

# Notes to the Financial Statements

For the year ended March 31, 2004

## 1. GENERAL

The Company is a public limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 16 and 17, respectively.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"). The term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP") and Interpretations approved by the HKSA.

### **SSAP 12 (Revised) "Income Taxes"**

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2003 have been restated accordingly.

As a result of this change in policy, the balance of the accumulated profits of the Group and the Company at April 1, 2002 has been increased by HK\$2,100,000 and HK\$726,000, respectively, representing the cumulative effect of the change in policy on the results of the Group and the Company for periods prior to April 1, 2002. The change has resulted in a decrease in the Group's profit of HK\$3,356,000 and an increase in the Company's profit of HK\$287,000 for the year ended March 31, 2004 (2003: an increase in the Group's and the Company's profit of HK\$1,706,000 and HK\$312,000, respectively).

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

The financial statements have been prepared in accordance with accounting policies generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

### **Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired.

On disposal of a subsidiary or an associate, the attributable amount of goodwill previously eliminated against reserves is included in the determination of the profit or loss on disposal.

### **Negative goodwill**

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to April 1, 2001 continues to be held in reserves and will be credited to income statement at the time of disposal of the relevant subsidiary or associate.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Investments in subsidiaries**

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

### **Investments in associates**

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, the Group's interests in associates are stated at the Group's share of net assets of the associates, less any identified impairment loss.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

### **Investment properties**

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance of the investment property revaluation reserve attributable to the property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease, including the renewal period, is of twenty years or less.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation, amortisation and any accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight line method, as follows:

Freehold land	Nil
Leasehold land and land use rights	Over the terms of the leases or rights
Buildings	4% per annum
Leasehold improvements	Over the shorter of the terms of the leases and five years
Plant and machinery, furniture and fixtures	12.5%-20% per annum
Motor vehicles	12.5%-20% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where, shorter, the period of the relevant lease.

### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Assets held under finance leases**

Leases are classified as finance leases when the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group.

Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liabilities to the lessors, net of interest charges, are included in the balance sheet as finance lease obligations. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight line basis over the relevant lease term.

### **Investments in securities**

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Textile quota entitlements

The cost of temporary quota entitlements is charged to the income statement in the year in which they are used.

Permanent quota entitlements purchased from outsiders are stated at cost less amortisation and any accumulated impairment losses. The cost of permanent quota entitlements is amortised on a straight line method over their estimated useful lives.

### Trademarks

Trademarks are measured initially at cost and amortised on a straight line basis over their estimated useful lives.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to these present location and conditions. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

### Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance for properties under operating leases, is recognised on a straight line basis over the period of the relevant leases.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's subsidiaries which are denominated in currencies other than Hong Kong dollars are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognised as income or as expenses in the year in which the subsidiaries are disposed of.

### Retirement benefit costs

Contributions payable by the Group to its defined contribution retirement benefit schemes and the Hong Kong Mandatory Provident Fund Scheme are charged to the income statement in the period in which they become payable.

## 4. SEGMENT INFORMATION

### Business segments

The Group is principally engaged in the manufacture and sale of garments. Accordingly, no business segments analysis of financial information is provided.

### Geographical segments

The Group's manufacture and sale of garments business is principally located in the United States of America ("USA"), Canada, Asia and Europe and others.



# Notes to the Financial Statements

For the year ended March 31, 2004

## 4. SEGMENT INFORMATION (continued)

### Geographical segments (continued)

The Group reports its primary segment information on geographical location of its customers and the segment information about these geographical markets is presented below:

#### 2004

	USA HK\$'000	Canada HK\$'000	Asia HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>					
Sales of goods	1,523,680	19,632	136,860	65,488	1,745,660
<b>SEGMENT RESULT</b>					
	105,594	1,629	8,724	7,728	123,675
Other operating income					5,003
Profit from operations					128,678
Finance costs					(835)
Loss on disposal of interests in associates	(203)	(22)	(220)	(21)	(466)
Share of results of associates	693	40	400	35	1,168
Profit before taxation					128,545
Income tax expenses					(23,668)
Profit after taxation					104,877

# Notes to the Financial Statements

For the year ended March 31, 2004

## 4. SEGMENT INFORMATION (continued)

### Geographical segments (continued)

The following is an analysis of the carrying amount of segment assets and segment liabilities, analysed by the geographical location of the Group's customers, as at March 31, 2004:

