

35. PLEDGE OF ASSETS

The Group's advances to associates at 31st December, 2000 of HK\$458.0 million (1999: HK\$351.7 million) are subordinated to the loan facilities extended by certain financial institutions to the associates. The associates are engaged in property development. The Group's advances to the associates are assigned, and the shares in these associates beneficially owned by the Group are pledged, to the financial institutions.

At 31st December, 2000, shares in an investee company engaged in property development were pledged to secure credit facilities for that investee company. Certain of the Group's investment properties with carrying value of HK\$561.5 million (1999: HK\$499.8 million) and properties for own use with carrying value of HK\$130.3 million (1999: HK\$180.4 million), and shares in certain subsidiaries engaged in property development, were pledged to secure credit facilities for the Group.

At 31st December, 1999, bank deposits of HK\$28.4 million (2000: nil) were pledged to secure credit facilities for an investee company.

36. RETIREMENT BENEFITS AND PENSION SCHEMES

Certain subsidiaries of the Company operate defined contribution retirement benefits schemes for their qualifying employees. The assets of the schemes are held separately in funds under the control of independent trustees. The retirement benefits scheme contributions charged to the income statement represent contributions payable by these subsidiaries to the funds at rates specified in the rules of the schemes. If employees leave the schemes prior to becoming fully vested in the contributions, the forfeited contributions are refunded to the respective subsidiaries. At the balance sheet date, the amount of forfeited contributions available for use by the Group to reduce future contributions was insignificant.

In light of the introduction of the Mandatory Provident Fund ("MPF") Scheme, certain subsidiaries of the Company have restructured its retirement benefits arrangements to comply with the MPF legislation. All existing and new employees are required to participate in the MPF Scheme. Mandatory benefits are being provided under the MPF Scheme. In addition to the MPF scheme, certain subsidiaries of the Company have restructured the defined contribution retirement benefits schemes to defined contribution top up retirement benefits schemes, under which qualifying employees are provided with additional voluntary benefits to the extent that they would otherwise have under the defined contribution retirement benefits schemes and after taking into considerations the mandatory benefits provided under the MPF scheme.

Certain overseas subsidiaries of the Company also operates a funded defined benefit pension scheme for certain of its overseas employees. The assets of the scheme are held separately from those of the subsidiaries in funds under the control of independent trustees. Actuarial valuations are made regularly at three-year intervals by a professionally qualified actuary and contribution levels are reviewed. At the last actuarial valuation in May 1999, there was a fund surplus of approximately HK\$4.6 million in subsidiaries and, after consultation with the actuary, the subsidiaries decided to temporarily suspend its contributions. The amount charged in the income statement represents the regular pension cost less amortisation of the surplus.

37. RELATED PARTY TRANSACTIONS

During the year, property management fee income and interest income received and receivable by the Group from its associates amounted to HK\$28.1 million (1999: HK\$27.3 million) and HK\$40.3 million (1999: HK\$32.7 million) respectively. These transactions were carried out on terms similar to those applicable to transactions with independent third parties. Details of advances and other credit arrangements provided by the Group to its associates at the balance sheet date are set out in notes 15, 34 and 35.

38. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31st December, 2000 are as follows:

Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
Achilla Company Limited	Hong Kong	HK\$10,000	100%	Property investment
Aldburg Assets Limited	British Virgin Islands	US\$1	100%	Investment holding
Alpha Win Limited	Hong Kong	HK\$2	100%	Investment holding
Aptex Europe B.V.	Netherlands	DFL40,000	100%	Garment trading
Bostar Limited	Hong Kong	HK\$100	87.5%	Property development
Caringbah Limited	British Virgin Islands	US\$1	100%	Investment holding
Charmax Limited	Hong Kong	HK\$100	91%	Garment trading
Charter Star Trading Limited	Hong Kong	HK\$10	91%	Garment trading
Charterex Trading Limited	Hong Kong	HK\$2	64%	Garment manufacturing
Cheong Ka Limited	British Virgin Islands / People's Republic of China	US\$1	78%	Property holding
Chivers Communications plc #	United Kingdom	£311,110	71.2%	Investment holding
Chivers Press Limited #	United Kingdom	£2,000,000	71.2%	Publishers
Chung Fook Limited	British Virgin Islands / People's Republic of China	US\$1	100%	Property holding
Churrasco Holdings Limited	British Virgin Islands	US\$1	100%	Investment holding
Datas Industries Limited	Hong Kong	HK\$2	86.4%	Garment manufacturing and trading
Delimont Holdings Limited	British Virgin Islands	US\$1	100%	Investment holding
Dongguan Grandnice Fashion Limited	People's Republic of China	HK\$5,500,000	86.4%	Property holding
Eternal Way (Cambodia) Limited #	Kingdom of Cambodia	US\$250,000	77.8%	Garment manufacturing
Eternal Way Holdings Limited	Hong Kong	HK\$2	86.4%	Investment holding
Gentful Limited	Hong Kong	HK\$2	100%	Investment holding
Gieves & Hawkes International Limited #	United Kingdom	£250,000	71.2%	Licensors
Gieves & Hawkes plc #	United Kingdom	£3,111,097	71.2%	Investment holding
Gieves Limited #	United Kingdom	£10,100	71.2%	Retailers
Global Best Development Limited	Hong Kong	HK\$2	78%	Property investment

Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
Grandeur Investments Limited	British Virgin Islands / Hong Kong	US\$1	100%	Property investment
Grandnice Fashion Limited	Hong Kong	HK\$2	86.4%	Garment manufacturing
Grandslam Limited	British Virgin Islands	US\$1	100%	Investment holding
Guangzhou Nansha Riches Faith Ktg & Gmt Ltd.#	People's Republic of China	HK\$5,460,000	64%	Garment manufacturing, subcontracting and trading
Impact (Cook Islands) Limited	Cook Islands	US\$1,000	100%	Sourcing agent
Impact Textiles B.V.	Netherlands	DFL30,000	80.1%	Garment trading
Impact Textiles Company Limited	Hong Kong	Ordinary shares HK\$4,450,000 Non-voting deferred shares HK\$12,310,000	100% 89%	Investment holding and garment trading
Impact Textiles International Limited	British Virgin Islands	US\$1	100%	Investment holding
Joy Alliance Limited	Hong Kong	HK\$100	87.5%	Property development
Kih-Oskh Holding N.V.	Netherlands Antilles	US\$6,000	100%	Investment holding
Kowloon Station Development Company Limited	Cayman Islands	US\$1	100%	Investment holding
Lanson Place Hospitality Management (Hong Kong) Limited	Hong Kong	HK\$2	100%	Hospitality and property management
Lanson Place Hospitality Management (Jakarta) Limited	British Virgin Islands / Indonesia	US\$1	100%	Hospitality and property management
Lanson Place Hospitality Management Limited	British Virgin Islands	US\$1	100%	Investment holding, hospitality and property management
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S\$100	100%	Hospitality and property management
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US\$12,000	100%	Investment holding and licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US\$1	100%	Investment holding
Lanson Place Hotels & Residences (Netherlands) B.V.	Netherlands	DFL40,000	100%	Licensing, hospitality and property management

