(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and land and buildings, and the marking to market of certain investments in securities as explained in the accounting policies set out below.

(c) Subsidiaries and controlled enterprises

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(l)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case it is stated at fair value with changes in fair value recognised in the consolidated income statement as they arise. The consolidated income statement reflects the Group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(e). Where the associate has a financial year end of 31st December and its results are not material to the Group, its latest audited financial statements made up to 31st December are used for equity accounting purposes.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(l)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries:

– for acquisitions before 1st April, 2001, positive goodwill is eliminated against reserves and is reduced by impairment losses (see note 1(l)); and

– for acquisitions on or after 1st April, 2001, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 1(l)).

In respect of acquisitions of associates, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 1(l)) is included in the carrying amount of the interest in associates.

Negative goodwill arising on acquisitions of controlled subsidiaries and associates represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for as follows:

– for acquisitions before 1st April, 2001, negative goodwill is credited to a capital reserve; and

– for acquisitions on or after 1st April, 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

  In respect of any negative goodwill not yet recognised in the consolidated income statement:

  – for controlled subsidiaries, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill; and

  – for associates, such negative goodwill is included in the carrying amount of the interests in associates.

On disposal of a controlled subsidiary or an associate during the year, any attributable amount of purchased goodwill which has previously been dealt with as a movement on group reserves is included in the calculation of the profit or loss on disposal.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Non-trading securities

The Group's and the Company's policies for investments in non-trading securities other than investments in subsidiaries and associates are as follows:

(i) Non-trading securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the investment revaluation reserve to the income statement.

(ii) Transfers from the investment revaluation reserve to the income statement as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(iii) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise. The profit or loss includes any amount previously held in the investment revaluation reserve in respect of that security.

(g) Other investments

Other investments represent club debentures and are stated in the balance sheet at cost less any provisions for diminution in value as determined by the directors.

(h) Fixed assets

(i) Fixed assets are carried in the balance sheets on the following bases:

– investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;

– land and buildings held for own use are stated in the balance sheet at cost or valuation less accumulated depreciation (see note 1(i)) and impairment losses (see note 1(l)).

In preparing these financial statements, advantage has been taken of the transitional provisions set out in paragraph 80 of the Statement of Standard Accounting Practice 17 "Property, plant and equipment" issued by the Hong Kong Society of Accountants, with the effect that land and buildings have not been revalued to fair value at the balance sheet date. Such properties are stated at their carrying value and will not be revalued in future years; and

– plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(i)) and impairment losses (see note 1(l)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Fixed assets *(Continued)*

(ii) Changes arising on the revaluation of investment properties and land and buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of that same asset, or solely in the case of investment properties, the portfolio of investment properties, immediately prior to the revaluation; and

– when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, had previously been charged to the income statement.

(iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the income statement for the year. For all other fixed assets, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(i) Amortisation and depreciation

(i) No depreciation is provided on investment properties with an unexpired lease term of over 20 years or on freehold land.

(ii) Depreciation is calculated to write off the cost or valuation of other fixed assets over their estimated useful lives as follows:

– leasehold land is depreciated on a straight-line basis over the remaining term of the lease;

– land use rights are included under land and buildings and are amortised on a straight-line basis over a period of 50 years;

– buildings are depreciated on a straight-line basis over their estimated useful lives of 10 to 40 years; and

– other fixed assets are depreciated on a straight-line basis over the estimated useful lives as follows:

Plant and machinery	2.5% to 20% per annum
Other fixed assets	20% to 30% per annum

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Construction in progress

Construction in progress is stated at cost, including interest capitalised if appropriate, less provision as is considered necessary by the directors.

(k) Leased assets

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(i) above. Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(l). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(m)(ii) below.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(l) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than properties carried at revalued amounts);

– investments in subsidiaries and associates (except for those accounted for at fair value under notes 1(c) and (d)); and

– positive goodwill (whether taken initially to reserves or recognised as an asset).

If any such indication exists, the asset's recoverable amount is estimated. For goodwill that is amortised over 20 years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(m) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. This is taken to be, for interim dividends, when the directors of the investee companies declare such dividends and for final dividends, when the shareholders of the investee companies at the general meeting approve the dividends proposed by the directors.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition *(Continued)*

(iii) Dividends *(Continued)*

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred directly in bringing the inventories to their present location and conditions.

Net realisable value is 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Quota

Cost of acquisition of permanent quota is amortised on a straight-line basis over a period of three to five years.

Income and expense on temporary transfers of quota are dealt with in the income statement as they arise.

(p) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Translation of foreign currencies *(Continued)*

The results and balance sheet items of overseas subsidiaries and associates are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting exchange differences are dealt with as movements in reserves.

(r) Pre-operating costs

Pre-operating costs are written off in the income statement when incurred.

(s) Retirement costs

Retirement costs are charged to the income statement when incurred. Particulars of the retirement scheme are set out in note 13 on the financial statements.

(t) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen geographical segment information as the primary reporting format and business segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

2 TURNOVER

The principal activities of the Company are the manufacture and sale of garments and rental of properties. The principal activities and other particulars of the subsidiaries are set out on page 60.

