

1. GENERAL

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

The Company acts as an investment holding company and the activities of its principal subsidiaries are set out in note 36.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the consolidated cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign Currencies

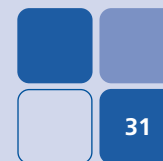
The revisions to SSAP 11 Foreign Currency Translation have eliminated the choice of translating the income statements of subsidiaries outside Hong Kong at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has had no material effect on the results for the current or prior accounting periods.

Cash Flow Statements

In the current year, the Group adopted SSAP 15 (Revised) Cash Flow Statements. Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest received and dividends received, which were previously presented under a separate heading, are classified as investing cash flows while interest paid are classified as financing cash flows. Cash flows arising from taxes on income are classified as operating activities. The re-definition of cash and cash equivalents has had no material effect on the presentation of the comparative amounts shown in the cash flow statement.

Discontinuing Operations

SSAP 33 Discontinuing Operations is concerned with the presentation of financial information regarding discontinuing operations and replaces the requirements previously included in SSAP 2 Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Polices. Under SSAP 33, financial information relating to the discontinuing operation are disclosed separately from the point at which either a binding sale agreement is entered into or a detailed plan for the discontinuance is announced. The adoption of SSAP 33 has resulted in the identification of the Group's manufacturing of electronic goods and distribution of fashion apparel, leather goods and accessories activities as discontinuing operations in the prior year, details of which are disclosed at note 6.



2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(Continued)*

Employee Benefits

In the current year, the Group adopted SSAP 34 Employee Benefits, which introduces measurement rules for employee benefits, including retirement benefit plans. The adoption of this SSAP has had no material effect on the results for the current or prior accounting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and certain leasehold land and buildings.

The financial statements have been prepared in accordance with 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 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Turnover

Turnover represents the amounts received and receivable for goods supplied to outside customers, less returns and discounts during the year.

Revenue recognition

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

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

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

Dividend income from investments is recognised when the Group's right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***Revenue recognition** *(Continued)*

Commission income is recognised on an accrual basis when the Group's entitlement to payment has been established.

Taxation

The charge for taxation is based on the results for the year after adjusting 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.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market values based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

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

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



3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

Certain of the Group's leasehold land and buildings were revalued at 31st December 1994. The surplus arising on revaluation of these properties was credited to asset revaluation reserve. The Group has adopted the transitional relief provided by paragraph 80 of SSAP 17 (Revised) Property, Plant and Equipment issued by the Hong Kong Society of Accountants from the requirement to make revaluations on a regular basis of the Group's leasehold properties and, accordingly, no further revaluation of these properties will be carried out. Any future impairment losses recognised in respect of these properties will be charged to the consolidated income statement to the extent that it exceeds the surplus, if any, held in asset revaluation reserve relating to previous revaluation of the particular property.

Depreciation and amortisation is provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives using the straight line method, as follows:

Land held on long and medium term leases	Over the term of the relevant lease
Buildings	Over the shorter of the term of the lease, or 25 years
Leasehold improvements	Over the term of the relevant lease
Others	5 years

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets owned by the Group.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is capitalised and amortised on a straight line basis over its useful economic life and is presented separately in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***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 less any identified impairment loss.

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 loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment securities

Investment securities, which are securities held for an identified long term strategic purpose, are recognised on a trade-date basis and are measured at cost, as reduced by any impairment loss that is other than temporary.

Club memberships

Club memberships are stated at cost, as reduced by any identified impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method for electronic products and the weighted average cost method for other inventories.



3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets held under finance leases

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

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

Retirement benefit costs

Payments to defined contribution retirement benefits scheme are charged as an expense as they fall due.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars 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 assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group's operations are organised into two operating divisions namely distribution of electronic goods and distribution of sports products. These divisions are the basis on which the Group reports its primary segment information. In prior years, the Group was also involved in the businesses of manufacturing of electronic goods and distribution of fashion apparel, leather goods and accessories. These segments were discontinued in October 2001 and December 2001, respectively.

Segment information about these businesses is presented below.

