



15. GOODWILL AND NEGATIVE GOODWILL

SSAP 30 was adopted during the year, as detailed in note 2 to the financial statements. The amounts of the goodwill and negative goodwill capitalised as an asset or recognised in the consolidated balance sheet, arising from the acquisition of subsidiaries, are as follows:

	Group	
	Goodwill HK\$'000	Negative goodwill HK\$'000
Cost:		
At beginning of year:		
As previously reported	–	–
Prior year adjustment	57,001	(2,862)
	<u>57,001</u>	<u>(2,862)</u>
As restated	57,001	(2,862)
Reclassification to interests in jointly controlled entities (note 17)	(10,548)	–
	<u>(10,548)</u>	<u>–</u>
At 31 December 2001	<u>46,453</u>	<u>(2,862)</u>
Accumulated recognition as income/(amortisation and impairment):		
At beginning of year:		
As previously reported	–	–
Prior year adjustment	(55,683)	2,522
	<u>(55,683)</u>	<u>2,522</u>
As restated	(55,683)	2,522
Recognised as income/(amortisation provided) during the year	(1,318)	340
Reclassification to interests in jointly controlled entities (note 17)	10,548	–
	<u>10,548</u>	<u>–</u>
At 31 December 2001	<u>(46,453)</u>	<u>2,862</u>
Net book value:		
At 31 December 2001	<u>–</u>	<u>–</u>
At 31 December 2000 (as restated)	<u>1,318</u>	<u>(340)</u>

As detailed in note 3 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill and negative goodwill in respect of previous acquisitions to be restated to the non-current assets section of the consolidated balance sheet, in accordance with the new accounting policy.

Notes to Financial Statements

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15. GOODWILL AND NEGATIVE GOODWILL (continued)

The prior year adjustment so arising has resulted in goodwill previously eliminated against consolidated retained profits and the capital reserve aggregating HK\$57,001,000 as at 1 January 2001, and negative goodwill previously credited to the capital reserve of HK\$2,862,000 as at that date, being restated at cost as at 1 January 2001. The cumulative amount of goodwill that would have been amortised to the consolidated profit and loss account under the new accounting policy, of HK\$55,683,000 as at 1 January 2001, have been restated as the balance of accumulated amortisation as at 1 January 2001. The cumulative amount of negative goodwill that would have been recognised in the consolidated profit and loss account under the new accounting policy, of HK\$2,522,000 as at 1 January 2001, has been restated as the balance of accumulated recognition as income as at that date.

The effect of this change in accounting policy on the consolidated profit and loss account for the current year was to increase the amortisation of goodwill by HK\$1,318,000 and increase the negative goodwill recognised as income by HK\$340,000.

16. INTERESTS IN SUBSIDIARIES

	Company	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	26,744	26,744
Due from subsidiaries	653,718	606,129
Due to subsidiaries	(108,227)	(18,244)
	572,235	614,629
Less: Provisions for impairment	(215,257)	(145,257)
	356,978	469,372

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries are set out in note 32 to the financial statements.



17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2001 HK\$'000	2000 HK\$'000 (Restated)
Share of net assets	142,010	98,155
Goodwill on acquisition, at cost	36,501	25,953
Less: Accumulated amortisation and impairment	(36,501)	(25,909)
Due from jointly controlled entities	2,426	7,911
	<u>144,436</u>	<u>106,110</u>

The balances with the jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment.

As detailed in note 3 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill and negative goodwill in respect of previous acquisitions of jointly controlled entities to be restated, in accordance with the new accounting policy.

The prior year adjustment so arising has resulted in goodwill previously eliminated against consolidated retained profits of HK\$25,953,000 as at 1 January 2001, being restated at cost as at 1 January 2001. The cumulative amount of goodwill that would have been amortised to the consolidated profit and loss account under the new accounting policy, of HK\$7,978,000 as at 1 January 2001, has been restated as the balance of accumulated amortisation and impairment as at 1 January 2001, together with the amount of further impairment which would have arisen in prior years under the requirements of SSAP 30 of HK\$17,931,000 as at 1 January 2001, have been restated as the balance of accumulated amortisation and impairment of goodwill as at 1 January 2001. The overall effect of these prior year adjustments was to restate a net balance of goodwill less accumulated amortisation and impairment of HK\$44,000 as at 1 January 2001. This HK\$44,000 balance was amortised to the consolidated profit and loss account for the current year.

