

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2001

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 Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 32.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group’s accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group’s accounting policies that have affected the amounts reported for the current or prior periods.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 “Segment reporting”. Segment disclosures for the year ended 31st December, 2000 have been amended so that they are presented on a consistent basis.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) “Events after the balance sheet date”, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively. The effect of this change has been to increase shareholders’ funds of the Group and the Company at 1st January, 2000 and 31st December, 2000 by HK\$17,820,000 and HK\$13,365,000 respectively.

As a result of the revision of SSAP 9 (Revised) “Events after the balance sheet date”, SSAP 18 “Revenue” has also been revised. Accordingly, the dividends proposed or declared after the balance sheet date by the subsidiaries are not recognised by the Company at the balance sheet date. This change in accounting policy has also been applied retrospectively. The effect of this change has been to decrease shareholders’ funds of the Company as at 1st January, 2000 and 31st December, 2000 by HK\$34,710,000 and HK\$44,990,000, respectively.

Leases

In the current year, the Group has adopted SSAP 14 (Revised) “Leases”. Disclosures for the Group’s operating lease arrangements as set out in note 28 have been modified so as to meet the requirements of SSAP 14 (Revised). Comparative figures have been restated in order to achieve a consistent presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and 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 as follows:

Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries made up to 31st December each year.

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, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill arising on acquisition of subsidiaries prior to 1st January, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Goodwill arising on the acquisition of an associate prior to 1st January, 2001 continues to be amortised over its useful economic life of ten years.

Goodwill arising on acquisitions of subsidiaries or associates after 1st January, 2001 is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or an associate, the attributable amount of unamortised

goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions of subsidiaries prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisitions of subsidiaries after 1st January, 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Revenue recognition

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

Commission income is recognised when services are rendered.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

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

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

Investment properties

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

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 of the reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of 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 subsequent disposal of an investment property, any revaluation surplus attributable to that property is included in the determination of the profit or loss on disposal.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms, including the renewable period, of more than twenty years.

Property, plant and equipment

Property, plant and equipment is stated at cost or valuation less depreciation, amortisation and any identified impairment loss.

The gain or loss arising from 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.

Certain of the Group's leasehold land and buildings were revalued at 31st December, 1991. The surplus arising on revaluation of land and buildings was credited to the property revaluation reserve. The Group has adopted the transitional relief provided by paragraph 80 of the SSAP 17 (Revised) "Property, plant and equipment" issued by the Hong Kong Society of Accountants from the requirement to make revaluations on a regular basis of the Group's leasehold land and buildings and, accordingly, no further revaluation of leasehold land and buildings will be carried out. On the subsequent disposal of such properties, the attributable revaluation surplus not yet transferred to retained profits in prior years is transferred to retained profits.

Depreciation and amortisation is provided to write off the cost or valuation of items of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the remaining term of the lease
Buildings	2% to 2.5% or over the remaining term of the lease, whichever is the shorter
Furniture, fixtures and equipment	16% to 20%
Motor vehicles	16% to 25%
Plant and machinery	20%
Computer equipment	20% to 33 ¹ / ₃ %

Subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

Associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associate 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 plus the premium paid on acquisition in so far as it has not already been written off or amortised, less any identified impairment loss.

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 loss provide evidence of an impairment of the asset transferred.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost 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 necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting 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 asset will crystallise in the foreseeable future.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant lease.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. 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.

On consolidation, the financial statements of overseas subsidiaries are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Retirement benefits schemes

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's Mandatory Provident Fund Scheme.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

For management purposes, the Group is currently organised into three operating divisions – sales of chemicals and metals, property investment and security investment. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

For the year ended 31st December, 2001

	Sales of Chemicals and Metals	Property investment	Security investment	Other Activities	Eliminations	
<u>Consolidated</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Revenue</i>						
External						
Sales	833,771	20,282	6,594	273	—	860,920
Inter-						
segment						
sales	17,258	2,308	—	6,762	(26,328)	—
	_____	_____	_____	_____	_____	_____
Total						
revenue	851,029	22,590	6,594	7,035	(26,328)	860,920
	=====	=====	=====	=====	=====	=====

Inter-segment sales are charged at prevailing market rates.