2004

	USA HK\$'000	Canada HK\$'000	Asia HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>					
Segment asset	465,651	8,903	69,390	23,624	567,568
Interests in associates	8,076	142	1,453	103	9,774
Unallocated corporate assets					356,226
Consolidated total assets					933,568
<b>LIABILITIES</b>					
Segment liabilities	227,693	3,154	21,867	11,151	263,865
Unallocated corporate liabilities					25,557
Consolidated total liabilities					289,422
<b>OTHER INFORMATION</b>					
Capital expenditure	15,216	329	2,732	798	19,075
Depreciation and amortisation	20,857	512	4,051	1,079	26,499

# Notes to the Financial Statements

For the year ended March 31, 2004

## 4. SEGMENT INFORMATION (continued)

### Geographical segments (continued)

2003

	USA HK\$'000	Canada HK\$'000	Asia HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000 (restated)
<b>TURNOVER</b>					
Sales of goods	1,334,277	21,739	138,202	45,795	1,540,013
<b>SEGMENT RESULT</b>					
	89,473	1,810	12,085	5,160	108,528
Other operating income					7,024
Profit from operations					115,552
Finance costs					(1,063)
Share of results of associates	2,857	58	388	165	3,468
Profit before taxation					117,957
Income tax expenses					(14,627)
Profit after taxation					103,330

# Notes to the Financial Statements

For the year ended March 31, 2004

## 4. SEGMENT INFORMATION (continued)

### Geographical segments (continued)

The following is an analysis of the carrying amount of segment assets and segment liabilities, analysed by the geographical location of the Group's customers, as at March 31, 2003:

2003

	USA HK\$'000	Canada HK\$'000	Asia HK\$'000	Europe and others HK\$'000	Consolidated HK\$'000 (restated)
<b>ASSETS</b>					
Segment assets	450,399	8,717	55,185	15,287	529,588
Interests in associates	12,310	251	1,971	145	14,677
Unallocated corporate assets					361,755
<b>Consolidated total assets</b>					<b>906,020</b>
<b>LIABILITIES</b>					
Segment liabilities	234,280	3,149	17,952	9,063	264,444
Unallocated corporate liabilities					24,425
<b>Consolidated total liabilities</b>					<b>288,869</b>
<b>OTHER INFORMATION</b>					
Capital expenditure	15,048	285	2,196	202	17,731
Depreciation and amortisation	19,101	414	2,445	617	22,577
Impairment loss on investment securities	281	-	-	-	281

# Notes to the Financial Statements

For the year ended March 31, 2004

## 4. SEGMENT INFORMATION *(continued)*

### Geographical segments *(continued)*

In addition to the analysis by the geographical location of the Group's customers, the following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2004 HK\$'000	2003 HK\$'000 (restated)	2004 HK\$'000	2003 HK\$'000
USA	90,600	100,662	3,399	3,446
Hong Kong	529,086	500,527	2,250	2,997
People's Republic of China, other than Hong Kong (the "PRC")	268,423	263,299	11,580	6,863
Others	45,459	41,532	1,846	4,425
	<b>933,568</b>	<b>906,020</b>	<b>19,075</b>	<b>17,731</b>

## 5. OTHER OPERATING INCOME

	2004 HK\$'000	2003 HK\$'000
Bank interest income	1,810	3,348
Gain on disposal of property, plant and equipment	10	196
Rental income from properties under operating leases, net of outgoings of HK\$109,000 (2003: HK\$199,000)	2,840	3,480
Unrealised holding gain on other unlisted investments	343	-
	<b>5,003</b>	<b>7,024</b>

# Notes to the Financial Statements

For the year ended March 31, 2004

## 6. PROFIT FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging:		
Directors' emoluments ( <i>note 8</i> )		
Fees	300	240
Other emoluments	10,814	12,443
Retirement benefits scheme contributions	48	58
	<b>11,162</b>	12,741
Other staff costs	268,565	217,368
Retirement benefits scheme contributions, excluding directors	6,863	5,682
	<b>286,590</b>	235,791
Amortisation of intangible assets (HK\$79,000 (2003: HK\$77,000) included in administrative expenses, HK\$51,000 (2003: HK\$51,000) included in cost of sales)	130	128
Auditors' remuneration	1,062	955
Depreciation and amortisation of property, plant and equipment	26,369	22,449
Impairment loss on investments securities	-	281
Temporary quota expenses	31,097	34,677

