

NOTES TO FINANCIAL STATEMENTS

31 December 2002

1. CORPORATE INFORMATION

The head office and principal place of business of Glorious Sun Enterprises Limited is located at Glorious Sun Group Building, 97 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

During the period from 1 April 2002 to 31 December 2002, the Group was engaged in the retailing, export and production of casual wear.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following new and revised SSAPs are effective for the first time for the current period's financial statements:

- SSAP 1 (Revised) "Presentation of financial statements"
- SSAP 11 (Revised) "Foreign currency transaction"
- SSAP 15 (Revised) "Cash flow statements"
- SSAP 34 "Employee benefits"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs which have had a significant effect on the financial statements, are summarised as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of revision to this SSAP is that a consolidated summary statement of changes in equity is now presented on page 28 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are now translated into Hong Kong dollars at the weighted average exchange rates for the period, whereas previously they were translated at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

SSAP 15 (Revised) prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the period are now translated into Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date, and the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised. Further details of these changes that have resulted from them are included in the accounting policies for "Cash and cash equivalents" and "Foreign currencies" in note 3 and in note 32(a) to the financial statements.

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2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") (CONTINUED)

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no change to the previously adopted accounting treatments for employee benefits as at the balance sheet date. In addition, disclosures are now required in respect of the Company's share option scheme, as detailed in note 30 to the financial statements. These share option scheme disclosures are similar to the Listing Rules disclosures previously included in the Report of the Directors, which are now required to be included in the notes to the financial statements as a consequence of the SSAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong SSAPs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment property and certain fixed assets, as further explained below.

Pursuant to the board resolution dated 2 December 2002, the Company has changed its accounting year end from 31 March to 31 December to bring its accounting year end in line with the statutory accounting year end date of the principal subsidiaries of the Company and jointly-controlled entities of the Group in Mainland China.

Accordingly, these financial statements are presented for a period of nine months rather than for a period of twelve months as was adopted for the accounting year ended 31 March 2002. Consequently, the comparative amounts for the consolidated profit and loss account, the consolidated summary statement of changes in equity, the consolidated cash flow statement and related notes may not be comparable with those of the current nine months accounting period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the nine months ended 31 December 2002. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in a subsidiary is stated at cost less any impairment losses.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

- (a) a subsidiary, if the Company has unilateral control directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if the Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets, other than investment properties and construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account 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 fixed asset, the expenditure is capitalised as an additional cost of that asset.

Land and buildings are stated at valuation. It is the Group's policy to review regularly the carrying amount of land and buildings, and adjustment is made where there has been a material change in carrying amount. Independent professional valuations are performed where appropriate.

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms
Freehold land	Nil
Buildings	1.67% – 5% per annum or over the terms of the leases, whichever is shorter
Leasehold improvements	20% – 25%
Plant and machinery	10% – 25%
Furniture, fixtures and office equipment	10% – 33%
Motor vehicles	20% – 30%

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed assets and depreciation (continued)

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market value on the basis of annual professional valuations performed at the end of each accounting year.

Changes in the values of investment properties are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Textile quota entitlements

Temporary textile quota entitlements purchased from outside parties are charged to the profit and loss account at the time of utilisation, or in the absence of such utilisation, upon the expiry of the relevant utilisation period. Revenue arising from temporary transfer of textile quota entitlements is recognised upon execution of a legally binding, unconditional and irrevocable transfer to a third party.

Permanent textile quota entitlements ("permanent quota") are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of one to three years. The gain or loss on disposal or retirement of permanent quota recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant permanent quota.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out and weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Prior to the adoption of the revised SSAP 15 during the period, as explained in note 2 to the financial statements, cash equivalents in the consolidated cash flow statement also included advances from banks repayable within three months from the date of the advance, in addition to bank overdrafts. This change in definition has had no material effect on the financial statements, further details of which are included in note 32(a) to the financial statements.

For the propose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) commission income, when the services are rendered;
- (c) from the temporary transfer of permanent quota, upon execution of a legally binding, unconditional and irrevocable transfer to a third party;
- (d) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- (e) dividend income, when the shareholders' right to receive payment has been established; and
- (f) rental income, on a time proportion basis over the lease terms.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

With respect to investments in certain overseas subsidiaries which are financed by way of loans that are not repayable in the foreseeable future, rather than equity, the resulting exchange differences on translation of the loans are included in the exchange fluctuation reserve. In the opinion of the directors, such loans are for practical purposes as permanent as equity and, accordingly, are treated as part of the Company's net investment in those subsidiaries.

On consolidation, the financial statements of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the weighted average exchange rates for the period/year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period/year are translated into Hong Kong dollars at the weighted average exchange rates for the period/year.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Prior to the adoption of the revised SSAPs 11 and 15 during the period, as explained in note 2 to the financial statements, the profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates and the cash flows of overseas subsidiaries were translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements, while the adoption of the revised SSAP 15 has resulted in changes to the layout of the consolidated cash flow statement, further details of which are included in note 32(a) to the financial statements.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Employee benefits

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account 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, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Prior to the MPF Scheme becoming effective, the Group operated two defined contribution retirement benefits schemes for its employees, the assets of which are held separately from those of the Group in independently administered funds. Under one of the schemes, contributions payable by the employers and employees were suspended in January 1994, but the administrator continues to manage and invest the assets of the scheme and to make payments to employees in accordance with the rules of the scheme. Under the other scheme, contributions are made based on a percentage of the eligible employees' salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group employer contribution vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contribution. This scheme is still operating after 1 December 2000.

NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Retirement benefits schemes (Continued)

The employees of the Group's subsidiary which operates in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit and loss account as they become payable in accordance with rules of the central pension scheme.