2002

	Continuing operations		Consolidated HK\$'000
	Distribution of electronic goods HK\$'000	Distribution of sports products HK\$'000	
TURNOVER			
External sales	1,278,902	80,577	1,359,479
RESULT			
Segment result	30,080	6,654	36,734
Investment income			1,186
Deficit on revaluation of investment properties			(1,000)
Impairment on investment securities			(900)
Unallocated corporate expenses			(11,732)
Unallocated corporate income			2,442
Finance costs			(11,050)
Share of results of associates	(126)	–	(126)
Profit before taxation			15,554
Taxation			(1,278)
Profit before minority interests			14,276
Minority interests			(2,792)
Profit for the year			11,484

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

2002 (Continued)

	Continuing operations		Consolidated HK\$'000
	Distribution of electronic goods HK\$'000	Distribution of sports products HK\$'000	
BALANCE SHEET			
ASSETS			
Segment assets	554,820	47,635	602,455
Interests in associates	820	–	820
Unallocated corporate assets			142,870
Total assets			746,145
LIABILITIES			
Segment liabilities	207,032	9,091	216,123
Unallocated corporate liabilities			236,617
Total liabilities			452,740

OTHER INFORMATION

	Continuing operations			Consolidated HK\$'000
	Distribution of electronic goods HK\$'000	Distribution of sports products HK\$'000	Others HK\$'000	
Capital additions	8,600	107	1,691	10,398
Amortisation of goodwill	–	–	1,613	1,613
Depreciation and amortisation of property, plant and equipment	4,579	146	5,130	9,855

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

2001

	Continuing operations		Discontinuing operations		Eliminations	Consolidated
	Distribution of electronic goods HK\$'000	Distribution of sports products HK\$'000	Manufacturing of electronic goods HK\$'000	Distribution of fashion apparel, leather goods and accessories HK\$'000		
TURNOVER						
External sales	1,017,259	68,840	15,701	(8,659)	-	1,093,141
Inter-segment sales	981	-	68	-	(1,049)	-
Total	1,018,240	68,840	15,769	(8,659)	(1,049)	1,093,141

Inter-segment sales are charged at prevailing market prices.

RESULT

Segment result	27,591	5,266	(49,583)	(29,564)	-	(46,290)
Investment income						3,784
Deficit on revaluation of investment properties						(2,000)
Unallocated corporate expenses						(12,288)
Unallocated corporate income						1,656
Finance costs						(15,025)
Loss before taxation						(70,163)
Taxation						(2,250)
Loss before minority interests						(72,413)
Minority interests						(662)
Loss for the year						(73,075)

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

2001 *(Continued)*

	Continuing operations		Discontinuing operations		Consolidated HK\$'000
	Distribution of electronic goods HK\$'000	Distribution of sports products HK\$'000	Manufacturing of electronic goods HK\$'000	Distribution of fashion apparel, leather goods and accessories HK\$'000	
BALANCE SHEET					
ASSETS					
Segment assets	454,073	47,724	240	5,259	507,296
Unallocated corporate assets					167,599
Total assets					674,895
LIABILITIES					
Segment liabilities	145,639	8,996	817	1,006	156,458
Unallocated corporate liabilities					239,908
Total liabilities					396,366

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

2001 (Continued)

	Continuing operations		Discontinuing operations			Consolidated
	Distribution of electronic goods HK\$'000	Distribution of sports products HK\$'000	Manufacturing of electronic goods HK\$'000	Distribution of fashion apparel, leather goods and accessories HK\$'000	Others HK\$'000	

OTHER INFORMATION

Capital additions	5,329	–	925	121	243	6,618
Amortisation of goodwill	–	–	–	–	1,613	1,613
Depreciation and amortisation of property, plant and equipment	2,995	197	3,535	278	5,362	12,367
Allowances for inventories	–	–	20,869	13,000	–	33,869
Allowances for bad and doubtful debts	–	–	–	10,000	–	10,000
Loss on disposal of property, plant and equipment	–	–	4,475	–	–	4,475

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and Taiwan. The Group's distribution of electronic goods is carried out in Hong Kong, the PRC and Taiwan. Distribution of sports products is carried out in Hong Kong and the PRC.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments *(Continued)*

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market	
	Year ended	Year ended
	31.12.2002	31.12.2001
	HK\$'000	HK\$'000
Hong Kong	618,564	664,317
PRC	477,660	300,129
Taiwan	249,961	107,301
Others	13,294	21,394
	1,359,479	1,093,141

During the year ended 31st December 2001, revenue from the Group's discontinuing operations was derived principally from Hong Kong of HK\$2,028,000, the PRC of (HK\$9,480,000), Taiwan of HK\$431,000 and other locations of HK\$14,063,000.

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	
	Year ended	Year ended	Year ended	Year ended
	31.12.2002	31.12.2001	31.12.2002	31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	551,207	511,242	2,422	5,140
PRC	87,944	105,179	7,976	1,478
Taiwan	103,014	56,156	-	-
Others	3,980	2,318	-	-
	746,145	674,895	10,398	6,618

5. INVESTMENT INCOME

	2002	2001
	HK\$'000	HK\$'000
Interest income	1,186	3,782
Dividend income from unlisted investment securities	–	2
	1,186	3,784

6. DISCONTINUING OPERATIONS

In October 2001, the Group ceased its operations in the manufacturing of electronic goods due to the continuing unsatisfactory performance of the operations of its factory in the PRC. The carrying amounts of assets and liabilities at the date of cessation were HK\$240,000 and HK\$1,615,000, respectively.

