1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and The Singapore Exchange Securities Trading Limited.

The Company is an investment holding company. The activities of principal subsidiaries are set out in notes 15 and 41.

2. FINANCIAL RESTRUCTURING

Against the background of the Group's past liquidity difficulties, on 1st September, 2000, Messrs. Nicolas Timothy Cornforth Hill and Wong Tak Man, Stephen of Nelson Wheeler Corporate Advisory Services Limited (the "Receivers") were appointed as receivers and managers to take care of the assets and business of the Group and work with the former directors and management to stabilise the Group's operations. After the Receivers took control of the Group's assets and business, the standstill arrangement (the "Standstill") which had been in force with certain of the Group's bankers, finance lease creditors and holder of convertible note was terminated.

On 19th and 20th December, 2000, the Company entered into conditional agreements with Oasis Star Limited ("Oasis Star") and Tian An China Hotel and Property Investments Company Limited ("TACHPIL") (the "Restructuring Agreements"), which related to the financial restructuring of the Group (the "Financial Restructuring"). Both Oasis Star and TACHPIL are subsidiaries of Tian An China Investments Company Limited ("Tian An"), a company which is incorporated in Hong Kong with limited liability and its shares and warrants are listed on the Stock Exchange. The Financial Restructuring was completed on 15th May, 2001 when all the relevant conditions of the Restructuring Agreements were fulfilled and completed. The Receivers were released and discharged with effect on the same date. Details of these are set out in the Company's circular and announcement dated 9th March, 2001 and 15th May, 2001, respectively, and are summarised as follows:

(a) Restructuring the Company's share capital

i. The nominal value of each issued share was reduced from HK$0.10 to HK$0.01. The Company's issued share capital of HK$93,487,609 comprising 934,876,089 shares of HK$0.10 each was reduced by HK$84,138,848 to HK$9,348,761 comprising 934,876,089 shares of HK$0.01 each.

ii. The entire unissued share capital of approximately HK$190,651,000 (including the unissued share capital of HK$84,138,848 resulting from the aforesaid capital reduction) was cancelled.

iii. The authorised share capital was increased from approximately HK$9,349,000 to HK$400,000,000 divided into 40,000,000,000 shares of HK$0.01 each.

2. FINANCIAL RESTRUCTURING *(continued)*

(b) Subscription of new shares in the Company

9,600,000,000 new shares of HK$0.01 each were subscribed by Oasis Star.

(c) Restructuring the Group's obligations to bankers, finance lease creditors, holder of convertible note and creditors

The total indebtedness of the Group to the above parties was settled by the way of cash payment of approximately HK$46 million and issue of approximately 934,876,000 ordinary shares of HK$0.01 each.

(d) Assets injection

TACHPIL agreed to sell to the Group of 83.3% of the issued share capital of AII-Shanghai Inc., ("AII-Shanghai"), a company incorporated in the British Virgin Islands with limited liability, for HK$250 million to be satisfied by the allotment and issue of 25,000,000,000 ordinary shares of HK$0.01 each of the Company. The major asset of AII-Shanghai is a 60% interest of a jointly controlled entity, Shanghai Allied Cement Co., Ltd., which is principally engaged in the manufacturing and distribution of cement in the Shanghai and Shenzhen market.

(e) Assets transfer

The entire issued share capital of a wholly-owned subsidiary, Interform Joint Ventures Limited was transferred to Agrichina Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Receivers.

Upon the completion of the Financial Restructuring, Tian An became the ultimate holding company of the Company.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) In preparing the financial statements, the current directors have given careful consideration to the going concern of the Group in the light of the deficiency of shareholders' funds of approximately HK$1,122 million and net current liabilities of approximately HK$1,103 million as at 31st March, 2001. Following the Financial Restructuring, the current directors are of the opinion that the financial difficulties of the Group have been resolved and that the Group will be able to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements were prepared on a going concern basis.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

(b) The current directors were appointed on 15th May, 2001 upon the completion of the Financial Restructuring, and thereafter, they have used their best endeavour to relocate all the financial and business records of the Group. However, as most of the former accounting personnel and all former directors had left the Group on or before the Financial Restructuring which was completed on 15th May, 2001, the current directors were unable to relocate and provide the auditors with sufficient information for audit purposes.

(i) The current directors have been unable to satisfy themselves that the following amounts included in the financial statements have been completely and accurately recorded by the Group:

— Turnover of HK$46,202,682
— Purchases and overheads of HK$42,157,638 and HK$8,758,883, respectively, included in cost of sales
— Other revenue of HK$1,770,939
— Distribution costs of HK$1,785,944
— Administrative expenses of HK$37,911,777
— Finance costs of HK$65,219,455
— Trade and other receivables of HK$547,531
— Trade and other payables of HK$275,709,314 (including other payables of HK$11,876,318 in the balance sheet of the Company)

As a result, the current directors were also unable to satisfy themselves as to the appropriateness of the provision for bad and doubtful debts of HK$20,227,522. Also, the current directors were unable to satisfy themselves as to the reliability of the disclosure of highest paid employees in note 7.