Turnover represents the sales value of goods supplied to customers and rental income from external customers, including associates, and are analysed as follows:

	2002	2001
	$'000	*$'000*
Manufacture and sale of garments	**1,155,811**	1,238,408
Property rental	**4,118**	5,271
	1,159,929	1,243,679

3 OTHER REVENUE AND NET INCOME

	2002	2001
	$'000	*$'000*
Other revenue		
Commission income	**6,313**	9,120
Dividend income from unlisted equity securities	**358**	342
Interest income	**736**	1,736
Management fee income	**804**	1,439
Sundry income	**1,673**	3,512
	9,884	16,149
Other net income		
Gain on disposal of land	**4,415**	–
Gain/(loss) on disposal of other fixed assets	**458**	(347)
Gain on disposal of quota	**10,345**	19,150
Net exchange (loss)/gain	**(486)**	1,191
Net claims (paid)/received	**(2,282)**	2,592
Profit/(loss) on sale of raw materials	**1,975**	(601)
Net realised losses on disposal of non-trading securities	**–**	(110)
Others	**1,918**	–
	16,343	21,875

4 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	2002	2001
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans repayable within five years (including bank charges)	**17,346**	23,935
(b) Other items:		
Amortisation of positive goodwill	**1,039**	–
Amortisation of permanent quota	**659**	1,669
Auditors' remuneration	**1,734**	1,768
Cost of inventories *	**984,681**	1,036,000
Depreciation	**22,714**	28,333
Operating lease charges – property rentals	**4,575**	2,682
Provision for long service payments	**690**	12
Retirement fund contributions	**3,717**	2,822
Staff costs	**186,322**	180,509
Rental receivable from investment properties less direct outgoings of $1,114,000 (2001: $966,000)	**(3,004)**	(4,305)
Impairment losses on land and buildings (reversed)/made	**(2,242)**	6,377

* Cost of inventories includes $118,421,000 (2001: $115,414,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above for each of these type of expenses.

5 TAXATION

(a) Taxation in the consolidated income statement represents:

	2002	2001
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	**3,816**	5,768
Overprovision in respect of prior years	**(749)**	(5)
	3,067	5,763
Overseas taxation	**2,851**	631
	5,918	6,394
Share of associates' taxation	**4,602**	6,443
	10,520	12,837

The provision for Hong Kong Profits Tax is calculated at 16% (2001: 16%) of the estimated assessable profits for the year ended 31st March, 2002. Taxations for overseas subsidiaries and branches are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Taxation in the balance sheets represents:

	The Group		The Company	
	2002	2001	2002	2001
	$'000	*$'000*	*$'000*	*$'000*
Provision for Hong Kong Profits Tax for the year	**3,816**	5,768	**3,000**	2,500
Provisional Profits Tax paid	**(7,327)**	(1,285)	**(4,352)**	(344)
Provision for overseas subsidiaries and branches				
– current year	**1,512**	943	**–**	868
– prior year	**332**	497	**–**	35
Net tax (recoverable)/payable	**(1,667)**	5,923	**(1,352)**	3,059
Representing:				
Tax recoverable	**(3,545)**	(121)	**(1,352)**	–
Tax payable	**1,878**	6,044	**–**	3,059
	(1,667)	5,923	**(1,352)**	3,059

(c) No provision for deferred taxation has been made as the net effect of all timing differences is immaterial.

(d) No provision for deferred taxation has been made in respect of the revaluation surpluses arising on investment and other properties as the disposal of these assets at their carrying values would result in capital gains which the directors consider are not subject to any tax liability.

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2002	2001
	$'000	*$'000*
Fees	**400**	400
Salaries and other emoluments	**7,597**	7,352
Discretionary bonuses	**3,355**	3,465
Retirement scheme contributions	**180**	252
	11,532	11,469

The remuneration of the directors is within the following bands:

	Number of directors	
	2002	2001
$Nil – $1,000,000	**8**	8
$1,500,001 – $2,000,000	**1**	–
$2,000,001 – $2,500,000	**1**	3
$2,500,001 – $3,000,000	**1**	–
$3,000,001 – $3,500,000	**–**	1
$3,500,001 – $4,000,000	**1**	–
	12	12

Included in the directors' fees were fees of $100,000 (2001: $100,000) paid to independent non-executive directors during the year.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2001: four) are directors whose emoluments are disclosed in note 6. The emoluments in respect of the remaining individual are as follows:

	2002	2001
	$'000	*$'000*
Salaries and other emoluments	**1,353**	1,522

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of $15,393,000 (2001 (restated): $29,831,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2002	2001
	$'000	*$'000*
Amount of consolidated profit attributable to shareholders dealt with in the Company's financial statements	**15,393**	29,831
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	**326**	7,400
Company's profit for the year *(note 30(b))*	**15,719**	37,231

9 DIVIDENDS

(a) Dividends attributable to the year

	2002	2001
	$'000	*$'000*
Interim dividend declared and paid of $0.02 (2001: $0.03) per share	**2,805**	4,230
Final dividend proposed after the balance sheet date of $0.08 (2001: $0.10) per share	**11,220**	14,025
	14,025	18,255

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2002	2001
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of $0.10 per share (2001: $0.10 per share)	**14,025**	14,112

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of $27,591,000 (2001: $47,968,000) and the weighted average of 140,311,800 shares (2001: 140,980,685 shares) in issue during the year.

(b) Diluted earnings per share

Full exercise of the subscription rights of share options granted would not result in a dilution of the earnings per share.

11 CHANGES IN ACCOUNTING POLICIES

(i) Dividends

In prior years, dividends proposed or declared were recognised as a liability in the accounting period to which they related. With effect from 1st April, 2001, in order to comply with Statement of Standard Accounting Practice 9 (revised) issued by the Hong Kong Society of Accountants, the Group recognises dividends proposed or declared as a liability in the accounting period in which they are declared by the directors (in the case of interim dividends) or approved by the shareholders (in the case of final dividends). Consequently, dividend income from subsidiaries and associates is recognised as income in the Company's income statement in the accounting period in which they are declared.

As a result of the new accounting policy, the Group's net assets as at the year end have been increased by $11,220,000 (2001: $14,025,000). There is no impact on the Group's profit attributable to shareholders for the periods presented. The new accounting policy has been adopted retrospectively, with the opening balance of retained profits and the comparative information adjusted for the amounts relating to prior periods.

(ii) Goodwill

In prior years, positive or negative goodwill arising on acquisition of subsidiaries and associates was eliminated against reserves or was credited to a capital reserve respectively. With effect from 1st April, 2001, in order to comply with Statement of Standard Accounting Practice 30 ("SSAP 30") issued by the Hong Kong Society of Accountants, the Group adopted a new accounting policy for goodwill as set out in note 1(e).

