

# Notes to The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2001

**1. GENERAL** The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Group is engaged in garment manufacturing and trading, branded products distribution, property rental and management, property development and investing activities.

**2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE** In the current year, the Group has adopted a number of new and revised Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants for the first time. Adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current or prior periods.

**Dividends proposed or declared after the balance sheet date** In accordance with SSAP 9 (Revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively.

**Leases** SSAP14 (Revised) "Leases" has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for leasing arrangements. These changes have not had any material effect on the results for the current or prior accounting period and, accordingly, no prior period adjustment is required. Disclosures for the Group's leasing arrangements have been modified so as to comply with the requirement of SSAP 14. Comparative amounts have been restated in order to achieve a consistent presentation.

**Segment reporting** In the current year, the Group has adopted the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31 December 2000 have been amended so that they are presented on a consistent basis to that for the year ended 31 December 2001.

**Provision** SSAP 28 "Provisions, Contingent Liabilities and Contingent Assets" has introduced a new framework for the recognition of provisions. Provisions are recognised when the Group has an obligation as a result of a past event which it is probable and will result in an outflow of economic benefits that can be reasonably estimated.

In previous years, long service payments were recognised as incurred. In the current year, a provision has been recognised based on the directors' best estimate of the present obligation at the balance sheet date. The effect of this change is to decrease the Group's other distributable reserves as at 1 January 2000 by HK\$13.8 million after adjusting for minority interests' share, and there is no material effect on the income statement in the current or prior year. Comparative information has been restated to reflect this treatment.

**Goodwill** In adopting SSAP 30 "Business Combination", the Group has elected to restate goodwill (negative goodwill) which had previously been eliminated against (credited to) reserves. Accumulated amortisation in respect of goodwill between the date of acquisition of the relevant subsidiary or associate and the date of adoption of SSAP 30 have been recognised retrospectively. Negative goodwill which would have been recognised as income between the date of acquisition of the relevant subsidiary or associate and the date of adoption of SSAP 30 has been recognised retrospectively. The effect of these adjustments has been to decrease the non-distributable reserve and to increase the other distributable reserve of the Group by HK\$20.4 million as at 31 December 1999 and 2000. Following restatement, goodwill is presented as an asset in the balance sheet and negative goodwill is presented as a deduction from assets. Goodwill is amortised over its estimated useful life. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted.

**3. SIGNIFICANT ACCOUNTING POLICIES** The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

**Basis of consolidation** The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") made up to 31 December each year.

The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

**Goodwill** Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary and associate at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight line basis over its estimated useful life generally not exceeding twenty years.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

**Negative goodwill** Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary and associate at the date of acquisition over the cost of acquisition. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of an associate is deducted from the carrying amount of that associate or jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

**Investments in subsidiaries** Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

**Interests in associates** The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The carry amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

**Investments in securities** Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group intends to hold to maturity are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium arising on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are stated at fair value, with unrealised gains and losses included in the net profit or loss for the period.

**Revenue recognition** Sales of goods are recognised when the goods are delivered and title has passed.

Service revenue is recognised when the services are rendered.

Rental income, including rental invoiced in advance under operating leases, is recognised on a straight line basis over the period of the leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable rate of interest.

Income from investments is recognised when the Group's right to receive payment has been established.

**Impairment** At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount

of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Investment properties** Investment properties are completed properties which are held for their investment potential, any rental income derived therefrom is negotiated at arm's length.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms, including the renewable period, of more than 20 years. Where the investment properties are held on leases with unexpired terms of 20 years or less, depreciation is provided on the then carrying amount over the remaining term of the lease.

Investment properties are stated at open market value based on annual professional valuation at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance in this reserve is insufficient to cover a deficit on a portfolio basis, in which case the excess of the deficit over the balance in the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance in the investment property revaluation reserve attributable to that property is transferred to the income statement.

**Properties under development** Properties under development which will not be completed within a year from the balance sheet date are stated at cost less any impairment loss.

Costs relating to the development of properties, including financial expenses, are capitalised and included as properties under development until such time when they are identified for transfer to the appropriate categories of properties.

**Other properties, plant and equipment** Other properties, plant and equipment (other than freehold land) are stated at cost or valuation, less depreciation and amortisation and accumulated impairment losses.

The cost or valuation of freehold land is not amortised whereas the cost of land use rights and leasehold land is amortised over the period of the right, using the straight line method.

The cost of a freehold property at No. 1 Savile Row, London, in the United Kingdom is not depreciated. The Group follows a programme of regular refurbishment and maintenance in respect of this property, including the reinstatement of the fabric of the building, where necessary, to maintain it to a high standard compatible with the "No. 1 Savile Row" brand name. Accordingly, having regard to the residual value at the date of the acquisition, in the opinion of the directors, any element of depreciation would be immaterial and no provision is made in the financial statements.

The Group has adopted the transitional relief provided in paragraph 72 of SSAP 17 "Property, plant and equipment" with regard to the requirement to make regular revaluations of land and buildings other than investment properties. On subsequent sale of these revalued assets, any attributable revaluation surplus will be transferred to other distributable reserves.

Depreciation is provided to write off the cost or valuation of other items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	2% - 4%
Furniture, fixtures and equipment	10% - 33 $\frac{1}{3}$ %
Motor vehicles	20% - 30%
Plant and machinery	7 $\frac{1}{2}$ % - 35%

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Construction in progress is stated at cost. Cost includes all development expenditure and other direct costs attributable to such projects. It is not depreciated until completion of construction. Cost on completed construction works is transferred to the appropriate categories of other properties, plant and equipment.

**Borrowing costs** Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

**Textile quota entitlements** Revenue from the sale of, and the cost of acquiring, temporary textile quota entitlements are dealt with in the income statement in the period in which they arise. Textile quota entitlements allocated by the authorities in Hong Kong are not capitalised and are not included as assets in the balance sheet. The cost of permanent textile quota entitlements acquired is amortised on a straight-line basis over three years.

**Trademark** Costs incurred in the acquisition of trademarks are capitalised and amortised on a straight line basis over their estimated useful lives of ten years.

