

I Principal accounting policies

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of land and buildings and certain machinery and equipment.

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Notes to the Accounts

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Sales commission is recognised when the right to receive payment is established.

I Principal accounting policies (continued)

(d) Fixed assets

Leasehold land and buildings are stated at cost or valuation. It is the Group's policy to review regularly the fair value of leasehold land and buildings on an individual basis. Increase in valuation are credited to the assets revaluation reserve. Decrease in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon the disposal of a property, the relevant portion of the realised assets revaluation reserve in respect of previous valuations is transferred from the assets revaluation reserve to retained earnings.

Depreciation of leasehold land and buildings is calculated to write off their cost or valuation on a straight-line basis over their expected useful lives to the Group or the unexpired lease periods, whichever is shorter. The principal annual rates used for this purpose range from 1.52% to 5.9%.

Other fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation on other fixed assets is calculated at rates sufficient to write off their cost or valuation over their estimated useful lives to the Group on a straight-line basis. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	10% to 25%
Machinery and equipment	10% to 20%
Motor vehicles and vessels	20%
Leasehold improvement	20% or over the unexpired lease period, whichever is shorter
Office and computer equipment	10% to 20%

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any assets revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

(e) Inventories

Inventories comprise merchandise, raw materials, work in progress and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises purchase price of inventories and direct expenses. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

I Principal accounting policies (continued)

(f) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(g) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purpose and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future.

(h) Translation of foreign currencies

(i) Transactions in foreign currency are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising from these cases are dealt with in the consolidated profit and loss account.

The accounts of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserves.

(ii) Forward foreign exchange contracts purchased by the Group to hedge against the Group's foreign currency liabilities are used to translate the foreign currency liabilities at the forward foreign exchange contract rates. Discount or premium upon the purchase of contracts is taken to the consolidated profit and loss account.

(i) Retirement benefit costs

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(j) Borrowing costs

Borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

(k) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss accounts on a straight-line basis over the lease periods.

2 Revenue and turnover

The Group is principally engaged in the trading and marketing of paper products. Revenues recognised during the year are as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Sale of goods — turnover	2,538,064	2,379,132
Other revenues		
Interest income	11,413	6,483
Sales commission	652	2,487
	<u>12,065</u>	<u>8,970</u>
Total revenues	<u>2,550,129</u>	<u>2,388,102</u>

No analysis of operating profit by activities is presented as the Group's activities comprise principally of trading and marketing of paper products.

An analysis of the Group's turnover for the year by principal markets is as follows:

	2001	2000
	HK\$'000	HK\$'000
Hong Kong	2,189,671	2,159,293
Mainland China	348,393	219,839
	<u>2,538,064</u>	<u>2,379,132</u>

No analysis of contribution to operating profit by geographical location has been prepared as no contribution to operating profit for any of the above geographical locations is substantially out of line with the normal ratio of profit to turnover.

3 Operating profit

	Group	
	2001	2000
	HK\$'000	HK\$'000
Operating profit is stated after crediting and charging the following:		
<u>Crediting</u>		
Gain on disposal of fixed assets	666	–
Provision for doubtful debts written back	2,173	1,884
Provision for slow moving inventories written back	–	372
	<hr/>	<hr/>
<u>Charging</u>		
Auditors' remuneration	500	500
Depreciation of fixed assets	11,771	11,068
Loss on disposal of fixed assets	–	21
Operating lease rentals in respect of land and buildings	10,969	6,383
Provision for slow moving inventories	4,335	–
Provision for doubtful debts	8,569	9,811
Staff costs	61,415	52,602
Retirement benefit costs	1,414	1,331
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4 Finance costs

Finance costs comprise the following:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	46,262	39,191
Interest on trade credit	34,431	18,352
	<hr/>	<hr/>
	80,693	57,543
	<hr/>	<hr/>

5 Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. People's Republic of China ("PRC") tax has been provided on profits assessable in the Mainland calculated at the applicable rates of taxation prevailing in the PRC, and based on existing legislation, interpretation and practices in respect thereof.

	Group	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax — current	3,820	11,931
Overprovision in previous years	(1,008)	(1,126)
	2,812	10,805
PRC taxation	266	594
Deferred taxation (note 19)	1,058	—
	4,136	11,399

Deferred taxation (credit)/charge for the year has not been provided in respect of the following:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Accelerated depreciation allowances	(694)	894
Tax losses	59	288
Other timing differences	—	(91)
	(635)	1,091

6 Profit attributable to shareholders

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$6,618,000 (2000: HK\$12,137,000).

