

**1. ORGANISATION AND PRINCIPAL ACTIVITIES**

The Company was incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

**2. PRINCIPAL ACCOUNTING POLICIES****a. Basis of presentation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation and valuation of investment properties and certain investments in securities, and in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants ("HKSA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**b. Basis of consolidation**

The consolidated financial statements of the Group include the accounts of the Company and the enterprises that it controls. This control is normally evidenced when the Group has the power to govern the financial and operating policies of an enterprise so as to benefit from its activities. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal. The equity and net income or loss attributable to minority shareholders' interests are shown separately in the Group's balance sheet and income statement, respectively.

Intergroup balances and transactions and resulting unrealised profits are eliminated in full. Unrealised losses resulting from intragroup transactions are eliminated unless cost cannot be recovered. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In the Company's financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. The results of the subsidiaries are included in the income statement to the extent of dividends received and receivable.

**c. Adoption of Statements of Standard Accounting Practice**

In the current year, the Group has adopted, for the first time, the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA:

SSAP 9 (revised)	Event after the balance sheet date
SSAP 14 (revised)	Leases
SSAP 26	Segment reporting
SSAP 28	Provisions, contingent liabilities and contingent assets
SSAP 29	Intangible assets
SSAP 30	Business combinations
SSAP 31	Impairment of assets
SSAP 32	Consolidated financial statements and accounting for investments in subsidiaries

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001  
(Expressed in Hong Kong dollars)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### d. Changes in accounting policies

The effects of adopting the new accounting policies to the extent that they result in changes in the Group's accounting policies are summarised below:

##### (i) Restatement of negative goodwill

Any excess, as at the date of acquisition, of the Group's interest in the fair value of the intangible assets and liabilities acquired over the costs of the acquisition, should be recognised as negative goodwill. Negative goodwill arising from acquisition of subsidiaries was previously credited to capital reserve. Subsequent to the adoption of SSAP 30, any negative goodwill is recognised as a separate item in the balance sheet. Negative goodwill is recognised in the income statement as follows:

- a) the amount of negative goodwill not exceeding the fair values of acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining weighted average useful life of the identifiable acquired depreciable/amortisable assets.
- b) the amount of negative goodwill in excess of the fair values of acquired identifiable non-monetary assets is recognised as income immediately.

During the year, the Group retroactively adopted the provisions of SSAP 30 requiring the restatement of negative goodwill arising from acquisition and the recognition of the accumulated amount of negative goodwill as income since the date of acquisition. The effect of this change in accounting policy was to increase the net profit for the year ended 31st December, 2000 and to increase the retained profits as at 31st December, 2000 by HK\$801,000 and HK\$1,322,000, respectively, representing the income recognised out of negative goodwill which should have been made if the negative goodwill previously credited to capital reserve were instead recognised as a separate item in the balance sheet on the date of acquisition.

##### (ii) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Segment information on business and geographical segments is presented in Note 4 to the accompanying financial statements.

Inter-segment transactions: segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for based on mutually agreed transfer prices and are eliminated in consolidation.

Other than those disclosed in the respective notes to the financial statements, the Group considers that the consequential changes made to the above SSAPs will not have material impact on the financial statements of the Group.

#### e. Subsidiaries

A company is a subsidiary if the Company holds, directly or indirectly, more than 50% of its issued voting capital on a long-term basis; or controls the composition of its board of directors, or controls more than half of its voting power. In the Company's financial statements, investments in subsidiaries are carried at cost less provision for impairment in value where considered necessary by the directors. The results of the subsidiaries are included in the Company's income statement to the extent of dividends received and receivable.

**2. PRINCIPAL ACCOUNTING POLICIES** (Cont'd)**f. Turnover**

Turnover comprises:

- (i) gross invoiced sales net of returns and discounts;
- (ii) rental income from leasing of investment properties;
- (iii) gross design fees net of business tax;
- (iv) gross agency service fees net of business tax;
- (v) gross commission income from distribution of products of third parties net of business tax.

**g. Revenue recognition**

Provided it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue and costs, if applicable, can be measured reliably, turnover and other revenue are recognised on the following bases:

*(i) Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to customers.

*(ii) Rental income*

Rental income is recognised when it becomes receivable.

*(iii) Gain on disposal of other investments*

Gain on disposal of other investments is recognised on the transaction date.

*(iv) Design fees*

Design fees are recognized when design services are rendered.

*(v) Agency service fees and commission income*

Agency service fees and commission income are recognised when the related services are rendered.

*(vi) Interest income*

Interest income from bank deposits is recognised on a time proportion basis that takes into account the effective yield on the assets.

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001

(Expressed in Hong Kong dollars)

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### h. Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed 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 fixed assets, the expenditure is capitalised as an additional cost of the fixed asset.

Depreciation is provided on a straight-line basis at an annual rate estimated to write off the cost of each asset over its expected useful life. The annual rates are as follows:

Leasehold improvements	Over the remaining period of the leases
Furniture, fixtures and equipment	12.5% — 25%
Plant and machinery	20% — 33%

The useful lives of assets and depreciation method are reviewed periodically.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

#### i. Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise, and the cost of the asset can be measured reliably.

Internally generated intangible assets are charged against income in the period incurred except for development costs which comply with the following criteria:

- the product or process is clearly defined and the costs are separately identified and measured reliably;
- the technical feasibility of the product or process is demonstrated;
- the product or process will be sold or used in-house;
- a potential market exists for the product or process or its usefulness in the case of internal use is demonstrated; and
- adequate technical, financial and other resources required for completion of the product or process are available.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognised as an expense when it is incurred unless it is probable that expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and can be measured and attributed to the asset reliably in which case it will be added to the cost of the intangible asset.

