

1. GENERAL

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, copper rods and connectors and terminals. Its associates and jointly controlled entities are principally engaged in the manufacture of optical fibre cable and manufacture of food products.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has 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 cash flow statement and the introduction of 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 of SSAP 11 “Foreign Currency Translation” have eliminated the choice of translating the income statements of overseas operations at the closing rate for the year. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash flow statements

The Group has 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 and dividends, which were previously presented under a separate heading, are classified as either investing or financing activities as appropriate. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude trust receipt loans that are financing in nature and resulted in a restatement of the comparative amounts shown in the cash flow statement. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

Employee benefits

The Group has also adopted SSAP 34 “Employee Benefits”, which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of this SSAP has not had any 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 leasehold properties and 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 March each year.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

Goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity, or at such time as the goodwill is determined to be impaired.

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

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

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary, associate or jointly controlled entity.

Negative goodwill arising on acquisitions after 1 April 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted. Negative goodwill arising on the acquisition of an associate or a jointly controlled entity is deducted from the carrying value of that associate or jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented as a deduction from intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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.

Property, plant and equipment

Property, plant and equipment, other than construction in progress and land and buildings, are stated at cost less depreciation, amortisation and accumulated impairment losses.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and amortisation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the revaluation increase is credited to the income statement to the extent of the revaluation decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Leasehold land is depreciated on a straight line basis over the term of the relevant lease and buildings are depreciated over the shorter of the term of the lease or fifty years using the straight line method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Leasehold improvements	10%
Equipment, furniture and fixtures	20%
Plant and machinery	6.67% – 20%
Motor vehicles	20%

Construction in progress represents property, plant and equipment in the course of development for production purposes and is carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an unilateral interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities plus the premium paid on acquisition in so far as it has not already been amortised less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entities is included in the consolidated income statement.

Investments in securities

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

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 impairment loss that is other than temporary.

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

Deferred expenditure

Deferred expenditure represents the cost of acquiring safety certification for new products where the relevant products are clearly defined, the costs attributable to the acquisition of safety certification can be separately identified and measured reliably and their recoverability can be foreseen with reasonable assurance. In such cases, the expenditure is deferred and amortised on a straight line basis, over its expected useful life from the date of commencement of commercial production.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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, 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 under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, 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 under that SSAP.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Taxation

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

Turnover

Turnover represents the amounts received and receivable for goods sold to outside customers, net of returns and discounts, during the year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Leased assets

Leases are classified as finance leases whenever the terms of the lease 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 leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance 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 relevant lease term.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such exchange differences are recognised as income or as expenses in the year in which the operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits schemes

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

Convertible bonds

Convertible bonds are separately disclosed and regarded as liabilities until conversion actually occurs. The finance cost recognised in the income statement in respect of the convertible bonds is calculated so as to produce a constant periodic rate of charge on the remaining balance of the convertible bonds for each accounting period.

The costs incurred in connection with the issue of convertible bonds are deferred and amortised on straight-line basis over the lives of the convertible bonds from the date of issue of the bonds to their final redemption date. If any of the bonds are purchased and cancelled, redeemed or converted prior to the final redemption date, an appropriate portion of any remaining unamortised costs will be charged immediately to the income statement.

4. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into three principal operating divisions – manufacture and trading of cables and wires, copper rods, and connectors and terminals. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

2003

	Cables and wires HK\$'000	Copper rods HK\$'000	Connectors and terminals HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	596,955	267,380	81,887	–	946,222
Inter-segment sales	7,926	124,173	789	(132,888)	–
Total sales	604,881	391,553	82,676	(132,888)	946,222
Inter-segment sales are charged at cost.					
RESULT					
Segment result	32,791	12,783	7,851	–	53,425
Unallocated corporate expenses					(4,692)
Profit from operations					48,733
Finance costs					(14,264)
Share of result of an associate					1,588
Share of result of a jointly controlled entity					(18,065)
Gain on disposal of subsidiaries					5,805
Loss on partial disposal of an associate					(6,800)
Profit before taxation					16,997
Taxation					(7,079)
Profit before minority interests					9,918
Minority interests					(119)
Profit for the year					9,799