An amount of HK\$10,548,000 has been reclassified from the cost and accumulated amortisation of goodwill into interests in jointly controlled entities as detailed in note 15 to the financial statements. The reclassification had no impact on the carrying value of the interests in jointly controlled entities at the balance sheet date.



Notes to Financial Statements

(31 DECEMBER, 2001)

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Particulars of the jointly controlled entities, which are held indirectly through subsidiaries, are as follows:

Name	Business structure	Place of incorporation/ registration	Ownership Interest	Percentage of Voting power	Profit sharing	Principal activities
Hoperise Industrial Limited ("Hoperise")	Corporate	Hong Kong	50	50	50	Copper wire drawing
Shanghai Printronics Circuit Corporation ("SPC") (note (i))	Corporate	People's Republic of China	60.2	50	64.8	Manufacture of printed circuit boards
Shou Jia Information Technology Limited ("Shou Jia") (note (ii))	Corporate	Hong Kong	50	50	50	In liquidation

Notes:

- (i) SPC was accounted for as a subsidiary in prior years. During the year, following a change in composition of the board of directors of SPC, the Company's directors considered that the Group can no longer exercise effective control over the financial and operating policies of SPC but that the Group does exercise joint control. Accordingly, the directors believe that it is more appropriate to reclassify the Group's interests in SPC from an interest in a subsidiary to an interest in a jointly controlled entity.
- (ii) During the year, the Group had exercised its put option to demand the original vendor to repurchase the Group's investment in Shou Jia at cost plus its share of the guaranteed profits but there was little progress to date because the directors have not been able to contact the vendor. Accordingly, the directors have made a full provision against the Group's interests in Shou Jia at the balance sheet date.



17. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Summary extracts of the consolidated financial statements of Hoperise are as follows:

Operating results for the years ended 31 December 2001 and 2000:

	Year ended 31 December 2001 HK\$'000	Year ended 31 December 2000 HK\$'000
Turnover	<u>401,476</u>	<u>425,865</u>
Operating profit before tax	21,512	36,125
Tax	<u>(2,304)</u>	—
Net profit attributable to shareholders	<u>19,208</u>	<u>36,125</u>

Financial position as at 31 December 2001 and 31 December 2000:

	2001 HK\$'000	2000 HK\$'000
Fixed assets	78,946	95,566
Current assets	196,318	218,246
Current liabilities	<u>(73,746)</u>	<u>(121,502)</u>
Shareholders' equity	<u>201,518</u>	<u>192,310</u>

Notes to Financial Statements

(31 DECEMBER, 2001)

18. LONG TERM INVESTMENT

	Group	
	2001 HK\$'000	2000 HK\$'000
Unlisted equity investment, at cost	35,841	35,841
Less: Provision for impairment	(28,384)	(28,384)
	<u>7,457</u>	<u>7,457</u>

The Group's unlisted equity investment at the balance sheet date represents a 40% equity interest in the registered capital of Tianjin Printronics Circuit Corporation ("TPC"), which is a Sino-foreign equity joint venture established in Mainland China. In the opinion of the directors, the Group neither has joint control of, nor is in a position to exercise significant influence over TPC. Accordingly, the Group's investment in TPC was accounted for as a long term investment.

19. INVENTORIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Raw materials	38,119	77,510
Work in progress	8,072	18,521
Finished goods	10,923	22,833
	<u>57,114</u>	<u>118,864</u>

The carrying amount of inventories carried at net realisable value included in the above balance was HK\$1,864,000 (2000: HK\$7,162,000) as at the balance sheet date.

As at 31 December 2001, the carrying amount of inventories of the Group pledged as security for banking facilities amounted to HK\$30,118,000 (2000: HK\$51,707,000) (note 26).



20. TRADE AND BILLS RECEIVABLES

An aged analysis of trade and bills receivables is as follows:

	Group		2000	
	2001 Balance HK\$'000	%	Balance HK\$'000	%
0-90 days	74,170	77	124,267	79
91-180 days	18,547	20	18,629	12
181-365 days	2,724	3	12,005	8
1-2 years	425	—	1,286	1
Over 2 years	179	—	803	—
	<u>96,045</u>	<u>100</u>	<u>156,990</u>	<u>100</u>

Trading terms with customers are principally on credit, except for new customers, when cash on delivery is normally required. Invoices are normally payable within 60 days of issuance, except for certain well established customers, when the terms are extended to 90 days. Each customer has a designated credit limit.

