1. CORPORATE INFORMATION

During the year, the Group was principally engaged in investment holding, the manufacture, trading and distribution of garments, property investment and development, and the operation of restaurant and food business.

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 year's financial statements:

- SSAP 1 (Revised): "Presentation of financial statements"
- SSAP 11 (Revised): "Foreign currency translation"
- 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 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 the revision of this SSAP is that a consolidated statement of changes in equity is now presented on page 35 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required and in place of the Group's reserves note.

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 translated into Hong Kong dollars at the weighted average exchange rates for the year. 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. The significant reclassifications resulting from the change in presentation are that taxes and dividends paid are now included in cash flows from operating activities and interest received is now included in cash flows from investing activities. In addition, cash flows from overseas subsidiaries arising during the year are translated to Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, and the definition of cash equivalents for the purpose of the cash flow statement has been revised. Further details of these changes are included in the accounting policies for "Cash and cash equivalents" and "Foreign currencies" in note 3 to the financial statements.

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 the recognition of an accrual for paid holiday carried forward by the Group's employees 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 3 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 Statements of Standard Accounting Practice, 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 the Group's investment properties, certain fixed assets and equity investments, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and, save for the subsidiaries detailed in note 18, all of its subsidiaries for the year ended 31 March 2003. The results of subsidiaries acquired or disposed of during the year 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 subsidiaries are stated at cost less any impairment losses.

Unconsolidated subsidiaries

Interests in unconsolidated subsidiaries are stated at their carrying values at the date of deconsolidation less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint venture companies

Joint venture companies comprise companies operating, directly or indirectly, in Mainland China as independent business entities. The joint venture agreements between the venturers stipulate the operating, control rights and capital contributions of the joint venture parties, the duration of the joint venture and the basis on which assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distribution 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 agreements.

A joint venture company is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture company;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(c) an associate, if the Group 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 Group 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly-controlled entity

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

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.

SSAP 30 "Business combinations" was adopted as at 1 April 2001. Prior to that date, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to 1 April 2001 is treated according to the SSAP 30 goodwill accounting policy above.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Negative goodwill

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

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item 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 negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

Other financial assets

Other financial assets include investment securities, held-to-maturity securities and other investments.

Investment securities

Investment securities in listed and unlisted debt and equity securities, intended to be held for a continuing strategic or long term purpose, are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the profit and loss account for the period in which it arises. When the circumstances and events which led to the impairment in value cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amounts of the impairments previously charged is credited to the profit and loss account to the extent of the amount previously charged.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial assets (continued)

Held-to-maturity securities

Held-to-maturity securities are investments in dated debt securities which the Group has the expressed intention and ability to hold to maturity, and are stated at cost adjusted for the amortisation of premiums or discounts arising on acquisition, less any impairment losses which reflect their credit risk.

Other investments

Other investments, comprising those securities which are not classified as investment securities, are stated at their fair values at the balance sheet date on an individual investment basis.

The fair values of such listed securities are their quoted market prices at the balance sheet date whereas the fair values of such unlisted securities are estimated by the directors.

The gains or losses arising from changes in the fair values of such securities are credited or charged to the profit and loss account in the period in which they arise.

The profit or loss on disposal of investment securities and other investments is accounted for in the period in which the disposal occurs as the difference between the net sales proceeds and the carrying amount of the investments.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

Fixed assets 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.

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
Buildings	2.5% – 3%
Leasehold improvements	10% – 15%
Plant and machinery	10%
Furniture, fixtures and equipment	15% – 20%
Motor vehicles	20%

Freehold land is not depreciated.

Assets held under finance leases are depreciated over the shorter of the finance lease terms and their estimated useful lives on the same basis as owned assets.

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. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 values on the basis of annual professional valuations performed at the end of each financial year.

Changes in the values of investment properties are dealt with as movements in the investment property 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 investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Capitalised borrowing costs

Interest incurred on borrowings to finance the construction and development of properties under development is capitalised and is included in the carrying values of these assets. Interest is capitalised at the Group's weighted average interest rate on external borrowings or, where applicable, the interest rates related to specific development project borrowings. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value on an individual property basis. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Export quotas

Temporary export quotas purchased are charged to the profit and loss account at the date when goods are shipped under that quota category or upon expiry.

Export quotas allocated by the authorities in the countries in which the Group operates are not capitalised as assets in the consolidated balance sheet.

Income arising from the sale of export quotas is credited to the profit and loss account in the year of disposal.

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.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Lease 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents (continued)

Prior to the adoption of the revised SSAP 15 during the year, 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 resulted in a prior year adjustment relating to trust receipt loans, further details of which are included in note 32(a) to the financial statements.

For the purpose of the balance sheet, cash and cash equivalents 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.

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.

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 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 equalisation 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 year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

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.

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 and quotas, 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 and quotas sold;

(b) income from the restaurant business, at the point of sale to customers;

(c) income from the sale of completed properties, on the exchange of legally binding unconditional sales contracts;

(d) rental income, in the period in which the properties are let out and on the straight-line basis over the lease terms;

(e) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and

(f) income from the provision of merchandising consultancy services, in the period in which such services are provided.

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.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Prior to the adoption of SSAP 34 during the year, as explained in note 2 to the financial statements, the Group did not accrue for paid annual leave carried forward at the balance sheet date. This change in accounting policy, however, has had no material effect on the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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 (the "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 contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, to the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

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 those employees who are eligible to participate in the Scheme. 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.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension schemes (the "CP Schemes") operated by respective local municipal government. These subsidiaries are required to contribute certain percentage of their covered payroll to the CP Schemes to fund their benefits. The only obligation of the Group with respect to the CP Schemes is to pay the ongoing required contributions under the CP Schemes. Contributions under the CP Schemes are charged to the profit and loss account as they become payable in accordance with the rules of the CP Schemes.

