

1. CORPORATE INFORMATION

During the year, the Group was involved in the following principal activities:

- manufacture and trading of footwear
- property holding
- investment holding

In the opinion of the directors, the ultimate holding company of the Company is Well Success Investment Limited, which is incorporated in the British Virgin Islands.

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The following new and revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") are effective for the first time for the current year's financial statements:

- SSAP 1 (Revised): "Presentation of financial statements"
- SSAP 11 (Revised): "Foreign currency translation"
- SSAP 15 (Revised): "Cash flow statements"
- SSAP 34 "Employee benefits"

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 those SSAPs are summarised as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision to this SSAP is that a consolidated summary statement of changes in equity is now presented on page 18 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions in the financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries are translated at weighted average exchange rates for the year, rather than translated at the applicable exchange rates ruling at the balance sheet date as was previously required. Further details about the impact of this SSAP are described in the accounting policy for foreign currencies below.

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2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

SSAP 15 (Revised) prescribes the format for the cash flow statement. The principal impact of the revision of this SSAP is that cash flows are now presented under three headings, that is, cash flows from operating, investing and financing activities, rather than the five headings previously required. The format of the consolidated cash flow statement set out on pages 19 and 20 of the financial statements and the notes thereto have been revised in accordance with the new requirements. The cash flows of the Company's overseas subsidiaries are now translated using the exchange rates at the dates of the cash flows or, if applicable, at the weighted average exchange rates, whereas before, they were translated at the applicable exchange rates ruling at the balance sheet date. Further details about the impact of this change are described in the accounting policy for foreign currencies as set out in note 3 to the financial statements.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no change to the previously adopted accounting treatments for employee benefits. Additional disclosures are now required in respect of the Company's share option scheme, as detailed in note 30 to the financial statements. These disclosures are similar to those previously required to be disclosed in the Report of the Directors by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and which are now required to be included in the notes to the financial statements as a consequence of the SSAP.

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, modified with respect to the periodic remeasurement of investment properties, investments in short term equity securities and certain fixed assets, as explained in the respective accounting policies below.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 investments in subsidiaries are stated at cost less any impairment losses.

JOINTLY-CONTROLLED ENTITIES

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 jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in the jointly-controlled entities 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.

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.

Changes in the values of fixed assets are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset 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 a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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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:

Buildings	2% – 5%
Leasehold improvements	9% – 45%
Moulds	18% – 20%
Plant and machinery	9% – 45%
Furniture, fixtures and equipment	9% – 20%
Motor vehicles	16% – 20%

Freehold land is not depreciated.

Land use rights are amortised over the unexpired lease terms.

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.

No depreciation is provided on land held for development until development is resumed and the construction of the buildings are completed and put into use, upon which it is transferred to leasehold land and buildings.

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, except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the then carrying amount over the remaining term of the lease. Investment properties 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENT PROPERTIES (continued)

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.

PRODUCT DEVELOPMENT COSTS

All research costs are charged to the profit and loss account as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identified and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

INVESTMENTS

Debt securities which are intended to be held to maturity are accounted for as held-to-maturity securities, while other securities are accounted for as investment securities or other investments, as explained below.

The profit or loss on disposal of an investment is credited or charged to the profit and loss account in the period in which the disposal occurs as the difference between the net sales proceeds and the carrying amount of the investment.

Provisions against the carrying values of investments are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(a) Held-to-maturity securities

Investments in dated debt securities which are intended to be held to maturity are stated in the balance sheet at cost, adjusted for the amortisation of premiums or discounts arising on acquisition, less any impairment losses.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account in the period in which they arise.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS (continued)

(b) Investment securities

Investments in dated debt securities and equity securities, intended to be held for an identified long term purpose, are stated in the balance sheet at cost less any impairment losses, on an individual investment basis.

When impairments in values 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 in values 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.

(c) Other investments

Investments in equity securities which are not intended to be held for an identified long term purpose are stated in the balance sheet at fair values. Fair values are determined on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair values of such investments are credited or charged to the profit and loss account in the period in which they arise.

