NOTES TO FINANCIAL STATEMENT

31 March 2002

1. CORPORATE INFORMATION

During the year, the Group was principally engaged in investment holding, the manufacture, trading and distribution of garments, property investment and development, and the operation of restaurant business.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following recently-issued and revised SSAPs and related Interpretations are effective for the first time for the current year's financial statements:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- SSAP 26: "Segment reporting"
- SSAP 28: "Provisions, contingent liabilities and contingent assets"
- SSAP 29: "Intangible assets"
- SSAP 30: "Business combinations"
- SSAP 31: "Impairment of assets"
- SSAP 32: "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12: "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting those SSAPs and Interpretations which have had a significant effect on the financial statements, are summarised as follows:

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustment to the financial statements, and which require disclosure, but no adjustment. Its principal impact on these financial statements is that the proposed final dividend which is not declared and approved until after the balance sheet date, is no longer recognised as a liability at the balance sheet date, but is disclosed as an allocation of retained profits on a separate line within the capital and reserves section of the balance sheet. The prior year adjustment arising from the adoption of this new SSAP is detailed in note 12 to the financial statements.

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, and therefore no prior year adjustment has been required. The disclosure changes under this SSAP have resulted in changes to the detailed information disclosed for finance leases and operating leases, which are further detailed in notes 29 and 35, respectively, to the financial statements.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") (continued)

SSAP 18 (Revised) prescribes the recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. Proposed final dividends from subsidiaries that are declared and approved by the subsidiaries after the balance sheet date are no longer recognised in the Company's own financial statements for the year. The adoption of the SSAP has resulted in a prior year adjustment, further details of which are included in notes 11 and 32 to the financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 4 to the financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosures in respect thereof. The SSAP requirements do not have a material effect on the amounts previously recorded in the financial statements, and therefore no prior year adjustment has been required.

SSAP 29 prescribes the recognition and measurement criteria for intangible assets, together with the disclosure requirements. This has had no major impact on these financial statements.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Negative goodwill is recognised in the consolidated profit and loss account depending on the circumstances from which it arose, as further described in the accounting policy for negative goodwill disclosed in note 3 to the financial statements. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and Interpretation has not resulted in a prior year adjustment, for the reasons detailed in note 17 to the financial statements. The required new additional disclosures are included in notes 17 and 32 to the financial statements.

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has had no significant impact on the preparation of these financial statements.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") (continued)

In addition to the above new and revised SSAPs and related Interpretations, certain minor revisions to the following SSAPs are effective for the first time for the current year's financial statements:

- SSAP 10: "Accounting for investments in associates"
- SSAP 17: "Property, plant and equipment"
- SSAP 21: "Accounting for interests in joint ventures"

The only significant effect of these revisions is that SSAP 17 requires that impairment losses on fixed assets are aggregated with accumulated depreciation in note 14 to the financial statements, whereas previously they would have been deducted from the cost of the relevant asset. This disclosure reclassification has had no effect on the net carrying amount of fixed assets in the balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of the Group's investment properties, certain fixed assets and equity investments, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and, save for the subsidiaries detailed in note 19, all of its subsidiaries for the year ended 31 March 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

Unconsolidated subsidiaries

Interests in unconsolidated subsidiaries are stated at their carrying values at the date of deconsolidation less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint venture companies

Joint venture companies comprise companies operating, directly or indirectly, in the People's Republic of China ("Mainland China") as independent business entities. The joint venture agreements between the venturers stipulate the operating, control rights and capital contributions of the joint venture parties, the duration of the joint venture and the basis on which assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distribution of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreements.

A joint venture company is treated as:

(a) a subsidiary, if the Group has unilateral control over the joint venture company;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control over the joint venture company;

(c) an associate, if the Group does not have unilateral or joint control, but holds generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Group holds less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Jointly-controlled entity

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of its jointly-controlled entity is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interest in the jointly-controlled entity is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to 1 April 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Negative goodwill (continued)

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

In prior years, negative goodwill arising on acquisitions was credited to the goodwill reserve in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits negative goodwill on acquisitions which occurred prior to 1 April 2001, to remain credited to the goodwill reserve. Negative goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate. Any attributable negative goodwill previously credited to the goodwill reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

Other financial assets

Other financial assets include investment securities, held-to-maturity securities and other investments.

Investment securities

Investment securities in listed and unlisted debt and equity securities, intended to be held for a continuing strategic or long term purpose, are stated at cost less any impairment losses, on an individual investment basis.

When impairments have occurred, the carrying amounts of the securities are reduced to their fair values, as estimated by the directors, and the amounts of the impairments are charged to the profit and loss account for the period in which they arise. When the circumstances and events which led to the impairments cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amounts of the impairments previously charged are credited to the profit and loss account to the extent of the amounts previously charged.

Held-to-maturity securities

Held-to-maturity securities are investments in dated debt securities which the Group has the expressed intention and ability to hold to maturity, and are stated at cost adjusted for the amortisation of premiums or discounts arising on acquisition, less any impairment losses which reflect their credit risk.

Other investments

Other investments comprising those securities which are not classified as investment securities are stated at their fair values at the balance sheet date on an individual investment basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial assets (continued)

Other investments (continued)

The fair values of such listed securities are their quoted market prices at the balance sheet date whereas the fair values of such unlisted securities are estimated by the directors.

The gains or losses arising from changes in the fair values of such securities are credited or charged to the profit and loss account in the period in which they arise.

The profit or loss on disposal of investment securities and other investments is accounted for in the period in which the disposal occurs as the difference between the net sales proceeds and the carrying amount of the investment.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms
Buildings	2.5% – 3%
Leasehold improvements	10% – 15%
Plant and machinery	10%
Furniture, fixtures and equipment	15% – 20%
Motor vehicles	20%

Freehold land is not depreciated.

Assets held under finance leases are depreciated over the shorter of the finance lease terms and their estimated useful lives on the same basis as owned assets.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained earnings as a movement in reserves.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

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

Properties under development

Properties under development are stated at cost less any impairment losses. Cost includes all development expenditure, capitalised borrowing costs and other direct costs attributable to such properties.

Properties under development which have been pre-sold are stated at cost, plus attributable profits less foreseeable losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development (continued)

When properties under development have been pre-sold, the total estimated profit is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the accounting date to the estimated total construction costs to completion, limited to the amount of sales deposits and instalments received and with due allowances for contingencies.

Deposits received on properties pre-sold prior to their completion in excess of the attributable profit recognised are classified as current liabilities.

Properties under development which have either been pre-sold or which are intended for sale and are expected to be completed within one year from the balance sheet date are classified as current assets.

Capitalised borrowing costs

Interest incurred on borrowings to finance the construction and development of properties under development is capitalised and is included in the carrying values of these assets. Interest is capitalised at the Group's weighted average interest rate on external borrowings or, where applicable, the interest rates related to specific development project borrowings. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Export quotas

Temporary export quotas purchased are charged to the profit and loss account at the date when goods are shipped under that quota category or upon expiry.

Export quotas allocated by the authorities in the countries in which the Group operates are not capitalised as assets in the balance sheet.