(ii) There was no physical count of inventories at 31st March, 2001. Also, the current directors have been unable to find sufficient documentary records of inventory movements to satisfy themselves that the amount of inventories included in the consolidated balance sheet as at 31st March, 2001 was fairly stated at that date. At the same time, the current directors were unable to satisfy themselves as to whether the write-off of inventories of HK$8,289,398 and the write-back of provision for the inventories sold during the year of HK$5,057,329 disclosed in note 5 were appropriate.

(iii) The current directors have been unable to identify items of property, plant and equipment at the Group's production facilities in the People's Republic of China, other than Hong Kong (the "PRC"), previously included in the books of account with a net book value of HK$17,415,847. Accordingly, the current directors were unable to satisfy themselves as to the appropriateness of the associated write-off in the same amount reflected in the consolidated income statement for the year ended 31st March, 2001.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

(b) *(continued)*

(iv) Included in bank balances and cash of the Group was an amount of HK$5,810,848 (including HK$5,806,984 in respect of the Company) in respect of which the current directors were unable to reconcile such amount to the bank statements. Included in bank balances and cash of the Group was other amount of HK$199,731 in respect of which the current directors were unable to obtain any bank statements. Accordingly, the current directors were unable to satisfy themselves that the bank balances and cash of HK$6,010,579 and HK$5,806,984 were fairly stated in the consolidated balance sheet of the Group and the balance sheet of the Company, respectively, as at 31st March, 2001.

(v) Against the background described above, the current directors are unable to represent as to the completeness of recording of transactions entered into by the Group for the period from 1st April, 2000 to 15th May, 2001 and of the completeness of disclosure of claims, commitments and contingent liabilities in the financial statements. The current directors are also unable to represent as to the completeness of identification and disclosure of related party transactions and balances.

(c) As explained in note 15 (b), a non wholly-owned subsidiary, Shenzhen Matform Ceramics Industry Co., Ltd. ("Shenzhen Matform"), was deconsolidated from the consolidated income statement with effect from 1st February, 2001. Included in the financial statements for the year ended 31st March, 2001 in respect of Shenzhen Matform are:

—	Turnover	HK$19,827,789
—	Cost of sales	HK$23,569,661
—	Other revenue	HK$10,182
—	Distribution costs	HK$1,276,204
—	Administrative expenses	HK$6,653,812
—	Finance costs	HK$17,026,989
—	Other payables	HK$1,443,127

The above amounts were included in the financial statements based on unaudited management accounts of Shenzhen Matform for the eight months ended 30th November, 2000 which represented the latest financial information the current directors could obtain. The current directors have no information to enable them to determine whether the results of Shenzhen Matform for the two months to 31st January, 2001 were material to the financial statements of the Group.

Accordingly, the current directors were unable to satisfy themselves as to whether either the impairment loss in respect of Shenzhen Matform of HK$320,843,600 or the gain on deconsolidation of HK$189,834,959 disclosed in note 9 were fairly stated.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the valuation of certain investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year other than those as set out in note 15 below. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal/loss of effective control, as appropriate.

Where the Company holds more than half of the issued share capital of a subsidiary, but does not control the composition of the board of directors or equivalent governing body, the financial statements of that subsidiary are not consolidated because to do so would be misleading. Where the Company is in a position to exercise significant influence, such investments are dealt with as associates as appropriate. Otherwise, they are dealt with as investments in securities.

All significant intercompany transactions and balances within the Group, other than with subsidiaries not consolidated, are eliminated on consolidation.

Goodwill and capital reserve

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of interest in an associate, representing the excess or shortfall, respectively, of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of investments in subsidiaries and associates, goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary or associate.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly and indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

The results of the subsidiaries not consolidated are accounted for by the Group based on the Group's share of results and the Group's investments in these companies are stated in the consolidated balance sheet at its attributable share of net assets/liabilities of the companies concerned.

Investments in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, investments in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Turnover

Turnover represents the net amounts received and receivable for goods sold and for services provided, less returns and allowances, during the year.

Revenue recognition

Revenue is recognised when goods are sold and services are provided.

Income arising from the sale and installation of ceramics production lines and machinery is recognised in the income statement when the memorandum of satisfaction is issued by the customer. When the ultimate collection of the consideration for the sale of such production lines and machinery cannot be ascertained with reasonable certainty at the time of the sale, as in the case of compensation trade arrangements, income derived from such transactions is recognised only to the extent of the amount of consideration received.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Interest income on bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rental invoiced in advance from assets under operating leases, is recognised on a straight line basis over the duration of the leases.

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and provision for impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation and amortisation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates per annum:

Leasehold land	Shorter of the relevant lease term or 40 years
Buildings	Shorter of the relevant lease term or 40 years
Factory improvements	4.5% - 10%
Plant and machinery	9% - 15%
Furniture, fixtures and equipment	15% - 20%
Motor vehicles	18% - 25%

Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the lease term on the same basis as owned assets.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rental expenses are charged to the income statement on a straight line basis over the relevant lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on translation are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries and associates which are denominated in currencies other the Hong Kong dollar are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Retirement benefits scheme

The pension costs charged in the income statement represent the amount of contributions payable to the Group's defined contribution retirement benefit scheme ("Defined Contribution Scheme") and the mandatory provident fund schemes ("MPF Scheme").