**2. PRINCIPAL ACCOUNTING POLICIES** (Cont'd)**i. Intangible assets** (Cont'd)

After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed annually at each financial year end. The estimated useful life is as follows:

Computer software	5 years
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**j. Investment property**

Investment property represents interests in land and buildings in respect of which construction work and development have been completed and which are held for their long-term investment potential.

Investment property is included in the balance sheet at its open market value, on the basis of an annual valuation by independent qualified valuers. Increases in the carrying amount of investment properties are credited to the revaluation reserve in shareholders' equity. Decreases are first offset against increases on earlier valuations in respect of the same investment property and are thereafter charged to the income statement. Increases on revaluations directly related to a previous decrease in carrying amount for the same property that was recognised as an expense is credited to income to the extent that it offsets the previously recorded decrease.

Upon the disposal of an investment property, the realised portion of the revaluation reserve is credited to the income statement as part of the profit or loss on disposal of the investment property.

No depreciation is provided on investment property unless the unexpired lease term is 20 years or less, in which case depreciation is provided on the then carrying value over the unexpired lease term.

**k. Impairment of assets**

Fixed assets and intangible assets and investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement for items of fixed assets and intangibles assets and investments in subsidiaries carried at cost and treated as a revaluation decrease for buildings that are carried at revalued amounts to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same building. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the income statement or as a revaluation increase.

## NOTES TO FINANCIAL STATEMENTS

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### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### **l. Other investments**

Securities, which include both debt and equity securities, intended to be held on a continuing basis, are classified as investment securities. Securities other than investment securities or held-to-maturity securities are classified as other investments and are carried at fair value in the balance sheet. An unrealised holding gain or loss on other investments is recognised in the income statement in the period when it arises.

Upon disposal or transfer of other investments, any profit or loss thereon is accounted for in the income statement.

#### **m. Inventories**

Inventories are stated at the lower of actual cost and net realisable value. Cost, calculated on the weighted average basis, comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is 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. Provision is made for obsolete, slow-moving or defective items where considered necessary by the directors.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of a write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### **n. Accounts receivable**

Accounts receivable are stated at their cost, less provision for doubtful debts.

#### **o. Provisions**

A provision is recognised when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

#### **p. Deferred taxation**

Deferred taxation is provided under the liability method, in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that it is probable that a liability of asset will crystallize.

**2. PRINCIPAL ACCOUNTING POLICIES** (Cont'd)**q. Operating leases**

An operating lease is a lease other than a finance lease.

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The Group presents assets subject to operating leases in the balance sheets according to the nature of the asset. Lease income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred specifically to earn revenues from an operating lease are recognised as an expense in the income statement in the period in which they are incurred.

**r. Foreign currencies**

Individual companies within the Group maintain their books and records in the primary currencies of their respective operations ("functional currencies"). In the accounts of the individual companies, transactions in other currencies during the year are translated into the respective functional currencies at the applicable rates of exchange in effect at the time of the transactions. Monetary assets and liabilities denominated in other currencies are translated into the respective functional currencies at the applicable rates of exchange in effect at the balance sheet date. Exchange gains or losses are dealt with in the income statement of the individual companies.

The Group prepares consolidated financial statements in Hong Kong dollars. Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet, and at an average rate for the year with respect to the income statement. Exchange differences arising from such translations are dealt with as movements of exchange reserve.

**s. Subsequent events**

Post-year-end events that provide additional information about a company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate, (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

**t. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in Hong Kong requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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(Expressed in Hong Kong dollars)

### 3. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

- a. In January 2001, SyncMOS Technologies, Inc. (BVI) ("SyncMOS"), a wholly-owned subsidiary of the Company, entered into an agreement with Mao-Fu Investment Co., Ltd. ("MF"), a related company, to set up a joint venture company in Taiwan named 新茂國際科技股份有限公司 ("JV Co."), for the wholesale distribution of electronic materials and components and the provision of industrial and commercial services and product design. Upon and since the incorporation of the JV Co., the JV Co. has been held as to 55% by SyncMOS, approximately 10.94% by MF and approximately 34.06% by other minority shareholders (including certain connected persons of the Group). The capital contribution by SyncMOS in the JV Co. was NT\$176 million (equivalent to approximately \$41.9 million) in cash.
- b. During the year, the Group entered into transactions with the following related companies — Fong Wing Shing Construction Company Limited ("Fong Wing Shing"), PCL Holdings Limited ("PCL"), Mosel Vitelic Inc. ("MVI") and Ultima Electronic Corp. ("Ultima").

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
Rental income from Fong Wing Shing*	<b>502</b>	502
Rental income from PCL	<b>1,212</b>	1,212
Purchase of fixed assets from MVI**	<b>7,113</b>	—
Rental to MVI	<b>1,688</b>	—
Management fees to MVI	<b>1,483</b>	—
Information system service fees to MVI	<b>277</b>	—
Product testing fees to MVI	<b>204</b>	—
Sales to Ultima***	<b>464</b>	—
c. Manufacturing service fees to MVI	<b>8,177</b>	—
d. The emoluments of a certain executive director for the year were borne by PCL (Note 8.a).		

The above-mentioned related party transactions, except for the sales to Ultima, also constitute connected party transactions as defined under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

\* Fong Wing Shing is a company over which Mr. Yip Chi Hung and Mr. Pang Hong, who are directors of the Company, are in a position to exercise significant influence.

\*\* MVI is an indirect substantial shareholder of the Company.