Income arising from the sale of export quotas is credited to the profit and loss account in the year of disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Lease where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries, the jointly-controlled entity and associates are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange equalisation reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods and quotas, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods and quotas sold;

(b) income from the restaurant business, at the point of sale to customers;

(c) income from the sale of completed properties, on the exchange of legally binding unconditional sales contracts;

(d) income from the pre-sale of properties under development, when the construction work has progressed to a stage where the ultimate realisation of profit can be reasonably determined and on the basis set out in the accounting policy note "Properties under development" above;

(e) rental income, in the period in which the properties are let out and on the straight-line basis over the lease terms;

(f) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and

(g) income from the provision of merchandising consultancy services, in the period in which such services are provided.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends (continued)

In previous years, the Company recognised its proposed final dividend to shareholders, which was declared and approved after the balance sheet date, as a liability in its balance sheet. The Company also recognised the proposed final dividends of subsidiaries, which were declared and approved after the balance sheet date, as income in its profit and loss account for the year. The revised accounting treatments for dividends resulting from the adoption of SSAP 9 (Revised) and SSAP 18 (Revised), have given rise to prior year adjustments in both the Group's and the Company's financial statements, further details of which are included in notes 11, 12 and 32 to the financial statements.

Staff retirement scheme

The Group operates defined contribution retirement benefits schemes under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate. Contributions are made on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the Mandatory Provident Fund Exempted ORSO retirement benefits scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group will be reduced by the relevant amount of forfeited contributions. In respect of the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme"), the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

For certain subsidiaries of the Company in Mainland China, contributions to the government retirement benefit schemes are charged to the profit and loss account as incurred.

4. SEGMENT INFORMATION

SSAP 26 was adopted during the year, as detailed in note 2 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the garment segment is engaged in the manufacturing, trading and distribution of garment products;

(b) the restaurant segment is engaged in restaurant operation and the provision of food and beverage services;

(c) the property investment and development segment comprises the development and sale of properties and the leasing of commercial and residential premises; and

4. SEGMENT INFORMATION (continued)

(d) the others segment mainly comprises the Group's building materials trading operation and other operations.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the prices used for the transactions with third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group

	Garment		Restaurant		Property investment and development		Others		Eliminations		Consolidated	
	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000
Segment revenue:												
Sales to external customers	325,551	678,318	226,767	204,608	87,915	117,894	1,220	4,253	–	–	641,453	1,005,073
Inter-segment sales	–	–	–	–	2,518	1,130	–	–	(2,518)	(1,130)	–	–
Other revenue	19,686	7,530	3,025	2,043	33,702	325	61	2	–	–	56,474	9,900
Total	345,237	685,848	229,792	206,651	124,135	119,349	1,281	4,255	(2,518)	(1,130)	697,927	1,014,973
Segment results	25,194	55,659	12,684	9,535	30,175	9,967	(3,390)	(4,826)	–	–	64,663	70,335
Unallocated corporate income											6,561	13,058
Unallocated corporate expenses											(14,356)	(10,177)
Profit from operating activities											56,868	73,216
Finance costs											(15,041)	(16,823)
Share of profits less losses of:												
A jointly-controlled entity	–	–	(993)	(768)	–	–	–	–	–	–	(993)	(768)
Associates	–	–	–	(4,020)	(3,940)	(9,179)	(13)	(774)	–	–	(3,953)	(13,973)
Profit before tax											36,881	41,652
Tax											(4,483)	(10,808)
Profit before minority interests											32,398	30,844
Minority interests											(1,402)	(4,113)
Net profit from ordinary activities attributable to shareholders											30,996	26,731

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Garment		Restaurant		Property investment and development		Others		Consolidated	
	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000 (Restated)
Segment assets	122,202	140,505	80,469	78,460	972,045	363,179	20,132	11,441	1,194,848	593,585
Interest in a jointly-controlled entity	–	–	3,059	4,175	–	–	–	–	3,059	4,175
Interests in associates	2,420	2,971	173	(2,358)	–	315,990	7,652	7,378	10,245	323,981
Unallocated assets									162,035	251,215
Total assets									1,370,187	1,172,956
Segment liabilities	45,593	51,930	30,918	27,905	107,251	98,384	8,579	8,788	192,341	187,007
Unallocated liabilities									420,005	238,442
Total liabilities									612,346	425,449
Other segment information:										
Depreciation										
– segment	3,550	4,759	6,048	5,762	1,648	1,684	474	474	11,720	12,679
– unallocated									2,851	2,672
									14,571	15,351
Impairment losses recognised in the profit and loss account	1,906	–	–	–	6,875	–	–	–	8,781	–
Capital expenditure										
– segment	3,964	2,948	12,035	3,459	22,078	62,877	–	71	38,077	69,355
– unallocated									2,540	568
									40,617	69,923
Other non-cash expenses										
– segment	3,989	4,304	8,182	267	1,551	2,600	937	2,355	14,659	9,526
– unallocated									1,873	–
									16,532	9,526

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue, profit/(loss) and certain asset and expenditure information for the Group's geographical segments.

Group

	America		South Africa		Hong Kong		PRC		Others		Consolidated	
	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000	2002 HK$'000	2001 HK$'000
Segment revenue:												
Sales to external customers	95,642	409,802	176,520	179,741	84,121	97,210	258,501	244,979	26,669	73,341	641,453	1,005,073
Segment results	3,888	25,239	20,562	24,693	(4,125)	(2,236)	45,092	18,708	(754)	3,931	64,663	70,335
Other geographical information:												
Segment assets	30,845	40,956	57,032	68,993	93,297	97,330	1,013,674	386,306	–	–	1,194,848	593,585
Capital expenditure:												
– segment	307	1,345	1,002	773	6,332	286	30,436	66,951	–	–	38,077	69,355
– unallocated											2,540	568
											40,617	69,923

5. TURNOVER AND REVENUE

Turnover represents the aggregate of the net invoiced value of goods sold, after allowances for goods returned and trade discounts, the rendering of services, proceeds from the sale of properties (in the case of pre-sale of properties, proceeds from the pre-sale are adjusted to reflect the stage of completion of construction to the extent that these were not previously recognised) and gross rental income received and receivable.

Revenue from the following activities has been included in turnover:

	Group	
	2002	2001
	HK$'000	HK$'000
Sale of goods	**326,771**	682,571
Income from the restaurant business	**226,767**	204,608
Proceeds from the sale of properties	**82,766**	–
Proceeds from pre-sale of properties under development	**–**	114,832
Gross rental income	**5,149**	3,062
Turnover	**641,453**	1,005,073

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	Group	
	2002	2001
	HK$'000	HK$'000
Cost of completed properties sold	**63,878**	–
Cost of properties pre-sold	–	97,545
Cost of inventories sold and services provided	**414,771**	678,486
Auditors' remuneration	**2,028**	2,316
Depreciation	**14,571**	15,351
Quota expenses	**1,103**	373
Rentals under operating leases for land and buildings	**22,218**	21,270
Staff costs (excluding directors' remuneration – note 8):#		
Wages and salaries	**89,312**	105,202
Staff retirement scheme contributions	**1,572**	859
Less: Forfeited unvested contributions	–	(16)
Net retirement scheme expense	**1,572**	843
	90,884	106,045
Foreign exchange losses, net	–	2,240

Inclusive of an amount of HK$72,014,000 (2001: HK$68,672,000) classified under cost of inventories sold and services provided.