**Inventories** Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchases and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

**Taxation** The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expenses are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

**Foreign currencies** Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on translation are dealt with in the income statement.

In preparing the consolidated financial statements, the results of overseas operations are translated using the average exchange rates for the year. The assets and liabilities of the overseas operations are translated using the rates ruling on the balance sheet date. On consolidation, any differences arising on translation of overseas operations are dealt with in the translation reserve.

**Operating leases** Rental income from operating leases are recognised on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

**Retirement benefits cost** Under the Group's defined contribution scheme, the contributions charged to the income statement represent the contributions payable by the Group under the scheme.

Under the Group's pension scheme, the expected costs of providing pensions are charged to the income statement over the periods benefiting from the services of employees at a level percentage of pensionable salary.

#### 4. TURNOVER

Turnover represents the net amounts received and receivable from third parties in connection with the following activities:

(HK\$'M)	2001	2000
Sales of goods	1,339.9	1,541.1
Rental and property management income	73.3	83.7
Income from investing activities (note)	28.6	43.8
	1,441.8	1,668.6

Note:

Income from investing activities comprises:

(HK\$'M)	2001	2000
Interest income from associates	26.2	40.3
Income from investments in securities	2.4	3.5
	28.6	43.8

#### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

##### Business segment

For management purposes, the Group is currently organised into six operating divisions - garment manufacturing, garment trading, branded products distribution, property rental and management, property development and other investing activities. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Garment manufacturing	- Manufacture of garments for export to overseas markets such as the United States and Europe
Garment trading	- Source apparel, as buying and marketing agents, from Asian countries for sales to European countries
Branded products distribution	- Principally engages in the retailing, wholesaling and licensing of branded apparel
Property rental and management	- Property rental and management and hospitality management services
Property development	- Residential development carried out by the Group
Investing activities	- Investments in securities and the underlying businesses of which are property investment and development, communications and others

For the year ended 31 December 2001 (HK\$'M)	Garment manufacturing	Garment trading	Branded products distribution	Property rental and management	Property development	Investing activities	Eliminations	Consolidated
<b>Turnover</b>								
External sales	1,030.9	82.8	226.2	73.3	-	28.6	-	1,441.8
Inter-segment sales	5.7	-	-	4.5	-	-	(10.2)	-
Total revenue	1,036.6	82.8	226.2	77.8	-	28.6	(10.2)	1,441.8
Inter-segment sales are charged at prevailing market rate.								
<b>Result</b>								
Profit from operations	69.6	(2.7)	(1.1)	26.5	-	(45.6)	-	46.7
Other non-operating income								85.0
Other interest income								2.0
Finance costs								(31.0)
Share of results of associates								(30.7)
Profit before taxation								72.0
Taxation								(14.0)
Profit before minority interests								58.0

For the year ended 31 December 2000 (HK\$'M)	Garment manufacturing	Garment trading	Branded products distribution	Property rental and management	Property development	Investing activities	Eliminations	Consolidated
<b>Turnover</b>								
External sales	1,061.2	192.2	287.7	83.7	-	43.8	-	1,668.6
Inter-segment sales	5.7	-	-	4.6	-	-	(10.3)	-
Total revenue	1,066.9	192.2	287.7	88.3	-	43.8	(10.3)	1,668.6
Inter-segment sales are charged at prevailing market rates.								
<b>Result</b>								
Profit from operations	77.9	(38.3)	(0.3)	22.5	-	(52.8)	-	9.0
Other interest income								1.3
Finance costs								(64.3)
Share of results of associates								(1.7)
Loss before taxation								(55.7)
Taxation								(12.8)
Loss before minority interests								(68.5)

At 31 December 2001 (HK\$'M)	Garment manufacturing	Garment trading	Branded products distribution	Property rental and management	Property development	Investing activities	Consolidated
<b>Assets</b>							
Segment assets	297.6	33.2	112.5	695.6	266.1	492.0	1,897.0
Interests in associates							306.5
Unallocated corporate assets							76.0
Consolidated total assets							2,279.5
<b>Liabilities</b>							
Segment liabilities	191.9	35.2	27.8	26.5	182.7	2.2	466.3
Unallocated corporate liabilities							485.5
Consolidated total liabilities							951.8
<b>Other Information</b>							
Capital additions	15.9	0.3	3.5	0.2	85.4	1.6	106.9
Depreciation and amortisation	15.0	1.0	8.8	4.6	-	0.8	30.2
(Gain) loss on disposal of other properties, plant and equipment	(0.2)	-	2.1	-	-	(0.1)	1.8



At 31 December 2000 (HK\$'M)	Garment manufacturing	Garment trading	Branded products distribution	Property rental and management	Property development	Investing activities	Consolidated
<b>Assets</b>							
Segment assets	316.0	53.1	182.6	707.4	180.7	605.4	2,045.2
Interests in associates							421.1
Unallocated corporate assets							80.3
Consolidated total assets							2,546.6
<b>Liabilities</b>							
Segment liabilities	179.4	55.0	54.9	22.3	110.2	2.3	424.1
Unallocated corporate liabilities							843.4
Consolidated total liabilities							1,267.5
<b>Other Information</b>							
Capital additions	11.2	0.7	14.3	1.5	29.9	0.4	58.0
Depreciation and amortisation	16.0	1.3	9.4	5.0	-	0.8	32.5

## Geographical segment

The following table provides an analysis of the Group's sales revenue and contribution to profit from operations by geographical market, in respective of the origin of the goods/services:

For the year ended 31 December (HK\$'M)	Sales revenue by geographical market		Contribution to profit from operations	
	2001	2000	2001	2000
North America	801.1	841.5	47.9	47.9
United Kingdom	263.4	411.9	3.9	(33.6)
Other European countries	203.6	215.0	7.2	5.6
Hong Kong	109.9	142.2	(16.5)	(17.5)
Other areas	63.8	58.0	4.2	6.6
	1,441.8	1,668.6	46.7	9.0

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC"), the United Kingdom and the Netherlands.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

