

NOTES TO THE ACCOUNTS

1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts are prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The accounting policies used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st December, 2003.

2. Segment information

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segment is as follows:

	Turnover Six months ended 30th June,		Contribution to operating profit Six months ended 30th June,	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Geographical segment:				
United States of America	431,023	379,717	28,718	24,352
Europe	12,013	35,904	1,022	2,606
Canada	19,595	31,306	1,374	1,559
Southeast Asia	12,199	12,878	1,061	1,007
Other countries	2,920	3,193	216	278
	<u>477,750</u>	<u>462,998</u>	<u>32,391</u>	<u>29,802</u>
Other revenues			683	555
Unallocated administrative expenses			<u>(23,779)</u>	<u>(20,622)</u>
Operating profit			<u>9,295</u>	<u>9,735</u>
Finance costs			<u>(1,411)</u>	<u>(881)</u>
Profit before taxation			<u>7,884</u>	<u>8,854</u>
Taxation			<u>(2,709)</u>	<u>(2,012)</u>
Profit after taxation			<u>5,175</u>	<u>6,842</u>
Minority interests			<u>123</u>	<u>(628)</u>
Profit attributable to shareholders			<u>5,298</u>	<u>6,214</u>

The Group's turnover and operating profit were solely contributed by garment manufacturing business.

3. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Crediting</i>		
Interest income	640	512
Rental income	43	43
	<u> </u>	<u> </u>
<i>Charging</i>		
Depreciation of fixed assets	8,288	8,798
Amortization of goodwill	643	643
Amortization of permanent textile quota entitlements	-	383
	<u> </u>	<u> </u>

4. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries, which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30th June,	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax	1,400	1,038
Overseas taxation	866	195
Deferred taxation	443	779
	<u> </u>	<u> </u>
	<u>2,709</u>	<u>2,012</u>

5. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$5,298,000 (2003: HK\$6,214,000) and the weighted average of 360,034,000 shares (2003: 360,034,000 shares) in issue during the period.

The Group would have an anti-dilutive effect on the earnings per share as the exercise price of the Company's outstanding share options was higher than the average market price of the share for each of the six months ended 30th June, 2003 and 2004.

6. Trade and other receivables

	At 30th June, 2004 (Unaudited) HK\$'000	At 31st December, 2003 (Audited) HK\$'000
Trade receivables	104,454	149,962
Prepayments, deposits and other receivables	21,645	16,944
	<u>126,099</u>	<u>166,906</u>

The majority of the Group's turnover is on letter of credit at sight to 90 days. The remaining balances of turnover are without specific credit terms. The ageing analysis of trade receivables is as follows:

	At 30th June, 2004 (Unaudited) HK\$'000	At 31st December, 2003 (Audited) HK\$'000
Within 30 days	66,343	86,824
31-60 days	25,550	19,540
61-90 days	2,469	33,579
Over 90 days	10,092	10,019
	<u>104,454</u>	<u>149,962</u>

7. Trade and other payables

	At 30th June, 2004 (Unaudited) HK\$'000	At 31st December, 2003 (Audited) HK\$'000
Trade payables	107,114	97,470
Other payables and accruals	36,217	42,390
	<u>143,331</u>	<u>139,860</u>

The ageing analysis of trade payables is as follows:

	At 30th June, 2004 (Unaudited) HK\$'000	At 31st December, 2003 (Audited) HK\$'000
Within 30 days	82,026	57,726
31-60 days	14,502	16,484
61-90 days	3,678	7,552
Over 90 days	6,908	15,708
	<u>107,114</u>	<u>97,470</u>

8. Contingent liabilities

As at 30th June, 2004, the Group had no contingent liabilities (31st December, 2003: The Group had bills discounted to banks with recourse amounting to HK\$12,801,000).

9. Commitments

- (a) Capital commitments relating to the Group's interest in a subsidiary and acquisition of fixed assets are as follow:

	At 30th June, 2004 (Unaudited) HK\$'000	At 31st December, 2003 (Audited) HK\$'000
Contracted but not provided for		
– interest in a subsidiary	4,619	25,753
– acquisition of fixed assets	–	67
	<u>4,619</u>	<u>25,820</u>

(b) Commitments under operating leases

As at 30th June, 2004, the Group had total future aggregate minimum lease payments for land and buildings under non-cancellable operating leases as follows:

	At 30th June, 2004 (Unaudited) HK\$'000	At 31st December, 2003 (Audited) HK\$'000
Not later than one year	7,941	9,812
Later than one year and not later than five years	9,646	10,690
Later than five years	10,831	11,947
	<hr/> 28,418 <hr/>	<hr/> 32,449 <hr/>

On behalf of the board
Rusli Hendrawan
Chairman

Hong Kong, 25th August, 2004