6. PROFIT FROM OPERATING ACTIVITIES (continued)

	Group	
	2002 HK$'000	2001 HK$'000
Provisions for doubtful debts and other receivables	**16,077**	7,888
Impairment of property under development	**6,875**	–
Impairments of interests in associates	**1,906**	–
Unrealised holding loss of other investments	**305**	–
Deficit on revaluation of investment properties – note 16	**–**	1,900
Loss on disposal of fixed assets, net	**428**	82
and after crediting:		
Gain on disposal of subsidiaries	**–**	4,620
Surplus on revaluation of investment properties – note 16	**636**	–
Foreign exchange gains, net	**2,552**	–
Interest income from:		
Bank balances	**3,023**	4,748
Associates	**–**	2,570
Other receivables	**2,326**	927
	5,349	8,245
Gross rental income	**5,149**	3,062
Less: Outgoings	**(348)**	(258)
Net rental income	**4,801**	2,804
Negative goodwill recognised*	**33,674**	–
Quota income	**3,268**	3,878

* The movements in negative goodwill recognised in the profit and loss account for the year are included in "Other revenue" on the face of the consolidated profit and loss account.

7. FINANCE COSTS

	Group 2002 HK$'000	2001 HK$'000
Interest in respect of:		
Bank loans, overdrafts and other loans wholly repayable within five years	**15,060**	31,595
Factoring arrangements	**208**	254
Finance leases	**129**	56
Total interest	**15,397**	31,905
Less: Interest capitalised in respect of properties under development – note 15	**(356)**	(15,082)
Total finance costs	**15,041**	16,823

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is as follows:

	Group 2002 HK$'000	2001 HK$'000
Fees:		
Executive directors	**–**	20
Independent non-executive directors	**400**	400
Non-executive directors	**200**	200
	600	620
Other emoluments to executive directors:		
Salaries, allowances and benefits in kind	**3,556**	3,609
Bonuses paid and payable	**2,486**	2,644
	6,042	6,253
	6,642	6,873

8. DIRECTORS' REMUNERATION (continued)

The number of directors whose remuneration fell within the following bands is as follows:

	Group	
	2002 Number of directors	2001 Number of directors
Nil – HK$1,000,000	**4**	5
HK$2,000,001 – HK$2,500,000	**1**	1
HK$2,500,001 – HK$3,000,000	**1**	1
	6	7

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no share options were granted to the directors in respect of their services rendered to the Group. Further details of the Group's share option scheme are set out under the heading "Share option scheme" in the Report of the Directors on page 26.

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid employees of the Group during the year included three (2001: four) directors, details of whose remuneration are set out in note 8 above. Further details of the remuneration of the remaining two (2001: one) non-director, highest paid employees, disclosed pursuant to the Listing Rules, are set out below.

	Group	
	2002 HK$'000	2001 HK$'000
Salaries, allowances and benefits in kind	**1,569**	–
Bonuses paid and payable	**–**	4,165
	1,569	4,165

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Group 2002 Number of employees	Group 2001 Number of employees
HK$500,000 – HK$1,000,000	**2**	–
HK$4,000,001 – HK$4,500,000	**–**	1
	2	1

During the year, no share options were granted to the two non-director, highest paid employees in respect of their services rendered to the Group. Further details of the Group's share option scheme are set out under the heading "Share option scheme" in the Report of the Directors on page 26.

10. TAX

	Group 2002 HK$'000	Group 2001 HK$'000
Group:		
Hong Kong	**–**	–
Mainland China	**2,132**	1,062
Overseas	**2,119**	13,432
Under/(over) provisions in prior years	**5**	(70)
Deferred tax – note 30	**26**	(16)
	4,282	14,408
Associates:		
Mainland China	**201**	(3,600)
Tax charge for the year	**4,483**	10,808

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2001: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for tax is required for the Group's jointly-controlled entity as no assessable profits was earned by the jointly-controlled entity during the year.

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK$22,555,000 (2001: HK$2,895,000 (restated)).

The comparative amount for 2001 has been restated by prior year adjustments resulting in a net debit of HK$5,000,000 to the Company's net profit for that year, a credit of HK$13,000,000 to the deposits, prepayments and other receivables in the Company's balance sheet as at 31 March 2001, and a debit of HK$8,000,000 to the retained profits as at 1 April 2001. The prior year adjustments related to: (i) recognised dividends of HK$8,000,000 from subsidiaries which were declared and approved by the subsidiaries in 2001, but which were recorded by the Company as revenue in its financial statements for the year ended 31 March 2000; and (ii) reversed dividends of HK$13,000,000 from subsidiaries which were declared and approved by the subsidiaries after 31 March 2001, but which were recognised by the Company as revenue in its financial statements for the year ended 31 March 2001. This change in accounting policy has arisen from the adoption of revisions to SSAP 18, as further detailed in notes 2 and 32 to the financial statements.

12. DIVIDENDS

	Group and Company	
	2002	2001
	HK$'000	HK$'000
Proposed final – HK1 cent (2001: HK2 cents) per ordinary share	**7,326**	14,524
Adjustment for the final dividend for 2001 *	**128**	–
	7,454	14,524

* The adjustment for the final dividend for 2001 represents the additional 2001 final dividend on the new ordinary shares issued upon exercise of share options prior to the dividend record date on 22 August 2001.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the year, the Group adopted the revised SSAP 9 "Events after the balance sheet date", as detailed in note 2 to the financial statements. To comply with this revised SSAP, a prior year adjustment has been made to reclassify the proposed final dividend for the year ended 31 March 2001 of HK$14,524,000, which was recognised as a current liability at the prior year end, to the proposed final dividend reserve account within the capital and reserves section of the balance sheet. The result of this has been to reduce both the Group's and the Company's current liabilities and increase the reserves previously reported as at 31 March 2001, by HK$14,524,000.

The effect of this change in accounting policy as at 31 March 2002, is that the current year's proposed final dividend of HK$7,326,000 has been included in the proposed final dividend reserve account within the capital and reserves section of the balance sheet at that date, whereas in previous years it would have been recognised as a current liability at the balance sheet date.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK$30,996,000 (2001: HK$26,731,000), and the weighted average of 731,535,164 (2001: 726,186,381) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK$30,996,000 (2001: HK$26,731,000). The weighted average number of ordinary shares used in the calculation is 731,535,164 (2001: 726,186,381) ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 1,984,037 (2001: 47,559) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options and warrants outstanding during the year.