(HK\$'M)	Carrying amount of segment assets At 31 December		Additions to property, plant, equipment and intangible assets For the year ended 31 December	
	2001	2000	2001	2000
Hong Kong	1,940.5	2,097.5	92.0	34.9
PRC	108.7	102.0	8.6	3.9
United Kingdom	125.4	226.1	3.8	15.0
The Netherlands	30.7	32.6	-	-
Others	74.2	88.4	2.5	4.2
	2,279.5	2,546.6	106.9	58.0

## 6. RESTRUCTURING COSTS AND OTHERS

(HK\$'M)	2001	2000
Restructuring costs in respect of overseas operations	2.9	8.1
Redundancy payments and others	2.1	2.2
Costs in respect of overseas audio books Internet distribution	6.7	8.6
	11.7	18.9

## 7. PROFIT FROM OPERATIONS

(HK\$'M)	2001	2000
Profit from operations has been arrived at after charging:		
Staff costs including directors emoluments	237.1	290.8
Retirement benefits costs, net of negligible forfeited contributions	6.9	5.4
Total staff costs	244.0	296.2
Auditors' remuneration	2.2	2.5
Amortisation of goodwill (included in administrative expenses)	3.1	-
Amortisation of		
- trademark (included in administrative expenses)	0.1	0.1
- permanent textile quota entitlements (included in cost of sales)	6.1	4.3
Cost of temporary textile quota entitlements written off on purchase	21.4	41.1
Depreciation and amortisation of other properties, plant and equipment	24.0	28.1
Provision for doubtful debts	-	14.7
and after crediting:		
Quota income	28.5	37.0
Release of negative goodwill to income (included in other revenue)	0.4	-
Write back of provision for doubtful debts	4.9	-

## 8. OTHER NON-OPERATING INCOME

(HK\$'M)	2001	2000
Other non-operating income comprises:		
Gain on disposal of interest in an associate	44.5	-
Gain on disposal of interest in a subsidiary	40.5	-
	85.0	-

## 9. DIRECTORS' AND EMPLOYEES' REMUNERATION

### Directors' remuneration

(HK\$'M)	2001	2000
Directors' fees	0.5	0.5
Other directors' emoluments		
- Salaries and other benefits	5.6	5.3
- Bonus	1.8	1.6
- Retirement benefits costs	0.3	0.2
	8.2	7.6
The emoluments of the directors were within the following bands:		
<b>Number of directors</b>		
Up to HK\$1,000,000	8	8
HK\$2,500,001 to HK\$3,000,000	-	1
HK\$3,000,001 to HK\$3,500,000	1	-
HK\$4,000,001 to HK\$4,500,000	1	1

Total directors' fees paid to the Company's independent non-executive directors amounted to approximately HK\$0.3 million (2000: HK\$0.3 million). No other remuneration was paid to the independent non-executive directors.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

### Employees' emoluments

The aggregate emoluments of the five highest paid individuals of the Group in 2000 and 2001 included two executive directors of the Company whose emoluments are included above. The aggregate emoluments of the remaining three highest paid individuals are as follows:

(HK\$'M)	2001	2000
Salaries and other benefits	3.2	4.6
Bonus	3.0	2.5
Retirement benefits costs	0.1	0.6
	6.3	7.7
Their emoluments were within the following bands:		
<b>Number of employees</b>		
HK\$1,000,001 to HK\$1,500,000	1	-
HK\$1,500,001 to HK\$2,000,000	-	1
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	1	-
HK\$3,500,001 to HK\$4,000,000	-	1

### 10. FINANCE COSTS

(HK\$'M)	2001	2000
Interest on		
- bank and other borrowings wholly repayable within five years	30.9	73.0
- bank and other borrowings not wholly repayable within five years	12.4	6.8
Total borrowing costs	43.3	79.8
Less: interest capitalised (note 15)	(12.3)	(15.5)
	31.0	64.3

## 11. TAXATION

<b>(HK\$'M)</b>	<b>2001</b>	<b>2000</b>
Taxation of the Company and its subsidiaries		
- Hong Kong Profits Tax	8.1	10.7
- Taxation in other jurisdictions	5.1	0.5
	13.2	11.2
Share of overseas taxation of associates	0.8	1.6
	14.0	12.8

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for the year. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Details of deferred taxation are set out in note 32.

## 12. DIVIDEND

<b>(HK\$'M)</b>	<b>2001</b>	<b>2000</b>
Final proposed of HK 2.5 cents (2000: Nil) per share	12.9	-

The final dividend of HK 2.5 cents (2000: Nil) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

### 13. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit for the year of HK\$52.3 million (2000: loss of HK\$68.9 million) and the 517,625,339 shares in issue throughout both years.

The computation of diluted earnings per share for the year ended 31 December 2001 is as follows:

Earnings for the purpose of calculating diluted earnings per share	HK\$52.3 million
Number of ordinary shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	517,625,339
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	796,060
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	518,421,399
Diluted earnings per share for the year ended 31 December 2001	HK cents 10.1

No diluted loss per share is presented for the year ended 31 December 2000 as the exercise of the share options, which were issued under the Company's share option scheme and outstanding during the year, would not be dilutive.

### 14. INVESTMENT PROPERTIES

#### THE GROUP

(HK\$'M)	2001	2000
<b>Valuation</b>		
At 1 January	600.6	538.3
Currency realignment	(0.6)	(0.9)
Transferred from properties for own use	5.0	44.0
(Deficit) surplus arising on revaluation	(5.8)	19.2
At 31 December	599.2	600.6
Investment properties comprise:		
Properties held under medium-term leases		
- in Hong Kong	565.2	565.2
- outside Hong Kong	22.8	23.9
Freehold properties outside Hong Kong	11.2	11.5
	599.2	600.6

The Group's investment properties were valued as at 31 December 2001 on an open market value basis by the following firms of independent professional property valuers:

Name of valuer	Location of investment properties
Chung, Chan & Associates	The People's Republic of China, including Hong Kong
INTA Inspectie-, Taxatie-en Expertisebureau B.V.	The Netherlands

The valuation of the Group's investment properties has been adopted by the directors and reflected in the financial statements. The (deficit) surplus arising on the revaluation is (charged) credited to the investment property revaluation reserve (note 30).