\*\*\* Ultima Electronic Corp. is an associated company of MVI.



**3. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (Cont'd)**

e. Amounts due from related companies as at 31st December, 2001 were as follows:

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Fong Wing Shing	42	—	—	—
Ultima	512	—	—	—
Ark Logic Inc. ****	142	—	—	—
PCL Development Limited	—	17	—	4
Pacific Capital (Asia) Limited	—	4	—	—
MVI	477	6	3	6
	<u>1,173</u>	<u>27</u>	<u>3</u>	<u>10</u>

\*\*\*\* Ark Logic Inc. is a subsidiary of MVI.

f. Amounts due to related companies as at 31st December, 2001 were as follows:

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Fong Wing Shing	94	94	—	—
Ultima	2,237	—	—	—
Sun-Fund Securities Inc. *****	7	—	—	—
DenMOS Technology, Inc. *****	16	—	—	—
PCL Holdings Limited	301	332	85	116
Pacific Capital (Asia) Limited	—	282	—	—
MVI	6,038	1,670	—	—
	<u>8,693</u>	<u>2,378</u>	<u>85</u>	<u>116</u>

\*\*\*\*\* Sun-Fund Securities Inc. is an associated company of MVI.

\*\*\*\*\* DenMOS Technology, Inc. is a subsidiary of MVI.

g. All outstanding balances with related companies and minority shareholders were unsecured, interest free and repayable within one year.

## NOTES TO FINANCIAL STATEMENTS

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(Expressed in Hong Kong dollars)

### 4. SEGMENT INFORMATION

#### a. By principal activity

The Group is primarily engaged in (i) the design and trading of integrated circuits, provision of agency services and distribution of products, (ii) investment property holding and (iii) investment holding.

	2001					Total \$'000
	Design and trading of integrated circuits, provision of agency services and distribution of products \$'000	Investment property holding \$'000	Investment holding \$'000	Unallocated amounts \$'000	Elimination \$'000	
<b>Turnover</b>						
External	86,533	6,446	—	—	—	92,979
Inter-segment	1,787	—	—	—	(1,787)	—
Total turnover	<u>88,320</u>	<u>6,446</u>	<u>—</u>	<u>—</u>	<u>(1,787)</u>	<u>92,979</u>
<b>Cost of sales</b>						
External	(67,787)	—	—	—	—	(67,787)
Inter-segment	(1,529)	—	—	—	1,529	—
Gross profit	<u>19,004</u>	<u>6,446</u>	<u>—</u>	<u>—</u>	<u>(258)</u>	<u>25,192</u>
<b>Other revenue</b>						
External	5,821	65	745	—	—	6,631
Inter-segment	566	—	7,003	—	(7,569)	—
	<u>6,387</u>	<u>65</u>	<u>7,748</u>	<u>—</u>	<u>(7,569)</u>	<u>6,631</u>
<b>Segment expenses</b>						
Distribution costs	(8,693)	—	—	—	—	(8,693)
General and administrative expenses	(36,722)	(2,028)	(7,170)	(21)	5,617	(40,324)
Other operating income (expenses)	1,517	—	(55,955)	—	4,394	(50,044)
Gain on disposal of a subsidiary	—	—	—	—	—	—
(Loss) Profit from operations	<u>(18,507)</u>	<u>4,483</u>	<u>(55,377)</u>	<u>(21)</u>	<u>2,184</u>	<u>(67,238)</u>
Finance costs						<u>(5,098)</u>
(Loss) Profit before tax						<u>(72,336)</u>
Taxation						<u>(590)</u>
(Loss) Profit before minority interests						<u>(72,926)</u>
Minority interests						<u>4,228</u>
Net (loss) profit attributable to shareholders						<u>(68,698)</u>
Total segment assets	<u>127,393</u>	<u>63,927</u>	<u>75,675</u>	<u>(2,104)</u>	<u>—</u>	<u>264,891</u>
Total segment liabilities	<u>30,817</u>	<u>1,840</u>	<u>877</u>	<u>73,580</u>	<u>—</u>	<u>107,114</u>
Capital expenditures for segment assets	<u>9,670</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,670</u>
Depreciation and amortisation	<u>4,409</u>	<u>—</u>	<u>28</u>	<u>—</u>	<u>—</u>	<u>4,437</u>
Provision for inventory obsolescence	<u>4,328</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,328</u>
Provision for doubtful debts	<u>1,040</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,040</u>

## 4. SEGMENT INFORMATION (Cont'd)

## a. By principal activity (Cont'd)

	2000					
	Design and trading of integrated circuits, provision of agency services and distribution of products \$'000	Investment property holding \$'000	Investment holding \$'000	Unallocated amounts \$'000	Eliminations \$'000	Total \$'000
<b>Turnover</b>						
External	111,248	6,434	—	—	—	117,682
Inter-segment	1,987	—	—	—	(1,987)	—
Total turnover	<u>113,235</u>	<u>6,434</u>	<u>—</u>	<u>—</u>	<u>(1,987)</u>	<u>117,682</u>
<b>Cost of sales</b>						
External	(83,240)	—	—	—	—	(83,240)
Inter-segment	—	—	—	—	—	—
Gross profit	29,995	6,434	—	—	(1,987)	34,442
<b>Other revenue</b>						
External	4,325	76	1,429	—	—	5,830
Inter-segment	—	—	7,421	—	(7,421)	—
	<u>4,325</u>	<u>76</u>	<u>8,850</u>	<u>—</u>	<u>(7,421)</u>	<u>5,830</u>
<b>Segment expenses</b>						
Distribution costs	(6,661)	—	—	—	—	(6,661)
General and administrative expenses	(27,900)	(1,834)	(10,385)	(2)	6,593	(33,528)
Other operating income (expenses)	—	—	(535)	801	—	266
Gain on disposal of a subsidiary	—	—	—	8,444	—	8,444
(Loss) Profit from operations	(241)	4,676	(2,070)	9,243	(2,815)	8,793
Finance costs						(2,737)
(Loss) Profit before tax						6,056
Taxation						(688)
(Loss) Profit before minority interests						5,368
Minority interests						(414)
Net (loss) profit attributable to shareholders						<u>4,954</u>
Total segment assets	96,137	70,693	202,687	(2,852)	—	366,665
Total segment liabilities	53,296	1,545	1,151	103,231	—	159,223
Capital expenditures for segment assets	11,863	—	47	—	—	11,910
Depreciation and amortisation	7,556	—	225	—	—	7,781
Provision for inventory obsolescence	—	—	—	—	—	—
Provision for doubtful debts	408	—	—	—	—	408

