

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Its ultimate holding company is Applied International Holdings Limited ("AIHL"), a company incorporated in Bermuda with its shares listed on the Stock Exchange.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 44.

2. ADOPTION OF STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, Statement of Standard Accounting Practice ("SSAP") No. 14 (Revised) "Leases" issued by the Hong Kong Society of Accountants.

Adoption of this revised SSAP has had no significant effect on the results for the current or prior periods. Disclosures presented have been modified to meet the requirements of this SSAP.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th June each year.

The results of subsidiaries or associates 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, as appropriate.

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

Goodwill or negative goodwill

Goodwill or negative goodwill arising on consolidation, which represents the excess or shortfall of the purchase consideration over the Group's share of the fair value ascribed to the separable net assets at the date of acquisition of subsidiaries or associates, is written off or credited to reserves respectively. Goodwill will be charged to the income statement at the time it is determined as impaired.

On the disposal of a subsidiary or an associate, the attributable amount of goodwill or negative goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or 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 value of the subsidiary that is other than temporary.

Interests 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, interests 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 associates, 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 to outside customers and rental income from properties under operating leases during the year.

Revenue recognition

Sales of goods are recognised when the goods are delivered and title has passed.

Sales of investments in securities are recognised on a trade date basis.

Rental income from properties under operating leases is recognised on a straight line basis over the period of the relevant leases.

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

Dividend income from investments is recognised when the Group's right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms of more than 20 years.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On the disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

Properties under construction

Properties under construction are stated at cost less any identified impairment loss. Cost includes all construction costs and other direct costs, including borrowing costs capitalised, attributable to the properties under construction.

No depreciation is provided on properties under construction until the construction is complete and the properties are put to their intended use.

Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment, other than investment properties and properties under construction, are stated at cost less depreciation or amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have 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 on the disposal or retirement of an asset is determined as the difference between the sales 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.

The cost of leasehold land is amortised over the period of the relevant leases using the straight line method.

The cost of buildings, other than those included in investment properties, is depreciated using the straight line method over their estimated useful lives of fifty years or, where shorter, the period of the relevant leases.

Depreciation is provided to write off the cost of property, plant and equipment, other than investment properties and properties under construction, over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold improvements	20% or over the period of the relevant lease
Plant and machinery	10% – 25%
Tools, equipment and moulds	10% – 50%
Furniture and fixtures	10% – 25%
Motor vehicles	10% – 33 1/3%

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

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in the net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in the net profit or loss for the period.

Other investments

Other investments are antiques held for long-term purposes and are stated at cost less any identified impairment loss.

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.

Leased assets

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 values 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 original outstanding principal at the inception of the leases, are charged to the income statement over the period of the relevant lease 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 rental expenses and income are charged and credited respectively to the income statement on a straight line basis over the period of the relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation

The charge for taxation is based on the results for the year after adjusting 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.

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. Gains and losses arising on exchange are dealt with in the income statement.

In preparing consolidated financial statements, the financial statements of subsidiaries and associates which are denominated in currencies other than 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 the currency translation reserve.

Retirement benefits scheme

Contributions payable in respect of the current year by the Group to its defined contribution retirement benefits scheme and mandatory provident fund scheme are charged to the income statement.

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 of the date of the advances.

4. SEGMENT INFORMATION

An analysis of the Group's turnover and loss from operations by business segment and geographical segment are as follows:

	Turnover		(Loss) profit from operations	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
Business segments:				
Manufacture and distribution of electronic products	127,213,574	146,982,987	(1,792,499)	(3,822,536)
Rental income from properties under operating leases	8,813,009	3,905,744	6,010,981	1,484,806
	<u>136,026,583</u>	<u>150,888,731</u>	<u>4,218,482</u>	<u>(2,337,730)</u>
<i>Less:</i> Net central administrative expenses			<u>(30,966,417)</u>	<u>(16,877,533)</u>
Loss from operations			<u>(26,747,935)</u>	<u>(19,215,263)</u>
Geographical segments:				
Hong Kong	76,672,566	91,114,884	3,789,699	(162,663)
Europe	34,048,003	15,716,142	(479,752)	(408,724)
United States of America	10,290,944	8,232,304	(145,004)	(214,095)
The People's Republic of China (the "PRC")	6,654,382	6,599,562	1,171,346	(792,181)
Other Asian countries	8,124,524	28,962,184	(114,478)	(753,210)
Others	236,164	263,655	(3,329)	(6,857)
	<u>136,026,583</u>	<u>150,888,731</u>	<u>4,218,482</u>	<u>(2,337,730)</u>
<i>Less:</i> Net central administrative expenses			<u>(30,966,417)</u>	<u>(16,877,533)</u>
Loss from operations			<u>(26,747,935)</u>	<u>(19,215,263)</u>

Note: For the year ended 30th June, 2000, turnover has been restated to include rental income from properties under operating leases in order to conform with the revised definition of the Group's turnover as set out in note 3. The respective rental income of HK\$3,905,744 has been reclassified from other revenue to turnover to conform with the current year's presentation.

