

# NOTES TO THE FINANCIAL STATEMENTS

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 1. Principal Accounting Policies

Principal accounting policies are summarised below:

### (a) Basis of presentation

The financial statements of the Company and the Group are prepared under the historical cost convention, as modified by the revaluation of investment properties and other investment, and in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intra-group transactions and balances have been eliminated upon consolidation.

Goodwill arising on consolidation, representing the excess of the cost of investments in subsidiaries and associated companies over the appropriate share of the fair value of the net tangible assets at the date of acquisition, is charged to reserves in the year in which it arises. On disposal of a subsidiary or an associated company, the attributable amount of goodwill is included in calculating the profit or loss on disposal.

### (c) Turnover

Turnover mainly represents the aggregate amount of gross certified value earned from construction, maintenance and demolition contracts. Gross certified value earned from construction and demolition contracts is recognised only when the value of work certified by the project architect shows that more than 25 percent of such contracts have been completed. Turnover also includes the invoiced value of sales of cooking benches, sink units, drywall, wooden doorsets and aluminium window sets and the proceeds received or receivable from sales of customised computer software.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 1. Principal Accounting Policies (continued)

### (d) Revenue recognition

Provided it is probable that the economic benefits associated with a transaction will flow to the Group and the revenue and costs, if applicable, can be measured reliably, turnover and other revenue are recognised on the following bases:

#### (i) Contract revenue

To the extent that the outcome of the contract can be estimated reliably, revenue from construction or demolition contracts is recognised using the percentage of completion method, measured by reference to the value of work certified to date compared to estimated total contract value after making due allowances for contingencies. Claims made to customers including variation orders are accounted for only to the extent of the amounts which can be reliably estimated and are likely to be collectible.

Profit from construction and demolition contracts is recognised only when the value of work certified by the project architect shows that more than 25 percent of such contracts have been completed, and when a profitable outcome can be prudently foreseen. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of the value of work performed that is probable of recovery.

Income from and costs of maintenance contracts are recognised on the accrual basis.

#### (ii) Supply of building materials

Income from sales of cooking benches, sink units, drywall, wooden doorsets and aluminium window sets are recognised when the significant risks and rewards of ownership of the goods have been transferred to customers.

#### (iii) Interest income

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

#### (iv) Rental income

Rental income is recognised when the rental becomes due and receivable.

#### (v) Sales of customised computer software

Income from sales of customised computer software are recognised upon the delivery of products.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 1. Principal Accounting Policies (continued)

### (e) Taxation

Companies within the Group provide for Hong Kong profits tax on the basis of their profits for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for profits tax purposes.

Deferred taxation is provided under the liability method, at the current tax rate, in respect of significant timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, except where it is considered that no liability will arise in the foreseeable future. Deferred tax assets are not recognised unless the related benefits are expected to crystallise in the foreseeable future.

### (f) Fixed assets and depreciation

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

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

Land held under long-term leases	Lease terms from 50 to 82 years
Land use rights	Over the remaining period of the land use rights or the life of the joint venture, whichever is shorter
Buildings	2%
Machinery	15% to 25%
Furniture, fixtures and office equipment	15% to 33.3%
Motor vehicles	25%

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 1. Principal Accounting Policies (continued)

#### (f) Fixed assets and depreciation (continued)

The Group has taken advantage of the transitional provisions set out in paragraph 80 of Statement of Standard Accounting Practice 17, Property, Plant and Equipment issued by the Hong Kong Society of Accountants, with the effect that land held under long-term leases which was previously valued has not been revalued to open market value at the balance sheet date.

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

When assets are sold or retired, their cost or valuation and accumulated depreciation or amortisation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

A write down will be made if the recoverable amount of fixed assets is below the carrying amount. The write down will be charged to the income statement as expense unless it reverses a previous increase in the revaluation reserve, in which case it is charged directly against any related revaluation reserve to the extent that the reduction does not exceed the amount held in the revaluation reserve in respect of the same item.

Surpluses arising on revaluation of land and buildings are dealt with in the revaluation reserve.

#### (g) Investment properties

An investment property is a leasehold interest in land and/or a building in respect of which construction work and development have been completed, which is held for its long-term investment potential and for which rental income, if any, is negotiated on an arm's length basis.

Investment properties are stated at their open market value on the basis of an annual valuation by independent professional valuers. No depreciation is provided on investment properties with unexpired lease terms of more than 20 years. Surpluses arising on revaluation are credited to the revaluation reserve; deficits arising on revaluation are firstly set-off against any previous revaluation surpluses and thereafter charged to the consolidated income statement. Upon disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuation is released from the revaluation reserve to the income statement as part of the profit or loss on disposal of the investment property.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 1. Principal Accounting Policies (continued)

### (h) Hire purchase contracts

Hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership of the assets, other than legal title, are accounted for as obligations under hire purchase contracts.

Fixed assets held under hire purchase contracts are initially recorded at the present value of the minimum obligations at the inception of the contracts, with the equivalent liabilities recorded as appropriate under current or non-current obligations under hire purchase contracts.