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 exercise 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 other business segments. Summary details of the business segments are as follows:

(a) the garment segment is engaged in the manufacture, trading and distribution of garment products;

(b) the restaurant and food segment is engaged in restaurant operation and the provision of food and beverage services;

(c) the property investment and development segment comprises the development and sale of properties and the leasing of commercial and residential premises; and

(d) the "others" segment mainly comprises, principally, the Group's building materials trading operation and other operations.

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.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION (continued)

(a) Business segments

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

Group

	Garment		Restaurant and food		Property investment and development		Others		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:												
Sales to external customers	336,598	325,551	223,549	226,767	36,689	87,915	431	1,220	–	–	597,267	641,453
Inter-segment sales	–	–	401	–	6,683	2,518	–	–	(7,084)	(2,518)	–	–
Other revenue	14,453	19,686	3,577	3,025	40,298	33,702	2,528	61	–	–	60,856	56,474
Total	351,051	345,237	227,527	229,792	83,670	124,135	2,959	1,281	(7,084)	(2,518)	658,123	697,927
Segment results	26,855	25,194	13,354	12,684	23,701	30,175	(3,289)	(3,390)	–	–	60,621	64,663
Unallocated corporate income											10,574	6,561
Unallocated corporate expenses											(19,011)	(14,356)
Profit from operating activities											52,184	56,868
Finance costs											(18,827)	(15,041)
Share of losses of:												
Jointly-controlled entity	–	–	(596)	(993)	–	–	–	–	–	–	(596)	(993)
Associates	–	–	–	–	–	(3,940)	–	(13)	–	–	–	(3,953)
Profit before tax											32,761	36,881
Tax											(4,918)	(4,483)
Profit before minority interests											27,843	32,398
Minority interests											(1,118)	(1,402)
Net profit from ordinary activities attributable to shareholders											26,725	30,996

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Garment		Restaurant and food		Property investment and development		Others		Consolidated	
	2003 HK$'000	2002 HK$'000	2003 HK$'000	2002 HK$'000	2003 HK$'000	2002 HK$'000	2003 HK$'000	2002 HK$'000	2003 HK$'000	2002 HK$'000
Segment assets	116,502	122,202	77,373	80,469	927,941	972,045	12,455	20,132	1,134,271	1,194,848
Interest in a jointly-controlled entity	–	–	–	3,059	–	–	–	–	–	3,059
Interests in associates	2,429	2,420	6	173	–	–	744	7,652	3,179	10,245
Unallocated assets									198,512	162,035
Total assets									1,335,962	1,370,187
Segment liabilities	53,014	45,593	31,307	30,918	55,138	107,251	4,014	8,579	143,473	192,341
Unallocated liabilities									413,926	420,005
Total liabilities									557,399	612,346
Other segment information:										
Depreciation										
– segment	5,295	3,550	9,104	6,048	1,591	1,648	60	474	16,050	11,720
– unallocated									2,558	2,851
									18,608	14,571
Impairment losses recognised in the profit and loss account	–	1,906	1,178	–	–	6,875	5,683	–	6,861	8,781
Capital expenditure										
– segment	5,453	3,964	4,995	12,035	4,562	22,078	–	–	15,010	38,077
– unallocated									3,693	2,540
									18,703	40,617
Other non-cash expenses										
– segment	*(1,114)	3,989	1,200	8,182	5,475	1,551	2,573	937	8,134	14,659
– unallocated									2,067	1,873
									10,201	16,532

* Inclusive of write back of provision against trade debtors and inventories amounting to HK$838,000 and HK$422,000, respectively.

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

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

Group

	America		South Africa		Hong Kong		Mainland China		Others		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:												
Sales to external customers	**134,551**	95,642	**155,802**	176,520	**73,917**	84,121	**204,804**	258,501	**28,193**	26,669	**597,267**	641,453
Other geographical information:												
Segment assets	**27,162**	30,845	**59,498**	57,032	**78,525**	93,297	**969,086**	1,013,674	**–**	–	**1,134,271**	1,194,848
Capital expenditure:												
– segment	**4,275**	307	**160**	1,002	**1,623**	6,332	**8,952**	30,436	**–**	–	**15,010**	38,077
– unallocated											**3,693**	2,540
											18,703	40,617

5. TURNOVER AND REVENUE

Turnover represents the aggregate of the net invoiced value of goods sold, after allowances for goods returned and trade discounts, the rendering of services, proceeds from the sale of properties and gross rental income received and receivable.

Revenue from the following activities has been included in turnover:

	Group	
	2003	2002
	HK$'000	HK$'000
Sale of goods	**337,029**	326,771
Income from the restaurant and food businesses	**223,549**	226,767
Proceeds from the sale of properties	**14,344**	82,766
Gross rental income	**22,345**	5,149
Turnover	**597,267**	641,453

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	Group	
	2003	2002
	HK$'000	HK$'000
Cost of completed properties sold	**18,428**	63,878
Cost of inventories sold and services provided	**426,619**	414,771
Auditors' remuneration	**2,228**	2,028
Depreciation	**18,608**	14,571
Quota expenses	**135**	1,103
Rentals under operating leases for land and buildings	**21,491**	22,218
Staff costs (excluding directors' remuneration – note 8): #		
Wages and salaries	**83,308**	89,312
Staff retirement scheme contributions	**1,434**	1,572
Less: Forfeited unvested contributions	**–**	–
Net retirement scheme expense	**1,434**	1,572
	84,742	90,884

\# Inclusive of an amount of HK$65,509,000 (2002: HK$72,014,000) classified under cost of inventories sold and services provided.

