

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

1. GENERAL

The Company is a public limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company and the principal activities of its principal subsidiaries are set out in note 16.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties.

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

The results of subsidiaries and associates which are acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group’s share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group’s share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group’s share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill or negative goodwill.

On disposal of investments in subsidiaries and associates, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or common stock registered capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment losses recognised.

Investments in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions of the investee.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment in value of the asset transferred.

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation or amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Freehold land	Nil
Leasehold land and land use rights	Over the remaining terms of the leases or rights
Buildings	4%
Motor vehicles	12.5%-20%
Plant, machinery, furniture and fixtures	12.5%-20%
Leasehold improvements	Over the shorter of the terms of the leases and five years

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the terms of the relevant leases.

Assets held under hire purchase contracts are depreciated over their estimated useful lives on the same basis as owned assets.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations made up to March 31 each year. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance of the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation or amortisation is provided on investment properties except where the unexpired term of the relevant lease, including the renewable period, is twenty years or less.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. Any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period.

Finance leases and hire purchase contracts

Leases are classified as finance leases when the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases and hire purchase contracts are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor or hirer, net of interest charges, is included in the balance sheet as a finance lease or hire purchase obligation. Finance costs, which represent the difference between the total commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases and contracts so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

Textile quota entitlements

The cost of temporary quota entitlements is charged to the income statement in the year in which they are used.

Export quota entitlements allocated by the authorities in Hong Kong, Malaysia, the Philippines and Thailand are not capitalised and are not included as assets in the balance sheet.

The cost of permanent quota entitlements acquired is capitalised and amortised over a period not exceeding five years or the remaining life of the relevant quota agreements, whichever is the shorter.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Turnover

Turnover represents the net amounts received and receivable for goods sold to outside customers during the year.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance for properties under operating leases, is recognised on a straight line basis over the period of the leases.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the relevant lease terms.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on translation are dealt with in the income statement.

On consolidation, the financial statements of operations outside Hong Kong which are denominated in currencies other than the Hong Kong dollar are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Retirement benefits scheme

Contributions payable by the Group to its defined contribution retirement benefits scheme and the Hong Kong Mandatory Provident Fund Scheme are charged to the income statement in the period in which they become payable.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advances.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

3. SEGMENTAL INFORMATION

The Group is principally engaged in the manufacture and sale of garments.

The analyses of the Group's turnover and contribution to profit before taxation by geographical market are as follows:

	Turnover		Contribution to profit before taxation	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By geographical market:				
United States of America	1,532,999	1,308,827	120,039	80,844
Canada	11,690	15,031	967	1,316
North America	1,544,689	1,323,858	121,006	82,160
Asia	127,447	86,211	16,236	10,284
Europe and others	25,267	54,400	2,636	4,173
	<u>1,697,403</u>	<u>1,464,469</u>	139,878	96,617
Finance costs			(2,522)	(2,862)
Share of results of associates			1,687	1,103
Other revenue			11,056	12,663
			<u>150,099</u>	<u>107,521</u>

4. OTHER REVENUE

	2001 HK\$'000	2000 HK\$'000
Bank interest income	7,476	8,772
Interest from debt securities	214	—
Rental income from properties under operating leases, net of outgoings of HK\$138,000 (2000: HK\$191,000)	3,366	3,891
	<u>11,056</u>	<u>12,663</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

5. PROFIT FROM OPERATIONS

	2001	2000
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 7)		
Fees	240	240
Other emoluments	13,940	12,675
Other staff costs including retirement benefits scheme contributions	212,354	202,003
Total staff costs	226,534	214,918
Amortisation of permanent textile quota entitlements	51	—
Auditors' remuneration	1,002	957
Depreciation and amortisation		
Owned assets	20,920	18,153
Assets held under finance leases and hire purchase contracts	59	106
Loss on disposal of property, plant and equipment	313	569
Loss on dissolution of a subsidiary	11	879
Operating lease rentals in respect of rented properties	14,152	9,990
Temporary quota expenses	45,929	69,772