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advances.

5. COST OF SALES

As a result of the sale of inventories, for which a provision had been made in previous years, a write-back of provision for these inventories of HK$5,057,329 (2000: HK$12,574,697) was made and included in cost of sales during the year.

6. LOSS FROM OPERATIONS

	2001	2000
	HK$	*HK$*
Loss from operations has been arrived at after charging:		
Staff costs:		
Directors' remuneration *(note 7)*	**2,560,897**	6,782,795
Retirement benefits scheme contribution, net of forfeited contributions of HK$434,204 (2000: HK$414,720)	**241,023**	464,184
Other staff costs	**13,397,197**	33,701,916
	16,199,117	40,948,895
Auditors' remuneration:		
Current year	**1,158,000**	1,169,925
Underprovision in prior years	**—**	282,000
Depreciation and amortisation:		
Owned assets	**6,697,222**	7,852,745
Assets held under finance leases	**3,879,151**	4,329,283
Rental payment for premises under operating leases	**2,968,731**	10,304,881
Loss on disposal of property, plant and equipment	**—**	3,398,385
and after crediting:		
Interest income	**9,177**	67,459
Gain on disposal of property, plant and equipment	**36,455**	—
Rental income in respect of:		
Rented premises with negligible outgoings	**299,066**	3,755,389
Machinery	**—**	1,121,495

7. DIRECTORS' EMOLUMENTS

The emoluments of the directors and the five highest paid individuals are summarised as follows:

(a) Directors' emoluments

	2001	2000
	HK$	*HK$*
Directors' fees:		
Executive directors	**—**	—
Independent non-executive directors	**—**	—
	—	—
Other emoluments:		
Executive directors		
Salaries and other benefits	**2,287,656**	6,321,152
Contributions to retirement benefits scheme	**273,241**	461,643
Independent non-executive directors	**—**	—
	2,560,897	6,782,795
	2,560,897	6,782,795

The directors' emoluments are within the following bands:

	2001	2000
	Number of directors	**Number of directors**
Nil to HK$1,000,000	**4**	4
HK$1,000,001 - HK$1,500,000	**1**	2
HK$3,500,001 - HK$4,000,000	**—**	1

No director waived any emoluments in the year (2000: nil).

7. DIRECTORS' EMOLUMENTS *(continued)*

(b) Employees' emoluments

The five highest paid individuals included four directors (2000: four directors) of the Company, whose emoluments are included in (a) above. The emoluments of the remaining highest paid individual (2000: one), which were less than HK$1,000,000, was as follows:

	2001	2000
	HK$	*HK$*
Salaries and other benefits	**545,355**	643,452
Contributions to retirement benefits scheme	**20,972**	49,496
	566,327	692,948

During each of the two years ended 31st March, 2001 and 2000, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

8. FINANCE COSTS

	2001	2000
	HK$	*HK$*
Interest on:		
Bank borrowings wholly repayable within five years	**69,382,605**	79,547,215
Finance lease obligations	**12,168,139**	10,559,510
Convertible note	**695,700**	2,723,524
	82,246,444	92,830,249

9. LOSS ATTRIBUTABLE TO INVESTMENTS

	2001	2000
	HK$	*HK$*
Provision for (write-back of) impairment in value of subsidiaries not consolidated	**320,843,600**	(1,141,347)
Gain on deconsolidation of a subsidiary *(note a)*	**(189,834,959)**	—
Provision for amounts due from associates	**4,713,065**	6,430,805
Provision for impairment in value of investments in securities	**4,153,764**	—
Write-off of investments in securities *(note b)*	**1,550,930**	—
Loss on dilution of interest in an associate *(note c)*	**—**	49,648,666
Provision for impairment in value of goodwill	**—**	3,064,726
	141,426,400	58,002,850

Notes:

(a) The amount represents gain on deconsolidation of results of Shenzhen Matform after the release of translation reserve of HK$1,297,586 previously written off against the Group's reserves. Details of the Group's interest in Shenzhen Matform are set out in note 15.

(b) The amount represents the write-off of the Group's remaining 5% interest in Gerber Systems (Far East) Limited ("Gerber"). Details of the Group's interest in Gerber are set out in note 16.

(c) The amount represented loss on dilution of the Group's interest in Gerber after the release of goodwill arising on acquisition of HK$38,786,171 previously written off against the Group's reserves.

10. TAXATION

	2001	2000
	HK$	*HK$*
The credit comprises:		
Hong Kong Profits Tax of the Company and its subsidiaries		
Current year	—	—
Overprovision in prior years	—	130,000
Share of tax on results of an associate	—	538,208
	—	668,208

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit for the year.

Details of the unprovided deferred taxation are set out in note 28.

11. NET LOSS FOR THE YEAR

Of the Group's net loss for the year of HK$333,944,008 (2000: HK$247,501,852), a loss of HK$17,356,067 (2000: HK$10,693,128) has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK$333,944,008 (2000: HK$247,501,852) and on 934,876,089 (2000: 934,876,089) shares in issue during the year.