6. PROFIT FROM OPERATING ACTIVITIES (continued)

	Group 2003 HK$'000	Group 2002 HK$'000
Provisions for doubtful debts and other receivables	**9,287**	16,077
Impairment of property under development	**–**	6,875
Impairment of interest in a jointly-controlled entity*	**1,178**	–
Impairments of interests in associates*	**5,683**	1,906
Unrealised holding loss of other investments	**666**	305
Loss on disposal of fixed assets, net	**–**	428
Deficit on revaluation of investment properties – note 15	**4,650**	–
and after crediting:		
Gain on disposal of fixed assets, net	**1,178**	–
Gain on disposal of subsidiaries	**1,326**	–
Surplus on revaluation of investment properties – note 15	**–**	636
Foreign exchange gains, net	**2,265**	2,552
Interest income from:		
Bank balances	**4,438**	3,023
Other receivables	**786**	2,326
	5,224	5,349
Gross rental income	**22,345**	5,149
Less: Outgoings	**(381)**	(348)
Net rental income	**21,964**	4,801
Negative goodwill recognised**	**33,140**	33,674
Quota income	**2,347**	3,268

* The impairments of interest in a jointly-controlled entity and interests in associates are included in "Other operating expenses" on the face of the consolidated profit and loss account.

** The movements in negative goodwill recognised in the profit and loss account for the year are included in "Other revenue" on the face of the consolidated profit and loss account.

7. FINANCE COSTS

	Group	
	2003	2002
	HK$'000	HK$'000
Interest in respect of:		
Bank loans, overdrafts and other loans wholly repayable within five years	**18,444**	15,060
Factoring arrangements	**153**	208
Finance leases	**230**	129
Total interest	**18,827**	15,397
Less: Interest capitalised	**–**	(356)
Total finance costs	**18,827**	15,041

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Fees:		
Independent non-executive directors	**400**	400
Non-executive directors	**200**	200
	600	600
Other emoluments to executive directors:		
Salaries, allowances and benefits in kind	**3,384**	3,406
Bonuses paid and payable	**3,012**	2,486
Pension scheme contributions	**150**	150
	6,546	6,042
	7,146	6,642

8. DIRECTORS' REMUNERATION (continued)

The number of directors whose remuneration fell within the following bands is as follows:

	Group	
	2003	2002
	Number of directors	Number of directors
Nil – HK$1,000,000	**3**	4
HK$1,000,001 – HK$1,500,000	**1**	–
HK$2,000,001 – HK$2,500,000	**1**	1
HK$2,500,001 – HK$3,000,000	**1**	1
	6	6

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

During the year, no share options were granted to the directors in respect of their services rendered to the Group (2002: Nil). Further details of the Company's share option scheme are set out under the heading "Share option scheme" in note 30 to the financial statements.

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees of the Group during the year included four (2002: three) directors, details of whose remuneration are set out in note 8 above. Further details of the remuneration of the remaining one (2002: two) non-director, highest paid employee, disclosed pursuant to the Listing Rules, are set out below.

	Group	
	2003	2002
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**484**	1,490
Pension scheme contributions	**25**	79
	509	1,569

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Group	
	2003 **Number of employee**	2002 Number of employees
HK$500,000 – HK$1,000,000	**1**	2

During the year, no share options were granted to the non-director, highest paid employee in respect of his services rendered to the Group (2002: Nil). Further details of the Company's share option scheme are set out in note 30 to the financial statements.

10. TAX

	Group	
	2003 **HK$'000**	2002 HK$'000
Group:		
Hong Kong	**–**	–
Mainland China	**1,996**	2,132
Overseas	**3,303**	2,119
Under/(over) provisions in prior years	**(318)**	5
Deferred tax – note 29	**(63)**	26
	4,918	4,282
Associates:		
Mainland China	**–**	201
Tax charge for the year	**4,918**	4,483

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2002: Nil).

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.

No provision for tax is required for the Group's jointly-controlled entity and associates as no assessable profits were earned by the jointly-controlled entity and associates during the year.

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK$35,315,000 (2002: HK$22,555,000).

12. DIVIDENDS

	Group and Company	
	2003	2002
	HK$'000	HK$'000
Proposed final – HK1 cent (2002: HK1 cent) per ordinary share	**7,326**	7,326
Adjustment for the final dividend for 2001*	**–**	128
	7,326	7,454

* The adjustment for the final dividend for 2001 represents the additional 2001 final dividend on the new ordinary shares issued upon exercise of share options prior to the dividend record date on 22 August 2001.

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

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK$26,725,000 (2002: HK$30,996,000), and the weighted average of 732,587,219 (2002: 731,535,164) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK$26,725,000 (2002: HK$30,996,000). The weighted average number of ordinary shares used in the calculation is 732,587,219 (2002: 731,535,164) ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 1,927,170 (2002: 1,984,037) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year.

14. FIXED ASSETS

Group

	Land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At beginning of year	123,562	44,007	47,480	41,004	11,042	267,095
Additions	741	7,946	6,211	1,947	1,858	18,703
Acquisitions of subsidiaries	–	–	319	–	193	512
Disposals	(6,378)	(161)	(2,177)	(1,788)	(4,123)	(14,627)
Disposals of subsidiaries	–	–	(445)	(135)	(80)	(660)
Exchange realignment	68	(11)	2,258	283	492	3,090
At 31 March 2003	117,993	51,781	53,646	41,311	9,382	274,113
Accumulated depreciation:						
At beginning of year	23,535	24,733	26,877	25,483	8,635	109,263
Provided during the year	2,238	7,069	3,960	4,173	1,168	18,608
Disposals	(1,549)	(158)	(2,045)	(826)	(4,048)	(8,626)
Disposals of subsidiaries	–	–	(439)	(134)	(66)	(639)
Exchange realignment	–	(8)	1,324	243	233	1,792
At 31 March 2003	24,224	31,636	29,677	28,939	5,922	120,398
Net book value:						
At 31 March 2003	93,769	20,145	23,969	12,372	3,460	153,715
At 31 March 2002	100,027	19,274	20,603	15,521	2,407	157,832