Employment ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the subscription price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) retail operations segment engages in retailing of casual wear;
- (b) export operations segment manufactures and exports apparel; and
- (c) the "others" segment comprises, principally, the trading of fabric and other businesses.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

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4. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

Group

	Retail operations		Export operations		Others		Consolidated	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Segment revenue:								
Sales to external customers	1,252,698	1,532,257	981,686	1,196,541	202,183	196,052	2,436,567	2,924,850
Other revenue and gains	3,766	8,930	29,496	25,034	33,365	37,977	66,627	71,941
Total revenue	1,256,464	1,541,187	1,011,182	1,221,575	235,548	234,029	2,503,194	2,996,791
Segment results	113,959	102,641	77,781	121,962	52,544	42,405	244,284	267,008
Interest income and unallocated revenue							10,808	25,285
Unallocated expenses							(23,453)	(25,594)
Profit from operating activities							231,639	266,699
Finance costs							(15,723)	(31,691)
Share of profits and losses of:								
Jointly-controlled entities	-	-	1,083	537	1,261	4,183	2,344	4,720
Associates	-	-	23,376	27,609	-	-	23,376	27,609
Profit before tax							241,636	267,337
Tax							(53,194)	(19,977)
Profit before minority interests							188,442	247,360
Minority interests							(60,362)	(94,595)
Net profit from ordinary activities attributable to shareholders							128,080	152,765

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4. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (continued)

Group	Retail operations		Export operations		Others		Consolidated	
	Period for 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period for 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period for 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period for 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
	Segment assets	499,508	490,771	844,834	702,450	199,958	167,450	1,544,300
Interests in jointly- controlled entities	-	-	10,258	9,614	6,995	7,511	17,253	17,125
Interests in associates	-	-	71,968	79,842	-	-	71,968	79,842
Unallocated assets							940,693	908,314
Total assets							2,574,214	2,365,952
Segment liabilities	209,391	136,631	402,730	272,614	206,902	180,240	819,023	589,485
Unallocated liabilities							346,518	365,391
Total liabilities							1,165,541	954,876
Other segment information:								
Depreciation and amortisation	40,654	71,021	37,564	48,874	3,076	3,352	81,294	123,247
Impairment losses recognised in the profit and loss account	-	-	7,731	-	32	-	7,763	-
Deficit on revaluation recognised in the profit and loss account	-	-	513	-	2,018	-	2,531	-
Other non-cash expenses	8,114	7,843	11,019	78	52	825	19,185	8,746
Capital expenditure	51,839	46,548	44,182	64,106	23,259	5,332	119,280	115,986
Deficit on revaluation recognised directly in equity	-	-	7,417	-	1,213	-	8,630	-
Surplus on revaluation recognised directly in equity	-	-	483	-	-	-	483	-

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4. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The following tables present revenue, certain asset and expenditure information for the Group's geographical segments.

Group

	Mainland China		Hong Kong		United States of America ("US")		Australia and New Zealand		Canada		Others		Consolidated	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Segment revenue:														
Sales to external customers	909,322	1,048,600	119,252	136,133	847,147	1,082,277	415,972	516,696	48,251	45,026	96,623	96,118	2,436,567	2,924,850
Other segment information:														
Segment assets	840,175	746,074	123,044	104,406	230,767	142,097	107,096	131,116	14,379	6,073	228,839	230,905	1,544,300	1,360,671
Capital expenditure	77,223	74,925	3,835	1,378	-	-	19,088	14,028	-	-	19,134	25,655	119,280	115,986

5. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, but excludes intra-group transactions, and revenue from temporary transfers of permanent quota.

Revenue from the following activities has been included in turnover as follows:

	Group	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Retailing of casual wear	1,252,698	1,532,257
Exports of apparel	981,686	1,196,541
Trading of fabric and other businesses	202,183	196,052
Turnover	2,436,567	2,924,850

NOTES TO FINANCIAL STATEMENTS

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6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Notes	Group	
		Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Cost of inventories sold*		1,423,002	1,693,723
Depreciation	14	79,654	120,082
Amortisation of permanent quota**	19	1,640	3,165
Minimum lease payments under operating leases:			
Land and buildings		195,532	237,544
Plant and machinery		1,524	1,256
		197,056	238,800
Auditors' remuneration		3,780	3,883
Staff costs (including directors' remuneration, note 7):			
Wages and salaries		380,911	480,181
Pension scheme contributions		9,192	12,306
Less: Forfeited contributions		(592)	(1,759)
Net pension contributions***		8,600	10,547
Total staff costs		389,511	490,728
Impairment of fixed assets	14	3,644	-
Impairment of interest in jointly-controlled entities		4,119	-
Loss on disposal of fixed assets		8,233	8,746
Net revaluation deficit on land and buildings	14	2,331	-
Revaluation deficit on an investment property	15	200	-
Exchange losses/(gains), net		9,425	(1,294)
Gain on disposal of permanent quota		(6,218)	-
Interest income		(10,808)	(23,788)
Provision/(reversal of provision) for inventories obsolescence		(2,853)	941
Gross rental income from an investment property		(160)	(208)
Less: Outgoings		8	10
Net rental income from an investment property		(152)	(198)

* The cost of inventories sold and the cost of sales include reversal of provision for inventories obsolescence of HK\$2,853,000 (year ended 31 March 2002: provision for inventories obsolescence HK\$941,000)

** The amortisation of permanent quota for the period/year is included in "Cost of sales" on the face of the consolidated profit and loss account.