No diluted loss per share has been presented for both years as the exercise prices of share options were greater than the market price of the Company's shares and conversion of the convertible note would result in a decrease in the loss per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Factory improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
THE GROUP						
COST						
At 1st April, 2000	133,249,025	3,672,424	297,334,085	11,802,771	6,070,170	452,128,475
Additions	—	—	23,736	11,609	—	35,345
Disposals	—	—	—	(138,115)	(942,848)	(1,080,963)
Written off	(26,975,847)	(3,647,494)	(23,440,646)	(10,521,924)	(2,380,418)	(66,966,329)
Deconsolidation of a subsidiary	(105,569,545)	—	(273,917,175)	(1,002,311)	(2,587,905)	(383,076,936)
At 31st March, 2001	703,633	24,930	—	152,030	158,999	1,039,592
PROVISION AND DEPRECIATION AND AMORTISATION						
At 1st April, 2000	70,751,708	1,851,656	149,801,899	9,559,808	5,388,242	237,353,313
Provided for the year	2,971,370	431,190	6,044,593	965,715	163,505	10,576,373
Eliminated on disposals	—	—	—	(61,790)	(932,348)	(994,138)
Eliminated on written off	(12,199,780)	(2,272,874)	(22,915,231)	(9,782,179)	(2,380,418)	(49,550,482)
Deconsolidation of a subsidiary	(61,195,699)	—	(132,931,261)	(582,680)	(2,177,091)	(196,886,731)
At 31st March, 2001	327,599	9,972	—	98,874	61,890	498,335
NET BOOK VALUES						
At 31st March, 2001	376,034	14,958	—	53,156	97,109	541,257
At 31st March, 2000	62,497,317	1,820,768	147,532,186	2,242,963	681,928	214,775,162

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The net book value of leasehold land and buildings held by the Group at the balance sheet date comprised:

	2001	2000
	HK$	*HK$*
Land in Hong Kong under medium term lease	**376,034**	387,550
Land use rights in the PRC under medium term lease	**—**	62,109,767
	376,034	62,497,317

At 31st March, 2000, the net book value of property, plant and equipment held under finance leases was HK$109,489,000. Those property, plant and equipment held under finance leases were excluded from the consolidated balance sheet of the Group as at 31st March, 2001 as a result of the deconsolidation of the financial statements of Shenzhen Matform since 1st February, 2001.

During the year ended 31st March, 2000, the Group had received writs from the finance lease creditors to demand for the return of those property, plant and equipment held under finance leases. Such writs were released subsequent to the balance sheet date pursuant to the Financial Restructuring.

The Company had no property, plant and equipment at the balance sheet date.

14. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES

	THE COMPANY	
	2001	2000
	HK$	*HK$*
Unlisted investments	**50,582,281**	50,582,281
Amounts due from subsidiaries	**506,434,502**	507,108,464
	557,016,783	557,690,745
Less: Provision for impairment in value	**(557,016,783)**	(557,690,745)
	—	—
Amounts due to subsidiaries	**37,629,165**	26,332,491

14. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE TO SUBSIDIARIES *(continued)*

The value of the unlisted investments in subsidiaries was based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group under the group reorganisation in 1994.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the current directors, amounts will not be repayable in the next twelve months from the balance sheet date and the amounts are therefore shown as non-current.

Particulars of the principal subsidiaries of the Company at 31st March, 2001 are set out in note 41.

15. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED

	THE GROUP	
	2001	2000
	HK$	*HK$*
Share of net assets	**—**	—
Amounts due from the subsidiaries not consolidated	**334,073,649**	13,533,901
Less: Provision	**(334,073,649)**	(13,533,901)
	—	—

Details of the subsidiaries not consolidated at 31st March, 2001, all of which are established and operated in the PRC, are as follows:

Name of the company	**Registered capital**	**Proportion of nominal value of registered capital indirectly held by the Company**	**Principal activities**
		%	
Foshan Hunter Ceramic Co., Ltd. ("Foshan Hunter") — *note (a)*	US$5,012,500	60	Manufacture and sale of ceramic products
Shenzhen Matform — *note (b)*	US$16,720,000	71.7	Manufacture and sale of ceramic products

15. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED *(continued)*

The net losses, including provision, of the subsidiaries not consolidated attributable to the Group are:

	Current year *HK$*	Previous years since acquisition *HK$*
Dealt with in the consolidated financial statements	**(131,008,641)**	(27,718,962)
Not dealt with in the consolidated financial statements	—	—

Notes:

(a) The Group holds 60% interest in the registered capital of Foshan Hunter and exercises significant influence in their management but there are restrictions imposed on the Group's ability to appoint a majority of directors. Accordingly, the results of Foshan Hunter have not been consolidated into the Group's consolidated financial statements and equity accounting for sharing the results of Foshan Hunter has been adopted.

In view of liquidity position of the Group and Foshan Hunter, the Group did not provide further finance to Foshan Hunter, which adversely affected its operations. Accordingly, full provision was made against the amount due from Foshan Hunter.

