

### Notes to the Condensed Financial Statements

For the six months ended 28th February, 2001

# 1. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st August, 2000.

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 "Interim financial reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants, except that comparative figures are not presented either for the condensed consolidated statement of recognised gains and losses or for the condensed consolidated cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1st July, 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## 2. Segmental information

An analysis of the Group's turnover and contribution to profit from operations by business segments and geographical segments is as follows:

			Contr	ibution to
	Turnover		profit from operations	
	Six months	Six months	Six months	Six months
	ended 28th	ended 29th	ended 28th	ended 29th
	February,	February,	February,	February,
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Knitting, dyeing, printing and sales of dyed fabrics, sewing				
threads and dyed yarns	1,961,483	1,578,574	187,057	209,299
Sales of garments	106,193	125,160	1,952	(9,322)
Trading of yarns	22,491	62,421	382	2,917
	2,090,167	1,766,155	189,391	202,894
Unallocated corporate income			4,039	2,295
Profit from operations			193,430	205,189



#### 2. **Segmental information** (Continued)

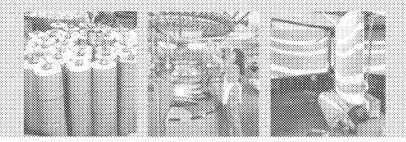
### Turnover

	Six months	Six months
	ended	ended
	28th February,	29th February,
	2001	2000
	HK\$'000	HK\$'000
Geographical segments		
Hong Kong	1,190,170	992,227
Rest of Asia and Australasia	636,120	499,623
Europe	57,141	83,583
North America	206,736	190,722
	2,090,167	1,766,155

Contribution to profit from operations by geographical markets has not been presented as the contribution to profit from operations from each market is substantially in line with the Group's overall ratio of profit from operations to turnover.

#### 3. **Finance costs**

	Six months	Six months
	ended	ended
	28th February,	29th February,
	2001	2000
	HK\$'000	HK\$'000
Interest on:  Bank borrowings wholly repayable within five years  Finance leases and hire purchase contracts wholly repayable  within five years	55,365 2,108	61,963 2,323
Bank facilities arrangement fees	57,473 1,738	64,286 10,575
	59,211	74,861



# 4. Depreciation and amortisation

During the period, depreciation and amortisation of approximately HK\$81,892,000 (1.9.1999 to 29.2.2000: HK\$83,499,000) was charged in respect of the Group's property, plant and equipment.

### 5. Taxation

	Six months ended 28th February, 2001 <i>HK\$</i> '000	Six months ended 29th February, 2000 HK\$'000
The charge comprises:		
Hong Kong Profits Tax  Current period  Overprovision in previous years	11,634	9,691
Overseas taxation Share of taxation attributable to jointly controlled entities	11,634 2,766 38 14,438	9,680 (2,318) 38 7,400

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## 6. Dividends

	Six months	Six months
	ended	ended
	28th February,	29th February,
	2001	2000
	HK\$'000	HK\$'000
Interim dividend of HK4.5 cents (1.9.1999 to 29.2.2000: HK3.5 cents) per share Overprovision of 2000 final dividend on repurchase of shares	(19)	27,008
	34,681	27,008



#### 7. Earnings per share

The calculation of the basic and diluted earnings per share for the period is based on the following data:

Profit for the period	Six months ended 28th February, 2001 <i>HK\$</i> *000	Six months ended 29th February, 2000 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	102,526	101,300
	Six months ended 28th February, 2001	Six months ended 29th February, 2000
Number of shares  Number of ordinary shares for the purpose of basic earnings per share  Effect of dilutive potential ordinary shares in respect of share options	771,453,103 538,818	771,658,960
Weighted average number of ordinary shares for the purpose of diluted earnings per share	771,991,921	771,658,960

No diluted earnings per share for the six months ended 29th February, 2000 has been presented as the Company has no dilutive potential ordinary shares for that period.

#### 8. Additions to property, plant and equipment

During the period, the Group incurred expenditure of approximately HK\$59,218,000 (year ended 31.8.2000: HK\$97,639,000) on additions to property, plant and equipment to expand and upgrade the Group's manufacturing facilities.