Finance charges, which represent the difference between the minimum obligations at the inception of the hire purchase contracts and the fair value of the assets, are recorded over the periods of the relevant contracts so as to produce a constant periodic rate of charge on the outstanding balances.

### (i) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors of the company.

In the financial statements of the Company, investments in subsidiaries are stated at cost, except those at directors' valuation, less provision for impairment in value. Income from subsidiaries is recorded to the extent of dividends received and receivable.

### (j) Associated companies

An associated company is a company in which the Group has significant influence, but not control or joint control, and thereby has the ability to participate in its financial and operating policy decisions.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 1. Principal Accounting Policies (continued)

#### (j) Associated companies (continued)

In the consolidated financial statements, investments in associated companies are accounted for under the equity method of accounting, whereby the investment is initially recorded at cost and the carrying amount is adjusted to recognise the Group's share of the post-acquisition profits or losses of the associated companies, distributions received from the associated companies and other necessary alterations in the Group's proportionate interest in the associated companies arising from changes in the equity of the associated companies that have not been included in the income statement. In the financial statements of the Company, investments in associated companies are stated at cost less provision for impairment in value. Income from associated companies is recorded to the extent of dividends received and receivable.

Where, in the opinion of the directors, there is an impairment in value of an associated company, or the market value has fallen below the carrying value over a sustained period, a provision is made for such impairment in value.

#### (k) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to their joint control and none of the parties involved has unilateral control over the economic activity.

In the consolidated financial statements, investment in a jointly controlled entity is accounted for under the equity method of accounting, whereby the investment is initially recorded at cost and the carrying amount is adjusted to recognise the Group's share of the post-acquisition profits or losses of the jointly controlled entity, distributions received from the jointly controlled entity and other necessary alterations in the Group's proportionate interest in the jointly controlled entity arising from changes in the equity of the jointly controlled entity that have not been included in the income statement.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 1. Principal Accounting Policies (continued)

### (I) Investments

#### (i) Investment securities

Investments intended to be held on a continuing basis are classified as investment securities and are included in the balance sheet at cost less any provision for impairment in value.

The carrying amounts of investment securities are reviewed at each balance sheet date to assess whether fair values have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced and the reduction is recognised as an expense in the income statement unless there is evidence that the decline is temporary.

Provisions against the carrying value of investment securities are reversed to the income statement when the circumstances and events that led to the write-down or write off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Upon disposal of investment securities, any profit or loss thereon is accounted for in the income statement.

#### (ii) Other investments

Investments other than investment securities are classified as other investments and are carried at fair value in the balance sheet. Any unrealised holding gain or loss on other investments is recognised in the income statement in the period when it arises. Upon disposal of other investments, any profit or loss representing the difference between the carrying value of the investment and net sales proceeds is accounted for in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 1. Principal Accounting Policies (continued)

#### (m) Construction and demolition contracts

The accounting policy for contract revenue is set out at note d(i) above. When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction and demolition contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the balance sheet as “Amounts due from customers for contract work” (as an asset) or “Amounts due to customers for contract work” (as a liability), as applicable. Costs comprise direct materials, costs of sub-contractors, direct labour and an appropriate portion of construction overheads. Amounts billed, but not yet paid by customers, for work performed on a contract are included in the balance sheet under “Progress billings and accounts receivable”.

#### (n) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first-in, first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 1. Principal Accounting Policies (continued)

### (o) Foreign currency translation

Companies within the Group maintain their books and records in the primary currencies of their operations (the “respective reporting currencies”). In the financial statements of the individual companies, transactions in other currencies during the year are translated into the respective reporting currencies at the applicable rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in other currencies are translated into the respective reporting currencies at the applicable rates of exchange in effect at the balance sheet date. All such exchange differences are dealt with in the income statements of the individual companies.

The Group prepares consolidated financial statements in Hong Kong dollars. For the purpose of consolidation, the financial statements of the individual companies with reporting currencies other than Hong Kong dollars are translated into Hong Kong dollars using the closing rate method, whereby assets and liabilities are translated into Hong Kong dollars at the applicable rate of exchange in effect at the balance sheet date. Income and expenses are translated at the average exchange rate during the year. Exchange differences arising on such translation are credited or charged to the cumulative translation reserve.

### (p) Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in Hong Kong requires management to make estimates and assumptions for the reporting period and as of the date of the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of turnover and expenses. Actual results could differ from these estimates, and the differences could be significant.

In particular, the determination of whether or not a decline in value of investment securities and investments in associated companies has occurred, and if so, whether it is other than temporary, requires the exercise of significant judgement by management. While management believes that it has made reasonable judgements based on all relevant and available facts and information about each investment, no assurance can be given that the Group’s investment securities and investments in associated companies can be, or will be, realised at an amount equal to or in excess of their carrying value. Adjustments to management’s estimates will be made as the Group receives updated information about the business performance of each investment.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 1. Principal Accounting Policies (continued)

#### (q) Operating leases

Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rental payments under operating leases are charged to the income statement on a straight-line basis over the period of the relevant leases.