Notes to the Financial Statements



For the year ended 30th June, 2001

5. COST OF SALES

Included in cost of sales is an amount of HK\$2,801,106 (2000: HK\$6,000,000) in respect of provision for inventories arising from obsolescence.

6. LOSS FROM OPERATIONS

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Loss from operations has been arrived at after charging:		
Staff costs, including directors' remuneration		
– Basic salaries and allowances	35,438,236	30,986,029
– Retirement benefits scheme contributions, net of forfeited contributions of HK\$75,430 (2000: HK\$35,337)	<u>317,044</u>	<u>262,792</u>
Total staff costs	<u>35,755,280</u>	<u>31,248,821</u>
Auditors' remuneration		
– Current year	752,500	891,213
– Overprovision in prior year	(45,500)	(10,000)
Depreciation on		
– Assets owned by the Group	5,820,744	5,845,199
– Assets held under finance leases	282,519	1,072,457
Operating lease rental payments in respect of		
– Premises	3,225,913	3,633,669
– Plant and machinery	403,536	423,275
and after crediting:		
Dividend income from listed securities	1,551	55
Rental income in respect of premises under operating leases, net of outgoings of HK\$144,058 (2000: nil)	8,668,951	3,905,744
Gain on disposal of property, plant and equipment	143,000	92,632
Gain on disposal of a subsidiary	<u>–</u>	<u>8</u>



Notes to the Financial Statements

For the year ended 30th June, 2001

7. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Fees:		
Executive	–	–
Independent non-executive	<u>150,000</u>	<u>50,000</u>
	150,000	50,000
Other emoluments of executive directors:		
Salaries and other benefits	<u>17,872,918</u>	<u>7,979,851</u>
Retirement benefits scheme contributions	<u>7,000</u>	<u>–</u>
	<u><u>18,029,918</u></u>	<u><u>8,029,851</u></u>

The remuneration of the directors is within the following bands:

	<u>2001</u>	<u>2000</u>
	Number of directors	Number of directors
Nil to HK\$1,000,000	3	4
HK\$4,000,001 to HK\$4,500,000	1	–
HK\$7,500,001 to HK\$8,000,000	–	1
HK\$12,500,001 to HK\$13,000,000	<u>1</u>	<u>–</u>
	<u><u>5</u></u>	<u><u>5</u></u>

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For the year ended 30th June, 2001

7. DIRECTORS' AND EMPLOYEES' REMUNERATION (cont'd)

(b) Employees' emoluments

The five highest paid individuals for the year included two directors (2000: one director) whose emoluments are set out in (a) above. The emoluments of the remaining three (2000: four) individuals are as follows:

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Salaries and other benefits	3,464,556	3,678,473
Retirement benefits scheme contribution	138,803	137,700
	<u>3,603,359</u>	<u>3,816,173</u>

Their remuneration is within the following bands:

	<u>2001</u>	<u>2000</u>
	Number of employees	Number of employees
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	1
	<u>3</u>	<u>4</u>

During the years ended 30th June, 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 as compensation for loss of office. In addition, during the years ended 30th June, 2001 and 2000, no directors waived any emoluments.

8. FINANCE COSTS

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Interest on		
– Borrowings wholly repayable within five years	3,726,524	1,384,261
– Borrowings not wholly repayable within five years	386,496	370,754
– Loan from ultimate holding company	–	2,452,355
– Obligations under finance leases	32,212	74,917
	<u>4,145,232</u>	<u>4,282,287</u>



Notes to the Financial Statements

For the year ended 30th June, 2001

9. TAXATION (CREDIT) CHARGE

	<u>2001</u>	<u>2000</u>
	<u>HK\$</u>	<u>HK\$</u>
The (credit) charge comprises:		
Hong Kong Profits Tax		
Current year	–	194,712
Overprovision in prior year	<u>(68,060)</u>	<u>–</u>
	<u><u>(68,060)</u></u>	<u><u>194,712</u></u>

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries had no assessable profit for the year.

Hong Kong Profits Tax was calculated at 16% of the estimated assessable profit for the year ended 30th June, 2000.

Details of unrecognised deferred taxation are set out in note 30.

10. LOSS FOR THE YEAR

Of the Group's loss for the year, a loss of HK\$50,829,141 (2000: HK\$40,624,165) has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to shareholders of HK\$28,538,457 (2000: HK\$24,783,781) and on the 2,298,523,641 (2000: weighted average of 1,859,671,936) shares in issue during the year.