<i>Results</i>						
Segment						
result	28,211	32,494	(16,859)	47	—	43,893
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Interest income						
from bank						
deposits						5,223
Unallocated						
other revenue						466
Unallocated						
corporate						
expenses						(9,991)
						<u> </u>
Profit from						
operations						39,591
Finance costs						(5,883)
Gain on dilution						
of interest in						
an associate				4,113		4,113
Share of profit						
of associates				1,725		1,725
Amortisation						
of premium						
arising on						
acquisition						
of an associate				(3,022)		(3,022)
						<u> </u>
Profit before						
taxation						36,524
Taxation						(4,640)
						<u> </u>
Profit before						
minority						
interests						31,884
Minority						
interests						(1,128)
						<u> </u>
Net Profit						
for the year						30,756
						<u> </u>

At 31st December, 2001

	<u>Sales of Chemicals and Metals</u>	<u>Property investment</u>	<u>Security investment</u>	<u>Other Activities</u>	<u>Consolidated</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Assets</i>					
Segment assets	128,316	242,363	183,285	59	554,023
Interests in associates	453	—	—	54,026	54,479
Unallocated corporate assets					187,500
Consolidated total assets					796,002
<i>Liabilities</i>					
Segment liabilities	158,467	21,181	7,259	5	186,912
Unallocated total liabilities					1,090
Consolidated total liabilities					188,002
<i>Other information</i>					
	<u>Sales of Chemicals and Metals</u>	<u>Property investment</u>	<u>Security investment</u>	<u>Other Activities</u>	<u>Consolidated</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	96	132	—	185	413
Depreciation and amortisation	1,331	1,278	—	3,306	5,915
Other non-cash expenses	1,178	—	21,936	35	23,149

For the year ended 31st December, 2000

	Sales of Chemicals and Metals	Property investment	Security investment	Other Activities	Eliminations	
<u>Consolidated</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Revenue</i>						
External						
Sales	1,023,216	19,712	6,567	4,209	—	1,053,704
Inter- segment sales	40,279	2,554	—	8,307	(51,140)	—
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	1,063,495	22,266	6,567	12,516	(51,140)	1,053,704
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Inter-segment sales are charged at prevailing market rates.

<i>Results</i>						
Segment						
result	37,053	15,832	9,289	(1,145)	—	61,029
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Interest income						
from bank						
deposits						7,824
Unallocated						
other revenue						2,098
Unallocated						
corporate						
expenses						(6,269)
						<u> </u>
Profit from						
operations						64,682
Finance costs						(12,602)
Share of loss						
of associate				(850)		(850)
Amortisation						
of premium						
arising on						
acquisition						
of an associate				(3,022)		(3,022)
						<u> </u>
Profit before						
taxation						48,208
Taxation						(2,946)
						<u> </u>
Profit before						
minority						
interests						45,262
Minority						
interests						(1,384)
						<u> </u>
Net Profit						
for the year						43,878
						<u> </u>

At 31st December, 2001

	<u>Sales of Chemicals and Metals</u>	<u>Property investment</u>	<u>Security investment</u>	<u>Other Activities</u>	<u>Consolidated</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Assets</i>					
Segment assets	154,670	228,981	167,503	2,472	553,626
Interests in associates	453	—	—	51,427	51,880
Unallocated corporate assets					189,792
Consolidated total assets					795,298
<i>Liabilities</i>					
Segment liabilities	149,213	23,408	21,427	1,209	195,257
Unallocated total liabilities					2,175
Consolidated total liabilities					197,432
<i>Other information</i>					
	<u>Sales of Chemicals and Metals</u>	<u>Property investment</u>	<u>Security investment</u>	<u>Other Activities</u>	<u>Consolidated</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure	767	134	—	254	1,155
Depreciation and amortisation	1,624	1,415	—	3,386	6,425
Other non-cash expenses	—	—	16,927	—	16,927

Geographical segments

The Group's operations are located in Hong Kong, Taiwan and elsewhere in the People's Republic of China.

The Group's sales of chemicals and metals are carried out in Hong Kong and Taiwan. Property investment is carried out in Hong Kong and elsewhere in the People's Republic of China. Security investment is carried out in Hong Kong.

The following table provided an analysis of the Group's sales by geographical market:

	Revenue by geographical market		Contribution to profit from operations	
	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Hong Kong	565,078	635,337	2,690	20,200
Taiwan	140,676	222,158	5,028	5,877
Elsewhere in the People's Republic of China	102,109	114,199	35,297	19,696
Others	<u>53,057</u>	<u>82,010</u>	<u>878</u>	<u>15,256</u>
	<u>860,920</u>	<u>1,053,704</u>	43,893	61,029
Interest income from bank deposits			5,223	7,824
Unallocated other revenue			466	2,098
Unallocated corporate expenses			<u>(9,991)</u>	<u>(6,269)</u>
Profit from operations			<u>39,591</u>	<u>64,682</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	<u>Carrying amount of segment assets</u>		<u>Additions to property, plant and equipment</u>	
	<u>At 31.12.2001 HK\$'000</u>	<u>At 31.12.2000 HK\$'000</u>	<u>Year ended 31.12.2001 HK\$'000</u>	<u>Year ended 31.12.2000 HK\$'000</u>
Hong Kong	430,175	445,515	274	709
Taiwan	12,103	41,741	–	284
Elsewhere in the People's Republic of China	259,737	248,229	132	134
Others	93,987	59,813	7	28
	<u>796,002</u>	<u>795,298</u>	<u>413</u>	<u>1,155</u>

