

# Notes to the Accounts

## I PRINCIPAL ACCOUNTING POLICIES

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

### (a) Basis of preparation

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 except that, as disclosed in the accounting policies below, certain property, plant and equipment and investment properties are stated at fair value.

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 1st January, 2001:

SSAP9 (revised)	:	Events after the balance sheet date
SSAP14 (revised)	:	Leases (effective for periods commencing on or after 1st July, 2000)
SSAP26	:	Segment reporting
SSAP28	:	Provisions, contingent liabilities and contingent assets
SSAP30	:	Business combinations
SSAP31	:	Impairment of assets

The adoption of these new standards is set out in the accounting policies below.

### (b) Group accounting

#### (i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries (the “Group”) made up to 31st December. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

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 the 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 goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account and also any related accumulated exchange fluctuation reserve.

## NOTES TO THE ACCOUNTS

### I 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) 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 profit and loss account of overseas subsidiaries expressed in foreign currencies is translated into Hong Kong dollars at average exchange rates for the year whereas balance sheet items are translated at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in the exchange fluctuation reserve and the cumulative exchange differences relating to the retained earnings are dealt with as a movement in the retained earnings account.

#### (c) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods of greater than 20 years are valued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

# Notes to the Accounts

## I PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment

Leasehold land and buildings in Indonesia and Lesotho represent mainly factory premises used for manufacturing purposes. Leasehold land and buildings other than investment properties (Note 1(c) above) and plant and machinery are stated at valuation. Fair value is determined by the directors based on independent valuations which are performed on an annual basis. If the fair value is in excess of the carrying amount of the relevant asset, the surplus is credited to the fixed assets revaluation reserve to the extent that it is not covered by deficits arising on prior valuations of that asset which have been previously charged to the profit and loss account. If the fair value is less than the carrying amount of the relevant asset the deficit is charged to the profit and loss account to the extent that it is not covered by surpluses arising on prior valuations of that asset which has been previously credited to the fixed assets revaluation reserve.

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Fixed assets are depreciated at rates sufficient to write off their cost or valuation less accumulated impairment losses over their estimated useful lives to the Group on a straight-line basis. The principal annual rates are as follows:

Leasehold land	2%
Buildings	2% to 5%
Leasehold improvements	5% to 20%
Plant and machinery	10% to 20%
Furniture, office equipment and motor vehicles	10% to 30%

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.

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 property, plant and equipment 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.

## NOTES TO THE ACCOUNTS

### I PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Property, plant and equipment (Continued)

The gain or loss on disposal of a fixed asset other than investment properties 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.

#### (e) Operating leases

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

#### (f) 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 subsidiaries at the date of acquisition. Goodwill on acquisitions occurring on or after 1st January, 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. Goodwill on acquisitions that occurred prior to 1st January, 2001 was written off against reserves. The Group has taken advantage of the transitional provisions in SSAP 30 and goodwill has not been retrospectively capitalised and amortised. However, any impairment arising on such goodwill is accounted for in accordance with SSAP 31.

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.

#### (g) Textile quota entitlements

Permanent textile quota entitlements are stated at cost less accumulated amortisation and impairment losses and are amortised over a period of five years on a straight-line basis. The costs of temporary textile quota entitlements are charged to the profit and loss account in the year of acquisition.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

# Notes to the Accounts

## I PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (i) 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.

### (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 on hand, deposits held at call with banks and bank overdrafts.

### (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.

### (l) Contingent liabilities

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.

### (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.

### (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 shipment is made.

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

Rental income is recognised on a straight-line basis.

## NOTES TO THE ACCOUNTS

### I PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (o) Retirement benefit costs

The Group's contributions to the mandatory provident fund scheme are expensed as incurred.

#### (p) 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.

#### (q) 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. Business segments are not presented as the secondary reporting format because the Group's turnover and operating profit were solely contributed by garment manufacturing business.

Unallocated costs represent corporate expenses. Segment assets consist primarily of permanent textile quota entitlements and trade receivables, and mainly exclude goodwill, fixed assets, inventories, other receivables and operating cash. Capital expenditure comprises additions to fixed assets (Note 13).

#### (r) Dividends

In accordance with the revised SSAP 9, the Group and the Company no longer recognise dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. Similarly, the Company no longer recognises dividends income proposed or declared by its subsidiary after the balance sheet date as a receivable 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 20, this change has resulted in an increase in opening retained earnings at 1st January, 2001 by HK\$40,320,000 (1st January, 2000: HK\$25,000,000) which is the reversal of the provision for 2000 (1999) proposed final dividend previously recorded as a liability as at 31st December, 2000 (31st December, 1999) although not declared until after the balance sheet date.

# Notes to the Accounts

## 2 TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in garment manufacturing. Revenues recognised during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Turnover		
Sale of apparel products	<u>1,146,426</u>	<u>1,166,804</u>
Other revenues		
Gross rental income from investment properties	733	967
Interest income	<u>3,947</u>	<u>2,733</u>
	<u>4,680</u>	<u>3,700</u>
Total revenues	<u><u>1,151,106</u></u>	<u><u>1,170,504</u></u>

The Group's turnover and operating profit were solely contributed by garment manufacturing business. The customers are located in five main geographical areas: United States of America, Europe, Canada, Southeast Asia and other countries.

