the British Virgin Islands, as being the ultimate holding company.

By Order of the Board
Wong Tek Sun, Takson
Chairman

Hong Kong, 11th December, 2001