As a result of the new accounting policy, the Group's profit for the year has been decreased by $758,000 (2001: $Nil) and the net assets as at the year end have been decreased by $31,384,000 (2001: $Nil).

The Group has taken advantage of the transitional provisions set out in paragraph 88 of SSAP 30 with the effect that the new accounting policy has been adopted prospectively and no adjustments have been made to the opening balances of retained profits and reserves and comparative information.

12 SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of assets is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Geographical segments by the location of assets and by the location of customers

The Group's business is managed on a worldwide basis, but participates in four principal economic environments classified by the location of assets. The assets identified in Hong Kong are used in the manufacture and sale of garments and property leasing activities. Assets identified in other areas are used in the manufacture and sale of garments.

The Group's geographical segments are also classified according to the locations of customers. There are three customer-based geographical segments: Europe, North America and Asia Pacific.

When presenting information on the basis of geographical segment, segment information is based on the geographical location of assets unless otherwise stated. Segment revenue from external customers is further analysed by the geographical location of customers, where the location of customers is different from the location of assets and segment revenue is 10% or more of the Group's total revenue from all external customers.

12 SEGMENT REPORTING *(Continued)*

	Hong Kong		The PRC		Asia Pacific		Europe		Other		Inter-segment elimination		Unallocated		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Location of assets																
Revenue from external customers	**713,458**	773,585	**263,027**	267,566	**165,221**	169,952	**17,995**	32,576	**228**	–	**-**	–	**-**	–	**1,159,929**	1,243,679
Inter-segment revenue	**-**	–	**96,838**	111,066	**-**	–	**-**	453	**878**	–	**(97,716)**	(111,519)	**-**	–	**-**	–
Other revenue	**15,026**	19,459	**374**	1,811	**798**	35	**-**	660	**-**	–	**(7,408)**	(7,894)	**-**	–	**8,790**	14,071
Total revenue	**728,484**	793,044	**360,239**	380,443	**166,019**	169,987	**17,995**	33,689	**1,106**	–	**(105,124)**	(119,413)	**-**	–	**1,168,719**	1,257,750
Segment result	**30,373**	70,735	**16,463**	13,309	**(7,748)**	(2,597)	**(2,002)**	(15,737)	**137**	–			**1,094**	2,078	**38,317**	67,788
Finance costs															**(17,346)**	(23,935)
Share of profits less losses of associates	**(61)**	(2)	**24,869**	27,406	**(1,376)**	2,171	**(2,482)**	(5,952)	**-**	–					**20,950**	23,623
Taxation															**(10,520)**	(12,837)
Minority interests															**(3,810)**	(6,671)
Profit attributable to shareholders															**27,591**	47,968
Depreciation and amortisation for the year	**4,987**	3,209	**13,659**	18,494	**4,730**	4,972	**922**	3,327	**114**	–					**24,412**	30,002

	Hong Kong		The PRC		Asia Pacific		Europe		Other		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment assets	**199,037**	234,631	**201,957**	181,631	**96,363**	93,454	**12,485**	11,072	**2,580**	–	**512,422**	520,788
Investment in associates	**26,912**	(27)	**155,992**	146,973	**18,484**	19,805	**542**	3,185	**-**	–	**201,930**	169,936
Unallocated assets											**34,492**	34,050
Total assets											**748,844**	724,774
Segment liabilities	**142,585**	199,762	**56,287**	66,440	**6,327**	6,068	**4,118**	3,416	**152**	–	**209,469**	275,686
Unallocated liabilities											**167,654**	97,565
Total liabilities											**377,123**	373,251
Capital expenditure incurred during the year	**40,849**	2,838	**8,373**	10,290	**7,341**	32,541	**247**	116	**12,774**	–	**69,584**	45,785

12 SEGMENT REPORTING *(Continued)*

Additional information concerning geographical segments:

	2002	2001
	$'000	*$'000*
Revenue from external customers by the location of customers		
– Europe		
United Kingdom	**258,080**	271,612
Germany	**140,457**	143,134
Other European countries	**340,865**	337,951
– North America	**238,378**	282,492
– Asia Pacific	**171,055**	180,545
– Others	**11,094**	27,945
	1,159,929	1,243,679

As the Group's turnover and profits are almost entirely attributable to the manufacture and sale of garments, no analysis by business segment is provided.

13 RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1st December, 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operated a Mandatory Provident Fund Exempted ORSO retirement benefits scheme for those employees who were eligible to participate in the scheme. This scheme operated in a way similar to the MPF scheme, except that when an employee left the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group were reduced by the relevant amount of forfeited employer's contributions or refunded to the employer. The amount of employer contributions forfeited during the year was immaterial.

The employees of the subsidiary in the People's Republic of China ("the PRC") are members of the state-sponsored retirement benefit scheme organized by the government in the PRC. The subsidiary is required to contribute, based on a certain percentage of payrolls, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

14 FIXED ASSETS

(a) The Group

	Land and buildings $'000	Investment properties $'000	Plant and machinery $'000	Other fixed assets $'000	Total $'000
Cost or valuation:					
At 1st April, 2001	143,452	37,796	158,829	96,393	436,470
Exchange adjustments	304	–	699	132	1,135
Reclassification	7,705	(7,000)	–	(705)	–
Transfer from construction in progress *(note 15)*	–	–	192	–	192
Additions	134	–	14,992	17,068	32,194
Disposals	(1,053)	–	(2,862)	(28,095)	(32,010)
Deficit on revaluation	–	(1,728)	–	–	(1,728)
At 31st March, 2002	**150,542**	**29,068**	**171,850**	**84,793**	**436,253**
Representing:					
Cost	70,547	–	171,850	84,793	327,190
Valuation					
– 1988	77,152	–	–	–	77,152
– 1991	2,843	–	–	–	2,843
– 2002	–	29,068	–	–	29,068
	150,542	29,068	171,850	84,793	436,253
Aggregate amortisation and depreciation:					
At 1st April, 2001	38,126	–	92,634	81,723	212,483
Exchange adjustments	129	–	351	107	587
Reclassification	287	–	–	(287)	–
Charge for the year	3,281	–	13,460	5,973	22,714
Written back on disposal	(15)	–	(2,338)	(27,733)	(30,086)
Reversal of impairment losses	(2,242)	–	–	–	(2,242)
At 31st March, 2002	**39,566**	**–**	**104,107**	**59,783**	**203,456**
Net book value:					
At 31st March, 2002	**110,976**	**29,068**	**67,743**	**25,010**	**232,797**
At 31st March, 2001	105,326	37,796	66,195	14,670	223,987