## 15. PROPERTIES UNDER DEVELOPMENT

(HK\$'M)	THE GROUP	
	2001	2000
<b>Cost</b>		
At 1 January	256.3	226.4
Development costs incurred	73.1	14.4
Interest capitalised during the year (note 10)	12.3	15.5
At 31 December	341.7	256.3
<b>Provision for Impairment in Value</b>		
At 1 January and 31 December	(75.6)	(75.6)
<b>Net Book Value</b>	266.1	180.7

The properties under development are situated in Hong Kong on land held under medium-term leases. At 31 December 2001, total interest capitalised amounted to HK\$42.3 million (2000: HK\$30.0 million).



## 16. OTHER PROPERTIES, PLANT AND EQUIPMENT

(HK\$'M)	Properties for own use	Construction in progress	Furniture, fixtures and equipment	Motor vehicles	Plant and machinery	Total
<b>THE GROUP</b>						
<b>Cost or Valuation</b>						
At 1 January 2001	189.7	-	131.2	9.8	67.4	398.1
Currency realignment	(2.6)	-	(2.9)	-	(0.9)	(6.4)
Additions	-	6.1	6.7	2.9	3.5	19.2
Disposals	-	-	(11.9)	(3.3)	(1.5)	(16.7)
Eliminated on disposal of a subsidiary	(7.3)	-	(7.5)	-	-	(14.8)
Transferred to investment properties	(6.0)	-	-	-	-	(6.0)
At 31 December 2001	173.8	6.1	115.6	9.4	68.5	373.4
Comprising:						
At cost	88.4	6.1	115.6	9.4	68.5	288.0
At valuation - 1994	85.4	-	-	-	-	85.4
	173.8	6.1	115.6	9.4	68.5	373.4
<b>Depreciation and Amortisation</b>						
At 1 January 2001	23.0	-	100.4	7.3	49.4	180.1
Currency realignment	(0.3)	-	(2.0)	-	(0.2)	(2.5)
Provided for the year	5.3	-	11.9	1.3	5.5	24.0
Eliminated on disposals	-	-	(9.8)	(2.5)	(1.4)	(13.7)
Eliminated on disposal of a subsidiary	(2.2)	-	(5.5)	-	-	(7.7)
Eliminated on transfer to investment properties	(1.0)	-	-	-	-	(1.0)
At 31 December 2001	24.8	-	95.0	6.1	53.3	179.2
<b>Net Book Values</b>						
At 31 December 2001	149.0	6.1	20.6	3.3	15.2	194.2
At 31 December 2000	166.7	-	30.8	2.5	18.0	218.0

### THE GROUP

(HK\$'M)	2001	2000
The net book value of the Group's properties for own use comprises:		
Properties held under long leases outside Hong Kong	-	1.0
Properties held under medium-term leases		
- in Hong Kong	75.4	82.8
- outside Hong Kong	15.3	15.9
Properties held under short-term leases outside Hong Kong	5.4	10.5
Freehold properties outside Hong Kong	52.9	56.5
	149.0	166.7

Had the above property interests not been revalued, their net book value on the historical cost basis at 31 December 2001 would have been approximately HK\$31.1 million (2000: HK\$35.7 million).

## 17. GOODWILL

(HK\$'M)	THE GROUP (As restated)
<b>Cost</b>	
At 1 January 2001	67.3
Arising on acquisition of additional interests in subsidiaries	3.1
At 31 December 2001	70.4
<b>Amortisation</b>	
At 1 January 2001	67.3
Provided for the year	3.1
At 31 December 2001	70.4
<b>Net Book Value</b>	
At 31 December 2001	-
At 31 December 2000	-

The goodwill arising during the year resulted from the acquisition of additional interests in subsidiaries and is amortised over an estimated useful life of one year.

## 18. NEGATIVE GOODWILL

(HK\$'M)	THE GROUP (As restated)
<b>Gross Amount</b>	
At 1 January 2001	20.4
Arising on acquisition during the year	0.4
At 31 December 2001	20.8
<b>Released to Income</b>	
At 1 January 2001	20.4
Released in the year	0.4
At 31 December 2001	20.8
<b>Carrying Amount</b>	
At 31 December 2001	-
At 31 December 2000	-

The negative goodwill arising during the year resulted from the acquisition of additional interest in a subsidiary. The amount was released to income immediately as all assets of that subsidiary are monetary assets.

## 19. INTERESTS IN SUBSIDIARIES

(HK\$'M)	THE COMPANY	
	2001	2000
Unlisted shares, at cost	590.8	590.8
Amounts due from subsidiaries	629.4	628.5
	1,220.2	1,219.3

Details of the Company's principal subsidiaries at 31 December 2001 are set out in note 43.

## 20. INTERESTS IN ASSOCIATES

(HK\$'M)	THE GROUP	
	2001	2000
Investments in unlisted shares, at cost	1.0	1.0
Share of post acquisition deficits of associates (note a)	(53.4)	(63.5)
Investment in unsecured loan notes (note b)	-	64.6
Advances to associates (note c)	373.9	458.0
Impairment loss recognised in respect of associates engaged in property development	(15.0)	(39.0)
	306.5	421.1

Details of the Group's principal associates at 31 December 2001 are set out in note 44.

Notes:

- (a) The share of post acquisition deficits of associates in 2001 included an amount of HK\$24.0 million which was provided for in 2000 as impairment loss recognised in respect of associates engaged in property development.
- (b) The unsecured loan notes were issued by Lee Cooper Group Limited, a private limited company in the United Kingdom and an associate of the Group. The Group's interest in the associate was disposed of during the year and the unsecured loan notes which carried interest at 8% per annum were also redeemed by the issuer during the year.
- (c) The advances are unsecured. Other than an aggregate amount of HK\$299.9 million (2000:HK\$458.0 million) which carries interest at market rates, the remaining balance is interest free. There are no fixed repayment terms.

