

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL

The Company is a listed limited company incorporated in Hong Kong. The principal activities of the Group are property investment and development, manufacturing and trading of plastic packaging materials, stock broking & finance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants (“HKSA”) and the disclosure requirements of the Hong Kong Companies ordinance. A summary of the significant accounting policies which have been adopted in preparation of the financial statements is set out below.

In the current year, the Group adopted the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets

The effect of adopting these new standards is set out in the accounting policies detailed below.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March, 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

### Subsidiaries

Investments in subsidiaries are stated at cost less impairment loss.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Associates

An associate is an enterprise, not being a subsidiary or joint venture, in which the Group has a long term equity interest and over which the Group is in a position to exercise significant influence in management, including participation in financial and operating policy decisions.

The results of associates are accounted for by the Group using the equity method of accounting. At the balance sheet date, the Group's investments in associates are stated at its attributable share of net assets in the associates.

Investments in associates are stated in the Company's balance sheet at cost less impairment loss, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

### Goodwill

Goodwill arising from consolidation of subsidiaries and from acquisition of associates represents the excess of purchase consideration over the fair values acquired to the net assets of subsidiaries and associates acquired.

Goodwill on acquisitions that occurred prior to 31st March, 2001 was taken to reserves. The Group has adopted the transitional provision 1(a) in SSAP 30 and goodwill previously written off against retained profits has not been retroactively capitalised and amortised.

Upon disposal of subsidiaries or associates, the relevant portion of attributable goodwill previously written off to retained profits is released and charged to the income statement in arriving at the gain or loss on sale of the investments.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

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 assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Property, plant and equipment (Cont'd)

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation is provided to write off the cost of an asset over its estimated useful life using the following rates per annum:

Land held under medium term leases	Over the unexpired period of the lease
Buildings	Over the shorter of its useful life or unexpired period of the lease
Plant and machinery	10%-20% on reducing balance method
Furniture, fixtures and equipment	15%-25% on reducing balance method
Motor vehicles	15%-25% on reducing balance method

Medium term lease is defined as a lease of over 10 years but not more than 50 years.

### Investment properties

Investment properties are interests in land and buildings in respect of which construction work has been completed and which are held for their long-term investment potential, any rental income being negotiated at arm's length.

No depreciation is provided in respect of investment properties which are held on leases with an unexpired term of more than twenty years. Investment properties are stated at their open market value based on the professional valuations at the balance sheet date.

Any surplus or deficit arising on the valuation of investment properties are dealt with in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the income statement.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment property revaluation reserve to the income statement.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Properties under development

Properties under development are stated at cost less impairment loss. Cost includes the cost of land, construction costs, financing cost and development expenditure capitalised.

### Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

### Investment Securities

Investment securities are stated at cost less impairment loss.

The carrying amount of individual investment is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such investment is reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement.

### Other investments

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the income statement. Profits or losses on disposal of other investments, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

### Trading properties

Trading properties are stated at the lower of cost and net realisable value. Cost includes the acquisition cost, financing cost and decoration cost capitalised. Net realisable value is the estimated selling price at which a property can be realised less related expenses.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprised of direct materials, direct labour cost and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less further costs expected to completion and costs to be incurred in selling and distribution.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Deferred taxation

Deferred taxation is provided, using the liability method, on all significant timing differences to the extent it is probable that the assets or liabilities will crystallise in the foreseeable future.

### Recognition of revenue

- (i) Rental income under operating leases is recognised, on a straight-line basis over the lease terms.
- (ii) Guest house income is recognised when guest house services are provided.
- (iii) Income from sale of goods is recognised when goods are delivered and title has passed to customers.
- (iv) Income from sale of trading properties is recognised when the relevant contract is made and properly executed.
- (v) Brokerage income is recognised when the relevant contract note is made and properly executed.
- (vi) Gains on foreign exchange dealings are recognised when the exchange memorandum are made and properly executed respectively.
- (vii) Dividend income from investment is recognised when the shareholders' right to receive payment has been established. Dividend income from subsidiaries is recognised in the period to which the dividend relates.

### Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the approximate rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are translated into Hong Kong dollars at the approximate rates of exchange ruling at the transaction dates. Profit and loss arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars at the approximate rates of exchange ruling at the balance sheet date. All exchange differences arising on consolidation are dealt with in the exchange reserve.

### Retirement benefit costs

The Group's contributions to the retirement schemes are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of advances.

### Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party 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.

### Impairment loss

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net realizable value and value in use, in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest group of assets, to which the asset belongs, that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at 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 or cash-generating unit is increased to the revised estimate of its recoverable amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized 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 Standard.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Provisions

In accordance with SSAP 28, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

### 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 assets consist primarily of fixed assets, inventories, receivables and operating cash, and mainly exclude interest in associates. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales, total assets and capital expenditure are based on the destination country to which goods are shipped and location of assets respectively.

### Dividends

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the Group's net assets at 31st March 2001 have been increased by HK\$5,270,760. There is no impact on the Group's profit attributable to shareholders of this year.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 3. TURNOVER

Turnover comprises the aggregate of gross invoiced values of goods sold less discounts and returns, gross proceeds from sale of trading properties, gross rental income, brokerage commission, guest house income, gains on foreign exchange dealings and dividend income.

	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Sale of goods	<b>126,582,475</b>	128,135,185
Sale of trading properties	<b>567,497</b>	7,992,744
Gross rental income	<b>17,952,236</b>	17,647,058
Brokerage commission	<b>12,564,341</b>	21,592,848
Guest house income	<b>3,482,484</b>	4,162,405
Gains on foreign exchange dealings	<b>536,315</b>	633,814
Dividend income	<b>472,030</b>	111,480
	<b><u>162,157,378</u></b>	<b><u>180,275,534</u></b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 4. SEGMENT INFORMATION

### i) Business Segment

	Property investments and development		Manufacturing and trading of plastic packing material		Stock broking and finance		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
TURNOVER										
External sales	22,002,217	29,802,207	126,582,475	128,135,185	13,572,686	22,338,142			162,157,378	180,275,534
Inter-segment sales	1,733,545	465,570	—	—	—	—	(1,733,545)	(465,570)	—	—
Total turnover	<u>23,735,762</u>	<u>30,267,777</u>	<u>126,582,475</u>	<u>128,135,185</u>	<u>13,572,686</u>	<u>22,338,142</u>	<u>(1,733,545)</u>	<u>(465,570)</u>	<u>162,157,378</u>	<u>180,275,534</u>
Result										
Segment result	<u>5,795,564</u>	<u>3,119,190</u>	<u>12,650,717</u>	<u>3,023,417</u>	<u>535,769</u>	<u>23,190,177</u>			<u>18,982,050</u>	<u>29,332,784</u>
Impairment loss of unlisted other investment									—	(172,067)
Exchange reserve realisation									2,792,025	—
Finance costs									(8,005,314)	(17,909,040)
Share of net profits of associates	216,414	(9,543)	1,991,296	4,061,449	—	—			2,207,710	4,051,906
Profit from ordinary activities before taxation									15,976,471	15,303,583
(Taxation) / tax refund	(42,496)	(37,590)	(1,022,451)	(310,395)	593	(207,686)			(1,064,354)	(555,671)
Profit from ordinary activities after taxation									14,912,117	14,747,912
Minority interests	—	—	(590,814)	(100,114)	(5,313)	(117,250)			(596,127)	(217,364)
Profit attributable to shareholders for the year									<u>14,315,990</u>	<u>14,530,548</u>
Segment assets	330,335,192	336,880,068	118,608,808	123,466,473	91,786,099	92,871,152			540,730,099	553,217,693
Interests in associates	17,501,302	15,843,813	14,889,119	15,652,397	—	—			32,390,421	31,496,210
Unallocated corporate assets									6,475,889	6,475,889
Total assets	<u>347,836,494</u>	<u>352,723,881</u>	<u>133,497,927</u>	<u>139,118,870</u>	<u>91,786,099</u>	<u>92,871,152</u>			<u>579,596,409</u>	<u>591,189,792</u>
Segment liabilities	32,466,755	36,342,558	10,755,767	18,755,755	22,582,885	33,638,065			65,805,407	88,736,378
Unallocated liabilities									117,567,183	107,177,261
Consolidated total liabilities									<u>183,372,590</u>	<u>195,913,639</u>
Minority interests	—	—	4,491,649	4,016,958	1,528,699	1,523,385			<u>6,020,348</u>	<u>5,540,343</u>
Depreciation for the year	506,385	515,793	4,197,173	3,882,593	421,329	416,533			5,124,887	4,814,919
Capital expenditure incurred during the year	408,060	94,794	5,530,189	8,540,030	691,501	812,543			6,629,750	9,447,367

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 4. SEGMENT INFORMATION (Cont'd)

### ii) Geographical Segment

	Turnover	
	2002 HK\$	2001 HK\$
Hong Kong	41,399,821	55,679,772
Mainland China	1,137,118	9,274,096
North America	40,177,278	35,877,852
Europe	24,594,975	25,627,037
Australia	34,329,167	48,691,370
Asia	20,519,019	5,125,407
	<u>162,157,378</u>	<u>180,275,534</u>

	Carrying amount of Segment assets		Additions to Property, Plant, Equipment	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Hong Kong	371,327,911	395,533,288	1,374,520	1,048,452
Mainland China	160,700,976	149,969,990	5,255,230	8,398,915
North America	2,864,076	3,495,159	—	—
Europe	1,465,790	1,735,322	—	—
Australia	2,609,463	2,135,975	—	—
Asia	1,761,883	347,959	—	—
	<u>540,730,099</u>	<u>553,217,693</u>	<u>6,629,750</u>	<u>9,447,367</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 5. OTHER REVENUES

	2002 HK\$	2001 HK\$
Interest income	3,080,687	4,261,223
Other income	1,850,086	1,901,397
Unrealised holding (loss) gains on other investments	(622,587)	12,120,579
Consultancy & management fee	219,880	437,880
Overprovision for winding up expenses of a subsidiary	211,836	—
Profit on disposals of other investments	464,033	7,135,546
Exchange reserve realised upon winding up of a subsidiary	2,792,025	—
	<u>7,995,960</u>	<u>25,856,625</u>

### 6. PROFIT FROM OPERATIONS

	2002 HK\$	2001 HK\$
Profit from operations is arrived at after charging:		
Auditors' remuneration	578,800	606,800
Cost of inventories sold	80,194,180	93,131,433
Cost of trading properties sold	484,905	8,305,831
Impairment loss of unlisted other investments	—	172,067
Impairment loss of trading properties	—	4,398,414
Impairment loss of properties under development	731,833	-
Exchange loss	—	981,703
Bad debts provision and write-off	2,614,477	3,129,096
Loss on disposal of property, plant and equipment	62,310	—
Staff costs (including directors' remuneration)	31,771,398	32,719,391
Salaries, wages and welfare	31,771,398	32,638,306
Severance payment	—	81,085
Operating lease rental in respect of land and buildings	1,231,200	1,279,200
Depreciation	<u>5,124,887</u>	<u>4,814,919</u>
and after crediting :		
Profit on disposal of property, plant and equipment	—	52,698
Exchange gain	495,046	—
Gross rental income from investment properties	17,952,236	17,647,058
Less: outgoings	(241,321)	(316,085)
Net rental income	<u>17,710,915</u>	<u>17,330,973</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 7. FINANCE COSTS

	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Interest on:		
Bank loans and overdrafts wholly repayable within five years	<b>6,414,011</b>	12,542,224
Other borrowings	<b>966,760</b>	4,831,664
Bank charges	<b>624,543</b>	535,152
	<b>8,005,314</b>	17,909,040

### 8. DIRECTORS' AND EMPLOYEES' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and the Listing Rules of The Stock Exchange of Hong Kong Limited was as follows:

	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Fees	<b>210,000</b>	210,000
Salaries and other allowances*	<b>4,735,931</b>	4,590,752
Bonuses paid and payable	<b>—</b>	526,972
	<b>4,945,931</b>	5,327,724

\* Including consultancy fees paid to Sonliet Investment Company Limited, Holytex Investment Company Limited and Rolling Development Limited of which Mr. Chua Nai Tuen, Mr. Se Ying Kin and Mr. Chua Nai King were directors respectively.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 8. DIRECTORS' AND EMPLOYEES' REMUNERATION (Cont'd)

The remuneration of the above directors fell within the following bands:

	<b>2002</b>	2001
	<b>Number of directors</b>	Number of directors
Nil — HK\$1,000,000	<b>8</b>	8
HK\$1,000,001 — HK\$1,500,000	<b>1</b>	1
HK\$1,500,001 — HK\$2,000,000	—	—
HK\$2,000,001 — HK\$2,500,000	<b>1</b>	—
HK\$2,500,001 — HK\$3,000,000	—	1
	<u><b>11</b></u>	<u>10</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

For the year under review, total emoluments (including any reimbursement) of HK\$40,000 (2001: HK\$40,000) were paid and/or payable to Independent Non-executive Directors of the Company.

#### Five highest paid employees

The five highest paid employees of the Group during the year included three directors, details of whose remuneration are set out in note 8 above. The remuneration of the other two employees disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited was as follows:

	<b>2002</b>	2001
	<b>HK\$</b>	HK\$
Salaries and other allowances	<b>1,709,070</b>	2,446,896
	<u><b>1,709,070</b></u>	<u>2,446,896</u>

The remuneration of the other two employees fell within the following band:

	<b>2002</b>	2001
	<b>Number of employees</b>	Number of employees
Nil — HK\$1,000,000	<b>2</b>	1
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	—	1
	<u><b>2</b></u>	<u>2</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 9. TAXATION

	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Company and subsidiaries		
Hong Kong profits tax	<b>31,127</b>	145,927
Deferred taxation	<b>639,094</b>	99,733
	<b>670,221</b>	245,660
Share of taxation attributable to associates		
Hong Kong profits tax	<b>109,887</b>	104,007
Overseas profits tax	<b>284,246</b>	206,004
	<b>394,133</b>	310,011
	<b>1,064,354</b>	555,671

Hong Kong Profits tax has been provided at the rate of 16% (2001:16%) on the estimated assessable profits arising in Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the associates operate.

### 10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Dealt with in the financial statements of the Company	<b>6,854,884</b>	3,183,963
Retained by subsidiaries	<b>5,647,529</b>	7,604,690
Retained by associates	<b>1,813,577</b>	3,741,895
	<b>14,315,990</b>	14,530,548

### 11. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$14,315,990 (2001: HK\$14,530,548 ) and ordinary shares in issue of 131,769,000.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12. INVESTMENT PROPERTIES

#### Group

	<b>Medium term lease in Hong Kong <i>HK\$</i></b>	<b>Medium term lease in the Mainland China <i>HK\$</i></b>	<b>Total <i>HK\$</i></b>
<b>Valuation</b>			
At 1st April, 2001	272,500,000	1,037,149	273,537,149
Deficit arising from revaluation	(6,000,000)	(207,430)	(6,207,430)
<b>Net book value as at 31st March, 2002</b>	<b><u>266,500,000</u></b>	<b><u>829,719</u></b>	<b><u>267,329,719</u></b>
31st March, 2001	<u>272,500,000</u>	<u>1,037,149</u>	<u>273,537,149</u>

#### Company

<b>Valuation</b>			
At 1st April, 2001	190,000,000	1,037,149	191,037,149
Deficit arising from revaluation	(1,000,000)	(207,430)	(1,207,430)
<b>Net book value as at 31st March, 2002</b>	<b><u>189,000,000</u></b>	<b><u>829,719</u></b>	<b><u>189,829,719</u></b>
31st March, 2001	<u>190,000,000</u>	<u>1,037,149</u>	<u>191,037,149</u>

Investment properties were revalued at their open market value at 31st March, 2002. The revaluation was carried out by K.T. Liu Surveyors Limited, an independent valuer. The deficit arising from revaluation has been charged to the investment property revaluation reserve.

Regarding the investment property in the Mainland China, the Group is entitled to the property-use right for fifty years as from 12/1/1992 to 11/1/2042, and is allowed to transfer or lease the property-use right according to the regulations of the Shenzhen Government.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 13. PROPERTY, PLANT AND EQUIPMENT

### Group

	Land & buildings		Plant and Machinery	Furniture, fixtures & equipment	Motor vehicles	Total
	Medium term lease in Hong Kong	Medium term lease in the Mainland China				
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>Cost</b>						
At 1st April, 2001	3,375,457	34,509,274	60,921,214	15,145,650	6,414,894	120,366,489
Additions	—	589,710	4,185,086	1,555,588	299,366	6,629,750
Disposals	—	—	—	(242,811)	—	(242,811)
Exchange realignments	—	830	1,459	48	84	2,421
<b>At 31st March, 2002</b>	<b>3,375,457</b>	<b>35,099,814</b>	<b>65,107,759</b>	<b>16,458,475</b>	<b>6,714,344</b>	<b>126,755,849</b>
<b>Accumulated depreciation</b>						
At 1st April, 2001	820,852	8,628,144	36,200,969	9,890,362	4,096,216	59,636,543
Charge for the year	62,887	1,240,097	2,051,575	1,249,368	520,960	5,124,887
Written back on disposals	—	—	—	(176,261)	—	(176,261)
Exchange realignments	—	207	499	22	47	775
<b>At 31st March, 2002</b>	<b>883,739</b>	<b>9,868,448</b>	<b>38,253,043</b>	<b>10,963,491</b>	<b>4,617,223</b>	<b>64,585,944</b>
<b>Net book value as at 31st March, 2002</b>	<b>2,491,718</b>	<b>25,231,366</b>	<b>26,854,716</b>	<b>5,494,984</b>	<b>2,097,121</b>	<b>62,169,905</b>
31st March, 2001	2,554,605	25,881,130	24,720,245	5,255,288	2,318,678	60,729,946



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 13. PROPERTY, PLANT & EQUIPMENT (Cont'd)

#### Company

	<b>Furniture, fixtures &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Cost</b>			
At 1st April, 2001	4,871,839	1,826,386	6,698,225
Additions	408,060	—	408,060
Disposals	(5,653)	—	(5,653)
	<u>5,274,246</u>	<u>1,826,386</u>	<u>7,100,632</u>
<b>At 31st March, 2002</b>	<b>5,274,246</b>	<b>1,826,386</b>	<b>7,100,632</b>
<b>Accumulated depreciation</b>			
At 1st April, 2001	3,498,643	1,332,113	4,830,756
Charge for the year	313,898	74,142	388,040
Written back on disposals	(1,413)	—	(1,413)
	<u>3,811,128</u>	<u>1,406,255</u>	<u>5,217,383</u>
<b>At 31st March, 2002</b>	<b>3,811,128</b>	<b>1,406,255</b>	<b>5,217,383</b>
<b>Net book value as at</b>			
<b>31st March, 2002</b>	<b><u>1,463,118</u></b>	<b><u>420,131</u></b>	<b><u>1,883,249</u></b>
31st March, 2001	<u>1,373,196</u>	<u>494,273</u>	<u>1,867,469</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 14. PROPERTIES UNDER DEVELOPMENT

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Balance at the beginning of year	<b>34,231,163</b>	34,231,163
Impairment loss	<b>(731,833)</b>	—
Carrying value transferred to other receivable	<b>(18,857,250)</b>	—
Balance at the end of year	<b><u>14,642,080</u></b>	<b><u>34,231,163</u></b>

The main developer of Tianjian Yangguang Hua Yuan project has nearly sold out all the flats. The Group has then written down its interest to the net realisable value and transferred to amount receivable from the main developer. The remaining properties under development are situated in Mainland China under long lease and medium term leases. The progress status is summarised on page 56.

### 15. INTERESTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Unlisted shares, at cost	<b>27,064,786</b>	27,064,786
Amounts due from subsidiaries	<b>158,292,063</b>	171,796,753
Impairment loss	<b>(4,536,530)</b>	(4,536,530)
	<b><u>180,820,319</u></b>	<b><u>194,325,009</u></b>

Details of the Company's principal subsidiaries at 31st March, 2002 are set out in note 37 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 16. INTERESTS IN ASSOCIATES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Unlisted shares, at cost	—	—	15,001,643	15,001,643
Share of net assets other than goodwill	14,145,580	24,016,364	—	—
	<b>14,145,580</b>	24,016,364	<b>15,001,643</b>	15,001,643
Amount due from associates	18,244,841	7,479,846	6,113,294	4,424,623
	<b>32,390,421</b>	31,496,210	<b>21,114,937</b>	19,426,266

Details of the Group's associates at 31st March, 2002 are set out in note 38 to the financial statements.

### 17. INVESTMENT SECURITIES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
At cost				
Unlisted in Hong Kong	3,664,649	3,664,649	3,664,649	3,664,649
Unlisted outside Hong Kong	2,929,990	2,929,990	2,929,990	2,929,990
	<b>6,594,639</b>	6,594,639	<b>6,594,639</b>	6,594,639
Impairment loss				
Unlisted outside Hong Kong	(118,750)	(118,750)	(118,750)	(118,750)
Carrying value				
Unlisted in Hong Kong	3,664,649	3,664,649	3,664,649	3,664,649
Unlisted outside Hong Kong	2,811,240	2,811,240	2,811,240	2,811,240
	<b>6,475,889</b>	6,475,889	<b>6,475,889</b>	6,475,889

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18. INVENTORIES

	Group	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
Raw materials	10,177,346	11,544,524
Work in progress	1,165,934	1,274,046
Finished goods	2,942,943	4,176,869
	<u>14,286,223</u>	<u>16,995,439</u>

### 19. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to 90 days to its trade customers.

The ageing analysis of trade receivables was as follows:

	Group	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
0-1 month	50,684,378	47,306,131
2-3 months	1,256,445	1,323,763
Over 3 months	37,707,393	27,379,730
	<u>89,648,216</u>	<u>76,009,624</u>
Less: provision for bad debts	(5,603,841)	(6,458,221)
	<u>84,044,375</u>	<u>69,551,403</u>

### 20. OTHER INVESTMENTS

	Group	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
At fair value		
Listed in Hong Kong	<u>16,909,815</u>	<u>17,558,403</u>
Market value at 31st March	<u>16,909,815</u>	<u>17,558,403</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. LOANS AND ADVANCES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Loans and advances, at cost	<b>15,062,637</b>	15,515,730	<b>172,295</b>	169,940
Less: provision for bad debts	<b>(3,000,000)</b>	(3,000,000)	—	—
	<b><u>12,062,637</u></b>	<u>12,515,730</u>	<b><u>172,295</u></b>	<u>169,940</u>

### 22. TRADE AND OTHER PAYABLES

The ageing analysis of trade and other payables was as follows:

	Group	
	2002 HK\$	2001 HK\$
0-1 month	<b>38,881,125</b>	47,195,500
2-3 months	<b>475,480</b>	1,249,103
Over 3 months	<b>21,543,414</b>	23,528,257
	<b><u>60,900,019</u></b>	<u>71,972,860</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 23. BORROWINGS

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Secured bank overdrafts	<b>13,715,383</b>	19,756,234	<b>7,620,784</b>	9,119,251
Secured bank loans	<b>103,851,801</b>	87,421,028	<b>80,678,630</b>	74,930,409
	<b><u>117,567,184</u></b>	<u>107,177,262</u>	<b><u>88,299,414</u></b>	<u>84,049,660</u>
Secured bank loans and overdrafts repayable:				
Within one year	<b>89,138,953</b>	83,596,042	<b>60,452,100</b>	60,750,440
More than one year but not exceeding two years	<b>10,798,917</b>	8,816,269	<b>10,218,000</b>	8,534,269
More than two years but not exceeding five years	<b>17,629,314</b>	14,764,950	<b>17,629,314</b>	14,764,950
	<b><u>117,567,184</u></b>	<u>107,177,261</u>	<b><u>88,299,414</u></b>	<u>84,049,659</u>
Portion due within one year included under current liabilities	<b>(89,138,953)</b>	(83,596,042)	<b>(60,452,100)</b>	(60,750,440)
Portion due after one year	<b><u>28,428,231</u></b>	<u>23,581,219</u>	<b><u>27,847,314</u></b>	<u>23,299,219</u>

### 24. SHARE CAPITAL

	2002 HK\$	2001 HK\$
Authorized :		
200,000,000 shares of HK\$1.00 each	<b><u>200,000,000</u></b>	<u>200,000,000</u>
Issued and fully paid:		
131,769,000 (2001: 131,769,000) shares of HK\$1.00 each	<b><u>131,769,000</u></b>	<u>131,769,000</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25. RESERVES

	<b>Investment property revaluation reserve</b>	<b>Capital reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Group</b>					
At 1st April, 2000	233,656,892	(93,416)	740,516	39,302,545	273,606,537
Exchange difference arising from translation of overseas subsidiaries	—	—	(753,655)	—	(753,655)
Deficit arising from revaluation	(21,586,735)	—	—	—	(21,586,735)
Share of reserves in associates	(543,409)	16,444	(561,145)	—	(1,088,110)
Profit for the year	—	—	—	14,530,548	14,530,548
Write-off of goodwill arising from increase of interest in associate	—	—	—	(6,741,775)	(6,741,775)
Dividends (note 26)	—	—	—	(5,270,760)	(5,270,760)
	<u>211,526,748</u>	<u>(76,972)</u>	<u>(574,284)</u>	<u>41,820,558</u>	<u>252,696,050</u>
At 31st March, 2001	<u>211,526,748</u>	<u>(76,972)</u>	<u>(574,284)</u>	<u>41,820,558</u>	<u>252,696,050</u>
<b>Attributable to:</b>					
Company and subsidiaries	216,063,752	—	344,828	28,665,222	245,073,802
Associates	(4,537,004)	(76,972)	(919,112)	13,155,336	7,622,248
	<u>211,526,748</u>	<u>(76,972)</u>	<u>(574,284)</u>	<u>41,820,558</u>	<u>252,696,050</u>
At 1st April, 2001	211,526,748	(76,972)	(574,284)	41,820,558	252,696,050
Exchange difference arising from translation of overseas subsidiaries	—	—	21,959	—	21,959
Realised upon winding up of a subsidiary	—	—	(2,792,025)	—	(2,792,025)
Deficit arising from revaluation	(6,091,329)	—	—	—	(6,091,329)
Share of reserves in associates	—	114,619	169,207	—	283,826
Profit for the year	—	—	—	14,315,990	14,315,990
Proposed final dividends (note 26)	—	—	—	(5,270,760)	(5,270,760)
	<u>205,435,419</u>	<u>37,647</u>	<u>(3,175,143)</u>	<u>50,865,788</u>	<u>253,163,711</u>
<b>At 31st March, 2002</b>	<b><u>205,435,419</u></b>	<b><u>37,647</u></b>	<b><u>(3,175,143)</u></b>	<b><u>50,865,788</u></b>	<b><u>253,163,711</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25. RESERVES (Cont'd)

	<b>Investment property revaluation reserve</b>	<b>Capital reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Attributable to:</b>					
Company and subsidiaries	209,972,423	—	(2,425,238)	38,696,271	246,243,456
Associates	(4,537,004)	37,647	(749,905)	12,169,517	6,920,255
	<u>205,435,419</u>	<u>37,647</u>	<u>(3,175,143)</u>	<u>50,865,788</u>	<u>253,163,711</u>
<b>Company</b>					
At 1st April, 2001	153,194,250	—	—	2,102,010	155,296,260
Profit for the year	—	—	—	6,854,884	6,854,884
Deficit arising from revaluation	(1,207,430)	—	—	—	(1,207,430)
Proposed final dividends (note 26)	—	—	—	(5,270,760)	(5,270,760)
<b>At 31st March, 2002</b>	<b><u>151,986,820</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>3,686,134</u></b>	<b><u>155,672,954</u></b>

Reserves of the Company available for distribution to shareholders amount to HK\$8,956,894 (2001: HK\$7,372,770).

### 26. PROPOSED DIVIDENDS

	<b>2002</b>	2001
	<b><i>HK\$</i></b>	<i>HK\$</i>
Proposed final dividends of HK4.0 cents per share (2001: HK4.0 cents)	<b><u>5,270,760</u></b>	<u>5,270,760</u>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 27. DEFERRED TAXATION

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>
Balance at the beginning of year	<b>276,818</b>	177,085
Transfer from the income statement	<b>639,094</b>	99,733
	<hr/>	<hr/>
Balance at the end of year	<b>915,912</b>	276,818
	<hr/> <hr/>	<hr/> <hr/>

Deferred taxation represents mainly the tax effect of the depreciation allowances claimed for tax purposes over depreciation charged in the financial statements.

At the balance sheet date, the Group has the following unrecognised deferred tax asset:

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Accelerated depreciation allowances	<b>(255,101)</b>	(982,015)	<b>(255,101)</b>	(169,848)
Tax losses	<b>3,554,273</b>	4,279,495	<b>3,554,273</b>	3,267,908
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>3,299,172</b>	3,297,480	<b>3,299,172</b>	3,098,060
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

No provision for deferred tax asset has been recognised in the accounts as it is uncertain whether the asset will crystallise in the foreseeable future.

Deferred taxation has not been provided on the surplus arising on the revaluation of investment properties as the profit arising on its disposal would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference for tax purpose.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Group	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation	<b>15,976,471</b>	15,303,583
Impairment loss of unlisted investments securities	—	172,067
Impairment loss of properties under development	<b>731,833</b>	—
Impairment loss of trading properties	—	4,398,414
Share of profits of associates	<b>(2,207,710)</b>	(4,051,906)
Dividend income	<b>(472,030)</b>	(111,480)
Interest income	<b>(3,080,687)</b>	(4,261,223)
Finance costs	<b>8,005,314</b>	17,909,040
Bad debts provision and write off	<b>2,614,477</b>	3,129,096
Depreciation	<b>5,124,887</b>	4,814,919
Loss (Profit) on disposal of property, plant & equipment	<b>62,310</b>	(52,698)
Profit on disposals of other investment	<b>(464,033)</b>	(7,135,546)
Overprovision of winding up expenses of a subsidiary	<b>(211,836)</b>	—
Unrealised holding loss (gain) on other investments	<b>622,587</b>	(12,120,579)
Exchange reserve realised upon winding up of a subsidiary	<b>(2,792,025)</b>	—
Gain on liquidation of associates	<b>(54,041)</b>	—
(Increase) Decrease in trading properties	<b>(424,079)</b>	8,305,833
Decrease in inventories	<b>2,709,216</b>	931,588
Decrease in loans and advances	<b>53,093</b>	2,525,527
Decrease in trade and other receivables	<b>4,806,738</b>	27,260,729
(Increase) Decrease in deposits and prepayments	<b>(338,737)</b>	985,055
Decrease in trade and other payables	<b>(8,436,148)</b>	(20,354,083)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<b><u>22,225,600</u></b>	<b><u>37,648,336</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	<b>Bank loans</b> <i>HK\$</i>
Balance at 1 st April, 2001	87,421,028
New bank loans	89,603,340
Repayment of bank loans	<u>(73,172,567)</u>
Balance at 31 st March, 2002	<u><u>103,851,801</u></u>

### 30. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	<b>2002</b> <i>HK\$</i>	2001 <i>HK\$</i>
Cash and bank balances	<b>36,793,588</b>	40,269,281
Bank overdrafts	<b><u>(13,715,383)</u></b>	<u>(19,756,234)</u>
	<u><b>23,078,205</b></u>	<u>20,513,047</u>

### 31. RETIREMENT BENEFIT COSTS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees up to a maximum of HK\$1,000 per person per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK\$4,000 per month. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid. The Group also makes voluntary contribution which are in excess of the MPF Scheme requirement for certain employees. Before the voluntary contributions become fully vested in the employees, the relevant portion of the voluntary contributions forfeited will be reverted to the Group to offset future employer's contributions. The assets of the MPF Scheme and voluntary contributions are held separately from those of the Group in an independently administered fund.

The Group's contribution to the MPF scheme charged to the income statement during the year amounted to HK\$719,865 (2001:HK\$ 243,436).

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 32. COMMITMENTS

As at 31st March 2002, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:-

	<b>Group</b>	
	<b>2002</b> <b>HK\$</b>	2001 <i>HK\$</i>
Within one year	<b>1,708,328</b>	1,279,200
More than one year but not exceeding five years	<b>190,599</b>	1,199,267
	<b><u>1,898,927</u></b>	<u>2,478,467</u>

### 33. FUTURE RENTAL INCOMES

As at 31st March 2002, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2002</b> <b>HK\$</b>	2001 <i>HK\$</i>	<b>2002</b> <b>HK\$</b>	2001 <i>HK\$</i>
Within one year	<b>11,699,811</b>	16,983,889	<b>10,391,811</b>	12,303,889
More than one year but not exceeding five years	<b>6,265,150</b>	13,023,763	<b>6,160,150</b>	11,883,763
Total	<b><u>17,964,961</u></b>	<u>30,007,652</u>	<b><u>16,551,961</u></b>	<u>24,187,652</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 34. PLEDGE OF ASSETS

As at 31st March, 2002, the Group had the following assets pledged to bank to secure general banking facilities granted to the Group.

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Investment properties in Hong Kong, at valuation	266,500,000	272,500,000	189,000,000	208,550,000
Land & building in Hong Kong, at net book value	758,879	778,441	—	—
Other investments, at market value	16,861,350	—	—	—
Time deposits	14,676,632	9,590,779	1,008,558	—
	<u>298,796,861</u>	<u>282,869,220</u>	<u>190,008,558</u>	<u>208,550,000</u>
Margin clients' Hong Kong listed shares, at market value	<u>13,795,422</u>	<u>9,628,122</u>	<u>—</u>	<u>—</u>

### 35. CONTINGENT LIABILITIES

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Bills discounted with recourse	7,308,960	13,010,389	—	—
Guarantees issued to banks in respect of bank facilities granted to:				
— Associates	2,400,000	2,400,000	—	—
— Subsidiaries	—	—	87,650,000	87,650,000
in respect of mortgage loans granted to purchasers of trading properties	<u>9,500,000</u>	<u>3,760,000</u>	<u>9,500,000</u>	<u>3,760,000</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 36. RELATED PARTIES TRANSACTIONS

During the year, the Group had the following material transactions with an associate :

- (a) The Group received accountancy fee of HK\$184,000 (2001: HK\$390,000).
- (b) The Group paid interest of HK\$492,746 (2001: HK\$896,065).

### 37. PRINCIPAL SUBSIDIARIES

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital / registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Always Best Company Limited	British Virgin Islands	US\$1	—	95	Investment holding
Brightgate Limited	Hong Kong	HK\$1,000	100	100	Guest house operation
Dongguan Nan Sing Plastics Limited**	Mainland China	HK\$150,000,000*	—	95	Manufacture of plastics products
Edinburgh Holdings Limited	British Virgin Islands	US\$10	100	100	Property investment
Fortune State Investments Limited	Hong Kong	HK\$2	100	100	Investment holding
Goldtower Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Happy Dragon Investment Limited	Hong Kong	HK\$2	100	100	Investment holding
K.W.& Associates Company Limited	Hong Kong	HK\$2,000,000	100	100	Property investment
Modern Extrusion Limited	Hong Kong	HK\$3,400,000	—	99	Trading
More Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Nan Sing Holdings Limited	Hong Kong	HK\$10,000	100	100	Investment holding
Nan Sing Plastics Limited	Hong Kong	HK\$15,000,000	—	95	Trading of Plastics products
Nan Sing Plastics International Limited	British Virgin Islands	US\$10	—	95	Provision of Consultancy services
Polex Products Company Limited	Hong Kong	HK\$2,900,000	—	98	Trading
Polypak Limited	Hong Kong	HK\$3,000,000	—	99	Trading
Silver Advance Limited	Hong Kong	HK\$2	100	100	Property investment

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 37. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital / registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Southeast Asia Properties & Finance (China) Limited	Hong Kong	HK\$2	100	100	Property investment and development
Southeast Asia Properties & Finance (Exchange) Limited	Hong Kong	HK\$1,000,000	75	75	Money exchange
Southeast Asia Properties & Finance (Nominees) Limited	Hong Kong	HK\$10,000	100	100	Nominees and estate management
South Force Limited	Hong Kong	HK\$2	100	100	Property agency
Stockwell Securities Limited	Hong Kong	HK\$10,000,000	100	100	Stock broking
Super Dragon Investment Limited	Hong Kong	HK\$2	100	100	Property investment and development
Tanpar Company Limited	Hong Kong	HK\$2	—	95	Trading and nominee
Topland Development Limited	Hong Kong	HK\$2	100	100	Property investment
Tsen Hsin Industrial Company Limited**	Hong Kong	HK\$400,000	—	95	Property investment

\* Paid-up capital up to 31st March, 2002 amounted to HK\$128,788,905

\*\* Subsidiaries not audited by K.L. Young & Co.

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 38. ASSOCIATES

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Full Safe Industries Limited	Hong Kong	HK\$100,000	—	28.6%	Manufacture of plastics products
Ongoing Investments Limited	British Virgin Islands	US\$100	—	20%	Property investment
Sequin Development Limited	British Virgin Islands	US\$100	—	20%	Property investment
Titan Dragon Properties Corporation	Philippines	Pesos 80,000,000	30%	49%	Property investment

\* The above associates companies are not audited by K.L. Young & Co.

### 39. POST BALANCE SHEET EVENT

On 12th July, 2002, the directors of the Company proposed that a bonus issue of shares of HK\$1.00 each be made to Shareholders on the basis of one bonus share for every two shares held by Shareholders whose names appear on the register of members on 18th September, 2002. The bonus shares will be credited as fully paid up by capitalised part of the Investment Properties Revaluation Reserve of the Company and will rank pari passu with the existing shares in all respects, except that they will not rank for the final dividend for the year ended 31st March, 2002.

The bonus issue of shares is conditional upon the passing of the ordinary resolution to approve the bonus issue at the Annual General Meeting to be held on 18th September, 2002 and the Listing Committee of The Stock Exchange of Hong Kong Limited granting listings of, and permission to deal in the bonus shares.

### 40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 41. APPROVAL AND AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 12th July, 2002