## 7. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on borrowings wholly repayable within five years:		
Bank borrowings and bills discounted	805	1,042
Finance leases	30	21
	<b>835</b>	1,063

# Notes to the Financial Statements

For the year ended March 31, 2004

## 8. DIRECTORS' EMOLUMENTS

Particulars of the emoluments of the directors are as follows:

	2004 HK\$'000	2003 HK\$'000
Directors' fees:		
Executive directors	-	-
Non-executive directors		
Independent	180	180
Other	120	60
	<b>300</b>	<b>240</b>
Other emoluments:		
Executive directors		
Salaries and other benefits	8,381	8,955
Performance related incentive payments	1,452	2,730
Retirement benefits scheme contributions	48	58
Non-executive directors		
Independent	-	-
Other, being salaries and other benefits	981	758
Retirement benefits scheme contributions	-	-
	<b>10,862</b>	<b>12,501</b>
	<b>11,162</b>	<b>12,741</b>

The aggregate emoluments of each of the directors were within the following bands:

	Number of directors	
	2004	2003
Nil to HK\$1,000,000	5	6
HK\$1,000,001 to HK\$1,500,000	1	-
HK\$2,000,001 to HK\$2,500,000	-	1
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$5,500,001 to HK\$6,000,000	1	-
HK\$6,000,001 to HK\$6,500,000	-	1

# Notes to the Financial Statements

For the year ended March 31, 2004

## 9. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included two directors (2003: three), details of whose emoluments are set out in note 8 above. The emoluments of the remaining three (2003: two) highest paid individuals were as follows:

	<b>2004</b>	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other benefits	<b>9,249</b>	6,220
Performance related incentive payments	<b>4,194</b>	400
Retirement benefits scheme contributions	<b>23</b>	12
	<b>13,466</b>	6,632

The aggregate emoluments of each of the employees were within the following bands:

	<b>Number of employees</b>	
	<b>2004</b>	2003
HK\$2,000,001 to HK\$2,500,000	<b>2</b>	1
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$8,500,001 to HK\$9,000,000	<b>1</b>	–

During the years ended March 31, 2004 and 2003, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the years ended March 31, 2004 and 2003.



# Notes to the Financial Statements

For the year ended March 31, 2004

## 10. INCOME TAX EXPENSES

Taxation attributable to the Company and its subsidiaries:

	2004 HK\$'000	2003 HK\$'000 (restated)
Current tax:		
Hong Kong	14,631	12,171
PRC	1,380	864
Other jurisdictions	3,128	3,408
	19,139	16,443
Underprovision in prior years of Hong Kong Profits Tax	1,178	-
	20,317	16,443
Deferred tax charge (credit) (note 26):		
Current year	3,320	(2,202)
Attributable to a change in Hong Kong Profits Tax rate	(157)	-
	3,163	(2,202)
Share of taxation attributable to associates	188	386
	23,668	14,627

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profit for the year. Hong Kong Profits Tax rate was increased with effect in the year of assessment 2003/2004.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years ("Tax Holidays"). Two (2003: two) of the subsidiaries of the Company is subject to enterprise income tax in the PRC at a reduction rate of 50% during the year ended March 31, 2004.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 10. INCOME TAX EXPENSES (continued)

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2004		2003	
	HK\$'000	%	HK\$'000	%
Profit before taxation	<b>128,545</b>		117,957	
Tax at the domestic income tax rate of 17.5% (2003: 16%)	<b>22,495</b>	<b>17.5</b>	18,873	16.0
Tax effect of expenses that are not deductible in determining taxable profit	<b>2,985</b>	<b>2.3</b>	328	0.3
Tax effect of income that is not taxable in determining taxable profit	<b>(7,088)</b>	<b>(5.5)</b>	(8,318)	(7.1)
Tax effect of tax losses not recognised	<b>6,680</b>	<b>5.2</b>	7,229	6.1
Tax effect of other deferred tax assets not recognised	<b>45</b>	<b>-</b>	11	-
Utilisation of tax losses previously not recognised	<b>(262)</b>	<b>(0.2)</b>	(435)	(0.4)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	<b>(157)</b>	<b>(0.1)</b>	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(2,190)</b>	<b>(1.7)</b>	(2,657)	(2.2)
Underprovision in prior years	<b>1,178</b>	<b>0.9</b>	-	-
Others	<b>(18)</b>	<b>-</b>	(404)	(0.3)
Tax expenses and effective tax rate for the year	<b>23,668</b>	<b>18.4</b>	14,627	12.4

