



## NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

### (1) Principal accounting policies and basis of presentation

These interim condensed consolidated accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 (Interim Financial Reporting) issued by the Hong Kong Society of Accountants.

The interim consolidated accounts for the period ended 30 September 2001 are unaudited and have been reviewed by the Audit Committee of the Company.

The principal accounting policies and methods of computation used in the preparation of the interim consolidated accounts are consistent with those adopted in the annual report for the year ended 31 March 2001, except that the Group has changed certain of its accounting policies following its adoption of the following SSAP issued by the Hong Kong Society of Accountants which are effective for the accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	:	Event after balance sheet date
SSAP 26	:	Segment reporting
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets

Except as set out below, the adoption of the above SSAPs do not have a material impact on the Group's results in the current and prior periods.

The significant changes in the Group's accounting policies resulting from the adoption of these new policies are set out below:

(a) *SSAP 9 (revised): Event after balance sheet date*

In accordance with the SSAP 9 (revised), the Group no longer recognises dividends declared or proposed after the balance sheet date as a liability at the balance sheet. This change in accounting policy has been applied retrospectively so that the comparative figures presented have been restated to conform to the changed policy.

This adjustment has resulted in a decrease in current liabilities as at 30 September 2001 by HK\$27,016,000 (31 March 2001: HK\$75,044,000) for the provision of the proposed dividend is no longer required.



(b) *SSAP 29: Intangible assets*

In prior years, the Group's permanent textile quota entitlements ("permanent quota") are stated at cost less provision for any permanent diminutions in values deemed necessary by the directors and no amortisation is made. With effective from 1 April 2001, the Group change the policy of accounting for permanent quota in order to comply with the SSAP 29. Under the new accounting policy, the Group's permanent quota are amortised on a straight line basis over their estimated useful lives.

This change in accounting policy has been applied retrospectively. However as net amount of quota amortisation charge for the six months ended 30 September 2000 is immaterial to the net profits attributable to shareholders of the same period, the condensed interim consolidated profit and loss account for the six months ended 30 September 2000 is not restated. The retained profits as at 1 April 2000 have been decreased by HK\$75,716,000.

In restating the consolidated balance sheet as at 31 March 2001, the Group's net assets as at 31 March 2001 have been decreased by HK\$69,661,000.

(c) *SSAP 30: Business combinations*

The Group has taken advantage of the transitional provisions in SSAP 30 such that goodwill/(negative goodwill) that has been previously eliminated against/(credited to) reserves has not been restated. Therefore, goodwill arising on acquisitions prior to 1 April 2001 is held in reserves and will be charged to the profit and loss account at the time of disposal of the subsidiaries/businesses, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 April 2001 is held in reserves and will be credited to the profit and loss account at the time of disposal of the relevant subsidiaries/businesses.

## (2) Segmental information

An analysis of Group's turnover and contribution to profit from operating activities by principal activity and geographical location are as follows:

	Unaudited			
	Turnover		Profit from operating activities	
	Six months ended 30 September			
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>By activity:</b>				
Retail sales	668,376	684,010	40,408	54,401
Export sales	687,131	761,783	103,569	125,255
Others	104,060	135,304	24,649	37,149
	<u>1,459,567</u>	<u>1,581,097</u>	<u>168,626</u>	<u>216,805</u>
<b>By geographical location:</b>				
The People's Republic of China				
Mainland China	423,795	389,113	63,665	58,949
Hong Kong	70,604	99,601	8,125	28,170
	<u>494,399</u>	<u>488,714</u>	<u>71,790</u>	<u>87,119</u>
United States of America	625,618	706,116	89,870	117,428
Australia and New Zealand	258,067	302,395	(11,360)	(3,292)
Canada	21,568	14,483	2,516	2,075
Others	59,915	69,389	15,810	13,475
	<u>1,459,567</u>	<u>1,581,097</u>	<u>168,626</u>	<u>216,805</u>

## (3) Profit from operating activities

Profit from operating activities is arrived at after charging depreciation amounting to HK\$51,301,000 (2000: HK\$51,356,000).

## (4) Tax

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profit assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.



	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Company and its subsidiaries:		
Hong Kong	<b>11,915</b>	14,141
Elsewhere	<b>951</b>	1,077
Deferred tax	-	-
	<b>12,866</b>	15,218
Share of tax attributable to associates:		
Hong Kong	<b>30</b>	-
Elsewhere	<b>5,899</b>	8,152
	<b>5,929</b>	8,152
Share of tax attributable to jointly-controlled entities:		
Elsewhere	<b>36</b>	10
	<b>36</b>	10
Total	<b>18,831</b>	23,380

## **(5) Earnings per share**

### *(a) Basic earnings per share*

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the six months ended 30 September 2001 of HK\$91,098,000 (2000: HK\$130,500,000) and 1,000,584,000 (2000: 1,000,584,000) shares in issue during the period.

### *(b) Diluted earnings per share*

As the subscription prices of the share options outstanding during the six months ended 30 September 2001 are higher than the respective average market price of the Company's shares during the period, there is no dilution effect on the basic earnings per share.

Last year, the calculation of diluted earnings per share was based on the net profit attributable to shareholders for the six months ended 30 September 2000 of HK\$130,500,000 and the weighted average of 1,005,611,463 shares in issue during that period. Included in the earnings per share calculation was the weighted average number of 5,027,463 shares which were deemed to be issued at no consideration if all outstanding share options were exercised.



## (6) Trade and bills receivable

The trade and bills receivable include trade debtors of HK\$88,430,000 (2000: HK\$163,669,000). The age analysis of trade debtors as at 30 September are as follows:

	2001 HK\$'000	2000 HK\$'000
0-3 months	77,769	146,170
4-6 months	6,405	13,674
Over 6 months	4,256	3,825
	<u>88,430</u>	<u>163,669</u>

Majority of the balances are on letter of credit (sight or usance).

## (7) Trade and bills payable

Trade and bills payable include trade creditors of HK\$156,534,000 (2000: HK\$185,120,000). The age analysis of trade creditors as at 30 September are as follows:

	2001 HK\$'000	2000 HK\$'000
0-3 months	136,447	151,667
4-6 months	15,192	29,666
Over 6 months	4,895	3,787
	<u>156,534</u>	<u>185,120</u>

## INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of 2.70 HK cents (2000: 3.30 HK cents) per share for the six months ended 30 September 2001 to shareholders whose names appear on the register of members of the Company as at the close of business on Tuesday, 8 January 2002. The interim dividend is expected to be paid to shareholders by post on or around Friday, 11 January 2002.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 January 2002 to Tuesday, 8 January 2002, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:00 p.m. on Wednesday, 2 January 2002.