

**15. INTERESTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2001</b> <i>HK\$</i>	2000 <i>HK\$</i>
Unlisted shares, at cost	<b>27,064,786</b>	22,105,786
Amounts due from subsidiaries	<b>171,796,753</b>	171,256,562
	<b>198,861,539</b>	193,362,348
Provision for diminution in value	<b>(4,536,530)</b>	(6,600,000)
	<b>194,325,009</b>	186,762,348

Details of the Company's principal subsidiaries at 31st March, 2001 are set out in note 35 to the financial statements.

**16. INTERESTS IN ASSOCIATES**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b> <i>HK\$</i>	2000 <i>HK\$</i>	<b>2001</b> <i>HK\$</i>	2000 <i>HK\$</i>
Unlisted shares, at cost	–	–	<b>15,001,643</b>	6,868,883
Share of net assets other than goodwill	<b>24,016,364</b>	21,147,595	–	–
	<b>24,016,364</b>	21,147,595	<b>15,001,643</b>	6,868,883
Amounts due from associates	<b>7,479,846</b>	8,301,835	<b>4,424,623</b>	5,246,612
	<b>31,496,210</b>	29,449,430	<b>19,426,266</b>	12,115,495

Details of the Group's associates at 31st March, 2001 are set out in note 36 to the financial statements.

**17. INVESTMENT SECURITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	2000	<b>2001</b>	2000
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
At cost				
Unlisted in Hong Kong	<b>3,664,649</b>	3,664,668	<b>3,664,649</b>	3,664,668
Unlisted outside Hong Kong	<b>2,929,990</b>	2,929,990	<b>2,929,990</b>	2,929,990
	<b>6,594,639</b>	6,594,658	<b>6,594,639</b>	6,594,658
Provision for diminution in value				
Unlisted outside Hong Kong	<b>(118,750)</b>	(118,750)	<b>(118,750)</b>	(118,750)
Carrying value				
Unlisted in Hong Kong	<b>3,664,649</b>	3,664,668	<b>3,664,649</b>	3,664,668
Unlisted outside Hong Kong	<b>2,811,240</b>	2,811,240	<b>2,811,240</b>	2,811,240
	<b>6,475,889</b>	6,475,908	<b>6,475,889</b>	6,475,908

**18. INVENTORIES**

	<b>Group</b>	
	<b>2001</b>	2000
	<b>HK\$</b>	HK\$
Raw materials	<b>11,544,524</b>	12,970,577
Work in progress	<b>1,274,046</b>	1,225,627
Finished goods	<b>4,176,869</b>	3,730,823
	<b>16,995,439</b>	17,927,027

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to 90 days to its trade customers. The ageing analysis of trade receivables was as follows:

	<b>Group</b>	
	<b>2001</b> <b>HK\$</b>	<b>2000</b> <b>HK\$</b>
0-1 month	<b>47,306,131</b>	74,386,042
2-3 months	<b>1,323,763</b>	5,989,779
Over 3 months	<b>27,379,730</b>	21,541,368
	<b>76,009,624</b>	101,917,189
Less: provision for bad debts	<b>(6,458,221)</b>	(4,049,807)
	<b>69,551,403</b>	97,867,382

### 20. OTHER INVESTMENTS

	<b>Group</b>		<b>Company</b>	
	<b>2001</b> <b>HK\$</b>	<b>2000</b> <b>HK\$</b>	<b>2001</b> <b>HK\$</b>	<b>2000</b> <b>HK\$</b>
At fair value				
Listed outside Hong Kong	–	172,067	–	172,067
Unlisted in Hong Kong	–	8,530,180	–	–
Listed in Hong Kong	<b>17,558,403</b>	–	–	–
	<b>17,558,403</b>	8,702,247	–	172,067
Market value of listed investments at 31st March	<b>17,558,403</b>	172,067	–	172,067

### 21. LOANS AND ADVANCE

	<b>Group</b>		<b>Company</b>	
	<b>2001</b> <b>HK\$</b>	<b>2000</b> <b>HK\$</b>	<b>2001</b> <b>HK\$</b>	<b>2000</b> <b>HK\$</b>
Loans and advance, at cost	<b>15,515,730</b>	18,041,257	<b>169,940</b>	1,958,019
Less: provision for bad debts	<b>(3,000,000)</b>	–	–	–
Loans and advance, net of provision	<b>12,515,730</b>	18,041,257	<b>169,940</b>	1,958,019

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 22. TRADE AND OTHER PAYABLES

The ageing analysis of trade and other payables was as follows:

	Group	
	2001 HK\$	2000 HK\$
0-1 month	47,195,500	11,679,549
2-3 months	1,249,103	5,491,525
Over 3 months	23,528,257	73,312,994
	<u>71,972,860</u>	<u>90,484,068</u>

### 23. BORROWINGS

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Secured bank overdrafts	19,756,234	17,476,522	9,119,251	8,338,714
Secured bank loans	87,421,028	109,204,447	74,930,409	86,699,551
	<u>107,177,262</u>	<u>126,680,969</u>	<u>84,049,660</u>	<u>95,038,265</u>
Secured bank loans and overdrafts repayable:				
Within one year	83,596,042	98,985,639	60,750,440	70,122,935
More than one year but not exceeding two years	8,816,269	12,353,965	8,534,269	9,573,965
More than two years but not exceeding five years	14,764,950	14,644,945	14,764,950	14,644,945
After five years	-	696,420	-	696,420
	<u>107,177,261</u>	<u>126,680,969</u>	<u>84,049,659</u>	<u>95,038,265</u>
Portion due within one year included under current liabilities	<u>(83,596,042)</u>	<u>(98,985,639)</u>	<u>(60,750,440)</u>	<u>(70,122,935)</u>
Portion due after one year	<u>23,581,219</u>	<u>27,695,330</u>	<u>23,299,219</u>	<u>24,915,330</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 24. DEFERRED TAXATION

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Balance at beginning of year	177,085	114,872	-	-
Transfer from the income statement	99,733	62,213	-	-
Balance at end of year	<u>276,818</u>	<u>177,085</u>	<u>-</u>	<u>-</u>

Deferred taxation represents mainly the tax effect of the depreciation allowances claimed for tax purposes over depreciation charged in the financial statements.

At the balance sheet date, the Group has the following unprovided deferred tax asset (liability):

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Accelerated depreciation allowances	(982,015)	(974,448)	(169,848)	(172,488)
Tax losses	4,279,495	4,686,941	3,267,908	3,020,171
	<u>3,297,480</u>	<u>3,712,493</u>	<u>3,098,060</u>	<u>2,847,683</u>

No provision for deferred tax asset has been recognised in the accounts as it is uncertain whether the asset will crystallise in the foreseeable future.

Deferred taxation has not been provided on the surplus arising on the revaluation of investment properties as the profit arising on its disposal would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference for tax purpose.

### 25. SHARE CAPITAL

	2001 HK\$	2000 HK\$
Authorized:		
200,000,000 shares of HK\$1.00 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
131,769,000 (2000: 131,769,000) shares of HK\$1.00 each	<u>131,769,000</u>	<u>131,769,000</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 26. RESERVES

	<b>Investment property revaluation reserve</b> HK\$	<b>Capital reserve</b> HK\$	<b>Exchange reserve</b> HK\$	<b>Retained profits</b> HK\$	<b>Total</b> HK\$
<b>Group</b>					
At 1st April, 1999	253,449,953	16,271	498,231	29,454,918	283,419,373
Exchange difference arising from translation of overseas subsidiaries	–	–	135,199	–	135,199
Liquidation of subsidiaries	–	–	98,795	(98,795)	–
Deficit arising from revaluation	(18,776,200)	–	–	–	(18,776,200)
Share of reserves in associates	(1,016,861)	(109,687)	8,291	–	(1,118,257)
Profit for the year	–	–	–	15,217,182	15,217,182
Dividends (note 10)	–	–	–	(5,270,760)	(5,270,760)
At 31st March, 2000	<u>233,656,892</u>	<u>(93,416)</u>	<u>740,516</u>	<u>39,302,545</u>	<u>273,606,537</u>
<b>Attributable to:</b>					
Company and subsidiaries	237,650,487	–	1,098,483	29,889,105	268,638,075
Associates companies	(3,993,595)	(93,416)	(357,967)	9,413,440	4,968,462
	<u>233,656,892</u>	<u>(93,416)</u>	<u>740,516</u>	<u>39,302,545</u>	<u>273,606,537</u>
At 1st April, 2000	233,656,892	(93,416)	740,516	39,302,545	273,606,537
Exchange difference arising from translation of overseas subsidiaries	–	–	(753,655)	–	(753,655)
Deficit arising from revaluation	(21,586,735)	–	–	–	(21,586,735)
Share of reserves in associates	(543,409)	16,444	(561,145)	–	(1,088,110)
Profit for the period, retained	–	–	–	14,530,548	14,530,548
Goodwill written off arising from increase of interest in associate	–	–	–	(6,741,775)	(6,741,775)
Proposed final dividend (note 10)	–	–	–	(5,270,760)	(5,270,760)
<b>At 31st March, 2001</b>	<b><u>211,526,748</u></b>	<b><u>(76,972)</u></b>	<b><u>(574,284)</u></b>	<b><u>41,820,558</u></b>	<b><u>252,696,050</u></b>
<b>Attributable to:</b>					
Company and subsidiaries	216,063,752	–	344,828	28,665,222	245,073,802
Associates	(4,537,004)	(76,972)	(919,112)	13,155,336	7,622,248
	<u>211,526,748</u>	<u>(76,972)</u>	<u>(574,284)</u>	<u>41,820,558</u>	<u>252,696,050</u>
<b>Company</b>					
At 1st April, 2000	172,397,083	–	–	4,188,807	176,585,890
Profit for the year	–	–	–	3,183,963	3,183,963
Deficit arising from revaluation	(19,202,833)	–	–	–	(19,202,833)
Proposed final dividend (note 10)	–	–	–	(5,270,760)	(5,270,760)
<b>At 31st March, 2001</b>	<b><u>153,194,250</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>2,102,010</u></b>	<b><u>155,296,260</u></b>

