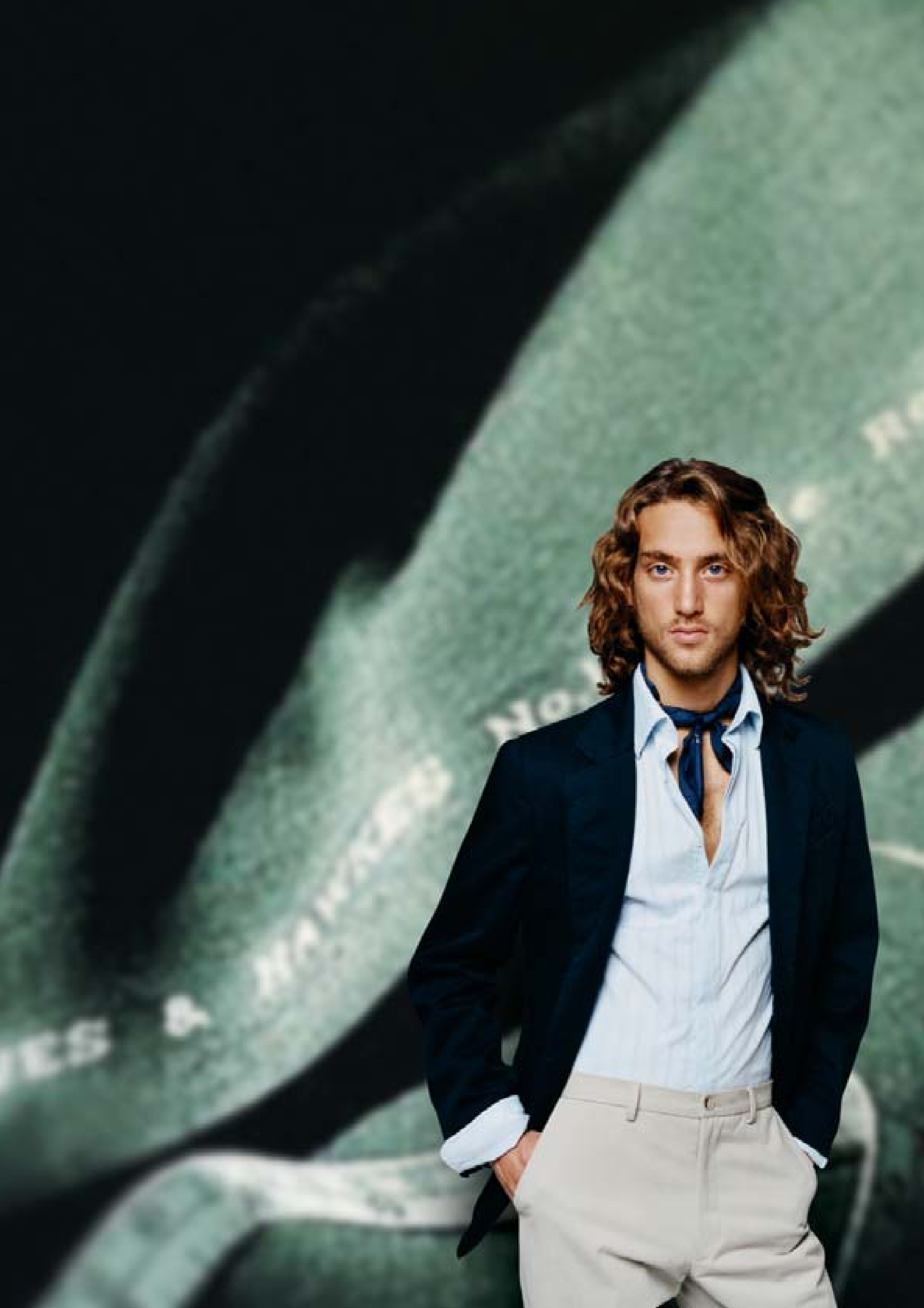
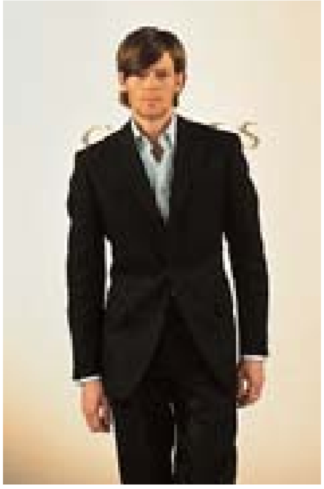