21. OTHER RECEIVABLES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Prepayments and other receivables	10,205	9,673	41	261
Due from related companies	78	2,080	24	24
Due from subsidiaries	—	—	22,683	44,142
	<u>10,283</u>	<u>11,753</u>	<u>22,748</u>	<u>44,427</u>

The balances with the related companies are unsecured, interest-free and have no fixed terms of repayment.

The balances with the subsidiaries are unsecured, interest-free and are repayable within one year.

Notes to Financial Statements

(31 DECEMBER, 2001)

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Cash and bank balances	32,088	66,606	5,120	7,877
Time deposits	76,446	32,104	76,446	29,728
	<u>108,534</u>	<u>98,710</u>	<u>81,566</u>	<u>37,605</u>

23. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables is as follows:

	Group			
	2001		2000	
	Balance HK\$'000	%	Balance HK\$'000	%
0-90 days	28,049	80	50,944	91
91-180 days	5,532	16	4,232	8
181-365 days	753	2	640	1
1-2 years	663	2	107	—
Over 2 years	100	—	307	—
	<u>35,097</u>	<u>100</u>	<u>56,230</u>	<u>100</u>

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Accruals and other liabilities	27,261	40,890	673	894
Due to related companies	47	47	47	47
Due to jointly controlled entities	—	—	—	3,775
	<u>27,308</u>	<u>40,937</u>	<u>720</u>	<u>4,716</u>

The balances with the related companies are unsecured, interest-free and have no fixed terms of repayment.



25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	Group		Company	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Current portion of bank loans	26	42,846	64,435	35,411	56,870
Current portion of finance lease payables	27	—	486	—	—
		<u>42,846</u>	<u>64,921</u>	<u>35,411</u>	<u>56,870</u>

26. INTEREST-BEARING BANK BORROWINGS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Secured:				
Bank loans	12,728	12,728	12,728	12,728
Trust receipt loans	30,118	51,707	22,683	44,142
	<u>42,846</u>	<u>64,435</u>	<u>35,411</u>	<u>56,870</u>
Portion due within one year classified as current liabilities – note 25	<u>42,846</u>	<u>64,435</u>	<u>35,411</u>	<u>56,870</u>
Long term portion	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The above banking facilities were secured by the Group's leasehold land and buildings and investment properties with an aggregate carrying amount of HK\$17,000,000 (2000: HK\$27,033,000) and the Group's inventories with a carrying amount of HK\$30,118,000 (2000: HK\$51,707,000).



Notes to Financial Statements

(31 DECEMBER, 2001)

27. FINANCE LEASE PAYABLES

At the balance sheet date, the total future minimum lease payments under finance leases and their present values were as follows:

Group	Minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Present value of minimum lease payments
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Amounts payable:				
Within one year	-	498	-	486
Total minimum finance lease payments	-	498	-	486
Future finance charges	-	(12)		
Total net finance lease payables	-	486		
Portion classified as current liabilities (note 25)	-	(486)		
Long term portion	-	-		

SSAP 14 was revised and implemented during the year, as detailed in note 2 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

28. DEFERRED TAX

	Group	
	2001 HK\$'000	2000 HK\$'000
Balance at beginning of year	233	664
Credit for the year – note 10	-	(431)
At 31 December	233	233



28. DEFERRED TAX (continued)

The principal components of the Group's provision for deferred tax and amounts not provided for are as follows:

	Provided		Not provided	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Accelerated depreciation allowances	233	233	8,174	9,060
Tax losses	-	-	(17,655)	(17,108)
	<u>233</u>	<u>233</u>	<u>(9,481)</u>	<u>(8,048)</u>

No provision for deferred tax has been made in respect of accelerated depreciation allowances as the directors consider that a liability is not expected to crystallise in the foreseeable future.

The revaluation of Group's investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

The Company had no significant unprovided deferred tax liabilities as at the balance sheet date.