7 Dividends

	Group	
	2001	2000
	HK\$'000	HK\$'000
Interim — HK\$0.015 (2000: HK\$0.015) per share paid on 17 January 2001	6,439	6,004
Proposed final — HK\$Nil (2000: HK\$0.015) per share	—	6,004
	6,439	12,008

8 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$21,509,000 (2000: HK\$62,403,000) and on the weighted average number of 411,778,587 shares (2000: 400,258,039 shares) in issue during the year.

Diluted earnings per share is not presented because there were no dilutive potential ordinary shares outstanding during the year.

9 Retirement benefit costs

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the "MPF Scheme") from 1 December 2000. The Group operated two defined contribution retirement schemes prior to 1 December 2000. These two schemes were terminated upon the launching of the MPF Scheme on 1 December 2000.

The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Contributions are made to the MPF Scheme by the employers at 5% of the employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month (the "MPF Contribution"). The employees also contribute a corresponding amount to the MPF Scheme from 31 December 2000 if their relevant income is more than HK\$4,000 per month. The MPF Contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

The Group's contributions to the MPF Scheme and the two defined contribution retirement schemes charged to the profit and loss account during the year amounted to an aggregate of HK\$1,414,000 (2000: HK\$1,331,000).

The Group's contributions to the two defined contribution retirement schemes were reduced by contributions forfeited by those employees who left the schemes prior to vesting fully in the contributions. Forfeited contributions totalling HK\$151,000 (2000: HK\$124,000) were utilised during the year and there was no outstanding forfeited attributions to reduce future contributions (2000: HK\$27,000).

No contributions were payable to the fund at the year end and are included in accounts payable (2000: HK\$245,000). The assets of the schemes are held separately from those of the Group in an independently administered fund.

10 Directors' and senior management's emoluments

- (a) The aggregate amounts of emoluments payable to the Directors of the Company during the year are as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Fees	160	160
Basic salaries, housing allowances, other allowances and other benefits in kind	11,519	10,336
Discretionary bonuses	2,895	3,710
Contribution to retirement scheme	342	294
	14,916	14,500

Directors' fees were paid to the independent non-executive Directors. No Directors waived their emoluments in respect of the years ended 31 March 2001 and 2000.

The emoluments of the Directors fell within the following bands:

Emolument bands HK\$	Number of directors	
	2001	2000
0 – 1,000,000	4	2
1,000,001 – 1,500,000	3	3
1,500,001 – 2,000,000	–	1
4,000,001 – 4,500,000	–	1
4,500,001 – 5,000,000	1	–
5,000,001 – 5,500,000	1	1
	9	8

- (b) The five highest paid individuals of the Group for both years were Directors of the Company. The details of their remunerations have been disclosed above.

II Fixed assets — Group

	Leasehold land and buildings		Furniture and fixtures	Machinery and equipment	Motor vehicles and vessels	Leasehold improvements	Office and computer equipment	Total
	in Hong Kong HK\$'000	outside Hong Kong HK\$'000						
Cost or valuation								
At 1 April 2000	148,000	2,752	3,596	24,297	9,544	10,469	9,462	208,120
Additions	–	6,604	931	2,115	4,403	194	1,146	15,393
Disposals	–	–	–	(405)	(4,015)	(746)	–	(5,166)
At 31 March 2001	148,000	9,356	4,527	26,007	9,932	9,917	10,608	218,347
Accumulated depreciation								
At 1 April 2000	4,354	83	2,890	21,144	7,163	4,837	3,840	44,311
Charge for the year	4,354	43	586	1,540	1,659	1,727	1,862	11,771
Disposals	–	–	–	(335)	(4,015)	–	–	(4,350)
At 31 March 2001	8,708	126	3,476	22,349	4,807	6,564	5,702	51,732
Net book value								
At 31 March 2001	139,292	9,230	1,051	3,658	5,125	3,353	4,906	166,615
At 31 March 2000	143,646	2,669	706	3,153	2,381	5,632	5,622	163,809
The analysis of the cost or valuation at 31 March 2001 of the above assets is as follows:								
At cost	–	9,356	4,527	23,013	9,932	9,917	10,608	67,353
At 1989 Directors' valuation	–	–	–	2,994	–	–	–	2,994
At 1999 professional valuation	148,000	–	–	–	–	–	–	148,000
	148,000	9,356	4,527	26,007	9,932	9,917	10,608	218,347