6. FINANCE COSTS

	2001	2000
	HK\$'000	HK\$'000
Interest on borrowings wholly repayable within five years:		
Bank borrowings and bills discounted	2,499	2,846
Finance leases and hire purchase contracts	23	16
	2,522	2,862

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

7. DIRECTORS' EMOLUMENTS

Particulars of the emoluments of the Directors for the year are as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Directors' fees:		
Executive Directors	—	—
Non-executive Directors		
Independent	180	180
Other	60	60
	<u>240</u>	<u>240</u>
Other emoluments:		
Executive Directors		
Salaries and other benefits	9,471	7,841
Performance related incentive payments	3,771	4,176
Retirement benefits scheme contributions	16	—
Non-executive Directors		
Independent	—	—
Other, being salaries and other benefits	682	658
Retirement benefits scheme contributions	—	—
	<u>13,940</u>	<u>12,675</u>
	<u><u>14,180</u></u>	<u><u>12,915</u></u>

The aggregate emoluments of each of the Directors were within the following bands:

	2001 No. of Directors	2000 No. of Directors
Nil to HK\$1,000,000	6	5
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,000,001 to HK\$3,500,000	1	—
HK\$6,000,001 to HK\$6,500,000	—	1
HK\$6,500,001 to HK\$7,000,000	1	—
	<u><u>1</u></u>	<u><u>—</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

8. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included two Directors (2000: two Directors), details of whose emoluments are set out in note 7 above. The emoluments of the remaining three (2000: three) highest paid individuals are as follows:

	2001	2000
	HK\$'000	HK\$'000
Salaries and other benefits	7,198	6,652
Performance related incentive payments	876	3,324
Retirement benefits scheme contributions	4	—
	8,078	9,976

The aggregate emoluments of each of the employees were within the following bands:

	2001	2000
	No. of	No. of
	employees	employees
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	2	1
HK\$4,500,001 to HK\$5,000,000	—	1

During two years ended March 31, 2000 and 2001, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the Directors has waived any emoluments during either year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

9. TAXATION

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	13,812	7,232
Taxation in other jurisdictions	5,528	3,518
Share of taxation on results of associates	286	—
	<hr/>	<hr/>
	19,626	10,750
Deferred taxation (note 26)	(175)	348
	<hr/>	<hr/>
	19,451	11,098
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision has been made for taxes which would arise on the remittance of retained profits of overseas companies to Hong Kong as it is not anticipated that these amounts will be remitted in the near future.

Details of deferred taxation for the year are set out in note 26.

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the Group's profit attributable to shareholders, a profit of HK\$90,004,000 (2000: HK\$70,450,000) has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

11. DIVIDENDS

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of 5.5 cents (2000: 5 cents) per share paid	19,368	17,607
Proposed final dividend of 15 cents (2000: 10 cents) per share	52,821	35,214
Special dividend of Nil cents (2000: 5 cents) per share	—	17,607
	<u>72,189</u>	<u>70,428</u>

12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$120,733,000 (2000: HK\$90,808,000) and on the number of 352,137,298 shares (2000: 352,137,298 shares) in issue during the year.

13. INVESTMENT PROPERTIES

	THE GROUP
	<i>HK\$'000</i>
Valuation	
At April 1, 2000	13,300
Revaluation deficit	<u>(1,200)</u>
At March 31, 2001	<u>12,100</u>

The investment properties of the Group were revalued at March 31, 2001 on the open market value basis by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers. The deficit arising on revaluation has been charged to the investment property revaluation reserve.

The investment properties are situated in Hong Kong and held under medium-term leases.