14 FIXED ASSETS *(Continued)*

(b) The Company

	Land and buildings	Investment properties	Plant and machinery	Other fixed assets	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cost or valuation:					
At 1st April, 2001	80,944	37,796	31,424	61,106	211,270
Reclassification	7,000	(7,000)	–	–	–
Additions	–	–	1,081	13,036	14,117
Disposals	(949)	–	(1,945)	(26,398)	(29,292)
Deficit on revaluation	–	(1,728)	–	–	(1,728)
At 31st March, 2002	**86,995**	**29,068**	**30,560**	**47,744**	**194,367**
Representing:					
Cost	7,000	–	30,560	47,744	85,304
Valuation					
– 1988	77,152	–	–	–	77,152
– 1991	2,843	–	–	–	2,843
– 2002	–	29,068	–	–	29,068
	86,995	29,068	30,560	47,744	194,367
Aggregate amortisation and depreciation:					
At 1st April, 2001	14,799	–	26,751	56,932	98,482
Charge for the year	2,015	–	1,209	3,060	6,284
Written back on disposal	–	–	(1,801)	(26,398)	(28,199)
At 31st March, 2002	**16,814**	**–**	**26,159**	**33,594**	**76,567**
Net book value:					
At 31st March, 2002	**70,181**	**29,068**	**4,401**	**14,150**	**117,800**
At 31st March, 2001	66,145	37,796	4,673	4,174	112,788

14 FIXED ASSETS *(Continued)*

(c) The analysis of net book value of land and buildings and investment properties at 31st March, 2002 is as follows:

	Land and buildings				Investment properties	
	The Group		The Company		The Group and the Company	
	2002	2001	**2002**	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Long term leases						
– outside Hong Kong	**26,413**	24,617	**1,310**	1,310	**–**	–
Medium term leases						
– in Hong Kong	**48,227**	42,911	**48,227**	42,911	**29,068**	37,796
– outside Hong Kong	**14,013**	14,204	**–**	–	**–**	–
Freehold						
– outside Hong Kong	**22,323**	23,594	**20,644**	21,924	**–**	–
	110,976	105,326	**70,181**	66,145	**29,068**	37,796

(d) The net book value of the land and buildings stated at valuation in the balance sheets would have been as follows had the assets been carried at cost less accumulated depreciation:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Cost	**106,733**	99,643	**43,186**	37,135
Accumulated depreciation	**(34,877)**	(34,569)	**(12,125)**	(11,242)
	71,856	65,074	**31,061**	25,893

(e) Land and buildings of the Group and the Company include $361,000 (2001: $1,310,000) relating to a piece of land in Macau. Pursuant to an agreement signed between the Company and an independent property developer dated 3rd November, 1998, the Company agreed to contribute the land for property development and the Company will be entitled to 53.5% of net operating results upon the completion of the property development. The property development was completed during the year and part of the land with a carrying value of $949,000 was disposed.

(f) Details of the Group's and the Company's investment properties, held for use in operating leases which are all held under medium term leases, are as follows:

Location	**Existing use**
22 and 24, Tai Yau Street, San Po Kong, Kowloon	Warehouse and office

The investment properties of the Group and the Company were valued at 31st March, 2002 by an independent firm of surveyors, Chesterton Petty Limited, on an open market basis.

(g) Based on a review of the carrying value of land and buildings performed by the directors, impairment losses on certain land and buildings of $2,242,000 previously recognised were reversed in order to reflect its net selling price as at 31st March, 2002.

15 CONSTRUCTION IN PROGRESS

	The Group	
	2002	2001
	$'000	*$'000*
At 1st April	**–**	3,568
Exchange adjustments	**–**	5
Costs incurred during the year	**2,593**	–
Transfer to fixed assets *(note 14)*	**(192)**	(3,573)
At 31st March	**2,401**	–

16 GOODWILL

	Positive goodwill	**Positive goodwill carried in reserves**
	$'000	*$'000*
Cost:		
At 1st April, 2001	–	45,987
Addition arising on acquisition of subsidiary	10,390	–
At 31st March, 2002	**10,390**	**45,987**
Aggregate amortisation:		
At 1st April, 2001	–	–
Amortisation for the year	1,039	–
At 31st March, 2002	**1,039**	**–**
Carrying amount:		
At 31st March, 2002	**9,351**	**45,987**
At 31st March, 2001	–	45,987

Positive goodwill is amortised in the consolidated income statement on a straight line basis over 10 years. The amortisation of positive goodwill for the year is included in "other operating expenses" in the consolidated income statement.

17 INTEREST IN SUBSIDIARIES

	2002 $'000	2001 $'000 (restated)
Unlisted investments, at cost	**22,656**	22,656
Amounts due from subsidiaries	**305,000**	246,333
	327,656	268,989
Amounts due to subsidiaries	**(12,020)**	(22,577)
	315,636	246,412
Less: Impairment losses	**(28,673)**	(28,673)
	286,963	217,739

Details of the principal subsidiaries are set out on page 60.