(d) Others

A golf club membership is stated at cost less any impairment losses.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF ASSETS (continued)

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) 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.

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.

OPERATING LEASES

Leases 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.

FOREIGN CURRENCIES

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES (continued)

On consolidation, the financial statements of overseas subsidiaries and jointly-controlled entities are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries and jointly-controlled entities are translated into Hong Kong dollars at the weighted average exchange rates for the year. The balance sheets of overseas subsidiaries and jointly-controlled entities are translated into Hong Kong dollars at the exchange rates at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

In previous years, the profit and loss accounts and the cash flows of overseas subsidiaries and jointly-controlled entities were translated into Hong Kong dollars at the exchange rates at the balance sheet date. The change in the treatment of such items in the current year has, however, had no significant effect on these financial statements.

RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its eligible employees in Hong Kong. Contributions are made based 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 Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the 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 Scheme.

The Company's subsidiaries in the People's Republic of China (the "PRC") are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which are based on a certain percentage of the salaries of the relevant subsidiaries' employees, are charged to the profit and loss account in the period to which they relate and represent the amount of contributions payable by these subsidiaries to this scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE OPTION SCHEME

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or accrued in the balance sheet for their cost. Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled or which lapse prior to their exercise date are deleted from the register of outstanding options and have no impact on the profit and loss account or balance sheet.

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, 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 sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of 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.

Interim dividends are simultaneously proposed and declared, because the Company's by-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

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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.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

4. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segments are its primary segment reporting basis and geographical segments are its secondary segment reporting basis.

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 footwear products segment produces footwear products for sale to customers; and
- (b) the property investment segment invests in prime office spaces for their rental income potential.

In determining the Group's geographical segments, revenues 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.

4. SEGMENT INFORMATION (continued)**(a) BUSINESS SEGMENTS**

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's business segments.

	Footwear products		Property investment		Consolidated	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	938,063	814,348	1,470	1,155	939,533	815,503
Segment results	149,675	112,050	(15,328)	(24,623)	134,347	87,427
Net unallocated expenses					(42,908)	(27,249)
Profit from operating activities					91,439	60,178
Finance costs					(17)	(1,967)
Share of profit of a jointly-controlled entity					4,313	118
Profit before tax					95,735	58,329
Tax					(8,587)	(5,448)
Profit before minority interests					87,148	52,881
Minority interests					53	5,532
Net profit from ordinary activities attributable to shareholders					87,201	58,413

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4. SEGMENT INFORMATION (continued)**(a) BUSINESS SEGMENTS** (continued)

	Footwear products		Property investment		Consolidated	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	592,213	427,627	61,750	77,138	653,963	504,765
Interest in a jointly-controlled entity					43,682	43,269
Unallocated assets					102,411	117,392
Total assets					800,056	665,426
Segment liabilities	274,600	218,698	472	597	275,072	219,295
Unallocated liabilities					7,050	3,915
Total liabilities					282,122	223,210
Other segment information:						
Capital expenditures	29,537	34,541	-	-	29,537	34,541
Unallocated capital expenditures					35	-
					29,572	34,541
Depreciation	20,573	14,110	-	-	20,573	14,110
Unallocated depreciation					2,043	2,651
					22,616	16,761
Other non-cash expenses	3,930	10,521	15,500	24,450	19,430	34,971
Unallocated other non-cash expenses					8,335	12,996
					27,765	47,967
Unallocated impairment losses recognised in the profit and loss account					-	16,786
Unallocated impairment losses reversed directly in equity					-	5,745

4. SEGMENT INFORMATION (continued)**(b) GEOGRAPHICAL SEGMENTS**

The following table presents revenue information for the Group's geographical segments.

	Turnover	
	2002	2001
	HK\$'000	HK\$'000
North America:		
United States of America	589,716	539,238
Others	67,123	48,822
	656,839	588,060
Europe	167,925	123,238
Asia	35,484	44,161
Australia	25,077	28,737
Others	54,208	31,307
	939,533	815,503

Over 90% of the Group's assets and liabilities are located in Hong Kong and mainland China.

5. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and gross rental income received and receivable from investment properties during the year.

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6. PROFIT FROM OPERATING ACTIVITIES

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

	2002	2001
	HK\$'000	HK\$'000
Cost of inventories sold	495,683	448,175
Depreciation	22,616	16,761
Auditors' remuneration	1,043	1,089
Minimum lease payments under operating leases for land and buildings	9,203	9,555
Staff costs (excluding directors' remuneration, note 8):		
Provident fund contributions	346	448
Less: Forfeited contributions	(174)	(224)
Net contributions to provident fund	172	224
Wages and salaries	194,077	165,007
	194,249	165,231
Product development expenditure	4,983	4,554
Loss on disposal of fixed assets	80	385
Loss on write off of fixed assets	–	1,342
Provision for doubtful debts	3,850	9,111
Provision for impairment in value of land held for development	–	16,786
Deficit on revaluation of leasehold land and buildings	4,867	9,175
Deficit on revaluation of investment properties	15,500	24,450
Provision for impairment of long term investments*	2,110	1,769
Net holding loss on short term investments	–	1,735
Loss on disposal of short term investments	1,358	–
and after crediting:		
Gain on disposal of short term investments	–	3,626
Gain on disposal of long term investments	247	23,049
Gross rental income from investment properties	1,470	1,155
Less: Outgoings	(135)	(148)
Net rental income from investment properties	1,335	1,007
Dividend income from listed investments	17	773
Exchange gains, net	1,450	466
Interest income from:		
Cash and bank balances	1,506	11,009
Listed investments	1,087	11,822
Others	4,999	–

* The provision for impairment of long term investments is included in "Other operating expenses" on the face of the consolidated profit and loss account.

7. FINANCE COSTS

	Group	
	2002	2001
	HK\$'000	HK\$'000
Interest expense on bank loans and overdrafts wholly repayable within five years	17	1,967

8. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Fees:		
Executive directors	-	90
Non-executive directors	-	90
Independent non-executive directors	332	238
	332	418
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	2,649	5,475
Discretionary bonus	-	46
Compensation for loss of office	-	977
Provident fund contributions		
Pension contributions	57	187
Less: Forfeited contributions	(166)	(292)
	(109)	(105)
	2,540	6,393
Other emoluments of independent non-executive directors:		
Salaries, allowances and benefits in kind	-	60

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8. DIRECTORS' REMUNERATION (continued)

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

	Number of directors	
	2002	2001
Nil – HK\$1,000,000	18	13
HK\$1,000,001 – HK\$1,500,000	–	4
	18	17

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2001: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2001: five) directors, details of whose remuneration are set out in note 8 to the financial statements above. Details of the remuneration of the remaining three (2001: Nil) non-director, highest paid employees, which each fell within the nil – HK\$1,000,000 band are as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,988	–
Provident fund contributions	57	–
	2,045	–

10. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been provided at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2002	2001
	HK\$'000	HK\$'000
Group:		
Hong Kong	5,594	886
Elsewhere	2,203	4,260
Underprovision in prior years	790	302
Tax charge for the year	8,587	5,448

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\$48,383,000 (2001: HK\$2,884,000).

12. DIVIDENDS

	2002	2001
	HK\$'000	HK\$'000
Interim – HK6 cents (2001: Nil) per ordinary share	12,490	–
Proposed final – HK7 cents (2001: Nil) per ordinary share	14,572	–
Proposed special – HK10 cents (2001: Nil) per ordinary share	20,817	–
	35,389	–
	47,879	–

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

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13. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share for the year are based on the following data:

	2002	2001
	HK\$'000	HK\$'000
Earnings		
Net profit attributable to shareholders, used in the basic and diluted earnings per share calculations	87,201	58,413
Number of shares		
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	208,169,996	205,723,618
Weighted average number of ordinary shares assumed issued at no consideration on deemed exercise of all share options outstanding during the year	215,365	67,606
Weighted average number of ordinary shares used in diluted earnings per share calculation	208,385,361	205,791,224