### 9. Inventories

	28th February,	31st August, 2000
	2001	
	HK\$'000	HK\$'000
Raw materials	610,291	534,541
Work in progress	232,718	257,628
Finished goods	232,939	264,388
	1,075,948	1,056,557

Included above are raw materials of approximately HK\$8,825,000 (31.8.2000: HK\$11,707,000), work in progress of approximately HK\$10,131,000 (31.8.2000: HK\$10,554,000) and finished goods of approximately HK\$16,130,000 (31.8.2000: HK\$17,090,000) which are carried at net realisable value at the balance sheet date.

## 10. Trade and other receivables

The Group allows an average credit period of 75 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	28th February,	31st August,
	2001	2000
	HK\$'000	HK\$'000
Trade receivables:		
Not yet due	409,376	463,831
Overdue 1 - 30 days	142,038	142,893
Overdue 31 - 60 days	67,615	135,739
Overdue > 60 days	107,184	133,424
	726,213	875,887
Other receivables:		
Post-dated cheques receivable	70,232	76,752
Bills receivable	80,467	169,626
Prepayments	11,395	11,576
Others	293,522	201,326
	455,616 ———————————————————————————————————	459,280
	1,181,829	1,335,167



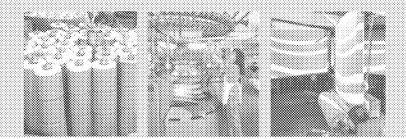
# 11. Trade and other payables

The following is an aged analysis of trade payables at the balance sheet date:

	28th February, 2001 <i>HK\$</i> '000	31st August, 2000 <i>HK\$'000</i>
Trade payables:		
Not yet due	139,526	158,879
Overdue 1 - 30 days	46,373	29,252
Overdue 31 - 60 days	4,427	12,935
Overdue > 60 days	3,973	5,893
	194,299	206,959
Other payables:		
Accrued expenses	73,447	75,152
Others	49,284	47,625
	122,731	122,777
	317,030	329,736

# 12. Share capital

	28th February,	31st August,
	2001	2000
	HK\$*000	HK\$'000
Authorised:		
1,400,000,000 shares of HK\$0.20 each	280,000 	280,000
Issued and fully paid:		
771,118,960 (31.8.2000: 771,658,960) shares		
of HK\$0.20 each	154,224	154,332
·	154,224	154,332



### 12. Share capital (Continued)

During the period, the Company repurchased its own shares through the Stock Exchange as follows:

	Number of			
	shares of			Aggregate
Month of	HK\$0.20 each	Price p	er share	consideration
repurchase	repurchased	Highest	Lowest	paid
		HK\$	HK\$	HK\$'000
December 2000	540,000	0.58	0.57	312

The repurchased shares were subsequently cancelled upon repurchase and accordingly, the issue share capital of the Company was diminished by the nominal value thereof. The premium payable on repurchase was transferred from the Company's retained profits and an amount equivalent to the nominal value of the shares cancelled was transferred from the Company's retained profits to the capital redemption reserve account.

### 13. Capital commitments

At the balance sheet date, the Group had commitments for capital expenditure amounting to approximately HK\$100,349,000 (31.8.2000: HK\$12,638,000) in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed financial statements.

## 14. Contingent liabilities

	28th February,	31st August,
	2001	2000
	HK\$'000	HK\$'000
Discounted bills with recourse	2,833	12,959
Invoices factored with recourse	32,086	25,920
	34,919	38,879

# 15. Related party disclosures

During the period, the Group paid rental expenses amounting to HK\$498,000 (1.9.1999 to 29.2.2000: HK\$531,000) to a company controlled by a director of the Company. The rentals were charged in accordance with the terms of the tenancy agreements entered into between the Group and that company.

At 28th February, 2001, the Group had entered into three loan agreements with banks and financial institutions which require certain specific performance obligations to be complied with by a director of the Company, details of which are set out in the section headed "DISCLOSURE PURSUANT TO PRACTICE NOTE NO. 19 TO THE LISTING RULES".