14. FIXED ASSETS (continued)

The cost/valuation of the Group's land and buildings by geographical location and the terms of the leases are as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Medium term leasehold land and buildings situated in Hong Kong, at 1995 valuation	**61,500**	61,500
Medium term leasehold land and buildings situated in Mainland China, at cost	**40,482**	46,863
Freehold land and buildings situated overseas, at cost	**16,011**	15,199
	117,993	123,562

Certain of the Group's leasehold land and buildings were revalued at 31 March 1995 by Vigers Hong Kong Limited, a firm of independent professionally qualified valuers, at an open market value based on their existing use. With effect from 31 March 1996, no further revaluations of the Group's leasehold land and buildings have been carried out, as the Group has relied upon the exemption granted under the transitional provisions of SSAP 17 "Property, plant and equipment" from the requirement to carry out future valuations of its fixed assets which were stated at valuation at that time.

Had these leasehold land and buildings been carried at historical cost less accumulated depreciation and any impairment losses, they would have been included in the financial statements at approximately HK$74,183,000 (2002: HK$79,740,000).

The net book value of plant and machinery and motor vehicles held under finance leases included in the total amount of fixed assets as at 31 March 2003 amounted to HK$220,000 and HK$2,931,000, respectively (2002: HK$529,000 and HK$1,550,000, respectively).

15. INVESTMENT PROPERTIES

	Group	
	2003	2002
	HK$'000	HK$'000
Balance at beginning of year, at valuation	**829,250**	63,100
Transfer from:		
Properties under development	**–**	78,070
Fixed assets	**–**	19,506
Arising on acquisitions of subsidiaries	**–**	668,000
Surplus/(deficit) on revaluation credited/(charged) to profit and loss account – note 6	**(4,650)**	636
Exchange realignment	**26**	(62)
Balance at 31 March, at valuation	**824,626**	829,250
Analysis by geographical location:		
Hong Kong	**43,100**	47,750
Mainland China	**781,526**	781,500
	824,626	829,250

The Group's investment properties, of which HK$741,600,000 (2002: HK$746,250,000) are held under medium term leases and HK$83,026,000 (2002: HK$83,000,000) under long term leases, were revalued on 31 March 2003 by Vigers Hong Kong Limited, a firm of independent professional valuers on an open market, existing use basis.

Further details of the Group's investment properties are included on page 89.

16. GOODWILL AND NEGATIVE GOODWILL

The amount of negative goodwill recognised in the consolidated balance sheet, arising from the acquisitions of subsidiaries, is as follows:

Group

	Negative goodwill HK$'000
Cost:	
At beginning of year and at end of year	331,613
Recognition as income:	
At beginning of year:	(33,674)
Recognised as income during the year	(33,140)
At 31 March 2003	(66,814)
Net book value:	
At 31 March 2003	264,799
At 31 March 2002	297,939

As detailed in note 3 to the financial statements, on the adoption of SSAP 30, the Group applied the transitional provisions of SSAP 30 that permitted goodwill in respect of acquisitions which occurred prior to 1 April 2001, to remain eliminated against consolidated reserves. The amount of such goodwill remaining in consolidated reserves, arising from the acquisitions of subsidiaries, amounted to HK$86,230,000 (2002: HK$86,230,000) and is stated at cost (note 31).

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against consolidated reserves for impairment. No impairment was resulted from such assessment.

17. INTERESTS IN SUBSIDIARIES

	Company 2003 HK$'000	Company 2002 HK$'000
Unlisted shares, at cost	**23,500**	23,600
Due from subsidiaries	**837,646**	850,429
Due to subsidiaries	**(141,339)**	(190,371)
	719,807	683,658
Provision for impairment	**(2,876)**	(2,876)
	716,931	680,782

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

Particulars of the principal subsidiaries of the Company are as follows:

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued/ registered capital	Percentage of equity interest attributable to the Company 2003	Percentage of equity interest attributable to the Company 2002	Principal activities
Amica Fashion Company (Pty) Limited	South Africa	Ordinary shares	Rand160,002	**80**	80	Manufacture of garments
Amica Properties Limited	Hong Kong	Ordinary shares	HK$10,000	**100**	100	Property investment
Amica, S.A. #	Republic of Guatemala	Ordinary shares	Q10,000	**100**	100	Investment holding
Carrianna (BVI) Ltd*	British Virgin Islands	Ordinary shares	US$1	**100**	100	Investment holding
Carrianna Chiu Chow Restaurant (T.S.T.) Limited #	Hong Kong	Ordinary shares	HK$1,000,000	**61**	61	Restaurant operations

17. INTERESTS IN SUBSIDIARIES (continued)

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued/ registered capital	Percentage of equity interest attributable to the Company 2003	2002	Principal activities
Carrianna (Chiu Chow) Restaurant Limited #	Hong Kong	Ordinary shares	HK$8,000,000	73	73	Restaurant operations
Carrianna Holdings Limited	Hong Kong	Ordinary shares	HK$25,000,000	100	100	Property development and investment
Carrianna (Shenzhen) Investment Co., Ltd. (1)	Mainland China	Registered capital	HK$80,000,000	100	100	Investment holding and property development
Everbright Textiles, S.A. #	Republic of Guatemala	Ordinary shares	Q5,000	60	–	Laundry operation
Goldfield Properties Limited	Hong Kong	Ordinary shares	HK$2	100	100	Property investment
International Fashions Group Inc. #	Canada	Ordinary shares	C$9,000	89	80	Distribution and sale of garments
		Non-voting preference shares	C$500	–	–	
Kunming Carrianna Chaozhou Restaurant Co., Ltd. (2)	Mainland China	Registered capital	HK$12,000,000	62	62	Restaurant operations
MBS Enterprises Limited	Hong Kong	Ordinary shares	HK$1,500,000	100	100	Trading of fabrics, garments, plant and machinery
Perfectus Ltd	British Virgin Islands	Ordinary shares	US$1	100	100	Provision of merchandising consultancy services