29. SHARE CAPITAL

Shares

	Company	
	2001 HK\$'000	2000 HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.25 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
802,673,280 (2000: 798,323,280) ordinary shares of HK\$0.25 each	<u>200,668</u>	<u>199,581</u>



Notes to Financial Statements

(31 DECEMBER, 2001)

29. SHARE CAPITAL (continued)**Shares** (continued)

The movements in the ordinary share capital of the Company during the year were as follows:

	Number of ordinary shares in issue	Share capital HK\$'000
As at 1 January 2001	798,323,280	199,581
Issue of new shares as a result of the exercise of share options at a subscription price of HK\$0.418 per share	<u>4,350,000</u>	<u>1,087</u>
As at 31 December 2001	<u>802,673,280</u>	<u>200,668</u>

Share options

On 30 June 1998, a share option scheme (the "Scheme") was adopted by the shareholders of the Company. Details of the Scheme are set out under the heading "Share option scheme" in the Report of the Directors.

Details of the share options granted, exercised and lapsed pursuant to the Scheme are as follows:

Date of offer of grant	Exercise price per share	Exercise period	At beginning of year	Number of options			At end of year
				Granted during the year	Exercised during the year	Lapsed or cancelled during the year	
3 January 2000	HK\$0.418	The date of grant to 31 December 2001	13,600,000	–	(4,350,000)	(9,250,000)	–



30. RESERVES

Group

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Reserve funds – note HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/ losses) (accumulated losses) HK\$'000	Total HK\$'000
At 1 January 2000							
As previously reported	243,914	2,084	–	714	(5,664)	109,962	351,010
Prior year adjustment:							
SSAP 30 – restatement to non-current assets of goodwill and negative goodwill on acquisition of:							
Subsidiaries (notes 2 and 15)	–	–	53,690	–	–	(51,734)	1,956
Jointly controlled entities (notes 2 and 17)	–	–	–	–	–	20,575	20,575
As restated	243,914	2,084	53,690	714	(5,664)	78,803	373,541
Issue of shares	344	–	–	–	–	–	344
Exchange realignments	–	–	–	–	(2,400)	–	(2,400)
Net loss for the year (as restated)	–	–	–	–	–	(18,695)	(18,695)
At 31 December 2000, as restated	<u>244,258</u>	<u>2,084</u>	<u>53,690</u>	<u>714</u>	<u>(8,064)</u>	<u>60,108</u>	<u>352,790</u>
At 1 January 2001							
As previously reported	244,258	2,084	–	714	(8,064)	112,776	351,768
Prior year adjustment:							
SSAP 30 – restatement to non-current assets of goodwill and negative goodwill on acquisition of:							
Subsidiaries (notes 2 and 15)	–	–	53,690	–	–	(52,712)	978
Jointly controlled entities (notes 2 and 17)	–	–	–	–	–	44	44
As restated	244,258	2,084	53,690	714	(8,064)	60,108	352,790
Issue of shares	731	–	–	–	–	–	731
Released on disposal of a subsidiary	–	–	–	–	10,466	–	10,466
Exchange realignments	–	–	–	–	(2,405)	–	(2,405)
Net loss for the year	–	–	–	–	–	(62,707)	(62,707)
At 31 December 2001	<u>244,989</u>	<u>2,084</u>	<u>53,690</u>	<u>714</u>	<u>(3)</u>	<u>(2,599)</u>	<u>298,875</u>
Reserves retained by:							
Company and subsidiaries	244,989	2,084	53,690	–	374	(114,519)	186,618
Jointly controlled entities	–	–	–	714	(377)	111,920	112,257
31 December 2001	<u>244,989</u>	<u>2,084</u>	<u>53,690</u>	<u>714</u>	<u>(3)</u>	<u>(2,599)</u>	<u>298,875</u>
Company and subsidiaries	244,258	2,084	53,690	714	(8,420)	(25,685)	266,641
Jointly controlled entities	–	–	–	–	356	85,793	86,149
31 December 2000	<u>244,258</u>	<u>2,084</u>	<u>53,690</u>	<u>714</u>	<u>(8,064)</u>	<u>60,108</u>	<u>352,790</u>



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30. RESERVES (continued)

Note: Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of a subsidiary of the Group established in Mainland China has been transferred to reserve funds which are restricted as to their use.

Company

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 January 2000	243,914	2,084	53,690	11,552	311,240
Issue of shares	344	–	–	–	344
Net profit for the year	–	–	–	625	625
At 31 December 2000 and 1 January 2001	244,258	2,084	53,690	12,177	312,209
Issue of shares	731	–	–	–	731
Net loss for the year	–	–	–	(67,760)	(67,760)
At 31 December 2001	244,989	2,084	53,690	(55,583)	245,180

By a special resolution passed at an Extraordinary General Meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium account of the Company was reduced by an amount of HK\$270,000,000. This amount was used to reduce the then Company accumulated losses of HK\$216,310,000 and the balance of HK\$53,690,000 was credited to the Company's capital reserve which is non-distributable.



