

Notes to the Accounts

31 December 2001

1 Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

On 8 November 2000, the Company entered into an agreement to acquire the entire interest of Colby Group Holdings Limited and its subsidiaries ("Colby"). As a result of the completion of the acquisition on 5 December 2000, the consolidated accounts of the Group for 2000 and 2001 have included the operating results of Colby for the period from 5 December 2000 to 31 December 2000 and 1 January 2001 to 31 December 2001 respectively.

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention as modified by the revaluation of certain leasehold land and buildings as disclosed in the accounting policies below.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these new standards is set out in the accounting policies detailed below.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 December. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital or has power to govern the financial and operating policies. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

1 Principal accounting policies (continued)

(b) Group accounting (continued)

(i) Consolidation (continued)

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(iii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of subsidiaries and associated companies expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(c) Fixed assets

(i) Properties

Freehold land is stated at cost.

Leasehold land and buildings are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Effective from 1994, no further revaluation of the Group's leasehold land and buildings in Hong Kong have been carried out. The Group places reliance on paragraph 80 of SSAP 17 which provides exemption from the need to make regular revaluation for such assets.

1 Principal accounting policies (continued)

(c) Fixed assets (continued)

(ii) Other fixed assets

Other fixed assets, comprising leasehold improvements, furniture, fixtures, computer and other equipment, plant and machinery, motor vehicles and company boats are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not amortised. Leasehold land is depreciated over the period of the lease while other fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings and leasehold improvements	2% - 20%
Furniture, fixtures, computer and other equipment	10% - 33 $\frac{1}{3}$ %
Plant and machinery	10% - 15%
Motor vehicles and company boats	15% - 20%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

(iii) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in properties and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

1 Principal accounting policies (continued)

(d) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(e) Intangibles

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the date of acquisition.

In accordance with SSAP 30, goodwill on acquisitions occurring on or after 1 January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. Goodwill is generally amortised over a period of 15 years.

Goodwill on acquisitions that occurred prior to 1 January 2001 was taken to reserves. The Group has adopted the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been retroactively capitalised and amortised. However, any impairment arising on such goodwill is accounted for in accordance with SSAP 31.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the profit and loss account.

1 Principal accounting policies (continued)

(e) Intangibles (continued)

(ii) Research and development costs

Research costs are expensed as incurred. Costs incurred on system development projects relating to the design and testing of new or improved systems for internal use are recognised as an intangible asset where the technical feasibility and intention of completing the system under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over their estimated useful lives of 3-5 years from the date on which the system commences operations to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet that above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

In accordance with the provisions of SSAP 29 and as detailed in *note 11*, system development costs and their related accumulated depreciation of approximately HK\$84,338,000 and HK\$4,713,000 respectively at 1 January 2001 have been reclassified as intangible assets. Prior to 1 January 2001, these items were included in fixed assets.

(iii) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount. Any impairment loss is recognised as an expense in the profit and loss account.

(f) Investments

Investments are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(g) Inventories

Inventories comprise merchandise, raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises purchase prices of inventories including direct expenses. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(h) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

1 Principal accounting policies (continued)

(i) Export quota entitlements

Purchased permanent export quota entitlements are charged to the profit and loss account immediately upon acquisition.

Export quota entitlements allocated by the authorities in Hong Kong are not capitalised and are not included as assets in the balance sheet.

Temporary export quota entitlements acquired are charged to the profit and loss account in the year in which such quota entitlements are utilised.

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances which represent cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

(k) Provisions

In accordance with SSAP 28, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(l) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(m) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

1 Principal accounting policies (continued)

(n) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has been passed.

Operating lease rental income is recognised on a straight-line basis.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

Commission and value added services income are recognised when the services are rendered.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(p) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that geographical segments be presented as the primary reporting format and business as the secondary reporting format.

Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash, and mainly exclude investments. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to intangible assets (*note 10*) and fixed assets (*note 11*).

In respect of geographical segment reporting, sales, total assets and capital expenditure are based on the destination country to which goods are shipped.

(q) Dividends

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in *note 21*, this change has resulted in an increase in opening retained earnings of the Group and the Company at 1 January 2001 by HK\$515,942,000 (2000: HK\$324,650,000) which is the reversal of the provision for 2000 (1999) proposed final dividend previously recorded as a liability as at 31 December 2000 (1999) although not declared until after the balance sheet date.

1 Principal accounting policies (continued)

(r) Comparatives

Where necessary, comparative figures have been adjusted to conform with current year's presentation. In addition to those disclosed above, comparative have been extended in the consolidated profit and loss account to disclose the provision for investments which was aggregated with administrative expenses last year. In addition, the principal markets under segment information in note 2 have been reclassified. The directors are of the opinion that the nature of the expenses and the segment information will be reflected more properly following the extension and reclassification of these comparatives.