Details of deferred taxation for the year are set out in note 26.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 11. DIVIDENDS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interim dividends paid in respect of year ended:		
– March 31, 2004 (HK6 cents per share)	21,128	–
– March 31, 2003 (HK5.5 cents per share)	–	19,368
Special dividends paid in respect of year ended:		
– March 31, 2003 (HK3 cents and HK1 cent per share, respectively)	10,564	3,521
– March 31, 2002 (HK2 cents per share)	–	7,043
Final dividends paid in respect of year ended:		
– March 31, 2003 (HK12 cents per share)	42,256	–
– March 31, 2002 (HK11.5 cents per share)	–	40,496
	<b>73,948</b>	<b>70,428</b>

The final dividend of HK13.5 cents per share (2003: HK12 cents per share and a special dividend of HK3 cents per share) have been proposed by the directors and is subject to approval by the shareholders in the next general meeting.

## 12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year of HK\$95,468,000 (2003: HK\$93,034,000 (restated)) and on the number of 352,137,298 shares (2003: 352,137,298 shares) in issue during the year.

The adjustment to comparative basic earnings per share, arising from the changes in accounting policy shown in note 2 above, is as follows:

	<i>HK cents</i>
Reconciliation of 2003 earnings per share:	
Reported figure before adjustment	25.9
Adjustment arising from the adoption of SSAP 12 (Revised)	0.5
	<b>26.4</b>

There were no potential dilutive ordinary shares for the years presented.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 13. INVESTMENT PROPERTIES

	<b>THE GROUP</b>	
	<b>2004</b>	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>VALUATION</b>		
Balance brought forward	<b>11,740</b>	12,100
Transfer from property, plant and equipment	<b>9,003</b>	–
Revaluation increase (decrease)	<b>1,555</b>	(360)
Balance carried forward	<b>22,298</b>	11,740

The investment properties of the Group were revalued at March 31, 2004 on the open market value basis by DTZ Debenham Tie Leung Limited, an independent firm of professional valuers. This valuation gave rise to a revaluation increase of HK\$1,555,000 (2003: decrease of HK\$360,000) which has been credited to the investment property revaluation reserve. All of the investment properties of the Group are rented out under operating leases.

The investment properties of the Group are held under medium-term leases and are situated in Hong Kong.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>HK\$'000</i>	Leasehold improvements, plant and machinery, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE GROUP</b>				
COST				
At April 1, 2003	136,199	200,066	5,345	341,610
Currency realignment	1,165	776	7	1,948
Additions	46	18,661	368	19,075
Disposals	-	(2,526)	(425)	(2,951)
Transfer to investment properties	(12,589)	-	-	(12,589)
<b>At March 31, 2004</b>	<b>124,821</b>	<b>216,977</b>	<b>5,295</b>	<b>347,093</b>
DEPRECIATION AND AMORTISATION				
At April 1, 2003	34,720	139,643	3,675	178,038
Currency realignment	119	495	3	617
Provided for the year	4,009	21,734	626	26,369
Eliminated on disposals	-	(2,179)	(342)	(2,521)
Transfer to investment properties	(3,586)	-	-	(3,586)
<b>At March 31, 2004</b>	<b>35,262</b>	<b>159,693</b>	<b>3,962</b>	<b>198,917</b>
NET BOOK VALUES				
<b>At March 31, 2004</b>	<b>89,559</b>	<b>57,284</b>	<b>1,333</b>	<b>148,176</b>
At March 31, 2003	101,479	60,423	1,670	163,572

Land and buildings include medium-term land use rights and buildings situated in the PRC with an aggregate net book value amounting to approximately HK\$48,265,000 (2003: HK\$50,786,000) and freehold land and buildings situated overseas with an aggregate net book value amounting to approximately HK\$14,929,000 (2003: HK\$14,321,000). All other land and buildings of the Group are situated in Hong Kong and held under medium-term leases.

