

NOTES TO THE ACCOUNTS (con't)

20 Deferred Taxation

Unprovided deferred tax credit for the year in respect of tax losses amounts to HK\$421,000 (1999: deferred tax charge of HK\$61,000). In addition, unprovided deferred tax asset amounting to HK\$873,000 (1999: HK\$937,000) for tax losses brought forward expired during the year.

As at 31st December 2000, the potential asset for deferred taxation in respect of unutilised tax losses which has not been accounted for amounts to HK\$25,013,000 (1999: HK\$25,465,000), of which HK\$786,000 (1999: HK\$1,616,000) will expire in the next three years from the balance sheet date.

The revaluation of investment properties and non-trading investments does not constitute a timing difference and therefore deferred tax has not been quantified.

21 Commitments under Operating Leases

At 31st December the Group had commitments to make payments in the next twelve months under operating leases for office premises which expire as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Within one year	285	-
In the second to fifth years inclusive	-	2,283
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	285	2,283
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N O T E S T O T H E A C C O U N T S (con't)

22 Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating loss/profit to net cash inflow/outflow from operating activities:

	2000	1999
	HK\$'000	HK\$'000
Operating (loss)/profit	(27,011)	97,061
Interest income	(1,617)	(1,691)
Dividend income from non-trading investments	(2,009)	-
Depreciation	1,016	1,056
Loss on disposal of fixed assets	1	5
Decrease/(increase) in trade and other receivables	5,877	(6,320)
Decrease/(increase) in trading investments	69,828	(137,312)
(Decrease)/increase in trade and other payables	(6,299)	6,030
Change in balances with jointly controlled entities	4,836	4,093
Exchange translation differences	814	785
Net cash inflow/(outflow) from operating activities	45,436	(36,293)

NOTES TO THE ACCOUNTS *(con't)*

22 Notes to the Consolidated Cash Flow Statement *(con't)*

(b) Analysis of changes in financing:

	Retained profits	
	2000	1999
	HK\$'000	HK\$'000
At 1st January	695,743	620,892
Net cash outflow from financing	(937)	(5,525)
Dividends	(4,603)	(25,663)
Transfer to statutory reserves	(758)	(276)
(Loss)/profit for the year	(19,876)	106,315
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At 31st December	669,569	695,743
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23 Significant Related Party Transactions

During the year, agency commission income of HK\$7,670,000 (1999: HK\$8,358,000) was received by a subsidiary from a jointly controlled entity for handling sales of textile products for the jointly controlled entity. These transactions were entered into in the normal course of business of the Group and the commission income has been calculated at certain fixed percentages of the value of sales handled by the subsidiary.

24 Approval of Accounts

The accounts were approved by the board of directors on 2nd April 2001.

N O T E S T O T H E A C C O U N T S *(con't)*

25 Subsidiaries

Details of subsidiaries as at 31st December 2000 and 1999 are as follows:

Name	Place of incorporation	Place of operation	Principal activities	Particulars of issued share capital	Group equity interest	
					2000	1999
Astral Investments Co	Liberia	Hong Kong	Investment trading	1 share without par value issued at US\$10,000	100%	100%
Bostitch Investments Co SA	Panama	*	Dormant	200 shares issued at US\$10 each	100%	100%
Bravery Co Inc	Liberia	Hong Kong	Investment holding	1 share without par value issued at US\$1,000	100%	100%
Commonwealth Garment Co Ltd	Hong Kong	*	Dormant	58,000 ordinary shares of HK\$100 each	100%	100%
Cottage Investments Co SA	Panama	Hong Kong	Investment holding	100 common shares without par value issued at US\$10 each and 100 common shares of US\$10 each	100%	100%
+ Culvert Investments Ltd	British Virgin Islands	Hong Kong	Investment holding	100 shares of US\$1 each	100%	100%
East Coast Investments Ltd	Hong Kong	Hong Kong	Investment trading	2 ordinary shares of US\$1 each	100%	100%
Highriver Estates Ltd	Hong Kong	Hong Kong	Property holding	2 ordinary shares of HK\$1 each	100%	100%
Homestead Investments Inc	Liberia	Hong Kong	Investment holding and trading	1 share without par value issued at US\$10,000	100%	100%
Kamunting Garments Sdn Bhd	Malaysia	*	Dormant	4,250,000 shares issued at M\$1 each	100%	100%
Lodewijk Corporation	United States of America	*	Dormant	1,000 shares of US\$1 each	100%	100%
Makefast Investments Co SA	Panama	Hong Kong	Investment holding	100 common shares without par value issued at US\$30,000 each	100%	100%

N O T E S T O T H E A C C O U N T S (con't)

25 Subsidiaries (con't)

Name	Place of incorporation	Place of operation	Principal activities	Particulars of issued share capital	Group equity interest	
					2000	1999
Mepal International Ltd	Hong Kong	Hong Kong	Property investment	3 ordinary shares of HK\$1 each	100%	100%
Merry Co Inc	Liberia	The People's Republic of China	Property and investment holding	1 share without par value issued at US\$1,000	100%	100%
Nanyang Cotton Mill Ltd	Hong Kong	Hong Kong	Investment holding and property investment	25,000,000 ordinary shares of HK\$1 each	100%	100%
Nanyangtextile.com Limited	Hong Kong	*	Dormant	2 ordinary shares of HK\$1 each	100%	-
Olympia Overseas Investments Corporation	United States of America	United States of America	Investment holding	1,000 ordinary shares of US\$1 each	100%	100%
Peninsular Inc	Liberia	Hong Kong	Investment holding	1 share without par value issued at HK\$10,000	100%	100%
Peninsular Yarn & Fabric Merchandising Ltd	Hong Kong	Hong Kong	Textile sales agency	1,000 shares of HK\$1 each	100%	100%
Velden Ltd	British Virgin Islands	Hong Kong	Investment holding and trading	10,000 ordinary shares of US\$1 each	100%	100%

* Place of operation is not applicable as these companies are dormant.

+ Subsidiary held directly by the Company.