2 Turnover, revenues and segment information

(a) The Group is principally engaged in the export trading of consumer products. Turnover comprises sales at invoiced value to customers outside the Group less discounts and returns, and gross rental revenue derived from properties in and outside Hong Kong. Revenues recognised during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Turnover		
Sale at invoiced value	33,026,382	24,990,647
Rental income	2,193	2,371
	33,028,575	24,993,018
Other revenues		
Value added services income	53,539	70,509
Commission income	2,910	4,645
	56,449	75,154
Interest income	112,837	140,330
	33,197,861	25,208,502

(b) The discontinued operations represent the Group's investment in a new trading operation in United States, StudioDirect, which was based on using the internet to deal with small and medium-sized customers who were not normally big enough for the Group to serve profitably. As prospect of this operation as an internet business is not up to management's expectation, the Group decided to discontinue this operation and reduce its shareholding to 15%. The discontinuance resulted in a net loss of approximately HK\$168,996,000 which represented the Group's share of loss from the operation.

2 Turnover, revenues and segment information (continued)

(c) Primary reporting format - geographical segments

	North America 2001 HK\$'000	Europe 2001 HK\$'000	Southern Hemisphere 2001 HK\$'000	East Asia 2001 HK\$'000	Group 2001 HK\$'000
Turnover					
Continuing operations	24,762,981	6,731,966	1,003,023	443,422	32,941,392
Discontinued operations	87,183	—	—	—	87,183
	24,850,164	6,731,966	1,003,023	443,422	33,028,575
Segment results					
Continuing operations	707,405	187,017	24,487	9,833	928,742
Discontinued operations	(237,955)	—	—	—	(237,955)
	469,450	187,017	24,487	9,833	690,787
Provision for investments					(24,222)
Operating profit					666,565
Interest income					112,837
Interest expenses					(12,464)
Share of profits less losses of associated companies					1,443
Profit before taxation					768,381
Taxation					(55,637)
Profit after taxation					712,744
Minority interests					69,567
Profit attributable to shareholders					782,311
Continuing operations					
Segment assets	3,833,154	1,055,481	131,099	76,613	5,096,347
Unallocated assets					1,933,219
Total assets					7,029,566
Continuing operations					
Segment liabilities	2,579,213	624,790	94,443	49,237	3,347,683
Unallocated liabilities					212,867
Total liabilities					3,560,550
Capital expenditure					
Continuing operations	94,807	27,938	3,386	1,712	127,843
Discontinued operations	24,593	—	—	—	24,593
Total	119,400	27,938	3,386	1,712	152,436
Depreciation					
Continuing operations	76,197	26,230	3,415	1,879	107,721
Discontinued operations	5,479	—	—	—	5,479
Total	81,676	26,230	3,415	1,879	113,200
Amortisation charge					
Continuing operations	3,438	3,500	134	106	7,178

2 Turnover, revenues and segment information (continued)

(c) Primary reporting format - geographical segments (continued)

	North America 2000 HK\$'000	Europe 2000 HK\$'000	Southern Hemisphere 2000 HK\$'000	East Asia 2000 HK\$'000	Group 2000 HK\$'000
Turnover					
Continuing operations	17,404,552	6,616,403	714,655	256,617	24,992,227
Discontinued operations	791	—	—	—	791
	17,405,343	6,616,403	714,655	256,617	24,993,018
Segment results					
Continuing operations	592,383	219,919	17,788	5,923	836,013
Discontinued operations	(39,375)	—	—	—	(39,375)
	553,008	219,919	17,788	5,923	796,638
Provision for investments					(5,790)
Operating profit					790,848
Interest income					140,330
Interest expenses					(20,585)
Share of profits less losses of associated companies					13,677
Profit before taxation					924,270
Taxation					(64,178)
Profit after taxation					860,092
Minority interests					10,296
Profit attributable to shareholders					870,388
Continuing operations					
Segment assets	3,758,838	1,145,373	215,494	57,416	5,177,121
Unallocated assets	—	—	—	—	1,933,164
Discontinued operations	186,627	—	—	—	186,627
Total assets					7,296,912
Continuing operations					
Segment liabilities	2,716,419	633,637	173,382	36,164	3,559,602
Unallocated liabilities	—	—	—	—	317,673
Discontinued operations	57,721	—	—	—	57,721
Total liabilities					3,934,996
Capital expenditure					
Continuing operations	66,917	30,840	3,137	1,164	102,058
Discontinued operations	91,588	—	—	—	91,588
Total	158,505	30,840	3,137	1,164	193,646
Depreciation					
Continuing operations	58,966	29,107	3,417	1,301	92,791
Discontinued operations	401	—	—	—	401
Total	59,367	29,107	3,417	1,301	93,192
Amortisation charge					
Continuing operations	1,918	725	77	27	2,747

2 Turnover, revenues and segment information (continued)

(d) Secondary reporting format - business segments

	Turnover 2001 HK\$'000	Segment results 2001 HK\$'000	Total assets 2001 HK\$'000	Capital expenditure 2001 HK\$'000
Softgoods	23,804,901	756,289	3,858,558	90,816
Hardgoods	9,136,491	172,453	1,237,789	37,027
Discontinued operations	87,183	(237,955)	—	24,593
	33,028,575	690,787	5,096,347	152,436
Provision for investments		(24,222)		
Operating profit		666,565		
Unallocated assets			1,933,219	
Total			7,029,566	152,436
	Turnover 2000 HK\$'000	Segment results 2000 HK\$'000	Total assets 2000 HK\$'000	Capital expenditure 2000 HK\$'000
Softgoods	19,498,693	665,155	4,118,824	67,949
Hardgoods	5,493,534	170,858	1,058,297	34,109
Discontinued operations	791	(39,375)	186,627	91,588
	24,993,018	796,638	5,363,748	193,646
Provision for investments		(5,790)		
Operating profit		790,848		
Unallocated assets			1,933,164	
Total			7,296,912	193,646