14. FIXED ASSETS GROUP

	Land and buildings	Land held for development	Leasehold improvements	Moulds	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation:								
At beginning of year	38,670	25,234	28,273	27,740	87,655	9,965	6,259	223,796
Additions	-	-	1,492	17,280	8,856	863	1,081	29,572
Disposals	-	-	-	(546)	(120)	(142)	(312)	(1,120)
Deficit on revaluation	(5,500)	-	-	-	-	-	-	(5,500)
Exchange realignment	(81)	-	106	132	390	17	13	577
At 31 December 2002	33,089	25,234	29,871	44,606	96,781	10,703	7,041	247,325
At cost	8,839	-	29,871	44,606	96,781	10,703	7,041	197,841
At valuation	24,250	25,234	-	-	-	-	-	49,484
	33,089	25,234	29,871	44,606	96,781	10,703	7,041	247,325
Accumulated depreciation:								
At beginning of year	93	25,234	8,162	5,190	35,406	5,885	2,178	82,148
Provided for the year	725	-	4,831	6,372	8,391	1,185	1,112	22,616
Disposals	-	-	-	(163)	(12)	(112)	(120)	(407)
Write back on revaluation	(633)	-	-	-	-	-	-	(633)
Exchange realignment	(1)	-	17	25	140	6	2	189
At 31 December 2002	184	25,234	13,010	11,424	43,925	6,964	3,172	103,913
Net book value:								
At 31 December 2002	32,905	-	16,861	33,182	52,856	3,739	3,869	143,412
At 31 December 2001	38,577	-	20,111	22,550	52,249	4,080	4,081	141,648

Notes to Financial Statements

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14. FIXED ASSETS (continued)

The Group's land and buildings included above are held under the following lease terms:

	Hong Kong	Elsewhere	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At cost:			
Freehold	–	8,839	8,839
At valuation:			
Medium term leases	24,250	–	24,250
	24,250	8,839	33,089

The medium term leasehold land and buildings of the Group in Hong Kong were revalued on 31 December 2002 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, on an open market value, existing use basis.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying values would have been approximately HK\$59,174,000 (2001: HK\$60,489,000).

The land held for development represents the Group's 68% interest in land with an area of approximately 353,333 square metres for a term of 50 years from 12 December 1997 in Zhongshan, the PRC for the construction of factory buildings and facilities (the "Project") thereon. During the year ended 31 December 2001, the Group decided to suspend the Project indefinitely. In the opinion of the directors, after taking into consideration the conditions as stated in the land grant contracts and the suspension of the Project for an indefinite period of time, the recoverability of the carrying value of the land is considered to be remote. Accordingly, full provision in respect of the carrying value of the land of HK\$25,234,000 was made for the year ended 31 December 2001. During the year, no progress in respect of the Project was made and, accordingly, no write back of the provision is considered.

15. INVESTMENT PROPERTIES

	Group	
	2002	2001
	HK\$'000	HK\$'000
Valuation:		
At beginning of year	77,000	101,450
Revaluation deficit	(15,500)	(24,450)
At 31 December	61,500	77,000

The investment properties are situated in Hong Kong and are held under medium term leases.

The Group's investment properties were revalued on 31 December 2002 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, on an open market, existing use basis. Investment properties with a total carrying value of HK\$20,000,000 at 31 December 2002 (2001: HK\$24,500,000) are leased to third parties under operating leases, further summary details of which are included in note 34 to the financial statements. The remaining investment properties with a balance of HK\$41,500,000 at 31 December 2002 (2001: HK\$52,500,000) were vacant during the two years ended 31 December 2002 and 2001.