31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) from operating activities to net cash inflow from operating activities	2001 HK\$'000	2000 HK\$'000 (Restated)
Profit/(loss) from operating activities	(43,914)	19,596
Interest income	(1,641)	(3,108)
Dividend income from a long term investment	(3,000)	–
Depreciation	40,664	44,495
Amortisation of other intangible assets	2,723	3,375
Amortisation of goodwill	1,362	3,918
Negative goodwill recognised	(340)	(340)
Intangible assets written off	–	297
Loss/(gain) on disposal of fixed assets	835	(2)
Fixed assets written off	6,432	–
Revaluation deficit of investment properties	8,000	2,029
Specific provisions against doubtful debts	6,233	1,645
Provision for slow-moving and obsolete inventories	9,430	3,271
Decrease/(increase) in trade and bills receivables	26,549	(3,323)
Decrease/(increase) in prepayments and other receivables	2,296	(629)
Decrease/(increase) in inventories	37,147	(3,052)
Decrease in amounts due from related companies	2,002	1,522
Decrease/(increase) in amounts due from jointly controlled entities	5,485	(10,245)
Decrease in trade and bills payables	(11,164)	(19,213)
Increase/(decrease) in accruals and other liabilities	(4,009)	624
Decrease in amounts due to related companies	–	(3,888)
Net cash inflow from operating activities	<u>85,090</u>	<u>36,972</u>



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31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Issued capital (including share premium account and capital redemption reserve) HK\$'000	Bank loans and finance lease payables HK\$'000	Minority interests HK\$'000
Balance at 1 January 2000	445,066	70,548	33,279
Cash inflow/(outflow) from financing, net	857	(12,385)	–
Share of profits for the year	–	–	6,499
Balance at 31 December 2000 and 1 January 2001	445,923	58,163	39,778
Cash inflow/(outflow) from financing, net	1,818	(32,604)	–
Share of profits for the year	–	–	1,742
Dividend	–	–	(8,593)
Share of exchange fluctuation reserve	–	–	3,197
Reclassification to interests in jointly controlled entities	–	(4,711)	(26,368)
Balance at 31 December 2001	<u>447,741</u>	<u>20,848</u>	<u>9,756</u>



31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Disposal of a subsidiary

	2001 HK\$'000
Net assets disposed of:	
Fixed assets	3,707
Inventories	2,036
Trade and bills receivables	6,589
Other receivables	87
Cash and cash equivalents	4,620
Trade and cash payables	(5,398)
Accruals and other liabilities	(1,685)
	9,956
Realisation of exchange fluctuation reserve	10,466
	20,422
Loss on disposal of a subsidiary	(19,620)
	802
Consideration	802
Satisfied by:	
Cash	802

An analysis of net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2001 HK\$'000
Cash consideration	802
Cash and cash equivalents disposed of	(4,620)
	(3,818)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(3,818)

In respect of the cash flows for the year ended 31 December 2001, the subsidiary disposed of utilised HK\$2,386,000 of the Group's net operating cash inflow, but had no significant impact in respect of the cash flows in respect of returns on investments and servicing of finance, tax, investing and financing activities.

The subsidiary disposed of during the year contributed approximately HK\$27,018,000 to the Group's turnover and HK\$2,195,000 to the Group's consolidated loss after tax and before minority interests for the year.



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31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Reclassification of interests in a subsidiary to interests in jointly controlled entities

	2001 HK\$'000
Net assets deconsolidated:	
Fixed assets	30,923
Inventories	13,137
Trade and bills receivables	21,574
Other receivables	85
Tax recoverable	299
Cash and cash equivalents	19,341
Trade and bills payables	(4,571)
Accruals and other liabilities	(7,935)
Interest-bearing bank and other borrowings	(4,711)
Minority interests	(26,368)
	<u>41,774</u>

An analysis of net outflow of cash and cash equivalents in respect of the reclassification of interests in a subsidiary to interests in jointly controlled entities is as follows:

	2001 HK\$'000
Cash and cash equivalents deconsolidated	<u>(19,341)</u>

In respect of the cash flows for the year ended 31 December 2001, the subsidiary reclassified to interests in jointly controlled entities during the year utilised HK\$2,559,000 of the Group's net operating cash inflow, paid HK\$3,732,000 in respect of the net returns on investments and servicing of finance, paid HK\$1,484,000 and HK\$4,711,000 in respect of tax and financing activities, respectively, but had no significant impact in respect of investing activities.