3 Operating profit

Operating profit is stated after crediting and charging the following:

	2001 HK\$'000	2000 HK\$'000
Crediting		
Gains on disposal of fixed assets	—	7,205
Net exchange gains	19,809	11,805
Net rental income from land and buildings	1,806	1,973
Charging		
Amortisation of intangible assets		
Goodwill (included in administrative expenses)	3,256	—
Development costs (included in administrative expenses)	3,922	2,747
Auditors' remuneration	5,195	4,447
Depreciation		
Owned fixed assets	113,200	92,932
Leased fixed assets	—	260
Loss on disposal of fixed assets	4,372	—
Operating leases in respect of land and buildings	65,822	53,043
Provision for doubtful debts	26,168	16,618
Staff costs, including directors' emoluments	1,267,779	978,919

4 Interest expenses

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans and overdrafts	12,464	20,585

5 Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which subsidiaries of the Group operates.

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

	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax	35,693	41,813
Overseas taxation	21,439	14,307
Overprovision in prior years	(35)	(1,177)
Deferred taxation (note 23)	(3,248)	5,853
	53,849	60,796
Share of taxation attributable to associated companies		
- Hong Kong	1,727	1,409
- Overseas	61	1,973
	1,788	3,382
	55,637	64,178

Deferred taxation charge/(credit) for the year has not been provided in respect of the following :

	2001 HK\$'000	2000 HK\$'000
Tax losses	7,892	(9,042)

At the date of approval of the accounts, certain subsidiaries of the Group have disputes with the Hong Kong Inland Revenue involving tax of approximately HK\$284 million on the non-taxable claim of certain non-Hong Kong sourced income and the deduction claim of marketing expenses for the years of assessment from 1992/1993 to 2000/2001. Under professional advice, the subsidiaries are pursuing objection against the disputes and the directors believe that no material tax liabilities will finally crystallize. Accordingly, the directors consider that sufficient tax provision has been made in this regard.

6 Profit attributable to shareholders

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,515,948,000 (2000: HK\$435,722,000 as restated (note 21(a))).

7 Dividends

	2001 HK\$'000	2000 HK\$'000
Interim, paid, of HK\$0.08 (2000: HK\$0.07) per Share	229,848	192,318
Final, proposed, of HK\$0.185 (2000: HK\$0.18) per Share (note (b))	532,887	515,942
	762,735	708,260

- (a) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31 December 1999 and 2000 were HK\$324,650,000 and HK\$515,942,000 respectively. Under the Group's new accounting policy as described in note 1(q), these have been written back against opening reserves as at 1 January 2000 and 2001 in note 21 and are now charged in the period in which they were proposed.
- (b) At a meeting held on 21 March 2002 the directors declared a final dividend of HK\$0.185 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2002.

8 Earnings per Share

- (a) The calculation of basic earnings per Share and earnings per Share from continuing operations are based on the Group's profit attributable to shareholders and profit from continuing operations of HK\$782,311,000 and HK\$951,307,000 respectively (2000: HK\$870,388,000 and HK\$893,118,000) and on the weighted average number of 2,870,679,000 (2000: 2,706,660,000) Shares in issue during the year.
- (b) In the event that Share Options outstanding at 31 December 2001 and 2000 respectively were exercised in full, the diluted earnings per Share would not be significantly different from the basic earnings per Share as disclosed in the consolidated profit and loss account.

9 Directors' and senior management's emoluments

(a) Directors' remuneration

The aggregate amounts of the emoluments payable to directors of the Company during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Executive:		
Fees	418	218
Basic salaries, housing allowances, other allowances and benefits in kind	12,344	8,285
Discretionary bonuses	28,931	22,262
Contributions to pension scheme	60	220
	41,753	30,985
Non-executive:		
Fees	582	309
	42,335	31,294

In addition to the directors' remuneration disclosed above, during the year, certain directors were granted options to acquire 1,200,000 (2000: Nil) and 1,440,000 (2000: Nil) Shares of the Company at an exercise price of HK\$10.5 and HK\$7.98 per Share respectively. As at 31 December 2001, certain directors held options to acquire 1,440,000 (2000: 1,440,000), 1,200,000 (2000: 1,200,000), 1,200,000 (2000: Nil) and 1,440,000 (2000: Nil) Shares of the Company at an exercise price of HK\$4.1525, HK\$15.26, HK\$10.5 and HK\$7.98 per Share respectively. The closing market price of the Shares as at 31 December 2001 was HK\$8.75.

During the year, a total of 360,000 Shares (2000: 2,040,000) were issued to a director of the Company at an exercise price of HK\$2.1575 under the Share Option Scheme.