*** As at 31 December 2002, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (year ended 31 March 2002: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2002

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Group	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Fees:		
Executive directors	–	–
Independent non-executive directors	150	200
	150	200
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	4,793	6,444
Discretionary bonuses	5,329	6,664
Pension contributions	196	261
	10,318	13,369

The numbers of directors whose remuneration fell within the following bands is as set out below:

	Number of directors	
	Period from 1 April 2002 to 31 December 2002	Year ended 31 March 2002
Nil – HK\$1,000,000	5	3
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,500,001 – HK\$4,000,000	1	2
	8	8

There was no arrangement under which a director waived or agreed to waive any remuneration during the period/year.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period included three (year ended 31 March 2002: three) directors, details of whose remuneration are set out in note 7 above. Further details of the remuneration of the remaining two (year ended 31 March 2002: two) non-director, highest paid employees are set out below:

	Group	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Salaries, allowances and benefits in kind	1,888	2,517
Discretionary bonuses	2,841	4,033
Pension contributions	67	89
	4,796	6,639

The number of non-director, highest paid employees whose remuneration fell within the following bands is set out below:

	Number of employees	
	Period from 1 April 2002 to 31 December 2002	Year ended 31 March 2002
HK\$2,000,001 – HK\$2,500,000	2	–
HK\$3,000,001 – HK\$3,500,000	–	2
	2	2

NOTES TO FINANCIAL STATEMENTS

31 December 2002

9. FINANCE COSTS

	Group	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	15,511	31,451
Interest on finance leases	212	240
	15,723	31,691

10. TAX

Hong Kong profits tax has been provided at the rate of 16% (year ended 31 March 2002: 16%) on the estimated assessable profits arising in Hong Kong during the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Company and subsidiaries:		
Hong Kong	12,074	13,955
Elsewhere	38,618	4,672
Overprovision in prior years	(3,054)	(2,668)
Deferred tax – note 28	1,492	–
	49,130	15,959
Share of tax attributable to:		
Jointly-controlled entities	33	277
Associates	4,031	3,741
	4,064	4,018
Tax charge for the period/year	53,194	19,977

NOTES TO FINANCIAL STATEMENTS

31 December 2002

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the nine months ended 31 December 2002 dealt with in the financial statements of the Company is HK\$112,932,000 (year ended 31 March 2002: HK\$154,852,000).

12. DIVIDENDS

	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Interim – HK2.70 cents (year ended 31 March 2002: HK2.70 cents) per ordinary share - note 31	27,016	27,016
Proposed final – HK7.50 cents (year ended 31 March 2002: HK7.50 cents) per ordinary share - note 31	75,044	75,044
	102,060	102,060

The proposed final dividend for the period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. 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 period of HK\$128,080,000 (year ended 31 March 2002: HK\$152,765,000) and 1,000,584,000 (year ended 31 March 2002: 1,000,584,000) ordinary shares in issue during the period.

(b) Diluted earnings per share

As the subscription prices of the share options outstanding during the nine months ended 31 December 2002 and year ended 31 March 2002 are higher than the respective average market price of the Company's shares during nine months ended 31 December 2002 and year ended 31 March 2002, there is no dilution effect on the basic earnings per share. Accordingly, no diluted earnings per share amounts for the nine months ended 31 December 2002 and the year ended 31 March 2002 have been disclosed.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

14. FIXED ASSETS

Group

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:							
At 1 April 2002	81,539	266,485	-	347,399	209,337	42,466	947,226
Additions	33,273	7,295	11,715	27,797	36,675	2,792	119,547
Disposals	-	(27,274)	-	(5,921)	(24,240)	(3,104)	(60,539)
Disposal of a subsidiary	-	-	-	(289)	(15,425)	(278)	(15,992)
Deficit on revaluation	(14,699)	-	-	-	-	-	(14,699)
Exchange realignment	1,130	(54)	-	2,473	8,254	400	12,203
At 31 December 2002	101,243	246,452	11,715	371,459	214,601	42,276	987,746
Analysis of cost or valuation:							
At cost	-	246,452	11,715	371,459	214,601	42,276	886,503
At valuation	101,243	-	-	-	-	-	101,243
At 31 December 2002	101,243	246,452	11,715	371,459	214,601	42,276	987,746
Accumulated depreciation and impairment:							
At 1 April 2002	1,811	152,231	-	151,071	142,588	28,885	476,586
Provided during the period	1,579	25,004	-	26,999	22,846	3,226	79,654
Impairment recognised in the profit and loss account during the period	-	1,182	-	417	1,845	200	3,644
Disposals	-	(18,633)	-	(3,924)	(22,965)	(2,893)	(48,415)
Disposal of a subsidiary	-	-	-	(200)	(10,184)	(138)	(10,522)
Written back on revaluation	(3,419)	-	-	-	-	-	(3,419)
Exchange realignment	29	(18)	-	891	5,411	234	6,547
At 31 December 2002	-	159,766	-	175,254	139,541	29,514	504,075
Net book value:							
At 31 December 2002	101,243	86,686	11,715	196,205	75,060	12,762	483,671
At 31 March 2002	79,728	114,254	-	196,328	66,749	13,581	470,640

NOTES TO FINANCIAL STATEMENTS

31 December 2002

14. FIXED ASSETS (CONTINUED)

The net book value of the fixed assets held under finance leases included in the total amount of fixed assets at 31 December 2002 amounted to HK\$3,095,000 (31 March 2002: HK\$2,757,000).

The Group's land and buildings were revalued individually at the balance sheet date by DTZ Debenham Tie Leung Limited, S.F. Ahmed & Co and PT Saptasentra Jasa Pradana, independent professionally qualified valuers, at an aggregate open market value of HK\$101,243,000 based on their existing use. The portion of revaluation deficit of HK\$8,147,000 and HK\$2,331,000 has been charged to the asset revaluation reserve and the profit and loss account, respectively.

Had these land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK\$51,335,000.

The Group's land and buildings at valuation included above are held under the following lease terms:

	Hong Kong HK\$'000	Elsewhere HK\$'000	Total HK\$'000
Freehold	–	9,700	9,700
Long term leases	–	59,794	59,794
Medium term leases	1,800	29,949	31,749
	1,800	99,443	101,243

At 31 December 2002, certain of the Group's land and buildings with an aggregate carrying amount of HK\$1,800,000 (31 March 2002: HK\$45,402,000) and plant and machinery with an aggregate net carrying amount of HK\$2,435,000 (31 March 2002: HK\$2,466,000), were pledged to secure banking facilities granted to the Group (note 25).