Reserves of the Company available for distribution to shareholders amount to HK\$7,372,770 (2000: HK\$9,459,567).

**27. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Group</b>	
	<b>2001</b>	2000
	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation	<b>15,303,583</b>	15,893,418
Diminution in value of unlisted other investments	<b>172,067</b>	–
Diminution in value of trading properties	<b>4,398,414</b>	–
Share of profits of associates	<b>(4,051,906)</b>	(1,063,522)
Dividend income	<b>(111,480)</b>	–
Interest income	<b>(4,261,223)</b>	(2,669,390)
Finance costs	<b>17,909,040</b>	17,156,183
Provision for bad debts	<b>3,129,096</b>	–
Depreciation	<b>4,814,919</b>	4,486,795
(Profit) Loss on disposal of fixed assets	<b>(52,698)</b>	181,460
Profit on disposals of other investment	<b>(7,135,546)</b>	–
Loss on disposals of listed investment securities	–	1,679,411
Loss on disposals of unlisted investment securities	–	143,667
Unrealised holding gains on other investments	<b>(12,120,579)</b>	(8,465,726)
Decrease in trading properties	<b>8,305,833</b>	21,127,900
Decrease (Increase) in inventories	<b>931,588</b>	(3,599,194)
Decrease in loans and advances	<b>2,525,527</b>	16,824
Decrease (Increase) in trade and other receivables	<b>30,260,729</b>	(64,395,690)
Decrease (Increase) in deposits and prepayments	<b>985,055</b>	(14,634)
(Decrease) Increase in trade and other payables	<b>(20,354,083)</b>	27,146,842
NET CASH INFLOW FROM OPERATING ACTIVITIES	<b><u>40,648,336</u></b>	<b><u>7,624,344</u></b>

**28. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	<b>Bank loans</b>
	<i>HK\$</i>
Balance at 1st April, 2000	109,204,447
New bank loans	86,354,541
Repayment of bank loans	<u>(108,137,960)</u>
Balance at 31st March, 2001	<u><u>87,421,028</u></u>

**29. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS**

	<b>2001</b>	2000
	<i>HK\$</i>	<i>HK\$</i>
Cash and bank balances	<b>40,269,281</b>	32,979,951
Bank overdrafts	<b><u>(19,756,234)</u></b>	<u>(17,476,522)</u>
	<u><b>20,513,047</b></u>	<u>15,503,429</u>

**30. RETIREMENT BENEFIT COSTS**

The Group did not provide retirement benefits for its employees in Hong Kong before 1 December 2000. With effect from 1 December 2000, a mandatory provident fund scheme ("MPF Scheme") has been set up for all the eligible employees of the Group in Hong Kong.

The Group's contributions are at 5% of the employee's relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK\$1,000 per employee per month. 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. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's contribution to the MPF scheme charged to the income statement during the year amounted to HK\$194,004 (2000: HK\$ Nil).



**31. COMMITMENTS**

As at 31st March 2001, the Group had the following commitments:

	<b>2001</b>	2000
	<b>HK\$</b>	HK\$
Annual operating lease commitments payable in the following year under non-cancellable operating leases on land and building expiring:		
within one year	<b>150,000</b>	981,600
in the second to fifth year inclusive	<b>1,423,200</b>	540,000
	<b><u>1,573,200</u></b>	<u>1,521,600</u>

**32. PLEDGE OF ASSETS**

(i) As at 31st March, 2001, the Group had the following assets pledged to banks to secure general banking facilities granted to the Group.