Particulars of the investment properties at the balance sheet date are as follows:

Location	Approximate gross floor area	Existing use	Percentage of attributable interest of the Group
Unit Nos. 2 to 5; part of Unit Nos. 1 and 6 on the Third Floor of Island Place Tower, Island Place, No. 510 King's Road, Hong Kong. (256/62,411 shares of and in Inland Lot No. 8849; held under Conditions of Exchange No. 12353)	10,045 sq. ft.	Commercial	100
Unit Nos. 1 to 10 on the Tenth Floor of Island Place Tower, Island Place, No. 510 King's Road, Hong Kong. (512/62,411 shares of and in Inland Lot No. 8849; held under Conditions of Exchange No. 12353)	20,090 sq. ft.	Commercial	100

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16. INVESTMENTS**(a) LONG TERM INVESTMENTS**

	Group	
	2002	2001
	HK\$'000	HK\$'000
Investment securities		
Overseas listed dated debt securities, at cost#	22,991	28,118
Less: Provision for impairment	(2,525)	(1,105)
	20,466	27,013
Listed equity securities, at cost#		
– Hong Kong	20	20
– Overseas	2,006	1,638
Less: Provision for impairment	(1,283)	(664)
	743	994
Overseas unlisted equity securities, at cost		
Less: Provision for impairment	(684)	(684)
	76	76
Others		
Golf club membership in the PRC, at cost	880	880
Less: Provision for impairment	(430)	(430)
	450	450
Total long term investments	21,735	28,533

The aggregate market value of the overseas listed dated debt securities and listed equity securities totalled approximately HK\$20,466,000 (2001: HK\$27,013,000) and HK\$756,000 (2001: HK\$996,000), respectively, at 31 December 2002.

16. INVESTMENTS (continued)**(b) SHORT TERM INVESTMENTS**

	Group	
	2002	2001
	HK\$'000	<i>HK\$'000</i>
Other investments		
Listed equity securities, at fair value		
– Hong Kong	–	4,455

17. DEPOSITS PAID

The deposits represent payments for the purchase of a plot of leasehold land in Zhongshan, the PRC, (the “Land”) and the buildings thereon (the “Buildings”) for a total consideration of HK\$102,370,000. As at 31 December 2002, the Group had deposits paid of HK\$73,934,000 in respect of the purchase of the Land and the Buildings. Last year’s balance represented partial payment for the purchase of the Land. Subsequent to the balance sheet date, the Group had obtained all the relevant title certificates in respect of the Land and the Buildings.

Further details of the purchase of the Land and the Buildings are set out in the circular of the Company dated 11 December 2002.

18. PREPAID RENTAL

Last year’s balance represented prepaid rental for the leasing of the Buildings for ten years. As a result of the purchase of the Buildings, last year’s prepaid rental was transferred to deposits paid (note 17) this year.

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19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	141,213	141,213
Less: Provision for impairment	(140,225)	(140,225)
	988	988

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company**		Principal activities
			2002	2001	
Liang Shing Industries Limited	Hong Kong	Ordinary HK\$72,000 Non-voting deferred* HK\$1,428,000	100	100	Provision of management services
Liang Shing Industries (HK) Limited	Hong Kong	Ordinary HK\$10,000	100	100	Footwear marketing and trading
Takson Asia Limited	Hong Kong	Ordinary HK\$10,000	100	100	Footwear purchasing
Guangzhou Panyu Xingtaiy Footwear Industry & Commerce Co., Ltd.	PRC	RMB68,260,876 (2001: RMB66,306,835)	92.78	92.78	Footwear manufacturing

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19. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company**		Principal activities
			2002	2001	
Chi Yuen Developments Limited	British Virgin Islands/PRC	Ordinary US\$1	100	100	Footwear manufacturing
Canray Int'l Limited	British Virgin Islands/PRC	Ordinary US\$1	100	100	Footwear trading
Cosmo Group Holdings Limited	British Virgin Islands	Ordinary US\$10,000	100	100	Investment holding
Lucky Port Trading Limited	Hong Kong	Ordinary US\$2	100	100	Footwear marketing and trading
Zenith Billion Trading Limited	Hong Kong	Ordinary HK\$2	100	100	Footwear trading
Cashmaster Profits Limited	British Virgin Islands/PRC	Ordinary US\$1	100	100	Footwear trading
Sunrise Footwear Limited	Macau	MOP1,000,000	100	100	Footwear manufacturing
Holey Trading Limited	Hong Kong	Ordinary HK\$2	100	100	Footwear trading
中山精美鞋業有限公司	PRC	US\$8,000,000	100	100	Footwear manufacturing
Power Plus Limited #	British Virgin Islands	Ordinary US\$1	100	100	Investment holding
Continuance Enterprises Limited #	British Virgin Islands	Ordinary US\$1	100	100	Investment holding

Notes to Financial Statements

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19. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company**		Principal activities
			2002	2001	
New Year Prosperity Corporation #	British Virgin Islands	Ordinary US\$1	100	100	Investment holding
Muspole International Limited #	British Virgin Islands	Ordinary US\$1	100	100	Investment holding

* The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividend and are, on a winding-up, only entitled out of the surplus assets of the company, to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.

** Except for Cosmo Group Holdings Limited, all of the above subsidiaries are indirectly held by the Company.

Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

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.

20. DUE FROM SUBSIDIARIES

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

21. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2002	2001
	HK\$'000	HK\$'000
Share of net assets	4,654	341
Due from a jointly-controlled entity	39,028	42,928
	43,682	43,269

The amount due from a jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment.

The Group's share of net profit retained by a jointly-controlled entity for the year amounted to HK\$4,313,000 (2001: HK\$118,000). The Group's share of the post-acquisition retained profits of a jointly-controlled entity at 31 December 2002 was HK\$4,431,000 (2001: HK\$118,000).

Particulars of the jointly-controlled entity are as follows:

Name	Business structure	Place of incorporation and operations	Nominal value of issued ordinary share	Percentage of equity attributable to the Group		Principal activity
				2002	2001	
Union Overseas Holdings Limited ("UOHL") #	Corporate	British Virgin Islands	Ordinary US\$100	50	50	Investment holding

UOHL is not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

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22. INVENTORIES

	Group	
	2002	2001
	HK\$'000	HK\$'000
Raw materials	39,675	33,577
Work in progress	27,949	21,684
Finished goods	39,961	44,993
	107,585	100,254

At the balance sheet date, no inventories were stated at net realisable value (2001: Nil).

23. TRADE RECEIVABLES

The Group generally grants a credit term of 60 to 90 days to its customers. An estimate for doubtful debts is made and deducted when collection of the amount is no longer probable. Bad debts are written off as incurred.

An aged analysis of the trade receivables as at 31 December is as follows:

	Group			
	2002		2001	
	HK\$'000	Percentage	HK\$'000	Percentage
Current to 30 days	135,885	47	98,475	47
31 days to 60 days	52,517	18	24,795	12
61 days to 90 days	26,458	9	10,207	5
Over 90 days	72,458	26	75,864	36
	287,318	100	209,341	100
Less: Provision for doubtful debts	(78,504)		(77,252)	
	208,814		132,089	

The above analysis of ages of trade receivables is based on the date of goods despatched.

Notes to Financial Statements

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24. OTHER RECEIVABLES

	Group		Company	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepayments	663	781	302	256
Deposits and other debtors	11,718	8,236	758	30
	12,381	9,017	1,060	286

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	69,628	70,949	3,042	19,162
Time deposits	57,385	29,721	45,982	26,892
	127,013	100,670	49,024	46,054

26. TRADE PAYABLES

An aged analysis of the trade payables as at 31 December is as follows:

	Group			
	2002		2001	
	HK\$'000	Percentage	HK\$'000	Percentage
Current to 30 days	59,970	41	58,916	50
31 days to 60 days	56,231	38	32,284	28
61 days to 90 days	9,671	7	7,111	6
Over 90 days	21,122	14	18,759	16
	146,994	100	117,070	100

The above analysis of ages of trade payables is based on the date of receipt of goods and services purchased.

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27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accruals	54,090	45,703	614	1,245
Other liabilities	68,573	53,001	46	46
	122,663	98,704	660	1,291

28. BANKING FACILITIES

At 31 December 2001, the Group's banking facilities were supported by the following:

- (i) legal charges over the Group's investment properties situated in Hong Kong, which had an aggregate carrying value at 31 December 2001 of approximately HK\$77,000,000;
- (ii) legal charges over certain of the Group's land and buildings, which had an aggregate net book value at 31 December 2001 of approximately HK\$28,450,000; and
- (iii) corporate guarantees from the Company and certain of its subsidiaries.