The weighted average number of shares for the purposes of basic loss per share for the year ended 30th June, 2000 has been adjusted for the effect of the rights issue and bonus issue as described in note 25.

No diluted loss per share has been presented for either year as the exercise price of the share options and warrants was higher than the market price of the Company's shares during both years.

Notes to the Financial Statements



For the year ended 30th June, 2001

12. INVESTMENT PROPERTIES

	THE GROUP	THE COMPANY
	<u>HK\$</u>	<u>HK\$</u>
VALUATION		
At 1st July, 2000	128,800,000	80,800,000
Acquisition of a subsidiary	77,800,000	–
Transfer from leasehold properties at carrying value (note 13)	5,834,014	–
Deficit on revaluation	(7,534,014)	–
	<u>204,900,000</u>	<u>80,800,000</u>
At 30th June, 2001	<u>204,900,000</u>	<u>80,800,000</u>

The investment properties of the Group and of the Company were revalued at 30th June, 2001 by RHL Appraisal Ltd., an independent firm of professional valuers, on an open market value basis. The deficit arising on revaluation has been charged to the investment property revaluation reserve as set out in note 28.

The value of investment properties held by the Group comprises the following:

	2001	2000
	<u>HK\$</u>	<u>HK\$</u>
Under long leases in Hong Kong	158,600,000	80,800,000
Under medium-term leases in the PRC	46,300,000	48,000,000
	<u>204,900,000</u>	<u>128,800,000</u>

The investment properties held by the Company are under long leases in Hong Kong.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Leasehold improve- ments	Properties under construction	Plant and machinery	Tools, equipment and moulds	Furniture and fixtures	Motor vehicles	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
THE GROUP								
COST								
At 1st July, 2000	58,126,593	-	6,334,040	24,536,307	37,326,552	19,233,350	6,682,695	152,239,537
Additions	-	2,558,838	-	68,668	210,847	154,790	-	2,993,143
Transfer to investment properties (note 12)	(5,996,417)	-	-	-	-	-	-	(5,996,417)
Disposals	(4,894,078)	-	-	-	(61,950)	(339,577)	-	(5,295,605)
At 30th June, 2001	47,236,098	2,558,838	6,334,040	24,604,975	37,475,449	19,048,563	6,682,695	143,940,658
DEPRECIATION AND IMPAIRMENT								
At 1st July, 2000	1,402,293	-	-	18,959,908	34,348,109	11,108,664	4,249,162	70,068,136
Provided for the year	667,477	22,573	-	1,744,573	842,185	2,040,680	785,775	6,103,263
Transfer to investment properties (note 12)	(162,403)	-	-	-	-	-	-	(162,403)
Eliminated on disposals	-	-	-	-	(175)	(6,646)	-	(6,821)
Impairment loss	-	-	6,334,040	-	-	-	-	6,334,040
At 30th June, 2001	1,907,367	22,573	6,334,040	20,704,481	35,190,119	13,142,698	5,034,937	82,336,215
NET BOOK VALUES								
At 30th June, 2001	45,328,731	2,536,265	-	3,900,494	2,285,330	5,905,865	1,647,758	61,604,443
At 30th June, 2000	56,724,300	-	6,334,040	5,576,399	2,978,443	8,124,686	2,433,533	82,171,401
THE COMPANY								
COST								
At 1st July, 2000	31,650,300	-	-	-	-	4,665,301	-	36,315,601
Additions	-	1,311,803	-	-	-	11,070	-	1,322,873
At 30th June, 2001	31,650,300	1,311,803	-	-	-	4,676,371	-	37,638,474
DEPRECIATION AND AMORTISATION								
At 1st July, 2000	873,860	-	-	-	-	505,513	-	1,379,373
Provided for the year	633,006	13,588	-	-	-	935,090	-	1,581,684
At 30th June, 2001	1,506,866	13,588	-	-	-	1,440,603	-	2,961,057
NET BOOK VALUES								
At 30th June, 2001	30,143,434	1,298,215	-	-	-	3,235,768	-	34,677,417
At 30th June, 2000	30,776,440	-	-	-	-	4,159,788	-	34,936,228

Notes to the Financial Statements



For the year ended 30th June, 2001

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The net book value of leasehold properties held by the Group comprises the following:

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Under long leases in Hong Kong	30,143,434	30,776,441
Freehold in the United States of America	10,450,674	15,127,582
Under medium-term leases in the PRC	<u>4,734,623</u>	<u>10,820,277</u>
	<u>45,328,731</u>	<u>56,724,300</u>

The leasehold properties held by the Company are under long leases in Hong Kong.

The properties under construction were held under medium-term leases in the PRC. No interest was capitalised under the properties under construction.