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### 4. SEGMENT INFORMATION (Cont'd)

#### b. By geographical location

	Turnover		Contribution to net (loss) profit from operations	
	2001 \$'000	2000 \$'000	2001 \$'000	Restated 2000 \$'000
Hong Kong	6,446	55,417	6,446	8,472
Taiwan	76,298	46,740	10,863	11,843
The People's Republic of China	10,235	15,525	7,883	14,127
	<u>92,979</u>	<u>117,682</u>	<u>25,192</u>	<u>34,442</u>
Other revenues			6,631	5,830
Gain on disposal of a subsidiary			—	8,444
Expenses, net			<u>(104,159)</u>	<u>(42,660)</u>
(Loss) Profit before tax			<u>(72,336)</u>	<u>6,056</u>

### 5. OTHER REVENUES

Analysis of other revenues is as follows:

	2001 \$'000	2000 \$'000
Interest income	3,091	2,788
Gain on sale of other investments	476	40
Handling and probing fees	—	174
Exchange gain, net	2,978	673
Others	86	2,155
	<u>6,631</u>	<u>5,830</u>

### 6. OTHER OPERATING (EXPENSES) INCOME

	2001 \$'000	Restated 2000 \$'000
Provision for diminution in value in other investments (Note 7)	(52,362)	(535)
Write-back of provisions for doubtful debts (Note 7)	1,273	—
Negative goodwill recognised as income arising from change in accounting policy	801	801
Other operating income	244	—
	<u>(50,044)</u>	<u>266</u>

**7. (LOSS) PROFIT BEFORE TAX**

(Loss) Profit before tax was determined after charging and crediting the following items:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
<b>Charging:</b>		
Provident fund contributions	89	1,144
Less: Forfeited contributions	—	(966)
	<u>89</u>	<u>178</u>
Auditors' remuneration	844	920
Depreciation of fixed assets	1,272	6,686
Amortisation of intangible assets	3,165	1,095
Staff costs (including directors' and senior executives' emoluments)		
— salaries and wages	25,194	24,603
— provision for staff and worker's bonus and welfare fund	1,955	3,831
— contribution to defined contribution plan	89	178
	<u>27,238</u>	<u>28,612</u>
Operating lease rentals in respect of land and buildings ( <i>Note 3.b</i> )	3,801	1,016
Loss on disposal of fixed assets	275	88
Provision for inventory obsolescence	4,328	—
Research costs	18,776	7,989
Provision for diminution in value in other investments ( <i>Note 6</i> )	52,362	535
Interest expenses on bank loans, overdrafts and other loans repayable within five years	5,056	2,737
Cost of inventories	67,787	83,240
Provision for doubtful debts	<u>1,040</u>	<u>408</u>
<b>Crediting:</b>		
Gross rental income from investment property	6,446	6,434
Less: Outgoings	(401)	(213)
	<u>6,045</u>	<u>6,221</u>
Gain on disposal of other investments	476	40
Write-back of provisions for doubtful debts ( <i>Note 6</i> )	1,273	—
Gain on disposal of a subsidiary	—	8,444
Exchange gain, net	2,978	673
Interest income on bank deposits	<u>3,091</u>	<u>2,788</u>

## NOTES TO FINANCIAL STATEMENTS

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(Expressed in Hong Kong dollars)

### 8. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

- a. Details of directors' emoluments were:

	2001 \$'000	2000 \$'000
Fees for executive directors	—	—
Fees for non-executive directors	200	200
Other emoluments for executive directors		
— basic salaries and allowances	238	2,157
— provident fund contributions	18	96
	<u>456</u>	<u>2,453</u>

No directors waived any emoluments during the year.

The emoluments of a certain executive director for the year were borne by a related company (*Note 3.d*).

Analysis of executive directors' emoluments by number of directors and emolument ranges is as follows:

	2001	2000
Nil to \$1,000,000	4	4
\$1,000,001 to \$1,500,000	—	—
\$1,500,001 to \$2,000,000	—	1
	<u>4</u>	<u>5</u>

- b. Details of emoluments paid to the five highest paid individuals (including directors and other employees) are:

	2001 \$'000	2000 \$'000
Basic salaries and allowances	2,992	4,281
Bonus	443	—
Contributions to provident fund	62	167
	<u>3,497</u>	<u>4,448</u>

During the year, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as inducement to join or as compensation for loss of office.