Directors' fees disclosed above include HK\$320,000 (2000: HK\$150,000) paid to independent non-executive directors.

9 Directors' and senior management's emoluments (continued)**(a) Directors' remuneration** (continued)

The emoluments of the directors fell within the following bands. The emoluments represent the amount paid to or receivable by the directors of the Company for the year and exclude the benefits derived or to be derived from the Share Options granted under the Share Option Scheme.

Emolument bands	Number of directors	
	2001	2000
Nil - HK\$1,000,000	7*	6*
HK\$4,000,001 - HK\$4,500,000	1	—
HK\$5,500,001 - HK\$6,000,000	1	1
HK\$6,500,001 - HK\$7,000,000	1	—
HK\$7,000,001 - HK\$7,500,000	—	1
HK\$8,500,001 - HK\$9,000,000	—	1
HK\$9,000,001 - HK\$9,500,000	—	1
HK\$11,500,001 - HK\$12,000,000	1	—
HK\$13,000,001 - HK\$13,500,000	1	—

* Represents non-executive directors.

No directors waived their emoluments in respect of the years ended 31 December 2000 and 2001.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2000: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one individual (2000: one) during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	1,998	908
Discretionary bonuses	3,849	3,779
Contributions to pension scheme	12	26
	5,859	4,713

10 Intangible assets

	Goodwill HK\$'000	The Group System development costs HK\$'000	Total HK\$'000
Cost			
At 1 January 2001 reclassified from fixed assets	—	84,338	84,338
Goodwill on acquisitions	61,053	—	61,053
Development costs recognised as assets	—	35,225	35,225
Written off on discontinuation of business	—	(89,254)	(89,254)
Exchange adjustment	—	10	10
At 31 December 2001	61,053	30,319	91,372
Accumulated amortisation			
At 1 January 2001	—	4,713	4,713
Amortisation charge	3,256	3,922	7,178
Written off on discontinuation of business	—	(104)	(104)
At 31 December 2001	3,256	8,531	11,787
Net book value			
At 31 December 2001	57,797	21,788	79,585
At 31 December 2000	—	79,625	79,625

11 Fixed assets

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	The Group Furniture, fixtures, computer and other equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles and company boats HK\$'000	Total HK\$'000
Cost or valuation						
At 1 January 2001	1,131,043	133,894	355,937	10,100	33,321	1,664,295
Reclassified as intangible assets	—	—	(84,338)	—	—	(84,338)
	1,131,043	133,894	271,599	10,100	33,321	1,579,957
Additions	2,531	19,168	90,065	849	4,598	117,211
Disposals	—	(4,832)	(23,752)	(2,123)	(5,343)	(36,050)
Written off on discontinuation of business	—	(11,240)	(37,075)	—	—	(48,315)
Disposal of subsidiaries	—	—	(3,851)	—	—	(3,851)
Exchange adjustment	(1,308)	(1,654)	(4,188)	(218)	(843)	(8,211)
At cost	786,854	135,336	292,798	8,608	31,733	1,255,329
At directors' 1994 valuation	345,412	—	—	—	—	345,412
At 31 December 2001	1,132,266	135,336	292,798	8,608	31,733	1,600,741
Accumulated depreciation						
At 1 January 2001	81,204	47,530	152,800	3,413	17,913	302,860
Reclassified as intangible assets	—	—	(4,713)	—	—	(4,713)
	81,204	47,530	148,087	3,413	17,913	298,147
Charge for the year	27,221	19,042	59,683	2,050	5,204	113,200
Disposals	—	(2,254)	(16,917)	(1,227)	(4,907)	(25,305)
Written off on discontinuation of business	—	(1,789)	(3,101)	—	—	(4,890)
Disposal of subsidiaries	—	—	(989)	—	—	(989)
Exchange adjustment	(77)	(998)	(2,217)	(62)	(422)	(3,776)
At 31 December 2001	108,348	61,531	184,546	4,174	17,788	376,387
Net book value						
At 31 December 2001	1,023,918	73,805	108,252	4,434	13,945	1,224,354
At 31 December 2000	1,049,839	86,364	123,512	6,687	15,408	1,281,810

11 Fixed assets (continued)

The Group's interests in land and buildings at their net book values are analysed as follows:

	2001 HK\$'000	The Group 2000 HK\$'000
In Hong Kong, held on:		
Leases over 50 years	106,189	108,346
Leases of between 10 to 50 years	870,541	892,324
Outside Hong Kong, held on:		
Freehold	34,985	36,254
Leases over 50 years	10,765	11,443
Leases of between 10 to 50 years	1,438	1,472
	1,023,918	1,049,839

The original cost and accumulated depreciation based on cost of leasehold land and buildings in Hong Kong are as follows:

	2001 HK\$'000	The Group 2000 HK\$'000
Original cost	957,628	955,513
Accumulated depreciation based on cost	(91,123)	(67,534)
	866,505	887,979

At 31 December 2001, the net book value of fixed assets pledged as security for the Group's long-term loans amounted to HK\$27,927,000 (2000: HK\$101,210,000).