- (a) Leasehold land and buildings situated in Hong Kong were revalued by FPDSavills (Hong Kong) Limited, an independent firm of professional valuers, on an open market value basis on 31 March 1999. In the opinion of the Directors, there was no material difference in respect of the fair value of such land and buildings as at 31 March 2001 if a professional valuation was made on that date.

11 Fixed assets — Group (continued)

The carrying amount of the leasehold land and buildings situated in Hong Kong would have been HK\$99,904,000 (2000: HK\$103,322,000) had they been stated at cost less accumulated depreciation.

The Group's interests in land and buildings at their net book values are analysed as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
In Hong Kong, held on		
Leases of between 10 to 50 years	139,292	143,646
Outside Hong Kong, held on		
Leases of over 50 years	731	734
Leases of between 10 to 50 years	8,499	1,935
	<u>148,522</u>	<u>146,315</u>

- (b) At 31 March 2001, the leasehold land and buildings in Hong Kong were pledged to banks as securities for bank loans and certain trust receipt loans granted to the Group (note 23).
- (c) Machinery and equipment held by Burotech Limited, a subsidiary, at 31 July 1989 were valued by the Directors of the Group at 30 August 1989 by reference to a valuation report prepared by American Appraisal Limited on a fair market value basis on 30 August 1989. Surplus arising on the revaluation was taken directly to the assets revaluation reserve. There would be no carrying amount of machinery and equipment had they been stated at cost less accumulated depreciation (2000: HK\$98,000). Effective from 1 April 1995 no further revaluation have been carried out. The Group places reliance on paragraph 72 of the Hong Kong Statement of Standard Accounting Practice No.17 which provides exemption from the need to make regular revaluations for such assets.

12 Investments in subsidiaries

		Company	
		2001	2000
		HK\$'000	HK\$'000
Unlisted shares, at cost	(a)	249,897	249,897
Amounts due from subsidiaries	(b)	142,413	118,970
		<u>392,310</u>	<u>368,867</u>

- (a) Details of the Company's subsidiaries are set out in note 25 to the accounts.
- (b) The amounts due from subsidiaries are unsecured, interest-free and not repayable within twelve months from the balance sheet date.

13 Inventories

		Group	
		2001	2000
		HK\$'000	HK\$'000
Merchandise		226,907	334,718
Raw materials		1,490	1,177
Work in progress		40	38
Finished goods		192	199
		<u>228,629</u>	<u>336,132</u>

At 31 March 2001, the carrying amount of inventories that are carried at net realisable value is HK\$1,037,000 (2000: HK\$Nil).

14 Accounts receivable, deposits and prepayments

At 31 March 2001, included in accounts receivable, deposits and prepayments are trade debtors of HK\$710,176,000 (net of provision) (2000: HK\$741,488,000) and their ageing analysis is as follows:

		2001	2000
		HK\$'000	HK\$'000
Current to 60 days		434,685	547,189
61 to 90 days		123,060	117,693
Over 90 days		152,431	76,606
		<u>710,176</u>	<u>741,488</u>

The Group has a defined credit policy with general credit terms ranging from 30 days to 90 days.

15 Accounts payable and accrued charges

At 31 March 2001, included in accounts payable and accrued charges are trade creditors of HK\$191,130,000 (HK\$: 248,186,000) and their ageing analysis is as follows:

	2001 HK\$'000	2000 HK\$'000
Current to 60 days	152,001	199,011
61 to 90 days	27,142	34,835
Over 90 days	11,987	14,340
	<u>191,130</u>	<u>248,186</u>

16 Share capital

	Number of shares of HK\$0.10 each		Share capital	
	2001	2000	2001 HK\$'000	2000 HK\$'000
Authorised:				
At beginning and end of year	<u>800,000,000</u>	<u>800,000,000</u>	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:				
At beginning of year	400,258,039	400,258,039	40,026	40,026
Issued during the year	<u>29,000,000</u>	<u>–</u>	<u>2,900</u>	<u>–</u>
At end of year	<u>429,258,039</u>	<u>400,258,039</u>	<u>42,926</u>	<u>40,026</u>

Pursuant to a subscription agreement dated 10 October 2000, the Company issued 29,000,000 new shares of HK\$0.1 each at a price of HK\$0.8 per share before taking into account the costs and expenses of the subscription. The net proceeds of the subscription amounted to approximately HK\$23,065,000 was used for the general working capital of the Group.