The net book value of plant and machinery and motor vehicles of the Group includes an aggregate amount of HK\$188,658 (2000: HK\$3,023,241) in respect of assets held under finance leases.

14. INTERESTS IN SUBSIDIARIES

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost	77,177,133	25,877,127
Amounts due from subsidiaries	<u>430,529,957</u>	<u>423,310,342</u>
	507,707,090	449,187,469
Less: Provision for impairment in value	<u>(447,526,592)</u>	<u>(399,646,592)</u>
	<u>60,180,498</u>	<u>49,540,877</u>

The carrying value of the unlisted shares is based on the directors' estimate of the values of the underlying separable net assets of the subsidiaries when the Company became the holding company of the Group.

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

Particulars of the Company's principal subsidiaries at 30th June, 2001 are set out in note 44.



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For the year ended 30th June, 2001

15. INTERESTS IN ASSOCIATES

	<u>THE GROUP</u> <u>2001 & 2000</u> <i>HK\$</i>
Share of net assets	<u><u>-</u></u>

Particulars of the Group's associates at 30th June, 2001 are as follows:

<u>Name of associate</u>	<u>Place of incorporation</u>	<u>Proportion of issued share capital held by the Group</u> %	<u>Principal activity</u>
RJP (China) Investment Limited	Hong Kong	35	Investment holding
RJP (China) Travel Agency Limited	Hong Kong	35	Inactive
Total Gain Holdings Limited	Hong Kong	35	Inactive

16. OTHER SECURITIES

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>2001</u> <i>HK\$</i>	2000 <i>HK\$</i>	<u>2001</u> <i>HK\$</i>	2000 <i>HK\$</i>
Hong Kong listed securities (note)	8,441,449	12,219,197	8,360,917	12,062,918
Unlisted securities	-	20,995,740	-	19,465,740
At fair value	<u>8,441,449</u>	<u>33,214,937</u>	<u>8,360,917</u>	<u>31,528,658</u>
Market value of listed securities at 30th June	<u>8,441,449</u>	<u>12,219,197</u>	<u>8,360,917</u>	<u>12,062,918</u>

Note: Included in Hong Kong listed securities is an amount of HK\$8,360,917 (2000: HK\$12,062,918), representing a 5.14% (2000: 5.14%) interest in AIHL which was acquired prior to the Company became the subsidiary of AIHL in 1999.

In the opinion of the directors, the fair value of unlisted securities held at 30th June, 2000 approximated their carrying value at the balance sheet date.

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17. OTHER INVESTMENTS

Other investments represent antiques held for long-term purpose. In the opinion of the directors, such investments are worth at least their carrying value at the balance sheet date.

18. INVENTORIES

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Raw materials	7,451,086	16,249,887
Work in progress	1,286,409	2,262,223
Finished goods	822,309	1,978,399
	<u>9,559,804</u>	<u>20,490,509</u>

All of the inventories were stated at cost.

19. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 60 days to its trade customers other than major customers with whom specific terms will be agreed.

Include in trade and other receivables are trade debtors of HK\$21,641,204 (2000: HK\$33,523,999) and their aged analysis is as follows:

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Within 90 days	16,822,755	33,072,574
More than 90 days and within 180 days	4,242,864	273,078
More than 180 days	575,585	178,347
	<u>21,641,204</u>	<u>33,523,999</u>

20. SHORT-TERM LOANS RECEIVABLE

The short-term loans receivable are unsecured and carry interest at commercial rates.

21. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts are unsecured, interest free and have no fixed terms of repayment.

22. TRADE AND OTHER PAYABLES

Include in trade and other payables are trade payables of HK\$14,444,111 (2000: HK\$26,968,357) and their aged analysis is as follows:

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Within 90 days	11,599,310	20,131,418
More than 90 days and within 180 days	1,544,790	5,524,161
More than 180 days	1,300,011	1,312,778
	<u>14,444,111</u>	<u>26,968,357</u>

23. OBLIGATIONS UNDER FINANCE LEASES

	<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<u>THE GROUP</u>				
The maturity of obligations under finance leases is as follows:				
Within one year	114,237	309,118	105,080	272,856
More than one year, but not exceeding two years	32,268	114,237	19,656	105,080
More than two years, but not exceeding five years	–	32,268	–	23,706
	<u>146,505</u>	<u>455,623</u>	<u>124,736</u>	<u>401,642</u>
Less: Future finance charges	<u>(21,769)</u>	<u>(53,981)</u>	<u>–</u>	<u>–</u>
Present value of lease obligations	<u>124,736</u>	<u>401,642</u>	<u>124,736</u>	<u>401,642</u>
Less: Amount due within one year shown under current liabilities			<u>(105,080)</u>	<u>(272,856)</u>
Amount due after one year			<u>19,656</u>	<u>128,786</u>