The net book value of property, plant and equipment includes an amount of approximately HK\$502,000 (2003: HK\$479,000) in respect of assets held under finance leases.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements, plant and machinery, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE COMPANY</b>			
COST			
At April 1, 2003	7,227	710	7,937
Additions	397	-	397
<b>At March 31, 2004</b>	<b>7,624</b>	<b>710</b>	<b>8,334</b>
DEPRECIATION			
At April 1, 2003	6,491	296	6,787
Provided for the year	241	142	383
<b>At March 31, 2004</b>	<b>6,732</b>	<b>438</b>	<b>7,170</b>
NET BOOK VALUES			
<b>At March 31, 2004</b>	<b>892</b>	<b>272</b>	<b>1,164</b>
At March 31, 2003	736	414	1,150

# Notes to the Financial Statements

For the year ended March 31, 2004

## 15. INTANGIBLE ASSETS

	Permanent textile quota entitlements <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE GROUP</b>			
<b>COST</b>			
At April 1, 2003 and March 31, 2004	255	774	1,029
<b>AMORTISATION</b>			
At April 1, 2003	153	77	230
Provided for the year	51	79	130
<b>At March 31, 2004</b>	<b>204</b>	<b>156</b>	<b>360</b>
<b>CARRYING AMOUNT</b>			
<b>At March 31, 2004</b>	<b>51</b>	<b>618</b>	<b>669</b>
At March 31, 2003	102	697	799

Permanent quota entitlements and trademarks are amortised on a straight line basis over a period of five and ten years respectively.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 16. INVESTMENTS IN SUBSIDIARIES

**THE COMPANY**  
**2004 & 2003**  
HK\$'000

Unlisted shares, at cost	78,817
--------------------------	--------

Particulars of the Company's principal subsidiaries at March 31, 2004 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Paid up issued share capital/ common stock/ registered capital (HK\$ unless otherwise indicated)	Class of share held	Proportion of nominal value of issued share capital/ common stock/ registered capital held by the Company		Principal activities
				Directly %	Indirectly %	
Attune New York Inc.	USA (a)	US\$90,000	Ordinary	-	100	Garment trading
Do Do Fashion Limited	Hong Kong (a)	720,000	Ordinary	100	-	Garment manufacture
Dorcash Industrial Limited	Hong Kong (a)	20	Ordinary	100	-	Property holding
Fashiontex Sdn. Bhd.	Malaysia (a)	M\$3,000,000	Ordinary	100	-	Garment manufacture
Golden Fountain Industrial Company Limited	Hong Kong (a)	500,000	Ordinary	100	-	Property holding
Golden Will Fashions Limited	Hong Kong (a)	10,000	Ordinary	-	60	Garment trading
Golden Will Fashions Phils., Inc.	The Philippines (a)	P\$30,000,000	Ordinary	-	60	Garment manufacture
Sing Yang (Overseas) Limited	Hong Kong* (a)	100,000	Ordinary	100	-	Garment manufacture
Sing Yang Services Limited	Hong Kong (a)	100,000	Ordinary	100	-	Management services
Sing Yang Trading Limited	Hong Kong (a)	100,000	Ordinary	100	-	Garment trading
THL Inc.	USA (a)	US\$10,000	Ordinary	-	100	Garment trading
Tung Thai Fashions Limited	Thailand (a)	Baht100,000,000	Ordinary	100	-	Garment manufacture
Tungtex Trading Company Limited	Hong Kong (a)	6,000,000	Ordinary	100	-	Garment manufacture
Tungtex (UK) Limited	United Kingdom (a)	£10,000	Ordinary	100	-	Provision of agency services in garments
Tungtex (U.S.A.) Inc.	USA (a)	US\$838,802	Ordinary	100	-	Investment holding
West Pacific Enterprises Corporation	USA (a)	US\$3,217,836	Ordinary	-	100	Garment design and trading
Winnertex Fashions Limited	Hong Kong (a)	100	Ordinary	-	75	Garment manufacture
Yellow River, Inc.	USA (a)	US\$80,000	Ordinary	-	51	Garment design and trading
中山同得仕絲綢服裝有限公司	PRC (b)	22,800,000	Registered capital	-	90	Garment manufacture
華裳服裝(深圳)有限公司	PRC (c)	5,000,000	Registered capital	-	100	Garment manufacture
深圳百多爾時裝有限公司	PRC (b)	Rmb2,500,000	Registered capital	-	95	Garment manufacture

\* Sing Yang (Overseas) Limited operates in the PRC.