15. INVESTMENT PROPERTY

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
At beginning of period/year	1,850	1,850
Deficit on revaluation	(200)	–
At end of period/year	1,650	1,850

The Group's investment property is situated in Hong Kong and held under a medium term lease.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

15. INVESTMENT PROPERTY (CONTINUED)

The Group's investment property was revalued on 31 December 2002 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at HK\$1,650,000 on an open market, existing use basis. The investment property is leased to third parties under operating leases. The particulars of the Group's investment property are as follows:

Location	Use	Tenure	Attributable interest of the Group
Workshop Nos.1, 2, 3 and 5 10th Floor, International Trade Centre No. 11 Sha Tsui Road Tsuen Wan New Territories, Hong Kong	Industrial	Medium term lease	60%

16. INTEREST IN A SUBSIDIARY

	Company	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Unlisted shares, at cost	377,717	377,717
Due from a subsidiary	400,017	360,793
	777,734	738,510
Provision for impairment	(45,000)	-
	732,734	738,510

The amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the principal subsidiaries are set out in note 38 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

17. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Share of net assets	34,649	34,055
Due from jointly-controlled entities	2,586	869
Due to jointly-controlled entities	(11,540)	(13,476)
	25,695	21,448
Provision for impairment	(8,442)	(4,323)
	17,253	17,125

The balances with jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal jointly-controlled entities are set out in note 39 to the financial statements.

18. INTERESTS IN ASSOCIATES

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Share of net assets	87,426	80,896
Due from associates	2,250	2,759
Due to associates	(17,708)	(3,813)
	71,968	79,842

The balances with associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal associates are set out in note 40 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

19. PERMANENT QUOTA

	Group
	HK\$'000
Cost:	
At 1 April 2002	111,049
Additions	987
Disposals	(1,601)
Exchange realignment	403
At 31 December 2002	110,838
Accumulated amortisation and impairment:	
At 1 April 2002	108,832
Amortisation provided during the period	1,640
Disposals	(1,601)
Exchange realignment	427
At 31 December 2002	109,298
Net book value:	
At 31 December 2002	1,540
At 31 March 2002	2,217

20. INVENTORIES

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Raw materials	177,149	164,072
Work in progress	62,907	53,951
Finished goods	286,413	275,417
	526,469	493,440

The carrying amounts of inventories carried at net realisable value included in the above balance was HK\$10,573,000 (31 March 2002: HK\$2,298,000) as at the balance sheet date.

At 31 December 2002, certain of the Group's inventories with an aggregate carrying amount of HK\$68,173,000 (31 March 2002: HK\$83,035,000) was pledged to secure banking facilities granted to the Group (note 25).

NOTES TO FINANCIAL STATEMENTS

31 December 2002

21. TRADE AND BILLS RECEIVABLES

The trade and bills receivables include trade receivables, net of provision for doubtful debts, of HK\$169,531,000 (31 March 2002: HK\$111,793,000) and bills receivables of HK\$212,772,000 (31 March 2002: HK\$120,060,000). The bills receivables were aged less than four months at the balance sheet date for the period/year. The aged analysis of trade receivables is as follows:

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Less than 4 months	132,774	83,746
4 – 6 months	21,480	26,311
Over 6 months	15,277	1,736
	169,531	111,793

The Group allows an average credit period of 45 days to its trade customers.

NOTES TO FINANCIAL STATEMENTS

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22. TRADE AND BILLS PAYABLES

The trade and bills payables include trade payables of HK\$241,741,000 (31 March 2002: HK\$166,271,000). The aged analysis of trade payables is as follows:

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Less than 4 months	208,189	142,979
4 – 6 months	18,896	15,874
Over 6 months	14,656	7,418
	241,741	166,271

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	Group	
		31 December 2002 HK\$'000	31 March 2002 HK\$'000
Bank overdrafts	24	32,541	35,097
Bank loans	24	133,003	241,078
Trust receipt loans	24	36,455	28,375
Interest-bearing bank borrowings	24	201,999	304,550
Current portion of finance lease payables	27	953	753
		202,952	305,303

NOTES TO FINANCIAL STATEMENTS

31 December 2002

24. INTEREST-BEARING BANK LOANS AND OVERDRAFTS

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Bank overdrafts:		
Secured	23,344	19,796
Unsecured	9,197	15,301
	32,541	35,097
Bank loans:		
Secured	53,894	119,404
Unsecured	138,102	149,807
	191,996	269,211
Trust receipt loans:		
Secured	36,455	28,375
	260,992	332,683
Analysed by repayment terms:		
Bank overdrafts repayable on demand - note 23	32,541	35,097
Trust receipt loans repayable within one year - note 23	36,455	28,375
Bank loans repayable:		
Within one year - note 23	133,003	241,078
In the second year	21,167	23,448
In the third to fifth years, inclusive	37,826	4,685
	191,996	269,211
Total bank loans and overdrafts	260,992	332,683
Portion classified as current liabilities - note 23	(201,999)	(304,550)
Long term portion	58,993	28,133

NOTES TO FINANCIAL STATEMENTS

31 December 2002

25. BANKING FACILITIES

Certain of the Group's banking facilities are secured by:

- (i) Mortgages over certain of the Group's land and buildings which had an aggregate carrying amount at the balance sheet date of HK\$1,800,000 (31 March 2002: HK\$45,402,000);
- (ii) Mortgages over certain of the Group's plant and machinery which had an aggregate net book value at the balance sheet date of HK\$2,435,000 (31 March 2002: HK\$2,466,000);
- (iii) Certain bank deposits at the balance sheet date of HK\$41,706,000 (31 March 2002: HK\$41,706,000); and
- (iv) Charges over certain of the Group's inventories with an aggregate carrying amount at the balance sheet date of HK\$68,173,000 (31 March 2002: HK\$83,035,000).