It is the Group's policy to lease certain of its plant and machinery and motor vehicles under finance leases. The average lease term is 2-4 years. For the year ended 30th June, 2001, the average effective borrowing rate was 12% (2000: 12%) per annum. Interest rates were fixed at the contract date. All leases are on a fixed repayment basis and no arrangements has been entered into for contingent rental payments. All lease obligations are denominated in Hong Kong dollars.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

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For the year ended 30th June, 2001

24. BANK BORROWINGS

	THE GROUP	
	2001	2000
	<i>HK\$</i>	<i>HK\$</i>
Secured bank borrowings comprise:		
Import loans	11,148,378	15,954,587
Mortgage loans	32,729,753	4,495,152
Bank overdrafts	5,932,343	2,894,230
	<u>49,810,474</u>	<u>23,343,969</u>
The borrowings are repayable as follows:		
Within one year or on demand	37,951,695	19,433,012
More than one year, but not exceeding two years	3,068,272	637,469
More than two years, but not exceeding five years	8,703,822	2,282,881
More than five years	86,685	990,607
	<u>49,810,474</u>	<u>23,343,969</u>
<i>Less:</i> Amounts due within one year or on demand shown under current liabilities	<u>(37,951,695)</u>	<u>(19,433,012)</u>
Amount due after one year	<u>11,858,779</u>	<u>3,910,957</u>

25. SHARE CAPITAL

	Number of ordinary shares	Amount
		<i>HK\$</i>
Ordinary shares of HK\$0.25 each		
<i>Authorised:</i>		
At 1st July, 1999	1,600,000,000	400,000,000
Increase in authorised share capital	1,600,000,000	400,000,000
At 30th June, 2000 and 30th June, 2001	<u>3,200,000,000</u>	<u>800,000,000</u>
<i>Issued and fully paid:</i>		
At 1st July, 1999	919,409,457	229,852,365
Rights issue of shares	459,704,728	114,926,182
Bonus issue of shares	919,409,456	229,852,364
At 30th June, 2000 and 30th June, 2001	<u>2,298,523,641</u>	<u>574,630,911</u>

25. SHARE CAPITAL (cont'd)

Pursuant to an ordinary resolution passed at an extraordinary general meeting held on 26th January, 2000:

- the authorised share capital of the Company was increased from HK\$400,000,000 to HK\$800,000,000 by the creation of 1,600,000,000 new shares of HK\$0.25 each in the Company.
- the Company issued 459,704,728 new shares of HK\$0.25 each in the Company at par to the then existing shareholders by way of rights issue in the proportion of one rights share ("Rights Share") for every two existing shares then held.
- the Company issued 919,409,456 new shares of HK\$0.25 each in the Company to the then existing shareholders by way of bonus issue on the basis of two bonus shares for every one fully paid Rights Share subscribed for. The net proceeds of the rights issue of approximately HK\$111,000,000 were used to reduce the bank borrowings of the Group, to finance the Group's internet project and to provide additional working capital for the Group.

All shares issued by the Company during the year ended 30th June, 2000 rank pari passu with the then existing shares in all respects.

There was no movement in the share capital of the Company during the year.

26. WARRANTS

At 30th June, 2001, the Company had outstanding 459,704,728 warrants ("2004 Warrants") to be exercised at any time on or before 30th April, 2004. No 2004 Warrants were exercised during the year. Exercise in full of such warrants would result in the issue of 459,704,728 additional ordinary shares of HK\$0.25 each.

27. SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company (the "Scheme"), the board of directors of the Company may grant options to eligible employees, including directors, to subscribe for shares in the Company in accordance with the terms of the Scheme, subject to a maximum of 10% of the issued share capital of the Company from time to time. The subscription price (subject to adjustment as provided therein) is the higher of the nominal value of the Company's shares and an amount which is not less than 80% of the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date the option is granted. Options granted under the Scheme are exercisable within a period of three years from the date of grant.

Details of the movements during the year of share options to subscribe for shares granted by the Company to the directors and employees of the Company and its subsidiaries are as follows:

<u>Date of grant</u>	<u>Exercise price</u>	<u>Number of shares options</u>		
		<u>Outstanding at 1.7.2000</u>	<u>Lapsed during the year</u>	<u>Outstanding at 30.6.2001</u>
	HK\$		(Note)	
3rd July, 1997	0.25	<u>19,070,400</u>	<u>19,070,400</u>	<u>—</u>

Note: The share options were lapsed on 2nd July, 2000.