(b) On 1st February, 2001, because Shenzhen Matform was unable to meet its financial obligations as they fell due, its factory was seized by its creditors. As a result of this, the current directors were unable to exercise control over Shenzhen Matform. Accordingly, Shenzhen Matform has been deconsolidated from that date.

The amounts due from subsidiaries not consolidated are unsecured, interest-free and have no fixed terms of repayment.

16. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001	2000
	HK$	*HK$*
Share of net liabilities	**(19,375,000)**	(19,375,000)
Amounts due from associates	**131,553,837**	126,840,772
Less: Provision	**(131,553,837)**	(126,840,772)
	—	—
	(19,375,000)	(19,375,000)

Particulars of the Group's associates at 31st March, 2001, all of which are established in the PRC, are as follows:

Name of associate	Registered capital	Proportion of nominal value of registered capital held by the Group %	Principal activities
Foshan Three Union Ceramic Co., Ltd.	US$6,652,800	48	Manufacture and sale of ceramic products
Foshan INI Ceramic Equipment Co., Ltd.	US$2,178,600	36.7	Manufacture and sale of kilns and moulds

The associates are indirectly held by the Company.

Following the review of the business operations of these associates, the Group did not provide further finance and support to them in view of the liquidity position of the Group. As a result, the operations and results of these associates were adversely affected, provision was made against the interests in and amounts due from the associates.

16. INTERESTS IN ASSOCIATES *(continued)*

During the year ended 31st March, 2000, the Group's interest in Gerber, a company incorporated in Hong Kong and is engaged in provision of subcontracting services in building construction and supplying of building materials, was reduced from 40% to 5% upon a group reorganisation carried out by Gerber, whereby, a new company became the holding company and substantial shareholder of Gerber through deferral of and new issue of shares. The Group's remaining interest in Gerber was reclassified as investments in securities accordingly.

In October 2000, Gerber was involuntarily wound up by court order and the remaining interest in Gerber was fully written off to the financial statements accordingly.

The share of net liabilities represents the Group's share of loss of an associate to the extent of obligations committed by the Group to the associate.

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.

17. INVESTMENTS IN SECURITIES

	THE GROUP	
	2001	2000
	HK$	*HK$*
Investment securities		
Non-current equity securities		
Unlisted shares, at cost	**4,153,764**	5,704,694
Less: Provision for impairment in value	**(4,153,764)**	—
	—	5,704,694

18. INVENTORIES

	THE GROUP	
	2001	2000
	HK$	*HK$*
Raw materials	**—**	9,211,903
Work in progress	**—**	3,716,109
Finished goods	**101,818**	24,093,671
	101,818	37,021,683

All the inventories are carried at net realisable values.

19. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2001	2000
	HK$	*HK$*
Trade debtors	**514,641**	35,468,468
Other receivables	**32,890**	23,021,725
	547,531	58,490,193

As explained in note 3, no aging analysis in respect of trade debtors is presented as no sufficient information is available.

20. TRADE AND OTHER PAYABLES

	THE GROUP	
	2001	2000
	HK$	*HK$*
Trade creditors	**46,716,125**	57,799,544
Other payables	**242,762,316**	196,334,304
	289,478,441	254,133,848

As explained in note 3, no aging analysis in respect of trade creditors is presented as no sufficient information is available.

21. AMOUNT DUE TO A FORMER DIRECTOR

The amount due to a former director of the Group is unsecured, interest-free and repayable on demand.

22. CONVERTIBLE NOTE

The convertible note was entitled to be redeemed in full in the previous year. Subsequent to the balance sheet date, the convertible note was settled by the Group in accordance with the Financial Restructuring. Details of this are set out in note 2.

23. OBLIGATIONS UNDER FINANCE LEASES

As explained in note 37, the Group received writs and demands from its finance lease creditors for immediate repayment of the outstanding finance lease obligations. Accordingly, all such obligations of the Group have been classified as current liabilities.

Pursuant to the Financial Restructuring, all writs and demands received by the Group were released and discharged by the finance lease creditors subsequent to the balance sheet date.

24. BANK BORROWINGS

	THE GROUP		**THE COMPANY**	
	2001	2000	**2001**	2000
	HK$	*HK$*	***HK$***	*HK$*
Bank borrowings comprise the following:				
Bank import loans	**323,904,908**	323,904,908	**—**	—
Bank term loans	**294,700,611**	307,144,311	**—**	—
Bank overdrafts	**114,614,593**	92,675,269	**—**	193,646
	733,220,112	723,724,488	**—**	193,646
Analysed as:				
Secured	**—**	—	**—**	—
Unsecured - Note	**733,220,112**	723,724,488	**—**	193,646
	733,220,112	723,724,488	**—**	193,646

Note: Pursuant to the Financial Restructuring, the above bank borrowings were settled and discharged subsequent to the balance sheet date.

At 31st March, 2000, the Group's assets were charged to secure the outstanding liabilities to the parties which have agreed to the Standstill. The Standstill was terminated on 1st September, 2000.

Details of these are set out in note 2.