12 Subsidiaries

	2001 HK\$'000	The Company 2000 HK\$'000
Unlisted shares, at cost	111,210	111,210
Loan to a subsidiary	1,952,493	1,952,493
	2,063,703	2,063,703

The loan to a subsidiary is interest free, unsecured and has no fixed terms of repayment.

Details of principal subsidiaries are set out on pages 78 to 85.

13 Associated companies

	2001 HK\$'000	The Group 2000 HK\$'000
Share of net assets	8,482	11,554
Loans to associated companies	25,806	17,010
	34,288	28,564

The loans to associated companies are interest free and unsecured, except for amounts of HK\$9,654,000 which are secured and interest bearing.

Details of principal associated companies are set out on pages 86 and 87.

14 Investments

	2001 HK\$'000	The Group 2000 HK\$'000
Shares listed overseas, at cost	32,647	—
Unlisted shares, at cost	62,113	52,997
Less: provision for diminution in value	(30,012)	(5,790)
	64,748	47,207
Club debentures, at cost	6,600	6,600
	71,348	53,807
Market value of listed shares	17,998	—

15 Inventories

	2001 HK\$'000	The Group 2000 HK\$'000
Merchandise	100,313	135,876
Finished goods	3,420	2,081
Raw materials	26,655	29,023
	130,388	166,980

At 31 December 2001, the carrying amount of inventories that are carried at net realisable value amounted to HK\$1,148,000 (2000: HK\$1,152,000).

At 31 December 2001, the carrying amount of inventories pledged as security for bank facilities amounted to HK\$53,884,000 (2000: HK\$61,053,000).

16 Due from related companies

	The Group		The Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Due from:				
Subsidiaries	—	—	4,871,768	4,083,306
Associated companies	19,825	19,682	—	—
	19,825	19,682	4,871,768	4,083,306

The amounts are unsecured, interest free and repayable on demand, except for amounts due from associated companies of HK\$2,414,000 which are secured and interest bearing.

17 Trade and bills receivable

The majority of the Group's turnover are on sight letter of credit, usance letter of credit up to a tenor of 120 days of documents against payment. The remaining balances of the turnover are on open account terms payable against deliveries of shipments which are mostly covered by customers' standby letters of credit or bank guarantees. The ageing analysis of trade and bills receivable are as follows:

	The Group	
	2001 HK\$'000	2000 HK\$'000
Current to 90 days	2,261,347	2,371,166
91 to 180 days	127,956	46,861
181 to 360 days	15,166	10,553
Over 360 days	2,579	1,079
	2,407,048	2,429,659

18 Due to related companies

	The Group		The Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Due to:				
Subsidiaries	—	—	1,993,881	1,247,413
Associated companies	809	103	—	—
	809	103	1,993,881	1,247,413

The amounts are unsecured, interest free and repayable on demand.

19 Trade and bills payable

The ageing analysis of the trade and bills payable are as follows:

	2001 HK\$'000	The Group 2000 HK\$'000
Current to 90 days	2,605,208	2,678,522
91 to 180 days	95,320	91,369
181 to 360 days	28,648	18,497
Over 360 days	16,595	20,274
	2,745,771	2,808,662

20 Share capital and options

	2001		2000	
	Number of Shares (in thousand)	HK\$'000	Number of Shares (in thousand)	HK\$'000
Authorised				
At 1 January, ordinary HK\$0.025 each (2000: ordinary HK\$0.05 each)	3,200,000	80,000	1,600,000	80,000
Subdivision of shares	—	—	1,600,000	—
At 31 December, ordinary of HK\$0.025 each	3,200,000	80,000	3,200,000	80,000
Issued and fully paid				
At 1 January, ordinary HK\$0.025 each (2000: ordinary HK\$0.05 each)	2,750,990	68,775	1,295,296	64,765
Issue of shares upon a private placing	—	—	60,000	3,000
Exercise of share options (note (c))	10,200	254	21,648	1,010
Issue of shares on a share exchange transaction (note (b))	4,600	115	—	—
Subdivision of shares	—	—	1,374,046	—
Issue of shares for the acquisition of Colby (note (a))	113,188	2,830	—	—
At 31 December, ordinary of HK\$0.025 each	2,878,978	71,974	2,750,990	68,775
Shares to be allotted and issued				
At 1 January, ordinary HK\$0.025 each	113,188	2,830	—	—
(Issue)/increase of shares during the year (note (a))	(113,188)	(2,830)	113,188	2,830
At 31 December, ordinary of HK\$0.025 each	—	—	113,188	2,830
	2,878,978	71,974	2,864,178	71,605

20 Share capital and options (continued)

- (a) Pursuant to the sale and purchase agreement with the ex-shareholders of Colby Group Holdings Limited (“Colby”), the Company issued 113,188,000 new Shares (the “Consideration Shares”) to satisfy the remaining balance of the share consideration for the acquisition of Colby.
- (b) In November 2001 the Company entered into a share exchange agreement with Nichimen Corporation (“Nichimen”) of Japan, which is listed on the Tokyo Stock Exchange. Pursuant to the agreement, the Company issued and allotted 4,600,000 new shares at HK\$7.3974 per share to Nichimen in exchange for 4,000,000 shares in Nichimen.
- (c) Details of Share Options granted by the Company pursuant to the Share Option Scheme and the Share Options outstanding at 31 December 2001, are as follows:

Date of grant	Subscription price per Share	Exercisable period	At 1 January 2001	Share Options granted during the year	Share Options exercised during the year	At 31 December 2001
25 July 1998	HK\$2.1575	25 July 1999 - 24 July 2001	2,340,000	—	(2,340,000)	—
16 July 1999	HK\$4.1525	16 July 2000 - 15 July 2002	18,894,000	—	(7,860,000)	11,034,000
7 July 2000	HK\$15.26	7 July 2001 - 6 July 2003	9,256,000	—	—	9,256,000
18 July 2001	HK\$10.50	18 July 2002 - 17 July 2004	—	10,668,000	—	10,668,000
28 August 2001	HK\$7.98	28 August 2003 - 27 August 2005	—	11,844,000	—	11,844,000

Subsequent to 31 December 2001, 1,494,000 Shares have been allotted and issued under the Share Option Scheme for a total cash consideration of HK\$6,204,000.

21 Reserves

The Group	Share premium HK\$'000	Contributed surplus account HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2000 as previously reported	730,956	—	4,959	(37,519)	50,950	749,346
Effect of adopting SSAP 9 (Revised) (note 1(q))	—	—	—	—	324,650	324,650
At 1 January 2000 as restated	730,956	—	4,959	(37,519)	375,600	1,073,996
1999 final dividend paid	—	—	—	—	(340,388)	(340,388)
Share premium on issue of new shares	2,031,486	—	—	—	—	2,031,486
Contributed surplus arising from the Consideration Shares to be issued	—	1,949,663	—	—	—	1,949,663
Exchange adjustment on translation of the accounts of overseas subsidiaries and associated companies	—	—	—	(15,871)	—	(15,871)
Goodwill on acquisition of subsidiaries/business written off	—	(1,949,663)	—	—	(156,843)	(2,106,506)
Profit for the year	—	—	—	—	870,388	870,388
2000 interim dividend paid	—	—	—	—	(192,318)	(192,318)
Reserves	2,762,442	—	4,959	(53,390)	40,497	2,754,508
Proposed dividend	—	—	—	—	515,942	515,942
At 31 December 2000	2,762,442	—	4,959	(53,390)	556,439	3,270,450
Company and subsidiaries	2,762,442	—	4,959	(53,482)	562,332	3,276,251
Associated companies	—	—	—	92	(5,893)	(5,801)
At 31 December 2000	2,762,442	—	4,959	(53,390)	556,439	3,270,450

21 Reserves (continued)

The Group	Share premium HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2001 as previously reported	2,762,442	4,959	(53,390)	40,497	2,754,508
Effect of adopting SSAP 9 (Revised) (note 1(q))	—	—	—	515,942	515,942
At 1 January 2001 as restated	2,762,442	4,959	(53,390)	556,439	3,270,450
2000 final dividend paid	—	—	—	(516,303)	(516,303)
Share premium on issue of new shares	71,345	—	—	—	71,345
Exchange adjustment on translation of the accounts of overseas subsidiaries and associated companies	—	—	(12,515)	—	(12,515)
Profit for the year	—	—	—	782,311	782,311
Transfer to capital reserve	—	671	—	(671)	—
Goodwill released upon disposal of a subsidiary	—	—	—	5,637	5,637
2001 interim dividend paid	—	—	—	(229,848)	(229,848)
Reserves	2,833,787	5,630	(65,905)	64,678	2,838,190
Proposed dividend	—	—	—	532,887	532,887
At 31 December 2001	2,833,787	5,630	(65,905)	597,565	3,371,077
Company and subsidiaries	2,833,787	5,630	(65,900)	603,166	3,376,683
Associated companies	—	—	(5)	(5,601)	(5,606)
At 31 December 2001	2,833,787	5,630	(65,905)	597,565	3,371,077

21 Reserves (continued)

The Company	Share premium HK\$'000	Contributed surplus account HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2000 as previously reported	730,956	111,010	216,531	1,058,497
Effect of adopting SSAP 9 (Revised)				
1999 final dividend receivable (note 21(a))	—	—	(440,011)	(440,011)
1999 final dividend proposed (note 1(q))	—	—	324,650	324,650
At 1 January 2000 as restated	730,956	111,010	101,170	943,136
Share premium on issue of new shares	2,031,486	—	—	2,031,486
Contributed surplus arising from the Consideration Shares	—	1,949,663	—	1,949,663
Profit for the year				
As previously reported	—	—	715,729	715,729
1999 final dividend received	—	—	440,011	440,011
2000 final dividend receivable	—	—	(720,018)	(720,018)
As restated	—	—	435,722	435,722
1999 final dividend paid	—	—	(340,388)	(340,388)
2000 interim dividend paid	—	—	(192,318)	(192,318)
At 31 December 2000	2,762,442	2,060,673	4,186	4,827,301
At 1 January 2001 as previously reported	2,762,442	2,060,673	208,262	5,031,377
Effect of adopting SSAP 9 (Revised)				
2000 final dividend receivable (note 21(a))	—	—	(720,018)	(720,018)
2000 final dividend proposed (note 1(q))	—	—	515,942	515,942
At 1 January 2001 as restated	2,762,442	2,060,673	4,186	4,827,301
Share premium on issue of new shares	71,345	—	—	71,345
Profit for the year	—	—	1,515,948	1,515,948
2000 final dividend paid	—	—	(516,303)	(516,303)
2001 interim dividend paid	—	—	(229,848)	(229,848)
Reserves	2,833,787	2,060,673	241,096	5,135,556
Proposed dividend	—	—	532,887	532,887
At 31 December 2001	2,833,787	2,060,673	773,983	5,668,443