# Notes to the Financial Statements

For the year ended March 31, 2004

## 16. INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

- (a) These companies are private limited companies.
- (b) These companies are sino-foreign equity enterprises.
- (c) This company is a wholly foreign owned enterprise.

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or assets of the Group.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

## 17. INTERESTS IN ASSOCIATES

	2004 HK\$'000	2003 HK\$'000
<b>THE GROUP</b>		
Share of net assets	9,774	14,677
<b>THE COMPANY</b>		
Capital contribution, at cost	1,686	3,889

Particulars of the Group's associates at March 31, 2004, which are registered and operated in the PRC as sino-foreign equity enterprises, are as follows:

Name of associate	Class of share held	Proportion of registered capital held by the Group %	Principal activities
深圳浙絲服裝有限公司	Registered capital	25	Garment manufacture
番禺市金源時裝有限公司	Registered capital	30	Garment manufacture
嵊州同泰絲服飾有限公司	Registered capital	30	Garment manufacture
德清華高時裝有限公司	Registered capital	25	Garment manufacture

During the year, the Group reduced its equity holding from 36% to 25% in 深圳浙絲服裝有限公司 and disposed of its entire 25% equity interest in 杭州錦標時裝有限公司.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 18. INVESTMENTS IN SECURITIES

	<b>THE GROUP AND THE COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current investments		
Investment securities, being overseas listed shares, at cost	<b>581</b>	581
Less: Impairment loss	<b>(281)</b>	(281)
	<b>300</b>	300
Other unlisted investments, at fair value	<b>1,891</b>	1,548
	<b>2,191</b>	1,848
Market value of listed shares at March 31	<b>335</b>	146

## 19. INVENTORIES

	<b>THE GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	<b>43,028</b>	36,539
Work in progress	<b>69,422</b>	58,728
Finished goods	<b>51,710</b>	38,078
	<b>164,160</b>	133,345

Included above are raw materials of HK\$1,354,000 (2003: HK\$1,645,000) and finished goods of HK\$1,832,000 (2003: HK\$2,939,000) which are carried at net realisable values.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 20. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers. Included in trade and other receivables are trade receivables with the following aged analysis:

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 30 days	<b>164,369</b>	149,406
31 – 60 days	<b>44,923</b>	45,684
61 – 90 days	<b>10,135</b>	8,463
	<b>219,427</b>	203,553

## 21. TRADE AND OTHER PAYABLES

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

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 30 days	<b>103,926</b>	96,935
31 – 60 days	<b>42,703</b>	36,581
61 – 90 days	<b>13,385</b>	15,232
More than 90 days	<b>2,295</b>	2,061
	<b>162,309</b>	150,809

# Notes to the Financial Statements

For the year ended March 31, 2004

## 22. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum		Present value	
	lease payments		of minimum	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount payable under finance leases:				
Within one year	223	205	198	181
In the second to fifth year inclusive	193	259	178	242
	<b>416</b>	464		
Less: Future finance charges	<b>(40)</b>	(41)		
Present value of lease obligations	<b>376</b>	423	<b>376</b>	423
Less: Amount due within one year shown under current liabilities			<b>(198)</b>	(181)
Amount due after one year			<b>178</b>	242

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is three years. For the year ended March 31, 2004, the effective borrowing rate was 14.6 % (2003: 6.0%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 23. BANK BORROWINGS

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings comprise the following:		
Bank overdrafts	7,107	5,739
Trust receipt loans	10,376	10,399
	<b>17,483</b>	<b>16,138</b>
Analysed as:		
Secured	16,376	16,138
Unsecured	1,107	-
	<b>17,483</b>	<b>16,138</b>

All bank borrowings at the balance sheet date are repayable within one year or upon demand and are included under current liabilities. The outstanding bank borrowings as at balance sheet date bear interest at prevailing market rates.