25. SHARE CAPITAL

	2001 & 2000
	HK$
Authorised:	
2,000,000,000 shares of HK$0.10 each	200,000,000
Issued and fully paid:	
934,876,089 shares of HK$0.10 each	93,487,609

There was no movement in the share capital of the Company in both years.

26. SHARE OPTION SCHEME

Pursuant to the share option scheme (the "Scheme") which was adopted by the Company on 22nd April, 1994, the board of directors of the Company may grant to any director or employee of the Company or any of its subsidiaries options to subscribe for shares in the Company, in accordance with the terms of the Scheme. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company from time to time.

The details of share options granted by the Company pursuant to the Scheme are as follows:

Exercisable period	**Exercise price**	**Number of share options outstanding at 1.4.2000 and 31.3.2001**
	HK$	
25th October, 1994 to 24th October, 2004	0.64	25,500,000
19th December, 1994 to 18th December, 2004	0.53	3,000,000
		28,500,000

No options were exercised by the option holders during the year.

The share options outstanding at 31st March, 2001 were all lapsed on 15th May, 2001 following the resignation of the option holders on the same date according to the terms of the Scheme.

27. RESERVES

	Share premium account HK$	Capital redemption reserve HK$	Goodwill reserve HK$	Contributed surplus HK$	Translation reserve HK$	Merger reserve HK$	Deficit HK$	Total HK$
THE GROUP								
At 1st April, 1999	420,653,339	918,000	(41,850,897)	—	(6,194,884)	1,799,103	(1,049,810,331)	(674,485,670)
Realised on dilution of interest in an associate	—	—	38,786,171	—	—	—	—	38,786,171
Provision for impairment in value of goodwill	—	—	3,064,726	—	—	—	—	3,064,726
Net loss for the year	—	—	—	—	—	—	(247,501,852)	(247,501,852)
At 31st March, 2000 and 1st April, 2000	420,653,339	918,000	—	—	(6,194,884)	1,799,103	(1,297,312,183)	(880,136,625)
Realised on deconsolidation of a subsidiary	—	—	—	—	(1,297,586)	—	—	(1,297,586)
Net loss for the year	—	—	—	—	—	—	(333,944,008)	(333,944,008)
At 31st March, 2001	420,653,339	918,000	—	—	(7,492,470)	1,799,103	(1,631,256,191)	(1,215,378,219)
Attributable to:								
The Company and subsidiaries	420,653,339	918,000	—	—	(7,492,470)	1,799,103	(1,586,347,791)	(1,170,469,819)
Associates	—	—	—	—	—	—	(44,908,400)	(44,908,400)
At 31st March, 2001	420,653,339	918,000	—	—	(7,492,470)	1,799,103	(1,631,256,191)	(1,215,378,219)
The Company and subsidiaries	420,653,339	918,000	—	—	(6,194,884)	1,799,103	(1,252,403,783)	(835,228,225)
Associates	—	—	—	—	—	—	(44,908,400)	(44,908,400)
At 31st March, 2000	420,653,339	918,000	—	—	(6,194,884)	1,799,103	(1,297,312,183)	(880,136,625)
THE COMPANY								
At 31st March, 1999	420,653,339	918,000	—	50,382,281	—	—	(615,281,653)	(143,328,033)
Net loss for the year	—	—	—	—	—	—	(10,693,128)	(10,693,128)
At 31st March, 2000 and 1st April, 2000	420,653,339	918,000	—	50,382,281	—	—	(625,974,781)	(154,021,161)
Net loss for the year	—	—	—	—	—	—	(17,356,067)	(17,356,067)
At 31st March, 2001	420,653,339	918,000	—	50,382,281	—	—	(643,330,848)	(171,377,228)

27. RESERVES *(continued)*

The merger reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition under the reorganisation.

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of All Gold Investments Limited and its subsidiaries at the date on which the corporate reorganisation became effective and the nominal amount of the Company's shares issued under the reorganisation.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At the balance sheet date, the Company had no reserves available for distribution to shareholders.

28. DEFERRED TAXATION

At the balance sheet date, the net potential deferred tax asset in respect of timing differences which have not been recognised is analysed as follows:

	THE GROUP	
	2001	2000
	HK$	*HK$*
Tax effect of timing differences attributable to:		
Tax losses	**51,580,000**	41,035,000
Difference between depreciation allowances claimed for tax purposes and depreciation charged in the financial statements	**(19,000)**	(249,000)
Others	**—**	5,685,000
	51,561,000	46,471,000

28. DEFERRED TAXATION *(continued)*

The net potential deferred tax asset has not been recognised in the financial statements as it is not certain that the asset will be realised in the foreseeable future.

The net potential deferred tax (credit) charge arising during the year, which has not been recognised in the income statement, is as follows:

	THE GROUP	
	2001	2000
	HK$	*HK$*
Tax effect of timing differences attributable to:		
Tax loss arising	**(10,545,000)**	(6,612,000)
(Shortfall) excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	**(230,000)**	663,000
Others	**5,685,000**	1,593,000
	(5,090,000)	(4,356,000)

The Company had no significant unprovided deferred taxation for the year or at the balance sheet date.

29. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	2001	2000
	HK$	*HK$*
Loss before taxation	**(333,944,008)**	(248,170,060)
Interest expenses	**82,246,444**	92,830,249
Depreciation and amortisation	**10,576,373**	12,182,028
Loss on dilution of interest in an associate	**—**	49,648,666
Write-off of investments in securities	**1,550,930**	—
Provision for impairment in value of goodwill	**—**	3,064,726
(Gain) loss on disposal of property, plant and equipment	**(36,455)**	3,398,385
Inventories written off	**8,289,398**	—
Interest income	**(9,177)**	(67,459)
Provision for (write-back of) bad and doubtful debts	**20,227,522**	(1,756,083)
Write-back of provision for inventories	**(5,057,329)**	(12,574,697)
Share of results of associates	**—**	20,493,459
Gain on deconsolidation of a subsidiary	**(189,834,959)**	—
Provision for impairment in value of investments in securities	**4,153,764**	—
Property, plant and equipment written off	**17,415,847**	—
Provision for impairment in value of property, plant and equipment	**—**	20,470,543
Provision for amounts due from associates	**4,713,065**	6,430,805
Provision for (write-back of) impairment in value of subsidiaries not consolidated	**320,843,600**	(1,141,347)
Decrease in inventories	**15,209,476**	20,566,068
Decrease in trade and other receivables	**29,117,552**	22,576,953
Increase in trade and other payables	**27,393,597**	15,056,029
Increase in amounts due from associates	**(42,274)**	(6,553,771)
Net cash inflow (outflow) from operating activities	**12,813,366**	(3,545,506)

30. DECONSOLIDATION OF A SUBSIDIARY

	2001	2000
	HK$	*HK$*
Net assets excluded:		
Property, plant and equipment	186,190,205	—
Inventories	18,478,320	—
Trade and other receivables	8,597,588	—
Bank balances and cash	91,842	—
Trade and other payables	(50,039,676)	—
Amounts due to fellow subsidiaries	(319,400,473)	—
Amounts due to associates	(4,670,791)	—
Obligations under finance leases	(15,476,636)	—
Bank borrowings	(12,307,752)	—
	(188,537,373)	—
Translation reserve released upon deconsolidation	(1,297,586)	—
Gain on deconsolidation of a subsidiary	(189,834,959)	—
Net cash outflow arising on deconsolidation:		
Bank balances and cash disposed of	(91,842)	—

The subsidiary deconsolidated during the year contributed approximately HK$19,828,000 (2000: HK$34,647,000) of turnover and approximately HK$28,689,000 (2000: HK$45,586,000) of loss from operations.

The subsidiary deconsolidated during the year contributed approximately HK$4,501,000 of the Group's net operating cash inflow, paid approximately HK$17,027,000 in respect of returns on investments, utilised approximately HK$26,000 in investing activities and advanced approximately HK$12,244,000 from financing activities.

31. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank import loans and bank term loans	**Obligations under finance leases**	**Amount due to a former director**
	HK$	*HK$*	*HK$*
At 31st March, 1999	533,710,316	82,559,155	—
New loans received	—	—	3,400,000
Repayment made during the year	(21,893,305)	(1,000,000)	—
At 31st March, 2000 and 1st April, 2000	511,817,011	81,559,155	3,400,000
Effect on deconsolidation of a subsidiary	(12,307,752)	(15,476,636)	—
Repayment made during the year	(135,948)	—	—
At 31st March, 2001	499,373,311	66,082,519	3,400,000

32. MAJOR NON-CASH TRANSACTION

The Group's advance from a subsidiary deconsolidated of approximately HK$1,443,000 was reclassified as other payables.

33. ANALYSIS OF BANK IMPORT LOANS AS CASH AND CASH EQUIVALENTS

	2001	2000
	HK$	*HK$*
Maturity period from date of issue:		
— within three months	**119,232,208**	119,232,208
— over three months	**204,672,700**	204,672,700
	323,904,908	323,904,908

34. RETIREMENT BENEFITS SCHEME

The Group operates a number of Defined Contribution Scheme for all qualifying employees of certain of its subsidiaries in Hong Kong up to 30th November, 2000. Starting from 1st December, 2000, the Group is required to participate in the MPF Scheme implemented by the Government of Hong Kong.

The Defined Contribution Scheme contributions of HK$434,204 (2000: HK$414,720) were forfeited during the year. There was no significant available balance to offset future Defined Contribution Scheme contribution at the balance sheet date.

35. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had outstanding commitments under non-cancellable operating leases in respect of rented premises payable in the following year as follows:

	THE GROUP		**THE COMPANY**	
	2001	2000	**2001**	2000
	HK$	*HK$*	***HK$***	*HK$*
Operating leases which expire:				
Within one year	**430,830**	46,221	**196,000**	—
In the second to fifth year inclusive	**562,332**	2,580,304	**—**	—
Over five years	**—**	1,861,388	**—**	—
	993,162	4,487,913	**196,000**	—

36. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitments as follows:

	THE GROUP	
	2001	2000
	HK$	*HK$*
Contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment	**—**	462,290

The Company had no significant capital commitment at the balance sheet date.

