



(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.



REVIEW OF OPERATIONS

In the first half of the financial year, all economic sectors except personal spendings in the US slowed down despite the series of interest rate easing undertaken by the Federal Reserve. The September 11 tragedy exposed all the inherent economic problems and the US economy was in recession. Because of that and the market globalisation, a worldwide economic downturn or recession was thus caused. The Group's export business was inevitably faltered because its markets were mainly in North America. The Australian economy was also affected by the global economic downturn. In the period under review, the Management strived to consolidate the Australian retail operations by suspending and disposing of non-profitable product lines so as to mitigate losses. Because the economy in the PRC was driven basically by internal demand, the external adverse impact was thus reduced. The Group managed to maintain its growth in the retail operations in the Mainland.

Our staff, realising the time was tough, put in extra efforts in their respective posts to improve operational efficiency and reduce costs. The operating margin was thus kept from material slip despite the adverse market impact. The inventory turnover was also reduced from 60 days of last year to 58 days. The financial position of the Group was strengthened and its net cash in hand increased to HK\$448,000,000.

For the first half of the year, the Group's unaudited consolidated accounts showed a turnover of HK\$1,459,567,000 (2000: HK\$1,581,097,000) representing a drop of 7.69% when compared with last year. The net profit attributable to shareholders amounted to HK\$91,098,000 (2000: HK\$130,500,000) representing a decrease of 30.2%. However if we compared it with the second half of last year (2000: HK\$51,750,000), it showed an increase of 76.0%.

1. Retail Operations

In the first half of the year, the PRC retail market was resilient. Although it was very competitive, the Group managed to record growth in sales and to maintain its gross margin.



In the period under review, all staff endeavoured to improve the storefront services and the back office support and co-ordination. It facilitated the Management in adjusting the product mix promptly in accordance with the market needs and in shortening the logistics time, so as to provide a full range of products to customers. Consequently our inventory turnover rate improved. Besides, the Group also built more flagship stores in major cities to enlarge the market share and to elevate the brand image.

The Management vigorously re-structured the retail operation in Australia and New Zealand. Within the period, the Group disposed of the "Old Garage" line and suspended the "Sunshine" line so as to focus on the core operations – Jeanswest. Although the exchange rate of Australian dollars was still lingering at a fairly low level, the Management managed to reduce the operating losses substantially. We are looking forward to turning around the operations in the near future.

As of 30 September 2001, the Group's retail network was composed of 724 shops (2000: 694 shops). There were 528 shops (2000: 468 shops) in the PRC including 51 franchised shops. In Australia and New Zealand, the Group had 196 shops (2000: 226 shops) including 6 franchised ones. The total turnover amounted to HK\$668,376,000 (2000: HK\$684,010,000) representing a drop of 2.29% when compared with the same period of last year.

2. Export Operations

In the period under review, the retail sentiment became sluggish after the economic slow down in North America since the beginning of the year. US retailers placed their orders very conservatively and discreetly. Export to US encountered a steep fall after the September 11 incident. In addition to price reduction, US retailers also demanded for expeditious production and strict adherence to delivery schedule.

Under this macroclimate, both the sales and the margin of the Group's export business were adversely affected. In the first half of the year, export turnover of HK\$687,131,000 (2000: HK\$761,783,000) was recorded showing a decline of 9.80% when compared with the same period of the previous year.



3. Manufacturing Operations

The manufacturing operations continued to support the retail and export businesses. Due to the global economic recession and the retail markets becoming extremely competitive, the ex-factory prices of our products were under downward pressure. Because the manufacturing division resolutely committed to continuous improvement, its operational structure were versatile and flexible enough to accommodate challenges. All the staff also put up additional effort to reduce operating costs so as to keep our competitive edge sharp and intact.

4. Financial Position

The Group still maintained a healthy net cash position during the period under review. There were no material changes to the Group's foreign exchange exposure and contingent liabilities situation from that disclosed in the annual report of the Company for the year ended 31 March 2001.

5. Human Resources

As at 30 September 2001, the Group's total number of employees was about 26,000. The Group offers a competitive remuneration package to its employees. In addition, bonus and share options may be granted to employees based on the Group's performance and individual performance.

PROSPECTS

Looking ahead to the second half of this financial year, we do not expect an imminent recovery of the world economies. We will conduct our businesses in a very discreet and prudent way. The PRC will be the only market in which we are expanding. In Australia and New Zealand, we will re-align and consolidate the operations so as to turn around the business. The prospect of the export business depends on whether the interest rate reduction imposed by the US Federal Reserve and other fiscal policies of the US Government, would be effective to keep the economy from slipping further and to restore the consumer spending. The Management together with all staff will strive to improve operational efficiency, reduce operating costs, and shorten production lead-time so as to improve the ability to cope with changing world and to meet the market needs.



BOARD OF DIRECTORS

Executive

Mr. Charles Yeung, J.P. (Chairman)
Mr. Yeung Chun Fan (Vice-chairman)
Mr. Yeung Chun Ho
Mr. Pau Sze Kee, Jackson
Mr. Hui Chung Shing, Herman
Ms. Cheung Wai Yee

Independent non-executive

Mr. Wong Man Kong, Peter, J.P.
Mr. Lau Hon Chuen, G.B.S., J.P.

COMPANY SECRETARY

Mr. Liu Cheung Yuen

DIRECTOR'S INTERESTS IN SECURITIES

As at 30 September 2001, the interests of the Directors in the securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register kept by the Company under Section 29 of the SDI Ordinance were as follows:

Name of director	Number of shares held				Number of share options held
	Personal interests	Family interests	Corporate interests	Other interests	
Mr. Charles Yeung, J.P.	—	—	694,954,000 (note 1)	—	—
Mr. Yeung Chun Fan	—	—	694,954,000 (note 1)	—	5,940,000
Mr. Yeung Chun Ho	—	—	6,770,000 (note 2)	—	10,000,000
Mr. Pau Sze Kee, Jackson	9,370,000	—	—	—	9,962,000
Mr. Hui Chung Shing, Herman	6,250,000	—	—	—	10,000,000
Ms. Cheung Wai Yee	—	—	—	—	9,898,000
Mr. Lau Hon Chuen, G.B.S., J.P.	956,000	—	—	—	—