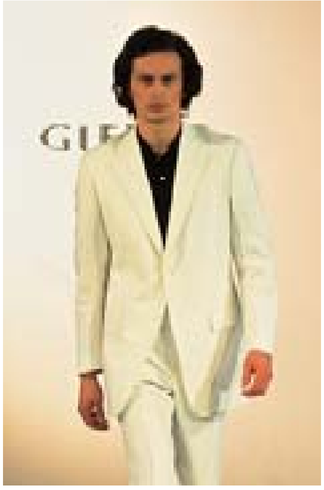
MANAGEMENT DISCUSSION AND ANALYSIS

APPAREL

The year 2002 was more challenging than anticipated for the Apparel business because of the very slow economic recovery in our global export markets. Also, adverse economic conditions in the United States with high unemployment rates and declining corporate profits, further exasperated by accounting scandals, dampened consumer confidence and demand in the market. Despite the adverse market conditions, the Group's garment manufacturing operations, through Shui Hing Textiles International Limited and Unimix Holdings Limited, contributed an operating profit, excluding restructuring and other costs, of HK$73.1 million as compared to HK$83.5 million for the year 2001.

MANAGEMENT DISCUSSION AND ANALYSIS – APPAREL





Gieves & Hawkes plc

In a global excess capacity environment, garment manufacturing will continue to experience margin pressure. However, we are confident that our strategy of expanding our production bases in Mainland China and Cambodia, and further improving efficiencies in our operations will enhance our competitiveness and increase our market share – ultimately bolstering earnings.

We increased the capacity of the 88,000 square foot production facility in Cambodia from 260,000 dozens per annum in 2001 to 300,000 dozens per annum in 2002 by improving the efficiency of the operation. We are devoting this added capacity to the European market, which offers Generalised System of Preferences (GSP) treatment on Asean fabrics.

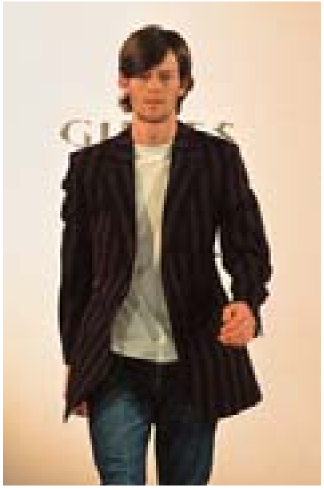
Expansion of our sweater factory at RuYuan, in the northern part of Guangdong Province, and construction of the 100,000 square foot fine knit factory adjacent to the RuYuan sweater facility is on schedule. This fine knit factory will be completed by the end of 2003 and commence production by early 2004 with a planned annual capacity of 140,000 dozens.

In an effort to divest the Group of non-core assets to better manage its resources, two former office and warehouse buildings used by our trading companies in the United Kingdom and the Netherlands were sold in the second half of 2002 generating a gain of HK$23.7 million.