26. LONG TERM LOANS FROM MINORITY SHAREHOLDERS

The long term loans from minority shareholders are unsecured, interest-free and are repayable beyond one year.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

27. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery for its manufacturing process. These leases are classified as finance leases and have remaining lease terms ranging from three to five years.

At 31 December 2002, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Amounts payable:				
Within one year	1,187	976	953	753
In the second year	1,309	828	1,151	647
In the third to fifth years, inclusive	1,236	1,365	1,113	1,257
Total minimum finance lease payments	3,732	3,169	3,217	2,657
Future finance charges	(515)	(512)		
Total net finance lease payables	3,217	2,657		
Portion classified as current liabilities – note 23	(953)	(753)		
Long term portion	2,264	1,904		

NOTES TO FINANCIAL STATEMENTS

31 December 2002

28. DEFERRED TAX

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
At beginning of period/year	527	527
Charge for the period/year – note 10	1,492	-
At end of period/year	2,019	527

The principal components of the Group's provision for deferred tax liabilities and the net deferred tax assets position not recognised in the financial statements are as follows:

	Provided		Not recognised	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Tax losses carried forward	-	-	(11,693)	(8,629)
Others	2,019	527	(280)	557
	2,019	527	(11,973)	(8,072)

The revaluation of the Group's fixed assets and investment property does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

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.

The Company had no unprovided deferred tax at the balance sheet date (31 March 2002: nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2002

29. SHARE CAPITAL

Shares

	Number of ordinary shares		Company	
	31 December 2002 '000	31 March 2002 '000	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Authorised: Ordinary shares of HK\$0.10 each	6,000,000	6,000,000	600,000	600,000
Issued and fully paid: Ordinary shares of HK\$0.10 each	1,000,584	1,000,584	100,058	100,058

Share options

Details of the Company's share option scheme are included in note 30 to the financial statements below.

30. SHARE OPTION SCHEME

SSAP 34 was adopted during the period, as explained in note 2 and under the heading "Employee benefits" in note 3 to the financial statements. As a result, the following detailed disclosures relating to the Company's share option scheme are now included in the notes to the financial statements. In the prior year, these disclosures were included in the Report of the Directors, as their disclosure is also a requirement of the Listing Rules.

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the executive directors and other full-time employees of the Group. The Scheme became effective on 2 September 1996 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. At 31 December 2002, the number of shares issuable under share options granted under the Scheme was 81,026,000, which represented approximately 8.098% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 2.5% of the shares of the Company in issue at any time.

NOTES TO FINANCIAL STATEMENTS

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30. SHARE OPTION SCHEME (CONTINUED)

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The subscription price of the share options is determinable by the directors, but may not be less than the higher of (i) 80% of the average closing price of the ordinary shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the offer; and (ii) the nominal value of the ordinary shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholder meetings.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

30. SHARE OPTION SCHEME (CONTINUED)

The following share options granted under the Scheme were outstanding during the period:

Name or category of participant	Number of shares in respect of options				Share options			
	At 1 April 2002	During the period			At 31 December 2002	Date of grant *	Subscription price**	Exercise period
	'000	Exercised '000	Lapsed '000	Cancelled '000	'000	HK\$		
Directors								
Mr. Yeung Chun Fan	5,940	-	-	-	5,940	31/10/1997	1.800	31/10/1997 to 30/10/2007
Mr. Yeung Chun Ho	10,000	-	-	-	10,000	31/10/1997	1.800	31/10/1997 to 30/10/2007
Mr. Pau Sze Kee, Jackson	2,962	-	-	-	2,962	30/08/1997	2.564	16/09/1997 to 29/08/2007
	7,000	-	-	-	7,000	31/10/1997	1.800	31/10/1997 to 30/10/2007
Mr. Hui Chung Shing, Heman	10,000	-	-	-	10,000	31/10/1997	1.800	31/10/1997 to 30/10/2007
Ms. Cheung Wai Yee	2,404	-	-	-	2,404	30/08/1997	2.564	16/09/1997 to 29/08/2007
	7,494	-	-	-	7,494	31/10/1997	1.800	31/10/1997 to 30/10/2007
Other employees in aggregate								
	45,800	-	-	-	45,800			
	16,000	-	(600)	(150)	15,250	16/06/1997	2.876	15/06/2000 to 14/06/2007
	13,384	-	(64)	-	13,320	30/08/1997	2.564	16/09/1997 to 29/08/2007
	7,686	-	(1,030)	-	6,656	31/10/1997	1.800	31/10/1997 to 30/10/2007
	82,870	-	(1,694)	(150)	81,026			

No theoretical value of share options is disclosed as no share options were granted during the period.

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The subscription price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

During the period, no share options were granted or exercised, and share options for 1,694,000 and 150,000 shares previously granted to employees were lapsed and cancelled, respectively.

At the balance sheet date, the Company had 81,026,000 share options outstanding under the Scheme. The exercise in full of all outstanding options would, under the present capital structure of the Company, result in the issue of 81,026,000 additional shares of HK\$0.10 each and proceeds of approximately HK\$176,532,000.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

31. RESERVES

Group

	Notes	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve (note i) HK\$'000	Non-distributable reserves (note ii) HK\$'000	Retained profits (note ii) HK\$'000	Total HK\$'000
At 1 April 2001		268,668	115,551	22,266	(77,053)	4,306	651,864	985,602
Exchange realignment on translation of overseas subsidiaries, jointly-controlled entities and associates		-	-	-	4,126	-	-	4,126
Release upon disposal of subsidiaries	32(c)	-	-	-	7,861	-	-	7,861
Transfer from retained profits		-	-	-	-	95	(95)	-
Share of non-distributable reserves of jointly-controlled entities		-	-	-	-	841	(841)	-
Profit for the year		-	-	-	-	-	152,765	152,765
Interim dividend for the year ended 31 March 2002	12	-	-	-	-	-	(27,016)	(27,016)
Proposed final dividend for the year ended 31 March 2002	12	-	-	-	-	-	(75,044)	(75,044)
At 31 March 2002		268,668	115,551	22,266	(65,066)	5,242	701,633	1,048,294
Reserves retained by:								
Company and subsidiaries		268,668	115,551	22,266	(61,239)	351	623,751	969,348
Jointly-controlled entities		-	-	-	-	4,891	2,175	7,066
Associates		-	-	-	(3,827)	-	75,707	71,880
31 March 2002		268,668	115,551	22,266	(65,066)	5,242	701,633	1,048,294