In December 2001, the Group ceased its operations in the distribution of fashion apparel, leather goods and accessories. The carrying amounts of assets and liabilities at the date of cessation were HK\$5,259,000 and HK\$1,006,000, respectively.

The loss arising on discontinuation of operations for the year ended 31st December 2001 arose as follows:

	HK\$'000
Allowances for inventories	33,869
Allowances for bad and doubtful debts	10,000
Loss on disposal of property, plant and equipment	4,475
	48,344

7. PROFIT (LOSS) FROM OPERATIONS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Profit (loss) from operations has been arrived at after charging:		
Staff costs, including directors' remunerations		
– basic salaries and allowances	30,789	30,519
– performance related incentive payments	593	1,175
– retirement benefits scheme contributions, net of forfeited contributions of HK\$80,000 (2001: HK\$169,000)	971	979
Amortisation of goodwill (included in administrative expenses)	1,613	1,613
Auditors' remuneration	692	689
Depreciation and amortisation of property, plant and equipment		
– owned assets	9,783	12,295
– asset held under a finance lease	72	72
Loss on disposal of property, plant and equipment	–	4,475
and after crediting:		
Gain on disposal of property, plant and equipment	498	–
Rental income from properties, net of outgoings of HK\$44,000 (2001: HK\$113,000)	1,738	1,502

8. FINANCE COSTS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on:		
– bank and other borrowings wholly repayable within five years	11,025	14,528
– bank borrowings not wholly repayable within five years	–	468
– obligations under a finance lease	25	29
	11,050	15,025

9. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' REMUNERATIONS

Particulars of the directors' and the five highest paid individuals' remunerations were as follows:

(a) Directors' remunerations

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Directors' fees:		
Executive directors	–	–
Non-executive director	–	–
Independent non-executive directors	290	290
Other emoluments:		
Executive directors		
– basic salaries and allowances	4,354	4,998
– performance related incentive payments	93	1,175
– retirement benefits scheme contributions	80	119
Total emoluments	4,817	6,582

The directors' remunerations were within the following bands:

	Number of directors	
	2002	2001
Nil to HK\$1,000,000	6	7
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1

9. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' REMUNERATIONS *(continued)*

(b) Employees' remunerations

Of the five highest paid individuals in the Group, two (2001: three) are directors of the Company whose remunerations are set out in (a) above. The remuneration of the remaining three individuals (2001: two) are as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Basic salaries and allowances	1,907	1,416
Performance related incentive payments	500	–
Retirement benefits scheme contributions	88	43
	2,495	1,459

The remuneration of each of the employees was under HK\$1,000,000.

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

10. TAXATION

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	2,841	2,513
(Over) underprovision in prior years	(1,017)	183
	1,824	2,696
Deferred taxation (<i>note 29</i>)	(546)	(446)
	1,278	2,250

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

Details of deferred taxation are set out in note 29.

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share for the year is based on the following data:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share		
– Profit (loss) for the year	11,484	(73,075)
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	230,140,720	230,140,720
Effect of dilutive potential ordinary shares in respect of share options	348,680	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	230,489,400	

No diluted loss per share for the year ended 31st December 2001 had been presented since the exercise of the Company's share options would result in a decrease in loss per share.

12. INVESTMENT PROPERTIES

	THE GROUP
	<i>HK\$'000</i>
VALUATION	
At 1st January 2002	58,000
Deficit on revaluation	(1,000)
At 31st December 2002	57,000

At 31st December 2002, the investment properties of the Group were revalued by an independent firm of professional property valuers, Chesterton Petty Limited, on an open market value basis at HK\$57,000,000. The deficit arising on revaluation amounted to HK\$1,000,000 has been charged to the consolidated income statement.

The investment properties are held under medium term leases in Hong Kong.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles and vessel <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
COST OR VALUATION						
At 1st January 2002	79,759	10,713	9,722	9,218	13,423	122,835
Additions	–	6,900	981	826	1,691	10,398
Disposals	–	–	(6)	(18)	(3,255)	(3,279)
At 31st December 2002	79,759	17,613	10,697	10,026	11,859	129,954
Comprising:						
At cost	34,409	17,613	10,697	10,026	11,859	84,604
At valuation – 1994	45,350	–	–	–	–	45,350
	79,759	17,613	10,697	10,026	11,859	129,954
DEPRECIATION AND AMORTISATION						
At 1st January 2002	14,499	4,742	7,080	5,545	9,769	41,635
Provided for the year	2,419	2,740	1,090	1,336	2,270	9,855
Eliminated on disposals	–	–	–	(17)	(3,123)	(3,140)
At 31st December 2002	16,918	7,482	8,170	6,864	8,916	48,350
NET BOOK VALUES						
At 31st December 2002	62,841	10,131	2,527	3,162	2,943	81,604
At 31st December 2001	65,260	5,971	2,642	3,673	3,654	81,200

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The net book value of leasehold land and buildings held by the Group at the balance sheet date comprises:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Held in Hong Kong under medium term leases	54,026	56,251
Held in the PRC under long leases	8,815	9,009
	62,841	65,260

If leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation and amortisation at HK\$48,905,000 (2001: HK\$50,722,000).

At 31st December 2002, the net book value of motor vehicles and vessel included an amount of HK\$216,000 (2001: HK\$288,000) in respect of an asset held under a finance lease.

14. GOODWILL

	THE GROUP
	<i>HK\$'000</i>
COST	
At 1st January 2002 and 31st December 2002	58,198
AMORTISATION	
At 1st January 2002	51,990
Provided for the year	1,613
At 31st December 2002	53,603
NET BOOK VALUES	
At 31st December 2002	4,595
At 31st December 2001	6,208

The amortisation period adopted for goodwill ranging from 5 to 10 years.



15. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares (<i>Note</i>)	92,577	92,577
Amounts due from subsidiaries	402,374	418,476
	494,951	511,053
Less: Impairment loss	(190,000)	(190,000)
	304,951	321,053

Note: The carrying value of the unlisted shares is based on the underlying net tangible assets of the subsidiaries at the time when they became members of the Group pursuant to the group reorganisation in 1994.

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

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

Particulars of the Company's principal subsidiaries at 31st December 2002 are set out in note 36.

16. INTERESTS IN ASSOCIATES

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets of associates	820	–

16. INTERESTS IN ASSOCIATES *(continued)*

Particulars of the Group's principal associates at 31st December 2002 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operations	Class of share held %	Proportion of issued share capital held by the Group	Principal activities
Bestime Technology Development Limited	Incorporated	Hong Kong	Ordinary	30	Trading of electronic products
Now Electron Inc.	Incorporated	Korea	Ordinary	48	Trading of electronic products
Ocean Bright Technology Limited	Incorporated	Hong Kong	Ordinary	30	Trading of electronic products

17. INVESTMENT SECURITIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares in Hong Kong, at cost	1,100	1,102
Listed shares in overseas, at cost net of impairment loss	6,420	7,320
	7,520	8,422
Market value of listed shares	3,199	3,904

The directors of the Company have reviewed the carrying amount of an investment security with reference to the financial results and business operated by the investee. The directors have identified impairment loss of HK\$900,000 (2001: Nil) on the investment security, estimated by reference to the fair value, and the amount has been recognised in the income statement accordingly.



18. LOAN TO AN INVESTEE

The loan to an investee of the Group was unsecured, non-interest bearing and fully repaid during the year.

19. CLUB MEMBERSHIPS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Club memberships, at cost		
Hong Kong	1,447	1,447
Overseas	2,661	2,510
	4,108	3,957

The directors are of the opinion that the club memberships are worth at least their carrying amounts.

20. INVENTORIES

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	203	203
Finished goods	172,978	157,850
	173,181	158,053

Included above are raw materials of HK\$203,000 (2001: HK\$203,000) and finished goods of HK\$6,879,000 (2001: HK\$7,365,000), which are carried at net realisable values.

21. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 120 days to its trade customers.

Included in trade and other receivables are trade receivables of HK\$326,562,000 (2001: HK\$272,370,000) and their aged analysis is as follows:

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	195,622	89,193
More than 30 days and within 60 days	35,055	40,926
More than 60 days and within 90 days	54,385	25,740
More than 90 days	41,500	116,511
	326,562	272,370

22. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$163,816,000 (2001: HK\$121,486,000) and their aged analysis is as follows:

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	147,990	59,293
More than 30 days and within 60 days	13,016	12,732
More than 60 days and within 90 days	1,039	18,271
More than 90 days	1,771	31,190
	163,816	121,486

23. OBLIGATIONS UNDER A FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Accounts payable under a finance lease:				
Within one year	92	92	72	72
In the second to fifth year inclusive	151	240	120	188
	243	332		
Less: future finance charges	(51)	(72)		
Present value of a finance lease	192	260	192	260
Less: Amount due within one year shown under current liabilities			(72)	(72)
Amount due after one year			120	188

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years. The average effective borrowing rate is 6.6%. The lease is paid on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under a finance leases is secured by the lessor's charge over the leased asset.