Notes to the Financial Statements



For the year ended 30th June, 2001

28. RESERVES

	Share premium account	Investment revaluation reserve	Investment property revaluation reserve	Currency translation reserve	Goodwill reserve	Deficit	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
The Group							
At 1st July, 1999	269,404,300	12,471,680	1,516,502	(4,501,930)	(3,937,735)	(268,326,703)	6,626,114
Exchange differences arising on translation of financial statements of overseas subsidiaries	-	-	-	(112,458)	-	-	(112,458)
Issue of bonus shares	(229,852,364)	-	-	-	-	-	(229,852,364)
Shares issue expenses	(3,939,971)	-	-	-	-	-	(3,939,971)
Deficit on revaluation of other securities	-	(6,694,510)	-	-	-	-	(6,694,510)
Surplus on revaluation of investment properties	-	-	45,341,788	-	-	-	45,341,788
Goodwill arising on acquisition of subsidiaries	-	-	-	-	(152,898)	-	(152,898)
Loss for the year	-	-	-	-	-	(24,783,781)	(24,783,781)
At 30th June, 2000	35,611,965	5,777,170	46,858,290	(4,614,388)	(4,090,633)	(293,110,484)	(213,568,080)
Exchange differences arising on translation of financial statements of overseas subsidiaries	-	-	-	(53,013)	-	-	(53,013)
Deficit on revaluation of other securities	-	(3,777,748)	-	-	-	-	(3,777,748)
Impairment loss released to income	-	970,000	-	-	-	-	970,000
Realised on disposal of other securities	-	(7,956,990)	-	-	-	-	(7,956,990)
Deficit on revaluation of investment properties	-	-	(7,534,014)	-	-	-	(7,534,014)
Goodwill arising on acquisition of a subsidiary	-	-	-	-	(15,365)	-	(15,365)
Impairment loss on goodwill	-	-	-	-	1,913,993	-	1,913,993
Loss for the year	-	-	-	-	-	(28,538,457)	(28,538,457)
At 30th June, 2001	<u>35,611,965</u>	<u>(4,987,568)</u>	<u>39,324,276</u>	<u>(4,667,401)</u>	<u>(2,192,005)</u>	<u>(321,648,941)</u>	<u>(258,559,674)</u>

The deficit of the Group included a deficit of HK\$700,000 (2000: HK\$700,000) attributable to associates of the Group.

28. RESERVES (cont'd)

	Share premium account	Investment revaluation reserve	Investment property revaluation reserve	Deficit	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
THE COMPANY					
At 1st July, 1999	269,404,300	12,471,680	1,516,502	(291,623,070)	(8,230,588)
Issue of bonus shares	(229,852,364)	-	-	-	(229,852,364)
Shares issue expenses	(3,939,971)	-	-	-	(3,939,971)
Deficit on revaluation of other securities	-	(4,997,417)	-	-	(4,997,417)
Surplus on revaluation of investment properties	-	-	13,948,833	-	13,948,833
Loss for the year	-	-	-	(40,624,165)	(40,624,165)
At 30th June, 2000	35,611,965	7,474,263	15,465,335	(332,247,235)	(273,695,672)
Deficit on revaluation of other securities	-	(3,702,001)	-	-	(3,702,001)
Realised on disposal of other securities	-	(7,956,990)	-	-	(7,956,990)
Loss for the year	-	-	-	(50,829,141)	(50,829,141)
At 30th June, 2001	<u>35,611,965</u>	<u>(4,184,728)</u>	<u>15,465,335</u>	<u>(383,076,376)</u>	<u>(336,183,804)</u>

The Company had no distributable reserves at the balance sheet date.

29. AMOUNT DUE TO A MINORITY SHAREHOLDER

The amount due to the minority shareholder of a subsidiary is unsecured and non-interest bearing. The minority shareholder has expressed his intention not to request repayment within twelve months of the balance sheet date and the amount is therefore shown as non-current.

Notes to the Financial Statements



For the year ended 30th June, 2001

30. DEFERRED TAXATION

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

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
Tax effect of timing differences attributable to:				
Tax losses	54,687,000	49,297,000	3,933,000	2,635,000
Excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	(983,000)	(1,361,000)	(210,000)	(581,000)
	<u>53,704,000</u>	<u>47,936,000</u>	<u>3,723,000</u>	<u>2,054,000</u>

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

Deferred taxation has not been provided on the revaluation surplus arising on the valuation of investment properties and other securities as the revaluation does not constitute a timing difference for tax purposes.