14. FIXED ASSETS

Group

	Land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At beginning of year	150,708	28,661	48,835	38,027	11,041	277,272
Additions	595	1,358	2,216	12,269	2,306	18,744
Acquisition of subsidiaries	–	14,214	–	2,334	–	16,548
Disposals	(6,293)	(242)	(1,319)	(11,449)	(1,879)	(21,182)
Transfer to investment properties – note 16	(21,376)	–	–	–	–	(21,376)
Exchange realignment	(72)	16	(2,252)	(177)	(426)	(2,911)
At 31 March 2002	123,562	44,007	47,480	41,004	11,042	267,095
Accumulated depreciation:						
At beginning of year	22,086	20,156	26,629	32,784	10,019	111,674
Provided during the year	3,320	4,575	2,279	3,766	631	14,571
Disposals	–	(6)	(831)	(10,894)	(1,784)	(13,515)
Transfer to investment properties – note 16	(1,870)	–	–	–	–	(1,870)
Exchange realignment	(1)	8	(1,200)	(173)	(231)	(1,597)
At 31 March 2002	23,535	24,733	26,877	25,483	8,635	109,263
Net book value:						
At 31 March 2002	100,027	19,274	20,603	15,521	2,407	157,832
At 31 March 2001	128,622	8,505	22,206	5,243	1,022	165,598

14. FIXED ASSETS (continued)

The cost/valuation of the Group's land and buildings by geographical location and the terms of the leases are as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Medium term leasehold land and buildings situated in Hong Kong, at 1995 valuation	**61,500**	61,500
Land and buildings situated in Mainland China:		
Medium term leasehold, at cost	**46,863**	73,927
Freehold land and buildings situated overseas, at cost	**15,199**	15,281
	123,562	150,708

Certain of the Group's leasehold land and buildings were revalued at 31 March 1995 by Vigers Hong Kong Limited, a firm of independent professional valuers, at an open market value based on their existing use. With effect from 31 March 1996, no further revaluations of the Group's leasehold land and buildings have been carried out. The Group has relied upon the exemption from the need to revalue the entire class of land and buildings on a regular basis, granted under paragraph 80 of SSAP 17 "Property, plant and equipment".

Had the Group's revalued leasehold land and buildings been carried at cost less accumulated depreciation and any impairment losses, they would have been included in the financial statements at approximately HK$79,740,000 (2001: HK$107,636,000).

The net book value of assets held under finance leases included in the total amount of fixed assets as at 31 March 2002 amounted to HK$2,079,000 (2001: HK$800,000). The depreciation charge for the year in respect of such assets amounted to HK$114,000 (2001: HK$176,000).

15. PROPERTIES UNDER DEVELOPMENT

	Group 2002 HK$'000	Group 2001 HK$'000
At cost:		
Balance at beginning of year	**251,713**	175,745
Additions	**21,873**	60,519
Interest capitalised – note 7	**356**	15,082
Transfer to:		
Investment properties – note 16	**(78,070)**	–
Properties held for sale	**(189,180)**	–
Impairment of property under development	**(6,875)**	–
Exchange realignment	**183**	367
Balance at 31 March	**–**	251,713
Properties under development included in current assets	**–**	(179,712)
Long term portion	**–**	72,001

At 31 March 2001, the properties under development were situated in Mainland China with medium term land use rights.

16. INVESTMENT PROPERTIES

	Group 2002 HK$'000	Group 2001 HK$'000
Balance at beginning of year, at valuation	**63,100**	65,000
Transfer from:		
Properties under development – note 15	**78,070**	–
Fixed assets – note 14	**19,506**	–
Arising on acquisition of subsidiaries	**668,000**	–
Surplus/(deficit) on revaluation charged to profit and loss account – note 6	**636**	(1,900)
Exchange realignment	**(62)**	–
Balance at 31 March, at valuation	**829,250**	63,100
Analysis by geographical location:		
Hong Kong	**47,750**	52,200
Mainland China	**781,500**	10,900
	829,250	63,100

The Group's investment properties, of which HK$746,250,000 are held under medium term leases and HK$83,000,000 under long term lease, were revalued on 31 March 2002 by Vigers Hong Kong Limited, a firm of independent professional valuers on an open market, existing use basis.

17. GOODWILL AND NEGATIVE GOODWILL

SSAP 30 was adopted during the year, as detailed in note 2 to the financial statements. The amount of negative goodwill recognised in the consolidated balance sheet, arising from the acquisition of subsidiaries, is as follows:

Group

	Negative goodwill HK$'000
Cost:	
At beginning of year:	–
Acquisition of subsidiaries	330,431
Acquisition of additional interest in a subsidiary	1,182
At 31 March 2002	331,613
Recognition as income:	
At beginning of year:	–
Recognised as income during the year	(33,674)
At 31 March 2002	(33,674)
Net book value:	
At 31 March 2002	297,939
At 31 March 2001	–

As detailed in note 2 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill in respect of acquisitions which occurred prior to 1 April 2001, to remain eliminated against consolidated reserves. The amount of such goodwill remaining in consolidated reserves, arising from the acquisitions of subsidiaries, amounted to HK$86,230,000 and is stated at cost (note 32).

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against consolidated reserves for impairment. No impairment was resulted from such assessment.

18. INTERESTS IN SUBSIDIARIES

	Company 2002 HK$'000	Company 2001 HK$'000
Unlisted shares, at cost	**23,600**	23,600
Due from subsidiaries	**847,553**	787,523
Due to subsidiaries	**(190,371)**	(122,762)
	680,782	688,361

The balances with the subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries of the Company are as follows:

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued/ registered capital	Percentage of equity interest attributable to the Company 2002	2001	Principal activities
Amica Fashion Company (Pty) Limited *	South Africa	Ordinary shares	Rand160,002	**80**	80	Manufacture of garments
Amica Properties Limited	Hong Kong	Ordinary shares	HK$10,000	**100**	100	Property investment
Amica, SA #	Republic of Guatemala	Ordinary shares	Q10,000	**100**	100	Investment holding
Carrianna (BVI) Ltd. *	British Virgin Islands	Ordinary shares	US$1	**100**	100	Investment holding
Carrianna Chiu Chow Restaurant (T.S.T.) Limited #	Hong Kong	Ordinary shares	HK$1,000,000	**61**	61	Restaurant operations
Carrianna (Chiu Chow) Restaurant Limited #	Hong Kong	Ordinary shares	HK$8,000,000	**73**	63	Restaurant operations
Carrianna Holdings Limited	Hong Kong	Ordinary shares	HK$25,000,000	**100**	42 (note 21)	Property investment and development

18. INTERESTS IN SUBSIDIARIES (continued)

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued/ registered capital	Percentage of equity interest attributable to the Company 2002	2001	Principal activities
Carrianna (Shenzhen) Investment Co., Ltd. (1)	Mainland China	Registered capital	HK$80,000,000	**100**	100	Investment holding and property development
Dongguan Tak Sing Building Materials Co., Ltd. (2)	Mainland China	Registered capital	HK$6,430,000	**100**	100	Manufacture and distribution of building materials
Fountain Villa Limited	Hong Kong	Ordinary shares	HK$20	**100**	100	Dormant
Goldfield Properties Limited	Hong Kong	Ordinary shares	HK$2	**100**	100	Property investment
International Fashions Group Inc. #	Canada	Ordinary shares	C$9,500	**80**	80	Distribution and sale of garments
		Non-voting preference shares	C$500	**–**	–	
Kunming Carrianna Chaozhou Restaurant Ltd. (3)	Mainland China	Registered capital	HK$12,000,000	**62**	62	Restaurant operations
La Vereda, SA #	Republic of Guatemala	Ordinary shares	Q75,000	**100**	100	Manufacture of garments
MBS Enterprises Limited	Hong Kong	Ordinary shares	HK$1,500,000	**100**	100	Trading of fabrics, garments, plant and machinery
Perfectus Ltd.	British Virgin Islands	Ordinary shares	US$1	**100**	100	Provision of merchandising consultancy services