NOTES TO FINANCIAL STATEMENTS

31 December 2002

31. RESERVES (CONTINUED)

Group

	Notes	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve (note i) HK\$'000	Non-distributable reserves (note ii) HK\$'000	Retained profits (note ii) HK\$'000	Total HK\$'000
At 1 April 2002		268,668	115,551	22,266	(65,066)	5,242	701,633	1,048,294
Deficit on revaluation	14	-	-	(8,147)	-	-	-	(8,147)
Exchange realignment on translation of overseas subsidiaries, jointly-controlled entities and associates		-	-	-	8,899	-	-	8,899
Release upon disposal of a subsidiary	32(c)	-	-	-	856	-	-	856
Share of non-distributable reserves of jointly-controlled entities		-	-	-	-	237	(237)	-
Profit for the period		-	-	-	-	-	128,080	128,080
Interim dividend for the period ended 31 December 2002	12	-	-	-	-	-	(27,016)	(27,016)
Proposed final dividend for the period ended 31 December 2002	12	-	-	-	-	-	(75,044)	(75,044)
At 31 December 2002		268,668	115,551	14,119	(55,311)	5,479	727,416	1,075,922
Reserves retained by:								
Company and subsidiaries		268,668	115,551	14,119	(50,577)	351	643,026	991,138
Jointly-controlled entities		-	-	-	-	5,128	2,530	7,658
Associates		-	-	-	(4,734)	-	81,860	77,126
31 December 2002		268,668	115,551	14,119	(55,311)	5,479	727,416	1,075,922

Notes: (i) Included in the exchange realignment on translation of overseas subsidiaries is an amount of HK\$25,911,000 (31 March 2002: HK\$44,953,000), representing the exchange losses arising on the translation of amounts due from subsidiaries that are not repayable in the foreseeable future and, in the opinion of the directors, is part of the Company's net investment in the subsidiaries.

(ii) Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries and jointly-controlled entities in the Mainland China has been transferred to reserve funds which are restricted as to use.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

31. RESERVES (CONTINUED)

Company

	Notes	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2001		268,668	377,567	365,218	1,011,453
Profit for the year		-	-	154,852	154,852
Interim dividend for the year ended 31 March 2002	12	-	-	(27,016)	(27,016)
Proposed final dividend for the year ended 31 March 2002	12	-	-	(75,044)	(75,044)
At 31 March 2002 and 1 April 2002		268,668	377,567	418,010	1,064,245
Profit for the period		-	-	112,932	112,932
Interim dividend for the period ended 31 December 2002	12	-	-	(27,016)	(27,016)
Proposed final dividend for the period ended 31 December 2002	12	-	-	(75,044)	(75,044)
At 31 December 2002		268,668	377,567	428,882	1,075,117

The contributed surplus of the Group represents the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1996.

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

NOTES TO FINANCIAL STATEMENTS

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32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Adoption of SSAP 15 (Revised)

SSAP 15 (Revised) was adopted during the period, as detailed in note 2 to the financial statements, which has resulted in a change to the layout of the consolidated cash flow statement. The consolidated cash flow statement is now presented under three headings: cash flows from operating activities, investing activities and financing activities. Previously five headings were used, comprising the three headings listed above, together with cash flows from returns on investments and servicing of finance and from taxes paid. The significant reclassifications resulting from the change in presentation are that taxes paid, interest and dividend received are now included in cash flows from operating activities. The presentation of the comparative amounts of consolidated cash flow statement for the year ended 31 March 2002 has been changed to accord with the new layout.

The method of calculation of certain items in the consolidated cash flow statement has changed under the revised SSAP 15, as explained under the heading "Foreign currencies" in note 3 to the financial statements. Cash flows of overseas subsidiaries are now translated into Hong Kong dollars at the exchange rates ruling at the date of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period/year are translated into Hong Kong dollars at the weighted average exchange rates for the period/year. Previously the cash flows of overseas subsidiaries were translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Such change has no material effect on the comparative consolidated cash flow statement.

Also, the definition of "cash equivalents" under the revised SSAP 15 has been revised from that under the previous SSAP 15, as explained under the heading "Cash and cash equivalents" in note 3 to the financial statements. This has resulted in trust receipt loans no longer qualifying as cash equivalents. The amount of cash equivalents in the consolidated cash flow statement at 31 March 2002 has been adjusted to remove trust receipt loans amounting to HK\$28,375,000, previously included at that date. The period/year's movement in trust receipt loans is now included in cash flows from financing activities and the comparative consolidated cash flow statement has been changed accordingly.