#### (r) 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.

#### (s) Staff retirement benefits

The costs of staff retirement benefits are recognised as an expense in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 2. Analysis of Turnover and Operating Loss before Taxation

The Group's turnover and loss before taxation are analysed as follows:

	Turnover		Contribution to loss before taxation	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
<i>By principal activity:</i>				
Construction, maintenance and demolition work	473,418	748,062	(31,791)	(34,604)
Supply of building products	19,459	91,466	(4,051)	256
Business-to-business e-commerce activities	2,467	—	(8,539)	—
Others	1,278	1,801	(5,342)	(19,105)
	<u>496,622</u>	<u>841,329</u>	<u>(49,723)</u>	<u>(53,453)</u>
<i>By geographical location of operations:</i>				
Hong Kong	494,155	839,819	(52,002)	(38,791)
Others	2,467	1,510	2,279	(14,662)
	<u>496,622</u>	<u>841,329</u>	<u>(49,723)</u>	<u>(53,453)</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 3. Loss before taxation

(a) Loss before taxation is determined after charging and crediting the following:

	2001 \$'000	2000 \$'000
After charging:		
Depreciation on		
– owned assets	4,724	7,308
– assets held under hire purchase contracts	3,339	3,594
Less: amount capitalised and included in amounts due from (to) customers for contract work	(2,310)	(3,689)
	<u>5,753</u>	<u>7,213</u>
Interest on		
– overdrafts and bank loans repayable within five years	14,519	19,263
– hire purchase contracts	1,168	1,377
Provision for doubtful debts	5,928	–
Staff (including directors') costs	36,620	26,447
Auditors' remuneration	500	720
Operating lease rental in respect of premises and other facilities	3,806	–
Write off of amounts due from customers for contract work	18,186	–
Provision for obsolescence	339	100
Exchange loss	484	–
Provision for impairment of fixed assets	<u>1,831</u>	<u>11,477</u>
After crediting:		
Interest income from bank deposits	11,035	2,250
Net rental income from operating leases	2,078	1,428
Net gain on disposal of fixed assets	690	10
Reversal of provision for doubtful debts	1,131	1,854
Unrealised holding gain on other investment	<u>455</u>	<u>–</u>

(b) The consolidated loss attributable to shareholders includes a loss of approximately \$54,829,000 (2000 – loss of \$82,555,000) dealt with in the financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 4. Directors' and Senior Executives' Emoluments

- (a) Directors' emoluments disclosed pursuant to Section 161 of the Companies Ordinance and the provisions of the Listing Rules were as follows:

	<b>2001</b>	2000
	<b>\$'000</b>	<b>\$'000</b>
Fees		
– Executive directors	–	–
– Independent non-executive directors	–	460
Other emoluments		
– Basic salaries and allowances	<b>2,186</b>	4,966
– Contributions to provident fund	–	–
	<hr/>	<hr/>
	<b>2,186</b>	<b>5,426</b>
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No directors waived or agreed to waive any emoluments during the year (2000 – Nil).

An analysis of directors' emoluments by number of directors and emolument ranges is as follows:

	<b>2001</b>	2000
Nil to \$1,000,000	<b>12</b>	7
\$1,000,001 to \$1,500,000	<b>1</b>	–
\$1,500,001 to \$2,000,000	–	1
	<hr/>	<hr/>
	<b>13</b>	<b>8</b>
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## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 4. Directors' and Senior Executives' Emoluments (continued)

- (b) Details of emoluments paid to the five (2000 – seven) highest paid individuals (including directors and employees) were as follows:

	2001 \$'000	2000 \$'000
Basic salaries and allowances	6,591	6,812
Contributions to provident fund	–	–
	<u>6,591</u>	<u>6,812</u>

One of the five highest paid individuals is a director of the Company. Another is a former director of the Company, whose remuneration has been included in Note (a) above for the period during which this individual held office as a director of the Company. Five of the seven highest paid individuals for the year ended 31st March 2000 were former directors of the Company.

An analysis of emolument ranges for the five (2000 – seven) highest paid individuals is as follows:

	2001	2000
Nil to \$1,000,000	–	6
\$1,000,001 to \$1,500,000	4	–
\$1,500,001 to \$2,000,000	1	1
	<u>5</u>	<u>7</u>

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 5. Taxation

The Company is exempt from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16% (2000 – 16%) on the estimated assessable profits arising in or derived from Hong Kong.

Taxation in the consolidated income statement comprised:

	<b>2001</b>	2000
	<b>\$'000</b>	<b>\$'000</b>
Current Hong Kong profits tax	<u>–</u>	<u>23</u>

There was no material unprovided deferred tax as at 31st March 2001.

## 6. Dividends

The directors do not propose any dividends in respect of the year ended 31st March 2001 (2000 – Nil).

## 7. Loss Per Share

The calculation of basic loss per share for the year ended 31st March 2001 is based on the consolidated loss attributable to shareholders of approximately \$49,247,000 (2000 – loss of \$48,921,000) and on the weighted average number of 2,016,440,356 (2000 – 400,001,640) shares in issue during the year.

