

NOTES TO FINANCIAL STATEMENTS

31 March 2001

1. CORPORATE INFORMATION

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

During the year, the Group was engaged in the retailing, export and production of casual wear.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAPs"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the measurement of investment properties and certain fixed assets, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2001. 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.

Subsidiaries

A subsidiary is a company, other than jointly-controlled entity, in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in values, when they are written down to values determined by the directors.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which the Group and other parties have an interest are referred to as jointly-controlled entities.

The Group's share of the post acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminutions in values, other than temporary in nature deemed necessary by the directors.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates

An associate is a company, not being a subsidiary or a joint venture, 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 provisions for diminutions in values other than temporary in nature deemed necessary by the directors.

Goodwill

Goodwill arising on consolidation of subsidiaries and on acquisition of associates and jointly-controlled entities represents the excess purchase consideration paid over the fair values ascribed to the net underlying assets acquired and is eliminated against reserves in the year of acquisition. On disposal of subsidiaries, associates or jointly-controlled entities, the relevant portion of attributable goodwill previously eliminated against reserves is written back and included in the calculation of the gain or loss on disposal.

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed assets and depreciation (continued)

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

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

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.

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 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.

Leased assets

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

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

NOTES TO FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Textile quota entitlements

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

Permanent textile quota entitlements ("permanent quota") are stated at cost less provisions for any permanent diminutions in values deemed necessary by the directors and no amortisation is made. Income and expenses arising from the temporary transfer of quota entitlements are dealt with in the profit and loss account.

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.

Inventories

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

Foreign currencies

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

On consolidation, the financial statements of overseas subsidiaries, associates and jointly-controlled entities are translated Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

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

NOTES TO FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefits schemes

The Group operates defined contribution retirement benefits schemes under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible and have elected to participate. 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 schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the Mandatory Provident Fund Exempted ORSO retirement benefits scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. In respect to the Mandatory Provident Fund retirement benefits scheme, the Group's employer contributions vest fully with the employees when contributed into the Scheme.

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.

Cash equivalents

Cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

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

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3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for goods returned and trade discounts, but excludes intra-group transactions, and the total amount of quota income received and receivable from temporary transfers of permanent textile quota entitlements.

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

	Group	
	2001 HK\$'000	2000 HK\$'000
Sales of apparel	2,755,794	2,799,041
Trading of fabric	207,192	197,306
Quota income	40,257	34,459
Turnover	3,003,243	3,030,806

4. PROFIT FROM OPERATING ACTIVITIES

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

	Group	
	2001 HK\$'000	2000 HK\$'000
Depreciation:		
Owned fixed assets	107,574	89,338
Leased fixed assets	969	2,144
Operating lease rentals:		
Land and buildings	223,401	209,312
Plant and machinery	492	447
Auditors' remuneration	3,947	4,169
Exchange losses/(gains), net	25,643	(6,352)
Provisions for diminutions in values of permanent quota	378	-
Revaluation deficit on investment property	150	500
Net revaluation surplus on land and buildings	(1,100)	-
Loss on disposal of fixed assets	9,939	5,659
Fixed assets written off	3,236	-
Interest income	(33,773)	(23,738)
Staff costs (including directors' remuneration – note 5):		
Wages and salaries	471,589	437,862
Pension contributions	5,144	6,533
Less: Forfeited contributions refunded/offset	(1,202)	(783)
Net pension contributions *	3,942	5,750
Total staff costs	475,531	443,612
Gross rental income from an investment property	(208)	(222)
Less: Outgoings	12	18
Net rental income from an investment property	(196)	(204)

* At 31 March 2001, forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years amounted to approximately HK\$942,000 (2000: HK\$728,000).

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5. DIRECTORS' REMUNERATION

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

	Group	
	2001 HK\$'000	2000 HK\$'000
Fees:		
Executive directors	–	–
Independent non-executive directors	200	200
	200	200
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	5,974	6,068
Discretionary bonus	7,060	6,928
Pension contributions	258	257
	13,292	13,253

The remuneration of the above directors fell within the following bands:

	Number of directors	
	2001	2000
Nil – HK\$1,000,000	3	3
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$3,500,001 – HK\$4,000,000	2	–
HK\$4,000,001 – HK\$4,500,000	–	1
	8	8

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

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6. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2000: three) directors, details of whose remuneration are set out in note 5 above. Further details of the remuneration of the remaining three (2000: two) non-director, highest paid employees are set out below.

	Group	
	2001 HK\$'000	2000 HK\$'000
Salaries, allowances and benefits in kind	3,491	2,589
Discretionary bonus	5,976	4,807
Pension contributions	136	87
	9,603	7,483

The remuneration of the non-director, highest paid employees fell within the following bands:

	Number of employees	
	2001	2000
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	2	1
HK\$4,000,001 – HK\$4,500,000	–	1
	3	2

7. FINANCE COSTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	40,608	47,337
Interest on finance leases	413	510
	41,021	47,847

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8. TAX

	Group	
	2001 HK\$'000	2000 HK\$'000
Company and its subsidiaries:		
Hong Kong	24,093	17,332
Elsewhere	1,480	5,162
Deferred tax – note 18	6,458	3,248
	32,031	25,742
Share of tax attributable to associates:		
Hong Kong	90	360
Elsewhere	4,346	1,608
	4,436	1,968
Share of tax attributable to jointly controlled entities:		
Elsewhere	1,021	440
Tax charge for the year	37,488	28,150

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

9. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributable to shareholders dealt with in the financial statements of the Company is HK\$428,163,000 (2000: HK\$13,466,000).

NOTES TO FINANCIAL STATEMENTS

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10. DIVIDENDS

	2001 HK\$'000	2000 HK\$'000
Interim – HK3.30 cents (2000: HK3.30 cents) per ordinary share	33,019	33,017
Proposed final – HK7.50 cents (2000: HK7.50 cents) per ordinary share	75,044	75,044
	108,063	108,061

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$182,250,000 (2000: HK\$240,503,000) and the weighted average of 1,000,584,000 (2000: 1,000,250,612) shares in issue during the year.

(b) Diluted earnings per share

As the subscription prices of the share options outstanding during the year ended 31 March 2001 are higher than the respective average market price of the Company's shares during the year, there is no dilution effect on the basic earnings per share.

Last year, the calculation of diluted earnings per share was based on the net profit attributable to shareholders for that year of HK\$240,503,000 and the weighted average of 1,012,105,366 shares in issue during that year. Included in the earnings per share calculation was the weighted average of 11,854,754 shares which were deemed to be issued at no consideration if all outstanding share options were exercised.

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12. FIXED ASSETS

Group						
	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:						
At 1 April 2000	72,065	227,815	300,187	207,616	41,404	849,087
Additions	3,377	37,824	47,957	67,453	6,159	162,770
Revaluation	2,061	–	–	–	–	2,061
Disposals	–	(9,715)	(17,151)	(16,430)	(4,740)	(48,036)
Write-off	–	–	–	(3,640)	–	(3,640)
Exchange realignment	(3,030)	(183)	(7,806)	(26,598)	(1,482)	(39,099)
At 31 March 2001	74,473	255,741	323,187	228,401	41,341	923,143
Analysis of cost or valuation:						
At cost	–	255,741	323,187	228,401	41,341	848,670
At valuation –31 March 2001	74,473	–	–	–	–	74,473
	74,473	255,741	323,187	228,401	41,341	923,143
Accumulated depreciation:						
At 1 April 2000	1,820	96,727	103,159	126,008	24,152	351,866
Provided during the year	1,735	37,952	33,785	29,108	5,963	108,543
Eliminated on revaluation	(3,448)	–	–	–	–	(3,448)
Disposals	–	(4,961)	(6,881)	(10,025)	(3,295)	(25,162)
Write-off	–	–	–	(404)	–	(404)
Exchange realignment	(107)	(56)	(4,870)	(15,484)	(793)	(21,310)
At 31 March 2001	–	129,662	125,193	129,203	26,027	410,085
Net book value:						
At 31 March 2001	74,473	126,079	197,994	99,198	15,314	513,058
At 31 March 2000	70,245	131,088	197,028	81,608	17,252	497,221

The leasehold land and building were revalued on 31 March 2001 at HK\$74,473,000 by DTZ Debenham Tie Leung Limited, S.F. Ahmed & Co and PT Saptasentra Jasa Pradana, independent professional valuers, on an open market value, existing use basis. The portion of the revaluation surplus attributable to the Group of HK\$5,509,000 has been credited to the asset revaluation reserve and the profit and loss account respectively.

Had these land and building been carried at historical cost less accumulated depreciation, their carrying values would have been approximately HK\$50,930,000.

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12. FIXED ASSETS (CONTINUED)

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

	Hong Kong HK\$'000	Elsewhere HK\$'000	Total HK\$'000
Freehold	–	10,653	10,653
Long term leases	2,300	25,220	27,520
Medium term leases	–	36,300	36,300
	2,300	72,173	74,473

The net book value of the fixed assets held under finance leases included in the total amount of fixed assets at 31 March 2001 amounted to HK\$2,373,000 (2000: HK\$7,554,000).

At 31 March 2001, certain of the above properties held by Group companies with a net book value of HK\$47,653,000 (2000: HK\$43,850,000) and certain of the Group's plant and machinery with a net book value of HK\$2,775,000 (2000: HK\$3,083,000) were pledged to secure banking facilities (note 25).

13. INVESTMENT PROPERTY

	Group	
	2001 HK\$'000	2000 HK\$'000
At 1 April	2,000	2,500
Revaluation deficit	(150)	(500)
At 31 March	1,850	2,000

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

The Group's investment property was revalued on 31 March 2001 by DTZ Debenham Tie Leung Limited, independent professional valuer, at HK\$1,850,000 on an open market value, based on its existing use.

Last year, the Group's investment property was pledged to secure a mortgage loan granted to the Group. The pledged was released during the year.

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14. INTERESTS IN SUBSIDIARIES

	Company	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	377,717	377,717
Due from a subsidiary	409,646	206,345
	787,363	584,062

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

Particulars of subsidiaries are set out in note 36 to the financial statements.

15. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Share of net assets	30,042	25,440
Due from jointly-controlled entities	994	1,324
Due to jointly-controlled entities	(13,156)	(13,225)
	17,880	13,539

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

Particulars of the jointly-controlled entities are set out in note 37 to the financial statements.

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16. INTERESTS IN ASSOCIATES

	Group	
	2001 HK\$'000	2000 HK\$'000
Share of net assets	75,197	56,743
Due from associates	3,528	5,050
Due to associates	(2,787)	(2,215)
	75,938	59,578

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

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

17. PERMANENT QUOTA

	Group	
	2001 HK\$'000	2000 HK\$'000
Cost	109,681	111,782
Less: Provisions for diminutions in values	(18,278)	(17,900)
	91,403	93,882

18. DEFERRED TAX

	Group	
	2001 HK\$'000	2000 HK\$'000
At 1 April	(7,622)	(11,125)
Exchange realignment	1,691	255
Charge for the year – note 8	6,458	3,248
At 31 March	527	(7,622)

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18. DEFERRED TAX (CONTINUED)

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

	Provided		Not provided	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Tax losses carried forward	–	(9,012)	(6,286)	(3,266)
Others	527	1,390	1,468	–
	527	(7,622)	(4,818)	(3,266)

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

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

19. INVENTORIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Raw materials	241,031	224,509
Work in progress	51,413	51,480
Finished goods	223,300	299,601
	515,744	575,590

The carrying amount of inventories carried at net realisable value included in the above is HK\$20,308,000 (2000: HK\$21,983,000).

Certain of the Group's inventories with a carrying value at the balance sheet date of HK\$76,402,000 (2000: HK\$122,853,000) were pledged as security for the Group's banking facilities (note 25).

20. TRADE AND BILLS RECEIVABLE

The trade and bills receivable include trade receivable, net of provision for doubtful debts of HK\$102,726,000 (2000: HK\$93,732,000). The aged analysis of trade receivable are as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
0 – 3 months	67,843	76,677
4 – 6 months	26,529	6,574
Over 6 months	8,354	10,481
	102,726	93,732

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

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21. OTHER RECEIVABLES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Prepayments, deposits and other receivables	213,220	245,701	927	718
Prepaid tax	–	18,900	–	–
	213,220	264,601	927	718

22. TRADE AND BILLS PAYABLE

The trade and bills payable include trade payable of HK\$191,734,000 (2000: HK\$201,935,000). The aged analysis of trade payable are as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
0 – 3 months	134,713	184,336
4 – 6 months	46,139	12,377
Over 6 months	10,882	5,222
	191,734	201,935

23. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank overdrafts	29,754	18,285
Bank loans	402,477	380,686
Trust receipts	1,461	2,291
Interest-bearing bank loans – note 24	433,692	401,262
Current portion of finance lease payables – note 28	796	2,313
	434,488	403,575

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24. INTEREST – BEARING BANK LOANS AND OVERDRAFTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank overdrafts:		
Secured	16,103	4,251
Unsecured	13,651	14,034
	29,754	18,285
Bank loans:		
Secured	237,200	154,127
Unsecured	220,250	280,457
	457,450	434,584
Trust receipts:		
Secured	1,461	2,291
	488,665	455,160
Analysed by repayment term:		
Bank overdrafts repayable on demand	29,754	18,285
Trust receipts repayable within one year	1,461	2,291
Bank loans repayable:		
Within one year	402,477	380,686
In the second year	15,063	9,758
In the third to fifth years, inclusive	39,910	41,695
After five years	–	2,445
	457,450	434,584
Portion classified as current liabilities – note 23	488,665 (433,692)	455,160 (401,262)
Long term portion	54,973	53,898

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25. BANKING FACILITIES

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

- (i) Mortgages over certain of the Group's land and buildings which have an aggregate net book value at the balance sheet date of HK\$47,653,000 (2000: HK\$43,850,000).
- (ii) Mortgages over certain of the Group's plant and machinery which have an aggregate net book value at the balance sheet of HK\$2,775,000 (2000: HK\$3,083,000).
- (iii) Certain bank deposits at the balance sheet date of HK\$106,219,000 (2000: HK\$55,344,000).
- (iv) Charges over certain of the Group's inventories with carrying value at the balance sheet date of HK\$76,402,000 (2000: HK\$122,853,000).

26. LOANS FROM MINORITY SHAREHOLDERS

The loans from minority shareholders are unsecured, interest bearing and have no fixed terms of repayment.

27. LONG TERM LOANS FROM MINORITY SHAREHOLDERS

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

28. FINANCE LEASE PAYABLES

There were obligations under finance leases at the balance sheet date as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Amounts payable:		
Within one year	968	2,933
In the second year	820	828
In the third to fifth years, inclusive	924	1,448
Total minimum finance lease payments	2,712	5,209
Future finance charges	(471)	(774)
Total net finance lease payables	2,241	4,435
Portion classified as current liabilities – note 23	(796)	(2,313)
Long term portion	1,445	2,122

NOTES TO FINANCIAL STATEMENTS

31 March 2001

29. SHARE CAPITAL

Shares

	Number of ordinary shares		Company	
	2001 '000	2000 '000	2001 HK\$'000	2000 HK\$'000
Authorised: Ordinary shares of HK\$0.10 each	6,000,000	6,000,000	600,000	600,000
Issued and fully paid: At 1st April	1,000,584	1,000,064	100,058	100,006
Share options exercised during the year	–	520	–	52
At 31st March	1,000,584	1,000,584	100,058	100,058

During the year, no share options was exercised.

Share options

Pursuant to a share option scheme which was approved at a special general meeting of the Company held on 2 September 1996, the board of directors of the Company may, at their discretion, grant options to employees of the Company and/or any of its wholly-owned subsidiaries, including executive directors of any of such companies, to subscribe for shares in the Company at a price not less than whichever is the higher of (i) the nominal value of the shares and (ii) 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options. The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed 10% of the issued share capital of the Company from time to time.

During the year, no share options were granted, and share options for 1,220,000 and 7,850,000 shares previously granted to the employees were lapsed and cancelled respectively.

NOTES TO FINANCIAL STATEMENTS

31 March 2001

29. SHARE CAPITAL (CONTINUED)

Share options (continued)

At the balance sheet date, the Group had the following outstanding share options:

Number of shares issuable upon exercise of share options	Subscription price per share HK\$	Subscription period
16,800,000	2.876	15/06/2000 to 14/06/2007
18,978,000	2.564	16/09/1997 to 29/08/2007
48,120,000	1.800	31/10/1997 to 30/10/2007

The exercise in full of all the outstanding options would, under the current capital structure of the Company, result in the issue of 83,898,000 shares of HK\$0.10 each at a total consideration of HK\$183,592,000.

NOTES TO FINANCIAL STATEMENTS

31 March 2001

30. RESERVES

Group

	Share premium account	Contributed surplus	Asset revaluation reserve	Exchange fluctuation reserve (note i)	Non- distributable reserves (note ii)	Retained profits (note ii)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 1999	267,387	115,551	20,174	(63,511)	3,881	523,000	866,482
Arising on exercise of share options	1,281	-	-	-	-	-	1,281
Exchange realignment on translation of overseas subsidiaries, associates and jointly- controlled entities	-	-	-	(2,398)	-	-	(2,398)
Share of non-distributable reserves of jointly- controlled entities	-	-	-	-	128	(128)	-
Profit for the year	-	-	-	-	-	240,503	240,503
Dividends	-	-	-	-	-	(108,061)	(108,061)
At 31 March 2000 and 1 April 2000	268,668	115,551	20,174	(65,909)	4,009	655,314	997,807
Revaluation surplus	-	-	2,092	-	-	-	2,092
Exchange realignment on translation of overseas subsidiaries, associates and jointly- controlled entities	-	-	-	(18,823)	-	-	(18,823)
Share of non-distributable reserves of jointly- controlled entities	-	-	-	-	297	(297)	-
Profit for the year	-	-	-	-	-	182,250	182,250
Dividends	-	-	-	-	-	(108,063)	(108,063)
At 31 March 2001	268,668	115,551	22,266	(84,732)	4,306	729,204	1,055,263
Reserves retained by: Company and its subsidiaries	268,668	115,551	22,266	(66,706)	-	631,752	971,531
Jointly-controlled entities	-	-	-	(12,025)	4,306	8,452	733
Associates	-	-	-	(6,001)	-	89,000	82,999
31 March 2001	268,668	115,551	22,266	(84,732)	4,306	729,204	1,055,263

NOTES TO FINANCIAL STATEMENTS

31 March 2001

30. RESERVES (CONTINUED)

Group (continued)

	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve (note i) HK\$'000	Non- distributable reserves (note ii) HK\$'000	Retained profits (note ii) HK\$'000	Total HK\$'000
Reserves retained by:							
Company and its subsidiaries	268,668	115,551	20,174	(48,687)	–	597,850	953,556
Jointly-controlled entities	–	–	–	(12,025)	4,009	1,660	(6,356)
Associates	–	–	–	(5,197)	–	55,804	50,607
31 March 2000	268,668	115,551	20,174	(65,909)	4,009	655,314	997,807

Notes: (i) Included in the exchange realignment on translation of overseas subsidiaries is an amount of HK\$65,822,000 (2000: HK\$39,762,000), representing the exchange losses arising on the translation of amounts due from subsidiaries that are not repayable in the foreseeable future and, in the opinion of the directors, is part of the Company's net investment in the enterprises.

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

Company

	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 1999	267,387	377,567	139,713	784,667
Arising on exercise of share options	1,281	–	–	1,281
Profit for the year	–	–	13,466	13,466
Dividends	–	–	(108,061)	(108,061)
At 31 March 2000 and 1 April 2000	268,668	377,567	45,118	691,353
Profit for the year	–	–	428,163	428,163
Dividends	–	–	(108,063)	(108,063)
At 31 March 2001	268,668	377,567	365,218	1,011,453

NOTES TO FINANCIAL STATEMENTS

31 March 2001

30. RESERVES (CONTINUED)

Company (continued)

The contributed surplus of the Group represented the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation in 1996.

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

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit from operating activities to net cash inflow from operating activities

	2001 HK\$'000	2000 HK\$'000
Profit from operating activities	351,723	428,428
Depreciation	108,543	91,482
Net revaluation surplus on land and buildings	(1,100)	–
Revaluation deficit on investment property	150	500
Loss on disposal on fixed assets	9,939	5,659
Fixed assets written off	3,236	–
Provisions for diminutions in values of permanent quota	378	–
Interest income	(33,773)	(23,738)
Effect of foreign exchange differences	(15,747)	(4,635)
Decrease in amounts due from associates	1,522	1,916
Increase in amounts due to associates	572	1,309
Decrease in amounts due from jointly-controlled entities	330	1,498
Decrease in amounts due to jointly-controlled entities	(69)	(2,421)
Decrease in inventories	59,846	64,061
Increase in trade and bills receivable	(55,097)	(12,511)
Decrease/(increase) in other receivables	34,583	(64,657)
Increase/(decrease) in trade and bills payable	(15,380)	58,729
Increase in other payables and accruals	5,029	9,560
Decrease in trust receipts with maturities more than three months	–	(62,992)
Net cash inflow from operating activities	454,685	492,188

NOTES TO FINANCIAL STATEMENTS

31 March 2001

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

(b) Analysis of changes in financing during the year

	Share capital (including share premium) HK\$'000	Finance lease obligations HK\$'000	Bank loans HK\$'000	Minority interests HK\$'000	Loans from minority shareholders HK\$'000
Balance at 1 April 1999	367,393	7,148	338,405	178,065	25,768
Cash inflow/(outflow) from financing, net	1,333	(3,827)	98,482	137	-
Share of profits for the year	-	-	-	140,001	-
Dividends paid	-	-	-	(84,652)	-
Inception of finance lease contracts	-	1,198	-	-	-
Effect of foreign exchange rate changes, net	-	(84)	(2,303)	218	-
Balance at 31 March 2000 and at 1 April 2000	368,726	4,435	434,584	233,769	25,768
Cash inflow/(outflow) from financing, net	-	(2,064)	43,413	-	3,472
Share of assets revaluation reserve	-	-	-	1,544	-
Share of profits for the year	-	-	-	136,706	-
Dividends paid	-	-	-	(128,056)	-
Inception of finance lease contracts	-	538	-	-	-
Effect of foreign exchange rate changes, net	-	(668)	(20,547)	(2,827)	-
Balance at 31 March 2001	368,726	2,241	457,450	241,136	29,240

(c) Major non-cash transactions

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\$538,000.

NOTES TO FINANCIAL STATEMENTS

31 March 2001

32. CONTINGENT LIABILITIES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bank guarantees provided for facilities granted to subsidiaries	–	–	1,252,453	1,594,788
Extent of the guaranteed facilities utilised by subsidiaries	–	–	338,021	401,475
Bills discounted with recourse	16,068	32,082	–	–

33. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

- (i) Annual commitments payable in the following year under non-cancellable operating leases expiring:

	Group	
	2001 HK\$'000	2000 HK\$'000
(a) Land and buildings		
Within one year	32,819	28,894
In the second to fifth years, inclusive	139,159	154,065
Beyond five years	40,975	24,891
	212,953	207,850
(b) Plant and machinery		
Within one year	313	205
In the second to fifth years, inclusive	–	173
	313	378

- (ii) Foreign currency forward contracts of HK\$24,350,000 (2000: HK\$20,001,000).

NOTES TO FINANCIAL STATEMENTS

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34. CONNECTED TRANSACTIONS

During the year, the Group had the following connected transactions with the following companies:

	2001 HK\$'000	2000 HK\$'000
Rental expenses paid to:		
Houtex Investments Limited	2,885	3,378
Golden Sunshine Enterprises Limited	5,069	5,772
G. S. (Yeungs) Limited	1,112	1,200
Harbour Guide Limited	2,543	–
Gantin Limited	328	360
Huizhou Hua Cheng Real Estate Co. Ltd.	–	180
Gloryear Management Limited	843	422

The rental expenses related to properties which were rented from above companies are controlled by Mr. Charles Yeung, J.P. and Mr. Yeung Chun Fan, both of whom are directors of the Company. The rental expenses were charged with reference to open market rentals.

The independent non-executive directors of the Company have reviewed and confirmed that rental expenses paid to the above related companies are in the ordinary and usual course of the Group's business, and that in their opinion they are on terms that are fair and reasonable so far as the shareholders of the Company are concerned, and in accordance with the terms of the agreements governing the transactions.

35. RELATED PARTY TRANSACTIONS

In addition to the connected transactions as set out in note 34, the Group had the following material transactions with related parties during the year:

	Notes	2001 HK\$'000	2000 HK\$'000
Purchases of raw materials from a jointly-controlled entity	(i)	20,129	21,417
Processing charges paid to jointly-controlled entities	(ii)	56,945	66,423
Processing charges paid to associates	(ii)	62,546	54,604

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

NOTES TO FINANCIAL STATEMENTS

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36. PARTICULARS OF SUBSIDIARIES

The table below 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.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
Glorious Sun Enterprises (BVI) Limited*	British Virgin Islands/ Hong Kong	US\$200	100%	100%	Investment holding
Jeanswest (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Jeanswest International (L) Limited	Malaysia/ Hong Kong	US\$1	100%	100%	Investment holding
Glorious Sun Licensing (L) Limited	Malaysia/ Hong Kong	US\$1	100%	100%	Holding of trademark
Jeanswest Investments (Australia) Pty. Ltd.	Australia	A\$12,002,202	100%	100%	Investment holding
Jeanswest Wholesale Pty. Ltd.	Australia	A\$2	100%	100%	Trading of apparel
Jeanswest Corporation Pty. Ltd.	Australia	A\$11,000,000 Ordinary A\$1,000,000 A class shares	100%	100%	Retail of apparel in Australia

NOTES TO FINANCIAL STATEMENTS

31 March 2001

36. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
2001	2000				
Jeanswest Corporation (New Zealand) Limited	New Zealand	NZ\$100,000 Ordinary	100%	100%	Retail of apparel in New Zealand
Renher Pty. Ltd.	Australia	A\$2,200 Ordinary	100%	100%	Provision of shop leasing services in Australia
Jeanswest International (H.K.) Limited	Hong Kong/ Mainland China	HK\$10,000,000 Ordinary	100%	100%	Retail of apparel in Mainland China
Advancetex Dress (Hu Bei) Co., Ltd.	Mainland China	HK\$5,500,000	100%	100%	Trading of apparel in Mainland China
Advancetex Investment Limited	Hong Kong/ Mainland China	HK\$10,000,000 Ordinary	100%	100%	Retail of apparel in Mainland China
Jeanswest Apparels Co. (Huizhou) Ltd.	Mainland China	HK\$15,000,000 paid up to HK\$12,800,000	100%	100%	Selling of apparel in Mainland China
Glorious Sun Industries (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding

NOTES TO FINANCIAL STATEMENTS

31 March 2001

36. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
The Glorious Sun Fashion Garment Manufactory (H.K.) Limited	Hong Kong	HK\$2,600,000 Ordinary	100%	100%	Trading and manufacturing of apparel and provision of management services
Jimfook Limited	Hong Kong	HK\$2 Ordinary	100%	100%	Provision of sales promotion services
Pacific Potential Trading Company Limited	Hong Kong	HK\$200,000 Ordinary	100%	100%	Provision of agency services
Glorious Sun Sample Manufacturing Limited	Hong Kong	HK\$2 Ordinary	100%	100%	Manufacturing of apparel samples
Stonewash (G.S.) Limited	Hong Kong	HK\$2 Ordinary	100%	100%	Provision of washing know-how and laundry services
Advancetex International Trading (HK) Company Limited	Hong Kong	HK\$6,000,000 Ordinary	100%	100%	Trading and production of apparel
Parkent Industries Limited	Hong Kong	HK\$600,000 Ordinary	100%	100%	Import and export of apparel

NOTES TO FINANCIAL STATEMENTS

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36. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
2001	2000				
Gold Treasure Investment Limited	Hong Kong	HK\$2 Ordinary	100%	100%	Provision of production management services
Advancetex Fashion Garment Mfy. (Hui Zhou) Limited	Mainland China	US\$8,000,000 paid up to US\$6,044,149	100%	100%	Manufacturing of apparel
Glorious Sunshine Textiles Company Limited	Hong Kong	HK\$10,000,000 Ordinary	100%	100%	Import and distribution of textile products
Sparrow Apparels Limited	Bangladesh	Tk10,000,000 Ordinary	70%	70%	Manufacturing of apparel
Gennon Industries Limited	Hong Kong	HK\$10,000 Ordinary	100%	100%	Investment holding
Gennon Fashion Garment Manufactory (H.K.) Limited	Hong Kong	HK\$1,075,000 Ordinary	50.4%	50.4%	Manufacturing of apparel
Gennon International Trading (H.K.) Limited	Hong Kong	HK\$500,000 Ordinary	50.4%	50.4%	Trading of apparel and investment holding
J-Loong Trading Limited	Hong Kong	HK\$300,000 Ordinary	50.4%	50.4%	Import and export of apparel