(b) Major non-cash transaction

During the period, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK\$1,254,000 (year ended 31 March 2002: HK\$966,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2002

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Disposal of subsidiaries

	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Net assets/(liabilities) disposed of:		
Fixed assets	5,470	23,957
Inventories	9,349	16,883
Trade receivables	161	134
Prepayments and other receivables	8,279	2,509
Cash and bank balances	1,239	2,529
Bank overdrafts	(1,538)	-
Trade payables	(3,509)	(6,026)
Other payables and accruals	(1,226)	(9,354)
Short-term bank loan	-	(18,503)
Shareholders' loan	(17,540)	(28,000)
	685	(15,871)
Exchange reserve realised upon disposal - note 31	856	7,861
Gain/(loss) on disposal of subsidiaries	(1,541)	8,010
	-	-
Satisfied by:		
Cash	-	-

NOTES TO FINANCIAL STATEMENTS

31 December 2002

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Disposal of subsidiaries (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Period from 1 April 2002 to 31 December 2002 HK\$'000	Year ended 31 March 2002 HK\$'000
Cash consideration	–	–
Assignment of shareholders' loan	17,540	28,000
Cash and bank balances disposed of	(1,239)	(2,529)
Bank overdrafts disposed of	1,538	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	17,839	25,471

The results of the subsidiary disposed of in the period ended 31 December 2002 had no significant impact on the Group's consolidated turnover or profit after tax for the period.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

33. CONTINGENT LIABILITIES

At balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Bank guarantees provided for facilities granted to subsidiaries	-	-	1,128,555	1,199,162
Extent of the guaranteed facilities utilised by subsidiaries	-	-	84,632	269,762
Bills discounted with recourse	35,479	4,769	-	-

34. OPERATING LEASE ARRANGEMENTS

(a) **As lessor**

The Group leases its investment property (note 15 to the financial statements) under an operating lease arrangement, with the lease negotiated for terms of two years. The terms of the lease generally also require the tenant to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2002, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Within one year	204	74
In the second to fifth years, inclusive	119	-
	323	74

NOTES TO FINANCIAL STATEMENTS

31 December 2002

34. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) As lessee

The Group leases certain of its retail stores and office properties under operating lease arrangements. Leases for retail stores and properties are negotiated for terms ranging from three to six years.

At 31 December 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Within one year	169,826	185,316
In the second to fifth years, inclusive	278,969	298,814
After five years	108,517	117,423
	557,312	601,553

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34(b) above, the Group had the following commitments at the balance sheet date:

(a) Capital commitment

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Construction in progress Authorised, but not contracted for	14,777	–

NOTES TO FINANCIAL STATEMENTS

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35. COMMITMENTS (CONTINUED)

(b) Other commitments

	Group	
	31 December 2002 HK\$'000	31 March 2002 HK\$'000
Forward foreign exchange contracts	11,510	36,022

At balance sheet date, the Company had no material commitments.

36. RELATED PARTY TRANSACTIONS

In addition to the connected transactions disclosed in the Report of the Directors were also related party transactions, the Group also had the following material transactions with related parties during the period:

	Notes	Period from	Year ended
		1 April to 31 December 2002 HK\$'000	31 March 2002 HK\$'000
Purchases of raw materials from a jointly-controlled entity	(i)	1,089	4,511
Processing charges paid to jointly-controlled entities	(ii)	63,202	71,865
Processing charges paid to associates	(ii)	48,921	54,823

Notes:

- (i) The directors consider that purchases of raw materials were made according to terms and conditions comparable to those offered to other customers of the jointly-controlled entity.
- (ii) The processing charges were calculated at the costs incurred by the jointly-controlled entities and associates plus a mark-up agreed between the parties.

37. POST BALANCE SHEET EVENT

On 11 March 2003, the Group entered into a joint venture agreement (the "JV Agreement") with an independent third party for the establishment of an equity joint venture company (the "JV") in Mainland China. The principal activity of the JV is the manufacturing and retailing of casual wear in Mainland China. The budgeted total investment cost is US\$10 million. Pursuant to the JV Agreement, the Group would have a 50% equity interest in the JV and would be responsible for contributing 50% of the total registered capital.

NOTES TO FINANCIAL STATEMENTS

31 December 2002

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The table below lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period/year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
Glorious Sun Enterprises (BVI) Limited*	British Virgin Islands/ Hong Kong	US\$200	100	100	Investment holding
Jeanswest (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Jeanswest International (L) Limited	Malaysia/ Hong Kong	US\$1	100	100	Investment holding
Glorious Sun Licensing (L) Limited	Malaysia/ Hong Kong	US\$1	100	100	Holding of trademark
Jeanswest Investments (Australia) Pty. Ltd.	Australia	A\$12,002,202	100	100	Investment holding

NOTES TO FINANCIAL STATEMENTS

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38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
Jeanswest Wholesale Pty. Ltd.	Australia	A\$2	100	100	Trading of apparel
Jeanswest Corporation Pty. Ltd.	Australia	A\$11,000,000 Ordinary A\$1,000,000 A class shares	100	100	Retail of apparel in Australia
Renher Pty. Ltd.	Australia	A\$2,200 Ordinary	100	100	Provision of shop leasing services in Australia
Jeanswest International (H.K.) Limited	Hong Kong/ Mainland China	HK\$10,000,000 Ordinary	100	100	Retail of apparel in Mainland China
Advancetex Dress (Hu Bei) Co., Ltd.	Mainland China	HK\$5,500,000	100	100	Trading of apparel in Mainland China
Advancetex Investment Limited	Hong Kong/ Mainland China	HK\$10,000,000 Ordinary	100	100	Retail of apparel in Mainland China

NOTES TO FINANCIAL STATEMENTS

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38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
Glorious Sun Industries (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
The Glorious Sun Fashion Garment Manufactory (H.K.) Limited	Hong Kong	HK\$2,600,000 Ordinary	100	100	Trading and manufacturing of apparel and provision of management services
Jimfook Limited	Hong Kong	HK\$2 Ordinary	100	100	Provision of sales promotion services
Pacific Potential Trading Company Limited	Hong Kong	HK\$200,000 Ordinary	100	100	Provision of agency services
Glorious Sun Sample Manufacturing Limited	Hong Kong/ Mainland China	HK\$2 Ordinary	100	100	Manufacturing of apparel samples
Stonewash (G.S.) Limited	Hong Kong/ Mainland China	HK\$2 Ordinary	100	100	Provision of washing know-how and laundry services