## NOTES TO THE ACCOUNTS

## 2 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

## Primary reporting format – geographical segments by location of customers for 2001

	United States of America	Europe	Canada	Southeast Asia	Other countries	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>958,947</u>	<u>90,935</u>	<u>53,542</u>	<u>32,841</u>	<u>10,161</u>	<u>1,146,426</u>
Segment results	<u>139,221</u>	<u>12,197</u>	<u>7,609</u>	<u>4,693</u>	<u>1,483</u>	165,203
Unallocated other revenues						2,396
Unallocated cost						<u>(53,540)</u>
Operating profit						114,059
Finance costs						<u>(7,225)</u>
Profit before taxation						106,834
Taxation						<u>(13,613)</u>
Profit after taxation						93,221
Minority interests						<u>1,813</u>
Profit attributable to shareholders						<u>95,034</u>
Segment assets	92,545	8,450	2,723	7,137	1,647	112,502
Unallocated assets						<u>409,077</u>
Total assets						<u>521,579</u>
Unallocated liabilities						<u>191,746</u>
Capital expenditure (unallocated)						68,461
Depreciation (unallocated)						18,695
Amortisation of goodwill						1,502
Amortisation of permanent textile quota entitlements	2,281	-	-	-	-	2,281



# Notes to the Accounts

## 2 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Primary reporting format – geographical segments by location of customers for 2000

	United States of America HK\$'000	Europe HK\$'000	Canada HK\$'000	Southeast Asia HK\$'000	Other countries HK\$'000	Group HK\$'000
Turnover	<u>1,029,100</u>	<u>67,508</u>	<u>35,832</u>	<u>26,283</u>	<u>8,081</u>	<u>1,166,804</u>
Segment results	<u>177,598</u>	<u>13,873</u>	<u>6,616</u>	<u>5,153</u>	<u>1,310</u>	204,550
Unallocated other revenues						3,438
Unallocated cost						<u>(57,294)</u>
Operating profit						150,694
Finance costs						<u>(11,202)</u>
Profit before taxation						139,492
Taxation						<u>(19,285)</u>
Profit after taxation						120,207
Minority interests						<u>(133)</u>
Profit attributable to shareholders						<u>120,074</u>
Segment assets	114,626	9,419	7,112	11,621	16,887	159,665
Unallocated assets						<u>355,051</u>
Total assets						<u>514,716</u>
Unallocated liabilities						<u>197,680</u>
Capital expenditure (unallocated)						31,814
Depreciation (unallocated)						14,924
Amortisation of permanent textile quota entitlements	3,095	–	–	–	–	3,095

## NOTES TO THE ACCOUNTS

### 2 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Primary reporting format – geographical segments by location of assets

	<b>Total assets</b>	<b>Capital</b>
	<b>2001</b>	<b>expenditure</b>
	<b>HK\$'000</b>	<b>2001</b>
		<b>HK\$'000</b>
Hong Kong	190,647	3,707
Indonesia	200,525	12,365
Lesotho	57,150	33,572
El Salvador	62,348	17,024
China	4,264	1,793
United States of America	99	–
	<u>515,033</u>	<u>68,461</u>
Unallocated assets	<u>6,546</u>	
	<u>521,579</u>	
	<b>Total assets</b>	<b>Capital</b>
	<b>2000</b>	<b>expenditure</b>
	<b>HK\$'000</b>	<b>2000</b>
		<b>HK\$'000</b>
Hong Kong	237,513	2,994
Indonesia	228,223	27,841
El Salvador	43,441	–
China	3,707	979
United States of America	1,832	–
	<u>514,716</u>	<u>31,814</u>

# Notes to the Accounts

## 3 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2001 HK\$'000	2000 HK\$'000
<b>Crediting</b>		
Gain on disposal of fixed assets	<u>408</u>	<u>–</u>
<b>Charging</b>		
Cost of inventories sold	886,226	866,103
Depreciation of fixed assets	18,695	14,924
Staff costs (excluding directors' emoluments)	140,788	99,348
Operating lease – land and buildings	10,415	7,200
Retirement benefit costs (Note 9)	1,953	183
Loss on disposal of fixed assets	–	364
Loss on disposal of investment properties	–	179
Amortisation of goodwill	1,502	–
Amortisation of permanent textile quota entitlements	2,281	3,095
Auditors' remuneration	1,304	1,425
Net exchange losses	<u>826</u>	<u>1,682</u>

## 4 FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	<u>7,225</u>	<u>11,202</u>

## NOTES TO THE ACCOUNTS

### 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 which 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		
– current	13,750	17,232
– overprovision in prior years	(137)	(39)
Overseas taxation	–	2,092
	<u>13,613</u>	<u>19,285</u>

No provision for deferred taxation has been made in the accounts as the effect of timing differences is not material. The surpluses arising from the revaluation of the Group's land and buildings in Indonesia, and plant and machinery do not constitute a timing difference.