**8. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS** (Cont'd)

b. (Cont'd)

Analysis of emoluments paid to the five highest paid individuals (including directors and other employees) by number of individuals and emolument ranges is as follows:

	2001	2000
Nil to \$1,000,000	4	3
\$1,000,001 to \$1,500,000	1	1
\$1,500,001 to \$2,000,000	—	1
	<u>5</u>	<u>5</u>

None (2000 — One) of the five highest paid individuals was a director of the Company, whose emoluments have been included in Note 8.a..

**9. TAXATION**

The Company is exempt from taxation in Bermuda. Hong Kong profits tax has been provided at the rate of 16% (2000 — 16%) on the estimated assessable profit for the year. Overseas taxation has been calculated on the estimated assessable profit for the year at the rates prevailing in the respective jurisdictions.

	2001 \$'000	2000 \$'000
Hong Kong profits tax	250	324
Overseas taxation	<u>340</u>	<u>364</u>
	<u>590</u>	<u>688</u>

There was no significant unprovided deferred taxation as at 31st December, 2001.

**10. NET (LOSS) PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

The consolidated loss attributable to shareholders includes a net loss of approximately \$61,592,000 (2000 — \$5,226,000) dealt with in the financial statements of the Company.

**11. (LOSS) EARNINGS PER SHARE**

The calculation of basic loss per share for the year ended 31st December, 2001 is based on the consolidated net loss attributable to shareholders of approximately \$68,698,000 (restated 2000 — profit of approximately \$4,954,000) and the weighted average number of 336,587,142 shares (2000 — 336,587,142 shares) in issue during the year.

Diluted loss per share was not presented as there is no dilutive effect on the loss per share for 2001.

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001  
(Expressed in Hong Kong dollars)

### 12. FIXED ASSETS

#### Group

	2001				Restated 2000
	Leasehold improvements \$'000	Furniture, fixtures and equipment \$'000	Plant and machinery \$'000	Total \$'000	Total \$'000 (Note 31)
<b>Cost</b>					
Beginning of year	1,308	4,862	254	6,424	173,924
Additions	—	3,260	4,102	7,362	11,910
Reclassified to intangible assets	—	—	—	—	(13,340)
Disposals arising from disposal of a subsidiary	—	—	—	—	(165,975)
Disposals	(235)	(144)	—	(379)	(95)
End of year	<u>1,073</u>	<u>7,978</u>	<u>4,356</u>	<u>13,407</u>	<u>6,424</u>
<b>Accumulated depreciation</b>					
Beginning of year	1,082	2,227	14	3,323	118,237
Charge for the year	68	946	258	1,272	7,781
Reclassified to intangible assets	—	—	—	—	(1,547)
Disposals arising from disposal of a subsidiary	—	—	—	—	(121,141)
Disposals	(82)	(22)	—	(104)	(7)
End of year	<u>1,068</u>	<u>3,151</u>	<u>272</u>	<u>4,491</u>	<u>3,323</u>
<b>Net book value</b>					
End of year	<u>5</u>	<u>4,827</u>	<u>4,084</u>	<u>8,916</u>	<u>3,101</u>
Beginning of year	<u>226</u>	<u>2,635</u>	<u>240</u>	<u>3,101</u>	<u>55,687</u>



## 12. FIXED ASSETS (Cont'd)

## Company

	Leasehold improvements \$'000	2001 Furniture, fixtures and equipment \$'000	Total \$'000	2000 Total \$'000
<b>Cost</b>				
Beginning of year	1,074	515	1,589	1,542
Additions	—	—	—	47
End of year	<u>1,074</u>	<u>515</u>	<u>1,589</u>	<u>1,589</u>
<b>Accumulated depreciation</b>				
Beginning of year	1,070	456	1,526	1,301
Charge for the year	4	24	28	225
End of year	<u>1,074</u>	<u>480</u>	<u>1,554</u>	<u>1,526</u>
<b>Net book value</b>				
End of year	<u>—</u>	<u>35</u>	<u>35</u>	<u>63</u>
Beginning of year	<u>4</u>	<u>59</u>	<u>63</u>	<u>241</u>

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001  
(Expressed in Hong Kong dollars)

### 13. INTANGIBLE ASSETS

**Computer software**  
(Note 31)  
\$'000

#### Group

#### Cost

Beginning of year	13,340
Additions	<u>2,308</u>
End of year	<u>15,648</u>

#### Accumulated amortisation

Beginning of year	1,547
Charge for the year	<u>3,165</u>
End of year	<u>4,712</u>

#### Net book value

End of year	<u>10,936</u>
Beginning of year	<u>11,793</u>

### 14. NEGATIVE GOODWILL

\$'000

#### Group

#### Cost

Beginning and end of year	<u>(4,260)</u>
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#### Accumulated amortisation

Beginning of year	(1,322)
Charge for the year	<u>(801)</u>
End of year	<u>(2,123)</u>

#### Net book value

End of year	<u>(2,137)</u>
Beginning of year	<u>(2,938)</u>

**15. INVESTMENT PROPERTY**

	<b>2001</b> <b>\$'000</b>	2000 <b>\$'000</b>
Balance, beginning of year	<b>70,000</b>	72,000
Revaluation deficit	<b>(7,000)</b>	(2,000)
Balance, end of year	<b><u>63,000</u></b>	<u>70,000</u>

The Group's investment property is situated at 18 Lee Chung Street, Chai Wan, Hong Kong under a medium-term lease. The property is rented out under operating leases.

The Group's investment property was revalued on 31st December, 2001 by Vigers Hong Kong Limited, an independent qualified valuer, at its open market value on an existing use basis.

As a result of the revaluation, a decrease in value of the Group's investment property of approximately \$7,000,000 (2000 — \$2,000,000) was charged to the investment property revaluation reserve (Note 24).

