



# Notes to the Financial Statements

For the year ended March 31, 2002

## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited. The Company's ultimate holding company is Cafoong Limited, a company which is incorporated in the British Virgin Islands.

The Company acts as an investment holding company. The Group is principally engaged in the purchasing, processing, assembling, merchandising, wholesale and retail distribution of pearls and pearl jewellery products.

## 2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") 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.

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 and disclosures reported for the current or prior periods.

### Leases

SSAP 14 (Revised) "Leases" has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group's leasing arrangements. These changes have not had any material effect on the results for the current year or prior accounting periods and, accordingly, no prior year adjustment has been required. Disclosures for all the Group's leasing arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised). Comparative disclosures have been restated in order to achieve a consistent presentation.

### 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 March 31, 2001 have been amended so that they are presented on a consistent basis.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES – Continued

#### Goodwill

In the current year, the Group adopted SSAP 30 “Business Combinations” and has elected not to restate goodwill previously eliminated against reserves. Accordingly, goodwill arising on acquisitions prior to April 1, 2001 is 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 acquisitions after April 1, 2001 is capitalised and amortised over its estimated useful life.

The directors have reviewed the recoverability of the amount of goodwill arising from consolidation as at March 31, 2002 and an impairment loss amounting to HK\$1,353,000 has been recognised in full in the current year.

#### Property, plant and equipment

The Group has changed the accounting policy of property, plant and equipment during the year to state leasehold land and buildings at valuation less depreciation and accumulated impairment losses. On initial adoption of the revaluation basis, any revaluation increase is credited to reserve, any revaluation decrease is charged to the income statement.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 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 intercompany transactions and balances within the Group are eliminated on consolidation.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### **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 at the date of acquisition.

Goodwill arising on acquisitions prior to April 1, 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 acquisitions after April 1, 2001 is capitalised and amortised on a straight-line basis over its useful economic life and is presented separately in the balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

#### **Turnover**

Turnover represents the net amounts received and receivable in respect of goods sold, less returns and allowances, by the Group to outside customers during the year.

#### **Revenue recognition**

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

Service income is recognised when services are provided.

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

Rental income, including rental invoiced in advance, from properties under operating leases, is recognised on a straight-line basis over the term of the relevant lease.

Dividend income from investments is recognised when the shareholders' right to receive payments has been established.

#### **Investments in subsidiaries**

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



## Notes to the Financial Statements

For the year ended March 31, 2002

### 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### **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 revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to extent of the decrease previously charged.

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

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

#### **Property, plant and equipment**

Property, plant and equipment is stated at cost or valuation less depreciation and accumulated impairment losses.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the other property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the other property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### Property, plant and equipment – Continued

In previous years, land and buildings were included in the Group's balance sheet at cost less depreciation and accumulated impairment losses. With effect from April 1, 2001, the directors reviewed the appropriateness of the above accounting policy and adopted the accounting policy of including land and buildings in the Group's balance sheet at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. This change in accounting policy has been applied to the Group's financial statements prospectively.

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

Leasehold land and buildings	Over the shorter of the term of lease or 50 years
Leasehold improvements	25% – 33%
Plant and machinery	25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

The cost of land use rights is amortised over the terms of the rights using the straight-line method.

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.

Assets held under hire purchase contracts are depreciated over their expected useful lives on the same basis as owned assets.



### 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### **Impairment**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those 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 a 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 an 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 under that SSAP.

#### **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 period.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.



### 3. SIGNIFICANT ACCOUNTING POLICIES – Continued

#### **Leases and hire purchase contracts**

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

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

#### **Foreign currencies**

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

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

#### **Taxation**

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

#### **Retirement benefit scheme**

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.



# Notes to the Financial Statements

For the year ended March 31, 2002

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

For management purposes, the Group is currently organised into two operating divisions – pearls and property investment. These following divisions are the basis on which the Group reports its primary segment information:

Pearls – Purchasing, processing, assembling, merchandising, wholesale and retail distribution of pearls and pearl jewellery products

Property investment – Leasing of properties

Segment information about these businesses is presented below:

### INCOME STATEMENT

For the year ended March 31, 2002

	Pearls HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>			
External sales or rentals	282,715	7,526	290,241
<b>RESULT</b>			
Segment results	40,418	3,224	43,642
Unallocated other revenue			1,519
Unallocated corporate expenses			(18,072)
Profit from operations			27,089
Investment income			1,151
Finance costs			(4,887)
Impairment loss on investment securities			(3,000)
Profit before taxation			20,353
Taxation			(349)
Profit after taxation			20,004





# Notes to the Financial Statements

For the year ended March 31, 2002

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

### BALANCE SHEET

At March 31, 2002

	Pearls HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>			
Segment assets	<u>235,230</u>	<u>104,420</u>	339,650
Unallocated corporate assets			<u>151,404</u>
Consolidated total assets			<u>491,054</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>11,238</u>	<u>3,671</u>	14,909
Unallocated corporate liabilities			<u>76,032</u>
Consolidated total liabilities			<u>90,941</u>

### OTHER INFORMATION

For the year ended March 31, 2002

	Pearls HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Capital additions	2,163	–	44	2,207
Depreciation and amortisation	5,836	–	1,406	7,242
Impairment losses	1,353	–	3,000	4,353
Allowance for bad and doubtful debts	5,054	–	–	5,054
Revaluation decrease on leasehold land and buildings	678	–	13,700	14,378
Net unrealised loss on listed other investments	–	–	1,728	1,728



## Notes to the Financial Statements

For the year ended March 31, 2002

### 4. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

#### INCOME STATEMENT

For the year ended March 31, 2001

	Pearls HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>			
External sales or rentals	311,108	5,526	316,634
<b>RESULT</b>			
Segment results	(41,589)	537	(41,052)
Unallocated other revenue			4,454
Unallocated corporate expenses			(10,217)
Loss from operations			(46,815)
Investment income			3,209
Finance costs			(6,990)
Loss before taxation			(50,596)
Taxation			(535)
Loss after taxation			(51,131)



# Notes to the Financial Statements

For the year ended March 31, 2002

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

### BALANCE SHEET

At March 31, 2001

	Pearls HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>			
Segment assets	220,130	115,430	335,560
Unallocated corporate assets			186,689
Consolidated total assets			522,249
<b>LIABILITIES</b>			
Segment liabilities	14,592	3,389	17,981
Unallocated corporate liabilities			134,881
Consolidated total liabilities			152,862

### OTHER INFORMATION

For the year ended March 31, 2001

	Pearls HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Capital additions	6,504	37,439	4,340	48,283
Depreciation and amortisation	6,204	–	1,532	7,736
Allowance for bad and doubtful debts	364	–	–	364
Write-down of inventories to their net realisable values	65,353	–	–	65,353
Net unrealised loss on listed other investments	–	–	4,349	4,349



# Notes to the Financial Statements

For the year ended March 31, 2002

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

### Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China (other than Hong Kong) (the "PRC").

The following table provides an analysis of the Group's revenue and profit (loss) from operations by geographical market, irrespective of the origin of the goods or rentals:

	Revenue		Profit (loss) from operations	
	Year ended March 31, 2002 HK\$'000	Year ended March 31, 2001 HK\$'000	Year ended March 31, 2002 HK\$'000	Year ended March 31, 2001 HK\$'000
Hong Kong	64,616	69,566	10,396	(4,610)
Other Asian countries	82,513	94,660	11,672	(12,549)
North America	73,655	78,300	11,395	(13,714)
Europe	58,374	63,080	8,581	(8,738)
Others	11,083	11,028	1,598	(1,441)
	<b>290,241</b>	316,634	<b>43,642</b>	(41,052)
Unallocated other revenue			1,519	4,454
Unallocated corporate expenses			(18,072)	(10,217)
Profit (loss) from operations			<b>27,089</b>	(46,815)



# Notes to the Financial Statements

For the year ended March 31, 2002

## 4. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued

### Geographical segments – Continued

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

	Carrying amount of segment assets		Capital additions	
	At March 31, 2002 HK\$'000	At March 31, 2001 HK\$'000	Year ended March 31, 2002 HK\$'000	Year ended March 31, 2001 HK\$'000
Hong Kong	331,314	353,526	1,036	47,986
PRC	159,740	168,723	1,171	297
	<b>491,054</b>	522,249	<b>2,207</b>	48,283

## 5. PROFIT (LOSS) FROM OPERATIONS

	2002 HK\$'000	2001 HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Auditors' remuneration:		
Current year	561	667
Under(over)provision in previous years	154	(65)
Depreciation and amortisation:		
Assets owned by the Group	7,125	7,518
Assets held under hire purchase contracts	117	218
Loss on disposal of property, plant and equipment	–	733
Staff costs, including directors emoluments	33,062	36,953
and after crediting:		
Gain on disposal of property, plant and equipment	56	–
Rental income from investment properties under operating leases (net of outgoings of HK\$131,000 (2001: HK\$113,000))	7,395	5,413



# Notes to the Financial Statements

For the year ended March 31, 2002

## 6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

### (a) Directors' emoluments

	2002 HK\$'000	2001 HK\$'000
Fees:		
Executive	–	–
Non-executive	–	92
Independent non-executive	331	331
	<b>331</b>	423
Other emoluments:		
Executive		
Salaries and other allowances	7,228	8,090
Retirement benefits contribution	36	15
Approximate rateable value of properties for directors' accommodation	1,741	1,705
Non-executive	–	–
Independent non-executive	–	–
	<b>9,005</b>	9,810
	<b>9,336</b>	10,233

The directors' emoluments were within the following bands:

	No. of directors	
	2002	2001
Nil – HK\$1,000,000	2	4
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	1	1
HK\$4,000,001 to HK\$4,500,000	1	1



# Notes to the Financial Statements

For the year ended March 31, 2002

## 6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – Continued

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2001: four) were directors of the Company whose emoluments are set out in (a) above. The emoluments of the remaining two (2001: one) individual were as follows:

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Salaries and other allowances	1,078	690
Retirement benefits contribution	24	4
	<b>1,102</b>	694

The emoluments of each of the employees were under HK\$1,000,000.

During the years ended March 31, 2002 and 2001, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the years ended March 31, 2002 and 2001, no directors waived any emoluments.

## 7. INVESTMENT INCOME

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Interest income	2,624	5,353
Dividends received from listed other investments	255	158
Dividends received from unlisted investment securities	–	20
Net realised gain on disposal of listed other investments	–	2,027
Net unrealised loss on listed other investments	(1,728)	(4,349)
	<b>1,151</b>	3,209



# Notes to the Financial Statements

For the year ended March 31, 2002

## 8. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	4,268	5,605
Bank borrowings not wholly repayable within five years	614	1,358
Obligations under hire purchase contracts	5	27
	4,887	6,990

## 9. TAXATION

	2002 HK\$'000	2001 HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current year	–	1
Under(over)provision in prior year	7	(199)
Income tax in the PRC attributable to the PRC subsidiaries	342	733
	349	535

Hong Kong Profits Tax is calculated at a rate of 16% of the estimated assessable profit for both years.

A portion of the Group's profits neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax.

Income tax in the PRC is calculated at a range of rates of 7.5% to 15% of the income of the PRC subsidiaries for both years.

Details of the unprovided deferred taxation are set out in note 26.





## Notes to the Financial Statements

For the year ended March 31, 2002

### 10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share is based on the net profit for the year of HK\$20,387,000 (2001: loss of HK\$49,826,000) and on the weighted average number of 673,296,000 (2001: 631,311,000) shares in issue during the year.

No diluted earnings per share have been presented for the year ended March 31, 2002 as the exercise prices of the Company's share options and warrants were higher than the average market price for shares during the year.

Diluted loss per share is not presented for the year ended March 31, 2001 as the effect of exercising the Company's shares options and warrants would result in a decrease in loss per share.

### 11. INVESTMENT PROPERTIES

	HK\$'000
THE GROUP	
At April 1, 2001	115,430
Transferred to property, plant and equipment	(1,078)
Revaluation decrease	(9,932)
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At March 31, 2002	<u>104,420</u>

The Group's investment properties at March 31, 2002 were revalued by Insignia Brooke, an independent firm of professional property valuers, on an open market value basis, at HK\$104,420,000. The revaluation decrease arising on revaluation of the investment properties amounting to HK\$9,932,000 has been charged to the investment property revaluation reserve.

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

The carrying value of investment properties shown above comprises:

	2002 HK\$'000	2001 HK\$'000
Land and buildings situated in Hong Kong and held under:		
Long leases	8,510	12,210
Medium-term leases	34,910	40,220
Land and buildings situated in the PRC and held under medium-term land use rights	61,000	63,000
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	<b>104,420</b>	115,430
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## Notes to the Financial Statements

For the year ended March 31, 2002

### 12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP						
COST OR VALUATION						
At April 1, 2001	75,156	15,137	6,839	8,685	4,487	110,304
Currency realignment	(2)	–	(1)	–	–	(3)
Additions	–	804	360	521	522	2,207
Disposals	–	–	(260)	(279)	(700)	(1,239)
Transferred from investment properties	1,078	–	–	–	–	1,078
Adjustment on revaluation	(17,232)	–	–	–	–	(17,232)
At March 31, 2002	59,000	15,941	6,938	8,927	4,309	95,115
Comprising:						
At cost	–	15,941	6,938	8,927	4,309	36,115
At valuation – 2002	59,000	–	–	–	–	59,000
	59,000	15,941	6,938	8,927	4,309	95,115
DEPRECIATION AND AMORTISATION						
At April 1, 2001	5,259	8,956	3,692	4,552	3,364	25,823
Currency realignment	–	(1)	–	–	–	(1)
Provided for the year	1,626	2,438	1,119	1,540	519	7,242
Eliminated on disposals	–	–	(260)	(262)	(700)	(1,222)
Eliminated on revaluation	(6,885)	–	–	–	–	(6,885)
At March 31, 2002	–	11,393	4,551	5,830	3,183	24,957
NET BOOK VALUES						
At March 31, 2002	59,000	4,548	2,387	3,097	1,126	70,158
At March 31, 2001	69,897	6,181	3,147	4,133	1,123	84,481



## Notes to the Financial Statements

For the year ended March 31, 2002

### 12. PROPERTY, PLANT AND EQUIPMENT – Continued

The net book value of leasehold land and buildings shown above comprises:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Land and buildings situated in Hong Kong and held under:		
Long leases	<b>14,240</b>	17,034
Medium-term leases	<b>31,960</b>	43,817
Land and buildings situated in the PRC and held under medium-term land use rights	<b>12,800</b>	9,046
	<b>59,000</b>	69,897

The Group's leasehold land and buildings at March 31, 2002 were revalued by Insignia Brooke and Jones Lang LaSalle Limited, which are independent firms of professional property valuers, on an open market value basis, at HK\$59,000,000. The revaluation decrease arising from revaluation of certain leasehold land and buildings amounting to HK\$14,378,000 has been charged to the income statement. The revaluation increase arising from revaluation of the remaining leasehold land and buildings amounting to HK\$4,031,000 has been credited to the other property revaluation reserve.

If leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation at HK\$69,347,000.

The net book value of property, plant and equipment at March 31, 2001 includes an amount of HK\$117,000 in respect of assets held under hire purchase contracts.

### 13. INTERESTS IN SUBSIDIARIES

	<b>THE COMPANY</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Unlisted shares, at cost or carrying value	<b>206,664</b>	206,664
Amounts due from subsidiaries	<b>108,674</b>	108,403
	<b>315,338</b>	315,067

The carrying value of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group pursuant to the corporate reorganisation in 1997.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 13. INTERESTS IN SUBSIDIARIES – Continued

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of the directors, the amount will not be repayable within twelve months from the balance sheet date and accordingly, the amount is classified as non-current.

None of the subsidiaries had issued any debt securities at the end of the year.

Details of the Company's subsidiaries at March 31, 2002 are set out in note 35.

### 14. INVESTMENT SECURITIES

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Unlisted investments, at cost:		
Hong Kong	<b>900</b>	900
The PRC	<b>5,430</b>	5,430
	<b>6,330</b>	6,330
Impairment loss ( <i>note</i> )	<b>(3,000)</b>	–
	<b>3,330</b>	6,330

*Note:* During the year, the directors considered that the fair value of investments in the PRC has declined below the carrying amount and accordingly an impairment loss of HK\$3,000,000 was recognised in the income statement.

### 15. INVENTORIES

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Raw materials	<b>1,773</b>	1,618
Work in progress	<b>35,679</b>	31,611
Finished goods	<b>81,059</b>	77,816
	<b>118,511</b>	111,045

At March 31, 2002, included above is finished goods of HK\$66,029,000 (2001: HK\$60,148,000) which is carried at net realisable value.

At March 31, 2001, raw materials of HK\$1,462,000 and work in progress of HK\$30,015,000 are carried at net realisable value.



# Notes to the Financial Statements

For the year ended March 31, 2002

## 16. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

Included in trade and other receivables of the Group are trade receivables of HK\$60,814,000 (2001: HK\$62,620,000) and their aged analysis is as follows:

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
0-60 days	37,804	34,283
61-120 days	19,232	11,979
> 120 days	3,778	16,358
	<b>60,814</b>	62,620

## 17. OTHER INVESTMENTS

	<b>THE GROUP AND THE COMPANY</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Listed equity investments in Hong Kong, at market value	13,584	11,734

## 18. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of HK\$3,726,000 (2001: HK\$3,649,000) and their aged analysis is as follows:

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
0-60 days	3,651	2,919
61-120 days	67	712
> 120 days	8	18
	<b>3,726</b>	3,649



## Notes to the Financial Statements

For the year ended March 31, 2002

### 19. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

#### THE GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Amounts payable under hire purchase contracts:				
Within one year	–	128	–	123
<i>Less:</i> Future finance charges	–	(5)	–	–
Present value of obligations under hire purchase contracts	–	123	–	123
<i>Less:</i> Amount due within one year			–	(123)
Amount due after one year			–	–

It is the Group's policy to hire certain of its motor vehicles under hire purchase contracts. The average contract term is 4 years. For the year ended March 31, 2001, the average effective borrowing rate was 12%. Interest rates are fixed at the contract date. All contracts are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under hire purchase contracts is secured by the hirer's charge over the assets.



# Notes to the Financial Statements

For the year ended March 31, 2002

## 20. SECURED BANK BORROWINGS

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
The secured bank borrowings are repayable as follows:		
Within one year or on demand	<b>35,020</b>	92,022
More than one year, but not exceeding two years	<b>5,575</b>	6,304
More than two years, but not exceeding five years	<b>12,841</b>	17,117
More than five years	<b>3,594</b>	5,885
	<b>57,030</b>	121,328
<i>Less:</i> Amount due within one year and shown under current liabilities	<b>(35,020)</b>	(92,022)
Amount due after one year	<b>22,010</b>	29,306

## 21. SHARE CAPITAL

	<b>Number of Shares</b>		<b>Share Capital</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
	<b>'000</b>	'000	<b>HK\$'000</b>	HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning of the year	<b>1,500,000</b>	900,000	<b>150,000</b>	90,000
Increase during the year ( <i>note i</i> )	–	600,000	–	60,000
At end of the year	<b>1,500,000</b>	1,500,000	<b>150,000</b>	150,000
Issued and fully paid:				
At beginning of the year	<b>631,871</b>	524,510	<b>63,187</b>	52,451
Issue of shares on placement ( <i>note ii</i> )	<b>120,000</b>	–	<b>12,000</b>	–
Issue of shares on exercise of share options ( <i>note iii</i> )	–	2,050	–	205
Bonus issue of shares ( <i>note iv</i> )	–	105,311	–	10,531
At end of the year	<b>751,871</b>	631,871	<b>75,187</b>	63,187



## Notes to the Financial Statements

For the year ended March 31, 2002

### 21. SHARE CAPITAL – Continued

*Notes:*

- (i) Pursuant to a resolution passed at the annual general meeting of the Company held on August 2, 2000, the authorised share capital of the Company was increased from HK\$90,000,000 divided into 900,000,000 shares of HK\$0.10 each to HK\$150,000,000 divided into 1,500,000,000 shares of HK\$0.10 each by the creation of 600,000,000 new shares of HK\$0.10 each.
- (ii) On November 15, 2001, arrangements were made for a placement to independent investors of 120,000,000 new ordinary shares of HK\$0.10 each in the Company at a price of HK\$0.12 per share representing a discount of approximately 16.08% to the closing market price of the Company's shares on November 15, 2001. The proceeds were used to provide additional working capital for the Group. These new shares were issued on November 26, 2001 under the general mandate granted to the directors at the annual general meeting of the Company held on August 2, 2001.
- (iii) During the year ended March 31, 2001, the Company issued 2,050,000 shares of HK\$0.10 each in the Company for cash, as a result of the exercise of share options.
- (iv) Pursuant to a resolution passed on August 3, 2000, a total of 105,311,821 bonus shares of HK\$0.10 each of the Company, credited as fully paid by way of capitalisation from the share premium account of the Company, were allotted to shareholders on the basis of one bonus share for every five shares.

All the shares issued during both years rank *pari passu* with the then existing shares in all respects.

### 22. WARRANTS

By a special resolution passed on August 2, 1999, the Company made a bonus issue of warrants on the basis of one warrant for every five shares held on August 2, 1999, exercisable from September 14, 1999 to September 13, 2001, both dates inclusive. Such warrants entitled the registered holders to subscribe for 96,892,701 new shares of the Company at an initial subscription price of HK\$0.40 per share, subject to adjustment.

No warrants were exercised during the years ended March 31, 2002 and 2001.

The rights attached to the warrants to subscribe for ordinary shares of the Company expired on September 13, 2001.





## Notes to the Financial Statements

For the year ended March 31, 2002

### 23. SHARE OPTION SCHEME

At March 31, 2001, the options to subscribe for shares outstanding under the Company's share option scheme are as follows:

<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price per share HK\$</b>	<b>Number of shares to be issued upon exercise of the share options</b>
November 16, 1999	May 16, 2000 – May 15, 2002	0.2133	8,461,319
April 28, 2000	October 28, 2000 – October 27, 2002	0.2475	<u>34,800,000</u>
			<u>43,261,319</u>



# Notes to the Financial Statements

For the year ended March 31, 2002

## 24. RESERVES

	Share premium HK\$'000	Other non- distributable reserve HK\$'000	Merger reserve HK\$'000	Investment property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE GROUP									
Balance at April 1, 2000	83,910	2,001	(200)	32,434	-	(174)	1,580	251,172	370,723
Issue of shares at premium	319	-	-	-	-	-	-	-	319
Transferred to share capital on bonus issue	(10,531)	-	-	-	-	-	-	-	(10,531)
Revaluation decrease on investment properties	-	-	-	(6,455)	-	-	-	-	(6,455)
Net loss for the year	-	-	-	-	-	-	-	(49,826)	(49,826)
Goodwill arising on acquisition of subsidiaries	-	-	-	-	-	(1,179)	-	-	(1,179)
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	-	-	-	723	-	723
Balance at April 1, 2001	73,698	2,001	(200)	25,979	-	(1,353)	2,303	201,346	303,774
Issue of shares at premium	2,400	-	-	-	-	-	-	-	2,400
Share issue expenses	(370)	-	-	-	-	-	-	-	(370)
Revaluation decrease on investment properties	-	-	-	(9,932)	-	-	-	-	(9,932)
Revaluation increase on leasehold land and buildings	-	-	-	-	4,031	-	-	-	4,031
Net profit for the year	-	-	-	-	-	-	-	20,387	20,387
Impairment loss recognised in respect of goodwill	-	-	-	-	-	1,353	-	-	1,353
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	-	-	-	1,240	-	1,240
Balance at March 31, 2002	75,728	2,001	(200)	16,047	4,031	-	3,543	221,733	322,883



## Notes to the Financial Statements

For the year ended March 31, 2002

### 24. RESERVES – Continued

The merger reserve represents the difference between the nominal value of shares of subsidiaries acquired, and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation in 1997.

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated profits (loss) HK\$'000	Total HK\$'000
THE COMPANY				
Balance at April 1, 2000	83,910	206,459	6,041	296,410
Issue of shares at premium	319	–	–	319
Transferred to share capital on bonus issue	(10,531)	–	–	(10,531)
Net loss for the year	–	–	(3,535)	(3,535)
Balance at April 1, 2001	73,698	206,459	2,506	282,663
Issue of shares at premium	2,400	–	–	2,400
Share issue expenses	(370)	–	–	(370)
Net loss for the year	–	–	(2,680)	(2,680)
Balance at March 31, 2002	75,728	206,459	(174)	282,013

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of the corporate reorganisation in 1997.

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

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the Company's directors, the Company's net reserves available for distribution to shareholders at March 31, 2002 amounted to HK\$206,285,000 (2001: HK\$208,965,000), which consisted of contributed surplus of HK\$206,459,000 (2001: HK\$206,459,000) and accumulated loss of HK\$174,000 (2001: accumulated profits of HK\$2,506,000).



## Notes to the Financial Statements

For the year ended March 31, 2002

### 25. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is unsecured and non-interest bearing and have no fixed terms of repayment. The immediate holding company agreed that the amount will not be repayable within twelve months from the balance sheet date and accordingly, the amount is classified as non-current.

### 26. DEFERRED TAXATION

At March 31, 2002, the major components of potential deferred tax (asset) liability are as follows:

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Tax effect of timing differences attributable to:		
Taxation losses	<b>(6,992)</b>	(7,946)
Excess of tax allowances over depreciation	<b>51</b>	232
	<b>(6,941)</b>	(7,714)

The amounts of potential deferred tax charge (credit) for the year are as follows:

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Tax effect of timing differences attributable to:		
Taxation losses	<b>954</b>	(6,389)
Excess of tax allowances over depreciation	<b>(181)</b>	97
	<b>773</b>	(6,292)

A deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

At March 31, 2002, the Group had an unprovided deferred tax liability of HK\$17,900,000 (2001: HK\$17,686,000) representing the potential taxation effect of timing differences relating to the revaluation increase arising on the revaluation of the Group's properties in the PRC. The deferred tax liability has not been provided as, in the opinion of the directors, the Group will not dispose of its interest in the properties in the PRC in the foreseeable future.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 26. DEFERRED TAXATION – Continued

No provision for deferred taxation has been made on the revaluation increase arising on the revaluation of the Group's properties in Hong Kong as profits arising on the disposal of these properties would not be subject to taxation.

The Company had no material unprovided deferred taxation at the balance sheet date.

### 27. RECONCILIATION OF PROFIT (LOSS) BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 HK\$'000	2001 HK\$'000
Profit (loss) before taxation	20,353	(50,596)
Depreciation and amortisation	7,242	7,736
Dividend received	(255)	(178)
Rental income	(7,526)	(5,526)
Interest expenses	4,882	6,963
Interest income	(2,624)	(5,353)
Interest on obligations under hire purchase contracts	5	27
(Gain) loss on disposal of property, plant and equipment	(56)	733
Net realised gain on disposal of other investments	–	(2,027)
Net unrealised loss on other investments	1,728	4,349
Impairment loss on goodwill	1,353	–
Revaluation decrease on leasehold land and buildings	14,378	–
Impairment loss on investment securities	3,000	–
(Increase) decrease in inventories	(7,471)	77,021
Increase in trade and other receivables	(13,362)	(4,783)
Decrease in trade and other payables	(2,284)	(5,307)
Decrease in amount due to an investee company	(184)	(420)
Net cash inflow from operating activities	<b>19,179</b>	22,639

### 28. PURCHASE OF SUBSIDIARIES

During the year ended March 31, 2001, the Group acquired 79% of the issued share capital of Intimex Business Solutions Company Limited and WiserU.com Company Limited by an issue of 42,000,000 shares of HK\$0.05 each in the share capital of Cyber Bizport Limited. This acquisition has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was HK\$1,179,000. The aggregate net loss of Intimex Business Solutions Company Limited and WiserU.com Company Limited included in the consolidated income statement for the year ended March 31, 2001 amounted to HK\$775,000.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 28. PURCHASE OF SUBSIDIARIES – Continued

	2002 HK\$'000	2001 HK\$'000
NET ASSETS ACQUIRED		
Property, plant and equipment	–	9
Inventories	–	18
Trade and other receivables	–	269
Bank balances and cash	–	89
Trade and other payables	–	(319)
Taxation	–	(16)
Minority interest	–	(11)
	–	39
Goodwill	–	1,179
	–	1,218
SATISFIED BY		
Minority interest	–	1,218

Net cash inflow of cash and cash equivalents arising on acquisition:

	2002 HK\$'000	2001 HK\$'000
Bank balances and cash acquired	–	89

The subsidiaries acquired during the year ended March 31, 2001 had HK\$446,000 outflow to the Group's net operating cash flows, received HK\$4,000 in respect of the net returns on investments and servicing of finance, paid HK\$21,000 in respect of taxation and utilised HK\$341,000 for investing activities.

The subsidiaries acquired made no contribution to the Group's turnover during the year ended March 31, 2001.



# Notes to the Financial Statements

For the year ended March 31, 2002

## 29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank loans HK\$'000	Obligations under hire purchase contracts HK\$'000	Amount due to an intermediate holding company HK\$'000	Amount due to immediate holding company HK\$'000
At April 1, 2000	136,361	98,631	315	15,556	–
New bank loans raised	–	67,305	–	–	–
Transfer during the year	–	–	–	(12,445)	12,445
Repayment during the year	–	(44,608)	(192)	(3,111)	–
Shares issued during the year	524	–	–	–	–
At April 1, 2001	136,885	121,328	123	–	12,445
New bank loans raised	–	16,171	–	–	–
Advance during the year	–	–	–	–	7,652
Repayment during the year	–	(79,404)	(123)	–	(3,122)
Shares issued during the year	14,400	–	–	–	–
Share issue expenses	(370)	–	–	–	–
Exchange adjustment	–	(1,065)	–	–	–
At March 31, 2002	150,915	57,030	–	–	16,975

## 30. PLEDGE OF ASSETS

At the balance sheet date, the Group had pledged the following assets to banks to secure bank borrowings and general banking facilities granted to the Group:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Carrying amount of leasehold land and buildings	28,914	57,432
Carrying amount of investments properties	88,813	72,625
Bank deposits	16,169	64,879
	<b>133,896</b>	194,936

At March 31, 2001, the Company pledged its bank deposits, amounting to HK\$3,702,000, to secure short-term bank borrowings and short-term banking facilities granted to the Group. No bank deposits were pledged by the Company at March 31, 2002.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 31. CAPITAL COMMITMENT

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Commitments for the acquisition of property, plant and equipment contracted for but not provided in the financial statements	188	–

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

### 32. OPERATING LEASE ARRANGEMENTS

#### The Group as lessee

Minimum lease payments paid under operating leases in respect of land and buildings during the year were HK\$4,678,000 (2001: HK\$4,916,000).

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

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Operating leases which expire:		
Within one year	2,802	4,924
In the second to fifth year inclusive	6	2,769
	<b>2,808</b>	<b>7,693</b>

Leases are negotiated for an average term of two to three years and rentals are fixed during the relevant lease periods.

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

#### The Group as lessor

Property rental income earned during the year was HK\$7,526,000 (2001: HK\$5,526,000). Most of the properties held have committed tenants for the next one to two years.





# Notes to the Financial Statements

For the year ended March 31, 2002

## 32. OPERATING LEASE ARRANGEMENTS – Continued

### The Group as lessor – Continued

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>2,624</b>	2,886
In the second to fifth year inclusive	<b>828</b>	784
	<b>3,452</b>	3,670

## 33. CONTINGENT LIABILITIES

At March 31, 2002, the Company had issued corporate guarantees to banks in respect of general banking facilities granted to its subsidiaries. The extent of facilities utilised by the subsidiaries at March 31, 2002 amounted to HK\$27,585,000 (2001: HK\$40,636,000).

At the balance sheet date, the Group had no significant contingent liabilities.

## 34. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2001, the Group purchased goods from an investee company amounting to HK\$5,415,000 (2002: Nil). The transactions were carried out on terms similar to those applicable to transactions with unrelated parties. The balance with this investee company is set out in the consolidated balance sheet.

During the year, Yuen & Partners received professional fees of HK\$36,000 (2001: HK\$135,000) for the provision of legal and professional services to the Group. Mr. Yuen Ka Lok, Ernest, an independent non-executive director of the Company, is a partner of Yuen & Partners.

Details of balance with the Company's immediate holding company are set out in note 25.



## Notes to the Financial Statements

For the year ended March 31, 2002

### 35. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at March 31, 2002 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company	Principal activities
Arcadia Jewellery Limited	Hong Kong	Ordinary shares HK\$500,000	100%	Trading of pearl products and investment holding
Asean Gold Limited	British Virgin Islands/ Hong Kong	Ordinary shares US\$10,000	100%	Investment holding
Beijing Sai Long Jewellery Co., Limited	PRC	Registered capital US\$1,000,000	60%	Trading of jewellery
Cyber Bizport Limited	Hong Kong	Ordinary shares HK\$10,000,000	79%	Investment holding
Damei Pearls Jewellery Goods (Shenzhen) Co., Ltd.	PRC	Registered capital HK\$6,000,000	100%	Purchasing and processing of pearls
Excel Access Limited	Hong Kong	Ordinary shares HK\$5,000	100%	Property investment
M.S. Collections Limited (formerly known as Hong Kong Man Sang Investments Limited)	Hong Kong	Ordinary shares HK\$500 Non-voting deferred shares HK\$500	100%	Investment holding
Intimex Business Solutions Company Limited	Hong Kong	Ordinary shares HK\$99,999	79%	Provision of system integration consultancy services



# Notes to the Financial Statements

For the year ended March 31, 2002

## 35. PARTICULARS OF SUBSIDIARIES – Continued

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/registered capital held by the Company	Principal activities
Man Hing Industry Development (Shenzhen) Co., Ltd.	PRC	Registered capital HK\$16,800,000	100%	Assembling of pearl jewellery and property investments
Man Sang Development Company Limited	Hong Kong	Ordinary shares HK\$5,000	100%	Investment and property holding
Man Sang Enterprise Ltd.	British Virgin Islands/ Hong Kong	Ordinary shares US\$100	100%	Investment holding
Man Sang Innovations Limited	Hong Kong	Ordinary shares HK\$5,000	100%	Investment holding
Man Sang Jewellery Company Limited	Hong Kong	Ordinary shares HK\$500 Non-voting deferred shares HK\$500	100%	Trading of pearl products and investment holding
Market Leader Technology Limited	British Virgin Islands/ Hong Kong	Ordinary shares US\$100	100%	Investment holding
Peking Pearls Company Limited	Hong Kong	Ordinary shares HK\$2	100%	Inactive
Sokeen Limited	Hong Kong	Ordinary shares HK\$350,000	100%	Inactive
Swift Millions Limited	Hong Kong	Ordinary shares HK\$5,000	100%	Property investment
Tangzhu Jewellery Goods (Shenzhen) Co., Ltd.	PRC	Registered capital HK\$6,800,000	100%	Purchasing and processing of pearls



## Notes to the Financial Statements

For the year ended March 31, 2002

### 35. PARTICULARS OF SUBSIDIARIES – Continued

Name of subsidiary	Place of incorporation or registration/operation	Issued and fully paid share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Company	Principal activities
Hong Kong Man Sang Investments Limited (formerly known as Wealth-In Investment Limited)	Hong Kong	Ordinary shares HK\$5,000	100%	Property holding
4376zone.com Limited	Hong Kong	Ordinary shares HK\$5,000	79%	Retail of jewellery and e-commerce trading

*Note 1:* The Company directly holds the interests in Man Sang Enterprise Ltd., Man Sang Innovations Limited and Market Leader Technology Limited. All other interests shown above are indirectly held by the Company.

*Note 2:* The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meetings of the Company or to participate in any distribution on winding up.