5. OTHER REVENUE

Other revenue comprises:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Interest income form bank deposits	5,223	7,824
Sundry income	466	1,838
Dividend income from an unlisted investment	–	228
Gain on disposal of property, plant and equipment	–	32
	<u>5,689</u>	<u>9,922</u>

6. PROFIT FROM OPERATIONS

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	1,117	1,076
Loss on disposal of property, plant and equipment	1,178	–
Rental payments in respect of properties under operating leases	1,571	1,955
Retirement benefits scheme contributions	557	134
and after crediting:		
Dividend income from listed investment	5,325	4,966
Gross rental income from properties under operating leases after outgoings of HK\$69,000 (2000: HK\$74,000)	20,213	19,638
Interest income from investments	<u>1,269</u>	<u>1,601</u>

7. FINANCE COSTS

The finance costs represent interest on bank borrowings wholly repayable within five years.

8. DIRECTORS' EMOLUMENTS

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Directors' fees	<u>510</u>	<u>530</u>
Other emoluments to directors:		
Salaries and other benefits	2,916	2,909
Performance related incentive payments	<u>115</u>	<u>323</u>
	<u>3,031</u>	<u>3,232</u>
Total directors' emoluments	<u><u>3,541</u></u>	<u><u>3,762</u></u>

The amounts disclosed above include directors' fees of HK\$230,000 (2000: HK\$230,000) and other emoluments of HK\$170,000 (2000: HK\$170,000) payable to independent non-executive directors.

The emoluments of each of the directors for both years were within the emoluments band ranging from nil to HK\$1,000,000.

There was no compensation for loss of office paid to directors or former directors.

9. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included two directors (2000: two directors), details of whose emoluments are included in the amounts disclosed in note 8 above. The emoluments of the remaining highest paid employees, other than directors of the Company, are follows:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Salaries and other benefits	1,934	3,172
Performance related incentive payments	<u>241</u>	<u>314</u>
	<u>2,175</u>	<u>3,486</u>

Their emoluments were within the following bands:

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

10. TAXATION

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
The tax charge attributable to the Company and its subsidiaries comprises:		
Current taxation		
Hong Kong Profits Tax	2,922	3,002
Profits tax outside Hong Kong	<u>1,706</u>	<u>1,476</u>
	4,628	4,478
Deferred Taxation		
Hong Kong Profits Tax (note 22)	<u>—</u>	<u>(1,558)</u>
	4,628	2,920
Share of taxation attributable to associates	<u>12</u>	<u>26</u>
	<u>4,640</u>	<u>2,946</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

Details of the deferred taxation are set out in note 22.

11. DIVIDENDS

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Interim dividend paid in respect of 2001 of 1 cent (2000: 2 cents) per ordinary share	4,455	8,910
Final dividend paid in respect of 2000 of 3 cents (1999: 4 cents) Per ordinary share	<u>13,365</u>	<u>17,820</u>
	<u>17,820</u>	<u>26,730</u>

The final dividend of 1.5 cents for the year ended 31st December, 20001 (2000: 3 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the year of HK\$30,756,000 (2000: HK\$43,878,000) and on 445,500,000 ordinary shares (2000: 445,500,000 ordinary shares) in issue during the year.

13. INVESTMENT PROPERTIES

	<u>THE GROUP</u> HK\$'000
VALUATION	
At 1 st January, 2001	220,146
Transfer from leasehold land and buildings	1,884
Surplus arising on revaluation	<u>16,110</u>
At 31 st December, 2001	<u><u>238,140</u></u>

The Group's investment properties comprise:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Properties held under medium-term leases:		
- Hong Kong	9,600	9,000
- elsewhere in the People's Republic of China	<u>184,080</u>	<u>166,686</u>
	193,680	175,686
Properties held under long leases:		
- elsewhere in the People's Republic of China	44,460	44,460
	<u>238,140</u>	<u>220,146</u>

All of the investment properties of the Group were revalued at 31st December, 2001 by Knight Frank, an independent firm of professional valuers, on an open market value existing use basis. The resulting surplus arising on revaluation, which amounted to HK\$16,110,000, has been credited to the consolidated income statement.