**16. INVESTMENTS IN SUBSIDIARIES**

In the Company's balance sheet, investments in subsidiaries comprised:

	<b>2001</b> <b>\$'000</b>	2000 <b>\$'000</b>
Unlisted shares, at cost	<b>88,010</b>	88,010
Amounts due from subsidiaries	<b>111,837</b>	71,260
	<b>199,847</b>	159,270
Less: Provision for impairment in value	<b>(22,873)</b>	(19,280)
	<b><u>176,974</u></b>	<u>139,990</u>

Except for the outstanding balance with Wellba Investment Limited which bore interest at 10% per annum, all other outstanding balances with subsidiaries were unsecured and non-interest bearing. The Company has agreed not to demand repayment from the subsidiaries until the subsidiaries have become financially capable to do so.

The underlying value of investments in subsidiaries was, in the opinion of the directors, not less than the Company's carrying value as at 31st December, 2001.

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001  
(Expressed in Hong Kong dollars)

### 16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries as at 31st December, 2001 were as follows:

Name	Place of incorporation/ business	Issued and fully paid capital	Percentage of equity interest attributable to the Group		Principal activities
			Directly held	Indirectly held	
Ryder Properties Limited	British Virgin Islands	US\$1 ordinary	100%	—	Investment holding
Win Win Property Investments Limited	British Virgin Islands	US\$1 ordinary	100%	—	Investment holding
Wellba Investment Limited	Hong Kong	HK\$2 ordinary HK\$2,000,001 non-voting deferred	—	100%	Investment property holding
Rockey Company Limited	Hong Kong	HK\$2 ordinary	100%	—	Investment holding
Harvest Century Enterprises Limited	Hong Kong	HK\$10,000 ordinary	100%	—	Inactive
SyncMOS Technologies, Inc. (BVI)	British Virgin Islands	US\$1 ordinary	100%	—	Investment holding, design and trading of integrated circuit products
Shanghai SyncMOS Semiconductor Company Limited	Shanghai, the People's Republic of China (the "PRC")	US\$5,000,000 ordinary	—	70%	Design, trading of integrated circuit products and provision of agency services and distribution of products
SyncMOS Hong Kong Limited *	Hong Kong	HK\$2 ordinary	—	100%	Inactive
總茂電子技術(深圳) 有限公司 *	Shenzhen, the PRC	US\$1,000,000 ordinary	—	100%	Research and development of integrated circuit products
SyncMOS Techologies, Inc. (Cayman Islands)	Cayman Islands	US\$1 ordinary	100%	—	Inactive

## 16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ business	Issued and fully paid capital	Percentage of equity interest attributable to the Group		Principal activities
			Directly held	Indirectly held	
新茂國際科技股份 有限公司	Taiwan	NT\$320,000,000 ordinary	—	55%	Wholesale distribution of electronic materials and components and provision of industrial and commercial services and product design

\* The Board of Directors passed resolutions to close down SyncMOS Hong Kong Limited and 總茂電子技術(深圳)有限公司 on 4th January, 2002 and 31st December, 2001, respectively. The process of closing down these two subsidiaries has not yet completed as of the date of approval of these financial statements.

## 17. INVENTORIES

	Group	
	2001 \$'000	2000 \$'000
Raw materials	924	1,216
Work-in-progress	12,864	—
Finished goods	4,234	15,826
	<b>18,022</b>	17,042
Less: Provision for inventory obsolescence	(4,328)	—
	<b>13,694</b>	17,042

Of the amount stated above, the amount of inventories carried at net realisable value is approximately \$830,000 (2000 — \$Nil).

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001  
(Expressed in Hong Kong dollars)

### 18. ACCOUNTS RECEIVABLE

	Group	
	2001	2000
	\$'000	\$'000
		<i>(Note 31)</i>
Accounts receivable	2,753	30,359
Less: Provision for doubtful debts	<u>(1,582)</u>	<u>(1,815)</u>
	<u><b>1,171</b></u>	<u><b>28,544</b></u>

Aging analysis of accounts receivable less provision for doubtful debts is as follows:

	Group	
	2001	2000
	\$'000	\$'000
0 — 90 days	996	24,893
91 — 180 days	150	3,180
181 — 365 days	25	—
Over 365 days	<u>—</u>	<u>471</u>
	<u><b>1,171</b></u>	<u><b>28,544</b></u>

The Group normally grants credit periods to customers ranging from 30 days to 120 days.

### 19. OTHER INVESTMENTS

	Group		Company	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Listed equity securities in the U.S.	62,514	—	62,514	—
Listed equity securities in Hong Kong	75	165	—	—
Unlisted equity securities in Taiwan	—	114,818	—	114,818
Listed short-term investment funds in Taiwan	<u>20,605</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><b>83,194</b></u>	<u><b>114,983</b></u>	<u><b>62,514</b></u>	<u><b>114,818</b></u>
Quoted market value for listed equity securities as at year end	<u><b>83,194</b></u>	<u><b>165</b></u>	<u><b>62,514</b></u>	<u><b>—</b></u>

**19. OTHER INVESTMENTS (Cont'd)**

Particulars of the listed investments disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance are as follows:

Name of investee	Place of incorporation	Percentage of shares held	Class of shares held
ChipMOS Technologies (Bermuda) Limited ("ChipMOS")	Bermuda	5%	Ordinary

During the year, the shares of ChipMOS were listed on the NASDAQ exchange in the United States. The closing price of the first day of trading was US\$5.06 (equivalent to \$39.47) per share. As 31st December, 2001, the quoted market value was approximately US\$2 (equivalent to \$15.6) per share.