They are held for rental purposes under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvements, plant, machinery, furniture and fixtures	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group				
Cost				
At April 1, 2000	136,656	168,613	5,317	310,586
Currency realignment	(2,079)	(1,648)	(39)	(3,766)
Additions	844	12,271	1,258	14,373
Disposals	—	(2,223)	(1,732)	(3,955)
	<u>135,421</u>	<u>177,013</u>	<u>4,804</u>	<u>317,238</u>
At March 31, 2001	<u>135,421</u>	<u>177,013</u>	<u>4,804</u>	<u>317,238</u>
Depreciation and amortisation				
At April 1, 2000	21,872	93,725	3,829	119,426
Currency realignment	(32)	(156)	(4)	(192)
Provided for the year	4,259	16,108	612	20,979
Eliminated on disposals	—	(1,625)	(1,568)	(3,193)
	<u>26,099</u>	<u>108,052</u>	<u>2,869</u>	<u>137,020</u>
At March 31, 2001	<u>26,099</u>	<u>108,052</u>	<u>2,869</u>	<u>137,020</u>
Net book values				
At March 31, 2001	<u>109,322</u>	<u>68,961</u>	<u>1,935</u>	<u>180,218</u>
At March 31, 2000	<u>114,784</u>	<u>74,888</u>	<u>1,488</u>	<u>191,160</u>

Land and buildings include medium-term land use rights and buildings situated in the People's Republic of China (the "PRC") with an aggregate net book value amounting to HK\$55,826,000 (2000: HK\$58,348,000) and freehold land and buildings situated overseas with an aggregate net book value amounting to HK\$14,454,000 (2000: HK\$16,058,900). All other land and buildings of the Group are situated in Hong Kong and held under medium-term leases.

The net book value of property, plant and equipment includes an amount of HK\$130,000 (2000: HK\$167,000) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements, plant, machinery, furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
The Company			
Cost			
At April 1, 2000	6,294	1,451	7,745
Additions	45	710	755
Disposals	—	(1,451)	(1,451)
	<u>6,339</u>	<u>710</u>	<u>7,049</u>
At March 31, 2001	6,339	710	7,049
Depreciation			
At April 1, 2000	6,025	1,155	7,180
Provided for the year	93	144	237
Eliminated on disposals	—	(1,287)	(1,287)
	<u>6,118</u>	<u>12</u>	<u>6,130</u>
At March 31, 2001	6,118	12	6,130
Net book values			
At March 31, 2001	<u>221</u>	<u>698</u>	<u>919</u>
At March 31, 2000	<u>269</u>	<u>296</u>	<u>565</u>

15. PERMANENT TEXTILE QUOTA ENTITLEMENTS

	THE GROUP HK\$'000
Cost	
Acquisition during the year and balance as at March 31, 2001	255
Amortisation	
Amortisation for the year and balance as at March 31, 2001	<u>(51)</u>
Net book value	
At March 31, 2001	<u>204</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

16. INVESTMENTS IN SUBSIDIARIES

	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	<u>74,414</u>	<u>66,315</u>

Particulars of the Company's principal subsidiaries at March 31, 2001 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Paid up issued share capital/ common stock/ registered capital (HK\$ unless otherwise indicated)	Proportion of nominal value of issued share capital/ common stock/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Attune New York Inc.	United States of America	US\$90,000	—	100	Garment trading
Do Do Fashion Limited	Hong Kong	720,000	100	—	Garment manufacture
Dorcash Industrial Limited	Hong Kong	20	100	—	Property holding
Fashiontex Sdn. Bhd.	Malaysia	M\$3,000,000	100	—	Garment manufacture
Golden Fountain Industrial Company Limited	Hong Kong	500,000	100	—	Property holding
Golden Will Fashions Limited	Hong Kong	10,000	—	60	Garment trading
Golden Will Fashions Phils., Inc.	The Philippines	P\$1,000,000	—	60	Garment manufacture
Sing Yang (Overseas) Limited	Hong Kong*	100,000	100	—	Garment manufacture
Sing Yang Services Limited	Hong Kong	100,000	100	—	Management services
Sing Yang Trading Limited	Hong Kong	100,000	100	—	Garment trading
Tung Thai Fashions Limited	Thailand	Baht75,000,000	100	—	Garment manufacture
Tungtex Trading Company Limited	Hong Kong	6,000,000	100	—	Garment manufacture
Tungtex (U.S.A.) Inc.	United States of America	US\$838,802	100	—	Investment holding
West Pacific Enterprises Corporation	United States of America	US\$3,217,836	—	100	Garment design and trading
Winnertex Fashions Limited	Hong Kong	100	—	75	Garment manufacture
Yellow River, Inc.	United States of America	US\$80,000	—	51	Garment design and trading
中山同得仕絲綢服裝有限公司	PRC	22,800,000	—	90	Garment manufacture
華裳服裝(深圳)有限公司	PRC	5,000,000	—	100	Garment manufacture
深圳華富織造印染有限公司	PRC	US\$2,000,000	—	88	Garment manufacture
深圳百多爾時裝有限公司	PRC	Rmb2,500,000	—	95	Garment manufacture