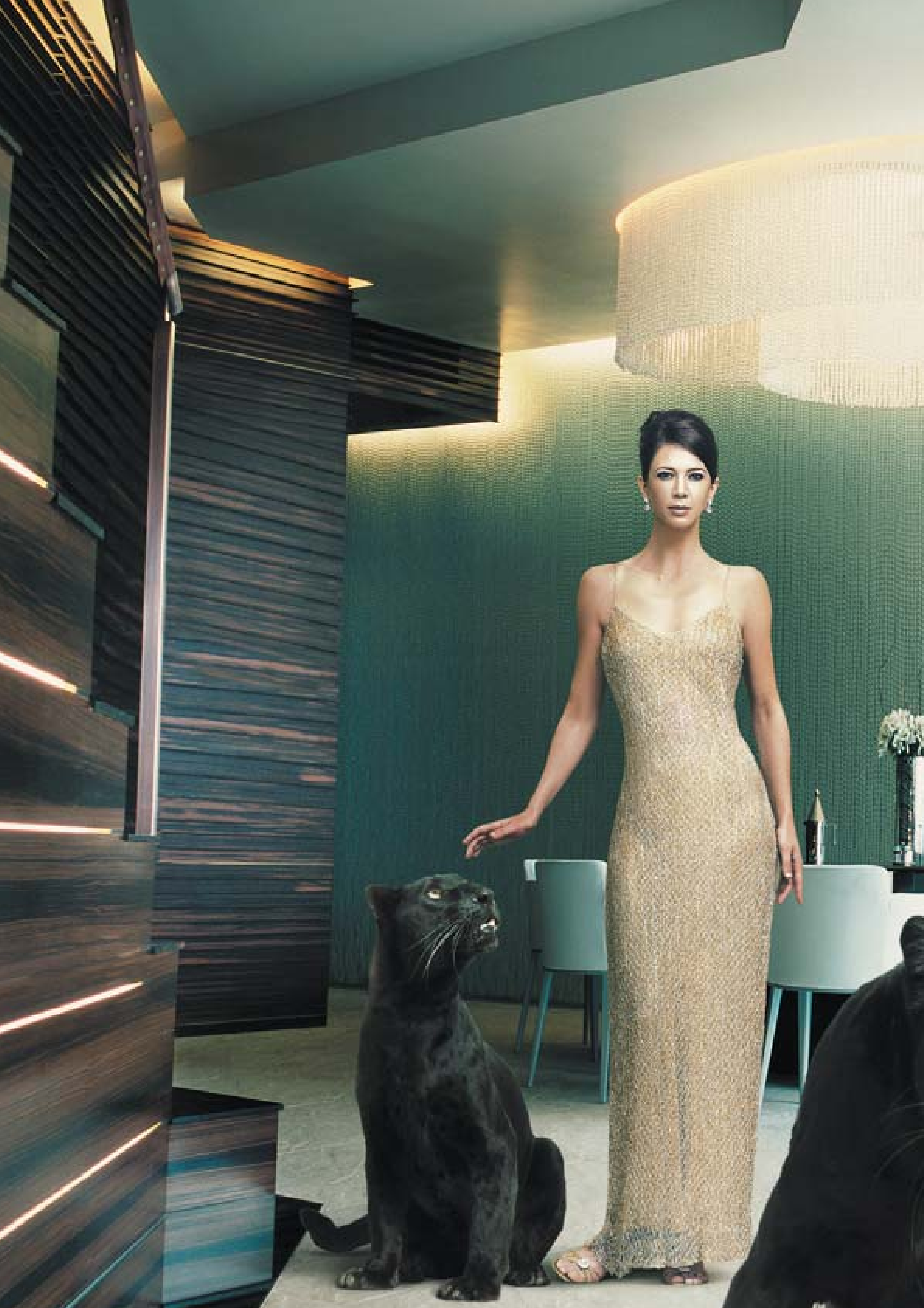
GIEVES & HAWKES PLC

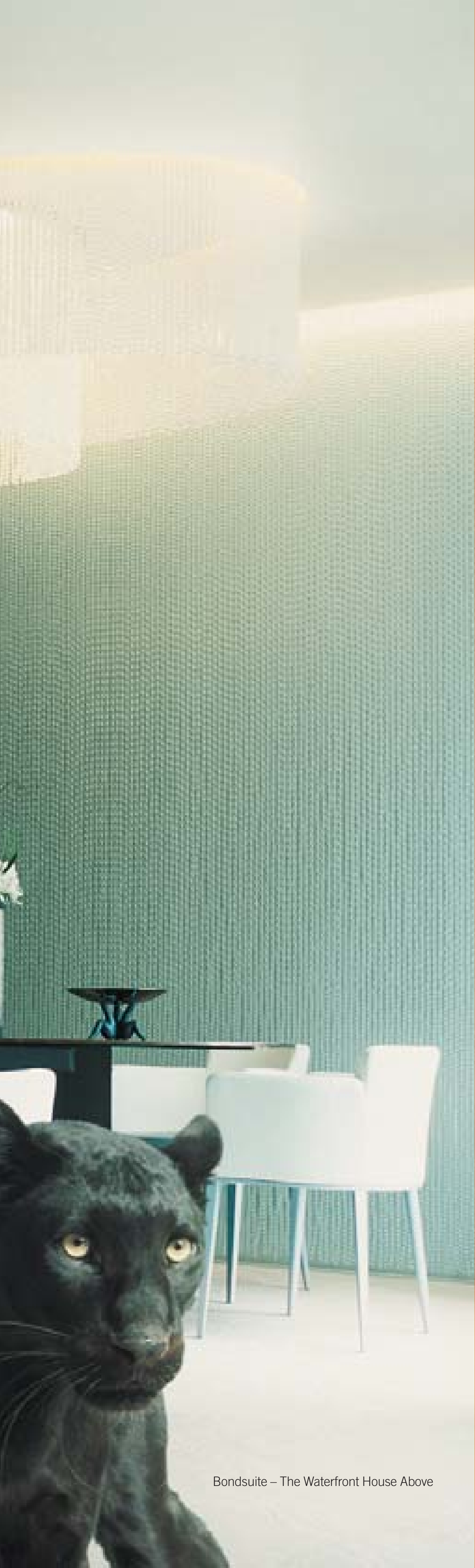
The 25% decline in the stock market and the slow economy in the United Kingdom during the year had an overall adverse impact on the nation's retail market. Nevertheless, Gieves & Hawkes plc ("G&H") maintained a sales volume similar to that of 2001 (2002: £14.1 million, 2001: £13.6 million). Loss from operations before the privatisation cost that was incurred when G&H was de-listed from the London Stock Exchange in July 2002 was HK$5.5 million (2001: loss of HK$4.0 million).