### 6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$88,920,000 (2000: HK\$45,998,000).

### 7 DIVIDENDS

	2001 HK\$'000	2000 HK\$'000
Interim, paid, of HK\$0.06 (2000: HK\$0.056) per ordinary share	21,600	20,160
Final, proposed, of HK\$0.072 (2000: HK\$0.112) per ordinary share	<u>25,920</u>	<u>40,320</u>
	<u>47,520</u>	<u>60,480</u>

# Notes to the Accounts

## 8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$95,034,000 (2000: HK\$120,074,000) and the weighted average of 360,000,000 (2000: 342,295,082) ordinary shares in issue during the year. There is no diluted earnings per share since the Company has no dilutive potential ordinary shares.

## 9 RETIREMENT BENEFIT COSTS

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the "MPF Scheme") from 1st December, 2000.

The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Contributions are made to the MPF Scheme by the employers at 5% of the employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month (the "MPF Contribution"). The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK\$4,000 per month. The MPF Contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

For employees whose basic salaries are in excess of HK\$20,000 per month, the employees may choose to make voluntary contributions at 5%, 7.5% or 10% of their salaries on a monthly basis. The Group shall then make 5% of their salaries as voluntary contributions for such employees. The employees are entitled to 100% of the Group's contributions after ten completed years of service, or at an increasing scale of between 30% to 90% after completion of three to nine years of service. Where an employee leaves the Group before the Group's contribution has fully vested, such forfeited contributions may be used by the Group to reduce its existing level of contributions. Forfeited contributions totaling HK\$6,000 (2000: Nil) were utilised during the year leaving HK\$8,000 (2000: Nil) available at the year-end to reduce future contributions.

The MPF Scheme cost charged to the consolidated profit and loss account represents contributions payable by the Group to the MPF Scheme (Note 3).

Except for the MPF Scheme, the Group did not have any other provident fund scheme available for its employees during the year.

## NOTES TO THE ACCOUNTS

### 10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

#### (a) Directors emoluments

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

	2001 HK\$'000	2000 HK\$'000
Fees		
Independent non-executive directors	474	367
Non-executive director	76	183
Executive directors	400	369
	<u>950</u>	<u>919</u>
Other emoluments		
Basic salaries, housing allowances, other allowances and benefits in kind	8,922	9,002
Discretionary bonuses	6,200	9,000
Contributions to mandatory provident fund scheme	360	28
	<u>15,482</u>	<u>18,030</u>
	<u>16,432</u>	<u>18,949</u>

During the year, 20,000,000 options were granted to the directors under the Share Option Scheme approved by the sole shareholder of the Company on 23rd February, 2000. Refer to Directors' Report, under section headed "Share options", for details of options granted during the year.

# Notes to the Accounts

## 10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

### (a) Directors emoluments (Continued)

The emoluments of the directors fell within the following bands:

Emolument bands	Number of directors	
	2001	2000
Nil – HK\$1,000,000	5	4
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$2,500,000	1	1
HK\$5,000,001 – HK\$5,500,000	1	–
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$6,500,001 – HK\$7,000,000	1	–
HK\$7,500,001 – HK\$8,000,000	–	1
	<u>9</u>	<u>8</u>

None of the directors has waived emoluments in respect of the years ended 31st December, 2001 and 2000.

### (b) Five highest paid individuals

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

	2001 HK\$'000	2000 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	2,045	1,040
Discretionary bonuses	972	650
Contributions to mandatory provident fund scheme	52	1
	<u>3,069</u>	<u>1,691</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2001	2000
HK\$1,500,001 – HK\$2,000,000	<u>2</u>	<u>1</u>

## NOTES TO THE ACCOUNTS

## II GOODWILL

	<b>At 31st December, 2001 HK\$'000</b>
Cost	<b>8,048</b>
Accumulated amortisation	<b><u>(1,502)</u></b>
Net book amount	<b><u><u>6,546</u></u></b>

On 1st January, 2001, the Group acquired 70% of the issued share capital of Shinning Century Limited, which is engaged in garment manufacturing. The consideration of HK\$6,937,000 was settled in cash. The proportionate fair value of the net identifiable assets of Shinning Century Limited at the date of acquisition was HK\$6,006,000. The resulting goodwill of HK\$931,000 has been amortized on a straight-line basis over a period of 5 years.

On 9th January, 2001, the Group acquired the entire issued share capital of Charter, S.A. de C.V., which is engaged in garment manufacturing. The consideration of US\$2,000,000 (about HK\$15,600,000) was settled in cash. The fair value of the net identifiable assets of Charter, S.A. de C.V. at the date of acquisition was HK\$10,099,000. The resulting goodwill of HK\$5,501,000 has been amortized on a straight-line basis over a period of 5 years.