* Sing Yang (Overseas) Limited operates in the PRC.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

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17. INVESTMENTS IN ASSOCIATES

	The Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<u>5,127</u>	<u>3,726</u>

Particulars of the Group's associates at March 31, 2001, which are both registered and operate in the PRC, are as follows:

Name of associate	Proportion of registered capital held by the Group	Principal activities
	%	
番禺市金源時裝有限公司	30	Garment manufacture
深圳浙絲服裝有限公司	36	Garment manufacture

18. INVESTMENTS IN SECURITIES

	The Group and The Company	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current investments		
Held-to-maturity debt securities	1,934	3,870
Investment securities, being listed shares overseas, at cost	<u>581</u>	<u>581</u>
	<u>2,515</u>	<u>4,451</u>
Market value of listed shares at March 31	<u>309</u>	<u>337</u>

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19. INVENTORIES

	The Group	
	2001	2000
	HK\$'000	HK\$'000
Raw materials	27,005	35,263
Work in progress	42,160	37,558
Finished goods	28,032	33,066
	<u>97,197</u>	<u>105,887</u>

Included above are raw materials of HK\$1,754,000 (2000: HK\$2,104,000) which are carried at net realisable value.

20. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers. Included in trade and other receivables are trade receivables with the following aged analysis:

	The Group	
	2001	2000
	HK\$'000	HK\$'000
Up to 30 days	137,181	157,142
31 - 60 days	51,298	31,323
61 - 90 days	2,544	1,698
	<u>191,023</u>	<u>190,163</u>

21. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following aged analysis:

	The Group	
	2001	2000
	HK\$'000	HK\$'000
Up to 30 days	81,725	63,085
31 - 60 days	37,010	26,520
61 - 90 days	5,843	9,449
More than 90 days	6,271	3,068
	<u>130,849</u>	<u>102,122</u>

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22. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	The Group	
	2001	2000
	HK\$'000	HK\$'000
The obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year	34	94
More than one year but not exceeding two years	12	27
More than two years but not exceeding five years	28	—
	<u>74</u>	<u>121</u>
Amount due within one year included under current liabilities	(34)	(94)
	<u>40</u>	<u>27</u>

23. BANK BORROWINGS

	The Group	
	2001	2000
	HK\$'000	HK\$'000
Bank overdrafts	4,778	4,692
Trust receipt loans	19,385	6,197
Bank loans	—	9,120
	<u>24,163</u>	<u>20,009</u>
Analysed as:		
Secured	24,163	11,215
Unsecured	—	8,794
	<u>24,163</u>	<u>20,009</u>

All bank borrowings at the balance sheet date are repayable within one year or upon demand and are included under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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24. SHARE CAPITAL

	Number of shares	Value HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each		
At April 1, 1999, March 31, 2000 and 2001	<u>500,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.20 each		
At April 1, 1999, March 31, 2000 and 2001	<u>352,137,298</u>	<u>70,428</u>