All the investment properties of the Group are rented out under operating leases.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and <u>buildings</u> HK'000	Furniture fixtures and <u>equipment</u> HK\$'000	Motor <u>vehicles</u> HK\$'000	Plant and <u>machinery</u> HK\$'000	Computer <u>equipment</u> HK\$'000	<u>Total</u> HK\$'000
<u>THE GROUP</u>						
COST OR						
VALUATION						
At 1 st January,						
2001	42,795	13,428	4,100	1,404	2,172	63,899
Currency						
Realignment	(579)	(18)	(106)	—	(12)	(715)
Additions	—	329	—	9	75	413
Disposals	(3,649)	(577)	—	—	(91)	(4,317)
Transfer to investment properties	(2,205)	—	—	—	—	(2,205)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st December,						
2001	36,362	13,162	3,994	1,413	2,144	57,075
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Comprising:						
At cost	8,562	13,162	3,994	1,413	2,144	29,275
At valuation – 1991	27,800	—	—	—	—	27,800
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	36,362	13,162	3,994	1,413	2,144	57,075
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

DEPRECIATION

AND

AMORTISATION

At 1 st January,						
2001	5,520	10,805	2,711	1,324	1,788	22,148
Currency						
Realignment	(74)	(17)	(81)	—	(10)	(182)
Provided for the						
year	822	1,243	536	36	256	2,893
Eliminated on						
disposals	(364)	(534)	—	—	(91)	(989)
Transfer to						
investment						
properties	(321)	—	—	—	—	(321)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 st December,						
2001	5,583	11,497	3,166	1,360	1,943	23,549
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NET BOOK VALUES

At 31 st December,						
2001	30,779	1,665	828	53	201	33,526
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 st December,						
2000	37,275	2,623	1,389	80	384	41,751
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Certain of the leasehold land and buildings of the Group were revalued at 31st December, 1991. Had all the leasehold land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of these properties would have been stated at HK\$19,823,000 (2000: HK\$23,585,000).

	Furniture, fixtures and <u>equipment</u> HK\$'000	<u>Computer equipment</u> HK\$'000	<u>Total</u> HK\$'000
<u>THE COMPANY</u>			
COST			
At 1 st January, 2001	2,548	1,634	4,182
Additions	133	52	185
Disposals	(140)	(62)	(202)
	<u>2,541</u>	<u>1,624</u>	<u>4,165</u>
DEPRECIATION			
At 1 st January, 2001	2,369	1,370	3,739
Provided for the year	74	209	283
Eliminated on disposals	(140)	(62)	(202)
	<u>2,303</u>	<u>1,517</u>	<u>3,820</u>
NET BOOK VALUE			
At 31 st December, 2001	<u>238</u>	<u>107</u>	<u>345</u>
At 31 st December, 2000	<u>179</u>	<u>264</u>	<u>443</u>

The Group's leasehold land and buildings comprise:

	<u>Leasehold land and buildings</u>	
	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Properties held under medium-term leases:		
- in Hong Kong	23,488	25,961
- elsewhere in the People's Republic of China	—	3,347
	<u>23,488</u>	<u>29,308</u>
Properties held under long leases:		
- overseas	7,291	7,967
	<u>30,779</u>	<u>37,275</u>

15. INVESTMENTS IN SUBSIDIARIES

	<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Unlisted shares, at cost	<u>38,587</u>	<u>38,587</u>

Particulars of the subsidiaries at 31st December, 2001 are set out in note 32.

16. INTERESTS IN ASSOCIATES

	<u>THE GROUP</u>	
	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Share of net assets	27,141	21,520
Premium arising on acquisition, net	<u>27,338</u>	<u>30,360</u>
	<u>54,479</u>	<u>51,880</u>

Particulars of the associates at 31st December, 2001 are as follows:

<u>Name of Associate</u>	<u>Form business structure</u>	<u>Country of incorporation</u>	<u>Principal place of operation</u>	<u>Class of shares held</u>	Percentage issued share capital held by the Group %	<u>Principal activities</u>
Asia Commercial Holdings Limited (notes)	Incorporated	Bermuda	Hong Kong	Ordinary	16.5	Watch trading and retailing industry
KSIP (Thailand 1989) Co. Ltd.	Incorporated	Thailand	Thailand	Ordinary	49	Inactive

Note: This company has been accounted for as an associate as, in the opinion of the directors, the Group is in a position to exercise significant influence over the management of this company.