18 INTEREST IN ASSOCIATES

	The Group		The Company	
	2002 *$'000*	2001 *$'000*	**2002** *$'000*	2001 *$'000*
Unlisted investments, at cost	**–**	–	**52,783**	52,783
Less: Impairment losses	**–**	–	**(26,832)**	(26,832)
	–	–	**25,951**	25,951
Share of net assets	**242,665**	169,936	**–**	–
Negative goodwill	**(40,735)**	–	**–**	–
	201,930	169,936	**25,951**	25,951

Negative goodwill arises from the acquisition of an associate in March 2002 and is amortised over the remaining weighted average useful life of the identifiable acquired depreciable assets. The calculation of the negative goodwill is based on the Group's share of the fair value of the identifiable assets and liabilities acquired as determined by the directors.

Details of the principal associates are set out on page 61.

18 INTEREST IN ASSOCIATES *(Continued)*

Information on material associates

The financial information of the associates, Qinghai Changqing Aluminium Corporation and Wuxi Changxin Textile Co., Ltd which are material in the context of the Group's financial statements, as extracted from the audited financial statements, after making such adjustments considered necessary by the Company's directors in order to comply with the Group's accounting policies, for the year ended 31st March, 2002 are summarised below.

	Qinghai Changqing Aluminium Corporation		**Wuxi Changxin Textile Co., Ltd.**	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Income statement – year ended 31st March				
Turnover	**345,228**	418,790	**725,476**	650,556
Cost of sales	**(260,797)**	(371,183)	**(659,964)**	(558,758)
	84,431	47,607	**65,512**	91,798
Other revenue	**677**	2,979	**1,781**	1,237
Other net expenses	**(119)**	(438)	**–**	–
Distribution costs	**(4,515)**	(1,834)	**(3,042)**	(1,808)
Administrative expenses	**(6,464)**	(4,100)	**(25,084)**	(26,840)
Other operating expenses	**(12,853)**	(3,152)	**(2,509)**	(1,516)
Profit from operations	**61,157**	41,062	**36,658**	62,871
Finance costs	**(14,747)**	(14,119)	**(13,012)**	(10,147)
Profit from ordinary activities before taxation	**46,410**	26,943	**23,646**	52,724
Taxation	**(6,037)**	(2,699)	**(7,081)**	(14,233)
Profit from ordinary activities after taxation	**40,373**	24,244	**16,565**	38,491
Profit attributable to the Group	**14,506**	8,711	**5,521**	12,829
Balance sheet – 31st March				
Non-current assets	**359,931**	333,533	**259,716**	233,028
Current assets	**175,273**	201,727	**234,134**	298,393
Current liabilities	**(272,491)**	(248,899)	**(252,573)**	(353,176)
Non-current liabilities	**(71,599)**	(101,671)	**(101,558)**	(56,075)
Net assets	**191,114**	184,690	**139,719**	122,170
Net assets attributable to the Group	**68,667**	66,359	**46,568**	40,719

19 PERMANENT QUOTA

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Cost:				
At 1st April and 31st March	**13,144**	13,144	**9,002**	9,002
Aggregate amortisation:				
At 1st April	**12,485**	10,816	**9,002**	9,002
Charge for the year	**659**	1,669	**–**	–
At 31st March	**13,144**	12,485	**9,002**	9,002
Net book value:				
At 31st March	**–**	659	**–**	–

Amortisation of permanent quota is included under "other operating expenses" in the consolidated income statement.

20 NON-TRADING SECURITIES

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Unlisted equity securities	**1,233**	1,406	**1,233**	1,406
Listed equity securities outside Hong Kong	**216**	268	**216**	268
	1,449	1,674	**1,449**	1,674
Market value of listed equity securities	**216**	268	**216**	268

21 OTHER INVESTMENTS

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Club debentures, at cost	**2,873**	2,384	**2,384**	2,384

22 INVENTORIES

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Raw materials	**22,481**	20,936	**10,261**	8,658
Work in progress	**37,884**	49,518	**11,449**	17,797
Finished goods	**7,156**	7,942	**3,511**	2,211
Goods in transit	**4,523**	15,810	**285**	92
	72,044	94,206	**25,506**	28,758

The amounts included the Group's and the Company's inventories of $11,238,000 (2001: $13,930,000) and $4,474,000 (2001: $6,372,000), stated net of a specific provision of $16,994,000 (2001: $20,304,000) and $8,874,000 (2001: $9,243,000) respectively. In addition, there is a general provision made against the remaining inventories of the Group and the Company of $15,784,000 (2001: $16,004,000) and $5,134,000 (2001: $4,247,000) respectively. These provisions were made in order to state these inventories at the lower of their cost and estimated net realisable value. The amount of reversal of a write-down of inventories to estimated net realisable value, recognised in the consolidated income statement as a reduction in the amount of inventories recognised as an expense during the year, is $4,754,000 (2001: $4,535,000). This reversal arose due to an increase in the estimated net realisable value of certain garments as a result of a change in consumer preferences.

23 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Trade debtors	**27,111**	57,676	**4,967**	15,353
Deposits, prepayments and other debtors	**36,135**	33,816	**5,136**	11,059
Bills receivable	**45,739**	70,181	**38,254**	62,432
Amounts due from related companies	**9,159**	5,394	**431**	199
Amounts due from associates	**23,490**	1,834	**211**	995
Dividends receivable from associates	**30,948**	33,929	**–**	–
	172,582	202,830	**48,999**	90,038

The amounts due from related companies and associates are unsecured, interest-free and repayable on demand.

All of the trade and other receivables, apart from the rental and utility deposits amounting to $229,000 (2001: $243,000), are expected to be recovered within one year.