## 21. INVESTMENTS IN SECURITIES

(HK\$'M)	THE GROUP	
	2001	2000
Investment securities		
- listed shares, at cost (note a)	328.1	317.2
- unlisted convertible preference shares, at carrying value (note b)	-	7.2
Listed debt securities (note c)	5.6	18.6
Other investments (note d)	147.6	170.4
	481.3	513.4
Analysed for reporting purposes:		
- Current	-	18.6
- Non-current	481.3	494.8
	481.3	513.4

### Notes:

(a) The listed shares comprise principally the Group's minority stakes in Winsor Properties Holdings Limited ("Winsor") and SUNDAY Communications Limited ("SUNDAY").

Winsor is engaged in property investment and its shares are listed on The Stock Exchange of Hong Kong Limited. SUNDAY is engaged in the provision of telecommunications and mobile phone services and its shares are listed on the NASDAQ National Market in the United States and, on The Stock Exchange of Hong Kong Limited.

The market value of the listed shares as at 31 December 2001 amounted to HK\$173.8 million (2000: HK\$250.6 million).

(b) The unlisted convertible preference shares at balance sheet date represent the Group's interest in a company which is engaged in e-business security.

(c) The debt securities comprise bonds listed overseas and are intended to be held-to-maturity by the Group.

The bonds at 31 December 2000 matured and were redeemed in 2001.

The market value of the listed bonds at 31 December 2001 amounted to HK\$5.8 million (2000: HK\$19.0 million).

(d) Other investments comprise principally the Group's minority stakes in various property development projects.

In the opinion of the directors, the investment securities shown in notes (a) and (b) are held for identified long-term strategic purpose and are worth at least their costs less impairment loss recognised at the balance sheet date. The carrying values of the other investments represent their fair value at the balance sheet date.

## 22. OTHER NON-CURRENT ASSETS

(HK\$'M)	Balance at 1.1.2001	Additions	Amortisation for the year	Balance at 31.12.2001
<b>THE GROUP</b>				
Textile quota entitlements (note a)	5.9	2.3	(6.1)	2.1
Trademark (note b)	0.8	-	(0.1)	0.7
	6.7	2.3	(6.2)	2.8

Notes:

(a) Permanent textile quota entitlements are acquired for the Group's apparel operations.

(b) The trademark is related to the Group's hospitality operations.

## 23. INVENTORIES

(HK\$'M)	THE GROUP	
	2001	2000
Raw materials	35.1	36.8
Work in progress	51.5	57.6
Finished goods	42.4	57.9
	129.0	152.3
Comprising:		
At cost	128.5	118.8
At net realisable value	0.5	33.5
	129.0	152.3

## 24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows different credit periods to its trade customers. Credit periods vary from 30 to 90 days in accordance with industry practice.

The following is an aged analysis of the Group's trade receivables at 31 December:

(HK\$'M)	THE GROUP	
	2001	2000
0 - 30 days	52.4	78.4
31 - 90 days	30.5	62.4
Over 90 days	10.1	15.8
	93.0	156.6
Other receivables and prepayments (note)	29.1	119.2
Total	122.1	275.8

Note:

Other receivables and prepayments at 31 December 2000 included an amount of HK\$70.9 million representing the instalments receivables arising as a result of the partial disposal by the Group of its interest in a former associate. The amount was paid in full during 2001.

## 25. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at 31 December:

(HK\$'M)	THE GROUP	
	2001	2000
0 - 30 days	52.2	65.9
31 - 90 days	25.6	36.5
Over 90 days	12.6	7.5
	90.4	109.9
Other payables	174.1	182.9
Total	264.5	292.8

## 26. PROVISIONS

(HK\$'M)	THE GROUP		
	Long service payments provision	Restructuring provision	Total
At 1 January 2001			
- as previously reported	-	-	-
- prior period adjustment (note 2)	16.0	-	16.0
- as restated	16.0	-	16.0
Additional provision in the year	0.9	4.3	5.2
Utilisation of provision	(0.9)	(1.2)	(2.1)
At 31 December 2001	16.0	3.1	19.1

The long service payments provision represents the Group's best estimate of the long service payments that are required to be made to the employees of certain Hong Kong subsidiaries of the Group with reference to the Employment Ordinance in Hong Kong.

The restructuring provision relates to redundancy costs incurred for the Group's restructuring exercise.

The Company had no provisions at the balance sheet date.

## 27. SHORT-TERM BANK BORROWINGS

(HK\$'M)	THE GROUP	
	2001	2000
Trust receipts and import loans	0.9	58.1
Short-term bank loans	-	139.0
Bank overdrafts	8.9	14.0
	9.8	211.1
Analysed as:		
- secured	-	56.0
- unsecured	9.8	155.1
	9.8	211.1

## 28. BANK LOANS

The bank loans carry interest at the prevailing market rates and are repayable as follows:

(HK\$'M)	THE GROUP	
	2001	2000
Within one year	39.3	48.5
Between one to two years	179.5	52.6
Between two to five years	320.1	491.2
After five years	51.0	93.2
	589.9	685.5
Less: Amount due within one year shown under current liabilities	(39.3)	(48.5)
Amount due after one year	550.6	637.0
Analysed as		
- secured	426.9	435.0
- unsecured	163.0	250.5
	589.9	685.5

To the extent that the Group has obtained an agreement subsequent to the balance sheet date to refinance a loan facility of HK\$137.7 million (2000: HK\$248.0 million) which would otherwise be due within the following year, that amount has not been included in "Amount due within one year" set out above.

## 29. SHARE CAPITAL

	2001 & 2000 Number of shares	2001 & 2000 Amount (HK\$'M)
Authorised: Ordinary shares of HK\$0.50 each	1,320,000,000	660.0
Issued and fully paid: Ordinary shares of HK\$0.50 each	517,625,339	258.8

There has been no change in the Company's authorised and issued share capital in the past two years.