17. INVESTMENTS IN SECURITIES

THE GROUP

	Investment securities		Other investments		Total	
	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities:						
Listed –						
Hong Kong	—	—	103,093	122,857	103,093	122,857
Listed –						
overseas	3,132	3,132	7,913	7,115	11,045	10,247
Unlisted	5,216	3,207	3,701	3,701	8,917	6,908
	<u>8,348</u>	<u>6,339</u>	<u>114,707</u>	<u>133,673</u>	<u>123,055</u>	<u>140,012</u>
Mutual funds:						
Unlisted	3,900	—	30,100	14,743	34,000	14,743
Debt securities:						
Listed –						
overseas	—	—	3,363	10,042	3,363	10,042
Unlisted	7,800	—	14,779	2,634	22,579	2,634
	<u>7,800</u>	<u>—</u>	<u>18,142</u>	<u>12,676</u>	<u>25,942</u>	<u>12,676</u>
Total securities						
Listed	3,132	3,132	114,369	140,014	117,501	143,146
Unlisted	16,916	3,207	48,580	21,078	65,496	24,285
	<u>20,048</u>	<u>6,339</u>	<u>162,949</u>	<u>161,092</u>	<u>182,997</u>	<u>167,431</u>
Market value of listed securities	<u>3,294</u>	<u>3,432</u>	<u>114,369</u>	<u>140,014</u>	<u>117,663</u>	<u>143,446</u>
Carrying amount analysed for reporting purposes as:						

Non-current	20,048	6,339	3,701	3,701	23,749	10,040
Current	—	—	159,248	157,391	159,248	157,391
	<u>20,048</u>	<u>6,339</u>	<u>162,949</u>	<u>161,092</u>	<u>182,997</u>	<u>167,431</u>

Particulars of the Group's investments in equity securities which exceeds 20% of the nominal value of the issued shares of that class disclosed pursuant to Section 129 (1) of the Companies Ordinance are as follows:

<u>Name of company</u>	<u>Place of registration</u>	<u>Type of investment held</u>	<u>Percentage of registered capital held by the Group</u>
Hebei Varwin Gas Propellants Co. Ltd. (note)	People's Republic of China	Registered capital	30%
Shenzhen Far East Oil Tools Co. Ltd. (note)	People's Republic of China	Registered capital	25%

Note: These companies have not been accounted for as associates as, in the opinion of the directors, the Group is not in a position to exercise significant influence over the management of these companies.

18. INVENTORIES

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Raw materials	863	226
Finished goods	<u>46,072</u>	<u>40,623</u>
	<u>46,935</u>	<u>40,849</u>

Included in inventories are finished goods of HK\$7,300,000 (2000: HK\$9,283,000) carried at net realisable value.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period ranging from cash on delivery to 120 days to its trade debtors. The ageing analysis of trade debtors of HK\$60,002,000 (2000: HK\$81,023,000) which are included in the Group's debtors, deposits and prepayments are as follows:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
0 - 30 days	29,816	37,412
31 – 60 days	18,179	24,665
61 – 90 days	9,696	12,628
91 – 120 days	1,621	3,965
121 – 365 days	690	2,353
	<u>60,002</u>	<u>81,023</u>

The Company did not have any trade debtors at the balance sheet dates.

20. SHARE CAPITAL

	<u>Number of shares</u>	<u>Amount</u> HK\$'000
Ordinary shares of HK\$0.05 each		
Authorised:		
At beginning and at end of the years 2000 and 2001	<u>700,000,000</u>	<u>35,000</u>
Issued and fully paid:		
At beginning and at end of the years 2000 and 2001	<u>445,500,000</u>	<u>22,275</u>

21. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<u>THE GROUP</u>							
At 1 st January, 2000							
- as previously stated	153,728	26,090	5,280	15,440	1,515	321,166	523,219
- prior year adjustment (note 2)	—	—	—	—	—	17,820	17,820
- as restated	153,728	26,090	5,280	15,440	1,515	338,986	541,039
Exchange differences arising on translation of overseas operations	—	—	—	—	379	—	379
Share of an associate's movement in reserves	—	191	302	—	(168)	—	325
Net profit for the year	—	—	—	—	—	43,878	43,878
Dividends paid (note 11)	—	—	—	—	—	(26,730)	(26,730)
At 31 st December, 2000	153,728	26,281	5,582	15,440	1,726	356,134	558,891
Exchange differences arising on translation of							

overseas operations	—	—	—	—	(1,195)	—	(1,195)
Share of an associate's movement in reserves	—	(189)	(151)	(79)	19	195	(205)
Goodwill released on disposal of a subsidiary	—	35	—	—	—	—	35
Reclassification on transfer of properties	—	—	1,580	(1,580)	—	—	—
Net profit for the year	—	—	—	—	—	30,756	30,756
Dividends paid (note 11)	—	—	—	—	—	(17,820)	(17,820)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st December, 2001	153,728	26,127	7,011	13,781	550	369,265	570,462
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Attributable to:							
Company and subsidiaries	153,728	26,125	6,860	13,860	1,003	368,233	569,809
Associates	—	2	151	(79)	(453)	1,032	653
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE COMPANY