18. INTERESTS IN SUBSIDIARIES (continued)

Company	Place of incorporation/ registration	Class of equity interest held	Nominal value of issued/ registered capital	Percentage of equity interest attributable to the Company 2002	2001	Principal activities
Poltex Garments (Pty) Limited #	Lesotho	Ordinary shares	M58,435	**100**	100	Manufacture of garments
Chiori Apparel, Inc.	United States of America	Ordinary shares	US$375,000	**100**	100	Distribution and sale of garments
Shenzhen Carrianna Chiu Chow Restaurant Co., Ltd. (3)	Mainland China	Registered capital	HK$6,000,000	**92**	92	Restaurant operations
Shenzhen Carrianna Friendship Square Restaurant Co., Ltd. (3)	Mainland China	Registered capital	RMB20,000,000	**68**	68	Restaurant operations
Sunlight (Panyu) Garments and Laundry Company Limited (1)	Mainland China	Registered capital	HK$35,000,000	**100**	100	Manufacture of garments and provision of garment laundry services
Tak Sing Alliance Limited	Hong Kong	Ordinary shares	HK$200	**100**	100	Manufacture and distribution of garments and property development
		Non-voting deferred shares	HK$1,000,000	**–**	–	
Tak Sing (Panyu) Fashion Company Limited (1)	Mainland China	Registered capital	HK$16,000,000	**100**	100	Manufacture of garments

* direct subsidiaries of the Company
# not audited by Ernst & Young Hong Kong or other Ernst & Young International member firm
(1) Wholly-owned foreign enterprises
(2) Sino foreign co-operate joint venture companies
(3) Sino foreign equity joint venture companies

18. INTERESTS IN SUBSIDIARIES (continued)

Except for Carrianna Holdings Limited, which is incorporated in Hong Kong but operates in Mainland China, all of the above subsidiaries operate in the place of their incorporation/registration.

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

The subsidiaries acquired during the year contributed HK$18,977,000 to the Group's turnover and a profit of HK$3,505,000 to the Group's profit before tax. In the case of associates which were reclassified to subsidiaries, the turnover and profit before tax amounts exclude the former associates' contribution to the results prior to them becoming subsidiaries.

19. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

	Group		Company	
	2002 HK$'000	2001 HK$'000	**2002 HK$'000**	2001 HK$'000
Amounts due from unconsolidated subsidiaries	**9,157**	9,157	**47**	47
Net liabilities deconsolidated	**(6,967)**	(6,967)	**–**	–
	2,190	2,190	**47**	47
Provision for non-recovery	**(2,190)**	(2,190)	**(47)**	(47)
	–	–	**–**	–

Particulars of the unconsolidated subsidiaries at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Percentage of indirect equity interest attributable to the Company 2002	2001	Principal activities
Jeantex Holding B.V.	The Netherlands	**63**	63	Dormant
Jeantex B.V.	The Netherlands	**63**	63	Dormant
Chiori Mode GmbH	Germany	**63**	63	Dormant

19. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES (continued)

Jeantex Holding B.V. is the holding company of Jeantex B.V. and Chiori Mode GmbH (collectively "Jeantex"), which were previously engaged in the distribution and sale of garments. During the year ended 31 March 1998, Jeantex sustained continuing operation losses due to the inability of the Company to exercise effective control over its operations and assets. The directors resolved not to provide further finance to Jeantex and to dispose of the Group's interest therein as soon as possible.

In view of the foregoing, Jeantex was treated as abandoned subsidiaries and, therefore was deconsolidated in 1998. Furthermore, in view of the large deficiency in assets of Jeantex and its unsatisfactory results, the board of directors had made full provision against the interests in these unconsolidated subsidiaries in 1998. No guarantees had been given by the Group to Jeantex or its creditors and thus no contingent liability in respect thereof is considered likely to arise.

20. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2002	2001
	HK$'000	HK$'000
Share of net assets	**2,388**	3,377
Amount due from the jointly-controlled entity	**671**	798
	3,059	4,175

The amount due from the jointly-controlled entity is unsecured, interest-free and is not repayable within one year from the balance sheet date.

Particulars of the Group's interest in the jointly-controlled entity are as follows:

			Percentage of			
Name	**Business structure**	**Place of operation and registration**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Chengdu Carrianna Chaozhou Restaurant Co., Ltd.	Corporate	Mainland China	51	50	51	Restaurant operations

The investment in the jointly-controlled entity is indirectly held by the Company.

21. INTERESTS IN ASSOCIATES

	Group	
	2002	2001
	HK$'000	HK$'000
Share of net assets	**4,482**	288,335
Due from associates	**12,336**	136,494
Due to associates	**(4,667)**	(100,848)
	12,151	323,981
Provision for impairment	**(1,906)**	–
	10,245	323,981

Except for a balance of HK$47,505,000 due from an associate in the prior year which bore interest at 11% per annum, the balances with the other associates are unsecured, interest-free and have no fixed terms of repayment.

The Group's share of aggregate losses accumulated by the associates for the year amounted to HK$4,154,000 (2001: HK$10,373,000).

The Group's share of the net post-acquisition deficit of the associates as at 31 March 2002 amounted to HK$975,000 (2001: net post-acquisition reserves HK$78,145,000).

Particulars of the principal associates, all of which are unlisted companies, are as follows:

Company	Business structure	Place of incorporation/ registration	Percentage of equity interest attributable to the Group 2002	2001	Principal activities
Carrianna Holdings Limited	Corporate	Hong Kong	**100**	42	Property development and investment
Hainan Carrianna Restaurant and Entertainment Company Limited	Corporate	Mainland China	**45**	45	Restaurant operations
Maxima SA #	Corporate	Republic of Guatemala	**50**	50	Laundry operations

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During the year, the Group acquired the remaining 58% equity interest in Carrianna Holdings Limited after which it has been treated as a subsidiary (note 18).

21. INTERESTS IN ASSOCIATES (continued)

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

All of the above associates operate in the place of their incorporation/registration, except for Carrianna Holdings Limited, which is incorporated in Hong Kong but operates in Mainland China.

22. OTHER RECEIVABLES

	Group	
	2002	2001
	HK$'000	HK$'000
Other receivables, secured	**17,524**	39,525
Portion classified as current assets included under "Deposits, prepayments and other receivables"	**(15,964)**	(16,838)
Long term portion	**1,560**	22,687

The other receivables of the Group represented the outstanding deferred consideration in respect of the Group's disposal of certain of its subsidiaries in the United States of America in January 2001, HK$15,964,000 (2001: HK$16,838,000) of which is receivable within twelve months from the balance sheet date and therefore classified as current assets. The amount is secured, interest-bearing and is receivable by instalments with the last instalment due on or before 20 April 2003.