### 30. RESERVES

(HK\$'M)	Share premium	Investment property revaluation reserve	Other property revaluation reserve	Translation deficit	Non-distributable reserve	Con-tributed surplus	Other distributable reserve (deficit)	Total
<b>THE GROUP</b>								
At 1 January 2000								
- as previously reported	438.4	23.6	21.9	(21.4)	(0.2)	649.9	(92.5)	1,019.7
- prior period adjustments	-	-	-	-	(20.4)	-	6.6	(13.8)
- as restated	438.4	23.6	21.9	(21.4)	(20.6)	649.9	(85.9)	1,005.9
Surplus arising on revaluation	-	19.2	-	-	-	-	-	19.2
Exchange differences arising on translation of financial statements of overseas operations	-	-	-	(16.6)	-	-	-	(16.6)
Share of reserves of an associate	-	-	-	4.9	(0.8)	-	-	4.1
Share of reserves by minority shareholders	-	(2.4)	-	3.4	-	-	-	1.0
Loss for the year	-	-	-	-	-	-	(68.9)	(68.9)
At 31 December 2000								
- as restated	438.4	40.4	21.9	(29.7)	(21.4)	649.9	(154.8)	944.7
Deficit arising on revaluation	-	(5.8)	-	-	-	-	-	(5.8)
Exchange differences arising on translation of financial statements of overseas operations	-	-	-	(4.3)	-	-	-	(4.3)
Share of reserves of associates	-	-	-	1.7	(1.6)	-	-	0.1
Share of reserves by minority shareholders	-	0.2	-	0.9	-	-	-	1.1
Released on disposal of interest in a subsidiary	-	-	-	1.3	-	-	-	1.3
Released on disposal of interest in an associate	-	-	-	(12.2)	23.0	-	1.9	12.7
Profit for the year	-	-	-	-	-	-	52.3	52.3
At 31 December 2001	438.4	34.8	21.9	(42.3)	-	649.9	(100.6)	1,002.1
Attributable to associates:								
At 31 December 2001	-	-	-	-	-	-	(53.5)	(53.5)
At 31 December 2000	-	-	-	10.5	(21.4)	-	13.3	2.4

(HK\$'M)	Share premium	Investment property revaluation reserve	Other property revaluation reserve	Translation deficit	Non- distributable reserve	Con- tributed surplus	Other distributable reserves (deficit)	Total
<b>THE COMPANY</b>								
At 1 January 2000	438.4	-	-	-	-	635.0	(46.0)	1,027.4
Loss for the year	-	-	-	-	-	-	(68.9)	(68.9)
At 31 December 2000	438.4	-	-	-	-	635.0	(114.9)	958.5
Profit for the year	-	-	-	-	-	-	0.2	0.2
At 31 December 2001	438.4	-	-	-	-	635.0	(114.7)	958.7

The contributed surplus account of the Group and the Company arose as a result of the group reorganisation in 1991 and the Company's capital reduction in 1996.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus of a company is available for distribution to shareholders in addition to accumulated profits. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

### 31. OTHER LONG-TERM LOANS

(HK\$'M)	THE GROUP	
	2001	2000
Interest bearing loans	25.6	23.5
Interest free loan	17.3	17.3
	42.9	40.8

The loans are from minority shareholders of subsidiaries. The interest bearing loans carry interest at market rates and are extended to the Group to finance property development projects. All the loans are unsecured and have no fixed repayment terms. In the opinion of the directors, demand for repayment of these loans will not be made within one year. The loans are therefore shown in the balance sheet as non-current liabilities.

### 32. DEFERRED TAXATION

(HK\$'M)	THE GROUP	
	2001	2000
Balance at 1 January and 31 December	0.6	0.6

The above deferred taxation liability principally arose from the excess of tax allowance over depreciation.

The Group had no significant unprovided deferred taxation during the year and at 31 December 2001 except for an unrecognised deferred taxation asset of HK\$28.2 million (2000: HK\$27.7 million) arising from tax losses which are available to set-off against future assessable profits. The deferred taxation asset has not been recognised in the financial statements as it is not certain that the benefit will be realised in the foreseeable future.

In the opinion of the directors, the surplus or deficit arising on revaluation of the Group's investment properties situated in Hong Kong does not constitute a timing difference for tax purposes. In addition, the directors contend that the Group has no intention of disposing of its investment properties situated outside Hong Kong in the foreseeable future. Accordingly, deferred taxation has not been provided on the revaluation surplus or deficit of the Group's property interests.

The Company had no significant unprovided deferred taxation for the year or at the balance sheet date.

### 33. RECONCILIATION OF PROFIT (LOSS) BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(HK\$'M)	2001	2000
Profit (loss) before taxation	72.0	(55.7)
Impairment loss recognised in respect of associates engaged in property development	-	39.0
Impairment loss recognised in respect of other investments the underlying business of which is property development	19.2	-
Impairment loss recognised in respect of investments securities	7.2	-
Interest and investment income	(30.6)	(45.1)
Interest expenses	31.0	64.3
Share of results of associates	30.7	1.7
Amortisation of goodwill	3.1	-
Amortisation of permanent textile quota entitlements	6.1	4.3
Amortisation of trademark	0.1	0.1
Depreciation and amortisation of other properties, plant and equipment	24.0	28.1
Release of negative goodwill	(0.4)	-
Loss on disposal of investments in securities	0.4	-
Loss (gain) on disposal of other properties, plant and equipment	1.8	(0.1)
Gain on disposal of interest in a subsidiary	(40.5)	-
Gain on disposal of interest in an associate	(44.5)	-
Decrease in inventories	2.4	30.8
Decrease in trade and other receivables and prepayments	47.6	54.2
(Increase) decrease in bills receivable	(17.0)	24.1
Increase in amounts due from associates	(4.4)	(3.2)
(Decrease) increase in trade and other payables	(5.8)	6.0
Increase in provisions	3.1	-
Increase in bills payable	4.0	7.5
Net cash inflow from operating activities	109.5	156.0

### 34. DISPOSAL OF A SUBSIDIARY

(HK\$'M)	2001	2000
Net assets disposed of:		
Other properties, plant and equipment	7.1	-
Inventories	19.2	-
Trade and other receivables	33.2	-
Trade and other payables	(19.0)	-
Taxation payable	(1.8)	-
Bank loans	(4.1)	-
Minority interests	(10.0)	-
	24.6	-
Translation reserve released	1.3	-
	25.9	-
Gain on disposal	40.5	-
Total consideration	66.4	-
Satisfied by:		
Cash consideration	66.4	-

The subsidiary disposed of during the year made no significant impact on the Group's cash flows for the year.