37. LITIGATIONS

(a) During the year ended 31st March 1999, the Group received writs from certain bankers and financial institutions in Hong Kong and the PRC seeking repayment of debts in the aggregate amount of approximately HK$144,102,000. In addition, the Group received letters issued by certain bankers and financial institutions demanding repayment of aggregate borrowings of approximately HK$445,824,000. The Group further received claims from a creditor demanding repayment of the Group's outstanding liabilities of approximately HK$1,627,000.

(b) In April, 2000, the Group issued a writ against a debtor for outstanding receivable of HK$1,030,000 in respect of granite work performed by a subsidiary.

Subsequently, the debtor issued legal proceedings against the Group for a counterclaim of liquidated damages for the amount of HK$10,700,000 and for rectifying the defective granite work in the amount of approximately HK$1,500,000 (the "Claim"). The Group had sought legal advice regarding the Claim and was advised that the Group has a good prospect in defending the Claim.

(c) In February, 2001, a finance lease creditor of the Group filed a winding-up petition against the Group to claim the amount of approximately HK$2,800,000.

Pursuant to the Financial Restructuring, the litigations described in (a) to (c) above were all released and discharged accordingly subsequent to the balance sheet date.

38. CONTINGENT LIABILITIES

	THE GROUP		**THE COMPANY**	
	2001	2000	**2001**	2000
	HK$	*HK$*	***HK$***	*HK$*
Guarantees given to banks and financial institutions in respect of facilities utilised by:				
Subsidiaries	**—**	—	**799,303,000**	805,283,000
Subsidiary not consolidated	**15,477,000**	—	**15,477,000**	—
Investee company	**8,600,000**	5,155,000	**8,600,000**	5,155,000
	24,077,000	5,155,000	**823,380,000**	810,438,000

39. SEGMENTAL INFORMATION

The Group's turnover and operating results for the year ended 31st March, 2001, analysed by principal activity and geographical market, are as follows:

	Turnover		Operating results	
	2001	2000	**2001**	2000
	HK$	*HK$*	***HK$***	*HK$*
By principal activity:				
Distribution of ceramics production machinery	**—**	6,710,445	**(4,028,080)**	(5,476,306)
Distribution of ceramic tiles and granite and marble products	**66,030,471**	170,557,628	**(88,827,237)**	(50,896,653)
	66,030,471	177,268,073	**(92,855,317)**	(56,372,959)
By geographical market:				
Hong Kong	**45,018,590**	123,225,096	**(61,747,254)**	(38,504,484)
The PRC	**21,011,881**	54,042,977	**(31,108,063)**	(17,868,475)
	66,030,471	177,268,073	**(92,855,317)**	(56,372,959)

40. RELATED PARTY TRANSACTIONS

During the year, the Group has entered into the following transactions with its associates and the subsidiaries not consolidated:

	2001	2000
	HK$	*HK$*
Subsidiaries not consolidated		
Sales of ceramics production machinery spare parts	—	18,542
Purchases of ceramic products	**884,261**	6,890,244
Associates		
Sales of ceramic products	—	20,469
Sales of ceramics production machinery	—	926,773
Purchases of ceramic products	**93,092**	4,634,580
Commission income received	—	515,914
Rental income received	**299,066**	4,876,884

Details of balances with related parties at the balance sheet date are set out in the consolidated balance sheet and in notes 15, 16 and 21.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31st March, 2001 are as follows:

Name of the company	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company	Principal activities
			%	
All Gold Investments Limited	British Virgin Islands	Ordinary US$1	100	Investment holding

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of the company	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company %	Principal activities
Interform Building Materials (China) Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$2	100	Distribution of ceramic tiles
Interform Building Material Supplies Limited	Hong Kong	Ordinary HK$2	100	Distribution of ceramic tiles
Interform Corporate Finance Limited	British Virgin Islands	Ordinary US$1	100	Provision of financing services to companies in the Group
Interform Finance Limited	British Virgin Islands	Ordinary US$1	100	Provision of financing services to companies in the Group
Interform (Interior & Marble) Co., Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$2	100	Distribution and processing of granite and marble products
Interform International Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$1,400,000	100	Investment holding
Interform Joint Ventures Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$500,000	100	Investment holding

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of the company	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company	Principal activities
			%	
Interform Long-Term Finance Limited	British Virgin Islands	Ordinary US$1	100	Provision of financing services to companies in the Group
Interform Machinery Company Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$2	100	Design, supply and installation of ceramics production lines and machinery
Shiwan Fortune Limited	Hong Kong	Ordinary HK$1,000 Non-voting deferred HK$100,000	100	Distribution of spare parts and ceramics production machinery

Except for All Gold Investments Limited, all subsidiaries are held indirectly by the Company.

All Gold Investments Limited, Interform Building Material Supplies Limited, Interform Corporate Finance Limited, Interform Finance Limited, Interform Long-Term Finance Limited, Interform (Interior & Marble) Co., Limited and Interform International Limited operate in Hong Kong while all other subsidiaries operate in the PRC.

The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

The above list includes the subsidiaries of the Company which, in the opinion of the current directors, principally affected the results of the Group for the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the current directors, results in particulars of excessive length.