

# NOTES TO FINANCIAL STATEMENTS

31 July 2000

## 9. DIRECTORS' REMUNERATION

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

	Group	
	Period ended 31 July 2000 HK\$'000	Year ended 31 March 1999 HK\$'000
Executive directors:		
Fees	–	–
Salaries, allowances, bonuses and benefits in kind	4,773	5,780
	<u>4,773</u>	<u>5,780</u>
Independent non-executive directors:		
Fees	83	80
Salaries and allowances	13	–
	<u>96</u>	<u>80</u>
Total directors' remuneration	<u>4,869</u>	<u>5,860</u>

## 10. FINANCE COSTS

	Group	
	Period ended 31 July 2000 HK\$'000	Year ended 31 March 1999 HK\$'000
Interest expense on:		
Bank loans and overdrafts, and other loans wholly repayable within five years	161,065	159,149
Finance leases	80	2,125
	<u>161,145</u>	<u>161,274</u>
Total borrowing costs	161,145	161,274
Less: Amount capitalised in construction contracts	–	(924)
	<u>161,145</u>	<u>160,350</u>
Net interest expense	<u>161,145</u>	<u>160,350</u>

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## 11. TAX

	<b>Group</b>	
	<b>Period ended</b>	<b>Year ended</b>
	<b>31 July</b>	<b>31 March</b>
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Company and its subsidiaries:		
Hong Kong:		
(Over)/underprovision in prior years	<b>(10,996)</b>	293
Elsewhere:		
Provision for the period/year	<b>89</b>	–
Underprovision in prior years	<b>–</b>	304
Deferred ( <i>note 27</i> )	<b>(30,455)</b>	(3,823)
	<b>(41,362)</b>	(3,226)
Associates	<b>–</b>	–
Tax credit for the period/year	<b>(41,362)</b>	(3,226)

Hong Kong profits tax has been provided at the rate of 16% (year ended 31 March 1999: 16%) on the estimated assessable profits which were earned in or derived from Hong Kong during the period/year.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax on the estimated assessable profits for the period/year based on existing legislation, interpretations and practices in respect thereof.

## 12. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders for the period dealt with in the financial statements of the Company is approximately HK\$14,666,000 (year ended 31 March 1999: HK\$39,716,000). The Group's share of the losses for the period retained by the associates amounted to approximately nil (year ended 31 March 1999: HK\$2,386,000).

## 13. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the period ended 31 July 2000 is based on the net profit from ordinary activities attributable to shareholders of HK\$603,699,000 (year ended 31 March 1999: loss of HK\$969,943,000) and the adjusted weighted average number of 119,078,012 shares (year ended 31 March 1999: 64,001,672 shares) to be in issue during the period. The comparative number of shares in issue has been adjusted to reflect the effects of the UDL Capital Reorganisation and the Rights Issue as further detailed in note 28(a) and 28(b) to the financial statements, respectively.

A diluted earnings per share for the period ended 31 July 2000 and a diluted loss per share for the year ended 31 March 1999 has not been shown because the share options outstanding during the period/year had an anti-dilutive effect on the basic earnings per share for the period and the basic loss per share for the year.