At 1st January,
2000

- as previously stated	153,728	—	—	—	—	117,327	271,055
- restatement of dividend receivable (note 2)	—	—	—	—	—	(34,710)	(34,710)
- other prior year adjustment (note 2)	—	—	—	—	—	17,820	17,820
- as restated	153,728	—	—	—	—	100,437	254,165
Net profit for the year	—	—	—	—	—	40,471	40,471
Dividends paid (note 11)	—	—	—	—	—	(26,730)	(26,730)
At 31 st December, 2000	153,728	—	—	—	—	114,178	267,906
Net profit for the year	—	—	—	—	—	89,089	89,089
Dividends paid (note 11)	—	—	—	—	—	(17,820)	(17,820)
At 31 st December, 2001	153,728	—	—	—	—	185,447	339,175

The balance of investment property revaluation reserve of the Group at 31st December, 2001 includes an amount of HK\$6,860,000 (2000: HK\$5,280,000), which represents the accumulated amount transferred from the property revaluation reserve as a result of the change in usage of certain previously self-occupied leasehold properties to investment properties. Such revaluation reserve has been frozen upon the transfer and will be transferred to retained profits when the relevant properties are disposed of.

The Company's reserves available for distribution to shareholders as at 31st December, 2001 comprised the retained profits of HK\$185,447,000 (2000: HK\$114,178,000).

22. DEFERRED TAXATION

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
At beginning of the year	–	1,558
Credit for the year (note 10)	–	(1,558)
	<hr/>	<hr/>
At end of year	–	–
	<hr/> <hr/>	<hr/> <hr/>

The deferred tax liability above was provided on the surplus arising on the Group's unrealised gain on revaluation of investments in securities.

At 31st December, 2001, the Group had an unrecognised deferred tax asset of approximately HK\$17,755,000 (2000: HK\$14,694,000) relating to unutilised tax losses of certain subsidiaries. The deferred tax asset has not been recognised as it is uncertain whether the benefit will crystallise in the foreseeable future.

A deferred tax liability has not been provided on the surplus arising on revaluation of the Group's properties situated in Hong Kong as profits arising on the disposal of such properties, if any, would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference for tax purposes.

Neither the Group nor the Company had any other significant unprovided deferred taxation for the year or at the balance sheet date.

23. CREDITORS AND ACCRUED CHARGES

The ageing analysis of the trade creditors of HK\$20,585,000 (2000: HK\$14,338,000) which are included in the Group's creditors and accrued charges are as follows:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
0 - 30 days	14,917	12,827
31 - 60 days	5,613	1,335
61 - 90 days	55	168
91 - 120 days	—	2
121 - 365 days	—	6
	<u>20,585</u>	<u>14,338</u>

The Company did not have any trade creditors at the balance sheet date.

24. BANK BORROWINGS

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The bank borrowings, which are all due Within one year, comprise:				
Bank loans – secured	4,112	17,782	–	–
– unsecured	15,489	17,498	10,000	10,000
Trust receipt loans - unsecured	<u>117,715</u>	<u>110,174</u>	<u>–</u>	<u>–</u>
	<u>137,316</u>	<u>145,454</u>	<u>10,000</u>	<u>10,000</u>

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

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Profit before taxation	36,524	48,208
Share of (profit) loss of associates	(1,725)	850
Amortisation of premium arising on acquisition of an associate	3,022	3,022
Unrealised loss on investments in securities	21,936	16,927
Surplus arising on revaluation of investment properties	(16,110)	(1,354)
Interest income from bank deposits	(5,223)	(7,824)
Interest expenses	5,883	12,602
Gain on dilution of interest in an associate	(4,113)	–
Depreciation and amortisation	2,893	3,403
Dividend income from an unlisted investment	–	(228)
Loss (gain) on disposal of property, plant and equipment	1,178	(32)
Goodwill written off on disposal of a subsidiary	35	–
(Increase) decrease in inventories	(6,214)	13,550
Decrease in debtors, deposits and prepayment	24,505	11,917
Decrease (increase) in bills receivable	7,946	(4,685)
Increase in other investments	(23,855)	(17,850)
Increase (decrease) in creditors and accrued charges	1,445	(23,178)
(Decrease) increase in bills payable	(2,106)	1,557
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	46,021	56,885