**20. ACCOUNTS PAYABLE AND ACCRUALS**

Included in accounts payable and accruals were accounts payable, accrued charges and other payable as follows:

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Accounts payable	13,245	30,095	—	—
Accrued charges and other payable	11,011	11,689	797	694
	<u>24,256</u>	<u>41,784</u>	<u>797</u>	<u>694</u>

Aging analysis of accounts payable is as follows:

	Group		Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
0 — 90 days	5,238	28,662	—	—
91 — 180 days	7,895	1,321	—	—
181 — 365 days	—	—	—	—
Over 365 days	112	112	—	—
	<u>13,245</u>	<u>30,095</u>	<u>—</u>	<u>—</u>

**21. SHORT-TERM BANK LOANS**

As at 31st December, 2001, all of the short-term bank loans were secured, interest bearing at prevailing market rates and repayable within one year (Note 29).

**22. LONG-TERM BANK LOAN**

As at 31st December, 2001, the long-term bank loan was secured by certain bank deposits, interest-free and not repayable within one year (Note 29).

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001

(Expressed in Hong Kong dollars)

### 23. SHARE CAPITAL

	Number of shares	Nominal value \$'000
Authorised —		
Ordinary shares of \$0.1 each	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid —		
Ordinary shares of \$0.1 each	<u>336,587,142</u>	<u>33,659</u>

### 24. RESERVES

#### Group

	Share premium \$'000	Investment property revaluation reserve \$'000	2001 Exchange reserve \$'000	Retained profit (Accumulated losses) \$'000	Total \$'000	Restated 2000 Total \$'000
Beginning of year	101,263	17,694	(404)	53,464	172,017	198,751
Prior year adjustment						
Accumulated amount of negative goodwill recognised as income arising from change in accounting policy	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>521</u>
Restated balance	101,263	17,694	(404)	53,464	172,017	199,272
Restatement of negative goodwill arising from change in accounting policy	—	—	—	—	—	(4,260)
Adjustment of negative goodwill due to subsequent adjustments to the net asset value of a subsidiary acquired in prior year	—	—	—	—	—	2,306
Deficit on revaluation of investment property	—	(7,000)	—	—	(7,000)	(2,000)
Write-back of negative goodwill resulting from disposal of a subsidiary	—	—	—	—	—	(28,072)
Movement in exchange difference	—	—	(2,353)	—	(2,353)	(183)
(Loss) Profit for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(68,698)</u>	<u>(68,698)</u>	<u>4,954</u>
End of year	<u>101,263</u>	<u>10,694</u>	<u>(2,757)</u>	<u>(15,234)</u>	<u>93,966</u>	<u>172,017</u>



**24. RESERVES (Cont'd)****Company**

	Share premium \$'000	Contributed surplus \$'000	2001 Capital reserve \$'000	Accumulated losses \$'000	Total \$'000	2000 Total \$'000
Beginning of year	101,263	137,800	20,566	(46,469)	213,160	218,386
Loss for the year	—	—	—	(61,592)	(61,592)	(5,226)
End of year	<u>101,263</u>	<u>137,800</u>	<u>20,566</u>	<u>(108,061)</u>	<u>151,568</u>	<u>213,160</u>

The contributed surplus of the Company represents the excess of the net asset value of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor.

The share premium and capital reserve are not distributable under Bermuda Companies Act and the aggregate amount of reserves available for distribution to shareholders of the Company was \$29,739,000 (2000 — \$91,331,000).

**25. SHARE OPTION SCHEME**

On 25th January, 1994, a share option scheme was approved by the shareholders of the Company, under which the directors of the Company may, at their discretion, invite employees of the Group, including senior executives and directors, to take up options to subscribe for shares in the Company at an exercise price of \$0.824 per share, subject to the terms and conditions stipulated therein.

The maximum number of shares in respect of which options may be granted may not exceed 10% of the share capital of the Company in issue from time to time. During the year, no new share options were granted. As at 31st December, 2001, the total number of share options granted was 9,000,000 (2000 — 11,750,000) expiring in August 2003. The scheme will remain in force for a period of ten years from 25th January, 1994, being the date of its adoption.

Details of the movement of the share options during the year ended 31st December, 2001 were as follows:

Name of participant	Date of grant	Exercise period	Subscription price per share	Number of share options		
				Beginning of year	Cancelled or exercised during the year	Eng of year
Seto Yee Woon, John	27th August, 1997	27th August, 1997 to 26th August, 2003	HK\$0.824	5,000,000	—	5,000,000
Pang Hong	Ditto	Ditto	HK\$0.824	1,500,000	—	1,500,000
Tam Pui Na, Rafia	Ditto	Ditto	HK\$0.824	250,000	(250,000)	—
Chang Chueh Pin	Ditto	Ditto	HK\$0.824	2,500,000	—	2,500,000
Yu Swee Yam	Ditto	Ditto	HK\$0.824	2,500,000	(2,500,000)	—
				<u>11,750,000</u>	<u>(2,750,000)</u>	<u>9,000,000</u>

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001

(Expressed in Hong Kong dollars)

### 26. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

- a. Reconciliation of (loss) profit before tax to net cash inflow from operating activities:

	2001 \$'000	Restated 2000 \$'000 (Note 31)
(Loss) Profit before tax	(72,336)	6,056
Provision for diminution in value in other investments	52,362	535
Loss on disposal of fixed assets	275	88
Gain on disposal of a subsidiary	—	(8,444)
Gain on disposal of other investments	(476)	(40)
Interest income on bank deposits	(3,091)	(2,788)
Interest expense	5,056	2,737
Depreciation of fixed assets	1,272	6,686
Amortization of intangible assets	3,165	1,095
Recognition of negative goodwill as other operating income arising from change in accounting policy	(801)	(801)
Decrease (Increase) in inventories	3,348	(16,454)
Decrease (Increase) in accounts receivable	27,373	(8,195)
Decrease (Increase) in notes receivable	2,054	(2,263)
Decrease in amount due from a former subsidiary	30,600	—
Increase in prepayments, deposits and others	(8,236)	(2,496)
(Increase) Decrease in amounts due from related companies	(1,146)	7,453
Increase in amount due from a minority shareholder	—	(94)
Increase in pledged deposits	(1,170)	(1,183)
Increase in long-term deposits	(678)	(210)
(Decrease) increase in accounts payable and accruals	(17,528)	32,306
(Decrease) Increase in bills payable	(11,859)	11,859
Increase in amounts due to related companies	6,315	2,334
Increase in amount due to minority shareholders	55	658
Net cash inflow from operating activities	<u>14,554</u>	<u>28,839</u>

## 26. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

## b. Net cash outflow from disposal of a subsidiary:

	2001 \$'000	2000 \$'000
Fixed assets	—	44,834
Amounts due from related companies	—	1,139
Pledged deposits	—	5,000
Cash and cash equivalents	—	50,981
Inventories	—	26,126
Accounts receivable	—	6,464
Prepayments, deposits and others	—	1,290
Accounts payable and accruals	—	(6,387)
Amount due to immediate holding company	—	(30,600)
Long-term loan	—	(29,400)
Minority interest	—	(34,029)
Negative goodwill	—	(28,072)
	<u>—</u>	<u>—</u>
Net assets disposed of	—	7,346
Gain on disposal	—	8,444
	<u>—</u>	<u>—</u>
Consideration received (cash)	—	15,790
Less: Cash and cash equivalents disposed of	—	(50,981)
	<u>—</u>	<u>—</u>
Net cash outflow from disposal of a subsidiary	<u>—</u>	<u>(35,191)</u>

## c. Analysis of changes in financing during the year:

	2001			2000	
	Long-term bank loans \$'000	Short-term bank loans \$'000	Minority interests \$'000	Total \$'000	Total \$'000
Beginning of year	—	102,169	1,766	103,935	76,700
Additional loan	754	—	—	754	89,261
Disposal of a subsidiary (Note 26.b)	—	—	—	—	(63,429)
Repayment of loan	—	(29,899)	—	(29,899)	—
Net (loss) profit attributable to minority interests	—	—	(4,228)	(4,228)	414
Contributions from minority shareholders	—	—	32,614	32,614	989
	<u>—</u>	<u>—</u>	<u>32,614</u>	<u>32,614</u>	<u>989</u>
End of year	<u>754</u>	<u>72,270</u>	<u>30,152</u>	<u>103,176</u>	<u>103,935</u>

## NOTES TO FINANCIAL STATEMENTS

31st December, 2001  
(Expressed in Hong Kong dollars)

### 27. RETIREMENT BENEFIT OBLIGATION

The Group operates a defined contribution pension scheme for its employees, who are eligible and have elected to participate in the scheme, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on 5% to 7.5% of the participating employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions being fully vested, the ongoing contributions payable by the Group are reduced by the relevant amount of forfeited contributions.

The employees of the Company's subsidiaries in the PRC are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their salaries to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

### 28. COMMITMENTS

#### Operating lease commitments

As at 31st December, 2001, the total future minimum lease payments payable under non-cancellable operating leases are payable as follows:

	2001 \$'000	2000 \$'000
Total future minimum lease payments payable:		
— Not later than 1 year	1,611	172
— Later than 1 year and not later than 5 years	494	152
	<u>2,105</u>	<u>324</u>

The investment property of the Group is rented under operating leases. As at 31st December, 2001, the total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2001 \$'000	2000 \$'000
Total future minimum lease payments receivable:		
— Not later than 1 year	5,101	4,865
— Later than 1 year and not later than 5 years	1,386	2,542
	<u>6,487</u>	<u>7,407</u>

**29. BANKING FACILITIES**

As at 31st December, 2001, the Group had aggregate banking facilities of approximately \$103,631,000 (2000 — \$103,159,000). Unused facilities as at the same date amounted to approximately \$30,607,000 (2000 — \$990,000). These facilities were secured by:

- a. Bank deposits of \$4,683,000 (2000 — \$3,513,000);
- b. First mortgage in favor of the bank over certain properties held by related companies; and
- c. Guarantee of \$100 million from related companies.

**30. SUBSEQUENT EVENT**

The Group obtained additional banking facilities of approximately \$42 million from Hamburgische Landesbank on 18th January, 2002. The banking facilities are secured by a first mortgage in favor of the bank over the investment property held by the Group.

**31. COMPARATIVE FIGURES**

An amount of \$11,793,000 has been reclassified from fixed assets to intangible assets so as to conform to the classification of computer software in accordance with SSAP 29 effective 1st January, 2001. Also, amounts of \$310,000, \$703,000, \$211,000, \$94,000 and \$587,000 have been reclassified from (i) accounts payable to amounts due from related companies, (ii) from distribution costs to turnover, (iii) from prepayments, deposits and others to long-term deposits, (iv) from prepayments, deposits and others to amount due to a minority shareholder and (v) from accounts receivable to prepayments, deposits and others, respectively, so as to conform to the current year's presentation.

**32. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements (set out on pages 22 to 55) were approved and authorised for issue by the Board of Directors on 19th April, 2002.