A new retail store was opened in Birmingham in September 2002 and a wholesale product line under the brand name GIEVES was introduced in early 2003.



Gieves & Hawkes plc





Bondsuite – The Waterfront House Above

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY

PROPERTY DEVELOPMENT

For the year 2002, we sold 134 units at The Waterfront; 182 units at The Hillgrove and 32 units at The Bloomsville, generating approximately HK$936 million, HK$753 million and HK$184 million in revenue, respectively. During the first half of the year, the Hong Kong residential property market showed signs of stabilisation with an increase in activities. However, the market slowed significantly in the second half of the year, particularly during the last quarter. Market conditions further deteriorated in the first quarter of 2003 with the commencement of the Gulf War and the spread of the Severe Acute Respiratory Syndrome ("SARS"). In view of the uncertain market situation, we made a prudent provision on the value of the remaining units that we were still holding as at the end of the year, of around HK$19 million. The attributable loss from property development projects after this provision for diminution in value of units on hand, was about HK$6.3 million, which is some HK$34.7 million lower than the loss in 2001.

MANAGEMENT DISCUSSION AND ANALYSIS – PROPERTY

The Waterfront clubhouse
Airport Railway Kowloon Station

Our firm commitment to develop quality residential property projects remains intact. The Sai Kung project acquired in 2001 to develop luxurious low-density residential units is on schedule for completion at the end of 2004. In April 2002, the Group, through an associate in which the Group owns 40%, acquired a site in Shatin to develop high-end residential apartments that are targeted for completion in May 2005.

The Group has a 15% interest in the Po Shan Road project, which has a gross floor area of 132,122 square feet. Since its launching in December 2002, around 40% of the project had been sold as at the end of 2002 at an average price of HK$8,300 per square foot.

In January 2003, the Group entered into a 50/50 joint venture to acquire an existing hotel situated at No. 19 - 21 Lancaster Gate in London. We plan to convert this property into 14 residential apartment units for sale within the next 12 to 18 months.

INVESTMENT PROPERTY

The continuous deflation in Hong Kong has exerted a great deal of pressure on the rental yield of commercial and industrial properties. The performance of the Group's three Hong Kong high-grade industrial properties at Unimix Industrial Centre, Shui Hing Centre and 81 Hung To Road, was adversely affected. The profit attributable to shareholders decreased from HK$25.8 million in 2001 to HK$22.4 million in 2002.

Shui Hing Centre in the Kowloon Bay area was the hardest hit among the three properties with a drop in both rental yield and occupancy rate as compared with 2001. Part of this was due to the relocation of the airport to Chek Lap Kok, Lantau Island, together with the significant drop in rental rates for commercial buildings in the adjacent areas. This has adversely affected the attractiveness of properties in the Kowloon Bay area. The two other investment properties fared much better with only a slight drop in rental yield.

Despite the prevailing low interest rates, we anticipate that the 2003 rental property market will remain weak.

PROPERTY MANAGEMENT SERVICES

In Kuala Lumpur, the occupancy of Lanson Place Ambassador Row and Lanson Place No. 8 Ampang Hilir improved to 77% and 93%, respectively. The average rental rates also improved by about 2% as compared with 2001. The properties, especially Lanson Place No. 8 Ampang Hilir, have established a well-earned reputation for their well-maintained facilities and therefore enjoyed a high occupancy rate in an otherwise depressed rental market.

Occupancy at Lanson Place Winsland in Singapore declined from 84% to 72% in 2002 and rental rates also decreased by about 15% as corporate cutbacks and lower housing budgets caused many pre-terminations with few in-coming expatriates replacing the outflow.