23 TRADE AND OTHER RECEIVABLES *(Continued)*

Included in trade and other receivables are trade debtors and bills receivable (net of provisions for bad and doubtful debts) with the following ageing analysis:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
0 – 60 days	**59,297**	92,580	**38,085**	60,430
61 – 90 days	**2,075**	7,072	**1,464**	2,603
> 90 days	**11,478**	28,205	**3,672**	14,752
Trade debtors and bills receivable	**72,850**	127,857	**43,221**	77,785

The credit terms given to trade debtors vary and are generally based on the financial strengths of individual debtors. In order to effectively manage the credit risks associated with trade debtors, credit evaluation of debtors are performed periodically.

24 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Deposits with banks	**16,129**	–	**–**	–
Cash at bank and in hand	**33,743**	28,977	**6,245**	7,344
	49,872	28,977	**6,245**	7,344

25 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Bills payable and trust receipt loans	**41,995**	85,809	**37,116**	52,718
Trade creditors	**71,210**	112,935	**37,685**	47,935
Accrued charges and other creditors	**88,924**	63,082	**21,888**	24,749
Amounts due to related companies	**811**	827	**152**	–
Amounts due to associates	**402**	6,393	**285**	58
	203,342	269,046	**97,126**	125,460

The amounts due to related companies and associates are unsecured, interest-free and repayable on demand.

All of the trade and other payables are expected to be settled within one year.

25 TRADE AND OTHER PAYABLES *(Continued)*

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

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
0 – 60 days	**45,747**	75,829	**33,667**	37,573
61 – 90 days	**16,375**	5,580	**1,765**	1,039
> 90 days	**9,088**	31,526	**2,253**	9,323
Trade creditors	**71,210**	112,935	**37,685**	47,935

26 BANK LOANS AND OVERDRAFTS

At 31st March, 2002, the bank loans and overdrafts were repayable as follows:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Within 1 year or on demand	**72,212**	39,389	**23,994**	6,000
After 1 year but within 2 years	**51,672**	24,653	**30,000**	10,000
After 2 years but within 5 years	**41,893**	9,840	**27,000**	–
	93,565	34,493	**57,000**	10,000
	165,777	73,882	**80,994**	16,000

At 31st March, 2002, the bank loans and overdrafts were secured as follows:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Bank overdrafts				
– secured	**17,734**	15,476	**–**	–
– unsecured	**9,420**	6	**3,994**	–
Bank loans				
– secured	**2,223**	1,659	**–**	–
– unsecured	**136,400**	56,741	**77,000**	16,000
	165,777	73,882	**80,994**	16,000

The secured bank loans and overdrafts of the Group are secured by a floating charge over all the assets of a subsidiary.

27 NON-CURRENT BANK LOANS

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Bank loans *(note 26)*				
– secured	**–**	1,493	**–**	–
– unsecured	**93,565**	33,000	**57,000**	10,000
	93,565	34,493	**57,000**	10,000

28 PROVISION FOR LONG SERVICE PAYMENTS

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
At 1st April	**6,640**	7,648	**3,503**	4,075
Add: Provision for the year	**690**	12	**–**	–
	7,330	7,660	**3,503**	4,075
Less: Payments during the year	**(1,204)**	(1,020)	**(172)**	(572)
At 31st March	**6,126**	6,640	**3,331**	3,503

The provision represents funds set aside to provide for long service payments in accordance with Part VB of the Employment Ordinance for the employees of the Group.

29 SHARE CAPITAL

	2002		2001	
	No. of shares	**Amount**	**No. of shares**	**Amount**
	'000	*$'000*	*'000*	*$'000*
Authorised:				
Ordinary shares of $0.50 each	**200,000**	**100,000**	200,000	100,000
Issued and fully paid:				
At 1st April	**140,652**	**70,326**	141,123	70,561
Shares repurchased during the year	**(406)**	**(203)**	(471)	(235)
At 31st March	**140,246**	**70,123**	140,652	70,326

29 SHARE CAPITAL *(Continued)*

During the year, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		$	*$*	*$'000*
April 2001	140,000	1.30	1.28	182
May 2001	61,000	1.34	1.34	82
June 2001	205,000	1.46	1.38	300
	406,000			564

The above repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. An amount of $361,000 representing the premium on the aforesaid repurchases was charged against retained profits. In addition, pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of $203,000 was transferred from the retained profits to the capital redemption reserve.

Pursuant to an ordinary resolution passed on 13th May, 1994, the directors authorised the grant of options at nominal consideration for an aggregate of 14,065,000 shares of $0.50 each of the Company under the Company's share option scheme to certain directors and employees of the Company and its subsidiaries, at an exercise price of $2 per share. The options are exercisable in the period from 1st October, 1994 to 31st December, 2001. No options were exercised during the year and all outstanding options had expired on 31st December, 2001.