During the year ended 31 December 2002, except for corporate guarantees provided by the Company and certain of its subsidiaries as detailed in (iii) above, all of the above securities were released by the bank.

29. DEFERRED TAX

The principal components of the Group's deferred tax liability not provided for are as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Accelerated capital allowances	2,991	3,038
Tax losses available for future relief	(699)	(838)
	2,292	2,200

No provision for deferred tax has been made in respect of accelerated capital allowances as the directors consider that a liability is not expected to crystallise in the foreseeable future.

29. DEFERRED TAX (continued)

The benefit of any future tax relief arising from tax losses previously incurred by the Company and certain subsidiaries has not been included as an asset in the balance sheet because the directors consider it prudent not to recognise the benefit until it is assured beyond reasonable doubt.

The revaluations of the Group's properties do not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

The Company had no significant unprovided deferred tax at the balance sheet date (2001: Nil).

30. SHARE CAPITAL

	Company	
	2002	2001
	HK\$'000	HK\$'000
<hr/>		
Shares		
<i>Authorised:</i>		
2,000,000,000 ordinary shares of HK\$1.00 each	2,000,000	2,000,000
<hr/>		
<i>Issued and fully paid:</i>		
208,169,996 ordinary shares of HK\$1.00 each	208,170	208,170
<hr/>		

Notes to Financial Statements

31 December 2002

30. SHARE CAPITAL (continued)

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued	Par value
	<i>'000</i>	<i>HK\$'000</i>
At 1 January 2001	5,131,750	513,175
Exercise of share options	3,700	370
	5,135,450	513,545
Return of capital in the amount of HK\$0.06 for every issued share capital of HK\$0.10	–	(308,127)
Consolidation of 25 ordinary shares of HK\$0.04 each into 1 ordinary share of HK\$1.00 each	(4,930,032)	–
	205,418	205,418
Exercise of share options	2,752	2,752
At 31 December 2001, 1 January 2002 and 31 December 2002	208,170	208,170

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 22 October 2001, a new share option scheme (the "New Scheme") was adopted by the Company. The New Scheme replaced the share option scheme adopted on 9 February 1995 (as amended on 9 December 1997) (the "Old Scheme"). After the adoption of the New Scheme, no further options can be granted under the Old Scheme.

The Company operates the New Scheme for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other persons who, in the sole discretion of the board of directors, have contributed or will contribute to the Group are eligible to participate in the New Scheme.

Shares which may be issued upon exercise of all options to be granted under the New Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

30. SHARE CAPITAL (continued)**SHARE OPTION SCHEME** (continued)

The Company may renew this 10% limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

The total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme or any other share option scheme adopted by the Company must not exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the New Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within 14 days from the date on which the letter containing the offer is delivered to that participant and the amount payable on acceptance of an option is HK\$1.00.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be established by the board of directors at the time the option is offered to the participants.

No options may be granted under the New Scheme after the date of the tenth anniversary of the adoption of the New Scheme.

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30. SHARE CAPITAL (continued)**SHARE OPTION SCHEME** (continued)

The following share options were outstanding under the Old Scheme during the year:

Name or category of participant	Exercise price per share	Number of share options			Date of grant of share options	Exercise period of share options
		At 1 January 2002	Cancelled during the year	At 31 December 2002		
Director						
Chang Tsung Yuan	HK\$1.00	1,320,000	(1,320,000)	-	14 August 2000	14 February 2001 to 13 February 2003
Other employees						
In aggregate	HK\$1.00	220,000	(220,000)	-	14 August 2000	14 February 2001 to 13 February 2003
		1,540,000	(1,540,000)	-		

No share options were granted under the New Scheme or the Old Scheme during the year.