## 24. SHARE CAPITAL

	Number of shares	Value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.20 each		
At April 1, 2003, March 31, 2003 and 2004	500,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.20 each		
At April 1, 2003, March 31, 2003 and 2004	352,137,298	70,428

# Notes to the Financial Statements

For the year ended March 31, 2004

## 25. RESERVES

	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE COMPANY</b>				
Balance at April 1, 2002				
– as originally stated	84,880	3,848	75,193	163,921
– prior period adjustment ( <i>note 2</i> )	–	–	726	726
– as restated	84,880	3,848	75,919	164,647
Net profit for the year (restated)	–	–	108,953	108,953
Dividends ( <i>note 11</i> )	–	–	(70,428)	(70,428)
Balance at March 31, 2003 (restated)	84,880	3,848	114,444	203,172
Net profit for the year	–	–	103,809	103,809
Dividends ( <i>note 11</i> )	–	–	(73,948)	(73,948)
<b>Balance at March 31, 2004</b>	<b>84,880</b>	<b>3,848</b>	<b>144,305</b>	<b>233,033</b>

The Company's reserves available for distribution to shareholders as at March 31, 2004 comprise the accumulated profits of HK\$144,305,000 (2003: HK\$114,444,000).

# Notes to the Financial Statements

For the year ended March 31, 2004

## 26. DEFERRED TAXATION

### THE GROUP

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At April 1, 2002				
– as previously reported	(3,879)	932	419	(2,528)
– adjustment on adoption of SSAP 12 (Revised)	16	1,997	87	2,100
– as restated	(3,863)	2,929	506	(428)
Credit to income for the year	532	948	722	2,202
At March 31, 2003	(3,331)	3,877	1,228	1,774
Credit (charge) to income for the year	505	(3,198)	(627)	(3,320)
Effect of change in tax rate (charge) credit to the income statement	(312)	363	106	157
<b>At March 31, 2004</b>	<b>(3,138)</b>	<b>1,042</b>	<b>707</b>	<b>(1,389)</b>

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Deferred tax assets	1,975	4,926
Deferred tax liabilities	(3,364)	(3,152)
	<b>(1,389)</b>	1,774

# Notes to the Financial Statements

For the year ended March 31, 2004

## 26. DEFERRED TAXATION (continued)

At the balance sheet date, the Group has unused tax losses of HK\$92 million (2003: HK\$72 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$6 million (2003: HK\$16 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$86 million (2003: HK\$56 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$41 million (2003: HK\$34 million) that will expire before March 31, 2009 and losses of HK\$22 million (2003: HK\$14 million) that will expire before March 31, 2024. Other losses may be carried forward indefinitely.

At the balance sheet date, the Group has deductible temporary differences of HK\$0.1 million (2003: HK\$1.8 million). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

No provision for deferred tax has been made for taxes which would arise on the remittance of accumulated profits of overseas companies to Hong Kong as it is not anticipated that these amounts will be remitted in the near future.

### THE COMPANY

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At April 1, 2002				
– as previously reported	–	–	–	–
– adjustment on adoption of SSAP 12 (Revised)	(161)	887	–	726
– as restated	(161)	887	–	726
Credit to income for the year	312	–	–	312
At March 31, 2003 (restated)	151	887	–	1,038
Credit (charge) to income for the year	13	188	(11)	190
Effect of change in tax rate credit to the income statement	14	83	–	97
<b>At March 31, 2004</b>	<b>178</b>	<b>1,158</b>	<b>(11)</b>	<b>1,325</b>

At March 31, 2004, the Company has unused tax losses of HK\$6,618,000 (2003: HK\$5,541,000) available for offset against future profits and the respective deferred tax asset has been recognised due to predictability of future profit streams.



# Notes to the Financial Statements

For the year ended March 31, 2004

## 27. ACQUISITION OF BUSINESS

On October 23, 2002, the Group acquired a business operation which also engaged in trading of garments. The acquisition was accounted for by the acquisition method of accounting.

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net assets acquired:		
Property, plant and equipment	–	77
Trademarks	–	774
Inventories	–	1,084
<hr/>		
Total consideration satisfied by cash and cash outflow arising on acquisition	–	1,935

The business acquired did not have any significant financial impact on the Group's cash flows or operating results for the year ended March 31, 2003.