The subsidiary disposed of during the year contributed HK\$73.7 million (2000: HK\$137.6 million) to the Group's turnover and made a loss of HK\$6.4 million (2000: profit of HK\$0.4 million) to the Group's profit from operations.

### 35. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

(HK\$'M)	Short-term bank loans	Other bank loans	Other long-term loans
At 1 January 2000	207.0	660.4	38.7
Currency realignment	-	(2.3)	-
New loans raised	48.0	165.2	0.2
Interest accrued	-	-	1.9
Repayment of bank loans	(116.0)	(137.8)	-
At 31 December 2000	139.0	685.5	40.8
Currency realignment	-	(0.9)	-
New loans raised	-	82.1	0.3
Interest accrued	-	-	1.8
Repayment of bank loans	(139.0)	(172.7)	-
Eliminated on disposal of a subsidiary	-	(4.1)	-
At 31 December 2001	-	589.9	42.9

### 36. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS

(HK\$'M)	2001	2000
Bank balances and cash	71.1	72.0
Trust receipts and import loans	(0.9)	(58.1)
Bank overdrafts	(8.9)	(14.0)
Balance at 31 December	61.3	(0.1)

### 37. OPERATING LEASE

#### The Group as lessee

(HK\$'M)	2001	2000
Lease payments charged to the income statement during the year:		
- land and buildings	18.8	20.3
- equipment and motor vehicles	1.1	1.9
	19.9	22.2

Under the leases entered into by the Group, the lease payments are fixed and predetermined. At 31 December 2001, future lease payments under non-cancellable operating leases are payable by the Group as follows:

(HK\$'M)	2001	2000
For land and buildings		
- Within one year	16.6	18.4
- After one year and not later than five years	55.4	56.9
- Over five years	38.5	52.2
	110.5	127.5
For equipment and motor vehicles		
- Within one year	0.5	1.5
- After one year and not later than five years	0.2	0.5
	0.7	2.0
Total	111.2	129.5

The Company had no significant operating lease commitments at the balance sheet date.

### The Group as lessor

(HK\$'M)	2001	2000
Gross rental income credited to the income statement during the year	51.8	49.6
Less: Outgoings	(2.1)	(2.6)
	49.7	47.0

The Group's investment properties are held for rental purpose. At the balance sheet date, the amount of future rentals receivable by the Group is as follows:

(HK\$'M)	2001	2000
Within one year	28.2	33.3
After one year and not later than five years	8.7	10.4
Over five years	0.3	0.5
	37.2	44.2

### 38. CAPITAL COMMITMENTS

	THE GROUP	
(HK\$'M)	2001	2000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
- Property development	59.3	118.7
- Acquisition of other properties, plant and equipment	-	2.1
	59.3	120.8

The Company had no capital commitments at the balance sheet date.



### 39. CONTINGENT LIABILITIES

(HK\$'M)	The Group		The Company	
	2001	2000	2001	2000
Export bills discounted with recourse	13.9	17.9	-	-
Guarantees given to banks in respect of utilised credit facilities extended to				
- subsidiaries	-	-	391.1	549.0
- associates (see note below)	37.0	60.6	37.0	60.6
	37.0	60.6	428.1	609.6

Note:

To the extent that certain utilised credit facilities were repaid or released subsequent to the balance sheet date, such amounts are not included above.

At 31 December 2001, the Company's share of several and proportionate guarantees in respect of unutilised credit facilities granted to associates engaged in property development amounted to HK\$125.0 million (2000: HK\$146.8 million).

#### 40. PLEDGE OF ASSETS

The Group's advances to associates at 31 December 2001 of HK\$373.9 million (2000: HK\$458.0 million) are subordinated to the loans facilities of associates. The associates are engaged in property development. The Group's advances to the associates are assigned, and the shares in these associates beneficially owned by the Group are pledged, to the financial institutions.

At 31 December 2001, shares in an investee company engaged in property development were pledged to secure credit facilities for that investee company. Certain of the Group's investment properties with carrying value of HK\$479.5 million (2000: HK\$561.5 million) and properties for own use with carrying value of HK\$119.1 million (2000: HK\$130.3 million), and shares in certain subsidiaries engaged in property development, were pledged to secure credit facilities for the Group.

#### 41. RETIREMENT BENEFITS AND PENSION SCHEMES

Certain Hong Kong subsidiaries of the Company have complied with Mandatory Provident Fund ("MPF") legislation. All existing and new employees are required to participate in the MPF Scheme. Mandatory benefits are being provided under the MPF Scheme. In addition to the MPF scheme, certain Hong Kong subsidiaries of the Company have restructured the former defined contribution retirement benefits schemes to defined contribution top up retirement benefits schemes, under which qualifying employees are provided with additional voluntary benefits to the extent that they would otherwise

have under the defined contribution retirement benefits schemes and after taking into considerations the mandatory benefits provided under the MPF scheme.

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

#### 42. RELATED PARTY TRANSACTIONS

During the year, property management fee income and interest income received and receivable by the Group from its associates amounted to HK\$18.6 million (2000: HK\$28.1 million) and HK\$26.2 million (2000: HK\$40.3 million) respectively. These transactions were carried out on terms similar to those applicable to transactions with independent third parties.

Details of advances and other credit arrangements provided by the Group to its associates at the balance sheet date are set out in notes 20, 39 and 40.