23. OTHER FINANCIAL ASSETS

	Group	
	2002	2001
	HK$'000	HK$'000
Investment securities, at cost		
Unlisted equity securities	**16,464**	10,669
Unlisted debt securities	**5,849**	–
	22,313	10,669
Held-to-maturity securities, at cost	**7,918**	–
Other investments, at fair value		
Listed outside Hong Kong	**1,001**	–
	31,232	10,669

24. INVENTORIES

	Group	
	2002	2001
	HK$'000	HK$'000
Raw materials	**12,584**	20,544
Work in progress	**2,254**	7,266
Finished goods	**4,531**	9,160
Food and beverages	**10,800**	8,283
	30,169	45,253

The carrying amount of inventories is arrived at after charging a provision of HK$10,321,000 (2001: HK$10,171,000).

At 31 March 2002, the carrying amount of inventories of the Group pledged as security for liabilities amounted to HK$2,025,000 (2001: HK$2,398,000).

25. TRADE DEBTORS AND BILLS RECEIVABLE

The aged analysis of trade debtors and bills receivable is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Current – 30 days	**48,331**	44,722
31 – 60 days	**5,449**	3,423
61 – 90 days	**3,017**	1,776
Over 90 days	**132,256**	13,633
	189,053	63,554

Included in the above balances are trade debts amounting to HK$112,550,000 arising from property sales made in prior years by a subsidiary acquired during the year.

Credit terms

Trade debtors and bills receivable arised from garment business generally have credit terms of 30 to 90 days. Restaurant business is normally traded on cash basis. For property sales , credit terms varies in accordance with the terms of the sales and purchase agreements. All trade debtors are recognised and carried at their original invoiced amounts less provision for doubtful debts which is recorded when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**64,342**	50,896	**428**	71
Time deposits	**33,085**	95,572	**–**	–
	97,427	146,468	**428**	71
Less: Pledged time deposits	**(30,352)**	(76,625)	**(354)**	–
Cash and cash equivalents	**67,075**	69,843	**74**	71

27. TRADE CREDITORS

The aged analysis of trade creditors is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Current – 30 days	**25,469**	29,242
31 – 60 days	**5,716**	7,286
61 – 90 days	**1,655**	2,912
Over 90 days	**15,884**	8,132
	48,724	47,572

28. INTEREST-BEARING BANK BORROWINGS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank overdrafts:				
Secured	**8,254**	129	–	–
Unsecured	**8,223**	3,856	–	–
	16,477	3,985	–	–
Bank loans:				
Secured	**279,283**	198,088	**50,000**	62,000
Unsecured	**48,727**	16,800	**5,550**	6,800
	328,010	214,888	**55,550**	68,800
Trust receipt loans:				
Secured	**1,808**	10,366	–	–
Unsecured	**9,352**	1,807	–	–
	11,160	12,173	–	–
	355,647	231,046	**55,550**	68,800
Bank overdrafts repayable within one year or on demand	**16,477**	3,985	–	–
Bank loans repayable:				
Within one year or on demand	**145,165**	138,598	**16,950**	16,300
In the second year	**43,710**	25,853	**12,600**	14,500
In the third to fifth years, inclusive	**81,383**	46,199	**26,000**	38,000
Beyond five years	**57,752**	4,238	–	–
	328,010	214,888	**55,550**	68,800
Trust receipt loans repayable within one year or on demand	**11,160**	12,173	–	–
	355,647	231,046	**55,550**	68,800
Portion classified as current liabilities	**(172,802)**	(154,756)	**(16,950)**	(16,300)
Long term portion	**182,845**	76,290	**38,600**	52,500

29. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery and motor vehicles for its garment business. These leases are classified as finance leases and have remaining lease terms ranging from 2 to 4 years.

At 31 March 2002, the total future minimum lease payments under finance leases and their present values, were as follows:

	Group			
	Minimum lease payments 2002 HK$'000	Minimum lease payments 2001 HK$'000	**Present value of minimum lease payments 2002 HK$'000**	Present value of minimum lease payments 2001 HK$'000
Amounts payable:				
Within one year	**844**	352	**716**	299
In the second year	**625**	349	**541**	310
In the third to fifth years, inclusive	**602**	148	**522**	132
Total minimum finance lease payments	**2,071**	849	**1,779**	741
Future finance charges	**(292)**	(108)		
Total net finance lease payables	**1,779**	741		
Portion classified as current liabilities	**(716)**	(299)		
Long term portion	**1,063**	442		

SSAP 14 was revised and implemented during the year, as detailed in note 2 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

30. DEFERRED TAX

	Group	
	2002	2001
	HK$'000	HK$'000
Balance at beginning of year	**749**	934
Charged/(credited) to profit and loss account for the year – note 10	**26**	(16)
Exchange realignment	**(222)**	(169)
At 31 March	**553**	749

The provision for deferred tax relates to timing differences arising from accelerated capital allowances which are expected to crystallise in the foreseeable future.

At the balance sheet date, the Group and the Company had no material unprovided deferred tax liabilities.

Deferred tax has not been provided on revalued fixed assets and investment properties as, in the opinion of the directors, the revaluation surplus is not deemed to be a timing difference.

No provision has been made for taxes which would arise on the remittance to Hong Kong of the retained profits of overseas subsidiaries because the amounts to be remitted in the near future are either not subject to local withholding tax, or are considered immaterial.

31. SHARE CAPITAL

Shares

	Company	
	2002	2001
	HK$'000	HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
732,587,219 (2001: 726,187,219) ordinary shares of HK$0.10 each	**73,259**	72,619

During the year, the subscription rights attaching to 6,400,000 share options were exercised at the subscription price of HK$0.16 per share, resulting in the issue of 6,400,000 shares of HK$0.10 each for a total cash consideration, before expenses, of HK$1,024,000.

31. SHARE CAPITAL (continued)

Share options

The Company operates a share option scheme (the "Scheme"), further details of which are set out under the heading "Share option scheme" in the Report of the Directors on page 26.

The movement in the number of share options to subscribe for shares in the Company during the year is as follows:

	Number of shares under option granted on 29 January 2001
Balance at beginning of year	**12,400,000**
Exercised during the year	**(6,400,000)**
At 31 March 2002	**6,000,000**
Option exercise price per share (subject to adjustment)	**HK$0.16**
Expiry date	**28 January 2004**

The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,000,000 additional ordinary shares for aggregate proceeds, before the related issue expenses, of approximately HK$960,000.

Warrants

At 1 April 2001, the Company had outstanding warrants which entitled the holder thereof to subscribe for 70,497,450 ordinary shares of HK$0.10 at an initial subscription price of HK$0.40 per share, payable in cash and subject to adjustment, at any time from 18 February 2000 to 28 February 2002 (both dates inclusive).

During the year, no warrants were exercised and all the outstanding warrants expired on 28 February 2002.