## 28. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease contracts of HK\$163,000 (2003: HK\$369,000).

# Notes to the Financial Statements

For the year ended March 31, 2004

## 29. OPERATING LEASES COMMITMENTS

### The Group as lessee

During the year, the Group made minimum lease payments under operating leases of HK\$22,158,000 (2003: HK\$19,467,000) in respect of rented premises.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Within one year	16,191	21,653
In second to fifth year inclusive	24,381	32,655
Over five years	12,907	15,976
	<b>53,479</b>	<b>70,284</b>

Operating lease payments represent rentals payable by the Group for certain of its office premises and retail shops. Leases are negotiated for an average term of four years and rentals are fixed for an average of one year.

### The Group as lessor

Property rental income earned during the year was HK\$2,949,000 (2003: HK\$3,679,000). The properties held have committed tenants for an average term of two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Within one year	2,009	2,150
In second to fifth year inclusive	2,106	2,272
	<b>4,115</b>	<b>4,422</b>

# Notes to the Financial Statements

For the year ended March 31, 2004

## 30. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital expenditure committed as follows:

	<b>THE GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for in the financial statements in respect of acquisition of property, plant and equipment	<b>86</b>	<b>466</b>

The Company did not have any capital commitments at the balance sheet date.

## 31. CONTINGENT LIABILITIES

	<b>THE GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bills discounted with recourse	<b>60,943</b>	<b>86,842</b>

The Company has issued guarantees to banks to secure general banking facilities granted to certain subsidiaries to the extent of HK\$147 million (2003: HK\$147 million). The Company has also issued unlimited guarantees to banks to secure banking facilities granted to certain subsidiaries. The extent of the above facilities utilised by the subsidiaries at March 31, 2004 amounted to HK\$17 million (2003: HK\$16 million).

## 32. PLEDGE OF ASSETS

At the balance sheet date, certain land and buildings with an aggregate net book value of approximately HK\$21 million (2003: HK\$35 million) and certain investment properties with an aggregate carrying value of approximately HK\$6 million (2003: Nil) were pledged to banks to secure general banking facilities granted to the Group.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 33. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% or HK\$1,000 of the relevant payroll costs, for each of the employees every month, to the Scheme, which contribution is matched by employees.

The employees in the Group's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the government in the PRC. The subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

In addition, certain subsidiaries of the Company are required to contribute amounts based on employees' salaries to the retirement benefit schemes as stipulated by relevant local authorities. The employees are entitled to the Company's contributions subject to the regulations of the relevant local authorities.

The total cost charged to the income statement of HK\$6,911,000 (2003: HK\$5,740,000) represents contributions payable to these schemes by the Group in respect of the current accounting year.

## 34. POST BALANCE SHEET EVENTS

The Group has the following post balance sheet events:

- (a) On July 2, 2004, the Group entered into an agreement to dispose of its entire equity interest in 深圳浙絲服裝有限公司 at a consideration of HK\$3,506,000.
- (b) Pursuant to a preliminary agreement entered into by the Company and an independent third party on June 28, 2004, the Company agreed to acquire a factory and other property, plant and equipment in the PRC from an independent third party at a consideration of HK\$20 million.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 35. CONNECTED TRANSACTIONS AND RELATED PARTIES TRANSACTIONS

- (a) During the year, the Group had transactions with connected persons and related parties, details of which are set out as follows:

### (I) Connected transactions

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fabric print and artwork services from Fine Print Studio Inc. ("Fine Print")	2,199	-
Rental income received from Fine Print	231	-

Fine Print is wholly owned by Mr. Peter Kan Mui, a minority shareholder of a subsidiary, and his associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange).

The above transactions were carried out in accordance with the terms agreed by both parties.

### (II) Related party transactions

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Purchase of raw materials and finished goods from the Group's associates	15,937	19,487

The above transactions were carried out at cost plus a percentage of profit mark up.

Save as disclosed above, there were no other significant transactions with connected persons or related parties during the year.

# Notes to the Financial Statements

For the year ended March 31, 2004

## 35. CONNECTED TRANSACTIONS AND RELATED PARTIES TRANSACTIONS *(continued)*

- (b) The Group and the Company have the following balances with related parties at the balance sheet date:

Amount due from an associate of HK\$735,000 (2003: HK\$735,000) is unsecured, non-interest bearing and has no fixed repayment terms.

Amount due to an associate of HK\$7,605,000 (2003: HK\$11,708,000) represents trading balance and is aged within 60 days.

Amounts due from/to subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms.