

NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

1. Accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 Interim Financial Reporting. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 March, 2002, except as described below.

SSAP 1 (revised) : Presentation of financial statements
SSAP 15 (revised) : Cash flow statements

The changes to the Group's accounting policies and the effects of adopting these new policies are set out below:

SSAP 1 (revised) requires to present the statement of changes in equity as a separate component of its financial statements. Comparative figures for the prior period have been restated in order to achieve a consistent presentation.

SSAP 15 (revised) has introduced revised classifications of cash flows under three headings - operating, investing and financing, rather than previous five headings. Comparative figures for the prior period have been restated in order to achieve a consistent presentation.

2. Segment information

(A) Business segment

The Group's turnover and operating profit were solely contributed by garment business during the periods ended 30 September, 2002 and 2001.

(B) Geographical segment

Sales revenue from the Group's operations was solely from the United States of America, irrespective of the origin of the goods/services.

3. Depreciation

During the period, depreciation of approximately HK\$1,672,000 (2001: HK\$1,538,000) was charged in respect of the Group's property, plant and equipment.

4. Taxation

	1 April, 2002 to 30 September, 2002 HK\$'000	1 April, 2001 to 30 September, 2001 HK\$'000
Hong Kong's Profits Tax calculated at 16% of the estimated assessable profit of the period	713	668
Deferred taxation credit	(131)	(106)
	<u>582</u>	<u>562</u>

5. Dividend

On 13 September, 2002, a dividend of HK\$0.01 (2000/01: Nil) per share was paid to shareholders as the final dividend for 2001/02.

The directors do not declare an interim dividend for the six month period ended 30 September, 2002 (2001: Nil).

6. Earnings per share

The calculation of basic earnings per share is based on the Group's unaudited consolidated profit attributable to shareholders for the period of HK\$1,988,000 (2001: HK\$1,843,000) and on the weighted average number of 167,031,016 (2001: 169,524,961) ordinary shares in issue during the period.

No diluted earnings per share figures have been shown as there were no dilutive potential ordinary shares outstanding for both of the periods.

7. Addition to property, plant and equipment

During the period, the Group spent approximately HK\$492,000 (2001: HK\$938,000) on property, plant and equipment to expand its operation

8. Trade and other receivables

Included in trade and other receivables are trade receivables of approximately HK\$16,866,000 (31 March, 2002: HK\$23,141,000).

The aged analysis for trade receivables is as follows:

	At 30 September, 2002 HK\$'000	At 31 March, 2002 HK\$'000
Within 30 days	15,017	22,714
Over 30 days but less than 60 days	1,849	424
Over 60 days	—	3
	<hr/>	<hr/>
	16,866	23,141
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Note:

Credit policy

Apart from payment by letter of credit, settlement is generally on an open account basis with credit terms ranging from 30 days to 60 days following the month of sale.

It is the policy of the Group to allow settlement on an open account basis only by customers who have good repayment records and well-established relationships with the Group. The credit period for such customers is reviewed periodically in response to the financial conditions, orders on hand and other credit information.

9. Trade and other payables

Included in trade and other payables are trade payables of approximately HK\$24,636,000 (31 March, 2002: HK\$20,776,000).

The aged analysis for trade payables is as follows:

	At 30 September, 2002 HK\$'000	At 31 March, 2002 HK\$'000
Within 90 days	24,630	20,776
Over 90 days	6	—
	<u>24,636</u>	<u>20,776</u>

10. Contingent liabilities

At 30 September, 2002, the company had given corporate guarantee of HK\$20,000,000 (31 March, 2002: HK\$20,000,000) to secure general banking facilities granted to a subsidiary.

11. Related party transactions

During the period, the Group had the following transactions with related parties:

	HK\$'000
Consultancy fees paid to related companies	120
Rental charges paid to a related company	331
	<u>451</u>