

# Notes to the Financial Statements

For the year ended 31 March 2002



## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its securities are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 38 to the financial statements.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in light of the net current liabilities of HK\$24,581,000 as at 31 March 2002. The Group is in breach of a covenant in respect of certain bank borrowings of HK\$31,390,000 as at 31 March 2002, all of which are now repayable on demand. Against this background, the Group is currently finalising a plan for the future operations and financing of the Group which it is envisaged will form the basis of negotiations with the relevant bank for the restructuring of these borrowings. Provided that the Group can implement its plan for the future operations and financing of the Group, including successfully completing negotiations with the relevant bank referred to above, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

## 3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of revised and new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants.

Other than as disclosed below, the adoption of these revised and new SSAPs has not resulted in any changes to the Group's accounting policies that have affected the amounts reported for the current or prior periods. In addition, the revised and new SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative disclosures for the prior year have been restated in order to achieve a consistent presentation.

### Goodwill

In the current year, the Group had adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill previously eliminated against reserves. However, impairment losses in respect of goodwill that arose between the date of acquisition of the relevant subsidiaries and associates and the date of adoption of SSAP 30 have been recognised retrospectively.

Goodwill arising on acquisitions on or after 1 April 2001 is capitalised and amortised over its estimated useful life, i.e. over periods ranging from 5 to 20 years, as appropriate.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

### Goodwill (continued)

The financial effect of the adoption of SSAP 30 is summarised below:

	Accumulated profits <i>HK\$'000</i>	Goodwill surplus <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2000			
As originally stated	127,815	(63,276)	64,539
Retrospective recognition of impairment of goodwill held in reserves	<u>(63,276)</u>	<u>63,276</u>	<u>–</u>
As restated	<u>64,539</u>	<u>–</u>	<u>64,539</u>

The effect of these changes in accounting policies on the results for the current and prior years is as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Impairment of goodwill	<u>–</u>	<u>42,764</u>

## 4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March 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.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 4. 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 or an associate at the date of acquisition.

Goodwill arising on acquisitions prior to 1 April 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 associate or at such time as the goodwill is determined to be impaired.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill or goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions on or after 1 April 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of associates is included within the carrying amount of the associates. Goodwill arising on the acquisition of subsidiaries is presented as a separate intangible asset.

### Investments in subsidiaries

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

### Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the premium paid on acquisition in so far as it has not already been amortised to income statement, less any identified impairment loss.

### Revenue recognition

#### *Construction contracts*

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### Construction contracts (continued)

When the outcome of a construction contract can be estimated reliably, revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

#### Others

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.

Sales proceeds on dealing of listed trading securities are recognised on a trade date basis.

### Property, plant and equipment

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

Depreciation is provided to write off the cost 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:

Land use rights	Over the term of the lease
Buildings under medium-term lease in the People's Republic of China ("PRC")	4.5%
Leasehold improvements	Over the unexpired term of the lease
Plant and machinery	9% – 15%
Furniture, fixtures and equipment	15%
Motor vehicles	30%
Computer hardware and software	15% – 30%

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

# Notes to the Financial Statements

For the year ended 31 March 2002



## 4. 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but such 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.

### Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, investments in securities are measured at fair value. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

### Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date, as measured by reference to the value of work carried out to date bears the estimated total value of work carried out for each contract.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when they were negotiated as a single package and are so closely inter-related that they constitute a single project with an overall profit margin.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Inventories**

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

### **Operating leases**

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

### **Retirement benefits schemes**

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

### **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.

### **Foreign currencies**

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of the subsidiaries and associates 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.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 5. TURNOVER

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers less discounts allowed and goods returned, revenue arising on provision of installation services for marble and granite products, provision of IT services and sale proceeds of trading securities during the year.

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Wholesaling of marble and granite products and marble fittings	27,267	106,476
Installation services for marble and granite products	15,940	89,272
IT services	3,437	9,014
Proceeds from sale of trading securities	–	131,778
	<hr/>	<hr/>
	<b>46,644</b>	<b>336,540</b>
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## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

For management purposes, the Group is currently organised into three main operating divisions, namely wholesaling, installation services and IT services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Wholesaling	–	wholesaling of marble and granite products and marble fittings
Installation services	–	provision of installation services for marble and granite products
IT services	–	provision of IT services

In prior year, the Group was also involved in the trading of marketable securities. The operation was discontinued during the year ended 31 March 2001.

Segment information about these businesses for the year ended 31 March 2002 and 2001 is presented below.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

Income statement for the year ended 31 March 2002

	Wholesaling HK\$'000	Installation services HK\$'000	IT services HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	27,267	15,940	3,437	–	46,644
Inter-segment sales	1,175	–	–	(1,175)	–
	<u>28,442</u>	<u>15,940</u>	<u>3,437</u>	<u>(1,175)</u>	<u>46,644</u>
Total revenue	<u>28,442</u>	<u>15,940</u>	<u>3,437</u>	<u>(1,175)</u>	<u>46,644</u>

Inter-segment sales are charged at prevailing market rates

### RESULT

Segment loss	(117,958)	(1,412)	(25,514)	–	(144,884)
Impairment loss recognised on goodwill	–	–	(20,250)	–	(20,250)
Finance costs					(2,922)
Net gain on deemed partial disposal of associates					6,871
Allowance for amounts due from associates					(20,654)
Loss on disposal of subsidiaries					(348)
Share of loss of associates					<u>(36,866)</u>
Loss before taxation					(219,053)
Taxation credit					<u>821</u>
Loss before minority interests					<u>(218,232)</u>



# Notes to the Financial Statements

For the year ended 31 March 2002



## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

Balance sheet as at 31 March 2002

	Wholesaling <i>HK\$'000</i>	Installation services <i>HK\$'000</i>	IT services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Assets</b>				
Segment assets	48,236	–	7,518	55,754
Interests in associates	–	–	415	415
Unallocated corporate assets				1,986
				<u>58,155</u>
<b>Liabilities</b>				
Segment liabilities	5,021	–	10,485	15,506
Unallocated corporate liabilities				36,402
				<u>51,908</u>

Other information for the year ended 31 March 2002

	Wholesaling <i>HK\$'000</i>	Installation services <i>HK\$'000</i>	IT services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions of property, plant and equipment	–	272	65	337
Depreciation of property, plant and equipment	5,313	–	3,011	8,324
Allowance for bad and doubtful debts	8,526	–	9,014	17,540
Impairment loss recognised on property, plant and equipment	29,820	–	–	29,820

# Notes to the Financial Statements

For the year ended 31 March 2002



## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

Income statement for the year ended 31 March 2001

	Wholesaling HK\$'000	Installation services HK\$'000	IT services HK\$'000	Securities trading (Discontinued) HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
External sales	106,476	89,272	9,014	131,778	–	336,540
Inter-segment sales	63,920	–	–	–	(63,920)	–
Total revenue	<u>170,396</u>	<u>89,272</u>	<u>9,014</u>	<u>131,778</u>	<u>(63,920)</u>	<u>336,540</u>
Inter-segment sales are charged at prevailing market rates						
<b>RESULT</b>						
Segment loss	<u>(248,377)</u>	<u>(194,309)</u>	<u>(29,354)</u>	<u>(166,249)</u>	–	(638,289)
Impairment loss recognised on goodwill	–	–	(42,764)	–	–	(42,764)
Finance costs						(3,032)
Net gain on deemed partial disposal of associates						37,180
Gain on partial disposal of subsidiaries						30,961
Loss on deemed partial disposal of subsidiaries						(9,407)
Share of loss of associates						<u>(42,936)</u>
Loss before taxation						(668,287)
Taxation charge						<u>(30)</u>
Loss before minority interests						<u>(668,317)</u>

# Notes to the Financial Statements

For the year ended 31 March 2002



## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

Balance sheet as at 31 March 2001

	Wholesaling HK\$'000	Installation services HK\$'000	IT services (Discontinued) HK\$'000	Securities trading HK\$'000	Consolidated HK\$'000
<b>Assets</b>					
Segment assets	170,371	33,521	53,197	90	257,179
Interests in associates	–	–	26,063	–	26,063
Unallocated corporate assets					417
Consolidated total assets					<u>283,659</u>
<b>Liabilities</b>					
Segment liabilities	43,697	13,688	10,264	199	67,848
Unallocated corporate liabilities					10,210
Consolidated total liabilities					<u>78,058</u>

Other information for the year ended 31 March 2001

	Wholesaling HK\$'000	Installation services HK\$'000	IT services (Discontinued) HK\$'000	Securities trading HK\$'000	Consolidated HK\$'000
Additions of property, plant and equipment	1,138	–	5,375	–	6,513
Depreciation of property, plant and equipment	9,291	380	3,201	–	12,872
Allowance for bad and doubtful debts	<u>54,278</u>	<u>52,525</u>	<u>2,745</u>	<u>–</u>	<u>109,548</u>

# Notes to the Financial Statements

For the year ended 31 March 2002



## 6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Geographical segments

The Group's operations are located in Hong Kong and other regions of the PRC.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

	Turnover		Contribution to loss from operations	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	46,510	292,276	(69,103)	(632,355)
Other regions of the PRC	134	44,264	(75,781)	(5,934)
	<u>46,644</u>	<u>336,540</u>	<u>(144,884)</u>	<u>(638,289)</u>

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	29,297	205,049	337	5,381
Other regions of the PRC	28,858	78,610	–	1,132
	<u>58,155</u>	<u>283,659</u>	<u>337</u>	<u>6,513</u>

## 7. COST OF SALES

Included in cost of sales is an amount of HK\$26,650,000 (2001: HK\$130,157,000) in respect of an allowance for obsolete finished goods and work in progress.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 8. OTHER OPERATING INCOME

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest earned on bank deposits	195	1,490
Interest earned on other advances	–	1,415
Bad debts recovered	1,541	–
Management fee income	2,596	–
Sundry income	4,301	2,029
	<u>8,633</u>	<u>4,934</u>

## 9. LOSS FROM OPERATIONS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Loss from operations has been arrived at after charging (crediting):		
Staff costs		
– Directors' emoluments ( <i>note 11</i> )	2,726	7,372
– Contribution to retirement benefits schemes, net of forfeiture of HK\$1,911,000 (2001: HK\$127,000)	(915)	2,212
– Others	9,229	37,202
	<u>11,040</u>	<u>46,786</u>
Auditors' remuneration	382	763
Depreciation	8,324	12,872
Net foreign exchange losses (gains)	420	(357)
Rental payments under operating leases		
– Premises	3,341	4,321
– Other assets	–	167
	<u>11,040</u>	<u>46,786</u>

## 10. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	<u>2,922</u>	<u>3,032</u>

# Notes to the Financial Statements

For the year ended 31 March 2002



## 11. DIRECTORS' EMOLUMENTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Directors' fees	—	—
Other emoluments – Executive:		
Salaries and other benefits	2,658	7,124
Contributions to retirement benefits schemes	68	248
	<u>2,726</u>	<u>7,372</u>
Total emoluments	<u>2,726</u>	<u>7,372</u>

The emoluments of the directors were within the following bands:

	2002 No. of Directors	2001 No. of Directors
HK\$Nil to HK\$1,000,000	12	9
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$3,500,001 to HK\$4,000,000	—	1
	<u>13</u>	<u>11</u>

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group. None of the directors has waived any emoluments during the year.

## 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2001: three) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining one (2001: two) individuals were as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Salaries and other benefits	323	1,870
Contributions to retirement benefits schemes	7	73
	<u>330</u>	<u>1,943</u>

# Notes to the Financial Statements

For the year ended 31 March 2002



## 12. EMPLOYEES' EMOLUMENTS (continued)

Their emoluments were within the following bands:

	<b>2002</b>	2001
	<b>No. of</b>	No. of
	<b>employees</b>	employees
HK\$Nil to HK\$1,000,000	<b>1</b>	1
HK\$1,000,001 to HK\$1,500,000	<b>-</b>	1
	<b>1</b>	2

## 13. RETIREMENT BENEFIT SCHEMES

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
The Company and subsidiaries		
Contributions	<b>1,113</b>	2,587
Less: Forfeited amount	<b>(1,960)</b>	(127)
	<b>(847)</b>	2,460

The Group has two defined contribution provident fund schemes for its Hong Kong employees. The scheme assets of the first scheme are being held under a provident fund operated by The Prudential Assurance Company Limited with BOCI-Prudential Trustee Limited as Trustees (the "Old ORSO Scheme"). The second one is operated by CMG Asia Pensions and Retirement Limited with Butterfield Trust (Hong Kong) Limited as Trustees (the "New ORSO Scheme").

The Group is required to make contributions to the above schemes calculated at 5% of the employees' basic salaries and commissions on a monthly basis. The Old ORSO Scheme was granted an exemption from the Mandatory Provident Fund Schemes Authority on 20 July 2000. Under the Old ORSO Scheme, the employees are entitled to 100% of the employers' contributions and the accrued interest after 12 years of completed service, or at a vesting scale of between 30% and 100% after completion of 5 to 12 years' service. With effect from 1 October 2000, the Group participates in the New ORSO Scheme, which was granted an exemption from the Mandatory Provident Fund Schemes Authority on 22 June 2001. Under the New ORSO Scheme the employees are entitled to 100% of the employers' contributions and the accrued interest after 10 years of completed service, or at a vesting scale of between 30% to 100% after completion of 3 to 10 years' service. The forfeited contributions and related accrued interest can be used to reduce the employers' contributions. The principal deed and the rules of the above provident fund schemes were amended accordingly to comply with the rules of the Mandatory Provident Fund Scheme Ordinance.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 13. RETIREMENT BENEFIT SCHEMES (continued)

With effect from 1 December 2000, the Group also participates in a mandatory provident fund scheme. The scheme assets are held under a mandatory provident fund operated by CMG Asia Pensions and Retirement Limited. Under the scheme, the Group is required to make contributions to the scheme calculated at 5% of the employees' relevant income (as defined in the Mandatory Provident Fund Scheme Ordinance) on a monthly basis.

The employees entitled to the defined contribution provident fund schemes before 1 December 2000 were allowed an option between joining the mandatory provident fund scheme or continuing to making contributions to the New ORSO Scheme. All newly employed employees are required to join the mandatory provident fund scheme or the New ORSO Scheme. The Group is required to make contributions to either of the two schemes according to the employees' options.

At both balance sheet dates, there were no forfeited contributions available to offset future employers' contributions to the schemes.

## 14. NET GAIN ON DEEMED PARTIAL DISPOSAL OF ASSOCIATES

During the year, the amount represented the gain on dilution of the Group's interest in Viomax Group Limited ("Viomax") upon Viomax's issuing of shares for the settlement of shareholders' loans.

In prior year, included in the net gain on deemed partial disposal of associates was HK\$37,180,000 gain on dilution of the Group's interest in Cyber On-Air Group Company Limited (formerly known as hkcyber.com (Holdings) Limited) upon its issuing of shares to the public when it was listed on the Stock Exchange.

## 15. LOSS (GAIN) ON DISPOSAL/PARTIAL DISPOSAL/DEEMED PARTIAL DISPOSAL OF SUBSIDIARIES

In prior year, the Group underwent a reorganisation so as to introduce certain strategic investors into its information technology sector. Accordingly, the Group sold certain interests in its subsidiaries to these strategic investors for cash and certain subsidiaries placed shares to these strategic investors for cash, resulting in a gain on partial disposal of subsidiaries of HK\$30,961,000 and a loss on deemed partial disposal of subsidiaries of HK\$9,407,000.



# Notes to the Financial Statements

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## 16. TAXATION (CREDIT) CHARGE

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
The (credit) charge comprises:		
Profit for the year		
Other jurisdictions	–	36
Prior years		
(Over)underprovision in Hong Kong	<u>(821)</u>	<u>11</u>
	<b>(821)</b>	47
Deferred taxation		
Current year	<u>–</u>	<u>(17)</u>
	<u><b>(821)</b></u>	<u>30</u>

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Neither the Group nor the Company had any material unprovided deferred taxation or any material unrecognised deferred tax assets for the year or at the balance sheet date.

## 17. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK\$190,441,000 (2001: HK\$644,693,000) and the weighted average number of 4,359,154,750 (2001: 3,662,900,801) ordinary shares in issue during the year.

No diluted loss per share for both years have been presented as the exercise of the potential ordinary shares would result in a reduction in loss per share.

The adjustment to comparative basic loss per share, arising from the changes in accounting policies shown in note 3 above, is as follows:

	<i>HK cents</i>
Reconciliation of 2001 basic loss per share:	
Reported figure before adjustments	16.43
Adjustments arising from the adoption of SSAPs 30 and 31	<u>1.17</u>
Restated	<u><u>17.60</u></u>

# Notes to the Financial Statements

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## 18. PROPERTY, PLANT AND EQUIPMENT

	Land use rights HK\$'000	Buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Computer hardware HK\$'000	Computer software HK\$'000	Total HK\$'000
<b>THE GROUP</b>									
<b>COST</b>									
At 1 April 2001	5,305	25,847	3,598	58,298	11,541	3,263	10,984	1,712	120,548
Additions	-	-	12	-	260	-	27	38	337
Disposals	-	(11,622)	(3,255)	(2,402)	(7,186)	(1,013)	(5,633)	(1,436)	(32,547)
On disposal of a subsidiary	-	-	(12)	-	(260)	(1,059)	-	-	(1,331)
Exchange adjustment	28	132	-	291	4	2	-	-	457
<b>At 31 March 2002</b>	<b>5,333</b>	<b>14,357</b>	<b>343</b>	<b>56,187</b>	<b>4,359</b>	<b>1,193</b>	<b>5,378</b>	<b>314</b>	<b>87,464</b>
<b>DEPRECIATION AND IMPAIRMENT</b>									
At 1 April 2001	475	4,409	2,211	16,861	5,847	3,172	1,757	473	35,205
Provided for the year	184	733	420	3,869	1,140	50	1,571	357	8,324
Eliminated on disposals	-	(2,298)	(2,412)	(1,852)	(5,406)	(1,013)	(1,674)	(692)	(15,347)
On disposal of a subsidiary	-	-	-	-	-	(1,059)	-	-	(1,059)
Impairment loss recognised	-	7,000	-	22,820	-	-	-	-	29,820
Exchange adjustment	3	22	-	79	2	2	-	-	108
<b>At 31 March 2002</b>	<b>662</b>	<b>9,866</b>	<b>219</b>	<b>41,777</b>	<b>1,583</b>	<b>1,152</b>	<b>1,654</b>	<b>138</b>	<b>57,051</b>
<b>NET BOOK VALUES</b>									
<b>At 31 March 2002</b>	<b>4,671</b>	<b>4,491</b>	<b>124</b>	<b>14,410</b>	<b>2,776</b>	<b>41</b>	<b>3,724</b>	<b>176</b>	<b>30,413</b>
At 31 March 2001	4,830	21,438	1,387	41,437	5,694	91	9,227	1,239	85,343

The land and buildings are situated in the PRC and held under medium-term leases.

The directors have assessed the recoverable amount of certain property, plant and equipment at the balance sheet date with reference to the net selling prices. The impairment loss recognised of HK\$29,820,000 (2001: Nil) mainly represented the recognition of a decrease in the recoverable amount of certain property, plant and equipment as a result of the cessation of the operations of certain subsidiaries.

At the balance sheet date, the carrying amount of property, plant and equipment retired from active use and held for disposal amounted to approximately HK\$23,475,000 (2001: Nil).

# Notes to the Financial Statements

For the year ended 31 March 2002



## 19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	220,803	220,803
Impairment loss recognised	(220,801)	(220,801)
	<u>2</u>	<u>2</u>

Details of the Company's principal subsidiaries are set out in note 38.

## 20. INTERESTS IN ASSOCIATES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	<u>415</u>	<u>26,063</u>

At 31 March 2002, the Group had interests in the following principal associates:

Name of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Company indirectly %	Nature of business
Viomax Group Limited	The British Virgin Islands	Hong Kong	Ordinary	43.71	Investment holding
HK Stock Limited 股壇追擊有限公司	Hong Kong	Hong Kong	Ordinary	43.71	Operation of a stock trading platform on Internet
Cyber On-Air Group Company Limited (formerly known as hkcyber.com (Holdings) Limited)	Cayman Islands	Hong Kong	Ordinary	27.50	Investment holding

# Notes to the Financial Statements

For the year ended 31 March 2002



## 20. INTERESTS IN ASSOCIATES (continued)

Name of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Company indirectly %	Nature of business
Hkcyber Limited	Hong Kong	Hong Kong	Ordinary	27.50	Development and operation of a website "hkcyber.com"
Bartech (International) Information Network Limited	Hong Kong	Hong Kong	Ordinary	50%	Provision of securities trading information
Best Source Computer Communication Limited	Taiwan	Taiwan	Ordinary	50%	Provision of securities trading information
Shanghai Bartech Data Information Co., Ltd. (note)	PRC	PRC	Ordinary	35%	Provision of securities trading information
StockOnLine Corporation Limited	Hong Kong	Hong Kong	Ordinary	50%	Investment holding
Bartech Data Network Ltd.	Hong Kong	Hong Kong	Ordinary	50%	Provision of securities trading information

Note:

Shanghai Bartech Data Information Co., Ltd. is an equity joint venture established in the PRC to be operated for 15 years to April 2014.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 20. INTERESTS IN ASSOCIATES (continued)

The following details have been extracted from the audited financial statements of the Group's significant associate.

### Results for the year

	<b>Cyber On-Air Group Company Limited</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Turnover	2,426	11,396
Loss from ordinary activities before taxation	116,998	87,275
Loss from ordinary activities before taxation attributable to the Group	<u>20,884</u>	<u>15,587</u>

### Financial position

Non-current assets	4,813	67,739
Current assets	4,348	41,751
Current liabilities	<u>(23,262)</u>	<u>(6,605)</u>
Net (liabilities) assets	<u>(14,101)</u>	<u>102,885</u>
Net assets attributable to the Group	<u>—</u>	<u>18,375</u>

## 21. INVENTORIES

	<b>THE GROUP</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Consumable stores	—	471
Raw materials	10,808	21,311
Work in progress	759	1,196
Finished goods and general merchandise	<u>1,450</u>	<u>70,308</u>
	<u>13,017</u>	<u>93,286</u>

Included above are raw materials and finished goods and general merchandise of HK\$8,018,000 and HK\$1,450,000 respectively (2001: Nil) carried at net realisable value.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 22. AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Contract in progress at the balance sheet date:		
Contracts cost incurred plus recognised profits less recognised losses	–	164,173
Less: Progress billings	–	(168,253)
	<u>–</u>	<u>(4,080)</u>
Analysed for reporting purposes as:		
Due from customers included in current assets	–	4,216
Due to customers included in current liabilities	–	(8,296)
	<u>–</u>	<u>(4,080)</u>

At 31 March 2002, retentions held by customers for contract works amounted to nil (2001: HK\$8,871,000).

## 23. AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Amounts due from subsidiaries	506,719	490,473
Less: Allowances	(506,719)	(350,750)
	<u>–</u>	<u>139,723</u>

The amounts are unsecured, interest-free and have no fixed repayment terms.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 24. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts are in the nature of current accounts which are interest free, unsecured and have no fixed repayment terms.

An impairment loss of HK\$20,654,000 (2001: Nil) has been recognised for the amounts due from associates with reference to the recoverable amounts estimated by the directors.

## 25. TRADE DEBTORS

The Group does not define a fixed credit policy.

The following is an aged analysis of trade receivables at the reporting date:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within 60 days	2,025	11,994
61 – 90 days	–	7,933
Over 90 days	121	8,807
	<u>2,146</u>	<u>28,734</u>

## 26. TRADE CREDITORS

The following is an aged analysis of trade payables at the reporting date:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within 60 days	–	3,763
61 – 90 days	–	2,012
Over 90 days	1,000	538
	<u>1,000</u>	<u>6,313</u>

# Notes to the Financial Statements

For the year ended 31 March 2002



## 27. SHARE CAPITAL

	Number of shares		Share capital	
	2002	2001	2002 HK\$'000	2001 HK\$'000
<i>Authorised:</i>				
At the beginning of the year				
Ordinary shares of HK\$0.02 each	7,000,000,000	5,000,000,000	140,000	100,000
Increase in authorised share capital of HK\$0.02 each	<u>          –</u>	<u>2,000,000,000</u>	<u>          –</u>	<u>          40,000</u>
At the end of the year				
Ordinary shares of HK\$0.02 each	<u>7,000,000,000</u>	<u>7,000,000,000</u>	<u>140,000</u>	<u>140,000</u>
<i>Issued and fully paid:</i>				
At the beginning of the year				
Ordinary shares of HK\$0.02 each	4,107,099,667	3,428,914,945	82,142	68,578
Issue of shares ( <i>Note</i> )	400,000,000	676,909,722	8,000	13,538
Exercise of share options	–	1,275,000	–	26
Exercise of warrants	<u>          290</u>	<u>          –</u>	<u>          –</u>	<u>          –</u>
At the end of the year				
Ordinary shares of HK\$0.02 each	<u>4,507,099,957</u>	<u>4,107,099,667</u>	<u>90,142</u>	<u>82,142</u>

### Note:

An agreement dated 14 August 2001 was entered into between the Company and Profit Plus Assets Limited, pursuant to which the Company issued 400,000,000 shares at an issue price of HK\$0.043 per share to acquire 50% of the issued share capital of StockOnLine Corporation Limited from Profit Plus Assets Limited. The transaction was completed on 23 August 2001.



# Notes to the Financial Statements

For the year ended 31 March 2002



## 28. WARRANTS

### Unlisted warrants

On 7 January 1999, pursuant to the settlement agreement between the Company and the holders of the unsecured convertible notes issued in 1997, the Company issued to the holders of the convertible notes for no consideration 25 million warrants (the "Warrants") in registered form to subscribe in aggregate up to a maximum amount of HK\$9.5 million, HK\$10 million and HK\$10.5 million for the shares of the Company ("Shares") at a subscription price per Share of HK\$0.38 during the first, second and third anniversaries, HK\$0.4 during the fourth anniversary and HK\$0.42 during the fifth anniversary of the date of issue of the Warrants respectively, subject to adjustment. The Shares to be issued upon subscription of the Warrants will rank *pari passu* in all respects with the Shares in issue at the date of subscription, exclusive of dividend and distribution declared prior to the date of exercise of the subscription rights of the Warrants. The Warrants are not listed on the Stock Exchange or any other stock exchanges. The Warrants will not be assignable or transferable without the consent to the Stock Exchange and the Bermuda Monetary Authority.

### Listed warrants

On 6 October 1999, the Company issued 83,525,427 units of warrants by way of bonus to shareholders on the basis of one warrant for every seven ordinary shares of HK\$0.10 each held. Each warrant entitles the holder to subscribe for one ordinary share at an initial subscription price of HK\$0.70 per share, subject to adjustment, at any time from 23 March 2001 to 6 April 2001, both dates inclusive. As a result of subdivision of shares on 28 March 2000, the subscription price had been adjusted to HK\$0.14 per share with effect from the date of subdivision.

During the year, a warrant holder exercised his right to subscribe for 290 ordinary shares in the Company at HK\$0.14 per share. The warrants lapsed on 6 April 2001.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 29. RESERVES

	Exchange reserve HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Goodwill surplus HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
<b>THE GROUP</b>							
At 1 April 2000							
– As originally stated	812	390,683	180,801	255	(63,276)	127,815	637,090
– Prior period adjustment (note 3)	–	–	–	–	63,276	(63,276)	–
– As restated	812	390,683	180,801	255	–	64,539	637,090
Shares issued at premium	–	91,471	–	–	–	–	91,471
Shares issue expenses	–	(2,711)	–	–	–	–	(2,711)
Goodwill on acquisition of additional interest of a subsidiary	–	–	–	–	(34,036)	–	(34,036)
Goodwill on acquisition of a subsidiary	–	–	–	–	(4,546)	–	(4,546)
Goodwill on acquisition of associates	–	–	–	–	(4,182)	–	(4,182)
Impairment loss recognised	–	–	–	–	42,764	–	42,764
Net loss for the year	–	–	–	–	–	(644,693)	(644,693)
Exchange difference on translation of overseas subsidiary	208	–	–	–	–	–	208
At 31 March 2001	1,020	479,443	180,801	255	–	(580,154)	81,365
Shares issued at premium	–	9,200	–	–	–	–	9,200
Net loss for the year	–	–	–	–	–	(190,441)	(190,441)
Exchange difference on translation of overseas subsidiary	1,695	–	–	–	–	–	1,695
Share of reserve of an associate	(17)	–	–	–	–	–	(17)
<b>At 31 March 2002</b>	<b>2,698</b>	<b>488,643</b>	<b>180,801</b>	<b>255</b>	<b>–</b>	<b>(770,595)</b>	<b>(98,198)</b>

The accumulated losses of the Group include losses of HK\$89,266,000 (2001: HK\$52,400,000) attributable to associates of the Group.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 29. RESERVES (continued)

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>THE COMPANY</b>					
At 1 April 2000	390,683	180,801	255	37,978	609,717
Shares issued at premium	91,471	–	–	–	91,471
Share issue expenses	(2,711)	–	–	–	(2,711)
Net loss for the year	–	–	–	(640,782)	(640,782)
At 31 March 2001	479,443	180,801	255	(602,804)	57,695
Shares issued at premium	9,200	–	–	–	9,200
Net loss for the year	–	–	–	(157,134)	(157,134)
<b>At 31 March 2002</b>	<b><u>488,643</u></b>	<b><u>180,801</u></b>	<b><u>255</u></b>	<b><u>(759,938)</u></b>	<b><u>(90,239)</u></b>

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the Group reorganisation prior to the listing of the Company's shares in 1996.

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 accounts.

There is no distributable reserve at both balance sheet dates.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 30. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Loss before taxation	(219,053)	(668,287)
Interest expenses	2,922	3,032
Interest income	(195)	(2,905)
Share of loss of associates	36,866	42,936
Depreciation	8,324	12,872
Allowance for inventories	26,650	130,157
Impairment loss recognised on property, plant and equipment	29,820	–
Impairment loss recognised on goodwill	20,250	42,764
Allowance for bad and doubtful debts	17,540	109,548
Allowance for amounts due from associates	20,654	–
Bad debts recovered	(1,541)	–
Loss on disposal of property, plant and equipment	12,333	18,774
Loss on deemed partial disposal of subsidiaries	–	9,407
Net gain on deemed partial disposal of associates	(6,871)	(37,180)
Loss (gain) on disposal/partial disposal of subsidiaries	348	(30,961)
Decrease in trading securities	–	83,749
(Increase) decrease in debtors, deposits and prepayments	(6,780)	123,044
Increase in amounts due from associates	(6,624)	(546)
Decrease in inventories	53,619	10,631
Decrease in net amounts due to customers for contract work	6,412	6,592
Decrease in bills payable and import loans	(5,729)	(13,387)
Decrease in creditors and accruals	(8,034)	(3,300)
Increase (decrease) in amounts due to associates	732	(299)
	<hr/>	<hr/>
Net cash outflow from operating activities	<b>(18,357)</b>	<b>(163,359)</b>

# Notes to the Financial Statements

For the year ended 31 March 2002



## 31. ACQUISITION OF A SUBSIDIARY

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
<b>Net assets acquired:</b>		
Interests in an associate	-	2,253
Other receivable	-	1
	<hr/>	<hr/>
	-	2,254
Goodwill	-	4,546
	<hr/>	<hr/>
	-	6,800
	<hr/> <hr/>	<hr/> <hr/>
<b>Satisfied by:</b>		
Cash	-	6,800
	<hr/> <hr/>	<hr/> <hr/>

Analysis of the net cash outflow of cash and cash equivalents in respect of the acquisition of a subsidiary:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Cash consideration paid	-	6,800
	<hr/>	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	-	6,800
	<hr/> <hr/>	<hr/> <hr/>

The subsidiary acquired did not make a significant contribution to the net cash flows or the results of the Group in last year.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 32. DISPOSAL OF SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000
<b>Net assets disposed of:</b>		
Property, plant and equipment	272	–
Trade debtors	17,852	–
Other debtors, deposits and prepayments	15,791	–
Tax recoverable	79	–
Amounts due from customers for contract work	293	–
Bank balances and cash	2,607	–
Amounts due to customers for contract work	(10,785)	–
Other creditors and accruals	(2,761)	–
	<u>23,348</u>	–
Loss on disposal	(348)	–
	<u>23,000</u>	–
<b>Satisfied by:</b>		
Cash	<u>23,000</u>	–
<b>Net cash inflow arising on disposal of subsidiaries:</b>		
Cash consideration	23,000	–
Bank balances and cash disposed of	(2,607)	–
	<u>20,393</u>	–

The subsidiaries disposed of during the year contributed HK\$4,144,000 to the Group's net operating cash inflows, paid HK\$1,824,000 in respect of taxation, utilised HK\$272,000 for investing activities.

The subsidiaries disposed of during the year contributed HK\$20,948,000 to the Group's turnover and a loss of HK\$691,000 to the Group's loss from operations.

# Notes to the Financial Statements

For the year ended 31 March 2002



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

	Share capital and share premium <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Short term unsecured bank loans <i>HK\$'000</i>
Balance at 1 April 2000	459,261	–	–
Issue of shares under placing	105,009	–	–
Placement expenses	(2,711)	–	–
Exercise of share options	26	–	–
Repayments	–	–	–
Issue of shares to minority interests	–	67,386	–
Deemed disposal of subsidiaries	–	9,407	–
Purchase of additional interests in a subsidiary	–	(3,273)	–
Disposal of a subsidiary	–	(6,711)	–
Minority interests in loss for the year	–	(23,624)	–
Minority interests in goodwill surplus	–	(10,801)	–
Issue of shares to minority interests of a subsidiary for trading securities acquired	–	9,710	–
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2001	561,585	42,094	–
Issue of shares	17,200	–	–
Minority interests in loss for the year	–	(27,791)	–
New bank loan raised	–	–	2,000
Repayment of bank loan	–	–	(800)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2002</b>	<b><u>578,785</u></b>	<b><u>14,303</u></b>	<b><u>1,200</u></b>

## 34. MAJOR NON-CASH TRANSACTIONS

During the year, acquisition of associates was settled by the issue of 400,000,000 shares at an issue price of HK\$0.043 per share.

During the year, increase in interests in associates was settled by the capitalisation of amounts due from associates amounting to HK\$7,375,000.

# Notes to the Financial Statements

For the year ended 31 March 2002



## 35. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Corporate guarantee given to bankers in respect of banking facilities utilised by subsidiaries	-	-	32,590	37,968
Outstanding performance bonds in respect of contract works	18,480	20,466	18,480	20,466
Other corporate guarantee (in lieu of rental payment)	978	978	978	978
Discounted bills with recourse	-	1,318	-	1,318
	<u>19,458</u>	<u>22,762</u>	<u>52,048</u>	<u>60,730</u>

## 36. LEASE COMMITMENTS

At 31 March 2002, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Within one year	2,743	4,620	1,113	954
In the second to fifth year	2,428	6,750	2,428	3,816
	<u>5,171</u>	<u>11,370</u>	<u>3,541</u>	<u>4,770</u>

Operating lease payments represent rentals payable by the Group for its office premises. Leases are mainly negotiated for an average term of three years and rentals are fixed for an average of three years.

## 37. CAPITAL COMMITMENTS

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided for in the financial statements	<u>454</u>	<u>479</u>



# Notes to the Financial Statements

For the year ended 31 March 2002



## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company at 31 March 2002 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiary	Place/ country of incorporation/ registration	Class of share held	Paid up issued/ registered ordinary share capital	Proportion of nominal value of issued capital/ registered capital by the Company		Principal activities
				Directly	Indirectly	
				%	%	
<b>Operate in Hong Kong:</b>						
Associate Marble Maintenance and Service Company Limited 聯合雲石保養及維修工程 有限公司	Hong Kong	Ordinary	HK\$400,000	–	60	Marble fitting subcontracting work
Companion Marble (BVI) Limited	The British Virgin Islands	Ordinary	HK\$40,000,000	100	–	Investment holding
Companion Marble Engineering Limited 友暉雲石工程有限公司	Hong Kong	Ordinary	HK\$10,000	–	100	Processing of marble and granite products
Companion Marble Limited 友暉雲石有限公司	Hong Kong	Ordinary Non-voting deferred shares	HK\$2 HK\$15,000,000	– –	100 –	Wholesaling of marble and granite products, and marble fittings
Cyber First Class Limited Virgin Islands	The British Virgin Islands	Ordinary	US\$1	–	64.91	Investment holding
Gold Cloud Agents Limited	The British Virgin Islands	Ordinary	US\$200	–	99	Investment holding

# Notes to the Financial Statements

For the year ended 31 March 2002



## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place/ country of incorporation/ registration	Class of share held	Paid up issued/ registered ordinary share capital	Proportion of nominal value of issued capital/ registered capital by the Company		Principal activities
				Directly %	Indirectly %	
<b>Operate in Hong Kong:</b> (continued)						
iSet Limited	The British Virgin Islands	Ordinary	US\$100	–	64.91	Investment holding
New United Investments Limited 新合投資有限公司	Hong Kong	Ordinary	HK\$2	–	100	Property investment
Perfect Marble Engineering Limited 聯益雲石工程有限公司	Hong Kong	Ordinary	HK\$200,000	–	100	Investment holding
Qantex Limited 君達有限公司	Hong Kong	Ordinary	HK\$2	–	64.91	Investment holding
Saxophone Enterprises Limited	The British Virgin Islands	Ordinary	US\$100	100	–	Investment holding
Senic Technology Limited 誠益科技有限公司	Hong Kong	Ordinary	HK\$2	–	64.91	Investment holding
Skynet e-Enable Solution Limited 天網電援方案有限公司	Hong Kong	Ordinary	HK\$2	–	64.91	Provision of IT solution
Skynet Limited	Hong Kong	Ordinary Preference	HK\$20,476,233 HK\$67,165	– –	64.91 –	Investment holding
Smart Buy Agents Limited	The British Virgin Islands	Ordinary	US\$1	–	64.91	Investment holding
Space Race Enterprises Limited	The British Virgin Islands	Ordinary	US\$1	–	100	Investment holding

# Notes to the Financial Statements

For the year ended 31 March 2002



## 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place/ country of incorporation/ registration	Class of share held	Paid up issued/ registered ordinary share capital	Proportion of nominal value of issued capital/ registered capital by the Company		Principal activities
				Directly %	Indirectly %	
<b>Operate in Hong Kong:</b> (continued)						
United Glory International Limited	The British Virgin Islands	Ordinary Non-voting deferred shares	US\$2 US\$100	– –	100 –	Investment holding
Wordworld Limited	The British Virgin Islands	Ordinary	US\$100	–	100	Investment holding
<b>Operate in the PRC:</b>						
Dongguan Companion Marble Factory Co., Ltd. 東莞友暉雲石廠有限公司	PRC	Registered capital	HK\$13,000,000	–	100	Processing of marble and granite products
Dongguan Youlian Building Material Co., Ltd. 東莞友聯建築材料有限公司	PRC	Registered capital	US\$6,580,000	–	100	Processing of marble and granite products

None of the subsidiaries had any debt securities outstanding during the year and at the end of the year.

## 39. RELATED PARTY TRANSACTIONS

During the year, the Group paid management fee of nil (2001: HK\$537,000) to Companion Glory Limited, a subsidiary of the substantial shareholder of the Company.

Companion Glory Limited performed certain administrative services for a subsidiary of the Group, for which a management fee was charged, being an appropriate allocation of cost incurred.