31. RESERVES GROUP

	Share premium account	Fixed assets revaluation reserve	Exchange fluctuation reserve	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2001	28,057	5,745	4,359	137,150	175,311
Reversal on impairment in value of fixed assets	–	(5,745)	–	–	(5,745)
Exchange realignment	–	–	468	–	468
Net profit for the year	–	–	–	58,413	58,413
At 31 December 2001	28,057	–	4,827	195,563	228,447
Reserves retained by:					
Company and subsidiaries	28,057	–	4,827	195,222	228,106
Jointly-controlled entity	–	–	–	341	341
At 31 December 2001	28,057	–	4,827	195,563	228,447
At 1 January 2002	28,057	–	4,827	195,563	228,447
Exchange realignment	–	–	1,060	–	1,060
Net profit for the year	–	–	–	87,201	87,201
Interim 2002 dividend	–	–	–	(12,490)	(12,490)
Proposed final 2002 dividend	–	–	–	(14,572)	(14,572)
Proposed special 2002 dividend	–	–	–	(20,817)	(20,817)
At 31 December 2002	28,057	–	5,887	234,885	268,829
Reserves retained by:					
Company and subsidiaries	28,057	–	5,887	230,231	264,175
Jointly-controlled entity	–	–	–	4,654	4,654
At 31 December 2002	28,057	–	5,887	234,885	268,829

Notes to Financial Statements

31 December 2002

31. RESERVES (continued)**COMPANY**

	Share premium account	Contributed surplus	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2001	28,057	63,561	49,055	140,673
Net profit for the year	–	–	2,884	2,884
At 31 December 2001 and 1 January 2002	28,057	63,561	51,939	143,557
Net profit for the year	–	–	48,383	48,383
Interim 2002 dividend	–	–	(12,490)	(12,490)
Proposed final 2002 dividend	–	–	(14,572)	(14,572)
Proposed special 2002 dividend	–	–	(20,817)	(20,817)
At 31 December 2002	28,057	63,561	52,443	144,061

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation on 9 February 1995 over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

32. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Partial disposal of interest in a subsidiary

	2002 HK\$'000	2001 <i>HK\$'000</i>
Net assets disposed of:		
Long term investments	–	108,042
Other receivables	–	93
Cash and cash equivalents	–	6
	–	108,141
Transfer to interest in a jointly-controlled entity	–	(54,071)
Consideration	–	54,070
Satisfied by:		
Cash	–	54,070

An analysis of the net cash inflow of cash and cash equivalents in respect of partial disposal of interest in a subsidiary is as follows:

	2002 HK\$'000	2001 <i>HK\$'000</i>
Cash consideration	–	54,070
Cash and cash equivalents disposed of	–	(6)
Net inflow of cash and cash equivalents in respect of partial disposal of interest in a subsidiary	–	54,064

33. CONTINGENT LIABILITIES

Neither the Group, nor the Company had any significant contingent liabilities at the balance sheet date (2001: Nil).

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34. OPERATING LEASE ARRANGEMENTS**(a) AS LESSOR**

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to two 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 December 2002, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2002 HK\$'000	2001 <i>HK\$'000</i>
Within one year	828	1,299
In the second to fifth years, inclusive	558	1,226
	1,386	2,525

(b) AS LESSEE

The Group leases certain land and buildings under operating lease arrangements. Leases for these land and buildings are negotiated for terms ranging from two to ten years.

At 31 December 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2002 HK\$'000	2001 <i>HK\$'000</i>
Within one year	5,831	8,676
In the second to fifth years, inclusive	3,470	7,555
After five years	1,459	2,245
	10,760	18,476

The Company did not have any operating lease arrangements at the balance sheet date (2001: Nil).

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following commitments at the balance sheet date:

- (a) contracted commitments of HK\$28,436,000 (2001: Nil) in respect of purchases of the Land and Buildings (note 17).
- (b) a contracted commitment of HK\$93,600,000 (2001: HK\$1,841,000) in respect of an investment in a subsidiary in the PRC.
- (c) contracted commitments of HK\$613,000 (2001: HK\$1,215,000) in respect of leasehold improvements of certain factory buildings in the PRC.

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

36. 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 presentation of the financial statements and certain supporting notes have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2003.