32. RESERVES

Group

	Share premium account HK$'000	Leasehold land and building revaluation reserve HK$'000	Investment property revaluation reserve of associates HK$'000	Goodwill reserve HK$'000	Exchange equalisation reserve HK$'000	Capital redemption reserve HK$'000	Reserve funds HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2000	464,205	61,159	3,101	(86,339)	(10,586)	316	581	190,191	622,628
Premium on issue of shares	3	–	–	–	–	–	–	–	3
Exchange reserve released on disposal of subsidiaries	–	–	–	–	950	–	–	–	950
Goodwill released on disposal of subsidiaries	–	–	–	109	–	–	–	–	109
Net profit for the year	–	–	–	–	–	–	–	26,731	26,731
Dividend	–	–	–	–	–	–	–	(14,524)	(14,524)
Exchange differences on translation of overseas subsidiaries' financial statements	–	–	–	–	(3,828)	–	–	–	(3,828)
At 31 March 2001	464,208	61,159	3,101	(86,230)	(13,464)	316	581	202,398	632,069
Premium on issue of shares	384	–	–	–	–	–	–	–	384
Net profit for the year	–	–	–	–	–	–	–	30,996	30,996
Share of revaluation deficit of an associate	–	–	(2,100)	–	–	–	–	–	(2,100)
Dividend	–	–	–	–	–	–	–	(7,454)	(7,454)
Exchange differences on translation of overseas subsidiaries' financial statements	–	–	–	–	(5,201)	–	–	–	(5,201)
At 31 March 2002	464,592	61,159	1,001	(86,230)	(18,665)	316	581	225,940	648,694

32. RESERVES (continued)

Group

	Share premium account HK$'000	Leasehold land and building revaluation reserve HK$'000	Investment property revaluation reserve of associates HK$'000	Goodwill reserve HK$'000	Exchange equalisation reserve HK$'000	Capital redemption reserve HK$'000	Reserve funds# HK$'000	Retained profits HK$'000	Total HK$'000
Reserves retained by:									
Company and subsidiaries	464,592	61,159	–	(86,230)	(18,747)	316	581	233,780	655,451
Jointly-controlled entity	–	–	–	–	59	–	–	(5,841)	(5,782)
Associates	–	–	1,001	–	23	–	–	(1,999)	(975)
At 31 March 2002	464,592	61,159	1,001	(86,230)	(18,665)	316	581	225,940	648,694
Company and subsidiaries	464,208	61,159	–	(86,230)	(13,523)	316	581	132,202	558,713
Jointly-controlled entity	–	–	–	–	59	–	–	(4,848)	(4,789)
Associates	–	–	3,101	–	–	–	–	75,044	78,145
At 31 March 2001	464,208	61,159	3,101	(86,230)	(13,464)	316	581	202,398	632,069

Reserve funds represent the non-distributable statutory reserves of the Group's subsidiaries in Mainland China. The transfers to these reserves are determined by the board of directors of the subsidiaries in accordance with the relevant laws and regulations of Mainland China. The reserve funds can be used to offset against future losses or to increase the capital of the subsidiaries.

32. RESERVES (continued)

Company

	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2000					
As previously reported	464,205	59,759	316	27,438	551,718
Prior year adjustment:					
SSAP 18 (Revised) – net year-on-year effect of dividends from subsidiaries no longer recognised as income for the year (notes 2 and 11)	–	–	–	(8,000)	(8,000)
As restated	464,205	59,759	316	19,438	543,718
Premium on issue of shares	3	–	–	–	3
Net profit for the year (as restated)	–	–	–	2,895	2,895
Dividend	–	–	–	(14,524)	(14,524)
At 31 March 2001 and beginning of year	464,208	59,759	316	7,809	532,092
As previously reported	464,208	59,759	316	20,809	545,092
Prior year adjustment:					
SSAP 18 (Revised) – net year-on-year effect of dividends from subsidiaries no longer recognised as income for the year (notes 2 and 11)	–	–	–	(13,000)	(13,000)
As restated	464,208	59,759	316	7,809	532,092
Net profit for the year	–	–	–	22,555	22,555
Premium on issue of shares	384	–	–	–	384
Dividend	–	–	–	(7,454)	(7,454)
At 31 March 2002	464,592	59,759	316	22,910	547,577

32. RESERVES (continued)

The contributed surplus of the Company arose as a result of the Group reorganisation on 12 August 1991 and represented the difference between the nominal value of the share capital issued by the Company and the combined net assets of the subsidiaries acquired pursuant to the Group reorganisation, less the effects of the bonus issue of shares in previous years.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain specific circumstances.

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	Group	
	2002 HK$'000	2001 HK$'000
Profit from operating activities	**56,868**	73,216
Interest income	**(5,349)**	(8,245)
Negative goodwill recognised as income	**(33,674)**	–
Impairment of property under development	**6,875**	–
Unrealised holding loss of other investments	**305**	–
Depreciation	**14,571**	15,351
Loss on disposal of fixed assets	**428**	82
Gain on disposal of subsidiaries	**–**	(4,620)
Provisions for doubtful debts and other receivables	**16,077**	7,888
Impairments of interests in associates	**1,906**	–
Deficit/(surplus) on revaluation of investment properties	**(636)**	1,900
Additions to properties under development	**(6,921)**	(44,500)
Decrease in properties held for sale	**149,923**	–
Increase in trade debtors and bills receivables	**(9,716)**	(3,107)
Increase in deposits, prepayments and other receivables	**(42,304)**	(8,893)
Decrease/(increase) in inventories	**15,641**	(15,471)
Increase in trade creditors	**3,218**	23,786
Increase/(decrease) in sundry creditors, accruals and deposits received	**(96,344)**	48,887
Net cash inflow from operating activities	**70,868**	86,274

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share capital (including share premium) HK$'000	Minority interests HK$'000	Bank and other loans HK$'000	Finance lease payables HK$'000
Balance at 1 April 2000	536,823	42,838	268,892	1,208
Net cash inflow/(outflow) from financing	4	(413)	(19,494)	(715)
Arising from disposal of subsidiaries	–	(16,087)	(33,275)	(670)
Share of profits for the year	–	4,113	–	–
Dividends paid to minority interests	–	(1,447)	–	–
Inception of finance lease contracts	–	–	–	918
Effect of foreign exchange translations	–	(709)	(1,235)	–
Balance at 31 March 2001 and 1 April 2001	536,827	28,295	214,888	741
Net cash inflow/(outflow) from financing	1,024	2,810	54,213	(732)
Arising from acquisition of subsidiaries	–	–	59,099	–
Arising from acquisition of additional interest in a subsidiary	–	(1,782)	–	–
Share of profits for the year	–	1,402	–	–
Dividends paid to minority interests	–	(905)	–	–
Inception of finance lease contracts	–	–	–	1,867
Effect of foreign exchange translations	–	(1,258)	(190)	(97)
Balance at 31 March 2002	537,851	28,562	328,010	1,779

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Acquisition of subsidiaries

	2002 HK$'000	2001 HK$'000
Net assets acquired:		
Fixed assets	16,548	–
Investment properties	668,000	–
Properties held for sale	34,305	–
Cash and bank balances	48,901	–
Trade receivables	127,973	–
Prepayments and other receivables	139,668	–
Inventories	557	–
Trade creditors	(1,783)	–
Sundry creditors and accruals	(87,926)	–
Tax payable	(56,859)	–
Interest-bearing bank borrowings	(59,099)	–
	830,285	–
Negative goodwill on acquisition	(330,431)	–
Consideration	499,854	–
Satisfied by:		
Cash *	189,272	–
Reclassification of interests in associates	310,582	–
	499,854	–

* The total consideration included incidental costs of acquisition totalling approximately HK$1,272,000, comprising primarily commission, legal and professional fees, which were satisfied by cash.