NOTES TO FINANCIAL STATEMENTS

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38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
Advancetex International Trading (HK) Company Limited	Hong Kong	HK\$6,000,000 Ordinary	100	100	Trading and production of apparel
Parkent Industries Limited	Hong Kong	HK\$600,000 Ordinary	100	100	Import and export of apparel
Gold Treasure Investment Limited	Hong Kong	HK\$2 Ordinary	100	100	Provision of production management services
Advancetex Fashion Garment Mfy. (Hui Zhou) Limited	Mainland China	US\$8,000,000 paid up to US\$6,000,000	100	100	Manufacturing of apparel
Glorious Sunshine Textiles Company Limited	Hong Kong	HK\$10,000,000 Ordinary	100	100	Import and distribution of textile products
Sparrow Apparels Limited	Bangladesh	Tk10,000,000 Ordinary	70	70	Manufacturing of apparel
Gennon Industries Limited	Hong Kong	HK\$10,000 Ordinary	100	100	Investment holding
Gennon International Trading (H.K.) Limited	Hong Kong	HK\$500,000 Ordinary	50.4	50.4	Trading of apparel and investment holding

NOTES TO FINANCIAL STATEMENTS

31 December 2002

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
J-Loong Trading Limited	Hong Kong	HK\$300,000 Ordinary	50.4	50.4	Import and export of apparel
Chapman Development Limited	Hong Kong	HK\$1,000 Ordinary	50.4	50.4	Trading of fabric and investment holding
Main Pui Investments Limited	Hong Kong	HK\$1,460,000 Ordinary	50.4	50.4	Property holding
Super Connection International Limited	British Virgin Islands/ Cambodia	US\$1,000 Ordinary	50.4	50.4	Provision of management services
Recent Garments and Knitting Industries Ltd.	Bangladesh	Tk100,000 Ordinary	35.3#	35.3#	Manufacturing of apparel
P.T. Sandangpantas Lestari**	Indonesia	Rp120,000,000 Ordinary	50.4	50.4	Manufacturing of apparel
Shamoli Garments Limited	Bangladesh	Tk10,000,000 Ordinary	35.3#	35.3#	Manufacturing of apparel
P.T. Crownfund Garment Factory**	Indonesia	US\$600,000	47.9#	47.9#	Manufacturing of apparel
Gennon (Cambodia) Garment Manufacturing Ltd.**	Cambodia	US\$1,000,000 Ordinary	50.4	50.4	Manufacturing of apparel

NOTES TO FINANCIAL STATEMENTS

31 December 2002

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
Huizhou Ming Hoi Knitting & Dyeing Factory Co., Ltd.	Mainland China	US\$4,000,000 paid up to US\$3,444,455	45.4#	45.4#	Manufacturing of apparel and fabric
Dongguan Ming Hoi Dyeing & Finishing Factory Co., Ltd.	Mainland China	HK\$142,660,000 paid up to HK\$77,720,817	48.6#	48.6#	Provision of dyeing services
Recent Sweaters Limited	Bangladesh	Tk1,000,000 Ordinary	35.3#	35.3#	Manufacturing of apparel
Rays The Glorious Investment (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Full Yuen Investments Limited	Hong Kong	HK\$2 Ordinary	100	100	Investment holding
Shijiazhuang Changhong Building Decoration Engineering Co., Ltd.	Mainland China	US\$2,100,000	65	65	Interior decoration and renovation services
Famebish Industrial Limited	Hong Kong	HK\$100,000 Ordinary	60	60	Trading of apparel

* Directly held by the Company.

** Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

Subsidiaries of a non wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

NOTES TO FINANCIAL STATEMENTS

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39. PARTICULARS OF PRINCIPAL JOINTLY-CONTROLLED ENTITIES

The table below lists the jointly-controlled entities of the Group which, in the opinion of the directors, principally affected the results of the period/year or formed a substantial portion of the net assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

All jointly-controlled entities are held indirectly through subsidiaries.

Particulars of the principal jointly-controlled entities are as follows:

Name	Business structure	Place of registration and operations	Percentage of equity attributable to the Group*		Principal activities
			31 December 2002	31 March 2002	
Changjin Garments Mfy. Ltd.	Corporate	Mainland China	30	30	Manufacturing of apparel
Hubei Chang Xu Clothes Making Co., Ltd.	Corporate	Mainland China	30	30	Manufacturing of apparel
Nanjing Jiangda Apparel Co., Ltd.	Corporate	Mainland China	45	45	Manufacturing of apparel
Mingshi Dyeing Factory Co., Ltd.	Corporate	Mainland China	40	40	Provision of dyeing services
Hubei Xian Garment Mfg. Co., Ltd.	Corporate	Mainland China	15.1	15.1	Manufacturing of apparel

All the above jointly-controlled entities are not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

* The percentage of voting power and profit share are the same as the percentage of equity attributable to the Group.

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40. PARTICULARS OF PRINCIPAL ASSOCIATES

The table below lists the associates of the Group which, in the opinion of the directors, principally affected the results of the period/year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

All associates are held indirectly through subsidiaries.

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation or registration and operations	Percentage of equity attributable to the Group		Principal activities
			31 December 2002	31 March 2002	
Glorious Sun Fashion Garment Mfg. Co. (Phil.) Inc.	Corporate	Philippines	49.5	49.5	Manufacturing of apparel
Rays Apparel (H.K.) Limited	Corporate	Hong Kong	35	35	Provision of agency services
Zeppelin (H.K.) Limited	Corporate	Hong Kong	50	50	Trading of apparel
Rays Apparel, Inc.	Corporate	US	35	35	Import and distribution of apparel
RTG Garments Manufacturing (HK) Limited	Corporate	Hong Kong	50	50	Manufacturing of apparel

All the above associates are not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

NOTES TO FINANCIAL STATEMENTS

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41. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain new and revised SSAPs during the current period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 April 2003.