

# Notes to Financial Statements

31 March 2002

## 1. GROUP REORGANISATION

The Company was incorporated in Bermuda on 10 January 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 April 2001, the Company became the holding company of the companies now comprising the Group on 26 March 2001 (the "Group Reorganisation"). This was accomplished by acquiring the entire issued share capital of Richlink International Holdings Limited ("Richlink International"), the then holding company of the subsidiaries listed in note 16 to the financial statements, in consideration of and in exchange for the allotment and issue of 10,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company, credited as fully paid, to the former shareholders of Richlink International, and 10,000,000 nil paid shares, credited as fully paid at par.

## 2. CORPORATE INFORMATION

The principal activity of the Company is investment holding. During the year, the Group's principal activities consisted of the manufacture and sale of melamine products and silicon rubber products. There were no changes in the nature of the Group's principal activities during the year.

The directors consider Top Master Development Limited, a company incorporated in the British Virgin Islands, to be the Company's ultimate holding company.

## 3. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The following recently-issued and revised Hong Kong Statements of Standard Accounting Practice ("HKSSAPs") and related Interpretations are effective for the current year's financial statements:

- HKSSAP 9 (Revised) : "Events after the balance sheet date"
- HKSSAP 14 (Revised) : "Leases"
- HKSSAP 18 (Revised) : "Revenue"
- HKSSAP 26 : "Segment reporting"
- HKSSAP 28 : "Provisions, contingent liabilities and contingent assets"
- HKSSAP 29 : "Intangible assets"
- HKSSAP 30 : "Business combinations"
- HKSSAP 31 : "Impairment of assets"
- HKSSAP 32 : "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12 : "Business combinations - subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13 : "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These HKSSAPs prescribe new accounting measurement and disclosure practices. Except for the HKSSAP 14 (Revised) and HKSSAP 26, these HKSSAPs and Interpretations have no major impact on these financial statements. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of HKSSAP 14 (Revised) and HKSSAP 26, are summarised as follows:

### 3. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(Continued)*

HKSSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. The principal impact of this revised HKSSAP on the preparation of these financial statements is that the total future minimum lease payments under non-cancellable operating leases are now disclosed, which are further detailed in note 29 to the financial statements, and that disclosures are required for both operating leases as lessee and as lessor. In addition, the finance leases are now analysed into both the total minimum lease payments and their present values, which are further detailed in note 23 to the financial statements.

HKSSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this HKSSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 5 to the financial statements.

### 4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of preparation***

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of leasehold land and buildings and investment property, as further explained below.

#### ***Basis of presentation and consolidation***

The consolidated financial statements include the audited financial statements of the Company and its subsidiaries for the year ended 31 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.

The 2001 comparative consolidated financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation completed as described in note 1 above. Under this basis, the Company has been treated as the holding company of its subsidiaries prior to the date of their acquisition pursuant to the Group Reorganisation completed on 26 March 2001. Accordingly, the consolidated results of the Group for the year ended 31 March 2001 include the results of the Company and its subsidiaries with effect from 1 April 2000 or since their respective dates of incorporation, where this is a shorter period, as if the existing Group structure had been in existence throughout the year ended 31 March 2001.

In the opinion of the directors, the comparative consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

## 4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### ***Subsidiaries***

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

### ***Impairment of assets***

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

### ***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. Related parties may be individuals or corporate entities.

### ***Fixed assets and depreciation***

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

## 4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Fixed assets and depreciation** (Continued)

Depreciation is provided on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Medium term leasehold land and buildings	Over the remaining lease terms
Leasehold improvements	20% or over the lease terms, whichever is shorter
Machinery and equipment	10%
Moulds	25%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, the attributable revaluation surplus not previously dealt with in the retained profits is transferred directly to retained profits.

### **Investment properties**

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year.

Changes in the values of investment properties are dealt with as movements 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 profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of the previous valuations is released to the profit and loss account.

### **Leased assets**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

## 4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### ***Leased assets*** *(Continued)*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivables under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads and/or, where appropriate, subcontracting charges. Net realisable value is based on estimated selling prices less any estimated further costs expected to be incurred to completion and disposal.

### ***Accounts receivable***

Accounts receivable, which generally have credit terms of 7-90 days, are recognised and carried at original invoiced amount. An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

### ***Research and development costs***

All research costs are charged to the profit and loss account as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are amortised using the straight-line basis over the commercial lives of the underlying products of not exceeding five years, commencing from the date when the products are put into commercial production.