On 30th April, 2001, the Group acquired the entire share capital of Supreme Bright Group Limited, which is engaged in garment manufacturing. The consideration of Rand7,616,000 (about HK\$7,616,000) was settled in cash. The fair value of the net identifiable assets of Supreme Bright Group Limited at the date of acquisition was HK\$6,000,000. The resulting goodwill of HK\$1,616,000 has been amortised on a straight-line basis over a period of 5 years.

	HK\$'000
The assets and liabilities arising from the acquisition are as follows:	
Fixed assets	22,042
Inventories	3,381
Trade and other receivables	11,384
Bank balances and cash	6,646
Trade and other payables	(18,774)
Minority interests	<u>(2,574)</u>
	22,105
Goodwill on acquisitions	<u>8,048</u>
Total purchase consideration	<u><u>30,153</u></u>



# Notes to the Accounts

## 12 PERMANENT TEXTILE QUOTA ENTITLEMENTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Cost		
At 1st January	14,256	19,216
Exchange adjustment	<u>(1,019)</u>	<u>(4,960)</u>
At 31st December	<u>13,237</u>	<u>14,256</u>
Accumulated amortisation and impairment losses		
At 1st January	9,565	9,274
Exchange adjustment	(684)	(2,804)
Amortisation for the year	<u>2,281</u>	<u>3,095</u>
At 31st December	<u>11,162</u>	<u>9,565</u>
Net book value at 31st December	<u><u>2,075</u></u>	<u><u>4,691</u></u>

## NOTES TO THE ACCOUNTS

## 13 FIXED ASSETS

## Group

	Leasehold land and buildings		Investment properties		Leasehold improvements	Plant and machinery	Furniture, office equipment and motor vehicles	Total
	Held in Hong Kong	Held in Indonesia	Held in Lesotho	held in Hong Kong				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000				
Cost or valuation								
At 1st January, 2001	8,388	54,090	-	12,763	7,476	60,594	13,111	156,422
Exchange adjustment	-	574	-	-	-	610	-	1,184
Additions	-	1,024	9,967	-	4,381	44,199	8,890	68,461
Disposals	-	(156)	-	-	(48)	(1,077)	(700)	(1,981)
Transfers	2,863	-	-	(2,863)	(114)	-	114	-
Revaluation	(650)	(1,199)	(493)	-	-	(24,247)	-	(26,589)
At 31st December, 2001	<u>10,601</u>	<u>54,333</u>	<u>9,474</u>	<u>9,900</u>	<u>11,695</u>	<u>80,079</u>	<u>21,415</u>	<u>197,497</u>
Accumulated depreciation and impairment losses								
At 1st January 2001	-	-	-	-	6,609	-	7,411	14,020
Charge for the year	650	2,688	493	-	1,227	10,314	3,323	18,695
Disposals	-	(23)	-	-	(18)	(756)	(462)	(1,259)
Transfers	-	-	-	-	(11)	-	11	-
Revaluation	(650)	(2,665)	(493)	-	-	(9,558)	-	(13,366)
At 31st December, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,807</u>	<u>-</u>	<u>10,283</u>	<u>18,090</u>
Net book value								
At 31st December, 2001	<u>10,601</u>	<u>54,333</u>	<u>9,474</u>	<u>9,900</u>	<u>3,888</u>	<u>80,079</u>	<u>11,132</u>	<u>179,407</u>
At 31st December, 2000	<u>8,388</u>	<u>54,090</u>	<u>-</u>	<u>12,763</u>	<u>867</u>	<u>60,594</u>	<u>5,700</u>	<u>142,402</u>

# Notes to the Accounts

## 13 FIXED ASSETS (CONTINUED)

The analysis of the cost or valuation at 31st December, 2001 of the above assets is as follows:

	Leasehold land and buildings		Investment properties		Leasehold improvements	Plant and machinery	Furniture, office equipment and motor vehicles	Total
	Held in Hong Kong	Held in Indonesia	Held in Lesotho	held in Hong Kong			and	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000	
At cost	-	-	-	-	11,695	-	21,415	33,110
At 2001 valuation	<u>10,601</u>	<u>54,333</u>	<u>9,474</u>	<u>9,900</u>	<u>-</u>	<u>80,079</u>	<u>-</u>	<u>164,387</u>
	<u><u>10,601</u></u>	<u><u>54,333</u></u>	<u><u>9,474</u></u>	<u><u>9,900</u></u>	<u><u>11,695</u></u>	<u><u>80,079</u></u>	<u><u>21,415</u></u>	<u><u>197,497</u></u>

The analysis of the cost or valuation at 31st December, 2000 of the above assets is as follows:

At cost	-	-	-	-	7,476	-	13,111	20,587
At 2000 valuation	<u>8,388</u>	<u>54,090</u>	<u>-</u>	<u>12,763</u>	<u>-</u>	<u>60,594</u>	<u>-</u>	<u>135,835</u>
	<u><u>8,388</u></u>	<u><u>54,090</u></u>	<u><u>-</u></u>	<u><u>12,763</u></u>	<u><u>7,476</u></u>	<u><u>60,594</u></u>	<u><u>13,111</u></u>	<u><u>156,422</u></u>

Notes:

- (a) The Group's interests in investment properties and land and buildings at their net book values are analysed as follows:

	2001 HK\$'000	2000 HK\$'000
In Hong Kong, held on: Leases of between 10 to 50 years	20,501	21,151
In Indonesia, held on: Leases of between 10 to 50 years	54,333	54,090
In Lesotho, held on: Leases of less than 10 years	<u>9,474</u>	<u>-</u>
	<u><u>84,308</u></u>	<u><u>75,241</u></u>

- (b) Leasehold land and buildings and investment properties in Hong Kong were revalued as at 31st December, 2001 by Vigers Hong Kong Limited, an independent property valuer, on an open market value basis.