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

25. RESERVES

	Investment property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
The Group							
Balance at April 1, 1999	3,456	3,848	84,880	7,053	(7,033)	234,645	326,849
Exchange differences arising on consolidation	—	—	—	—	(37)	—	(37)
Deficit arising on revaluation of investment properties	(1,500)	—	—	—	—	—	(1,500)
Realised on dissolution of a subsidiary	—	—	—	202	824	—	1,026
Profit attributable to shareholders	—	—	—	—	—	90,808	90,808
Dividends	—	—	—	—	—	(70,428)	(70,428)
Balance at March 31, 2000 and April 1, 2000	<u>1,956</u>	<u>3,848</u>	<u>84,880</u>	<u>7,255</u>	<u>(6,246)</u>	<u>255,025</u>	<u>346,718</u>
Exchange differences arising on consolidation	—	—	—	—	(193)	—	(193)
Deficit arising on revaluation of investment properties	(1,200)	—	—	—	—	—	(1,200)
Profit attributable to shareholders	—	—	—	—	—	120,733	120,733
Dividends	—	—	—	—	—	(72,189)	(72,189)
Balance at March 31, 2001	<u>756</u>	<u>3,848</u>	<u>84,880</u>	<u>7,255</u>	<u>(6,439)</u>	<u>303,569</u>	<u>393,869</u>
Attributable to:							
The Company and subsidiaries	756	3,848	84,880	7,255	(4,803)	305,803	397,739
Associates	—	—	—	—	(1,636)	(2,234)	(3,870)
	<u>756</u>	<u>3,848</u>	<u>84,880</u>	<u>7,255</u>	<u>(6,439)</u>	<u>303,569</u>	<u>393,869</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

25. RESERVES (Continued)

	Capital redemption reserve	Share premium account	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Company				
Balance at April 1, 1999	3,848	84,880	59,849	148,577
Profit for the year	—	—	70,450	70,450
Dividends	—	—	(70,428)	(70,428)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2000 and April 1, 2000	3,848	84,880	59,871	148,599
Profit for the year	—	—	90,004	90,004
Dividends	—	—	(72,189)	(72,189)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 31, 2001	<u>3,848</u>	<u>84,880</u>	<u>77,686</u>	<u>166,414</u>

The Company's reserves available for distribution to shareholders as at March 31, 2001 comprise the retained profits of HK\$77,686,000 (2000: HK\$59,871,000).

26. DEFERRED TAXATION

	The Group		The Company	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance brought forward	3,118	2,770	—	—
Movement for the year (note 9)	<u>(175)</u>	<u>348</u>	<u>—</u>	<u>—</u>
Balance carried forward	<u>2,943</u>	<u>3,118</u>	<u>—</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

26. DEFERRED TAXATION (Continued)

At the balance sheet date, the major components of the deferred taxation liabilities (assets), provided and unprovided, are as follows:

	Provided		Unprovided	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group				
Tax effect of timing differences				
because of:				
Excess of tax allowances over				
depreciation	3,787	3,904	339	365
Taxation losses	(761)	(1,065)	(2,302)	(2,174)
Other timing differences	(83)	279	—	—
	<u>2,943</u>	<u>3,118</u>	<u>(1,963)</u>	<u>(1,809)</u>

The amount of the unprovided deferred tax (credit) charge for the year is as follows:

	The Group	
	2001	2000
	HK\$'000	HK\$'000
Tax effect of timing differences because of:		
Excess of depreciation over tax allowances	(26)	(120)
Tax losses (arising) utilised	(128)	1,081
	<u>(154)</u>	<u>961</u>

The Company had no material unprovided deferred taxation for the year or at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

27. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Profit before taxation	150,099	107,521
Bank interest income	(7,476)	(8,772)
Interest from debt securities	(214)	—
Interest expenses	2,522	2,862
Rental income received	(3,366)	(3,891)
Amortisation of permanent textile quota entitlements	51	—
Depreciation and amortisation of property, plant and equipment	20,979	18,259
Loss on disposal of property, plant and equipment	313	569
Loss on dissolution of a subsidiary	11	879
Share of results of associates	(1,687)	(1,103)
Decrease (increase) in inventories	8,690	(1,376)
Decrease (increase) in trade and other receivables	7,731	(63,595)
Decrease in trade receivables from associates	718	7,207
Increase in trade and other payables	35,490	8,808
Increase in trade payables to associates	3,831	—
	<u>217,692</u>	<u>67,368</u>
Net cash inflow from operating activities	<u>217,692</u>	<u>67,368</u>

28. DISSOLUTION OF A SUBSIDIARY

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Net assets deconsolidated on dissolution:		
Bank balances and cash	—	1,426
Trade and other payables	(1,535)	(151)
Minority interest	154	—
	<u>(1,381)</u>	1,275
Goodwill realised on dissolution	—	202
Translation reserve realised on dissolution	—	824
Waiver of amount due from the subsidiary being dissolved	1,392	—
Loss on dissolution of a subsidiary	(11)	(879)
	<u>—</u>	<u>1,422</u>
Amount recovered:		
Cash	<u>—</u>	<u>1,422</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

28. DISSOLUTION OF A SUBSIDIARY (Continued)

Analysis of net outflow of cash and cash equivalents in respect of the dissolution of a subsidiary:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Cash received on dissolution	—	1,422
Bank balances and cash deconsolidated	—	(1,426)
	<u>—</u>	<u>(4)</u>

The subsidiary dissolved during the year did not have any significant impact on the Group's cash flows or operating results.