No diluted earnings per share for the year ended 31st March, 2001 is presented as the exercise of the Company's outstanding share options would be anti-dilutive.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 8. Fixed Assets

(a) Movements in fixed assets of the Group were as follows:

	2001					2000
	Leasehold land and buildings (b) \$'000	Investment properties (b) \$'000	Machinery (c) \$'000	Furniture, fixtures and office equipment \$'000	Motor vehicles (c) \$'000	Total \$'000
<b>COST/VALUATION</b>						
Balance, beginning of year	90,134	13,323	64,623	24,758	15,470	208,308
Additions	–	–	253	3,772	651	4,676
Disposals	–	–	–	(32)	(3,407)	(3,439)
Write off	–	–	–	–	–	–
Revaluation (deficit) surplus	–	(632)	–	–	–	(632)
Balance, end of year	90,134	12,691	64,876	28,498	12,714	208,913
Representing:						
At cost	33,062	–	64,876	28,498	12,714	139,150
At valuation	57,072	12,691	–	–	–	69,763
	90,134	12,691	64,876	28,498	12,714	208,913
<b>ACCUMULATED DEPRECIATION</b>						
Balance, beginning of year	24,021	–	46,789	18,050	13,871	102,731
Provision for the year	1,392	–	3,826	1,988	857	8,063
Disposals	–	–	–	(25)	(2,927)	(2,952)
Provision for impairment in value	–	–	1,569	84	178	1,831
Balance, end of year	25,413	–	52,184	20,097	11,979	109,673
<b>NET BOOK VALUE</b>						
Balance, end of year	64,721	12,691	12,692	8,401	735	99,240
Balance, beginning of year	66,113	13,323	17,834	6,708	1,599	105,577



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

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(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 8. Fixed Assets (continued)

(b) Details of leasehold land and buildings and investment properties of the Group:

Geographical locations –

	2001			2000
	Leasehold land and buildings	Investment properties	Total	Total
	\$'000	\$'000	\$'000	\$'000
Hong Kong	64,645	12,691	77,336	77,968
The People's Republic of China (the "PRC")	25,489	–	25,489	25,489
	<u>90,134</u>	<u>12,691</u>	<u>102,825</u>	<u>103,457</u>

Leasehold land and buildings and investment properties located in Hong Kong are held under long-term leases on the basis of the rights of extension provided by the 1984 Sino-British Joint Declaration and the New Territories Leases (Extension) Ordinance 1988.

The investment properties were revalued as at 31st March 2001 on an open market value basis by independent professional valuers, LCH (Asia Pacific) Surveyors Ltd. and a revaluation deficit of approximately \$632,000 (2000 – surplus of \$32,000) was charged to the revaluation surplus.

Land and buildings in the PRC represent the costs of land use rights and construction costs for a building.

Certain of the leasehold land and buildings of the Group were disposed of subsequent to 31st March 2001 (Note 29(a)).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 8. Fixed Assets (continued)

- (c) Certain fixed assets of the Group included in Note (a) above are held under hire purchase contracts. Details of these assets are as follows:

	<b>2001</b>			<b>2000</b>
	<b>Machinery</b>	<b>Motor vehicles</b>	<b>Total</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cost	<b>4,902</b>	<b>2,635</b>	<b>7,537</b>	21,016
Accumulated depreciation	<b>(2,369)</b>	<b>(2,008)</b>	<b>(4,377)</b>	(10,452)
Net book value	<b><u>2,533</u></b>	<b><u>627</u></b>	<b><u>3,160</u></b>	<u>10,564</u>

- (d) Certain leasehold land and buildings, investment properties and machinery are mortgaged to support the Group's banking facilities (Note 25).
- (e) Increases in revaluation surpluses and any reductions arising on the revaluation of leasehold land and buildings and investment properties do not constitute timing differences for taxation purposes as the realisation of the surplus is capital in nature and would not be subject to taxation.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

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## 9. Investments in Subsidiaries

In the Company's balance sheet, investments in subsidiaries comprised:

	2001 \$'000	2000 \$'000
Unlisted shares		
– at directors' valuation*	51,261	51,261
– at cost	10,150	–
Due from subsidiaries (Note 26)	182,197	116,787
Less: provision for impairment in value	(173,453)	(113,619)
	<u>70,155</u>	<u>54,429</u>

\* Unlisted shares of a subsidiary were stated at directors' valuation based on the book value of the underlying net assets of the subsidiaries as at 28th July 1992, the day on which the Group's reorganisation was undertaken in preparation for the listing of the Company on The Stock Exchange of Hong Kong Limited became effective.