24. BANK AND OTHER BORROWINGS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
<hr/>		
Bank and other borrowings comprise:		
Bank loans	89,326	73,318
Bank import loans	120,332	140,875
Bank overdrafts	18,960	17,449
Other loan	5,000	5,000
	<hr/>	<hr/>
	233,618	236,642
	<hr/>	<hr/>
Analysed as:		
Secured	223,618	226,316
Unsecured	10,000	10,326
	<hr/>	<hr/>
	233,618	236,642
	<hr/>	<hr/>
The bank and other borrowings are repayable as follows:		
Within one year or on demand	230,928	233,018
More than one year, but not exceeding two years	986	930
More than two years, but not exceeding five years	1,704	2,237
More than five years	–	457
	<hr/>	<hr/>
	233,618	236,642
Less: Amount due within one year shown under current liabilities	(230,928)	(233,018)
	<hr/>	<hr/>
Amount due after one year	2,690	3,624
	<hr/>	<hr/>



25. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st January 2001, 31st December 2001 and 31st December 2002	1,454,000,000	145,400
Issued and fully paid:		
At 1st January 2001, 31st December 2001 and 31st December 2002	230,140,720	23,014
	Number of non-redeemable convertible preference shares	Amount <i>HK\$'000</i>
Non-redeemable convertible preference shares of HK\$0.10 each		
Authorised:		
At 1st January 2001, 31st December 2001 and 31st December 2002	46,000,000	4,600
Issued and fully paid:		
At 1st January 2001, 31st December 2001 and 31st December 2002	-	-

There were no movements in the share capital of the Company in both years.

26. SHARE OPTION SCHEMES

- (a) Pursuant to a resolution passed on 17th September 1994, the Company adopted a share option scheme (the "Initial Share Option Scheme") for recognition of past services contributed by the eligible directors and employees, and will expire on 16th September 2004. Under the Initial Share Option Scheme, the Board of Directors of the Company may at their discretion grant options to directors and full-time employees of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31st December 2002, the number of shares in respect of which options had been granted and remained outstanding under the Initial Share Option Scheme was 2,200,000 (2001: 8,550,000), representing 1% (2001: 4%) of the shares of the Company in issue at that date. The maximum number of shares in respect of which options may be granted under the Initial Share Option Scheme is not permitted to exceed 10% of the issued share capital of the Company at any point in time. The number of shares in respect of which options may be granted to any individual at the grant date is not permitted to exceed 25% of the number of shares issued and issuable under the Initial Share Option Scheme.

Options granted must be taken up within 28 days of the date of grant. No consideration is payable on the grant of an option. Options may generally be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board of Directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the nominal value of the shares of the Company nor 80% of the average closing price of the shares for the five trading days immediately preceding the date of grant.

26. SHARE OPTION SCHEMES (continued)

The following table discloses details of the Company's options under the Initial Share Option Scheme held by employees (including directors) and movements in such holdings during the year:

Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1.1.2002	Cancelled during the year	Lapsed during the year	Out- standing at 31.12.2002
4.3.1997	2.50	5.3.1999 – 4.3.2002	40,000	–	(40,000)	–
29.9.1997	3.80	29.9.1997 – 16.9.2004	1,000,000	–	–	1,000,000
4.5.2000	0.59	4.5.2002 – 3.5.2004	200,000	–	–	200,000
17.6.2000	0.57	17.6.2002 – 16.6.2004	400,000	(200,000)	–	200,000
19.6.2000	0.57	20.6.2000 – 19.6.2002	1,600,000	–	(1,600,000)	–
2.5.2001	0.39	2.5.2001 – 1.5.2002	4,110,000	–	(4,110,000)	–
12.6.2001	0.49	12.6.2001 – 11.6.2002	400,000	–	(400,000)	–
14.6.2001	0.49	14.6.2001 – 13.6.2003	800,000	–	–	800,000
			8,550,000	(200,000)	(6,150,000)	2,200,000

Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1.1.2001	Granted during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31.12.2001
22.3.1996	5.90	30.3.1998 – 29.3.2001	90,000	–	–	(90,000)	–
4.3.1997	2.50	5.3.1999 – 4.3.2002	80,000	–	(40,000)	–	40,000
29.9.1997	3.80	29.9.1997 – 16.9.2004	2,500,000	–	(1,500,000)	–	1,000,000
4.6.1999	0.48	4.6.1999 – 3.6.2001	400,000	–	–	(400,000)	–
21.1.2000	0.47	21.1.2000 – 20.1.2001	2,200,000	–	–	(2,200,000)	–
24.1.2000	0.48	24.1.2000 – 23.1.2001	1,300,000	–	–	(1,300,000)	–
1.2.2000	0.61	1.2.2000 – 31.1.2001	2,500,000	–	–	(2,500,000)	–
4.5.2000	0.59	4.5.2002 – 3.5.2004	200,000	–	–	–	200,000
17.6.2000	0.57	17.6.2002 – 16.6.2004	500,000	–	(100,000)	–	400,000
19.6.2000	0.57	20.6.2000 – 19.6.2002	3,200,000	–	(1,600,000)	–	1,600,000
21.6.2000	0.57	22.6.2000 – 21.6.2002	2,000,000	–	(2,000,000)	–	–
2.5.2001	0.39	2.5.2001 – 1.5.2002	–	6,260,000	(2,150,000)	–	4,110,000
12.6.2001	0.49	12.6.2001 – 11.6.2002	–	400,000	–	–	400,000
14.6.2001	0.49	14.6.2001 – 13.6.2003	–	1,000,000	(200,000)	–	800,000
			14,970,000	7,660,000	(7,590,000)	(6,490,000)	8,550,000