In Hong Kong, Lanson Place The Waterfront Residences had a soft opening in June 2002 and achieved a 63% occupancy by the end of the year based on available inventory of 63 apartments. More apartments will be made available to meet market demand.

The Group will continue to look for management opportunities in China.

Left: The Hillgrove entrance lobby
Castle Peak Road 18 Milestone
Right: The Bloomsville private garden
Kowloon Tong

SUNDAY'S
VISION

is to be one of the most innovative wireless communications companies in the region.

SUNDAY'S
MISSION

is to always surpass and exceed stakeholders' expectations, enriching and making a difference to their lives.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC INVESTMENTS

SUNDAY COMMUNICATIONS LIMITED

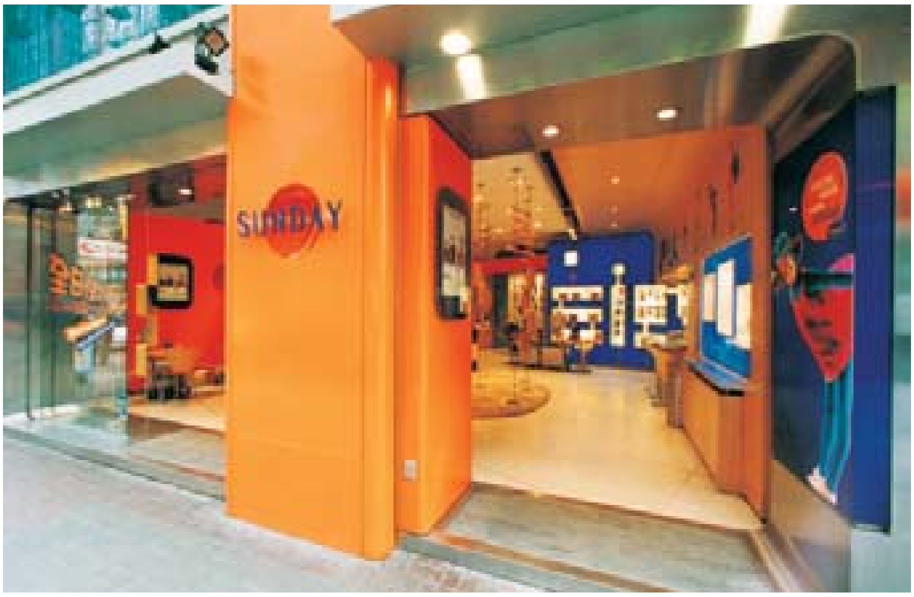
SUNDAY Communications Limited ("SUNDAY") achieved a significantly improved business performance in 2002 with a high subscriber base, service revenues, average revenue per user and operating efficiencies. The number of subscribers rose to 603,000 in 2002, a 9% increase as compared with 2001, and the EBITDA grew by 135% to HK$240 million, excluding one-off restructuring costs of HK$26 million. Net loss for the year decreased by 57% to HK$91 million before restructuring costs. SUNDAY recorded a positive cash flow of HK$129 million from operating activities as compared with a cash outflow of HK$89 million in 2001.

MANAGEMENT DISCUSSION AND ANALYSIS – STRATEGIC INVESTMENTS

To raise productivity, SUNDAY established an operation centre in Shenzhen to leverage its high quality but lower cost resources, and implemented major organisational changes in December 2002. The company is well positioned for future growth given its lean operating structure.

SUNDAY also completed comprehensive planning of network, IT and service delivery systems required for the launch of 3G services, and is in discussion with a number of vendors and financial institutions to ensure that the 3G services can be rolled out on a sound commercial basis when the time is right.

SUNDAY's shares are listed on The Stock Exchange of Hong Kong Limited and the NASDAQ National Market in the United States.



SUNDAY Communications Limited

MISSION SYSTEM CONSULTANT LIMITED

Mission System Consultant Limited ("MSC") is a software provider offering Enterprise Resources Planning (ERP) solution to garment manufacturers and traders. The Group acquired a 37.5% stake in MSC in September 2000 and subsequently increased its interest to 50% in January 2003. MSC's strategy is to focus on Hong Kong apparel manufacturers and to build partnerships with large industry players offering ERP products for supply chain management and system consultancy. The Group absorbed an attributable loss from MSC of HK$2.0 million in 2002 as compared to an attributable loss of HK$2.1 million in 2001.