The subsidiary reclassified to interests in jointly controlled entities during the year contributed approximately HK\$37,047,000 to the Group's turnover and had no significant impact on the Group's consolidated loss after tax and before minority interests for the year.



32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at the balance sheet date were as follows:

Name	Place of incorporation/ registration	Nominal value of issued and fully paid share capital #	Percentage of equity attributable to the Company		Principal activities
			2001	2000	
Aberdeen Industrial Company Limited	Samoa	US\$1	100*	100*	Manufacture of telephone cords and accessories, power cords and adaptors
Aberdeen Investments Limited	Samoa	US\$1	100*	100*	Property investment
Combuilt Services International (China) Limited	Hong Kong	HK\$2	100*	100*	Freight forwarding and delivery services
Combuilt Services International Limited	Hong Kong	HK\$700,000	100*	100*	Freight forwarding and delivery services
Dongguan Dongjiang Wire and Cable Company Limited @	People's Republic of China	Registered capital HK\$6,000,000	60*	60*	Manufacture of telephone cables and wires
Dongguan Qiaozi Santai Electrical Appliances Co. Ltd. ^	People's Republic of China	Registered capital HK\$12,000,000	100*	100*	Property holding



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32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Nominal value of issued and fully paid share capital #	Percentage of equity attributable to the Company		Principal activities
			2001	2000	
Dorup Limited	Hong Kong	HK\$2,000,000	60*	60*	Marketing of telephone cords and power cords
Far East PCB Limited	Hong Kong	HK\$2	100*	100*	Manufacture of printed circuit boards
Feel Classic (HK) Limited	Hong Kong	HK\$2	100*	100*	Property investment
Hop Cheong Holdings Limited	Cook Islands	US\$3,500	100	100	Investment holding
Hop Cheong Technology Limited	Hong Kong	HK\$1,000,000	100*	100*	Provision of management services
Hop Cheong Technology (International) Limited	Hong Kong	HK\$2	100*	100*	Marketing of high precision metal components
Jetsbo Investment Limited	Hong Kong	HK\$10,000	100*	100*	Property investment
Longbright Technology Limited	Hong Kong	HK\$10,000	100*	100*	Manufacture of metal stampings
Printronic China Limited	Hong Kong	HK\$20	100*	100*	Investment holding



32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Nominal value of issued and fully paid share capital #	Percentage of equity attributable to the Company		Principal activities
			2001	2000	
Printronics Electronics Limited	Hong Kong	HK\$2	100*	100*	Investment holding
Printronics Group Limited	Hong Kong	HK\$2	100	100	Investment holding
Ready Shine Industrial Limited	Hong Kong	HK\$2	100	100	Investment holding
Ready Sound Limited	Hong Kong	HK\$1,000,000	60*	60*	Manufacture of tinsel wires
Regal Investments Limited	Samoa	US\$1	100*	100*	Manufacture of high precision metal components
San Tai Distribution Company Limited	Hong Kong	HK\$2	100	100	Storage and devanning services
San Tai Industrial Enterprise Limited	Hong Kong	HK\$2	100*	100*	Marketing and distribution of telephone accessories and power cords
Santai Corporate Services Limited	Hong Kong	HK\$2	100	100	Provision of management services



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(31 DECEMBER, 2001)

32. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Nominal value of issued and fully paid share capital #	Percentage of equity attributable to the Company		Principal activities
			2001	2000	
Santai Manufacturing Limited	Hong Kong	HK\$10,000	100	100	Trading of raw materials for the manufacture of telephone accessories and power cords
SCT Electronics Limited	Hong Kong	HK\$2	100	100	Marketing of electronic products
SCT International Limited	Hong Kong	HK\$2	100*	100*	Marketing of raw materials for adaptors and electronic products
SCT Petroleum Company Limited	Hong Kong	HK\$2	100*	100*	Trading of crude oil

* Indirectly held through subsidiaries

All ordinary shares unless otherwise stated

@ Registered under the laws of the PRC as a Sino-foreign co-operative joint venture

^ Registered under the laws of the PRC as a wholly-owned foreign subsidiary

All the subsidiaries operate in Hong Kong except for Aberdeen Industrial Company Limited, Dongguan Dongjiang Wire and Cable Company Limited, Dongguan Qiaozi Santai Electrical Appliances Co. Ltd., Ready Sound Limited and Regal Investments Limited, which operate in Mainland China.