30 RESERVES

(a) The Group

	Share premium	Capital redemption reserve	Exchange reserve	Goodwill arising on consolidation	Investment revaluation reserve	Land and buildings revaluation reserve	Investment properties revaluation reserve	General reserve	Retained profits	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
As at 1st April, 2000										
– as previously reported	13,684	–	(11,228)	(45,987)	276	52,921	29,781	–	188,500	227,947
Prior period adjustments in respect of dividend proposed *(note 11(i))*	–	–	–	–	–	–	–	–	14,112	14,112
As restated	13,684	–	(11,228)	(45,987)	276	52,921	29,781	–	202,612	242,059
Dividend approved in respect of the previous year	–	–	–	–	–	–	–	–	(14,112)	(14,112)
Repurchase of the Company's shares	47	278	–	–	–	–	–	–	(325)	–
Share premium on repurchase of the Company's shares	–	–	–	–	–	–	–	–	(354)	(354)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	(1,232)	–	–	–	–	–	–	(1,232)
Revaluation deficit	–	–	–	–	(184)	–	–	–	–	(184)
Share of associate's revaluation surplus	–	–	–	–	–	–	1,892	–	–	1,892
Profit for the year	–	–	–	–	–	–	–	–	47,968	47,968
Dividends declared in respect of the current year	–	–	–	–	–	–	–	–	(4,230)	(4,230)
Appropriation to general reserve	–	–	–	–	–	–	–	1,562	(1,562)	–
At 31st March, 2001	13,731	278	(12,460)	(45,987)	92	52,921	31,673	1,562	229,997	271,807
As at 1st April, 2001										
– as previously reported	13,731	278	(12,460)	(45,987)	92	52,921	31,673	1,562	215,972	257,782
Prior period adjustments in respect of dividend proposed *(note 11(i))*	–	–	–	–	–	–	–	–	14,025	14,025
As restated	13,731	278	(12,460)	(45,987)	92	52,921	31,673	1,562	229,997	271,807
Dividend approved in respect of the previous year	–	–	–	–	–	–	–	–	(14,025)	(14,025)
Capital reduction on repurchase of the Company's shares	–	203	–	–	–	–	–	–	(203)	–
Share premium on repurchase of the Company's shares	–	–	–	–	–	–	–	–	(361)	(361)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	2,650	–	–	–	–	–	–	2,650
Revaluation deficit	–	–	–	–	(53)	–	(1,728)	–	–	(1,781)
Share of associate's revaluation surplus	–	–	–	–	–	–	895	–	–	895
Profit for the year	–	–	–	–	–	–	–	–	27,591	27,591
Dividend declared in respect of the current year	–	–	–	–	–	–	–	–	(2,805)	(2,805)
Appropriation to general reserve	–	–	–	–	–	–	–	476	(476)	–
As at 31st March, 2002	**13,731**	**481**	**(9,810)**	**(45,987)**	**39**	**52,921**	**30,840**	**2,038**	**239,718**	**283,971**

30 RESERVES (Continued)

(a) The Group (Continued)

Included in the Group's retained profits is a net loss of $36,930,000 (2001: $40,546,000) being the Group's share of accumulated losses less profits attributable to the associates.

In accordance with the relevant PRC laws applicable to wholly foreign owned enterprise, the PRC subsidiary is required to make, appropriations of at least 10% of its after-tax profit, determined under the relevant PRC accounting regulations to the general reserve. The general reserve can be used to make good losses and to convert into paid-up capital.

Revaluation reserve of $5,818,000 in respect of investment properties reclassified to land and buildings during the year was included in the investment properties revaluation reserve.

(b) The Company

	Share Premium	Captial redemption reserve	Investment revaluation reserve	Land and buildings revaluation reserve	Investment properties revaluation reserve	Retained profits	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1st April, 2000							
– as previously reported	13,684	–	276	52,921	30,026	146,358	243,265
– prior period adjustments in respect of:							
– dividend proposed	–	–	–	–	–	14,112	14,112
– dividend income	–	–	–	–	–	(7,400)	(7,400)
As restated	13,684	–	276	52,921	30,026	153,070	249,977
Dividend approved in respect of the previous year	–	–	–	–	–	(14,112)	(14,112)
Repurchase of the Company's shares	47	278	–	–	–	(325)	–
Share premium on repurchase of the Company's shares	–	–	–	–	–	(354)	(354)
Revaluation deficit	–	–	(184)	–	–	–	(184)
Profit for the year	–	–	–	–	–	37,231	37,231
Dividend	–	–	–	–	–	(4,230)	(4,230)
At 31st March, 2001	13,731	278	92	52,921	30,026	171,280	268,328
At 1st April, 2001							
– as previously reported	13,731	278	92	52,921	30,026	157,581	254,629
– prior period adjustments in respect of:							
– dividend proposed	–	–	–	–	–	14,025	14,025
– dividend income	–	–	–	–	–	(326)	(326)
As restated	13,731	278	92	52,921	30,026	171,280	268,328
Dividend approved in respect of the previous year	–	–	–	–	–	(14,025)	(14,025)
Capital reduction on repurchase of the Company's shares	–	203	–	–	–	(203)	–
Share premium on repurchase of the Company's shares	–	–	–	–	–	(361)	(361)
Revaluation deficit	–	–	(53)	–	(1,728)	–	(1,781)
Profit for the year	–	–	–	–	–	15,719	15,719
Dividend declared for the year	–	–	–	–	–	(2,805)	(2,805)
At 31st March, 2002	**13,731**	**481**	**39**	**52,921**	**28,298**	**169,605**	**265,075**

30 RESERVES *(Continued)*

(b) The Company *(Continued)*

The revaluation reserves in respect of investments, investment properties and land and buildings are not available for distribution to shareholders because they do not constitute realized profits within the meaning of section 79B(2) of the Hong Kong Companies Ordinance.

The distributable reserves of the Company as at 31st March, 2002 were $169,605,000 (2001 (restated): $171,280,000).

31 COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2002 not provided for in the financial statements were as follows:

	The Group	
	2002	2001
	$'000	*$'000*
Contracted for		
– fixed assets	**5,645**	10,124
– capital contribution to subsidiary	**55,692**	–
	61,337	10,124

The Group's share of the capital commitments of associates outstanding at 31st March, 2002 were as follows:

	The Group	
	2002	2001
	$'000	*$'000*
Authorised but not contracted for	**32,022**	5,966
Contracted but not provided for	**8,091**	1,621
	40,113	7,587

(b) At 31st March, 2002, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2002	2001
	$'000	*$'000*
Within 1 year	**820**	1,005
After 1 year but within 2 years	**671**	950
After 2 years but within 5 years	**1,478**	1,930
More than 5 years	**8,222**	8,504
	11,191	12,389

31 COMMITMENTS *(Continued)*

(c) At 31st March, 2002, the Group's share of the total future minimum lease payments under non-cancellable operating leases of associates are payable as follows:

	The Group	
	2002	2001
	$'000	*$'000*
Within 1 year	**1,150**	1,028
After 1 year but within 2 years	**1,150**	662
After 2 years but within 5 years	**2,013**	1,821
	4,313	3,511

32 CONTINGENT LIABILITIES

At 31st March, 2002, there were contingent liabilities in respect of the following:

(a) Bills discounted with banks amounting to approximately $128,568,000 (2001: $125,815,000) for the Group and $59,129,000 (2001: $75,846,000) for the Company.