21 Reserves (continued)

- (a) Following the adoption of revised SSAP 9, opening retained earnings of the Company at 1 January 2001 has been decreased by HK\$720,018,000 (2000: HK\$440,011,000) which is the reversal of the 2000 (1999) final dividend receivable from a subsidiary previously recorded as asset as at 31 December 2000 (1999) although not received until after the balance sheet date.
- (b) Capital reserve represents amount set aside from the profit of an overseas subsidiary of the Group in accordance with the local statutory requirement.
- (c) The contributed surplus account of the Company represents:-
- (i) the difference between the nominal value of the Company's shares issued in exchange for the issued ordinary shares of Li & Fung (B.V.I.) Limited and the value of net assets of the underlying subsidiaries acquired as at 2 June 1992 amounting to HK\$111,010,000. At Group level, the amount is reclassified into its components of reserves of the underlying subsidiaries.
 - (ii) the difference between the issue price and the nominal value of the Company's shares to be issued in connection with the acquisition of Colby as stated in note 20(a) to the accounts amounting to HK\$1,949,663,000. At Group level, the amount is set off against goodwill arising from the acquisition.

22 Long-term liabilities

	2001 HK\$'000	The Group 2000 HK\$'000
Long-term bank loans, secured (note 27)	48,115	101,404
Other loans	29,905	61,656
Obligations under finance leases	—	5,195
	78,020	168,255
Current portion of long-term liabilities	(50,300)	(30,613)
	27,720	137,642

22 Long-term liabilities (continued)

At 31 December 2001, the Group's long-term bank loans and other borrowings (excluding finance lease liabilities) were repayable as follows:

	Long-term bank loans		Other loans	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Within one year	41,330	18,670	8,970	8,970
In the second year	6,785	19,645	8,970	8,970
In the third to fifth year	—	47,098	11,965	17,940
After the fifth year	—	15,991	—	—
With no fixed repayment terms	—	—	—	25,776
	48,115	101,404	29,905	61,656

23 Deferred taxation

	The Group			
	2001		2000	
	Full potential liabilities/(assets) HK\$'000	Provision made HK\$'000	Full potential liabilities/(assets) HK\$'000	Provision made HK\$'000
Accelerated depreciation allowances	5,609	5,609	9,494	9,494
Tax losses	(24,068)	—	(32,094)	(134)
Other timing differences	(1,641)	(1,641)	(2,144)	(2,144)
	(20,100)	3,968	(24,744)	7,216

Movements on the provision for deferred taxation are as follows:

	2001 HK\$'000	2000 HK\$'000
At 1 January	7,216	900
Transferred (to)/from profit and loss account (note 5)	(3,248)	5,853
Acquisition of subsidiaries	—	463
At 31 December	3,968	7,216

No provision has been made for deferred tax liability in respect of the timing differences relating to the revaluation of certain leasehold land and buildings of the Group. The revaluation does not constitute timing differences for taxation purposes because management of the Group intend to operate these properties on a long-term basis.

24 Notes to the consolidated cash flow statement

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

	2001 HK\$'000	2000 HK\$'000
Profit before taxation	768,381	924,270
Interest income	(112,837)	(140,330)
Interest expenses	12,464	20,585
Share of profits less losses of associated companies	(1,443)	(13,677)
Depreciation	113,200	95,939
Amortisation of goodwill	3,256	—
Amortisation of development costs	3,922	—
Written off on development costs	89,150	—
Written off of fixed assets	43,425	—
Provision for investments	24,222	5,790
Profit on disposal of subsidiaries	(2,588)	—
Loss/(profit) on disposal of fixed assets	4,372	(7,205)
Decrease/(increase) in inventories	16,107	(51,529)
Decrease/(increase) in trade and bills receivable, other receivables, prepayments and deposits including amounts due from associated companies	62,454	(708,861)
(Decrease)/increase in trade and bills payable, accrued charges and sundry payables including amounts due to associated companies	(126,167)	931,854
Net cash inflow from operating activities	897,918	1,056,836

24 Notes to the consolidated cash flow statement (continued)**(b) Disposal of subsidiaries**

	2001 HK\$'000	2000 HK\$'000
Net assets disposed of:		
Fixed assets	2,862	—
Investments	—	34,639
Loan to an investee company	—	38,650
Inventories	20,485	—
Trade and other receivables	8,880	—
Cash and bank balances	2,320	—
Trade and other payables	(23,674)	—
Minority interests	(14,384)	—
Exchange reserve	88	—
	(3,423)	73,289
Profit on disposal of subsidiaries	2,588	—
Goodwill realised upon disposal of subsidiaries	5,637	—
	4,802	73,289
Satisfied by:		
Cash consideration	249	73,289
Investments	4,553	—
	4,802	73,289
Analysis of (outflow)/inflow of cash and cash equivalents in respect of disposal of subsidiaries:		
	2001 HK\$'000	2000 HK\$'000
Cash consideration	249	73,289
Cash and cash equivalents disposed	(2,320)	—
Net (outflow)/inflow of cash and cash equivalents in respect of disposal of subsidiaries	(2,071)	73,289