17. INTERESTS IN SUBSIDIARIES (continued)

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued/ registered capital	Percentage of equity interest attributable to the Company 2003	2002	Principal activities
Shenzhen Carrianna (Chiu Chow) Restaurant Co., Ltd. (2)	Mainland China	Registered capital	HK$6,000,000	92	92	Restaurant operations
Shenzhen Carrianna Friendship Square Restaurant Co., Ltd. (2)	Mainland China	Registered capital	RMB20,000,000	68	68	Restaurant operations
Tak Sing Alliance Limited	Hong Kong	Ordinary shares	HK$200	100	100	Manufacture and distribution of garments and property development
		Non-voting deferred shares	HK$1,000,000	–	–	
Tak Sing (Panyu) Fashions Company Limited (1)	Mainland China	Registered capital	HK$51,000,000	100	100	Manufacture of garments

* Direct subsidiaries of the Company
\# Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms
(1) Wholly-owned foreign enterprises
(2) Sino foreign equity joint venture companies

Except for Carrianna Holdings Limited, which is incorporated in Hong Kong but operates in Mainland China, all of the above subsidiaries operate in the place of their incorporation/registration.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the 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.

The subsidiary acquired in the current year contributed HK$2,847,000 to the Group's turnover and a profit of HK$903,000 to the Group's profit before tax.

17. INTERESTS IN SUBSIDIARIES (continued)

The subsidiaries acquired in the prior year contributed HK$18,977,000 to the Group's turnover and a profit of HK$3,505,000 to the Group's profit before tax. In the case of associates which were reclassified to subsidiaries, the turnover and profit before tax amounts exclude the former associates' contribution to the results prior to them becoming subsidiaries.

18. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from unconsolidated subsidiaries	**9,157**	9,157	**47**	47
Net liabilities deconsolidated	**(6,967)**	(6,967)	**–**	–
	2,190	2,190	**47**	47
Provision for non-recovery	**(2,190)**	(2,190)	**(47)**	(47)
	–	–	**–**	–

Particulars of the unconsolidated subsidiaries at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Percentage of indirect equity interest attributable to the Company		Principal activities
		2003	2002	
Jeantex Holding B.V.	The Netherlands	**63**	63	Dormant
Jeantex B.V.	The Netherlands	**63**	63	Dormant
Chiori Mode GmbH	Germany	**63**	63	Dormant

Jeantex Holding B.V. is the holding company of Jeantex B.V. and Chiori Mode GmbH (collectively "Jeantex"), which were previously engaged in the distribution and sale of garments. During the year ended 31 March 1998, Jeantex sustained continuing operation losses due to the inability of the Company to exercise effective control over its operations and assets. The directors resolved not to provide further finance to Jeantex and to dispose of the Group's interest therein as soon as possible.

18. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES (continued)

In view of the foregoing, Jeantex was treated as abandoned subsidiaries and, therefore was deconsolidated in 1998. Furthermore, in view of the large deficiency in assets of Jeantex and its unsatisfactory results, the board of directors had made full provision against the interests in these unconsolidated subsidiaries in 1998. No guarantees had been given by the Group to Jeantex or its creditors and thus no contingent liability in respect thereof is considered likely to arise. There is no impact to the Group's turnover and results for the year of not consolidating Jeantex as they are dormant.

19. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2003	2002
	HK$'000	HK$'000
Share of net assets	**1,790**	2,388
Amount due from the jointly-controlled entity	**–**	671
Amount due to the jointly-controlled entity	**(612)**	–
Provision for impairment	**(1,178)**	–
	–	3,059

The balances with the jointly-controlled entity are unsecured, interest-free and are not repayable within one year from the balance sheet date.

Particulars of the Group's interest in the jointly-controlled entity are as follows:

			Percentage of			
Name	**Business structure**	**Place of operation and registration**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Chengdu Carrianna Chaozhou Restaurant Co., Ltd.	Corporate	Mainland China	51	50	51	Dormant

The investment in the jointly-controlled entity is indirectly held by the Company.

20. INTERESTS IN ASSOCIATES

	Group	
	2003	2002
	HK$'000	HK$'000
Share of net assets	**4,479**	4,482
Due from associates	**8,782**	12,336
Due to associates	**(2,493)**	(4,667)
	10,768	12,151
Provision for impairment	**(7,589)**	(1,906)
	3,179	10,245

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

The Group's share of aggregate losses accumulated by the associates for the year amounted to nil (2002: HK$4,154,000).

The Group's share of the net post-acquisition deficit of the associates as at 31 March 2003 amounted to HK$975,000 (2002: net post-acquisition deficit HK$975,000).

Particulars of the principal associates, which are all unlisted companies, are as follows:

Company	Business structure	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Group 2003	2002	Principal activities
Corporacion Maxima S.A. #	Corporate	Republic of Guatemala	**50**	50	Laundry operations
Grandtex Investment Limited	Corporate	Hong Kong	**50**	50	Investment holding
Hainan Carrianna Restaurant and Entertainment Company Limited	Corporate	Mainland China	**45**	45	Dormant

not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms

The associates are indirectly held by the Company.

The above table lists the associates of the Group which in the opinion of the directors, principally affected the results for the 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.

21. OTHER RECEIVABLES

	Group	
	2003	2002
	HK$'000	HK$'000
Other receivables, secured	–	17,524
Portion classified as current assets included under "Debtors, deposits and prepayments"	–	(15,964)
Long term portion	–	1,560

The other receivables of the Group represented the outstanding deferred consideration in respect of the Group's disposal of certain of its subsidiaries in the United States of America in January 2001. The amount was secured, interest-bearing and was fully settled during the year.