26. SHARE OPTION SCHEMES (continued)

Details of the share options held by the directors included in the above table are as follows:

Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1.1.2002	Lapsed during the year	Outstanding at 31.12.2002
29.9.1997	3.80	29.9.1997 – 16.9.2004	1,000,000	–	1,000,000
19.6.2000	0.57	20.6.2000 – 19.6.2002	1,600,000	(1,600,000)	–
2.5.2001	0.39	2.5.2001 – 1.5.2002	3,750,000	(3,750,000)	–
12.6.2001	0.49	12.6.2001 – 11.6.2002	200,000	(200,000)	–
			6,550,000	(5,550,000)	1,000,000

Date of grant	Exercise price per share HK\$	Exercisable period	Outstanding at 1.1.2001	Granted during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31.12.2001
29.9.1997	3.80	29.9.1997 – 16.9.2004	2,000,000	–	(1,000,000)	–	1,000,000
4.6.1999	0.48	4.6.1999 – 3.6.2001	200,000	–	–	(200,000)	–
21.1.2000	0.47	21.1.2000 – 20.1.2001	2,200,000	–	–	(2,200,000)	–
24.1.2000	0.48	24.1.2000 – 23.1.2001	1,300,000	–	–	(1,300,000)	–
1.2.2000	0.61	1.2.2000 – 31.1.2001	2,500,000	–	–	(2,500,000)	–
19.6.2000	0.57	20.6.2000 – 19.6.2002	3,200,000	–	(1,600,000)	–	1,600,000
2.5.2001	0.39	2.5.2001 – 1.5.2002	–	5,900,000	(2,150,000)	–	3,750,000
12.6.2001	0.49	12.6.2001 – 11.6.2002	–	200,000	–	–	200,000
			11,400,000	6,100,000	(4,750,000)	(6,200,000)	6,550,000



26. SHARE OPTION SCHEMES *(continued)*

- (b) The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), terminated the Initial Share Option Scheme and adopted a new share option scheme, as approved by the shareholders of the Company at a special general meeting held on 28th June 2002 (the "New Share Option Scheme") for recognition of past services contributed by, and giving incentives to the eligible directors and employees.

Upon termination of the Initial Share Option Scheme, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the Initial Share Option Scheme shall remain in force.

According to the New Share Option Scheme, the Board of Directors of the Company may at their discretion grant options to any director, executive and employee of each member of the Group to subscribe for shares in the Company for a consideration of HK\$1 for each lot of share options granted. Share options granted should be accepted within 28 days from the date of grant. The Board may at its absolute discretion determine the period during which a share option may be exercised, such period should expire no later than 10 years from the date of grant. The Board may also provides restrictions on the exercise of a share option during the period a share option may be exercised. The exercise price is determined by the Board of Directors of the Company, and shall be at least the highest of: (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

The maximum number of shares in respect of which options may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue as at the date of adoption of the New Share Option Scheme.

The maximum number of shares issued and to be issued upon exercise of the options granted to each individual under the New Share Option Scheme and any other share option schemes (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

No options have been granted under the New Share Option Scheme.

27. RESERVES

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contri- buted surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY					
At 1st January 2001	237,881	1,109	162,787	(122,189)	279,588
Loss for the year	–	–	–	(61,984)	(61,984)
At 31st December 2001	237,881	1,109	162,787	(184,173)	217,604
Profit for the year	–	–	–	4,170	4,170
At 31st December 2002	237,881	1,109	162,787	(180,003)	221,774

The contributed surplus of the Company represents:

- (i) the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal value of the Company's shares issued for the acquisition; and
- (ii) the credit arising from the reduction of nominal value of the consolidated shares from HK\$1.00 each to HK\$0.10 each by cancelling HK\$0.90 paid up on each issued share, after a transfer of HK\$10,565,000 towards the elimination of the accumulated losses of the Company as at 31st December 1997.