ONEWORD RADIO LIMITED

In July 2001, the Group acquired a 33% interest in Oneword Radio Limited ("Oneword") to facilitate the sale of the Group's interest in Chivers Communications plc to BBC Worldwide Limited. The Group's interest in Oneword was increased to 50% in December 2002. Oneword's business is in the development of a digital radio station in the United Kingdom, providing the world's first national commercial plays, books and comedy service. Oneword won the Sony Radio Award – Station of the Year both in 2001 and 2002 and was nominated for the award for the year 2003. Its attributable loss for the Group in 2002 was HK$3.5 million (2001 attributable loss since acquisition: HK$1.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

The analysis of the Group's turnover and profit from operations by business segment and geographical segment are as follows:

	Turnover		Profit from operations	
	2002	2001	2002	2001
For the year ended 31 December	HK$ million	HK$ million	HK$ million	HK$ million
Business segment				
Garment manufacturing and trading	**1,043.3**	1,113.7	**55.3**	66.9
Branded products distribution	**164.9**	226.2	**(6.7)**	(1.1)
Property rental and management	**63.5**	73.3	**21.4**	26.5
Property development	**183.6**	–	**3.4**	–
Investing activities	**10.6**	28.6	**(30.9)**	(45.6)
Gain on disposal of properties	**–**	–	**23.7**	–
	1,465.9	1,441.8	**66.2**	46.7
Geographical segment				
North America	**795.1**	801.1	**44.0**	47.9
Hong Kong	**252.1**	109.9	**(3.8)**	(16.5)
United Kingdom	**222.9**	263.4	**20.6**	3.9
Other European countries	**146.5**	203.6	**7.8**	7.2
Other areas	**49.3**	63.8	**(2.4)**	4.2
	1,465.9	1,441.8	**66.2**	46.7

Despite the difficult environment in 2002 due to the slow world economy, the Group's garment manufacturing and trading, and property rental and management operations continued to generate steady profitability. However, in view of the property market's continued downward spiral, the Group absorbed a total provision of around HK$19 million for property development projects. The disposal of a former office building and a warehouse building in the United Kingdom and the Netherlands, respectively, generated an overall gain in the amount of HK$23.7 million for the year 2002.

Our sales focus continued to be North America and Europe, which represented about 54% and 25% of the total turnover, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's shareholders' funds were HK$1,272.4 million as at 31 December 2002 as compared to HK$1,260.9 million at the end of 2001. The increase was mainly due to the profit for the year 2002, which was partly offset by the distribution of the 2001 final dividend in the first half of 2002.

As at 31 December 2002, the Group's net bank borrowings (total bank borrowings net of bank balances and cash) was HK$582.7 million (2001: HK$528.6 million), representing 45.8% of the Group's net assets, which is comparable to the 41.9% as at the end of 2001. Interest for the Group's bank borrowings was mainly on a floating rate basis. A majority (around 91%) of the Group's bank borrowings was repayable in periods beyond one year, and the Group had unutilised banking facilities in excess of HK$300 million as at the end of 2002.

FOREIGN CURRENCIES

The Group continues to conduct its business mainly in United States dollars and Hong Kong dollars. For transactions in other foreign currencies, we have a policy to hedge most such dealings. In addition, the majority of our assets are situated in Hong Kong. Thus, our exposure to exchange rate fluctuations is minimal.

CONTINGENT LIABILITIES

As at 31 December 2002, the Group's contingent liabilities were guarantees given to banks in respect of utilised credit facilities extended to associates of HK$172.1 million, and export bills discounted with recourse amounting to HK$28.4 million.

PLEDGE OF ASSETS

As at the balance sheet date, certain of the Group's investment properties with carrying value of HK$552.7 million and properties for own use with carrying value of HK$133.0 million, and shares in certain subsidiaries engaged in property development, were pledged to secure credit facilities for the Group. In addition, shares in an investee company engaged in property development were pledged to secure credit facilities for that investee company at the end of 2002.

The Group's advances to associates, which are engaged in property development, as at 31 December 2002 of HK$405.1 million are subordinated to the loans facilities of associates. The Group's advances to the associates are assigned, and the shares in these associates beneficially owned by the Group are pledged, to financial institutions.

EMPLOYEES

As at 31 December 2002, the Group had in excess of 6,000 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group. The Group also operates a funded defined benefit pension scheme for certain overseas employees engaged prior to May 2001.

Employees, including executive directors, are eligible under the Company's share option scheme in which the share options are generally exercisable in stages within a period of one to five years from the date of grant.