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	2000	<b>2001</b>	2000
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Investment properties in				
Hong Kong, at valuation	<b>272,500,000</b>	293,550,000	<b>208,550,000</b>	208,550,000
Land & building in Hong Kong, at net book value	<b>778,441</b>	798,003	-	-
Time deposits	<b>9,590,779</b>	9,939,775	-	-
	<b><u>282,869,220</u></b>	<u>304,287,778</u>	<b><u>208,550,000</u></b>	<u>208,550,000</u>
Margin clients' Hong Kong listed shares, at market value	<b><u>9,628,122</u></b>	<u>8,955,992</u>	<u>-</u>	<u>-</u>

(ii) Apart from a fixed charge over its investment property, a floating charge over all other assets of a subsidiary has been made to secure certain banking facilities.

**33. CONTINGENT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	2000	<b>2001</b>	2000
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Bills discounted with recourse	<b>13,010,389</b>	9,497,831	–	–
Guarantees issued to banks in respect of bank facilities granted to:				
– Associates	<b>2,400,000</b>	2,400,000	–	–
– Subsidiaries	–	–	<b>87,650,000</b>	90,770,000
in respect of mortgage loans granted to purchasers of trading properties	<b>3,760,000</b>	6,026,000	<b>3,760,000</b>	6,026,000

**34. RELATED PARTIES TRANSACTION**

During the year, the Group had the following material transactions with an associate:

- (a) The Group received accountancy fee of HK\$390,000 (2000: HK\$390,000).
- (b) The Group paid interest of HK\$896,065 (2000: HK\$375,751).

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 35. PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/operation	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Always Best Company Limited	British Virgin Islands	US\$1	–	95	Investment holding
Brightgate Limited	Hong Kong	HK\$1,000	100	100	Guest house operation
Dongguan Nan Sing Plastics Limited**	Mainland China	HK\$126,250,000 *	–	95	Manufacture of plastic products
Edinburgh Holdings Limited	British Virgin Islands	US\$10	100	100	Property investment
Fortune State Investments Limited	Hong Kong	HK\$2	100	100	Investment holding
Goldtower Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Grand Yield Development Limited	British Virgin Islands	US\$1	100	100	Share dealings
Happy Dragon Investment Limited	Hong Kong	HK\$2	100	100	Investment holding
K.W. & Associates Company Limited	Hong Kong	HK\$2,000,000	100	100	Property investment
Modern Extrusion Limited	Hong Kong	HK\$3,400,000	–	99	Trading
More Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Nan Sing Holdings Limited	Hong Kong	HK\$10,000	100	100	Investment holding
Nan Sing Plastics Limited	Hong Kong	HK\$15,000,000	–	95	Trading of plastic products
Nan Sing Plastics International Limited	British Virgin Islands	US\$10	–	95	Provision of consultancy services
Polex Products Company, Limited	Hong Kong	HK\$2,900,000	–	98	Trading
Polypak Limited	Hong Kong	HK\$3,000,000	–	99	Trading
Silver Advance Limited	Hong Kong	HK\$2	100	100	Property investment
Southeast Asia Properties & Finance (China) Limited	Hong Kong	HK\$2	100	100	Property investment and development
Southeast Asia Properties & Finance (Exchange) Limited	Hong Kong	HK\$1,000,000	75	75	Money exchange
Southeast Asia Properties & Finance (Nominees) Limited	Hong Kong	HK\$10,000	100	100	Nominees and estate management
South Force Limited	Hong Kong	HK\$2	100	100	Property agency
Stockwell Securities Limited	Hong Kong	HK\$10,000,000	100	100	Stock broking
Super Dragon Investment Limited	Hong Kong	HK\$2	100	100	Property investment and development
Tanpar Company Limited	Hong Kong	HK\$2	–	95	Trading and nominee
Topland Development Limited	Hong Kong	HK\$2	100	100	Property investment
Tsen Hsin Industrial Company Limited**	Hong Kong	HK\$400,000	–	95	Property investment

\* Paid-up capital up to 31st March, 2001 amounted to HK\$118,153,345.

\*\* Subsidiaries not audited by K. L. Young & Co.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

**36. ASSOCIATES**

Name of company	Place of incorporation/operation	Nominal value of issued ordinary share capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Brown Jasper Investments Limited	British Virgin Islands	HK\$100	–	20%	Investment holding
Full Safe Industries Limited	Hong Kong	HK\$100,000	–	28.6%	Manufacture of plastic products
Ongoing Investments Limited	British Virgin Islands	US\$1	–	20%	Property investment
Sequin Development Limited	British Virgin Islands	US\$1	–	20%	Property investment
Titan Dragon Properties Corporation	Philippines	Pesos 80,000,000	30%	49%	Property investment

The above associates companies are not audited by K. L. Young & Co.

**37. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**38. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 23rd July 2001.