22. OTHER FINANCIAL ASSETS

	Group	
	2003	2002
	HK$'000	HK$'000
Investment securities, at cost		
Unlisted equity securities	**18,872**	16,464
Unlisted debt securities	**4,871**	5,849
	23,743	22,313
Unlisted held-to-maturity securities, at cost	**9,479**	7,918
Other investments, at fair value		
Listed outside Hong Kong	**1,118**	1,001
	34,340	31,232

23. INVENTORIES

	Group	
	2003	2002
	HK$'000	HK$'000
Raw materials	**11,957**	12,584
Work in progress	**7,949**	2,254
Finished goods	**1,541**	4,531
Food and beverages	**11,475**	10,800
	32,922	30,169

The carrying amount of inventories is arrived at after charging a provision of HK$10,187,000 (2002: HK$10,321,000).

At 31 March 2003, the carrying amount of inventories of the Group pledged as security for liabilities amounted to HK$239,000 (2002: HK$2,025,000).

24. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balance is an amount of HK$90,823,000 (2002: HK$189,053,000) representing the trade debtors of the Group. The aged analysis of such debtors is as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Current – 30 days	**25,375**	48,331
31 – 60 days	**9,466**	5,449
61 – 90 days	**959**	3,017
Over 90 days	**55,023**	132,256
	90,823	189,053

Credit terms

Trade debtors and bills receivable arised from garment business generally have credit terms of 30 to 90 days. Restaurant business is normally traded on cash basis. For property sales, credit terms varies in accordance with the terms of the sale and purchase agreements. All trade debtors are recognised and carried at their original invoiced amounts less provision for doubtful debts which is recorded when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**48,867**	64,342	**265**	428
Time deposits	**56,610**	33,085	**–**	–
	105,477	97,427	**265**	428
Less: Pledged time deposits	**(31,813)**	(30,352)	**(219)**	(354)
Cash and cash equivalents	**73,664**	67,075	**46**	74

At the balance sheet date, the cash and bank balances (including time deposits) of the Group denominated in Renminbi ("RMB") amounted to HK$23,519,000 (2002: HK$26,160,000). The RMB is not fully convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

26. TRADE CREDITORS

The aged analysis of trade creditors is as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Current – 30 days	**29,794**	25,469
31 – 60 days	**7,430**	5,716
61 – 90 days	**1,412**	1,655
Over 90 days	**4,269**	15,884
	42,905	48,724

27. INTEREST-BEARING BANK BORROWINGS

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank overdrafts:				
Secured	**127**	8,254	**–**	–
Unsecured	**84**	8,223	**–**	–
	211	16,477	**–**	–
Bank loans:				
Secured	**298,238**	279,283	**52,000**	50,000
Unsecured	**40,335**	48,727	**6,500**	5,550
	338,573	328,010	**58,500**	55,550
Trust receipt loans:				
Secured	**3,478**	1,808	**–**	–
Unsecured	**4,421**	9,352	**–**	–
	7,899	11,160	**–**	–
	346,683	355,647	**58,500**	55,550

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank overdrafts repayable within one year or on demand	**211**	16,477	**–**	–
Bank loans repayable:				
Within one year or on demand	**119,245**	145,165	**17,310**	16,950
In the second year	**72,911**	43,710	**17,760**	12,600
In the third to fifth years, inclusive	**78,899**	81,383	**23,430**	26,000
Beyond five years	**67,518**	57,752	**–**	–
	338,573	328,010	**58,500**	55,550
Trust receipt loans repayable within one year or on demand	**7,899**	11,160	**–**	–
	346,683	355,647	**58,500**	55,550
Portion classified as current liabilities	**(127,355)**	(172,802)	**(17,310)**	(16,950)
Long term portion	**219,328**	182,845	**41,190**	38,600

28. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery and motor vehicles for its garment business. These leases are classified as finance leases and have remaining lease terms ranging from 2 to 4 years.

At 31 March 2003, the total future minimum lease payments under finance leases and their present values were as follows:

	Group			
	Minimum lease payments	Minimum lease payments	**Present value of minimum lease payments**	Present value of minimum lease payments
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**1,161**	844	**954**	716
In the second year	**1,023**	625	**879**	541
In the third to fifth years, inclusive	**973**	602	**835**	522
Total minimum finance lease payments	**3,157**	2,071	**2,668**	1,779
Future finance charges	**(489)**	(292)		
Total net finance lease payables	**2,668**	1,779		
Portion classified as current liabilities	**(954)**	(716)		
Long term portion	**1,714**	1,063		

29. DEFERRED TAX

	Group	
	2003	2002
	HK$'000	HK$'000
Balance at beginning of year	**553**	749
Charged/(credited) to profit and loss account		
for the year – note 10	**(63)**	26
Exchange realignment	**221**	(222)
At 31 March	**711**	553

The provision for deferred tax relates to timing differences arising from accelerated capital allowances which are expected to crystallise in the foreseeable future.

At the balance sheet date, the Group and the Company had no material unprovided deferred tax liabilities.

Deferred tax has not been provided on revalued fixed assets and investment properties as, in the opinion of the directors, the revaluation surplus is not deemed to be a timing difference.

No provision has been made for taxes which would arise on the remittance to Hong Kong of retained profits of overseas subsidiaries because the amounts to be remitted in the near future are either not subject to local withholding tax, or are considered immaterial.

30. SHARE CAPITAL

Shares

	Company	
	2003	2002
	HK$'000	HK$'000
Authorised:		
2,000,000,000 (2002: 2,000,000,000) ordinary shares		
of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
732,587,219 (2002: 732,587,219) ordinary shares		
of HK$0.10 each	**73,259**	73,259

During the year, there was no movement in the issued share capital.