17 Reserves

Group

	Share premium HK\$'000	Assets revaluation HK\$'000	Capital reserve (note 1) HK\$'000	Exchange fluctuation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 1999	76,128	62,742	33,311	(27)	192,023	364,177
Exchange difference	–	–	–	(115)	–	(115)
Profit for the year retained	–	–	–	–	50,395	50,395
At 31 March 2000	76,128	62,742	33,311	(142)	242,418	414,457
At 1 April 2000	76,128	62,742	33,311	(142)	242,418	414,457
Net proceeds from issue of ordinary shares	20,165	–	–	–	–	20,165
Exchange difference	–	–	–	16	–	16
Profit for the year retained	–	–	–	–	15,070	15,070
At 31 March 2001	96,293	62,742	33,311	(126)	257,488	449,708

17 Reserves (continued)

Company

	Share premium HK\$'000	Contributed surplus (note 2) HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 1999	76,128	249,697	2,781	328,606
Profit for the year	–	–	12,137	12,137
Dividends	–	–	(12,008)	(12,008)
At 31 March 2000	76,128	249,697	2,910	328,735
At 1 April 2000	76,128	249,697	2,910	328,735
Net proceeds from issue of ordinary shares	20,165	–	–	20,165
Profit for the year	–	–	6,618	6,618
Dividends	–	–	(6,439)	(6,439)
At 31 March 2001	96,293	249,697	3,089	349,079

Notes:

- (1) The capital reserve of the Group represents the difference between the nominal value of the shares issued by Samson Paper (BVI) Limited and the nominal value of the share capital of those companies forming the Group pursuant to a group reorganisation in 1995.
- (2) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At group level, the contributed surplus is reclassified into its component of reserves of the underlying subsidiaries.

18 Bank loans

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank loans		
Secured (note 23)	40,000	11,646
Unsecured	79,860	33,037
	<u>119,860</u>	<u>44,683</u>
Less: Amount repayable within one year classified under current liabilities	(59,400)	(44,683)
	<u>60,460</u>	<u>–</u>

At 31 March 2001, the Group's bank loans were repayable as follows:

	Bank loans	
	2001 HK\$'000	2000 HK\$'000
Within one year	59,400	44,683
In the second year	18,403	–
In the third to fifth years inclusive	42,057	–
	<u>119,860</u>	<u>44,683</u>

All trust receipt loans are repayable within one year from the balance sheet date.

19 Deferred taxation

	Group	
	2001	2000
	HK\$'000	HK\$'000
At beginning of year	513	513
Transfer from profit and loss account (note 5)	1,058	—
At end of year	1,571	513

Deferred taxation was provided for in respect of accelerated depreciation allowances.

The potential deferred tax (assets)/liabilities not provided for in the accounts amounted to:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Accelerated depreciation allowances	(48)	646
Tax losses	—	(59)
	(48)	587

The revaluation of leasehold land and buildings does not constitute a timing difference for deferred taxation purpose as realisation of the revaluation reserve would not result in taxation liability.

20 Notes to the consolidated cash flow statement

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

	Group	
	2001 HK\$'000	2000 HK\$'000
Operating profit	106,338	131,345
Depreciation of fixed assets	11,771	11,068
(Gain)/loss on disposal of fixed assets	(666)	21
Decrease/(increase) in inventories	107,503	(212,713)
Increase in accounts receivable, deposits and prepayments	(29,551)	(169,218)
(Decrease)/increase in accounts payable and accrued charges	(77,824)	49,755
(Decrease)/increase in trust receipt loans	(93,991)	264,168
Interest income	(11,413)	(6,483)
Net cash inflow from operating activities	12,167	67,943

(b) Analysis of changes in financing during the year

	Group			
	Share capital including premium		Bank loans	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At beginning of year	116,154	116,154	44,683	11,646
Issue of ordinary shares, net of expenses	23,065	–	–	–
Increase in bank loans	–	–	119,860	33,037
Repayment of bank loans	–	–	(44,683)	–
At end of year	139,219	116,154	119,860	44,683

21 Contingent liabilities

At 31 March 2001, the Company provided corporate guarantees on the banking facilities granted to two subsidiaries. The amount of facilities utilised by the subsidiaries as at 31 March 2001 amounted to HK\$636,340,000 (2000: HK\$655,154,000).