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

	2002 HK$'000	2001 HK$'000
Cash consideration	189,272	–
Cash and bank balances acquired	(48,901)	–
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	140,371	–

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Acquisition of subsidiaries (continued)

During the year, the Group acquired the remaining 58% interest in Carrianna Holdings Limited ("CHL"), an existing 42%-owned associate of the Group engaged principally in property development and investment, through the following transactions:

On 8 November 2001, the Group acquired a 56% interest in CHL (together with shareholders' loans and interest aggregating HK$149,225,000) and on 7 January 2002, the Group acquired the remaining 2% interest in CHL (together with shareholders' loans and interest aggregating HK$5,979,000) at a total consideration of HK$188,000,000.

The subsidiaries acquired during the year contributed HK$9,678,000 to the Group's net operating cash inflows and paid HK$987,000 in respect of the net return on investments and servicing of finance, give rise to financing cash outflow of HK$16,601,000, but had no significant impact in respect of the Group's cash flows for investing activities or the payment of tax.

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Disposal of subsidiaries

	2002 HK$'000	2001 HK$'000
Net assets disposed of:		
Fixed assets	–	20,572
Inventories	–	73,040
Trade debtors and bills receivable	–	117,411
Cash and bank balances	–	3,322
Deposits, prepayments and other receivables	–	3,287
Trade creditors	–	(81,041)
Sundry creditors and accruals	–	(6,208)
Tax payable	–	(4,161)
Finance lease payables	–	(670)
Interest-bearing bank and other borrowings	–	(33,275)
Minority interests	–	(16,087)
	–	76,190
Goodwill released on disposal	–	109
Exchange equalisation reserve realised on disposal	–	950
Gain on disposal of subsidiaries	–	4,620
	–	81,869
Satisfied by:		
Other long term receivable	–	22,687
Other short term receivable	–	18,948
Discharge of debt receivable	–	(18,244)
Cash consideration	–	58,478
	–	81,869

33. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Disposal of subsidiaries (continued)

Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries:

	2002 HK$'000	2001 HK$'000
Cash consideration	–	58,478
Cash and bank balances disposed of	–	(3,322)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	–	55,156

The subsidiaries disposed of in the prior year contributed HK$19,041,000 to the Group's net operating cash flows, paid HK$10,538,000 in respect of tax, contributed HK$1,593,000 for investing activities and paid HK$8,504,000 for financing activities.

(e) Major non-cash transactions

(i) During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK$1,867,000 (2001: HK$918,000).

(ii) During the year, the Group disposed of fixed assets amounting to HK$6,388,000 to an associate at its carrying value as settlement of amount due to that associate.

34. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2002 HK$'000	2001 HK$'000	**2002 HK$'000**	2001 HK$'000
Bills discounted with recourse	**2,351**	9,800	–	–
Long service payments	**1,786**	2,127	–	–
Guarantees given for mortgage loan facilities granted to purchasers of properties	**155,571**	–	**15,664**	–
Guarantees given for banking facilities utilised by subsidiaries	–	–	**253,429**	105,595
	159,708	11,927	**269,093**	105,595

34. CONTINGENT LIABILITIES (continued)

At 31 March 2001, the Company had given a guarantee to a bank for granting a loan to an associate in the amount of HK$38,333,000. The fellow shareholders of the associate had undertaken to indemnify the Company to the extent of their proportionate equity interest in respect of any liability arising from the guarantee given by the Company. The net exposure of the Company after taking into account the above indemnities was HK$16,100,000. The loan was fully repaid during the year. Accordingly, at 31 March 2002, these was no contingent liabilities in relation to this associate.

35. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 10 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2002, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Within one year	**24,190**	2,191
In the second to fifth years, inclusive	**61,770**	2,475
After five years	**13,768**	–
	99,728	4,666

35. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 10 years and rentals are normally fixed in accordance with the respective tenancy agreements and no arrangements have been entered into for contingent rental payments.

At 31 March 2002, the Group had commitments under non-cancellable operating leases to make payments as set out below:

	Group	
	2002	2001
	HK$'000	HK$'000
	(note (i))	(note (ii))
Land and buildings expiring:		
Within one year	**9,022**	3,851
In the second to fifth years, inclusive	**29,386**	379
After five years	**870**	3,890
	39,278	8,120

Notes:

(i) Being total future minimum lease payments, analysed into the periods on which the payments are to be made.

(ii) Being minimum lease payments payable in the next twelve months, analysed into the periods in which the leases expire.

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following commitments at the balance sheet date:

	Group	
	2002	2001
	HK$'000	HK$'000
Capital commitments for property under development projects:		
Authorised and contracted for	–	12,030
Authorised, but not contracted for	–	13,465
	–	25,495
Other capital commitments:		
Authorised and contracted for	**7,040**	6,552
Foreign currency forward contracts:		
Commitments to purchase/sell	**1,188**	–

The Company did not have any material commitments as at the balance sheet date (2001: Nil).

37. PLEDGE OF ASSETS

As at the balance sheet date, certain of the Group's fixed assets, investment properties, time deposits, other financial assets and inventories with a total carrying value of HK$577,438,000 (2001: HK$238,895,000) were pledged to secure general banking, trade finance and other facilities granted to the Group. In addition, rental income generated in respect of certain investment properties of the Group were assigned to bankers to secure loan facilities granted to the Group.

38. RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions during the year:

(a) In addition to the transactions and balances set out elsewhere in the notes to the financial statements, the Company had significant transactions with parties in which Ma Kai Cheung and/or Ma Kai Yum, directors of the Company, have beneficial equity interests as follows:

	Notes	**2002**	2001
		HK$'000	HK$'000
Sales of goods to related companies	(i)	**14,117**	6,479
Purchase of goods from related companies	(ii)	**(55,618)**	(43,507)

38. RELATED PARTY TRANSACTIONS (continued)

Notes:

(i) The directors consider that sales to related companies were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The directors consider that purchase prices were determined according to the published prices and conditions similar to those offered to other customers of the supplier.

In the opinion of the directors, the above transactions were entered into by the Group in the normal course of business.

(b) In the prior year, the Group received interest income of HK$2,570,000 from an associate which arose from an advance, further details of which, including the terms, are disclosed in note 21 to the financial statements.

(c) On 25 July 1997, Carrianna (Shenzhen) Investment Limited ("Carrianna (Shenzhen)"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the "Principal Agreement") with an independent Chinese party to co-operate in and to jointly undertake the redevelopment of a building site in Shenzhen, Mainland China.

On 22 September 1997, Carrianna (Shenzhen) entered into a joint venture agreement with Luendan Enterprises Company Limited ("Luendan"), a company in which Yip Hing Chung, a non-executive director of the Company, and his family hold 80% equity interest, for the joint development of the aforesaid building site. Pursuant to the joint venture agreement, Luendan will share 20% of all entitlements, rights, benefits and profits in the redevelopment which were originally enjoyed by Carrianna (Shenzhen) under the Principal Agreement. The particulars of these transactions were disclosed in the press announcement of the Company on 23 September 1997.

As at 31 March 2002, the redevelopment was completed.

39. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified to conform with the current year's presentation.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 July 2002.