30. SHARE CAPITAL (continued)

Share option scheme

SSAP 34 was adopted during the year, 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 persons who contribute to the success of the Group's operations. Eligible participants of the Scheme include directors, executives and other employees of the Group. The Scheme became effective on 25 September 1991 and ended on 24 September 2001.

The maximum number of share options 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 (excluding any shares issued upon exercise of the share option under the Scheme). At 31 March 2003, the number of shares issuable under share options granted under the Scheme was 6,000,000, which represented approximately 0.82% of the Company's shares in issue as at that date.

No option shall be granted to an eligible person which, if exercised in full, would result in such person's maximum entitlement exceeding 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on the date of grant of an option and expiring on the business day preceding the third anniversary of the date of grant.

Offer to option is open for acceptance in writing received by the Company for a period of 14 days inclusive of and from the day of making such offer provided that no such offer is accepted after expiry of the Scheme period. No considerations is payable by the grantee upon the acceptance offer.

The option price per share payable on the exercise of an option is to be determined by the directors but in any event shall be equal to the higher of:

(i) the nominal value of the shares; and

(ii) 80% of the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer.

30. SHARE CAPITAL (continued)

Share option scheme (continued)

Details of the share options outstanding as at 31 March 2003 are as follows:

Eligible person	Number of share options held at 1 April 2002 and 31 March 2003	Exercise price of share options	Date of grant of share options	Exercise period of share options From	To
		HK$			
Ng Yan Kwong	6,000,000	0.16	29-Jan-01	29-Jan-01	28-Jan-04

No options were granted, exercised, cancelled or lapsed for the year ended 31 March 2003.

The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,000,000 additional ordinary shares for aggregate proceeds, before the related issue expenses, of approximately HK$960,000.

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

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35 of the financial statements.

Certain amount of goodwill arising on the acquisitions of subsidiaries in prior years remain eliminated against the goodwill reserve, as explained in note 16 to the financial statements.

The reserve funds of the Group represent the non-distributable statutory reserves of the Group's subsidiaries in Mainland China. The transfers to these reserves are determined by the board of directors of the subsidiaries in accordance with the relevant laws and regulations of Mainland China. The reserve funds can be used to offset against future losses or to increase the capital of the subsidiaries.

31. RESERVES (continued)

(b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2001	464,208	59,759	316	7,809	532,092
Net profit for the year	–	–	–	22,555	22,555
Premium on issue of shares	384	–	–	–	384
Proposed final dividend	–	–	–	(7,454)	(7,454)
At 31 March 2002 and beginning of year	464,592	59,759	316	22,910	547,577
Net profit for the year	–	–	–	35,315	35,315
Proposed final dividend	–	–	–	(7,326)	(7,326)
At 31 March 2003	464,592	59,759	316	50,899	575,566

The contributed surplus of the Company arose as a result of the Group reorganisation on 12 August 1991 and represented the difference between the nominal value of the share capital issued by the Company and the combined net assets of the subsidiaries acquired pursuant to the Group reorganisation, less the effects of the bonus issue of shares in previous years.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain specific circumstances.

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Prior year adjustment

SSAP 15 (Revised) was adopted during the current year, which has resulted in a change to the layout of the consolidated cash flow statement as detailed in note 2 to the financial statements. 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$11,160,000, previously included at that date. The year's movement in trust receipt loans is now included in cash flows from financing activities and the comparative cash flow statement has been changed accordingly.

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

(b) Reconciliation of profit before tax to net cash inflow from operating activities

	Group	
	2003	2002
	HK$'000	HK$'000
		(Restated)
Profit before tax	**32,761**	36,881
Adjustments for:		
Finance cost	**18,827**	15,041
Share of losses of		
– jointly-controlled entity	**596**	993
– associates	**–**	3,953
Interest income	**(5,224)**	(5,349)
Loss/(gain) on disposal of fixed assets, net	**(1,178)**	428
Gain on disposal of subsidiaries	**(1,326)**	–
Depreciation	**18,608**	14,571
Unrealised holding loss of other investments	**666**	305
Negative goodwill recognised as income	**(33,140)**	(33,674)
Impairment of property under development	**–**	6,875
Impairments of interests in associates	**5,683**	1,906
Impairment of interest in a jointly–controlled entity	**1,178**	–
Provisions for doubtful debts and other receivables	**9,287**	16,077
Deficit/(surplus) on revaluation of investment properties	**4,650**	(636)
Operating profit before working capital changes	**51,388**	57,371
Additions to properties under development	**–**	(6,921)
Decrease/(increase) in properties held for sale	**(40,844)**	149,923
Decrease/(increase) in debtors, deposits and prepayments	**100,716**	(52,020)
Decrease/(increase) in inventories	**(2,439)**	15,641
Increase/(decrease) in trade creditors	**(11,628)**	3,218
Decrease in sundry creditors, accruals and deposits received	**(47,623)**	(96,344)
Cash generated from operations	**49,570**	70,868
Hong Kong profits tax refunded	**–**	125
Mainland China tax paid	**(353)**	(662)
Overseas taxes paid	**(2,960)**	(3,986)
Dividend paid	**(7,326)**	(14,652)
Dividends paid to minority interests	**(1,779)**	(905)
Net cash inflow from operating activities	**37,152**	50,788

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

(c) Acquisitions of subsidiaries

	2003 HK$'000	2002 HK$'000
Net assets acquired:		
Fixed assets	**512**	16,548
Investment properties	**–**	668,000
Properties held for sale	**–**	34,305
Cash and bank balances	**26**	48,901
Debtors, deposits and prepayments	**393**	267,641
Inventories	**314**	557
Trade creditors	**(154)**	(1,783)
Sundry creditors and accruals	**(638)**	(87,926)
Tax payable	**–**	(56,859)
Interest-bearing bank borrowings	**–**	(59,099)
	453	830,285
Negative goodwill on acquisition	**–**	(330,431)
Consideration	**453**	499,854
Satisfied by:		
Cash*	**–**	189,272
Reclassification of interests in associates	**–**	310,582
Interest in a subsidiary	**453**	–
	453	499,854

* The total consideration in the prior year included incidental costs of acquisition totalling approximately HK$1,272,000, comprising primarily commission, legal and professional fees, which were satisfied by cash.