## NOTES TO THE ACCOUNTS

### 13 FIXED ASSETS (CONTINUED)

Notes: (Continued)

- (c) The fixed assets in Indonesia comprising leasehold land and buildings, plant and machinery were revalued by PT Vigers Hagai Surabaya, an independent qualified surveyor in Indonesia and a member of the Vigers International, as at 31st December, 2001. The land and buildings were revalued on an open market value basis. The plant and machinery were revalued at their depreciated replacement costs which were appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history.
- (d) The carrying amount of leasehold land and buildings in Hong Kong, Indonesia and Lesotho and plant and machinery would have been HK\$10,601,000, HK\$16,322,000, HK\$9,474,000 and HK\$61,971,000 (2000: HK\$9,861,000, HK\$17,545,000, Nil and HK\$27,798,000) respectively for the Group had they been stated at cost less accumulated depreciation.

### 14 INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	2001 HK\$'000	2000 HK\$'000
Investment at cost:		
Unlisted shares	<u>165,939</u>	<u>165,939</u>

Details of principal subsidiaries are set out in Note 26 to the accounts.

### 15 INVENTORIES, AT COST

	<b>Group</b>	
	2001 HK\$'000	2000 HK\$'000
Raw materials	69,999	62,819
Work in progress	27,731	36,680
Finished goods	9,615	17,565
Goods in transit	<u>20,621</u>	<u>16,569</u>
	<u>127,966</u>	<u>133,633</u>

# Notes to the Accounts

## 16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Trade receivables (Note)	104,593	130,448	–	–
Amount due from a related company	–	8,656	–	–
Prepayments, deposits and other receivables	21,233	30,288	–	145
	<u>125,826</u>	<u>169,392</u>	<u>–</u>	<u>145</u>

Note:

The majority of the Group's turnover is on letter of credit at sight to 90 days. The remaining balances of turnover are without specific credit terms. The ageing analysis of trade receivables was as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Within 30 days	65,072	100,226
31 – 60 days	21,196	20,563
61 – 90 days	10,665	6,001
Over 90 days	7,660	3,658
	<u>104,593</u>	<u>130,448</u>

## 17 TRADE AND OTHER PAYABLES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Trade payables	75,063	90,955	–	–
Other payables and accruals	27,652	32,938	6,435	9,115
	<u>102,715</u>	<u>123,893</u>	<u>6,435</u>	<u>9,115</u>

## NOTES TO THE ACCOUNTS

### 17 TRADE AND OTHER PAYABLES (CONTINUED)

At 31st December, 2001, the ageing analysis of the trade payables was as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Within 30 days	39,225	35,948
31 – 60 days	14,559	37,968
61 – 90 days	14,268	9,197
Over 90 days	7,011	7,842
	<u>75,063</u>	<u>90,955</u>

### 18 BANK LOANS AND OVERDRAFTS

	Group	
	2001	2000
	HK\$'000	HK\$'000
Bank loans, wholly repayable within one year		
– secured (Note)	10,071	12,320
– unsecured	52,292	35,331
Bank overdrafts, unsecured	2,319	1,301
	<u>64,682</u>	<u>48,952</u>

Note:

Certain properties of the Group with an aggregate carrying value of approximately HK\$21 million (2000: HK\$21 million) have been pledged as securities for the above secured bank loans.

# Notes to the Accounts

## 19 SHARE CAPITAL

Authorised	Ordinary shares of HK\$0.10 each	
	Number of shares	HK\$'000
At 1st January, 2000	1,000,000	100
Increase in authorised ordinary share capital	<u>1,999,000,000</u>	<u>199,900</u>
At 31st December, 2000	<u><u>2,000,000,000</u></u>	<u><u>200,000</u></u>
At 1st January and 31st December, 2001	<u><u>2,000,000,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid	Ordinary shares of HK\$0.10 each	
	Number of shares	HK\$'000
At 1st January, 2000	1,000,000	–
Issue of shares as consideration for acquisition of a subsidiary	1,000,000	100
Credited as fully paid the shares previously issued nil paid	–	100
Capitalisation issue	268,000,000	26,800
Issue of shares under initial public offer	<u>90,000,000</u>	<u>9,000</u>
At 31st December, 2000	<u><u>360,000,000</u></u>	<u><u>36,000</u></u>
At 1st January and 31st December, 2001	<u><u>360,000,000</u></u>	<u><u>36,000</u></u>