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

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

The Company had no reserves available for distribution for both years.

28. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries of the Company are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of the directors, the amounts will not be repaid within twelve months from the balance sheet date and are therefore shown in the balance sheet as non-current.

29. DEFERRED TAXATION

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Balance at 1st January	797	1,243
Credit for the year (<i>note 10</i>)	(546)	(446)
Balance at 31st December	251	797

The components of the deferred tax liability (asset) of the Group, provided and unprovided, are as follows:

	Provided		Unprovided	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect of timing differences attributable to:				
Excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements	1,044	1,590	65	102
Taxation losses	(793)	(793)	(11,698)	(14,231)
	251	797	(11,633)	(14,129)

The deferred tax asset has not been recognised in the financial statements as the realisation of this asset in the foreseeable future is uncertain.

29. DEFERRED TAXATION *(continued)*

The components of the deferred tax charge (credit) of the Group not recognised in the financial statements for the year are as follows:

	2002	2001
	HK\$'000	HK\$'000
Tax effect of timing differences attributable to:		
Difference of depreciation allowances claimed for		
tax purposes and depreciation charged in the financial statements	(37)	1,850
Taxation losses utilised (arising)	2,533	(4,516)
	2,496	(2,666)

Deferred taxation has not been provided for on the valuation surplus arising on the valuation of properties in Hong Kong as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference for tax purposes.

The Company had no significant unprovided deferred taxation for the year or at the balance sheet date.

30. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution retirement benefits scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2001. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme, or switching to the MPF Scheme whereas all new employees joining the Group on or after 1st December 2001 are required to join the MPF Scheme.

The retirement benefits cost of the ORSO Scheme and MPF Scheme charged to consolidated income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At 31st December 2002, the total amount of forfeited contributions, which arose upon employees leaving the ORSO Scheme and which are available to reduce the contributions payable in the future years, was approximately HK\$247,000 (2001: HK\$184,000).

Under the MPF Scheme, no forfeited contributions are available to reduce the contributions payable in the future years.



31. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to banks in respect of banking facilities utilised by				
– an investee	–	14,992	–	14,992
– subsidiaries	–	–	233,598	236,627
	–	14,992	233,598	251,619
Bills discounted with recourse	734	127	–	–

32. PLEDGE OF ASSETS

At 31st December 2002, the following assets were pledged by the Group to banks in order to secure general banking facilities granted by these banks to the Group:

- (a) investment properties and leasehold land and buildings with net book values of HK\$57,000,000 (2001: HK\$58,000,000) and HK\$59,869,000 (2001: HK\$62,226,000), respectively;
- (b) short term bank deposits of HK\$12,452,000 (2001: HK\$14,292,000) for short term bank borrowings;
- (c) trade receivables of certain subsidiaries of HK\$52,118,000 (2001: HK\$44,196,000); and
- (d) all assets of certain subsidiaries with aggregate value of HK\$215,895,000 (2001: HK\$176,431,000).

33. CAPITAL COMMITMENTS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	–	1,131

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

34. OPERATING LEASE ARRANGEMENTS**The Group as a lessee**

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Minimum lease payments paid under operating leases in respect of rented premises:		
A related party	480	480
An outsider	1,718	2,441
	2,198	2,921

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

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	379	415
In the second to fifth year inclusive	–	282
	379	697

Operating lease payments represent rentals payable by the Group for certain of its office and warehouse. Leases are negotiated for an average term of two years with fixed rental.



34. OPERATING LEASE ARRANGEMENTS *(continued)*

The Group as a lessor

Property rental income earned during the year was HK\$1,782,000 (2001: HK\$1,615,000). The properties are expected to generate rental yields of 3% on an ongoing basis. The properties held have committed tenants for the next three years.

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

	2002	2001
	HK\$'000	HK\$'000
Within one year	1,560	1,560
In the second to fifth year inclusive	1,456	3,016
	3,016	4,576

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

35. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES**(I) Connected parties**

During the year, the Group had significant transactions and balances with related parties, some of which are also deemed to be connected parties pursuant to the Rules Governing the Listing of Securities on the Stock Exchange. The significant transactions during the year and balances at the balance sheet date with related parties in which certain directors of the Company have beneficial interests, are as follows:

(a) Transactions

Name of party	Interested director	Nature of transactions	2002	2001
			HK\$'000	HK\$'000
Varitronix International Limited and its subsidiaries	Chang Chu Cheng	Purchases of electronic products (<i>note i</i>)	2,348	5,537
		Sales of electronic products (<i>note i</i>)	2,734	1,831
		Rental expenses paid by the Group (<i>note ii</i>)	258	491
United Dynamic Limited	Yim Yuk Lun, Stanley	Rental expenses paid by the Group (<i>note ii</i>)	480	480
Hon Hai Precision Industry Co., Ltd. (<i>note iii</i>) and its subsidiaries	-	Purchases of electronic products (<i>note i</i>)	122,988	58,733
		Sales of electronic products (<i>note i</i>)	163,520	62,414
		Commission paid by the Group	233	-

35. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

(I) Connected parties *(continued)*

(b) *Balances*

Name of party	Nature of transactions	2002	2001
		HK\$'000	HK\$'000
Varitronix International Limited	Balance at 31st December		
	– trade receivables	1,365	–
	– trade payables	–	2,362
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Balance at 31st December		
	– trade receivables	8,716	–
	– trade payables	–	8,679

In addition, the Company had given guarantees outstanding at 31st December 2002 amounting to HK\$82,240,000 (2001: HK\$77,000,000) to certain banks in respect of banking facilities granted by the banks to RDL Electronic Company Limited (“RDL”) which is 70% owned by the Group. During the year, the Company charged approximately HK\$5,419,000 (2001: Nil) to RDL in respect of guarantees given by the Company to RDL. The guarantees given by the Group were the only financial assistance given by RDL’s shareholders to RDL.

At 31st December 2001, Mr. Yim Yuk Lun, Stanley had given guarantees to a bank in respect of banking facilities granted by the bank to a subsidiary amounting to HK\$10,500,000 which was released during the year.

Notes:

- i. The transactions were carried out at market price or, where no market price was available, at terms determined and agreed by both parties.
- ii. The rentals were charged with reference to market value.
- iii. The company is a substantial shareholder of the Company.

35. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES *(continued)***(II) Related parties, other than connected parties**

The significant transactions with related parties, other than connected parties, during the year, and significant balances with them at the balance sheet date, are as follows:

(a) Transactions

Name of party	Nature of transactions	2002 HK\$'000	2001 HK\$'000
Associates:			
Bestime Technology Development Limited	Sales of electronic products <i>(note)</i>	9,843	–
Ocean Bright Technology Limited	Sales of electronic products <i>(note)</i>	9,722	–

(b) Balances

Name of party	Nature of transactions	2002 HK\$'000	2001 HK\$'000
Associates:			
Bestime Technology Development Limited	Balance at 31st December – trade receivables	9,843	–
Ocean Bright Technology Limited	Balance at 31st December – trade receivables	9,722	–

Note: The transactions were carried out at market price or, where no market price was available, at terms determined and agreed by both parties.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31st December 2002 are as follows:

Name of subsidiary	Place of incorporation/ operations	Nominal value of issued and paid up share capital	Proportion of issued share capital held by the Company %	Principal activities
Bold Technology Limited	British Virgin Islands	Ordinary US\$10	60	Investment holding
Dragon Trading Limited	British Virgin Islands	Ordinary US\$40,000	100	Investment holding
Golf Specialists Pacific Limited	Hong Kong	Ordinary HK\$4	100	Trading of golf products
Grant Square Investment Limited	Hong Kong	Ordinary HK\$10,000	100	Holding a motor vehicle
Green Classic Investment Limited	Hong Kong	Ordinary HK\$2	100	Investment holding
HAS Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	70	Trading of electronic products
Likeson Limited	British Virgin Islands	Ordinary US\$2	100	Investment holding
Manfield Venture Corporation	British Virgin Islands	Ordinary US\$1	100	Investment holding
RDL (China) Development Company Limited	Hong Kong	Ordinary HK\$2	70	Trading of electronic products
RDL Electronic Company Limited	Hong Kong	Ordinary HK\$5,000,000	70	Trading of electronic products
S.A.S. (China) Development Company Limited	Hong Kong	Ordinary HK\$1,000,000	100	Trading of electronic products

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ operations	Nominal value of issued and paid up share capital	Proportion of issued share capital held by the Company %	Principal activities
S.A.S. Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	100	Distribution of electronic products
S.A.S. Enterprises Company Limited	Hong Kong	Ordinary HK\$100 Non-voting deferred* HK\$1,000,000	100 100	Distribution of electronic products
S.A.S. Investment Company Limited	Hong Kong	Ordinary HK\$100 Non-voting deferred* HK\$1,000,000	100 100	Property and investment holding
S.A.S. Telecommunications Company Limited	British Virgin Islands	Ordinary US\$1	100	Investment holding
SMartech Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	70	Trading of electronic products
Sportline Limited	Hong Kong	Ordinary HK\$200,000	100	Trading of sports products

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

With the exception of Dragon Trading Limited, S.A.S. Investment Company Limited, S.A.S. Telecommunications Company Limited and Bold Technology Limited, all the subsidiaries are indirectly held.