26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Minority <u>interests</u> HK\$'000
Balance at 1 st January, 2000	28,543
Currency realignment	(256)
Minority interests in the profit of subsidiaries	1,384
Dividend paid to minority shareholders of subsidiaries	(1,154)
Amount repaid to minority shareholders of a subsidiary	<u>(1,260)</u>
Balance at 31 st December, 2000	27,257
Currency realignment	(520)
Minority interests in the profits of subsidiaries	1,128
Dividends paid to minority shareholders of subsidiaries	(2,045)
Amount repaid to minority shareholders of a subsidiary	<u>(734)</u>
Balance at 31 st December, 2001	<u>25,086</u>

27. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Short term bank deposits	102,236	66,099
Bank balances and cash	60,055	96,706
Bank borrowings	<u>(137,316)</u>	<u>(145,454)</u>
	<u>24,975</u>	<u>17,351</u>

28. OPERATING LEASE COMMITMENTS

The Group as lessee:

At the balance sheet date, the Group and the Company had outstanding commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Within one year	1,376	1,344	495	698
In the second to fifth year inclusive	<u>874</u>	<u>55</u>	<u>290</u>	<u>60</u>
	<u>2,250</u>	<u>1,399</u>	<u>785</u>	<u>758</u>

Operating lease payments represents rentals payable by the Group and the Company for certain of its office premises. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

The Group as lessor:

Property rental income earned during the year was HK\$20,282,000 (2000: HK\$19,712,000). The properties held have committed tenants in the range from next half year to two years.

At the balance sheet date, the Group had contacted with tenants for the following future minimum lease payments under non-cancellable operating lease in respect of rented premises which fall due as follows:

	<u>THE GROUP</u>	
	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Within one year	7,268	18,787
In the second to fifth year inclusive	<u>224</u>	<u>5,402</u>
	<u>7,492</u>	<u>24,189</u>

29. CONTINGENT LIABILITIES

	<u>THE COMPANY</u>	
	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Extent of banking facilities utilized by subsidiaries in respect of which guarantees were given to banks by the Company	<u>137,316</u>	<u>147,560</u>

30 PLEDGE OF ASSETS

At 31st December, 2001 certain leasehold properties and investments in securities with aggregate carrying value of HK\$7,286,000(2000: HK\$7,967,000) and HK\$33,898,000 (2000: HK\$45,498,000), respectively, were pledged to banks to secure banking facilities granted to the Group.

30. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

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

32. SUBSIDIARIES

Particulars of the subsidiaries at 31st December, 2001 are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
Asia Fame International Limited	Hong Kong	Hong Kong	HK\$1,000,000	-	100*	Securities investment
Bright Star Limited	Cook Islands	Hong Kong	US\$1,000	-	100	Investment holding
Charterway Developments Limited	Hong Kong	Hong Kong	HK\$1,000,000	-	100	Property investment
E.P. Resources Limited	Hong Kong	Hong Kong	HK\$10,000	-	100*	Securities investment and trading
Electrochemical Technologies Limited	Hong Kong	Hong Kong	HK\$2	-	100*	Securities investment

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
EngoTech Limited	Hong Kong	Hong Kong	HK\$10,000	-	100*	Manufacturing of and trading in electroplating chemicals and solutions
Ever Channel Properties Limited	Hong Kong	Else-where in the People's Republic of China	HK\$10,000	-	90	Property investment
Global Trade Properties Limited	Hong Kong	Else-where in the People's Republic of China	HK\$10,000	-	90	Property investment
Gold Asset Properties Limited	Hong Kong	Else-where in the People's Republic of China	HK\$10,000	-	90	Property investment
Jollifair Investments Limited	Hong Kong	Hong Kong	HK\$10,000	-	100*	Investment holding

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
Kee Shing (Coins) Limited	Hong Kong	Hong Kong	HK\$1,000,000	-	100*	Securities trading
Kee Shing Hardware Supplies Limited	Hong Kong	Hong Kong	HK\$800,000	HK\$400,000	100	Trading in stainless steel
Kee Shing Industrial Products Limited	Hong Kong	Hong Kong, Taiwan, South Korea and Thailand	HK\$200	HK\$1,000,000	100*	Investment holding and trading in electroplating chemicals and metals
Kee Shing International Limited	Hong Kong	Hong Kong	HK\$2	-	100*	Securities investment
Kee Shing (Investments) Limited	Cook Islands	Cook Islands	US\$1,000	-	100*	Investment holding