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

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
Tax effect of timing differences attributable to:				
Tax loss arising on acquisition of a subsidiary	1,986,000	–	–	–
Other tax loss arising	3,404,000	2,331,000	1,298,000	1,043,000
Shortfall (excess) of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	378,000	(500,000)	371,000	(531,000)
	<u>5,768,000</u>	<u>1,831,000</u>	<u>1,669,000</u>	<u>512,000</u>



Notes to the Financial Statements

For the year ended 30th June, 2001

31. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Loss before taxation	(30,893,167)	(23,497,550)
Bank and other interest expenses	4,113,020	4,207,370
Interest on obligations under finance leases	32,212	74,917
Interest income	(3,399,874)	(5,147,639)
Dividend income	(1,551)	(55)
Depreciation of property, plant and equipment	6,103,263	6,917,656
Gain on disposal of other securities	(8,887,058)	(9,290,042)
Gain on disposal of property, plant and equipment	(143,000)	(92,632)
Gain on disposal of a subsidiary	–	(8)
Impairment loss on properties under construction	6,334,040	–
Impairment loss on other securities	2,500,000	3,084,790
Impairment loss on goodwill	1,913,993	–
Loss on disposal of trading securities	–	1,678,595
Loss on disposal of other investments	–	19,000
Provision for inventories	2,801,106	6,000,000
Provision for short-term loans receivable	–	5,000,000
Write back of bad and doubtful debts	–	(589,733)
Decrease (increase) in inventories	8,129,599	(1,826,601)
Decrease (increase) in trade and other receivables	12,022,732	(12,749,159)
Decrease in amounts due from fellow subsidiaries	362,427	238,539
(Decrease) increase in trade and other payables	(12,495,005)	2,356,854
(Decrease) increase in amounts due to fellow subsidiaries	(7,815,430)	1,023,849
	<u>(19,322,693)</u>	<u>(22,591,849)</u>
Net cash outflow from operating activities	<u>(19,322,693)</u>	<u>(22,591,849)</u>

Notes to the Financial Statements



For the year ended 30th June, 2001

32. ACQUISITION OF SUBSIDIARIES

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Net assets acquired:		
Investment property	77,800,000	–
Property, plant and equipment	–	93,818
Trade and other receivables	–	1,656,875
Bank balances and cash	–	18,013
Trade and other payables	(832,692)	(86,424)
Amount due to ultimate holding company	–	(1,017,732)
Mortgage loan	(25,682,673)	–
Minority interests	–	(271,993)
	<u>51,284,635</u>	<u>392,557</u>
Goodwill arising on acquisition of subsidiaries	15,365	152,898
	<u><u>51,300,000</u></u>	<u><u>545,455</u></u>
Satisfied by:		
Cash consideration	<u><u>51,300,000</u></u>	<u><u>545,455</u></u>
Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:		
	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Cash paid	(51,300,000)	(545,455)
Bank balances and cash acquired	–	18,013
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u><u>(51,300,000)</u></u>	<u><u>(527,442)</u></u>

The subsidiaries acquired during the year did not make a significant contribution to the net cash flows or the results of the Group.

33. DISPOSAL OF A SUBSIDIARY

	<u>2001</u>	<u>2000</u>
	<u>HK\$</u>	<u>HK\$</u>
Gain on disposal of a subsidiary	<u>–</u>	<u>8</u>
Satisfied by:		
Cash	<u>–</u>	<u>8</u>

Analysis of the inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	<u>2001</u>	<u>2000</u>
	<u>HK\$</u>	<u>HK\$</u>
Cash consideration received and inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>–</u>	<u>8</u>

The subsidiary disposed of during the year ended 30th June, 2000 did not make a significant contribution to the net cash flows or the results of the Group.

34. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium account	Mortgage loans	Other borrowings	Amount due to ultimate holding company	Short-term loan from ultimate holding company	Obligations under finance leases	Amount due to a minority shareholder
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Balance at 1st July, 1999	499,256,665	–	2,971,209	–	39,531,000	1,000,653	1,890,000
Rights issue of shares	114,926,182	–	–	–	–	–	–
Share issue expenses	(3,939,971)	–	–	–	–	–	–
New loan raised	–	4,992,000	–	–	–	–	–
Inception of a finance lease	–	–	–	–	–	517,886	–
Repayments during the year	–	(496,848)	(12,469)	–	(39,531,000)	(1,116,897)	–
Balance at 30th June, 2000	610,242,876	4,495,152	2,958,740	–	–	401,642	1,890,000
Acquisition of a subsidiary	–	25,682,673	–	–	–	–	–
New loan raised	–	30,000,000	–	–	–	–	–
Advances	–	–	–	510,621	–	–	–
Repayments during the year	–	(27,448,072)	(433,490)	–	–	(276,906)	(817,230)
Balance at 30th June, 2001	<u>610,242,876</u>	<u>32,729,753</u>	<u>2,525,250</u>	<u>510,621</u>	<u>–</u>	<u>124,736</u>	<u>1,072,770</u>

Notes to the Financial Statements



For the year ended 30th June, 2001

35. MAJOR NON-CASH TRANSACTION

During the year ended 30th June, 2000, the Group entered into a finance lease arrangement in respect of the acquisition of property, plant and equipment with a total capital value at the inception of the lease of HK\$517,886.

36. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Bank balances and cash	12,966,273	11,280,796
Time deposits	11,455	85,304,534
Import loans repayable within three months	(11,148,378)	(15,954,587)
Bank overdrafts	(5,932,343)	(2,894,230)
	<u>(4,102,993)</u>	<u>77,736,513</u>

37. PLEDGE OF ASSETS

At 30th June, 2001, the Group pledged its time deposits, an investment property and leasehold property amounting to approximately HK\$5,132,000 (2000: HK\$4,854,000), HK\$77,800,000 (2000: nil) and HK\$10,451,000 (2000: HK\$10,451,000), respectively, to secure general banking facilities granted to the Group.

38. CAPITAL COMMITMENTS

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	<u>-</u>	<u>697,000</u>
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	<u>59,000,000</u>	<u>-</u>

The Company had no capital commitments at the balance sheet date.

39. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>
Within one year	2,905,000	2,298,800
In the second to fifth year inclusive	<u>900,000</u>	<u>1,105,000</u>
	<u><u>3,805,000</u></u>	<u><u>3,403,800</u></u>

The Company had no operating lease commitments at the balance sheet date.

Operating lease payments represent rentals payable by the Group for certain of its office and warehouse properties. The average lease term is 1-2 years. Rentals are fixed and no arrangements has been entered into for contingent rental payments.

40. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group and the Company had minimum lease receipts, which represent rentals receivable by the Group and the Company for their investment properties, under non-cancellable operating leases which fall due as follows:

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Within one year	5,240,647	8,497,771	2,316,944	4,002,356
In the second to fifth year inclusive	<u>4,943,313</u>	<u>8,470,548</u>	<u>49,000</u>	<u>1,875,608</u>
	<u><u>10,183,960</u></u>	<u><u>16,968,319</u></u>	<u><u>2,365,944</u></u>	<u><u>5,877,964</u></u>

All of the investment properties held have committed tenants for the next year.

41. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement scheme (the "Defined Contribution Scheme") for certain qualifying employees. The assets of the Defined Contribution Scheme are held separately from those of the Group in funds under the control of trustees.

The retirement benefits cost of the Defined Contribution Scheme charged to the income statement represents contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contribution, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there was no significant forfeited contributions which arose upon employees leaving the Defined Contribution Scheme and which was available to reduce the contributions payable in future years.

With effective from 1st December, 2000, the Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all other qualifying employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contributions payable in future years.

The retirement benefits cost of the MPF Scheme charged to the income statement represents contributions payable to the fund by the Group at rates specified in the rules of the scheme.

42. CONTINGENT LIABILITIES

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	<u>HK\$</u>	<u>HK\$</u>
(a) Bills discounted with recourse	<u>413,000</u>	<u>1,182,000</u>
(b) As at 30th June, 2001, the Company has given guarantees to a bank in respect of banking facilities granted to a subsidiary. The extent of such facilities utilized by the subsidiary at 30th June, 2001 amounted to approximately HK\$28,811,000.		

43. RELATED PARTY DISCLOSURES

On 1st September, 2000, the Company entered into an agreement with Applied Electronics Limited ("AEL") to acquire the entire issue share capital of Applied Technology Limited, a wholly-owned subsidiary of AEL, for a cash consideration of HK\$51,300,000. AEL is a wholly-owned subsidiary of AIHL. The acquisition was completed on 24th October, 2000. Details of the acquisition were set out in the press announcement dated 3rd September, 2000.

Details of balances with related parties at the balance sheet dates are set out in note 21.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30th June, 2001 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid share capital	Proportion of equity interest held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Applied Technology Limited	Hong Kong	HK\$5,000,000	100	-	Property investment
Beachside Investment Limited	British Virgin Islands	US\$1	100	-	Property investment
RJP Finance Limited	Hong Kong	HK\$200,000	100	-	Provision of financial services and property investment
RJP International Limited	Hong Kong	HK\$500,000	100	-	Provision of management services
Starwin Investments Limited	Hong Kong	HK\$10,000	100	-	Property investment
Sharp Win Industrial Limited	Hong Kong	HK\$2,500,000	-	40.8	Manufacture and trading of electronic products
Tronicwatch Limited	Hong Kong	HK\$10,000	100	-	Property investment

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

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

45. POST BALANCE SHEET EVENTS

- (a) Subsequent to the balance sheet date, a subsidiary of the Company (the "Subsidiary") entered into a provisional agreement with an independent third party for the acquisition of a property under medium-term lease in Hong Kong at a consideration of HK\$45,000,000. The acquisition was completed in September 2001.
- (b) The Subsidiary also entered into a provisional agreement with another independent third party for the acquisition of certain properties under medium-term leases in Hong Kong at a consideration of HK\$14,000,000. The acquisition was completed in September 2001.