NOTES TO FINANCIAL STATEMENTS

31 March 2001

36. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
Chapman Development Limited	Hong Kong	HK\$1,000 Ordinary	50.4%	50.4%	Trading of fabric and investment holding
Main Pui Investments Limited	Hong Kong	HK\$1,460,000 Ordinary	50.4%	50.4%	Property holding
Super Connection International Limited	British Virgin Islands/ Cambodia	US\$1,000 Ordinary	50.4%	50.4%	Provision of management services
Recent Garments and Knitting Industries Ltd.	Bangladesh	Tk100,000 Ordinary	35.3%	35.3%	Manufacturing of apparel
P.T. Sandangpantas Lestari **	Indonesia	Rp120,000,000 Ordinary	50.4%	50.4%	Manufacturing of apparel
Shamoli Garments Limited	Bangladesh	Tk10,000,000 Ordinary	35.3%	35.3%	Manufacturing of apparel
P.T. Crownfund Garment Factory **	Indonesia	US\$500,000	47.9%	45.4%	Manufacturing of apparel
Gennon (Cambodia) Garment Manufacturing Ltd. **	Cambodia	US\$1,000,000 Ordinary	50.4%	50.4%	Manufacturing of apparel
Huizhou Ming Hoi Knitting & Dyeing Factory Co., Ltd.	Mainland China	US\$4,000,000 paid up to US\$3,444,455	45.4%	45.4%	Manufacturing of apparel and fabric
Dongguan Ming Hoi Dyeing & Finishing Factory Co., Ltd.	Mainland China	HK\$83,300,000 paid up to HK\$69,161,576	46.4%	46.4%	Provision of dyeing services

NOTES TO FINANCIAL STATEMENTS

31 March 2001

36. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary shares or registered capital	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
Recent Sweaters Limited	Bangladesh	Tk1,000,000 Ordinary	35.3%	35.3%	Manufacturing of apparel
Rays The Glorious Investment (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1	100%	100%	Investment holding
Full Yuen Investments Limited	Hong Kong	HK\$2 Ordinary	100%	100%	Investment holding
Shijiazhuang Changhong Building Decoration Engineering Co., Ltd.	Mainland China	US\$2,100,000	65%	65%	Interior decoration and renovation services
Famebish Industrial Limited	Hong Kong	HK\$100,000 Ordinary	60%	60%	Trading of apparel

* Directly held by the Company.

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

NOTES TO FINANCIAL STATEMENTS

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37. PARTICULARS OF JOINTLY-CONTROLLED ENTITIES

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

Name	Business structure	Place of registration and operations	Percentage of equity attributable to the Group*		Principal activities
			2001	2000	
Changjin Garments Mfy. Ltd	Corporate	Mainland China	30%	30%	Manufacturing of apparel
Hubei Chang Xu Clothes Making Co., Ltd.	Corporate	Mainland China	30%	30%	Manufacturing of apparel
Jida Garment Co., Ltd.	Corporate	Mainland China	30%	30%	Manufacturing of apparel
Nanjing Jiangda Apparel Co., Ltd	Corporate	Mainland China	45%	45%	Manufacturing of apparel
Mingshi Dyeing Factory Co., Ltd.	Corporate	Mainland China	40%	40%	Provision of dyeing services
Hubei Xian Garment Mfg. Co., Ltd	Corporate	Mainland China	15.1%	15.1%	Manufacturing of apparel

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

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

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38. PARTICULARS OF ASSOCIATES

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

All associates are held indirectly through subsidiaries.

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation or registration/ operations	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
Glorious Sun Fashion Garment Mfg. Co. (Phil.) Inc.	Corporate	Philippines	49.5%	49.5%	Manufacturing of apparel
Rays Apparel (H.K.) Limited	Corporate	Hong Kong	35%	35%	Provision of agency services
Zeppelin (H.K.) Limited	Corporate	Hong Kong	50%	50%	Trading of apparel
Rays Apparel, Inc.	Corporate	U.S.A.	35%	35%	Import and distribution of apparel
RTG Garments Manufacturing (HK) Limited	Corporate	Hong Kong	50%	50%	Manufacturing of apparel

The financial statements of the above associates are non-coterminous with those of the Group, which has a financial year ending 31 December. The consolidated financial statements have been adjusted for material transactions between the associates and Group companies between 1 January and 31 March.

All associates are not audited by Ernst & Young or other Ernst & Young International member firms.

NOTES TO FINANCIAL STATEMENTS

31 March 2001

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 20 July 2001.