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
Kee Shing Property Consultants (Shanghai) Co., Ltd.	People's Republic of China	People's Republic of China	RMB2,902,060	-	100*	Property management
King Shen Industrial Products Company Limited	Taiwan	Taiwan	NT\$5,000,000	-	70	Trading in electroplating chemicals and metals
Kingsview Properties Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	-	90	Property investment
Klendo Limited	Hong Kong	Elsewhere in the People's Republic of China	HK\$10,000	-	90*	Property investment

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
KSIP (Singapore) Pte. Ltd.	Republic of Singapore	Republic of Singapore	S\$1,000,000	-	51	Trading in electro-plating chemicals and metal plating products
Pacific Apex International Limited	Hong Kong	Hong Kong	HK\$10,000	-	100*	Investment holding
Pacific Wide Properties Limited	Hong Kong	Else-where in the People's Republic of China	HK\$10,000	-	90	Property investment
Pakwell Investment Limited	Hong Kong	Hong Kong	HK\$10,000	-	55*	Inactive
Sam Wing International Limited	Hong Kong	Else-where in the, People's Republic of China	HK\$200	HK\$2,160,000	100*	Trading in chemicals and securities investment

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
Sam Wing Resources Limited	Hong Kong	Else- where in the People's Republic of China	HK\$3,000,000	-	55*	Trading in in machinery and equipment
Sure Glory Ventures, Inc.	British Virgin Islands	Australia	US\$2	-	100*	Investment holding
Topbase Properties Limited	Hong Kong	Else- where in the People's Republic of China	HK\$10,000	-	90	Property investment
Top Image Properties Limited	Hong Kong	Else- where in the People's Republic of China	HK\$10,000	-	90	Property investment
Trendex Investment Limited	Hong Kong	Else- where in the People's Republic of China	HK\$10,000	-	100*	Property investment

<u>Name of subsidiary</u>	<u>Place of incorporation/ registration</u>	<u>Principal place of operation</u>	<u>Issued/ registered and fully paid capital</u>	<u>Percentage of issued/ registered capital held by the company</u>		<u>Principal activities</u>
				Ordinary	Non-voting preferred (note)	
					%	
Union Channel Properties Limited	Hong Kong	Else- where in the People's Republic of China	HK\$10,000	-	90	Property investment
Union Crown Properties Limited	Hong Kong	Else- where in the People's Republic of China	HK\$10,000	-	90	Property investment
Winbase Properties Limited	Hong Kong	Else- where in the People's Republic of China	HK\$10,000	-	90	Property investment

* Directly held by the Company

None of the subsidiaries had any loan capital subsisting at 31st December, 2001 or at any time during the year.

Note:

The non-voting preferred shares, which are not held by the company, 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.

PARTICULARS OF INVESTMENT PROPERTIES
 AT 31ST DECEMBER 2001

<u>LOCATION</u>	<u>TYPE</u>	<u>LEASE TERM</u>
HONG KONG		
Units A, B, C, D and E on 2nd Floor, Kee Shing Centre, 74-76 Kimberley Road, Tsimshatsui, Kowloon Hong Kong	Commercial	Medium- term lease
ELSEWHERE IN THE PEOPLE'S REPUBLIC OF CHINA		
Units 1003, 1005, 1010, 1011, 1012, 1013 on 10th Floor, the whole of 11th and 12th Floors and the Multi-function Room on Roof, Novel Building, 887 Huai Hai Road Central, Luwan District, Shanghai People's Republic of China	Commercial	Medium- term lease
15th Floor, Shui On Plaza 333 Huai Hai Road Central, Luwan District, Shanghai People's Republic of China	Commercial	Medium- term lease
5D, 6A, 6E, 9F, 12E, 15F, 16A, 17F, 19E, 20A, 22C, 24E, 26A, 26F, 27A, 27F, 28A, 29E, 31E, 33E, of Huadua Court, Haihua Garden, the Junction of Xiexu Road and Dapu Road, Luwan District, Shanghai,	Residential	Long lease

People's Republic of China

3B, 10D, 12E, 15C, 17C, 17D, 22D,
23D, 25D, 25F, 27C, 27F, 28C, 30D,
33D, 33F of Huali Court,

Haihua Garden,
the Junction of Xiexu Road and
Dapu Road,

Luwan District,

Shanghai,

People's Republic of China

Residential

Long
lease

4B, 7B, 7F, 27C, 33E of Huaying Court,

Haihua Garden,

the Junction of Xiexu Road
and Dapu Road,

Luwan District,

Shanghai,

People's Republic of China

Residential

Long
lease

5B, 8B, 9C, 9D, 10D, 11C, 12D, 24C, 33E,
of Huaxin Court,

Haihua Garden,

the Junction of Xiexu Road and Dapu Road,

Luwan District,

Shanghai,

People's Republic of China

Residential

Long
lease