

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The activities of the principal subsidiaries and associates are set out in notes 26 and 13 respectively to the financial statements.

The financial statements are expressed in United States dollars, the currency in which most of its transactions are carried out.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Company has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Company's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosures for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

Dividend proposed or declared after the balance sheet date

In accordance with SSAP No. 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of equity on the face of the balance sheet or in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment (see note 18).

The effect of this change is to increase the Group's net assets as at 1 January 2000 by US\$1,097,165.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investments in securities.

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 31 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 inter-company transactions and balances within the Group have been eliminated on consolidation.

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, associate or contractual joint venture at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over its useful economic life.

Goodwill arising on the acquisitions of an associate or a contractual joint venture is included within the carrying amount of the associate or contractual joint venture. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

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.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contractual joint ventures

The Group's contractual joint venture arrangements are investments in joint ventures in which the Group receives predetermined annual returns over the terms of the joint ventures but is not entitled to share any distribution on termination of the joint ventures. Accordingly, contractual joint ventures are initially recorded at cost and reduced by subsequent capital repayments. Payments receivable each year under the joint venture agreements are apportioned between income and the reduction of the carrying value of the investments so as to give a constant periodic rate of return on the investments.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any identified impairment loss.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Revenue recognition

Income from contractual joint ventures is recognised by reference to the predetermined returns so as to give a constant periodic rate of return on the net investments annually.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

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

Foreign currencies

Transactions in foreign currencies other than United States dollars are translated into United States dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than United States dollars are re-translated into United States dollars at the approximate rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries and associates expressed in currencies other than United States dollars are translated at the rates ruling at the balance sheet date. All exchange differences arising on consolidation are dealt with as movements in the exchange equalisation reserve.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

4. TURNOVER

Turnover represents the amounts received and receivable on investments during the year as follows:

	THE GROUP	
	2001 US\$	2000 US\$
Interest income	1,856,098	2,399,501
Income from contractual joint ventures	750,000	1,481,226
Dividend income from unlisted investments in securities	941,164	2,107,368
Dividend income from listed investments in securities	142,470	194,723
	3,689,732	6,182,818

5. SEGMENTAL INFORMATION

During the year, the Group was principally involved in investing in companies with significant business involvement in the People's Republic of China ("PRC"). Accordingly, no analysis of segment information by principal activity is presented. The Group's turnover, contribution to operating profit, assets and liabilities, analysed by geographical locations, were as follows:

For the year ended 31 December 2001

	Hong Kong US\$	The PRC US\$	Unallocated and other items US\$	Consolidated US\$
TURNOVER				
Group turnover	830,074	2,528,246	331,412	3,689,732
RESULT				
Segment result	774,418	5,468,192	312,987	6,555,597
Other revenue	–	–	36,104	36,104
Unallocated corporate expenses	–	–	(2,581,865)	(2,581,865)
Profit from operations	774,418	5,468,192	(2,232,774)	4,009,836
Finance cost	–	(83,634)	–	(83,634)
Share of results of associates	–	1,219,678	–	1,219,678
Profit before taxation	774,418	6,604,236	(2,232,774)	5,145,880
Taxation	–	(155,028)	–	(155,028)
Profit attributable to shareholders	774,418	6,449,208	(2,232,774)	4,990,852
OTHER INFORMATION				
Allowance for bad and doubtful debts	–	(596,234)	–	(596,234)
Write back of impairment loss of contractual joint ventures	–	199,357	–	199,357

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

5. SEGMENTAL INFORMATION (Continued)

BALANCE SHEET

At 31 December 2001

	Hong Kong US\$	The PRC US\$	Unallocated and other items US\$	Consolidated US\$
ASSETS				
Segment assets	23,012,152	23,608,157	–	46,620,309
Investments in associates	–	11,863,673	–	11,863,673
Investments in contractual joint ventures	–	14,980,000	–	14,980,000
Investments in securities	931,301	60,097,707	545,445	61,574,453
Consolidated total assets	23,943,453	110,549,537	545,445	135,038,435
LIABILITIES				
Segment liabilities	724,604	8,885,592	–	9,610,196

For the year ended 31 December 2000

TURNOVER				
Group turnover	1,034,918	5,147,900	–	6,182,818
RESULT				
Segment result	(388,886)	10,411,133	–	10,022,247
Other revenue	–	–	90,289	90,289
Unallocated corporate expenses	–	–	(2,548,785)	(2,548,785)
Profit from operations	(388,886)	10,411,133	(2,458,496)	7,563,751
Finance cost	–	–	–	–
Share of results of associates	–	(3,809,544)	–	(3,809,544)
Profit before taxation	(388,886)	6,601,589	(2,458,496)	3,754,207
Taxation	889	(102,369)	–	(101,480)
Profit attributable to shareholders	(387,997)	6,499,220	(2,458,496)	3,652,727
OTHER INFORMATION				
Allowance for bad and doubtful debts	–	(1,828,356)	–	(1,828,356)
Impairment loss of contractual joint ventures	–	(1,911,171)	–	(1,911,171)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

5. SEGMENTAL INFORMATION (Continued)

BALANCE SHEET

At 31 December 2000

	Hong Kong US\$	The PRC US\$	Unallocated and other items US\$	Consolidated US\$
ASSETS				
Segment assets	17,687,446	24,651,106	–	42,338,552
Investments in associates	–	11,300,735	–	11,300,735
Investments in contractual joint ventures	–	18,938,325	–	18,938,325
Investments in securities	3,202,776	46,494,054	617,935	50,314,765
Consolidated total assets	20,890,222	101,384,220	617,935	122,892,377
LIABILITIES				
Segment liabilities	614,691	58,469	–	673,160

6. PROFIT BEFORE TAXATION

	THE GROUP	
	2001 US\$	2000 US\$
Profit before taxation has been arrived at after charging:		
Amortisation of goodwill (included in administrative expenses)	–	1,092
Auditors' remuneration	51,053	44,653
Net foreign exchange losses	5,280	22,471
Investment Manager's fee	2,262,114	2,181,726
Interest expense on bank loans repayable within five years	83,634	–
Directors' fees	30,768	30,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

7. DIRECTORS' EMOLUMENTS

	THE GROUP	
	2001 US\$	2000 US\$
Directors' fees		
– Executive	15,384	15,000
– Non-executive	15,384	15,000
	30,768	30,000
Other emoluments		
– Salaries and other benefits	–	–
– Contribution to retirement benefits schemes	–	–
– Performance related incentive payment	–	–
– Incentive payment on joining	–	–
	–	–

Emoluments paid to each director in 2001 and 2000 were less than US\$125,000.

The amounts disclosed above include directors' fees of US\$7,693 (2000: US\$7,693) payable to independent non-executive directors.

8. EMPLOYEES' EMOLUMENTS

The five highest paid individuals in the Group in 2001 and 2000 were all directors of the Company and details of their emoluments are included in note 7 above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

9. TAXATION

	THE GROUP	
	2001 US\$	2000 US\$
The charge comprises:		
Profits tax for the year		
Hong Kong	–	(889)
Other regions in the PRC	–	21,313
Taxation attributable to the Company and its subsidiaries	–	20,424
Share of taxation on results of associates		
Other regions in the PRC	155,028	81,056
	155,028	101,480

No Hong Kong profits tax has been provided in the financial statements as there were no significant assessable profits for the year. The taxation credit represents the overprovision of profits tax in previous years.

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

No provision for deferred taxation has been recognised in the financial statements as there were no significant timing differences arising during the year or at the balance sheet date.

10. DIVIDENDS

	2001 US\$	2000 US\$
Interim dividend paid – US0.5 cents (2000: US0.5 cents) per share	685,728	685,728
Final dividend proposed – US0.8 cents (2000: US0.8 cents) per share	1,097,165	1,097,165
	1,782,893	1,782,893

Note:

The previously recorded final dividend proposed and declared after the balance sheet date and accrued in the financial statements for the years ended 31 December 1999 and 2000 were US\$1,097,165 for both years. Under the Group's revised accounting policy as described in note 2, these have been written back to the opening reserves as at 1 January 2000 and 2001 and are now charged in the period in which they were declared.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	THE GROUP	
	2001	2000
Earnings for the purpose of basic earnings per share (US\$)	4,990,852	3,652,727
Number of ordinary shares for the purpose of basic earnings per share	137,145,600	137,145,600

12. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2001 US\$	2000 US\$
Unlisted shares, at cost	10,066,347	10,066,348
Amounts due from subsidiaries	66,992,175	72,678,918
Less: Impairment loss	(16,890,599)	(17,814,006)
	60,167,923	64,931,260

Particulars of the Company's principal subsidiaries at 31 December 2001 are set out in note 26.

13. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001 US\$	2000 US\$
Share of net assets	8,430,774	7,862,779
Amounts due from associates	11,008,328	11,013,385
	19,439,102	18,876,164
Less: Impairment loss	(7,575,429)	(7,575,429)
	11,863,673	11,300,735

The amounts due from associates are classified under non-current assets as the directors are of the opinion that they will not be repaid in the forthcoming year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

13. INTERESTS IN ASSOCIATES (Continued)

As at 31 December 2001, the Group had investments in the following associates:

Name of company	Place of incorporation/operation	Class of share held	Principal activities	Proportion of nominal value of issued capital/registered capital held by the Group
Daily On Property Limited	HK/PRC	Ordinary	Property development	22%
Hansen Enterprises Limited*	British Virgin Islands ("BVI")/PRC	Ordinary	Property investment	35%
Zhaoyuan Jinbao Electronics Company Limited*	PRC/PRC	Registered capital	Manufacturing electronics products	30%

* The financial statements of these associates are not audited by Deloitte Touche Tohmatsu.

14. CONTRACTUAL JOINT VENTURES

	THE GROUP	
	2001 US\$	2000 US\$
Unlisted investments		
Contributions to contractual joint ventures less capital recovered	14,980,000	18,938,325

Particulars of contractual joint ventures at 31 December 2001 are as follows:

Name	Principal activities	Expiry date of joint venture
Wei Fang Yin Yuan Aviation Industry Co., Ltd.	Airport construction and operation	4 May 2009
Weifang Zhaoyin Real Estate Development Co., Ltd.	Property development	23 June 2014
Maoming Tongfa Highway Co., Ltd.	Highway construction and operation	28 February 2021
Beijing Longbao Mansion Joint Operation Project	Property investment	24 July 2000 which has been extended automatically to the date until full payments are settled.

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SECURITIES

THE GROUP

	Held to maturity securities		Other investments		Total	
	2001 US\$	2000 US\$	2001 US\$	2000 US\$	2001 US\$	2000 US\$
Equity securities:						
Listed	–	–	931,301	3,219,976	931,301	3,219,976
Unlisted	–	–	60,143,174	46,551,115	60,143,174	46,551,115
	–	–	61,074,475	49,771,091	61,074,475	49,771,091
Debt securities:						
Unlisted	499,978	543,674	–	–	499,978	543,674
Total:						
Listed						
Hong Kong	–	–	931,301	3,202,776	931,301	3,202,776
Elsewhere	–	–	–	17,200	–	17,200
Unlisted	499,978	543,674	60,143,174	46,551,115	60,643,152	47,094,789
	499,978	543,674	61,074,475	49,771,091	61,574,453	50,314,765
Market value of listed securities	–	–	931,301	3,219,976	931,301	3,219,976

THE COMPANY

	Other investments	
	2001 US\$	2000 US\$
Equity securities		
Listed, at market value	–	17,200