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## 14. FIXED ASSETS

Group	Medium term leasehold land and buildings in the People's Republic of China HK\$'000	Medium term leasehold buildings in Hong Kong HK\$'000	Furniture, fixtures and office equipment HK\$'000	Plant, machinery and workshop equipment HK\$'000	Motor vehicles HK\$'000	Floating* craft and vessels HK\$'000	Workshops HK\$'000	Total HK\$'000
Cost or carrying amount:								
At beginning of period	30,000	37,043	26,892	8,531	6,402	159,450	468	268,786
Additions	-	-	337	-	119	5,509	-	5,965
Acquisition of subsidiaries	-	-	8	252	511	160,534	-	161,305
Disposal of subsidiaries	-	-	(3,473)	(8)	(1,178)	(5,869)	-	(10,528)
Disposals	-	(37,043)	(1,632)	-	(1,750)	(99,171)	-	(139,596)
Transfer to the Newco	(30,209)	-	(21,496)	(8,525)	(3,608)	(63,271)	(468)	(127,577)
Write off	-	-	(683)	-	-	-	-	(683)
Exchange realignments	209	-	55	2	15	817	-	1,098
<b>At 31 July 2000</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>252</b>	<b>511</b>	<b>157,999</b>	<b>-</b>	<b>158,770</b>
Accumulated depreciation:								
At beginning of period	-	-	21,355	-	5,711	-	189	27,255
Provided during the period	3,021	378	2,178	1,495	316	12,165	44	19,597
Acquisition of subsidiaries	-	-	3	25	99	13,384	-	13,511
Disposal of subsidiaries	-	-	(2,899)	(5)	(931)	-	-	(3,835)
Disposals	-	(378)	(1,008)	-	(1,585)	(3,385)	-	(6,356)
Transfer to the Newco	(3,021)	-	(19,188)	(1,485)	(3,508)	(6,506)	(233)	(33,941)
Write off	-	-	(477)	-	-	-	-	(477)
Exchange realignments	-	-	39	-	14	-	-	53
<b>At 31 July 2000</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>30</b>	<b>116</b>	<b>15,658</b>	<b>-</b>	<b>15,807</b>
Net book value:								
<b>At 31 July 2000</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>222</b>	<b>395</b>	<b>142,341</b>	<b>-</b>	<b>142,963</b>
At 31 March 1999	30,000	37,043	5,537	8,531	691	159,450	279	241,531

\* Include floating craft and vessels under construction.

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### 14. FIXED ASSETS *(Continued)*

The net book value of the Group's fixed assets held under finance leases is as follows:

	<b>31 July 2000 HK\$'000</b>	<b>31 March 1999 HK\$'000</b>
Floating craft and vessels	–	8,293
Plant and machinery	–	2,490
Motor vehicles	<b>378</b>	–
	<b>378</b>	<b>10,783</b>

### 15. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

	<b>Group</b>	
	<b>31 July 2000 HK\$'000</b>	<b>31 March 1999 HK\$'000</b>
Share of net liabilities	–	(82,143)
Due from unconsolidated subsidiaries, net	–	98,956
	–	16,813
Less: Provisions for diminutions in values	–	(22,714)
	<b>–</b>	<b>(5,901)</b>

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## 15. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES (Continued)

The balances with the unconsolidated subsidiaries were unsecured, interest-free and had no fixed terms of repayment. Particulars of the unconsolidated subsidiaries, all of which were indirectly held, are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group		Principal activities
			31 July 2000 %	31 March 1999 %	
UDL Shipbuilding (Singapore) Pte Ltd. ("UDL Shipbuilding") (in liquidation)	Singapore	S\$250,000	–	100	Shipbuilding and ship repairing
Argos Engineering Pte Limited ("Argos") (in liquidation)	Singapore	S\$17,227,958	–	100	Shipbuilding and ship repairing
Wallie Development Company Limited ("Wallie") (in liquidation)	Hong Kong	HK\$6,000,000	–	100	Quarry products

The Group's interests in UDL Shipbuilding and Argos were held by certain of the Scheme Participating Companies and were therefore transferred to the Newco during the Period pursuant to the Schemes. The Group's interests in Wallie was disposed of under the Disposal during the period.

Statements pursuant to paragraph 18(4) of the Tenth Schedule of the Hong Kong Companies Ordinance:

- (a) UDL Shipbuilding has not been consolidated because a court order in Singapore was issued to wind up UDL Shipbuilding further to the petition of a creditor in November 1996. A liquidator has been appointed. Therefore, the Group does not have control over its operations and, accordingly, UDL Shipbuilding was excluded from consolidation with effect from 1 April 1996.

No financial statements have been prepared for UDL Shipbuilding since the commencement of its liquidation. Accordingly, there is no reliable information to ascertain the Group's share of post-acquisition profits or losses not dealt with in the financial statements of the Group for the period from 1 April 1999 to the date of transfer of the interests and the Group's share of post-acquisition retained profits or losses of UDL Shipbuilding not dealt with in the financial statements of the Group at the date of transfer of the interests.