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Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
L'impact Lingerie B.V.	Netherlands	DFL40,000	89%	Garment trading
L'impact Lingerie Limited	Hong Kong	HK\$400,000	100%	Garment trading
Longrise (HK) Limited	Hong Kong	HK\$2	78%	Garment trading
Marvinbond Limited	British Virgin Islands	US\$1	100%	Investment holding
Mezereum Limited	British Virgin Islands / Hong Kong	US\$1	100%	Property investment
Myanmar Unimix International Limited #	Union of Myanmar	"A" shares KYAT9,550,000 "B" shares KYAT14,325,000	– 86.4%	Garment manufacturing
Potter Enterprises Limited	British Virgin Islands	US\$1	100%	Investment holding
Shui Hing Textiles International Limited	Hong Kong	HK\$75,000,000	100%	Investment holding and garment trading
Shui Hung Knitting and Garment Factory Limited	Hong Kong	HK\$20,000,000	100%	Investment holding and garment manufacturing
Shui Mei Textiles Limited	Hong Kong	HK\$9,000,000	95%	Garment manufacturing
Shui Ming Garments Manufacturing Company Limited	Hong Kong	HK\$18,000,000	100%	Investment holding and garment trading
Shui Pang Enterprise (Macau) Limited	Macau	MOP825,600	49%	Garment manufacturing
Shui Pang Garment & Knitting Factory Limited	Hong Kong	HK\$2,000,000	70%	Investment holding and garment manufacturing
Shui Wo Garment & Knitting Factory Limited	Hong Kong	HK\$1,600,000	95%	Garment trading
Shui Ying Knitting & Garment Factory Limited	Hong Kong	HK\$8,000,000	64%	Investment holding and garment manufacturing
Success First Development Limited	Hong Kong	HK\$2	100%	Property investment
Sun Hung International Limited	Hong Kong	HK\$7,500,000	78%	Investment holding and garment manufacturing
Teamdoor Investments Limited	Hong Kong	HK\$2	86.4%	Garment trading
Telwin Industrial Limited	Hong Kong	HK\$2	86.4%	Garment manufacturing and trading

Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
Townhill Enterprises Limited	British Virgin Islands	US\$1	100%	Investment holding
Triberg Company Limited	Hong Kong	HK\$2	86.4%	Garment trading
Twin Dragon Investments Limited	British Virgin Islands / Hong Kong	US\$1	100%	Investment holding
Unimix Exporters Limited	Hong Kong	HK\$300,000	86.4%	Garment trading
Unimix Holdings Limited	Hong Kong	HK\$1,100,000	86.4%	Investment holding
Unimix Limited	Hong Kong	HK\$10,000,000	86.4%	Garment manufacturing and trading
Unimix (Myanmar) Limited	Hong Kong	HK\$1,000,000	86.4%	Garment trading
Unimix Properties Limited	Hong Kong	HK\$200	86.4%	Property investment
Unimix (UK) Limited #	United Kingdom	£200,000	86.4%	Garment trading
United Success International Investment B.V.	Netherlands	DFL40,000	100%	Investment holding
United Success International Limited	Hong Kong	HK\$227,750,062	100%	Investment holding
Universal Team Industrial Limited	Hong Kong	HK\$2	100%	Investment holding
USI Holdings (B.V.I.) Limited	British Virgin Islands	US\$50,000	100%	Investment holding
USI Properties International Limited	British Virgin Islands	US\$1	100%	Investment holding
USI Property Management Limited	Hong Kong	HK\$2	100%	Property development and project management

The financial statements of these subsidiaries are not audited by member firms of Deloitte Touche Tohmatsu.

Only USI Holdings (B.V.I.) Limited is directly held by the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any loan capital subsisting as at 31st December, 2000 or at any time during the year.

39. PRINCIPAL ASSOCIATES

Details of the Group's principal associates as at 31st December, 2000 are as follows:

Name of company	Place of incorporation	Attributable proportion of nominal value of issued share capital indirectly held by the Company	Principal activities
Lee Cooper Group Limited [#]	United Kingdom	29.0%	Garment manufacturing, wholesaling and retailing
Union Charm Development Limited * [#]	Hong Kong	7.5%	Property development
Winner Max Enterprises Limited	Hong Kong	33.3%	Property development

* The Group has the ability to exercise significant influence over this associate. Accordingly, it is regarded as an associate of the Group.

[#] The financial statements of these associates are not audited by member firms of Deloitte Touche Tohmatsu.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.