24 Notes to the consolidated cash flow statement (continued)**(c) Purchase of subsidiaries**

	2001 HK\$'000	2000 HK\$'000
Net assets acquired:		
Fixed assets	—	115,133
Investments	—	20,950
Inventories	—	5,437
Trade and other receivables	812	350,222
Cash and bank balances	26,882	230,968
Trade and other payables	(85)	(401,186)
Obligations under finance leases	—	(5,461)
Taxation payable	—	(8,001)
Deferred taxation	—	(463)
Minority interests	6,945	(1,711)
Long-term bank loans	—	(75,936)
Long-term loan from the Group	—	(19,600)
Loans from minority shareholders of a subsidiary	—	(7,616)
	34,554	202,736
Goodwill on consolidation	56,742	2,106,128
	91,296	2,308,864
Satisfied by:		
Cash consideration	77,251	321,314
Interests in associated companies	14,045	—
Consideration shares	—	1,952,493
Expenses incurred in respect of acquisition of subsidiaries and the related restructuring costs	—	35,057
	91,296	2,308,864

24 Notes to the consolidated cash flow statement (continued)**(c) Purchase of subsidiaries (continued)**

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2001 HK\$'000	2000 HK\$'000
Cash consideration	77,251	321,314
Expenses incurred in respect of acquisition of subsidiaries and the related restructuring costs	—	35,057
Outstanding purchase consideration payable	—	(123,750)
Cash consideration paid	77,251	232,621
Cash and cash equivalents acquired	(26,882)	(230,968)
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	50,369	1,653

(d) Analysis of changes in financing during the year

	2001				2000			
	Share capital including share premium HK\$'000	Long- term bank loans HK\$'000	Obligations under finance leases HK\$'000	Other loans and minority interests HK\$'000	Share capital including share premium HK\$'000	Long- term bank loans HK\$'000	Obligations under finance leases HK\$'000	Other loans and minority interests HK\$'000
At 1 January	2,834,047	101,404	5,195	81,517	795,721	458,651	—	40,340
Non cash movement								
Share of losses	—	—	—	(69,567)	—	—	—	(10,296)
Further acquisition of subsidiaries	—	—	—	(6,945)	—	75,936	5,461	9,327
Disposal of subsidiaries	—	—	—	(14,384)	—	—	—	—
Consideration Shares to be issued	—	—	—	—	2,830	—	—	—
Exchange adjustment	—	(818)	—	66	—	(2,691)	—	469
	2,834,047	100,586	5,195	(9,313)	798,551	531,896	5,461	39,840
Proceeds from issue of shares	71,714	—	—	—	2,035,496	—	—	—
Bank and other loans raised	—	31,993	—	15,908	—	—	—	18,160
Repayment of bank loans	—	(84,464)	—	—	—	(430,492)	—	—
Capital element of finance lease payments	—	—	(5,195)	—	—	—	(266)	—
Dividends paid	—	—	—	(4,843)	—	—	—	(50)
Repayment of other loans	—	—	—	(9,424)	—	—	—	—
Repayment from a minority shareholder	—	—	—	—	—	—	—	318
Capital contribution from a minority shareholder	—	—	—	63,542	—	—	—	23,249
At 31 December	2,905,761	48,115	—	55,870	2,834,047	101,404	5,195	81,517

25 Contingent liabilities

	The Group		The Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bills of exchange discounted with recourse	645,008	916,857	—	—
Guarantees in respect of banking facilities granted to:				
Subsidiaries	—	—	10,483,212	7,700,655
Associated companies	99,418	76,050	46,785	46,800
Other guarantees	9,600	9,600	—	—
	754,026	1,002,507	10,529,997	7,747,455

26 Commitments

(a) Operating lease commitments

At 31 December 2001, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2001		Restated 2000	
	Land and buildings	Others	Land and buildings	Others
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	49,671	1,458	63,942	571
In the second to fifth year inclusive	47,708	1,811	45,973	1,443
After the fifth year	10,179	—	3,488	48
	107,558	3,269	113,403	2,062

(b) Capital commitments

	The Group	
	2001 HK\$'000	2000 HK\$'000
Contracted but not provided for:		
Property, plant and equipment	2,226	5,992
Capital contribution to an associated company	1,677	—
	3,903	5,992

27 Charge of assets

At 31 December 2001, there were charges on the assets and undertakings of one (2000: one) overseas subsidiary with net book values amounting to HK\$142,883,000 (2000: HK\$117,385,000) in favour of banks to cover banking facilities granted to the subsidiary.

28 Approval of accounts

The accounts were approved by the Board of Directors on 21 March 2002.