(b) Counter indemnity given to a bank by a subsidiary to the extent of $Nil (2001: $2,212,000) in respect of a duty deferment guarantee issued by the bank in favour of the customs office in the United Kingdom.

(c) Guarantees given to banks by the Company to the extent of $123,157,000 (2001: $100,306,000) in respect of banking facilities extended to its subsidiaries and associates.

33 MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions with related parties were, in the opinion of the directors, carried out in the ordinary course of business and on normal commercial terms:

(a) Transactions with and income from YGM Trading Limited and its subsidiaries ("YGMT Group"). (Certain directors of the Company are collectively the controlling shareholders of both the YGMT Group and the Group):

	2002	2001
	$'000	*$'000*
Purchases of traded products	**89**	2,660
Sales of traded products	**13,496**	11,669
Rental income from properties	**4,009**	5,172
Management fee income	**804**	804
Building management fee income	**332**	363
Commission expenses paid	**46**	–

33 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with and income from YGM Trading Limited and its subsidiaries ("YGMT Group"). (Certain directors of the Company are collectively the controlling shareholders of both the YGMT Group and the Group) *(Continued)*:

Purchases and sales of traded products and rental transactions were in the opinion of the directors, carried out on prices and terms comparable to those offered to or by independent third parties. The management fees were charged for administrative, business strategy, personnel, legal and company secretarial work, accounting and management services provided, which were determined annually between the respective parties after negotiations having regard to the cost of services provided.

	2002	2001
	$'000	*$'000*
Amount due from YGMT Group	**9,159**	5,394
Amount due to YGMT Group	**(23)**	–

(b) Transactions with YGM Marketing Pte Limited, which is beneficially owned by certain directors of the Company:

	2002	2001
	$'000	*$'000*
Purchases of traded products	**423**	943
Sales of traded products	**1,643**	8,523

The above transactions were in the opinion of the directors, carried out on terms comparable to those offered to independent third parties.

	2002	2001
	$'000	*$'000*
Amount due to YGM Marketing Pte Limited	**788**	709

(c) Transactions with Wuxi Changxin Textile Co., Ltd., an associate:

	2002	2001
	$'000	*$'000*
Purchases of traded products	**32,478**	36,759

The above transactions were in the opinion of the directors, carried out on terms comparable to those offered by independent third parties.

	2002	2001
	$'000	*$'000*
Amount due from/(to) Wuxi Changxin Textile Co., Ltd.	**18,812**	(664)
Dividend receivable	**18,360**	28,106

33 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(d) Transactions with Yangtzekiang S.A. ("YTSA") (previously known as Yangtzekiang – Tomen S.A.), an associate:

	2002	2001
	$'000	*$'000*
Sales of traded products	**61,833**	60,987
Commission expense	**191**	2

The above transactions were in the opinion of the directors, carried out on terms comparable to those offered to independent third parties. Commission expenses relates to referral of sales by YTSA and is charged at an agreed percentage based on the Group's turnover.

	2002	2001
	$'000	*$'000*
Amount due (to)/from Yangtzekiang S.A.	**(232)**	432

(e) Transactions with Hongkong Knitters Lanka (PVT) Limited ("HKKL"), an associate:

	2002	2001
	$'000	*$'000*
Purchases on behalf and sales of traded products	**50,067**	52,441
Commission income	**4,117**	4,743

The Group purchased traded products on behalf of HKKL which were reimbursed to the Group by HKKL at cost. Commission income relates to referral of sales by the Group and is charged at an agreed percentage based on the HKKL's turnover.

The Company also issued a corporate guarantee of $2,730,000 (2001: $2,730,000) to a bank in respect of general banking facilities granted by such bank to HKKL. HKKL is 50% owned by the Company and 50% owned by a company controlled by certain directors of the Company. The general banking facilities were used for funding HKKL's daily working capital requirements.

	2002	2001
	$'000	*$'000*
Amount due from/(to) HKKL	**4,382**	(4,954)

(f) Transactions with Yangtzekiang Industries Sdn. Bhd. ("YISB"), an associate:

	2002	2001
	$'000	*$'000*
Subcontracting fee expense	**736**	–
Commission income	**2,752**	4,377

33 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(f) Transactions with Yangtzekiang Industries Sdn. Bhd. ("YISB"), an associate *(Continued)*:

The subcontracting fee was in the opinion of the directors, carried out on terms comparable to those offered to independent third parties. Commission income relates to referral of sales by the Group to YISB and is charged at an agreed percentage based on the associate's turnover.

	2002	2001
	$'000	*$'000*
Amount due from YISB	**193**	1,272

(g) Transactions with non-wholly owned subsidiaries:

	2002	2001
	$'000	*$'000*
(1) Guarantees given to banks in respect of credit facilities granted to the extent of the Company's proportional equity interest held	**72,548**	49,148

The Company issued corporate guarantees for a total amount of $72,548,000 (2001: $49,148,000) to bankers, to secure general banking facilities granted by such banks to Hong Kong Knitters Limited ("HKK") and Hong Kong Knitters (Lesotho) Limited ("HKK (Lesotho)"). The general banking facilities were used for funding HKK's and HKK (Lesotho)'s daily working capital requirements.

HKK and HKK (Lesotho) are 75% indirectly owned by the Company and 25% indirectly owned by a company controlled by certain directors of the Company.

(2) Sales of traded products by the Group's wholly-owned subsidiaries to certain non-wholly owned subsidiaries and their year end trade balances thereof have been eliminated on consolidation.

(h) Outstanding loans from a company controlled by certain directors of the Company at 31st March:

	2002	2001
	$'000	*$'000*
Loans from company controlled by certain directors	**–**	17,639

The loans were unsecured, interest-free and repaid in full during the year.