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

(c) Acquisitions of subsidiaries (continued)

Analysis of net inflow/(outflow) of cash and cash equivalents in respect of acquisitions of subsidiaries:

	2003 HK$'000	2002 HK$'000
Cash consideration	–	189,272
Cash and bank balances acquired	(26)	(48,901)
Net inflow/(outflow) of cash and cash equivalents in respect of acquisitions of subsidiaries	26	(140,371)

On 2 December 2002, the Group acquired a 60% interest in Everbright Textile, S.A. ("Everbright"). Everbright is engaged in the laundry operations in the Republic of Guatemala. The acquisition was settled by the transfer of 20,000 shares of an existing wholly-owned subsidiary of the Group, representing 40% equity interest therein.

In the prior year, the Group acquired the remaining 58% interest in Carrianna Holdings Limited ("CHL"), previously a 42%-owned associate of the Group engaged principally in property development and investment, through the following transactions:

On 8 November 2001, the Group acquired a 56% interest in CHL (together with shareholders' loans and interest aggregating HK$149,225,000) and on 7 January 2002, the Group acquired the remaining 2% interest in CHL (together with shareholders' loans and interest aggregating HK$5,979,000) at a total cash consideration of HK$188,000,000.

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

(d) Disposal of subsidiaries

	2003 HK$'000	2002 HK$'000
Net assets disposed of:		
Fixed assets	21	–
Cash and bank balances	185	–
Debtors, deposits and prepayments	35	–
Sundry creditors and accruals	(17)	–
	224	–
Exchange equalisation reserve realised on disposal	(1,476)	–
Gain on disposal of subsidiaries	1,326	–
	74	–

	2003 HK$'000	2002 HK$'000
Satisfied by:		
Cash consideration	74	–

Analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries:

	2003 HK$'000	2002 HK$'000
Cash consideration	74	–
Cash and bank balances disposed of	(185)	–
Net outflow of cash and cash equivalents in respect of disposal of subsidiaries	(111)	–

The results of the subsidiaries disposed of in the current year had no significant impact on the Group's consolidated turnover or profit before tax for the current and prior years.

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

(e) Major non-cash transaction

(i) During the year, 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$1,680,000 (2002: HK$1,867,000).

33. CONTINGENT LIABILITIES

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

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bills discounted with recourse	**2,516**	2,351	**–**	–
Guarantees given for mortgage loan facilities granted to purchasers of properties	**139,346**	155,571	**17,648**	15,664
Guarantees given for banking facilities utilised by subsidiaries	**–**	–	**320,726**	253,429
	141,862	157,922	**338,374**	269,093

(b) The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$4,753,000 as at 31 March 2003, as further explained under the heading "Employee benefits" in note 3 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 10 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2003, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Within one year	**26,028**	24,190
In the second to fifth years, inclusive	**84,665**	61,770
After five years	**32,045**	13,768
	142,738	99,728

(b) As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years and rentals are normally fixed in accordance with the respective tenancy agreements and no arrangements have been entered into for contingent rental payments.

At 31 March 2003, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Within one year	**14,869**	9,022
In the second to fifth years, inclusive	**31,838**	29,386
After five years	**1,149**	870
	47,856	39,278

35. COMMITMENTS

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

	Group	
	2003	2002
	HK$'000	HK$'000
Capital commitments:		
Authorised and contracted for	**1,779**	7,040
Foreign currency forward contracts:		
Commitments to purchase/sell	**–**	1,188

The Company did not have any material commitments as at the balance sheet date (2002: Nil).

36. PLEDGE OF ASSETS

As at the balance sheet date, certain of the Group's fixed assets, investment properties, time deposits, other financial assets and inventories with a total carrying value of approximately HK$703,583,000 (2002: HK$577,438,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group were assigned to bankers to secure loan facilities granted to the Group.

37. RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the year:

(a) In addition to the transactions and balances set out elsewhere in the notes to the financial statements, the Company had significant transactions with parties in which Ma Kai Cheung and/or Ma Kai Yum, directors of the Company, have beneficial equity interests as follows:

	Notes	**2003** HK$'000	2002 HK$'000
Sale of goods to related companies	(i)	**12,575**	14,117
Purchase of goods from related companies	(ii)	**(60,583)**	(55,618)

Notes:

(i) The directors consider that sales to related companies were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The directors consider that purchase prices were determined according to the published prices and conditions similar to those offered to other customers of the related companies.

In the opinion of the directors, the above transactions were entered into by the Group in the normal course of business.

(b) On 25 July 1997, Carrianna (Shenzhen) Investment Limited ("Carrianna (Shenzhen)"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "Principal Agreement") with an independent Chinese party to co-operate in and to jointly undertake the redevelopment of a building site in Shenzhen, Mainland China.

On 22 September 1997, Carrianna (Shenzhen) entered into a joint venture agreement with Luendan Enterprises Company Limited ("Luendan"), a company in which Yip Hing Chung, a non-executive director of the Company, and his family held 80% equity interest, for the joint development of the aforesaid building site. Pursuant to the joint venture agreement, Luendan will share 20% of all entitlements, rights, benefits and profits in the redevelopment which were originally enjoyed by Carrianna (Shenzhen) under the Principal Agreement. The particulars of these transactions were disclosed in the press announcement of the Company on 23 September 1997.

The joint venture agreement expired during the year.

38. 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 year, 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 year's presentation.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 July 2003.