### Share options

The sole shareholder of the Company approved a share option scheme (the “Scheme”) on 23rd February, 2000, under which the directors of the Company are authorised to grant options to directors or full-time employees of the Company or its subsidiaries to subscribe for shares in the Company at prices to be determined in accordance with the terms of the Scheme. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed, in nominal amount, 10 per cent of the issued share capital of the Company from time to time, excluding for this purpose shares issued upon the exercise of any options granted under the Scheme. Options to subscribe for 36,000,000 ordinary shares of the Company have been granted to selected executives during the year. The grantees are entitled to exercise their options at a price of HK\$0.906 per share. At 31st December, 2001, there were 36,000,000 options outstanding which are exercisable from 1st September, 2002 to 31st August, 2005.

## NOTES TO THE ACCOUNTS

## 20 RESERVES

	Group					
	Exchange fluctuation reserve (Note 1(b)(ii)) HK\$'000	Fixed assets revaluation reserve (Note 21) HK\$'000	Merger reserve (Note (a)) HK\$'000	Share premium HK\$'000	Retained earnings (Note 1(b)(ii)) HK\$'000	Total HK\$'000
At 1st January, 2000, as previously reported	(132,306)	65,251	(200)	–	232,994	165,739
Effect of adopting SSAP 9 (revised) (Note 1(r))	–	–	–	–	25,000	25,000
At 1st January, 2000	(132,306)	65,251	(200)	–	257,994	190,739
Premium on new issue of shares	–	–	–	81,000	–	81,000
Share issue expenses	–	–	–	(17,339)	–	(17,339)
Capitalisation issue	–	–	–	(26,800)	–	(26,800)
Exchange differences arising on the translation of the accounts of overseas subsidiaries	(14,655)	–	–	–	(24,690)	(39,345)
Surplus on revaluation	–	14,910	–	–	–	14,910
Surplus realised upon disposals of fixed assets	–	(862)	–	–	862	–
Profit for the year	–	–	–	–	120,074	120,074
1999 special dividend paid	–	–	–	–	(25,000)	(25,000)
2000 interim dividend paid (Note 7)	–	–	–	–	(20,160)	(20,160)
Others	2,957	–	–	–	–	2,957
At 31st December, 2000	<u>(144,004)</u>	<u>79,299</u>	<u>(200)</u>	<u>36,861</u>	<u>309,080</u>	<u>281,036</u>
Representing:						
Retained earnings at 31st December, 2000					268,760	
2000 final dividend proposed (Note 7)					<u>40,320</u>	
At 31st December, 2000					<u>309,080</u>	



# Notes to the Accounts

## 20 RESERVES (CONTINUED)

	Group					
	Exchange fluctuation reserve (Note 1(b)(ii))	Fixed assets revaluation reserve (Note 21)	Merger reserve (Note (a))	Share premium	Retained Earnings (Note 1(b)(ii))	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2001, as previously reported	(144,004)	79,299	(200)	36,861	268,760	240,716
Effect of adopting SSAP 9 (revised) (Note 1(r))	—	—	—	—	40,320	40,320
At 1st January, 2001 as restated	(144,004)	79,299	(200)	36,861	309,080	281,036
Exchange differences arising on the translation of the accounts of overseas subsidiaries	(5,558)	—	—	—	(6,400)	(11,958)
Deficit on revaluation	—	(8,359)	—	—	—	(8,359)
Profit for the year	—	—	—	—	95,034	95,034
2000 final dividend paid (Note 7)	—	—	—	—	(40,320)	(40,320)
2001 interim dividend paid (Note 7)	—	—	—	—	(21,600)	(21,600)
At 31st December, 2001	<u>(149,562)</u>	<u>70,940</u>	<u>(200)</u>	<u>36,861</u>	<u>335,794</u>	<u>293,833</u>
Representing:						
Retained earnings at 31st December, 2001					309,874	
2001 final dividend proposed (Note 7)					<u>25,920</u>	
At 31st December, 2001					<u>335,794</u>	

## NOTES TO THE ACCOUNTS

## 20 RESERVES (CONTINUED)

	<b>Company</b>			
	<b>Contributed surplus</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>(Note (b)) HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
At 1st January, 2000, as previously reported	–	–	–	–
Effect of adopting SSAP 9 (revised) (Note 1(r))	–	–	25,000	25,000
Effect of adopting SSAP 9 (revised) (Note 1(r))	–	–	(25,000)	(25,000)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 1st January, 2000, as restated	–	–	–	–
Surplus arising on issue of shares on exchange for shares in a subsidiary	165,739	–	–	165,739
Premium on new issue of shares	–	81,000	–	81,000
Share issue expenses	–	(17,339)	–	(17,339)
Capitalisation issue	–	(26,800)	–	(26,800)
Profit for the year	–	–	45,998	45,998
1999 special dividend paid	–	–	(25,000)	(25,000)
2000 interim dividend paid (Note 7)	–	–	(20,160)	(20,160)
	<u>–</u>	<u>–</u>	<u>(20,160)</u>	<u>(20,160)</u>
At 31st December, 2000	<u>165,739</u>	<u>36,861</u>	<u>838</u>	<u>203,438</u>
Representing:				
Retained earnings at 31st December, 2000			838	
2000 final dividend income			(40,320)	
2000 final dividend proposed (Note 7)			40,320	
			<u>838</u>	
At 31st December, 2000			<u>838</u>	