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



33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 13 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 3 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Within one year	1,315	1,543
In the second to fifth years, inclusive	446	171
	<u>1,761</u>	<u>1,714</u>

(b) As lessee

The Group leases certain of its office and warehouse properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000 (Restated)
Within one year	5,445	8,006
In the second to fifth years, inclusive	1,735	8,088
	<u>7,180</u>	<u>16,094</u>

SSAP 14 (Revised), which was adopted during the year, requires lessors under operating leases to disclose the total future minimum operating lease receivables under non-cancellable operating leases, as detailed in note (a) above. This disclosure was not previously required. SSAP 14 (Revised) also requires lessees under operating leases to disclose the total future minimum operating lease payments, rather than only the payments to be made during the next year as was previously required. Accordingly, the prior year comparative amounts for operating leases as lessee in note (b) above, have been restated to accord with the current year's presentation.



Notes to Financial Statements

(31 DECEMBER, 2001)

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had the following commitments at the balance sheet date:

- (a) Capital commitments:

	Group	
	2001 HK\$'000	2000 HK\$'000
Contracted, but not provided for	<u>715</u>	<u>8,211</u>
Authorised, but not contracted for	<u>–</u>	<u>–</u>

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

- (b) Share of capital commitments of jointly controlled entities is as follows:

	2001 HK\$'000	2000 HK\$'000
Contracted, but not provided for	<u>547</u>	<u>1,678</u>
Authorised, but not contracted for	<u>11,366</u>	<u>–</u>



35. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had the following material contingent liabilities:

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Discounted bills with recourse	6,460	5,680	–	–
Guarantees for banking facilities granted to subsidiaries or jointly controlled entities	98,300	92,858	61,330	103,495
Guarantees for finance lease contracts granted to subsidiaries or jointly controlled entities	–	6,049	–	6,534
	<u>104,760</u>	<u>104,587</u>	<u>61,330</u>	<u>110,029</u>

36. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, during the year, the Group had the following related party transactions with certain of its jointly controlled entities, Shougang Concord International Enterprises Company Limited ("Shougang International"), the controlling shareholder of the Company, and Shougang International's subsidiaries and controlling shareholder.

	Notes	2001 HK\$'000	2000 HK\$'000
Management fees paid to a related company	(i)	960	960
Management fees paid to the controlling shareholders	(ii)	720	720
Rental paid to a related company	(iii)	1,020	1,249
Sales to a jointly controlled entity	(iv)	12,197	11,945
Utility expenses charged to a jointly controlled entity	(v)	12,196	12,492
Utility expenses charged to a related company	(v)	23	483
Loan interest received from a related company	(vi)	63	–
Purchases from a jointly controlled entity	(vii)	25,148	27,433
		<u>25,148</u>	<u>27,433</u>



Notes to Financial Statements

(31 DECEMBER, 2001)

36. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (i) Management fees of HK\$960,000 per annum were paid to Shougang Holding (Hong Kong) Limited for the provision of management services to the Group.
- (ii) Management fees of HK\$240,000 and HK\$480,000 per annum were paid to Shougang Concord Grand (Group) Limited and Shougang International, respectively, for the provision of management services to the Group.
- (iii) Rentals paid to Good News Investment Limited related to the premises occupied and used by the Group as its office, were determined by reference to the prevailing market rentals.
- (iv) Sales to a jointly controlled entity were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period was normally granted.
- (v) Utility expenses charged to a jointly controlled entity and a related company related to the recharge of certain utility costs incurred by them. The recharge was based on the actual costs incurred.
- (vi) Loan interest received from a related company was charged to recover the cost of funds advanced at the rate of 5.5% per annum.
- (vii) Purchases from a jointly controlled entity were made according to the published prices and conditions offered by similar suppliers to the Group.

37. POST BALANCE SHEET EVENT

On 16 January 2002, Aberdeen investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for the disposal of certain properties at a consideration of HK\$3,500,000, resulting in a gain of approximately HK\$550,000. The disposal was completed on 22 January 2002.

38. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified to conform with the current year's presentation.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 April 2002.