Details of the principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
<i>Directly held:</i>				
Fung Cheung Kee International Limited	British Virgin Islands 11th June 1992	100%	US\$990	Investment holding
Sung Teh Investment Company Limited	The Republic of China 3rd April 1997	99.99%	NTD50,000,000	Investment holding
KGNV Management Limited	Hong Kong 15th March 2000	100%	HK\$2	Provision of management services
VAR Management (C.I.) Limited	Cayman Islands 14th July 2000	100%	US\$2,000,000	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

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(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 9. Investments in Subsidiaries (continued)

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
<i>Indirectly held:</i>				
Cheung Kee Fung Cheung Construction Company Limited	Hong Kong 8th January 1980	100%	\$60,000,200 Ordinary \$30,000,000 Non-voting deferred*	Building construction
Lee Lin Construction & Engineering Company Limited	Hong Kong 10th November 1981	100%	\$500,000	Provision of transportation services
Brilliant Vast Company Limited	Hong Kong 25th February 1986	90%	\$100,000	Manufacturing of concrete drywall
Fung Li Engineering Company Limited	Hong Kong 15th January 1988	100%	\$10,000	Investment holding
Main Kind Industrial Limited	Hong Kong 21st November 1989	100%	\$2,000,000	Manufacturing of cooking benches and sink units
Victory Door Limited	Hong Kong 19th January 1990	100%	\$4,000,000	Trading of wooden doorsets
Fung Cheung Kee Development Limited	Hong Kong 31st December 1992	100%	\$2	Investment holding
Fung Cheung Kee (China) Limited	Hong Kong 31st December 1992	100%	\$2	Investment holding
Zi Jin Prefecture Zhugang Hotel	The PRC 22nd May 1993	60%	RMB10,000,000	Hotel operation

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 9. Investments in Subsidiaries (continued)

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
Fung Cheung Kee (Zi Jin) Limited	Hong Kong 16th March 1993	100%	\$2	Inactive
Zi Jin Prefecture Zhugang Real Estate Development Company Limited	The PRC 22nd May 1993	80%	RMB3,000,000	Inactive
Heyuan City Hegang Concrete Engineering Company Limited	The PRC 31st December 1993	100%	RMB3,000,000	Inactive
Sino Glory Engineering Limited	Hong Kong 22nd February 1996	100%	\$2,000,000	Trading of aluminium window sets
Secure Guarding Services Limited	Hong Kong 4th March 1998	100%	\$10,000	Provision of security services
Homecare.com.hk Limited	Hong Kong 17th January 2000	70%	\$2	Provision of renovation and maintenance services
VAR Management (Taiwan) Limited	The Republic of China 15th July 2000	94.12%	NTD17,000,000	Software development

\* The non-voting deferred shares are not owned by the Group. These shares have no voting rights, are not entitled to dividends unless the net profit of the relevant company exceeds \$100,000 trillion, and are not entitled to any distributions upon winding up unless a sum of \$100,000 trillion has been distributed by that subsidiary to the holders of the ordinary shares.

Certain subsidiaries which do not materially affect the results or financial position of the Group are not included above.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31st March 2001.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 10. Investments in Associated Companies

At as 31st March 2001, investments in associated companies comprised:

	Group		Company	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
		(Note 31)		
Unlisted shares, at cost	–	–	36,621	–
Share of net assets other than goodwill	23,857	–	–	–
Advance to an associated company	7,803	–	–	–
	<u>31,660</u>	<u>–</u>	<u>36,621</u>	<u>–</u>

Goodwill arising from acquisitions of associated companies of approximately \$21,676,000 (2000 – nil) has been written off directly against reserves.

Details of the principal associated companies are as follows:

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest held		Issued and fully paid share capital	Principal activities
		<u>Directly</u>	<u>Indirectly</u>		
BeXcom Greater China Co. Ltd. ("BeXcom GC")	The Republic of China 18th May 1999	28.26%	6.76%	NTD240,000,000	Electronic commerce service provider
HiOffice.net Pte Ltd. ("HiOffice")	Singapore 26th April 2000	25%	4.71%	S\$8,450,720	Electronic commerce service provider

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 10. Investments in Associated Companies (continued)

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest		Issued and fully paid share capital	Principal activities
		held			
		<u>Directly</u>	<u>Indirectly</u>		
Metro World Engineering Company Limited	Hong Kong 29th June 1994	–	20%	\$100	Provision of subcontracting services

Pursuant to a board resolution of HiOffice subsequent to year end, it was resolved that the operations of HiOffice will be closed down in the future. In the opinion of the directors of the Company, any impairment in value of the Company's investment in HiOffice would not be material and no provision was made as at 31st March 2001.

A summary of the operating results and financial position of BeXcom GC and HiOffice, the principal associated companies which were material in the context of the Group's financial statements, prepared based on their unaudited management accounts as at and for the period from their respective dates of acquisition to 31st March 2001 is as follows:

Operating results	From respective dates of acquisition to 31st March 2001
	\$'000
Turnover	13,842
Net losses from ordinary activities attributable to shareholders	<u>22,507</u>
<b>Financial position</b>	<b>31st March 2001</b>
	<b>\$'000</b>
Non-current assets	27,835
Current assets	79,690
Current liabilities	(13,943)
Non-current liabilities	<u>–</u>
Net assets attributable to shareholders	<u>93,582</u>

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 11. Investment securities

Investment securities comprised:

	Group		Company	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Unlisted, at cost	46,164	—	12,235	—

Details of the principal investment securities held by the Group are as follows:

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest held		Issued and fully paid share capital	Principal activities
		Directly	Indirectly		
BeXcom Pte Ltd.	Singapore 11th July 1996	1.82% <sup>#</sup>	10.28%	S\$354,469 ordinary  S\$559,130 preference*	Licensors and franchisor of electronic commerce platforms, consultants in software customisation and system integration
BeXcom Japan	Japan 19th October 1999	8.99%	7.99%	¥499,750,000	Electronic commerce service provider

<sup>#</sup> These shares were acquired through the exchange of certain equity interests in BeXcom GC in a share swap.

\* The preference shares of S\$0.02 carry a non-cumulative dividend rate of 7% per annum based on their respective issue prices ranging from S\$0.24 to S\$16.46. Each preference share has a voting right equal to one ordinary share of S\$0.02 each and is convertible into an ordinary share upon the occurrence of certain events.

In the opinion of the directors of the Company, the fair value of the above investment securities was not less than their carrying value as at 31st March 2001.



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 12. Investment in a Jointly Controlled Entity

Investment in a jointly controlled entity of the Group comprised:

	2001 \$'000	2000 \$'000
Advances to a jointly controlled entity	3,122	–
Share of net (liabilities) assets	(1,291)	5
	<u>1,831</u>	<u>5</u>

The balance with the jointly controlled entity is unsecured, interest bearing at prime rate and is not repayable until the jointly controlled entity is financially capable of doing so.

Details of the jointly controlled entity are as follows:

Name	Place and date of incorporation/ establishment and operation	Attributable equity interest	Issued and fully paid share capital	Principal activities
<i>Indirectly held:</i>				
Infolink Management Limited	Hong Kong 6th March 2000	50%	\$10,000	Property management

## 13. Other Non-Current Assets

Other non-current assets of the Group comprised:

	2001 \$'000	2000 \$'000
Long-term loans receivable	2,005	4,684
Progress billings and accounts receivable	18,610	32,766
Others	–	3
	<u>20,615</u>	<u>37,453</u>

Progress billings and accounts receivable mainly include retention monies held by customers for contract work.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 14. Amounts due from (to) Customers for Contract Work

Amounts due from (to) customers for contract work of the Group comprised:

	Amounts due from customers for contract work		Amounts due to customers for contract work	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Costs plus attributable profit less foreseeable losses	2,108,337	2,112,715	243,167	562,438
Less: progress billings received and receivable	(1,968,728)	(2,012,164)	(244,620)	(592,611)
	<u>139,609</u>	<u>100,551</u>	<u>(1,453)</u>	<u>(30,173)</u>

### 15. Inventories

Inventories of the Group comprised mainly cooking benches, sink units, wooden doorsets, door locks, hinges, drywall and aluminium window sets are as follows:

	2001 \$'000	2000 \$'000
Raw materials	1,416	2,868
Work-in-progress	—	60
Finished goods	857	682
	<u>2,273</u>	<u>3,610</u>
Less: provision for obsolescence	(439)	(100)
	<u>1,834</u>	<u>3,510</u>

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 16. Progress Billings and Accounts Receivable

The Group allows an average credit period of 30 to 60 days to its trade customers.

The aging analysis of progress billings and accounts receivable of the Group is as follows:

	2001 \$'000	2000 \$'000
Current to 60 days	6,101	89,119
61 to 90 days	636	186
Over 90 days	18,475	10,640
Retentions receivable	8,503	13,620
	<u>33,715</u>	<u>113,565</u>
Less: provision for doubtful debts	<u>(14,022)</u>	<u>(9,632)</u>
	<u>19,693</u>	<u>103,933</u>

## 17. Other investment

The other investment of the Group comprised the following:

	2001 \$'000	2000 \$'000
Listed equity securities in the Republic of China, at market value	<u>1,675</u>	<u>—</u>

## 18. Other Loans

As at 31st March 2001 and 2000, other loans of the Group comprised balances due to former directors of the Company and parties related to them. The balances are unsecured, non-interest bearing and are not repayable within twelve months from the balance sheet dates.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 19. Obligations under Hire Purchase Contracts

Details of obligations under hire purchase contracts of the Group, net of finance charges, are as follows:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
Repayable within a period of:		
– within one year	<b>1,452</b>	4,403
– more than one year but not exceeding two years	<b>194</b>	1,177
– more than two years but not exceeding five years	<b>24</b>	406
	<b>1,670</b>	5,986
Less: amounts repayable within one year included under current liabilities	<b>(1,452)</b>	(4,403)
	<b>218</b>	1,583

### 20. Bank Loans

Details of long-term bank loans of the Group are as follows:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
Repayable within a period of:		
– within one year	<b>4,486</b>	4,851
– more than one year but not exceeding two years	–	3,449
– more than two years but not exceeding five years	–	1,031
	<b>4,486</b>	9,331
Less: amounts repayable within one year included under current liabilities	<b>(4,486)</b>	(4,851)
	–	4,480

Leasehold land and buildings with an aggregate carrying value of approximately \$40.5 million were pledged as security for the above bank loans (Note 25(b)).

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 21. Accounts Payable and Accruals

An aging analysis of accounts payable of the Group is set out below:

	2001 \$'000	2000 \$'000
Current to 30 days	3,541	8,898
31 to 60 days	869	3,746
61 to 90 days	124	3,937
Over 90 days	7,230	10,246
	<b>11,764</b>	26,827
Accruals	58,466	102,214
	<b>70,230</b>	129,041

Accruals mainly comprised accrued subcontractor costs, accrued expenses, other payables and advances from customers.

## 22. Share Capital

	2001		2000	
	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
Authorised:				
Ordinary shares of \$0.10 each	5,000,000	500,000	800,000	80,000
Issued and fully paid:				
As at 1st April	400,002	40,000	400,002	40,000
Issue of new shares	2,000,000	200,000	—	—
As at 31st March	2,400,002	240,000	400,002	40,000

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 22. Share Capital (continued)

- (a) At a special general meeting on 29th May 2000, a resolution was passed to increase the authorised share capital of the Company from \$80,000,000 to \$500,000,000 by the creation of 4,200,000,000 new shares of \$0.10 each. The new shares rank pari passu in all respects with all existing shares.
- (b) In accordance with the terms of a subscription agreement dated 27th March 2000, the Company allotted and issued 1,800,000,000 new shares to KG NextVision Corporation (“KGNV”), a company incorporated in the British Virgin Islands, at \$0.12 per share for an aggregate consideration of \$216,000,000 satisfied in cash on 9th June 2000. As a result of the subscription of new shares, KGNV became the immediate holding company of the Company.
- (c) Pursuant to a placement agreement dated 27th March 2000, the Company placed 200,000,000 new shares at an issue price of \$0.12 per share for an aggregate consideration of \$24,000,000 satisfied in cash on 9th June 2000.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 23. Reserves

Movements in reserves during the year were as follows:

Group	2001						2000
	Share premium \$'000	Contributed surplus \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Cumulative translation adjustments \$'000	Accumulated deficit \$'000	Total \$'000
Balance, beginning of year	79,503	–	29,800	26,961	–	(121,889)	14,375
Issue of new shares	40,000	–	–	–	–	–	40,000
Share issuance costs	(6,953)	–	–	–	–	–	(6,953)
Goodwill arising on acquisitions of subsidiaries	–	–	–	–	–	(1,022)	(1,022)
Goodwill arising on acquisitions of associated companies	–	–	–	–	–	(21,676)	(21,676)
Realisation of goodwill on disposal of certain equity interests in an associated company	–	–	–	–	–	3,654	3,654
Realisation of goodwill on deemed disposal of certain equity interests in an associated company	–	–	–	–	–	2,512	2,512
Translation exchange differences	–	–	–	–	(1,303)	–	(1,303)
Loss for the year	–	–	–	–	–	(49,247)	(49,247)
Revaluation (deficit) surplus	–	–	–	(632)	–	–	(632)
Balance, end of year	<u>112,550</u>	<u>–</u>	<u>29,800</u>	<u>26,329</u>	<u>(1,303)</u>	<u>(187,668)</u>	<u>(20,292)</u>
<b>Company</b>							
Balance, beginning of year	79,503	51,061	–	–	–	(116,189)	14,375
Issue of new shares	40,000	–	–	–	–	–	40,000
Share issuance costs	(6,953)	–	–	–	–	–	(6,953)
Loss for the year	–	–	–	–	–	(54,829)	(54,829)
Balance, end of year	<u>112,550</u>	<u>51,061</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(171,018)</u>	<u>(7,407)</u>

Capital reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

Contributed surplus of the Company represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition under the group reorganisation on 28th July 1992. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders under certain circumstances.

In the opinion of the directors, pursuant to the Companies Act 1981 of Bermuda (as amended), the Company has no reserves available for distribution to its shareholders as at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 24. Share Options

Pursuant to the Company's share option scheme adopted on 28th July 1992, the Company may grant options to the directors and employees of the Group to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company from time to time, excluding for this purpose shares issued on the exercise of options. The subscription price will be determined by the Company's directors, and will not be less than the higher of (i) the nominal value of the shares and (ii) a maximum of 20% discount over the average of the closing price of the shares quoted on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of offer of the option.

The movements in share options during the year were as follows:

	Number of share options granted on		
	20th June	1st August	26th March
	2000	2000	2001
	'000	'000	'000
Balance at beginning of the year	—	—	—
Granted during the year	163,250	15,000	111,500
Exercised during the year	—	—	—
Cancelled during the year	(119,000)	(15,000)	—
	<u>44,250</u>	<u>—</u>	<u>111,500</u>
Balance at end of the year	<u>44,250</u>	<u>—</u>	<u>111,500</u>
Exercise price per share	<u>\$1.17</u>	<u>\$1.24</u>	<u>\$0.32</u>

The exercise period of the above share options will be the period of three years commencing on the expiry of six months after the date on which the share options are granted.