### 43. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2001 are as follows:

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

Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
Gieves & Hawkes plc #	United Kingdom	£3,111,097	71.2%	Investment holding
Gieves Limited #	United Kingdom	£10,100	71.2%	Retailers
Grandeur Investments Limited	British Virgin Islands / Hong Kong	US\$1	100%	Property investment
Grandnice Fashion Limited	Hong Kong	HK\$2	86.4%	Garment manufacturing
Grandslam Limited	British Virgin Islands	US\$1	100%	Investment holding
Guangzhou Nansha Riches Faith Ktg & Gmt Ltd.	People's Republic of China	HK\$5,460,000	100%	Garment manufacturing, subcontracting and trading
Impact (Cook Islands) Limited	Cook Islands	US\$1,000	100%	Sourcing agent
Impact Textiles B.V.	Netherlands	DFL30,000	80.1%	Garment trading
Impact Textiles Company Limited	Hong Kong	Ordinary shares HK\$4,450,000 Non-voting deferred shares HK\$12,310,000	100% 89%	Investment holding and garment trading
Impact Textiles International Limited	British Virgin Islands	US\$1	100%	Investment holding
Joy Alliance Limited	Hong Kong	HK\$100	87.5%	Property development
Kih-Oskh Holding N.V.	Netherlands Antilles	US\$6,000	100%	Investment holding
Kowloon Station Development Company Limited	Cayman Islands	US\$1	100%	Investment holding
Lanson Place Hospitality Management (Hong Kong) Limited	Hong Kong	HK\$2	100%	Hospitality and property management
Lanson Place Hospitality Management (Jakarta) Limited	British Virgin Islands / Indonesia	US\$1	100%	Hospitality and property management
Lanson Place Hospitality Management Limited	British Virgin Islands	US\$1	100%	Investment holding, hospitality and property management
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S\$100	100%	Hospitality and property management
Lanson Place Hotels & Residences (Bermuda) Limited	Bermuda	US\$12,000	100%	Investment holding and licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US\$1	100%	Investment holding
Lanson Place Hotels & Residences (Netherlands) B.V.	Netherlands	DFL40,000	100%	Licensing, hospitality and property management

Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
L'impact Lingerie B.V.	Netherlands	DFL40,000	89%	Garment trading
L'impact Lingerie Limited	Hong Kong	HK\$400,000	100%	Garment trading
Longrise (HK) Limited	Hong Kong	HK\$2	78%	Garment trading
Marvinbond Limited	British Virgin Islands	US\$1	100%	Investment holding
Mezereum Limited	British Virgin Islands / Hong Kong	US\$1	100%	Property investment
New Chance Developments Limited	British Virgin Islands	US\$100	95.9%	Investment holding
Shui Hing Textiles International Limited	Hong Kong	HK\$75,000,000	100%	Investment holding and garment trading
Shui Hung Knitting and Garment Factory Limited	Hong Kong	HK\$20,000,000	100%	Investment holding and garment manufacturing
Shui Mei Textiles Limited	Hong Kong	HK\$9,000,000	95%	Garment manufacturing
Shui Ming Garments Manufacturing Company Limited	Hong Kong	HK\$18,000,000	100%	Investment holding and garment trading
Shui Pang Enterprise (Macau) Limited	Macau	MOP825,600	49%	Garment manufacturing
Shui Pang Garment & Knitting Factory Limited	Hong Kong	HK\$2,000,000	70%	Investment holding and garment manufacturing
Shui Wo Garment & Knitting Factory Limited	Hong Kong	HK\$1,600,000	100%	Garment trading

Name of subsidiary	Place of incorporation / operation	Nominal value of issued and fully paid share capital / registered capital	Attributable proportion of nominal value of issued / registered capital held by the Company	Principal activities
Shui Ying Knitting & Garment Factory Limited	Hong Kong	HK\$8,000,000	100%	Investment holding and garment manufacturing
Success First Development Limited	Hong Kong	HK\$2	100%	Property investment
Sun Hung International Limited	Hong Kong	HK\$7,500,000	78%	Investment holding and garment manufacturing
Teamdoor Investments Limited	Hong Kong	HK\$2	86.4%	Garment trading
Telwin Industrial Limited	Hong Kong	HK\$2	86.4%	Garment manufacturing and trading
Townhill Enterprises Limited	British Virgin Islands	US\$1	100%	Investment holding
Triberg Company Limited	Hong Kong	HK\$2	86.4%	Garment trading
Twin Dragon Investments Limited	British Virgin Islands / Hong Kong	US\$1	100%	Investment holding
Unimix Exporters Limited	Hong Kong	HK\$300,000	86.4%	Garment trading
Unimix Holdings Limited	Hong Kong	HK\$1,100,000	86.4%	Investment holding
Unimix Limited	Hong Kong	HK\$10,000,000	86.4%	Garment manufacturing and trading
Unimix Properties Limited	Hong Kong	HK\$200	86.4%	Property investment
United Success International Investment B.V.	Netherlands	DFL40,000	100%	Investment holding
United Success International Limited	Hong Kong	HK\$227,750,062	100%	Investment holding
Universal Team Industrial Limited	Hong Kong	HK\$2	100%	Investment holding
USI Holdings (B.V.I.) Limited	British Virgin Islands	US\$50,000	100%	Investment holding
USI Properties International Limited	British Virgin Islands	US\$1	100%	Investment holding
USI Property Management Limited	Hong Kong	HK\$2	100%	Property development and project management

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

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

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

None of the subsidiaries had any debt capital subsisting as at 31 December 2001 or at any time during the year.

#### 44. PRINCIPAL ASSOCIATES

Details of the Group's principal associates at 31 December 2001 are as follows:

Name of company	Place of incorporation	Attributable proportion of nominal value of issued share capital indirectly held by the Company	Principal activities
Mancas Investment Limited #	Hong Kong	50%	Property development
Mission System Consultant Limited #	Hong Kong	37.5%	Computer software consultancy
Oneword Radio Limited #	United Kingdom	33.3%	Digital radio broadcasting
Union Charm Development Limited *#	Hong Kong	7.5%	Property development
Winner Max Enterprises Limited	Hong Kong	33.3%	Property development

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

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

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