29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank borrowings <i>HK\$'000</i>	Obligations under finance leases and hire purchase contracts <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>
Balance at April 1, 1999	651	226	33,276
Profit attributable to minority shareholders	—	—	5,615
Capital contributed by minority shareholders of subsidiaries	—	—	1,500
Dividends paid to minority shareholders of subsidiaries	—	—	(1,360)
Exchange differences	—	—	(9)
Borrowings raised during the year	15,317	—	—
Repayments during the year	(651)	(105)	—
Balance at March 31, 2000 and April 1, 2000	15,317	121	39,022
Profit attributable to minority shareholders	—	—	9,915
Dividends paid to minority shareholders of subsidiaries	—	—	(2,680)
On dissolution of a subsidiary	—	—	154
Exchange differences	—	—	76
Inception of hire purchase contracts	—	60	—
Borrowings raised during the year	4,840	—	—
Repayments during the year	(15,317)	(107)	—
Balance at March 31, 2001	<u>4,840</u>	<u>74</u>	<u>46,487</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

30. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank balances and cash	332,993	199,368
Bank overdrafts	(4,778)	(4,692)
Trust receipt loans	(14,545)	—
	<u>313,670</u>	<u>194,676</u>

31. OPERATING LEASES COMMITMENTS

At the balance sheet date, the Group had outstanding commitments payable in the following year under non-cancellable operating leases in respect of rented premises as follows:

	The Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating leases which expire:		
Within one year	2,655	3,332
In second to fifth years inclusive	9,563	6,833
Over five years	434	434
	<u>12,652</u>	<u>10,599</u>

At the balance sheet date, the Company did not have any commitments payable under non-cancellable operating leases.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

32. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital expenditure committed as follows:

	The Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for but not provided in the financial statements relating to property, plant and equipment	<u>165</u>	<u>—</u>

The Company did not have any capital commitments at the balance sheet date.

33. CONTINGENT LIABILITIES

	The Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bills discounted with recourse	<u>41,528</u>	<u>59,673</u>

The Company has issued guarantees to banks to secure general banking facilities granted to certain subsidiaries to the extent of HK\$119 million (2000: HK\$134 million). The Company has also issued unlimited guarantees to banks to secure banking facilities granted to certain subsidiaries. The extent of all the above facilities utilised by the subsidiaries at March 31, 2001 amounted to approximately HK\$24 million (2000: HK\$20 million).

34. PLEDGE OF ASSETS

At the balance sheet date, certain land and buildings with an aggregate net book value of approximately HK\$40 million (2000: HK\$41 million) were pledged to banks to secure general banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended March 31, 2001

35. RETIREMENT BENEFITS SCHEME

The Group participate in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the “MPF Ordinance”), for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the provisions of the MPF Ordinance. During the year under review, the total amount contributed by the Group to the scheme and charged to the income statement was insignificant.

The employees in the subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the government in the PRC. The subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme.

36. RELATED PARTIES TRANSACTIONS

During the year, the Group had significant transactions with related parties, details of which are as follows:

	2001	2000
	HK\$'000	HK\$'000
Repayment of a loan from a minority shareholder (Note a)	622	358
Purchase of raw materials and finished goods from associates (Note b)	30,129	33,670

Notes:

- a. The loan was secured, carried interest at prime rate and was repayable on demand. The outstanding balance was included in trade and other receivables at March 31, 2000 and was settled during the year.
- b. The transactions were carried out at cost plus a percentage profit mark up.

Save as disclosed above, there were no other significant transactions with related parties during the year.