# Notes to the Accounts

## 20 RESERVES (CONTINUED)

	Company			
	Contributed surplus (Note (b))	Share premium	Retained Earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2001, as previously reported	165,739	36,861	838	203,438
Effect of adopting SSAP 9 (revised) (Note 1(r))	–	–	40,320	40,320
Effect of adopting SSAP 9 (revised) (Note 1(r))	–	–	(40,320)	(40,320)
	<u>165,739</u>	<u>36,861</u>	<u>838</u>	<u>203,438</u>
At 1st January, 2001, as restated	165,739	36,861	838	203,438
Profit for the year	–	–	88,920	88,920
2000 final dividend paid (Note 7)	–	–	(40,320)	(40,320)
2001 interim dividend paid (Note 7)	–	–	(21,600)	(21,600)
	<u>165,739</u>	<u>36,861</u>	<u>27,838</u>	<u>230,438</u>
At 31st December, 2001	<u>165,739</u>	<u>36,861</u>	<u>27,838</u>	<u>230,438</u>

Representing:

Retained earnings at 31st December, 2001	1,918
2001 final dividend proposed (Note 7)	<u>25,920</u>
At 31st December, 2001	<u>27,838</u>

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the shares of a subsidiary acquired and the nominal value of the Company's shares issued in exchange thereof.
- (b) The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiary acquired and the nominal value of the Company's shares issued in exchange thereof.

## NOTES TO THE ACCOUNTS

## 21 FIXED ASSETS REVALUATION RESERVE

	<b>Group</b>		
	<b>Leasehold land and buildings in Indonesia HK\$'000</b>	<b>Plant and machinery HK\$'000</b>	<b>Total HK\$'000</b>
At 1st January, 2000	36,225	29,026	65,251
Surplus on revaluation	2,720	12,190	14,910
Surplus released upon disposals	–	(862)	(862)
	<u>38,945</u>	<u>40,354</u>	<u>79,299</u>
At 31st December, 2000	<u>38,945</u>	<u>40,354</u>	<u>79,299</u>
At 1st January, 2001	38,945	40,354	79,299
Surplus/(deficit) on revaluation	3,129	(11,488)	(8,359)
	<u>42,074</u>	<u>28,866</u>	<u>70,940</u>
At 31st December, 2001	<u>42,074</u>	<u>28,866</u>	<u>70,940</u>

## 22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	<b>2001 HK\$'000</b>	2000 HK\$'000
Profit before taxation	106,834	139,492
Depreciation of fixed assets	18,695	14,924
Amortisation of goodwill	1,502	–
Amortisation of permanent textile quota entitlements	2,281	3,095
(Gain)/loss on disposal of fixed assets	(408)	543
Gain on disposal of a subsidiary	–	(24)
Decrease/(increase) in inventories	6,534	(43,209)
Decrease/(increase) in trade and other receivables	47,439	(48,352)
(Decrease)/increase in trade and other payables	(45,466)	28,924
Interest income	(3,947)	(2,733)
Interest expenses	7,225	11,202
	<u>140,689</u>	<u>103,862</u>
Net cash inflow from operating activities	<u>140,689</u>	<u>103,862</u>

# Notes to the Accounts

## 22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

### (b) Analysis of changes in financing during the year

	Share capital (including premium)		Bank loans		Minority interests	
	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January	72,861	–	47,651	100,862	5,830	5,109
Issue of ordinary shares	–	90,000	–	–	–	–
Share issue expenses paid in current year	–	(8,424)	–	–	–	–
Share issue expenses paid in prior years	–	(8,715)	–	–	–	–
Bank loans raised	–	–	172,660	217,574	–	–
Repayments	–	–	(157,948)	(270,785)	–	–
Minority interests' in share of profits and reserves	–	–	–	–	527	974
Exchange differences	–	–	–	–	(416)	(253)
At 31st December	<u>72,861</u>	<u>72,861</u>	<u>62,363</u>	<u>47,651</u>	<u>5,941</u>	<u>5,830</u>

### (c) Sale of a subsidiary

	2001 HK\$'000	2000 HK\$'000
Net assets disposed of:		
Other receivables	–	234
Other payables and accruals	–	(8)
	<u>–</u>	<u>226</u>
Gain on disposal	–	24
	<u>–</u>	<u>250</u>
Satisfied by:		
Cash	–	250
	<u>–</u>	<u>250</u>