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

15. INVESTMENTS IN SECURITIES (Continued)

Particulars of the Group's unlisted investment portfolio which exceed 10% of the assets of the Group at 31 December 2001 disclosed pursuant to Section 129(2) of the Companies Ordinance are as follows:

Name	Place of incorporation	Class of share capital	Percentage of equity held by the Group
China Merchants Bank	PRC	Equity	1.62%
Fujian Industrial Bank	PRC	Equity	2.80%

16. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2001 US\$	2000 US\$
The aging of trade receivables is analysed as follows:		
Amount accrued but not yet due	–	1,146,616
0-6 months	500,000	19,380
7-12 months	170,027	241,616
Over 12 months	20,284	–
Total trade receivables	690,311	1,407,612
Interest receivable	120,138	381,931
Other receivables	2,378,114	29,849
	3,188,563	1,819,392

17. SHARE CAPITAL

	2001 US\$	2000 US\$
Authorised:		
150,000,000 ordinary shares of US\$0.10 each	15,000,000	15,000,000
Issued and fully paid:		
137,145,600 ordinary shares of US\$0.10 each	13,714,560	13,714,560

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

18. RESERVES

	Share premium US\$	Exchange equalisation US\$	General reserve US\$	Retained profits US\$	Total US\$
THE GROUP					
Balance at 1 January 2000, as previously reported	81,525,984	124,388	–	23,881,484	105,531,856
Derecognition of liability in respect of 1999 final dividend (note 2)	–	–	–	1,097,165	1,097,165
Balance at 1 January 2000, as restated	81,525,984	124,388	–	24,978,649	106,629,021
Exchange difference on translation of financial statement of associates	–	5,802	–	–	5,802
Net profit for the year	–	–	–	3,652,727	3,652,727
Final dividend paid for 1999	–	–	–	(1,097,165)	(1,097,165)
Interim dividend paid for 2000	–	–	–	(685,728)	(685,728)
Balance at 1 January 2001, as restated	81,525,984	130,190	–	26,848,483	108,504,657
Exchange difference on translation of financial statement of associates	–	1,063	–	–	1,063
Profit for the year	–	–	–	4,990,852	4,990,852
Final dividend paid for 2000	–	–	–	(1,097,165)	(1,097,165)
Interim dividend paid for 2001	–	–	–	(685,728)	(685,728)
Transfer to general reserve	–	–	744,702	(744,702)	–
Balance at 31 December 2001	81,525,984	131,253	744,702	29,311,740	111,713,679

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18. RESERVES (Continued)

	Share premium US\$	Retained profits US\$	Total US\$
THE COMPANY			
Balance at 1 January 2000, as previously reported	81,525,984	10,030,083	91,556,067
Derecognition of liability in respect of 1999 final dividend (note 2)	–	1,097,165	1,097,165
Balance at 1 January 2000, as restated	81,525,984	11,127,248	92,653,232
Net loss for the year	–	(6,642,569)	(6,642,569)
Final dividend paid for 1999	–	(1,097,165)	(1,097,165)
Interim dividend paid for 2000	–	(685,728)	(685,728)
Balance at 1 January 2001, as restated	81,525,984	2,701,786	84,227,770
Net profit for the year	–	1,171,406	1,171,406
Final dividend paid for 2000	–	(1,097,165)	(1,097,165)
Interim dividend paid for 2001	–	(685,728)	(685,728)
Balance at 31 December 2001	81,525,984	2,090,299	83,616,283

The general reserve represents the General Reserve Fund set aside by a subsidiary in accordance with relevant laws and regulations of the PRC, which is not available for distribution.

Included in the above are the Group's share of post-acquisition reserves of the associates as follows:

	2001 US\$	2000 US\$
As at 1 January	(143,240)	329,532
Profit (loss) for the year	566,933	(472,772)
As at 31 December	423,693	(143,240)

The amount of the Company's reserves available for distribution to shareholders, calculated in accordance with generally accepted accounting principles in Hong Kong, was US\$2,090,299 (2000: US\$2,701,786).

19. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of US\$125,428,239 (2000: US\$122,219,217) and 137,145,600 ordinary shares (2000: 137,145,600 ordinary shares) of US\$0.10 each in issue.

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

	THE GROUP	
	2001	2000
	US\$	US\$
Profit before taxation	5,145,880	3,754,207
Non-cash dividend income	–	(8,930)
Interest expense on bank loans	83,634	–
Share of results of associates	(1,219,678)	3,809,544
Net unrealised holding gain on unlisted investments in securities	(2,282,584)	(8,304,893)
Gain on disposal of contractual joint venture	(1,042,645)	–
Net gain on disposal of listed investments in securities	(75,293)	(1,307,822)
Unrealised holding loss on listed investments in securities	137,780	2,033,759
Amortisation of goodwill	–	1,092
Impairment loss in contractual joint ventures	–	1,911,171
Decrease in trade and other receivables	980,829	3,279,334
Increase (decrease) in trade and other payables	2,500,762	(363,623)
Net cash inflow from operating activities	4,228,685	4,803,839

21. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	THE GROUP
	2001
	US\$
As at 1 January 2001	–
Bank loan raised during the year	6,451,925
As at 31 December 2001	6,451,925

22. LEASE COMMITMENTS

At 31 December 2001, the Group and the Company had no commitments under non-cancellable operating leases (2000: Nil).

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23. COMMITMENTS

At 31 December 2001, the Group had the following commitments:

	2001 US\$	2000 US\$
Commitments in respect of investment in unlisted securities:		
– authorised but not contracted for	1,000,000	–

24. BANK LOANS WITH ASSETS PLEDGED

At 31 December 2001, the Group's bank deposit of US\$2,800,000 (2000: Nil) was pledged to a bank for securing a bank loan of RMB22,400,000 granted to the Group.

At 31 December 2001, 12,470,000 shares of China Merchants Bank (2000: Nil) was pledged to a bank for securing a bank loan of RMB31,000,000 granted to the Group.

25. RELATED PARTY TRANSACTION

The Company has appointed China Merchants China Investment Management Limited as the Investment Manager for both listed and unlisted investments. Certain directors of the Company are also directors and/or shareholders of the Investment Manager.

During the year, management fees totalling US\$2,262,114 (2000: US\$2,181,726) were paid or payable to the Investment Manager, which is calculated based on a fixed percentage on the value of the Group's assets as stipulated in the Agreement. The amounts owing to the Investment Manager at 31 December 2001 were US\$646,467 (2000: US\$533,550).

26. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2001, which are all wholly-owned and directly held by the Company, are as follows:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital
CMCDI Zhaoyuan Limited	BVI	Investment holding	1 ordinary share of US\$1 each
China Merchants Industry Development (Shenzhen) Limited*	PRC	Investment holding	Paid up capital of US\$10,000,000

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26. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital
Convoy Overseas Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Foster Overseas Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Head Union Development Limited	HK	Investment holding	2 ordinary shares of HK\$1 each
Ryan Pacific Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Star Group Limited	HK	Investment holding	2 ordinary shares of HK\$1 each
Storey Overseas Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Supertone Investment Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Weaver International Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Wheaton International Limited	BVI	Investment holding	1 ordinary share of US\$1 each
Woodford Pacific Limited	BVI	Investment holding	1 ordinary share of US\$1 each

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

None of the subsidiaries had any loan capital subsisting at 31 December 2001 or at any time during the year.

* Company not audited by Deloitte Touche Tohmatsu.

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27. EVENT AFTER THE BALANCE SHEET DATE

On 5 February 2002, Storey Overseas Limited ("SOL"), a wholly-owned subsidiary of the Company entered into an agreement with Maoming Guomao Traffic Development Limited to dispose of SOL's entire interest in Maoming Tongfa Highway Company Limited for a consideration of RMB88,300,000 (equivalent to US\$10,670,000), which has been received by the Group.