

# NOTES TO FINANCIAL STATEMENTS

31 July 2000

## 15. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES *(Continued)*

- (b) Argos has not been consolidated because it is in the process of liquidation pursuant to a court order in Singapore and, therefore, the Group does not have control over its operations. No financial statements have been prepared for Argos since the commencement of its liquidation. Accordingly, there is no reliable information to ascertain the Group's share of post-acquisition profits or losses of Argos 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 Argos not dealt with in the financial statements of the Group at the date of transfer of the interests. None of the results of Argos have been dealt with in the financial statements of the Group.
- (c) Wallie has not been consolidated because a court order in Hong Kong was issued in October 1998 to wind up Wallie further to the petition of a creditor in August 1998. A liquidator has been appointed. Therefore, the Group does not have control over its operations and, accordingly, Wallie was excluded from consolidation with effect from 1 April 1998.

No financial statements have been prepared for Wallie 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 disposal date and the Group's share of post-acquisition retained profits or losses of Wallie not dealt with in the financial statements of the Group at the disposal date.

## 16. INTERESTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>31 July 2000</b>	<b>31 March 1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unlisted shares, at cost	<b>135,822</b>	123,495
Due from subsidiaries	<b>4,505</b>	735,352
	<b>140,327</b>	858,847
Less: Provisions for diminutions in values	<b>(122,007)</b>	(858,837)
	<b>18,320</b>	10
Due to subsidiaries	<b>(858)</b>	(237,877)
	<b>17,462</b>	(237,867)

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## 16. INTERESTS IN SUBSIDIARIES (Continued)

The balances with the subsidiaries are unsecured, interest-free and have no fixed terms of repayment. Particulars of the Company's principal subsidiaries are set out in note 31 to the financial statements.

## 17. INTERESTS IN ASSOCIATES

	Group		Company	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Unlisted shares, at cost	–	–	–	11,150
Share of net assets	–	11,901	–	–
Dividend receivable	–	–	–	63
Due from associates	–	4,411	–	–
Due to associates	–	(10,721)	–	(3)
	–	5,591	–	11,210
Less: Provisions for diminutions in values	–	(9)	–	(4,655)
	–	5,582	–	6,555

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment. The Group's interests in associates were transferred to the Newco pursuant to the Schemes as detailed in note 2(b) or disposed of under the Disposal as detailed in note 2(f).

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### 17. INTERESTS IN ASSOCIATES (Continued)

Particulars of the associates at the balance sheet date are as follows:

Name	Business Structure	Place of incorporation or registration	Percentage of equity attributable to the Group		Principal activities
			31 July 2000 %	31 March 1999 %	
UDL Singapore Pte Ltd.	Corporate	Singapore	–	49.38*	Vessel hiring
Hunan-UDL Shipping and Enterprises Co., Ltd.	Corporate	The People's Republic of China	–	30.00	Transportation
Wuxi Taiyuan Jiangnan Machinery Co., Ltd.	Corporate	The People's Republic of China	–	50.00	Machinery manufacturing and trading
Gitanes Engineering Company Limited	Corporate	Hong Kong	–	47.58*	Marine engineering contracting
UDL Foundations Limited	Corporate	Hong Kong	–	50.00	Dormant

\* held indirectly through subsidiaries

### 18. OTHER INVESTMENTS

	Group	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Unlisted debentures, at cost	–	131

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## 19. TRADE RECEIVABLES

The aged analysis of trade receivables net of provisions for doubtful debts is as follows:

	31 July 2000	
	Balance HK\$'000	Percentage
Current	3,266	28
1 – 3 months	5,282	45
3 – 6 months	1,990	17
6 – 12 months	692	6
Over 1 year	496	4
	<u>11,726</u>	<u>100</u>

Trading terms with customers are largely on credit, where trade deposits, advances and payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended beyond 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

The trade receivables of approximately HK\$50,944,000 as at 31 March 1999 represented the trade receivables arising from terminated operations prior to the Effective Date of the Scheme. On the Effective Date, the outstanding balance of these trade receivables was fully provided for pursuant to the provisions of the Scheme. No aged analysis for the trade receivables as at 31 March 1999 has been prepared, as in the opinion of the directors, a comparison of such an aged analysis with that as at 31 July 2000 is not meaningful.

## 20. INVENTORIES

	Group	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Raw materials	–	11,818
Work in progress	–	1,242
Accessories	1,128	140
	<u>1,128</u>	<u>13,200</u>

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## 21. CONSTRUCTION CONTRACTS

	<b>Group</b>	
	<b>31 July 2000 HK\$'000</b>	<b>31 March 1999 HK\$'000</b>
Gross amounts due from contract customers	–	36,477
Gross amounts due to contract customers	–	(72,029)
	–	(35,552)

	<b>Group</b>	
	<b>31 July 2000 HK\$'000</b>	<b>31 March 1999 HK\$'000</b>
Contract costs incurred plus recognised profits less recognised losses to date	–	4,809,644
Less: Progress billings received and receivable	–	(4,845,196)
	–	(35,552)

At 31 July 2000, there were no retentions held by customers for contract works included in trade receivables (31 March 1999: HK\$10,800,000).

At 31 July 2000, there were no advances received from contract customers for contract works included in other payables, deposits received and accruals (31 March 1999: Nil).

## 22. DUE TO AN UNCONSOLIDATED SUBSIDIARY

The balance with the unconsolidated subsidiary is unsecured, interest-free and has no fixed terms of repayment.

The unconsolidated subsidiary was disposed of during the period. The Group's share of post-acquisition losses of the unconsolidated subsidiary for the period ended from 1 April 1999 to the disposal date, not dealt with in the financial statements of the Group, were insignificant.

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## 23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	Group		Company	
		31 July 2000 HK\$'000	31 March 1999 HK\$'000	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Current portion of bank loans and overdrafts and other loans	24	52,356	1,407,260	–	65,628
Finance lease payables	25	48	31,140	–	–
		<u>52,404</u>	<u>1,438,400</u>	<u>–</u>	<u>65,628</u>

## 24. INTEREST-BEARING BANK LOANS AND OVERDRAFTS AND OTHER LOANS

	Group		Company		
	31 July 2000 HK\$'000	31 March 1999 HK\$'000	31 July 2000 HK\$'000	31 March 1999 HK\$'000	
Bank overdrafts:					
Secured	–	30,898	–	–	
Unsecured	–	67,679	–	628	
Trust receipt loans:					
Secured	–	59,270	–	–	
Unsecured	–	390,161	–	–	
Bank loans:					
Secured – note (a)	92,893	441,474	–	–	
Unsecured	–	212,514	–	65,000	
Mortgage loan, secured	–	49,510	–	–	
Other loans:					
Secured – note (b)	38,485	136,448	–	–	
Unsecured	1,380	19,306	–	–	
		<u>132,758</u>	<u>1,407,260</u>	<u>–</u>	<u>65,628</u>