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 25. Banking Facilities and Pledged Assets

As at 31st March 2001, the Group had available banking facilities for overdrafts, loans and trade financing amounting to approximately \$157 million (2000 – \$162 million) and approximately \$21 million (2000 – \$17 million) remained unutilised as at year end. These facilities were secured by the following:

- (a) Pledge of the Group's bank deposits of approximately \$89 million.
- (b) Mortgage of the Group's leasehold land and buildings and investment properties with a total net book value of approximately \$62.4 million.
- (c) Pledge of the Group's machinery with a total net book value of approximately \$1.2 million.
- (d) Pledge of bank deposits totalling approximately \$17 million provided by certain of the Company's former directors and parties related to them.
- (e) Corporate guarantee given by a subsidiary.
- (f) Personal guarantees given by certain of the Company's former directors.

## 26. Related Party Transactions

Particulars of significant transactions between the Group and related parties during the year are as follows:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
Sales of customised computer software to a related company	<b>2,467</b>	–
Rental income from an associated company	<b>361</b>	–
Subcontracting fees paid to an associated company	<b>27,864</b>	133,060
Management fees received and receivable from a jointly controlled entity	<b>1,598</b>	–

Balances with subsidiaries, related companies and associated companies are unsecured, interest free and have no fixed repayment terms.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 27. Commitments and Contingent Liabilities

As at 31st March 2001, the Group had the following significant commitments and contingent liabilities:

#### (i) Commitments

- (a) Commitments under various contracts entered into in the normal course of business to complete construction and maintenance contracts. These outstanding contracts had a total value (including work completed up to 31st March 2001) of approximately \$1,738 million (2000 – \$2,891 million).
- (b) The Group had aggregate outstanding operating lease commitments of approximately \$7,394,000 (2000 – Nil) in respect of rented premises and other facilities under non-cancellable operating lease agreements extending to May 2003. The commitments payable within the next twelve months are as follows:

	<b>2001</b>	2000
	<b>\$'000</b>	\$'000
Leases expiring		
– within one year	<b>1,043</b>	–
– within two to five years	<b>3,017</b>	–
	<hr/>	<hr/>
	<b>4,060</b>	–
	<hr/>	<hr/>

- (c) Commitments for capital injections in respect of subsidiaries in the PRC amounting to approximately \$56 million (2000 – \$56 million).

#### (ii) Contingent liabilities

- (a) Outstanding letters of credit executed in favour of banks totalling approximately \$210,000 (2000 – \$1,150,000).
- (b) As at 31st March 2001, 38 (2000 – 55) employees had completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the circumstances specified in the Ordinance. If the termination of all these employees met the circumstances specified in the Ordinance, the Group's liability at the balance sheet date after deducting the related effect of entitlements by the employees under the Group's mandatory provident fund scheme, would be approximately \$4,709,000 (2000 – \$5,601,000). Provision of approximately \$1,150,000 has been made for this amount in the financial statements for those employees who have served the Group for more than 10 years and are aged 65 or above.

# NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

## 27. Commitments and Contingent Liabilities (continued)

### (ii) Contingent liabilities (continued)

- (c) The Group is a party to litigation which arises in the normal course of its construction business usually from disputes with customers and suppliers. Management employs independent legal counsel to advise on the merits of cases brought by and against the Group and makes provision for potential liabilities resulting from such litigation, when necessary, based on its own judgement and the advice of legal counsel. Management believes that as at 31st March 2001, adequate provision has been made for claims that might result in a liability to the Group, and that the settlement of such claims will not have a material adverse effect on the financial position of the Group.

## 28. Pension Scheme

The Group has participated in the defined contribution Mandatory Provident Funds (the “MPF”) since 1st December 2000 and makes monthly contributions to the scheme based on 5% of the employees’ basic salaries with the maximum amount of contribution by each of the Group and the employees limited to \$12,000 per annum per person. During the year, the Group’s contributions to the MPF were approximately \$931,000 (2000 – Nil). The assets of the fund are held separately from those of the Group and are managed by independent professional fund managers.

## 29. Subsequent Events

The following events took place subsequent to 31st March 2001:

- (a) On 9th April 2001, one of the subsidiaries of the Group entered into an agreement with an unrelated party to sell certain leasehold land and buildings, for a consideration of approximately \$51 million. The transaction was completed on 30th June 2001.
- (b) Pursuant to a board resolution of HiOffice on 4th July 2001, it was resolved that the operations of HiOffice will be closed down in the future.

## 30. Ultimate Holding Company

The directors consider the ultimate holding company at 31st March 2001 to be KG NextVision Corporation, a company incorporated in the British Virgin Islands.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

31st March 2001

(Amounts expressed in Hong Kong dollars unless otherwise stated)

### 31. Prior Year Comparative Figures

Certain of the 2000 comparative figures have been reclassified to conform to the current year's presentation.

### 32. Date of Approval

The financial statements set out on pages 22 to 64 were approved by the Board of Directors on 26th July 2001.