22 Commitments

(a) Operating lease commitments

At 31 March 2001, the Group had commitments under operating leases in respect of land and buildings to make payments in the next financial year as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Operating leases expiring within one year	3,768	975
in the second to fifth years inclusive	5,140	7,076
	<u>8,908</u>	<u>8,051</u>

(b) Capital commitments

At 31 March 2001, the Group had contracted capital commitments amounted to HK\$591,000 (2000: HK\$Nil) in respect of acquisition of motor vehicles.

(c) Forward exchange contracts

At 31 March 2001, the Group had outstanding forward foreign exchange contracts to purchase American Dollars and Euro amounted to an aggregate of HK\$30,604,000 (2000: HK\$306,973,000).

23 Charge of assets

At 31 March 2001, trust receipt loans of HK\$224,597,000 (2000: HK\$310,241,000) and bank loans of HK\$40,000,000 (2000: HK\$11,646,000) were secured by legal charges on the Group's properties in Hong Kong (note 11(b)).

24 Ultimate holding company

The Directors regards Caewern Holdings Limited, a company incorporated in the Channel Islands, as being the ultimate holding company.

25 Subsidiaries

At 31 March 2001, the Company held shares in the following subsidiaries:

Company	Country/ place of incorporation	Issued and fully paid up share capital/ registered capital	Percentage holding		Nature of business
			2001	2000	
Shares held directly:					
* Samson Paper (BVI) Limited	British Virgin Islands	Ordinary shares HK\$110,000	100	100	Investment holding
Shares held indirectly:					
Boardton Consultants Limited	Hong Kong	Ordinary shares HK\$10,000	100	100	Property holding
* Bright View Trading Limited	Hong Kong	Ordinary shares HK\$10	100	–	Dormant
Burotech Limited	Hong Kong	Ordinary shares HK\$4,000,000	100	100	Printing and sale of computer forms and trading of commercial paper products
Foundation Paper Company Limited	Hong Kong	Ordinary shares HK\$1,000,000	100	100	Export trading of paper products to the Mainland
* Global Century Investments Limited	British Virgin Islands	Ordinary shares HK\$1	100	–	Property holding
* Huge Gain Investments Limited	British Virgin Islands	Ordinary shares US\$20,000	100	100	Investment holding
* Multiform (H.K.) Limited	Hong Kong	Ordinary shares HK\$2	100	100	Dormant
* Rich Lane Holdings Limited	British Virgin Islands	Ordinary shares US\$20,000	100	100	Investment holding
* Samson Paper China (BVI) Limited	British Virgin Islands	Ordinary shares HK\$1	100	100	Investment holding

25 Subsidiaries (continued)

Company	Country/ place of incorporation	Issued and fully paid up share capital/ registered capital	Percentage holding		Nature of business
			2001	2000	
Shares held indirectly (continued):					
Samson Paper (China) Company Limited	Hong Kong	Ordinary shares HK\$10,000	100	100	Export trading of paper products to the Mainland
Samson Paper Company Limited	Hong Kong	Ordinary HK\$1,000 Non-voting deferred HK\$28,500,000	100	100	Trading of paper products
Shun Hing Paper Company Limited	Hong Kong	Ordinary HK\$760,000 Non-voting HK\$240,000	100	100	Trading of paper products
* Sino Development (Tianjin) International Trading Co. Ltd.	The People's Republic of China	Registered capital US\$300,000	100	100	Trading of paper products in the Mainland
* Sky (Shenzhen) International Trading Co. Ltd.	The People's Republic of China	Registered capital US\$640,000	100	100	Trading of paper products in the Mainland

All subsidiaries operate in Hong Kong except otherwise stated.

* Subsidiaries not audited by PricewaterhouseCoopers, Hong Kong. The aggregate net assets of these subsidiaries amounted to approximately 2% of the Group's total net assets.

26 Approval of accounts

The accounts were approved by the board of Directors on 19 July 2001.