### ***Retirement benefits scheme***

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries, limited to a maximum of HK\$1,000 per month, and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiary in the People's Republic of China (the "PRC") are members of the state-sponsored retirement scheme operated by the Government of the PRC.

## 4. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and
- (c) rental income, on a time proportion basis over the lease terms.

### **Deferred tax**

Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and for financial reporting purposes, to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

### **Foreign currencies**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries denominated in foreign currencies are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

### **Cash equivalents**

For the purpose of the cash flow statement, 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 which were repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash and bank balances represent assets which are not restricted as to use.

# Notes to Financial Statements

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## 5. SEGMENT INFORMATION

HKSSAP 26 was adopted during the year, as detailed in note 3 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the melamine products segment consist of the manufacture and sale of melamine products; and
- (b) the silicon rubber products segment consist of the manufacture and sale of silicon rubber products.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

### (a) Business segments

The following table presents revenue, results and certain asset, liability and expenditure information for the Group's business segments.

	Melamine products		Silicon rubber products		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:						
Sales to external customers	123,480	110,444	32,682	35,515	156,162	145,959
Other revenue	197	263	60	105	257	368
<b>Total</b>	<b>123,677</b>	<b>110,707</b>	<b>32,742</b>	<b>35,620</b>	<b>156,419</b>	<b>146,327</b>
Segment results	17,616	33,425	3,563	5,961	21,179	39,386
Interest and unallocated gains					1,071	62
Unallocated expenses					(2,115)	(302)
Profit from operating activities					20,135	39,146
Finance costs					(2,681)	(2,006)
Profit before tax					17,454	37,140
Tax					(1,895)	(3,575)
Net profit from ordinary activities attributable to shareholders					15,559	33,565

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## 5. SEGMENT INFORMATION (Continued)

### (a) Business segments (Continued)

	Corporate		Melamine products		Silicon rubber products		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets								
Fixed assets	1,170	1,228	46,324	39,503	10,982	14,930	58,476	55,661
Inventories	-	-	11,841	9,925	3,595	2,724	15,436	12,649
Accounts receivable	-	-	21,579	6,626	7,760	8,038	29,339	14,664
Other assets	24,162	10,467	4,470	5,436	44	789	28,676	16,692
Unallocated assets	-	-	-	-	-	-	39,722	5,345
Total	<u>25,332</u>	<u>11,695</u>	<u>84,214</u>	<u>61,490</u>	<u>22,381</u>	<u>26,481</u>	<u>171,649</u>	<u>105,011</u>
Segment liabilities	3,592	9,602	30,884	14,514	8,040	5,250	42,516	29,366
Unallocated liabilities	-	-	-	-	-	-	29,526	16,990
Total	<u>3,592</u>	<u>9,602</u>	<u>30,884</u>	<u>14,514</u>	<u>8,040</u>	<u>5,250</u>	<u>72,042</u>	<u>46,356</u>
Other segment information:								
Depreciation	-	-	10,144	7,867	4,842	5,924	14,986	13,791
Other non-cash expenses	-	-	417	-	-	522	417	522
Capital expenditure	-	-	16,965	1,578	1,023	1,204	17,988	2,782



5. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The following tables present revenue, results and certain asset, liability and expenditure information for the Group's geographical segments.

Group	Hong Kong		South East Asia		South America		Europe		The PRC		Others		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:														
Sales to external customers	<u>47,256</u>	<u>57,902</u>	<u>55,907</u>	<u>24,120</u>	<u>47,466</u>	<u>50,809</u>	<u>3,310</u>	<u>11,473</u>	<u>987</u>	<u>-</u>	<u>1,236</u>	<u>1,655</u>	<u>156,162</u>	<u>145,959</u>
Segment results	<u>7,379</u>	<u>16,711</u>	<u>7,011</u>	<u>6,439</u>	<u>5,949</u>	<u>13,564</u>	<u>464</u>	<u>2,155</u>	<u>149</u>	<u>-</u>	<u>227</u>	<u>517</u>	<u>21,179</u>	<u>39,386</u>
	Hong Kong		Elsewhere in the PRC		Elsewhere in the PRC		Elsewhere in the PRC		Elsewhere in the PRC		Elsewhere in the PRC		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:														
Segment assets	<u>101,018</u>	<u>43,643</u>	<u>70,631</u>	<u>61,368</u>	<u>171,649</u>	<u>105,011</u>								
Capital expenditure	<u>1,485</u>	<u>759</u>	<u>16,503</u>	<u>2,023</u>	<u>17,988</u>	<u>2,782</u>								

# Notes to Financial Statements

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## 6. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

## 7. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Cost of inventories sold	122,954	97,381
Depreciation	14,986	13,791
Loss on disposal of fixed assets	–	424
Minimum lease payments under operating leases in respect of land and buildings	1,328	934
Auditors' remuneration	830	790
Staff costs (excluding directors' remuneration – note 9)		
Wages and salaries	8,675	9,678
Pension contributions	107	28
	<u>8,782</u>	<u>9,706</u>
Deficit on revaluation of leasehold land and buildings	129	700
Deficit on revaluation of an investment property	58	–
Exchange losses, net	155	3
Provision against doubtful trade receivables	52	98
Provision against inventories	365	–
Interest income	(725)	(2)
Gross and net rental income	<u>(113)</u>	<u>(60)</u>

The cost of inventories sold includes approximately HK\$20,122,000 (2001: HK\$20,150,000) relating to staff costs, provision against inventories and depreciation, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

The deficits on revaluations of leasehold land and buildings and an investment property are included in "Other operating expenses" on the face of the consolidated profit and loss account.

At 31 March 2002, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2001: Nil).

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## 8. FINANCE COSTS

	Group	
	2002	2001
	HK\$'000	HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	2,561	631
Bank loans wholly repayable beyond five years	–	1,178
Other loan	45	110
Interest on finance leases	75	87
	<u>2,681</u>	<u>2,006</u>

## 9. DIRECTORS' REMUNERATION

The remuneration of the directors of the Company for the year disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance is analysed as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Fees:		
Executive directors	–	–
Independent non-executive directors	240	5
	<u>240</u>	<u>5</u>
Other emoluments of executive directors:		
Basic salaries, other allowances and benefits in kind	1,743	1,019
Bonuses	140	–
Pension contributions	36	12
	<u>1,919</u>	<u>1,031</u>
	<u>2,159</u>	<u>1,036</u>

The remuneration of each of the three executive directors fell within the nil to HK\$1,000,000 band.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2001: Nil).

During the year, no share options were granted to the directors in respect of their services to the Group.

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2001: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2001: two) highest paid, non-director employees, each of whose remuneration fell within the nil - HK\$1,000,000 band, are as follows:

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Basic salaries, other allowances and benefits in kind	975	475
Pension contributions	24	5
	<u>999</u>	<u>480</u>

## 11. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year.

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Current year provision for Hong Kong profits tax	<u>1,895</u>	<u>3,575</u>

## 12. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company for the year was HK\$451,000 (period from 10 January 2001 (date of incorporation) to 31 March 2001: HK\$222,000).

## 13. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation.

The dividend for the year ended 31 March 2001 was declared and paid by a subsidiary of the Company to its then shareholders prior to the Group Reorganisation, which was completed on 26 March 2001. Further details of the Group Reorganisation are set out in note 1 to the financial statements.

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## 14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$15,559,000 (2001: HK\$33,565,000) and the weighted average of 1,187,732,000 (2001: 351,429,000) ordinary shares in issue during the year, adjusted to reflect the rights issue after the balance sheet date.

The weighted average of shares used to calculate the basic earnings per share for the year ended 31 March 2001 included the pro forma issued share capital of the Company, comprising 10,000,000 ordinary shares issued nil paid upon incorporation of the Company, 10,000,000 shares issued for the acquisition of Richlink International and the capitalisation issue of 308,000,000 shares, adjusted to reflect the rights issue after the balance sheet date.

There were no dilutive potential ordinary shares in issue during either the current or prior years, and accordingly, diluted earnings per share amounts have not been shown.

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## 15. FIXED ASSETS

### Group

	Investment property HK\$'000	Medium term leasehold land and buildings HK\$'000	Leasehold improve ments HK\$'000	Machinery and equipment HK\$'000	Moulds HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:								
At beginning of year	1,228	5,496	2,618	67,317	27,153	2,005	835	106,652
Additions	–	–	140	13,161	3,060	434	1,193	17,988
Deficit on revaluation	(58)	(296)	–	–	–	–	–	(354)
<b>At 31 March 2002</b>	<b>1,170</b>	<b>5,200</b>	<b>2,758</b>	<b>80,478</b>	<b>30,213</b>	<b>2,439</b>	<b>2,028</b>	<b>124,286</b>
Accumulated depreciation:								
At beginning of year	–	–	2,486	24,565	21,559	1,632	749	50,991
Provided during the year	–	167	60	8,048	6,049	337	325	14,986
Written back on revaluation	–	(167)	–	–	–	–	–	(167)
<b>At 31 March 2002</b>	<b>–</b>	<b>–</b>	<b>2,546</b>	<b>32,613</b>	<b>27,608</b>	<b>1,969</b>	<b>1,074</b>	<b>65,810</b>
Net book value:								
<b>At 31 March 2002</b>	<b>1,170</b>	<b>5,200</b>	<b>212</b>	<b>47,865</b>	<b>2,605</b>	<b>470</b>	<b>954</b>	<b>58,476</b>
At 31 March 2001	1,228	5,496	132	42,752	5,594	373	86	55,661
An analysis of cost or valuation:								
At cost	–	–	2,758	80,478	30,213	2,439	2,028	117,916
At 2002 valuation	1,170	5,200	–	–	–	–	–	6,370
	<b>1,170</b>	<b>5,200</b>	<b>2,758</b>	<b>80,478</b>	<b>30,213</b>	<b>2,439</b>	<b>2,028</b>	<b>124,286</b>

The Group's leasehold land and buildings are situated in Hong Kong and were revalued on 31 March 2002 by B.I. Appraisals Limited, an independent firm of professional valuers, on an open market value basis, at HK\$5,200,000. A deficit of HK\$129,000 arising therefrom has been charged to the profit and loss account. Had the Group's leasehold land and buildings been stated at cost less accumulated depreciation, they would have been included in the financial statements at approximately HK\$7,220,000 (2001: HK\$8,096,000).

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## 15. FIXED ASSETS (Continued)

The Group's investment property is situated in Hong Kong and held under a medium term lease. Such property was revalued on 31 March 2002 by B.I. Appraisals Limited, an independent firm of professional valuers, on an open market value basis, at HK\$1,170,000 (2001: HK\$1,228,000). A deficit of HK\$58,000 arising therefrom has been charged to the profit and loss account. The investment property is leased to a third party under an operating lease, further details of which are included in note 29 to the financial statements.

As at 31 March 2002, all of the Group's leasehold land and buildings and its investment property were pledged to secure general banking facilities granted to the Group as detailed in note 21 to the financial statements.

The net book value of assets held under finance leases included in the total amount of fixed assets are as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Machinery and equipment	–	276
Motor vehicles	954	492
	<u>954</u>	<u>768</u>

## 16. INTERESTS IN SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Unlisted investments, at cost	56,167	56,167
Due from/(to) subsidiaries	14,790	(2,990)
	<u>70,957</u>	<u>53,177</u>

The balances with the subsidiaries are unsecured, interest-free and are not repayable in the next twelve months from the balance sheet date.

# Notes to Financial Statements

31 March 2002

## 16. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries of the Company as at 31 March 2002 were as follows:

Name	Place of incorporation/ registration and principal operation	Nominal value of issued ordinary share capital/ registered capital	Attributable equity interests		Principal activities
			Directly	Indirectly	
Richlink International Holdings Limited	British Virgin Islands ("BVI")	US\$1,000	100%	–	Investment holding
Gold Wo Melamine Product Company Limited	Hong Kong	HK\$300,000	–	100%	Manufacture and sale of melamine products
Richlink Asia Limited	Hong Kong	HK\$1,000,000	–	100%	Manufacture and sale of silicon rubber products
Top Executive Developments Limited	BVI	US\$10	–	100%	Investment holding
東莞金禾美耐皿製品有限公司*	The PRC	HK\$4,000,000	–	100%	Manufacture and sale of melamine products

\* Registered on 22 October 2001 as a wholly foreign owned enterprise under the PRC Law.

## 17. DEPOSIT FOR ACQUISITION OF LONG TERM INVESTMENT

The amount represents a deposit paid for the potential acquisition of certain equity interest in an unlisted investment. Such potential acquisition has not been completed as at the date of approval of these financial statements.

## 18. INVENTORIES

	Group	
	2002 HK\$'000	2001 HK\$'000
Raw materials	11,284	9,318
Work in progress	1,408	1,498
Finished goods	2,744	1,833
	<u>15,436</u>	<u>12,649</u>



# Notes to Financial Statements

31 March 2002

## 19. ACCOUNTS RECEIVABLE

An aged analysis of the accounts receivable as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within 30 days	13,983	10,113
Between 31 to 60 days	8,749	2,179
Between 61 to 180 days	6,607	2,372
	<u>29,339</u>	<u>14,664</u>

## 20. INVESTMENT HELD FOR DISPOSAL

The amount represents an unlisted equity investment acquired during the year and is stated at cost. Subsequent to the balance sheet date, on 23 July 2002, this investment is fully disposed of to an independent third party at cost. Payment of HK\$7,000,000 has been received as at the date of approval of these financial statements and the remaining consideration of HK\$7,000,000 will be received by four equal instalments with the last instalment due on December 2002. Accordingly, such amount has been classified as a current asset.

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank overdrafts, secured	24	–	–	–
Bank loans, secured	29,503	10,499	20,000	–
Trust receipt loans, secured	18,078	2,838	–	–
Other loan, unsecured	–	1,152	–	–
	<u>47,605</u>	<u>14,489</u>	<u>20,000</u>	<u>–</u>
Bank overdrafts repayable within one year	24	–	–	–
Trust receipt loans repayable within one year	18,078	2,838	–	–
Bank loans and other loan repayable:				
Within one year	21,252	2,276	20,000	–
In the second year	1,321	482	–	–
In the third to fifth years, inclusive	4,444	1,725	–	–
Beyond five years	2,486	7,168	–	–
	<u>29,503</u>	<u>11,651</u>	<u>20,000</u>	<u>–</u>
	<u>47,605</u>	<u>14,489</u>	<u>20,000</u>	<u>–</u>
Portion classified as current liabilities	<u>(39,354)</u>	<u>(5,114)</u>	<u>(20,000)</u>	<u>–</u>
Non-current portion	<u>8,251</u>	<u>9,375</u>	<u>–</u>	<u>–</u>

# Notes to Financial Statements

31 March 2002

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 31 March 2002, the bank facilities of the Group were secured by:

- (i) first legal charges on all of the Group's leasehold land and buildings and its investment property with carrying values of approximately HK\$5,200,000 and HK\$1,170,000, respectively (note 15); and
- (ii) the pledge of the Group's time deposits amounting to HK\$34,628,000 (2001: Nil).

The above amounts include bank loans totalling HK\$9,503,000 (2001: Nil) which are repayable by 84 monthly instalments commencing on 3 November 2001.

## 22. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within 30 days	967	1,998
Between 31 to 60 days	1,018	1,104
Between 61 to 180 days	3,252	2,626
Between 181 to 360 days	1,233	1,218
	<u>6,470</u>	<u>6,946</u>

## 23. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles. These leases are classified as finance leases and have remaining lease terms of 3 years.

At 31 March 2002, the total future minimum lease payments under finance leases and their present values, were as follows:

Group	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Amounts payable:				
Within one year	477	164	395	136
In the second year	477	164	439	120
In the third to fifth years, inclusive	471	217	347	190
Total minimum finance lease payments	<u>1,425</u>	545	<u>1,181</u>	<u>446</u>
Less: future finance charges	<u>(244)</u>	<u>(99)</u>		
Total net finance lease payables	1,181	446		
Less: portion classified as current liabilities	<u>(395)</u>	<u>(136)</u>		
Non-current portion	<u>786</u>	<u>310</u>		

# Notes to Financial Statements

31 March 2002

## 23. FINANCE LEASE PAYABLES (Continued)

HKSSAP 14 was revised and implemented during the year, as detailed in note 3 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

## 24. SHAREHOLDER'S LOAN

The amount was unsecured, interest-free and was repaid during the current year.

## 25. DEFERRED TAX

The Group's provision for deferred tax has been made in respect of accelerated depreciation allowances to the extent that a liability is expected to crystallise in the foreseeable future.

The revaluations of the Group's leasehold land and buildings and its investment property do not constitute timing differences and, consequently, the amount of potential deferred tax thereon has not been quantified.

The Group did not have any significant unprovided deferred tax liabilities as at 31 March 2002 (2001: Nil).

## 26. SHARE CAPITAL

### Shares

	2002 HK\$'000	2001 HK\$'000
<i>Authorised:</i>		
100,000,000,000 ordinary shares of HK\$0.001 each (2001: 10,000,000,000 ordinary shares of HK\$0.01 each)	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>		
4,000,000,000 ordinary shares of HK\$0.001 each (2001: 20,000,000 ordinary shares of HK\$0.01 each)	<u>4,000</u>	<u>200</u>

The following movements in the Company's authorised and issued share capital took place during the period from 10 January 2001 (date of incorporation) to 31 March 2002:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$100,000 divided into 10,000,000 shares of HK\$0.01 each.
- (b) On 5 February 2001, 10,000,000 shares of HK\$0.01 each were allotted and issued nil paid.
- (c) On 26 March 2001, the authorised share capital of the Company was increased from HK\$100,000 to HK\$100,000,000 by the creation of 9,990,000,000 additional shares of HK\$0.01 each, ranking pari passu with the existing share capital of the Company.

## 26. SHARE CAPITAL (Continued)

- (d) On 26 March 2001, as part of the Group Reorganisation described in note 1 to the financial statements, the Company (i) issued an aggregate of 10,000,000 new shares of HK\$0.01 each credited as fully paid at par, and (ii) credited as fully paid at par the existing 10,000,000 shares issued nil paid on 5 February 2001 as set out in (b) above, in consideration of and in exchange for the acquisition of the entire issued share capital of Richlink International. The excess of the fair value of the shares of Richlink International, determined on the basis of the consolidated net assets of Richlink International at that date over the nominal value of the Company's shares issued in exchange therefor, amounting to HK\$55,967,000, was credited to the Company's contributed surplus as detailed in note 27 to the financial statements.
- (e) On 26 March 2001, a total of 308,000,000 shares of HK\$0.01 each were allotted as fully paid at par to the holders of the shares of the Company whose names appeared on the register of members of the Company at the close of business on that date, in proportion to their then respective shareholdings, by way of the capitalisation of the sum of HK\$3,080,000 standing to the credit of the share premium account of the Company ("Capitalisation Issue"), conditional upon the share premium account being credited as a result of the new issue and placing of shares to the public as detailed in (f) below.
- (f) On 12 April 2001, 72,000,000 shares of HK\$0.01 each were issued at HK\$0.50 each to the public by way of a new issue and placement of shares, for a total cash consideration, before related expenses, of HK\$36,000,000. The excess of the consideration received for the shares issued over their nominal value, amounting to approximately HK\$35,280,000, before related expenses, was credited to the share premium account.
- (g) On 10 January 2002, the shareholders of the Company approved a special resolution in relation to a subdivision of the shares of the Company, which was effected on 18 February 2002 in the following manner:
- (i) the number of issued shares of the Company was increased by 3,600,000,000 from 400,000,000 to 4,000,000,000 shares. The nominal value of each such ordinary share was therefore reduced from HK\$0.01 to HK\$0.001. The issued share capital of the Company remained at HK\$4,000,000; and
  - (ii) each of the authorised, but unissued shares of the Company (which included, without limitation, those unissued shares resulting from the subdivision of shares pursuant to (i) above) was sub-divided into 10 shares. The authorised share capital of the Company remained at HK\$100,000,000, but now consists of 100,000,000,000 shares of HK\$0.001 each.

# Notes to Financial Statements

31 March 2002

## 26. SHARE CAPITAL (Continued)

A summary of the above movements in the authorised and issued share capital of the Company is as follows:

	Notes	Number of ordinary shares of HK\$0.01 each '000	Number of ordinary shares of HK\$0.001 each '000	Amount HK\$'000
<i>Authorised:</i>				
Upon incorporation	(a)	10,000	–	100
Increase of authorised share capital	(c)	9,990,000	–	99,900
At 31 March 2001 and at 1 April 2001		10,000,000	–	100,000
Subdivision of shares	(g)	(10,000,000)	100,000,000	–
<b>At 31 March 2002</b>		<b>–</b>	<b>100,000,000</b>	<b>100,000</b>
<i>Issued and fully paid:</i>				
Shares allotted and issued nil paid	(b)	10,000	–	–
Shares issued as consideration for the acquisition of the entire share capital of Richlink International	(d)	10,000	–	100
Application of contributed surplus to pay up nil paid shares	(d)	–	–	100
Capitalisation Issue credited as fully paid conditional on the share premium account of the Company being credited as a result of the public share issue	(e)	308,000	–	–
Proforma issued share capital as at 31 March 2001 and 1 April 2001		328,000	–	200
New issue and placing of shares to the public	(f)	72,000	–	720
Capitalisation of the share premium account as set out above	(e)	–	–	3,080
Subdivision of shares	(g)	(400,000)	4,000,000	–
<b>At 31 March 2002</b>		<b>–</b>	<b>4,000,000</b>	<b>4,000</b>

In addition to the above movements, subsequent to the balance sheet date, there was a further movement in the Company's issued share capital, as detailed in note 33 to the financial statements.

### Share options

The Company operates a share option scheme (the "Scheme"), further details of which are set out under the heading "Share option scheme" in the report of the directors.

No options have been granted or agreed to be granted under the Scheme up to the date of approval of these financial statements.

# Notes to Financial Statements

31 March 2002

## 27. RESERVES

### Group

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2000	–	1,100	36,790	37,890
Net profit for the year	–	–	33,565	33,565
Dividend	–	–	(13,000)	(13,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001 and at 1 April 2001	–	1,100	57,355	58,455
Issue new shares (note 26(f))	35,280	–	–	35,280
Share issue expenses	(10,607)	–	–	(10,607)
Capitalisation of share premium (note 26(e))	(3,080)	–	–	(3,080)
Net profit for the year	–	–	15,559	15,559
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2002</b>	<b>21,593</b>	<b>1,100</b>	<b>72,914</b>	<b>95,607</b>

### Company

	Share Premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2000	–	55,967	–	55,967
Net loss for the year	–	–	(222)	(222)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001 and at 1 April 2001	–	55,967	(222)	55,745
Issue new shares (note 26(f))	35,280	–	–	35,280
Share issue expenses	(10,607)	–	–	(10,607)
Capitalisation of share premium (note 26(e))	(3,080)	–	–	(3,080)
Net loss for the year	–	–	(451)	(451)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2002</b>	<b>21,593</b>	<b>55,967</b>	<b>(673)</b>	<b>76,887</b>

Notes:

- (a) The contributed surplus of the Group represents the difference between the aggregate of the nominal value of the share capital of the subsidiaries acquired pursuant to the Group Reorganisation, as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

The contributed surplus of the Company represents the excess of the then combined net asset value of the subsidiaries acquired pursuant to the same reorganisation over the aggregate of the nominal value of the Company's shares issued in exchange therefor.

- (b) Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances.

# Notes to Financial Statements

31 March 2002

## 28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### (a) Reconciliation of profit from operating activities to net cash inflow from operating activities

	2002 HK\$'000	2001 HK\$'000
Profit from operating activities	20,135	39,146
Depreciation	14,986	13,791
Interest income	(725)	(2)
Deficit on revaluation of leasehold land and buildings	129	700
Deficit on revaluation of an investment property	58	–
Loss on disposal of fixed assets	–	424
Increase in prepaid rental expenses	(3,568)	–
Increase in inventories	(2,787)	(7,149)
Increase in accounts receivable	(14,675)	(11,021)
Decrease/(increase) in prepayments, deposits and other receivables	10,316	(11,016)
Decrease in an amount due from a director	–	3,478
Increase/(decrease) in accounts payable	(476)	107
Increase/(decrease) in accrued liabilities and other payables	(7,084)	8,050
Net cash inflow from operating activities	<u>16,309</u>	<u>36,508</u>

### (b) Analysis of changes in the Group's financing during the year

	Issued capital (including share premium) HK\$'000	Share- holders' loan HK\$'000	Bank and other loans HK\$'000	Finance lease obligations HK\$'000
At 1 April 2000	200	10,000	13,194	377
Net cash outflow from financing	–	(7,500)	(1,543)	(411)
Inception of finance lease contracts	–	–	–	480
At 31 March 2001 and at 1 April 2001	200	2,500	11,651	446
Net cash inflow/(outflow) from financing	25,393	(2,500)	17,852	(365)
Inception of finance lease contracts	–	–	–	1,100
At 31 March 2002	<u>25,593</u>	<u>–</u>	<u>29,503</u>	<u>1,181</u>

### (c) Major non-cash transactions

- (i) During the year, the Group entered into a finance lease arrangement in respect of a fixed asset with a total capital value at the inception of the finance lease of HK\$1,100,000 (2001: HK\$480,000).
- (ii) Deposits for the acquisition of fixed assets of HK\$5,268,000 as at 31 March 2001 were utilised as part of the considerations paid for the purchases of these fixed assets during the year ended 31 March 2002.

## 29. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group leases its investment property (note 15) under operating lease arrangements, with a lease negotiated for 3 years. The terms of the lease also require the tenant to pay a security deposit.

At 31 March 2002, the Group had total future minimum lease receivables under the non-cancellable operating lease with its tenant falling due as follows:

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	120	120
In the second to fifth years, inclusive	70	190
	<u>190</u>	<u>310</u>

### (b) As lessee

The Group leases certain of its warehouse, office properties and factory properties under operating lease arrangements. Leases for properties are negotiated for terms ranging between 1 to 4 years.

At 31 March 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	974	1,061
In the second to fifth years, inclusive	679	275
	<u>1,653</u>	<u>1,336</u>

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



# Notes to Financial Statements

31 March 2002

## 30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following commitments at the balance sheet date:

	<b>Group</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>
Contracted for in respect of purchases of fixed assets	<u>–</u>	<u>5,269</u>

## 31. CONTINGENT LIABILITIES

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Bills discounted with recourse	–	443	–	–
Guarantees executed by the Company in favour of banks for general banking facilities granted to subsidiaries	<u>–</u>	<u>–</u>	<u>69,703</u>	<u>–</u>
	<u>–</u>	<u>443</u>	<u>69,703</u>	<u>–</u>

As at 31 March 2002, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately HK\$27,605,000 (2001: Nil).

## 32. RELATED PARTY TRANSACTIONS

During the year, the Group had material transactions with a substantial shareholder of the Company as set out below:

	<b>2002</b>	2001
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sale of goods	<u>1,380</u>	<u>7,306</u>

The Group sold silicon rubber keypads to a subsidiary of a substantial shareholder of the Company on the same terms and conditions as the Group sold the same products to independent third parties.

The above related party transactions would constitute connected transactions, as defined in the Listing Rules. In respect of these transactions, a conditional waiver from strict compliance with the connected transaction requirements as set out in Chapter 14 of the Listing Rules was obtained subsequent to the listing of the Company's shares on 12 April 2001.

## 33. POST BALANCE SHEET EVENTS

- (a) Pursuant to a directors' resolution passed on 16 May 2002, the Company raised approximately HK\$32 million, before share issue expenses, by way of a rights issue of 2,000,000,000 rights shares of HK\$0.001 each of the Company at a subscription price of HK\$0.016 per rights share, on the basis of one rights share for every two existing shares held by shareholders whose names appeared on the register on 21 May 2002. The net proceeds of the rights issue will be used for the working capital of the Group.
- (b) On 26 June 2002, the Company, Taiwan Concord Securities (Hong Kong) Limited and Great-China Brokerage Limited, independent third parties, entered into an agreement for the placing of a total of 480,000,000 shares of HK\$0.001 each of the Company at an issue price of HK\$0.011 per share. The subscription was completed on 12 July 2002 and the net proceeds of approximately HK\$4.9 million will be used for the working capital of the Group.
- (c) On 23 July 2002, the Group fully disposed of its 5% equity interest in an unlisted investment at a cash consideration of HK\$14,000,000 to an independent third party. Payment of HK\$7,000,000 has been received as at the date of approval of these financial statements and the remaining consideration of HK\$7,000,000 will be received by four equal instalments with the last instalment due on December 2002. Such investment was acquired during the year at a cash consideration of HK\$14,000,000 from an independent third party. The disposal transaction did not result in any gain or loss.

## 34. COMPARATIVE AMOUNTS

As further explained in note 3 to the financial statements, due to the adoption of certain new and revised HKSSAPs during the current year, the segmental information and the supporting notes for operating lease arrangements and finance lease payables have been revised and presented to comply with the new requirements. Accordingly, certain comparative amounts have been revised to conform with the current year's presentation.

## 35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 July 2002.