## NOTES TO THE ACCOUNTS

## 22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

## (d) Acquisition of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Net assets acquired		
Fixed assets	22,042	–
Inventories	3,381	–
Trade and other receivables	11,384	–
Bank balances and cash	6,646	–
Trade and other payables	(18,774)	–
Minority interests	(2,574)	–
	<u>22,105</u>	<u>–</u>
Goodwill on acquisitions (Note 11)	8,048	–
Deposit paid for acquisition of a subsidiary in prior year	<u>(6,937)</u>	<u>–</u>
Satisfied by cash	<u><u>23,216</u></u>	<u><u>–</u></u>

## (e) Analysis of the net outflow of cash and cash equivalents in respect of acquisition of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Cash consideration	30,153	–
Deposit paid for acquisition of a subsidiary in prior year	<u>(6,937)</u>	<u>–</u>
Bank balances and cash acquired	<u>(6,646)</u>	<u>–</u>
Net cash outflow in respect of acquisition of subsidiaries	<u><u>16,570</u></u>	<u><u>–</u></u>

# Notes to the Accounts

## 23 CONTINGENT LIABILITIES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Guarantees for bank loans and overdrafts of subsidiaries	–	–	62,363	45,663
Bills of exchange discounted with recourse	19,241	19,281	–	–
	<u>19,241</u>	<u>19,281</u>	<u>62,363</u>	<u>45,663</u>

Management anticipates that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

## 24 COMMITMENTS

- (a) Capital commitments relating to the Group's interest in a subsidiary and acquisition of fixed assets are as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Contracted but not provided for	46	17,581

- (b) Commitments under operating leases

As at 31st December, 2001, the Group had future aggregate minimum lease payments for land and buildings under non-cancellable operating leases as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Not later than one year	8,856	9,365
Later than one year and not later than five years	20,767	18,763
Later than five years	19,813	27,069
	<u>49,436</u>	<u>55,197</u>

## NOTES TO THE ACCOUNTS

### 25 RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	2001 HK\$'000	Group 2000 HK\$'000
Company controlled by a sister and brother-in-law of Mr Lee Sheng Kuang, James: Charter, S.A. de C.V. Subcontracting fees paid for garment manufacturing (Note)	-	<u>58,967</u>

Note:

In 2000, subcontracting fees charged by Charter, S.A. de C.V. were calculated based on a standard rate per dozen as set out on the price lists provided by and agreed with Charter, S.A. de C.V. and adjustments to those standard rates were made when there were special requirements. The subcontracting fees paid were net of claims by the Group. Mr Lee Sheng Kuang, James was interested in these transactions to the extent of being a director and also a beneficial shareholder of the Company. The Group acquired 100% interest in Charter, S.A. de C.V. which has become a wholly owned subsidiary of the Company since 9th January, 2001.

### 26 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31st December, 2001:

Company name	Place of incorporation/ Place of operation	Principal activities	Particulars of issued share capital	Percentage of interest held
Shares held directly:				
Topwell Group Development Ltd.	British Virgin Islands	Investment holding	1,000 Ordinary shares of US\$1 each	100
Shares held indirectly:				
Best Sphere Group Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Bright Horizons Investments Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100



# Notes to the Accounts

## 26 SUBSIDIARIES (CONTINUED)

Company name	Place of incorporation/ Place of operation	Principal activities	Particulars of issued share capital	Percentage of interest held
Carry Wealth Limited	Hong Kong	Garment trading, marketing and provision of management services	4,000,000 ordinary shares of HK\$1 each	100
Carry Wealth (South Africa) Investment Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Charter Row Group Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Charter, S.A. de C.V.	El Salvador	Manufacture of knit tops	200 Ordinary shares of US\$114.28 each	100
Gold Clipper Trading Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Porras Company Limited	Hong Kong	Dormant	2 Ordinary shares of HK\$1 each	100
Promaster Company Limited	Hong Kong	Property holding	2 Ordinary shares of HK\$1 each	100
Supreme Bright Group Limited	Hong Kong/ Lesotho	Manufacture of woven bottoms	2 Ordinary shares of HK\$1 each	100
Times King Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Topwell Investment (Asia) Limited	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Topwell Investments Ltd.	British Virgin Islands	Investment holding	1 Ordinary share of US\$1	100
Topwell Overseas Ltd.	British Virgin Islands	Dormant	1 Ordinary share of US\$1	100

## NOTES TO THE ACCOUNTS

### 26 SUBSIDIARIES (CONTINUED)

Company name	Place of incorporation/ Place of operation	Principal activities	Particulars of issued share capital	Percentage of interest held
PT Aneka Garmentama Indah*	Indonesia	Manufacture of woven bottoms	6,000 Ordinary shares of Rp1 million each	95
PT Caterindo Garment Industri*	Indonesia	Manufacture of knit tops	15,000 Ordinary shares of Rp1 million each	95
PT Kater Busanacemerlang*	Indonesia	Manufacture of sweater tops	3,000,000 Ordinary shares of US\$1 each	95
Shinning Century Limited	Hong Kong/ Lesotho	Manufacture of knit tops	1,000,000 Ordinary shares of HK\$1 each	70

\* Subsidiaries not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 20% of the Group's total assets.

### 27 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 25th March, 2002.