4. SEGMENTAL INFORMATION (continued)

Business segments (continued)

	Cables and wires HK\$'000	Copper rods HK\$'000	Connectors and terminals HK\$'000	Consolidated HK\$'000
BALANCE SHEET				
Assets				
Segment assets	634,378	312,604	39,852	986,834
Interests in associates				4,108
Interests in jointly controlled entities				62,611
Unallocated corporate assets				76,289
Consolidated total assets				1,129,842
Liabilities				
Segment liabilities	91,171	24,045	9,950	125,166
Unallocated corporate liabilities				213,315
Consolidated total liabilities				338,481
OTHER INFORMATION				
Capital additions	8,549	930	2,077	11,556
Depreciation and amortisation	24,301	10,921	1,272	36,494
Allowance for inventories	2,000	–	–	2,000

4. SEGMENTAL INFORMATION (continued)

Business segments (continued)

2002

	Cables and wires HK\$'000	Copper rods HK\$'000	Connectors and terminals HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER					
External sales	543,943	271,918	59,670	–	875,531
Inter-segment sales	7,802	127,890	1,262	(136,954)	–
Total sales	551,745	399,808	60,932	(136,954)	875,531
Inter-segment sales are charged at cost.					
RESULT					
Segment result	(4,539)	8,595	4,355	–	8,411
Unallocated corporate expenses					(5,706)
Profit from operations					2,705
Finance costs					(18,130)
Share of results of associates					(3,426)
Share of result of a jointly controlled entity					(926)
Impairment loss recognised in respect of goodwill					(48,784)
Impairment losses recognised in respect of interest in an associate and a jointly controlled entity					(5,368)
Loss on dissolution of an associate					(300)
Loss before taxation					(74,229)
Taxation credit					620
Loss before minority interests					(73,609)
Minority interests					(5,940)
Loss for the year					(79,549)

4. SEGMENTAL INFORMATION (continued)

Business segments (continued)

	Cables and wires HK\$'000	Copper rods HK\$'000	Connectors and terminals HK\$'000	Consolidated HK\$'000
BALANCE SHEET				
Assets				
Segment assets	675,108	275,431	31,698	982,237
Goodwill				54,243
Interests in associates				2,800
Interests in jointly controlled entities				70,404
Unallocated corporate assets				67,070
Consolidated total assets				1,176,754
Liabilities				
Segment liabilities	123,143	6,468	11,898	141,509
Unallocated corporate liabilities				261,021
Consolidated total liabilities				402,530
OTHER INFORMATION				
Capital additions	13,639	252	4,280	18,171
Depreciation and amortisation	27,260	11,805	899	39,964
Allowance for doubtful debts	6,940	—	—	6,940

4. SEGMENTAL INFORMATION (continued)

Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC"), North America, Europe and other Asian regions.

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

	Turnover by geographical market	
	2003 HK\$'000	2002 HK\$'000
PRC	527,175	512,660
North America	214,748	177,217
Europe	54,061	55,867
Hong Kong	28,356	20,623
Other Asian regions	121,882	109,164
	946,222	875,531

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	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
PRC	686,568	743,405	8,956	11,714
Hong Kong	363,569	363,646	515	2,119
North America	39,854	38,005	8	58
Other Asian regions	39,851	31,698	2,077	4,280
	1,129,842	1,176,754	11,556	18,171

5. PROFIT FROM OPERATIONS

	2003 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration		
Current year	1,420	1,618
Underprovision in prior years	39	279
	1,459	1,897
Depreciation and amortisation		
Owned assets	33,524	35,624
Assets held under finance leases	2,233	3,070
Deferred expenditure included in general and administrative expenses	737	1,270
	36,494	39,964
Operating lease rentals in respect of rented premises	4,192	4,316
Staff costs including directors' emoluments	90,907	83,944
Research and development expenditure	2,891	2,180
Exchange loss, net	1,026	–
Loss on disposal of property, plant and equipment	259	7,715
and after crediting:		
Dividend income from listed securities	200	560
Exchange gain, net	–	1,318
Interest on bank deposits	5,719	8,378
Interest on notes receivables	2,511	–

6. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the emoluments of the directors and the five highest paid individuals for the year were as follows:

	2003 HK\$'000	2002 HK\$'000
Directors' fees:		
Executive directors	–	–
Independent non-executive directors	352	360
Other emoluments to executive directors:		
Salaries and other benefits	6,834	8,550
Performance related incentive payments	824	950
Contributions to retirement benefits schemes	28	37
	8,038	9,897

Emoluments of the directors were within the following bands:

	Number of directors	
	2003	2002
Nil – HK\$1,000,000	7	6
HK\$1,000,001 – HK\$1,500,000	2	–
HK\$2,000,001 – HK\$2,500,000	–	1
HK\$4,000,001 – HK\$4,500,000	1	–
HK\$5,000,001 – HK\$5,500,000	–	1

The five highest paid individuals of the Group include three (2002: four) executive directors of the Company, details of whose emoluments are included above. The emoluments of the remaining two (2002: one) individuals for the year ended 31 March 2003 were as follows:

	2003 HK\$'000	2002 HK\$'000
Salaries and other benefits	1,584	767
Contributions to retirement benefits schemes	123	78
	1,707	845

6. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

Emoluments of these remaining individuals were within the following bands:

	Number of employees	
	2003	2002
Nil – HK\$1,000,000	1	1
HK\$1,000,001 – HK\$1,500,000	1	–

7. FINANCE COSTS

	2003 HK\$'000	2002 HK\$'000
Interest on bank borrowings and other loans wholly repayable within five years	12,824	14,700
Interest on finance leases	545	1,027
Interest on convertible bonds	895	2,403
	14,264	18,130

8. TAXATION (CHARGE) CREDIT

	2003 HK\$'000	2002 HK\$'000
Hong Kong Profits Tax		
Current year	(1,700)	–
Overprovision in respect of prior years	–	5,656
Taxation in other jurisdictions		
Current year	(5,536)	(4,929)
Overprovision in respect of prior years	303	74
Deferred taxation (Note 24)	(146)	(181)
	(7,079)	620

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year. No Hong Kong Profits Tax had been provided in prior year since there is no assessable profit for that year.

Taxation in other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

8. TAXATION (CHARGE) CREDIT (continued)

Pursuant to the approvals obtained from the relevant PRC tax authorities, certain of the Company's PRC subsidiaries are entitled to exemptions from PRC enterprise income tax. Shanghai Chau's Electrical Co., Ltd. ("Shanghai Chau's") and Dongguan Hua Yi Brass Products Co., Ltd. ("Dongguan Hua Yi") are entitled to exemption from enterprise income tax for two years from their first profitable year of operations, followed by a 50% reduction for the next three years. Both Shanghai Chau's and Dongguan Hua Yi are entitled to a 50% reduction in the enterprise income tax for the current year.

Deferred taxation is provided on timing differences that are, in the opinion of the directors, expected to crystallise in the foreseeable future, after taking into consideration the Group's medium term financial plan and projection.

Details of deferred taxation are set out in note 24.

9. EARNINGS (LOSS) PER SHARE

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

	2003 HK\$'000	2002 HK\$'000
Results for the year and results for the purpose of basic earnings (loss) per share	9,799	(79,549)
	Number of shares	
	2003	2002 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	189,584,362	174,354,225

The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share has been adjusted for the consolidation of shares as described in note 25.

As the exercise of potential dilutive ordinary shares would result in an increase in the earnings per share from ordinary activities (2002: a reduction in the loss per share), there is no dilution for each of the two years ended 31 March 2003 and 2002.

10. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress outside Hong Kong HK\$'000	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Equipment, furniture and fixtures HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP							
COST OR VALUATION							
At 1 April 2002	855	225,480	11,013	52,851	283,804	17,402	591,405
Currency realignment	–	–	4	(3)	9	1	11
Additions	20	–	3,715	2,158	3,473	2,190	11,556
Transfer	(875)	–	783	–	92	–	–
Disposals	–	–	(205)	(52)	–	(4,543)	(4,800)
Adjustment on valuation	–	(8,290)	–	–	–	–	(8,290)
At 31 March 2003	–	217,190	15,310	54,954	287,378	15,050	589,882
Comprising:							
At cost	–	–	15,310	54,954	287,378	15,050	372,692
At valuation – 2003	–	217,190	–	–	–	–	217,190
	–	217,190	15,310	54,954	287,378	15,050	589,882
DEPRECIATION AND AMORTISATION							
At 1 April 2002	–	–	4,234	29,928	102,280	9,595	146,037
Currency realignment	–	–	1	5	–	1	7
Provided for the year	–	8,831	902	4,522	19,880	1,622	35,757
Eliminated on disposals	–	–	(59)	(3)	–	(3,454)	(3,516)
Adjustment on valuation	–	(8,831)	–	–	–	–	(8,831)
At 31 March 2003	–	–	5,078	34,452	122,160	7,764	169,454
NET BOOK VALUES							
At 31 March 2003	–	217,190	10,232	20,502	165,218	7,286	420,428
At 31 March 2002	855	225,480	6,779	22,923	181,524	7,807	445,368

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The land and buildings of the Group were revalued on 31 March 2003 at their open market value on an existing use basis by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional property valuers, as follows:

	2003 HK\$'000	2002 HK\$'000
Properties situated in the PRC		
– held under medium term leases	199,850	205,990
– held under long leases	11,000	11,800
Properties situated in Hong Kong held under medium term leases	6,340	7,690
	217,190	225,480

The net surplus arising on revaluation of HK\$541,000 has been credited to the asset revaluation reserve.

If leasehold land and buildings had not been revalued, they would have been included on a historical cost basis at the following amounts:

	2003 HK\$'000	2002 HK\$'000
Cost	244,431	244,431
Accumulated depreciation	(26,189)	(21,300)
Net book value at 31 March	218,242	223,131

The net book value of property, plant and equipment of the Group includes an amount of HK\$18,063,000 (2002: HK\$28,858,000) in respect of assets held under finance leases.

11. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	151,667	151,667
Amounts due from subsidiaries	1,167,954	1,203,441
Less: Impairment losses recognised	(583,009)	(583,009)
	736,612	772,099

The amounts due from subsidiaries are unsecured and interest free. In the opinion of the directors, no repayment will be demanded within the next twelve months. Accordingly, the amounts are classified as non-current assets.

The following list contains only the particulars of the subsidiaries at 31 March 2003 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of company	Place of incorporation or registration/operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital or registered capital held by the Company	Principal activities
Chau's Electrical (BVI) Company Limited	British Virgin Islands/PRC	US\$1	100%	Property holding
Chau's Electrical Company Limited	Hong Kong	HK\$1,000 ordinary HK\$500,000 non-voting deferred (Note 1)	100% —	Manufacture and trading of cable and wire products
Chau's Electrical International, Inc.	United States of America	US\$20,000	100%	Trading

11. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation or registration/ operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital or registered capital held by the Company	Principal activities
Chau's Industrial Investments Limited	British Virgin Islands	US\$1,000	100%	Investment holding
Citigain Industrial Limited	Hong Kong	HK\$1,000	100%	Investment holding
Crown Earth Investments Limited	Hong Kong/ PRC	HK\$100	100%	Property holding
東莞華藝銅業有限公司 Dongguan Hua Yi Brass Products Co., Ltd.*	PRC	US\$9,850,000 (Note 2)	100%	Manufacture and trading of copper products
東莞橋梓周氏電業有限公司 Dongguan Qiaozi Chau's Electrical Co., Ltd.*	PRC	HK\$5,000,000 (Note 3)	75%	Manufacture and trading of cable and wire products
Gosberton Assets Limited	British Virgin Islands	US\$1	100%	Holding of trademarks
Hua Yi Copper Products Company Limited	Hong Kong	HK\$100,000	100%	Manufacture and trading of copper products
上海周氏電業有限公司 Shanghai Chau's Electrical Co., Ltd. *	PRC	US\$2,500,000	65%	Manufacture and trading of cable and wire products

11. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation or registration/ operation	Issued and fully paid share capital or registered capital	Proportion of nominal value of issued capital or registered capital held by the Company	Principal activities
Solartech Investments Limited	British Virgin Islands	US\$1	100%	Investment holding
Stocko Electronics Asia Pacific Pte Ltd	Singapore	S\$100,000	90.5%	Trading in wire harness and connectors
Todaiji Electronics (M) Sdn. Bhd.	Malaysia	RM500,000	100%	Manufacture of wire harness and connectors
Wah Yeung Capital Resources Limited	British Virgin Islands	US\$1	100%	Investment holding
Yellowstone Assets Limited	British Virgin Islands	US\$1	100%	Investment holding

* Equity joint venture

Notes:

- The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the company or to participate in any distribution on winding up.
- Dongguan Hua Yi is an equity joint venture with a registered capital of US\$9,850,000. As at 31 March 2003, the Group has solely contributed all the registered capital of Dongguan Hua Yi. It has been mutually agreed between the Group and the PRC joint venture partner to extend the investment period to 31 December 2004. As at 31 March 2003, no contribution was made by the PRC joint venture partner and accordingly the Group is entitled to the entire profit or loss of Dongguan Hua Yi.
- Dongguan Qiaozi Chau's Electrical Co., Ltd. ("Qiaozi Chau's") was established by the Group with an independent Chinese party in the PRC. Under the management agreement with the Chinese party, the Group is responsible for all of the assets and liabilities of the joint venture and is entitled to the net profit derived from its operations after the payment of a fixed amount as management fee to the Chinese party each year.
- Except for Chau's Industrial Investments Limited, all the subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

12. GOODWILL

Goodwill related to subsidiaries which were disposed of during the year. Accordingly, all goodwill was released and included in the calculation of gain on disposal of subsidiaries.

13. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	4,108	2,800
Amount due from an associate	5,000	5,000
Less: Impairment losses recognised	(5,000)	(5,000)
	4,108	2,800

The amount due from the associate is unsecured and interest free. In the opinion of the directors, no repayment will be demanded within the next twelve months. Accordingly, the amount is classified as non-current asset.

The following list contains only the particulars of the associate at 31 March 2003 which principally affect the results of the year or form a substantial portion of the net assets or liabilities of the Group, as the directors are of the opinion that a full list of all the associates would be of excessive length.

Name of company	Place of incorporation	Proportion of nominal value of issued capital indirectly held by the Company	Principal activities
Tonfu (Hong Kong) Holdings Limited	Hong Kong	42.75%	Manufacture and trading of optical fibre cable and related products

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	2,302	20,367
Premium on acquisition (Note)	48,784	48,784
Amounts due from jointly controlled entities	60,677	50,405
	111,763	119,556
Less: Impairment losses recognised	(49,152)	(49,152)
	62,611	70,404

Note: In prior year, the directors had reviewed the business of a jointly controlled entity and considered that the premium arising from acquisition had been fully impaired.

The amounts due from the jointly controlled entities are unsecured and interest free. In the opinion of the directors, no repayment will be demanded within the next twelve months. Accordingly, the amount is classified as non-current asset.

Particulars of the Group's jointly controlled entities as at 31 March 2003 are as follows:

Name of company	Place of incorporation	Proportion of registered capital indirectly held by the Company	Principal activities
東莞新寶精化有限公司 Dongguan Xin Bao Precision Chemical Co., Ltd.	PRC	85%	Manufacture and trading of food products
常州柏濤樓宇智能有限公司 Changzhou Bo Tao Lou Yu Zhi Neng Co., Ltd.	PRC	40%	Manufacture and distribution of computer network parts and components

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

During the year, as a 30% equity interest joint venture partner of Dongguan Xin Bao Precision Chemical Co., Ltd. ("Dongguan Xin Bao") has not injected any registered capital, all the relevant parties agreed that the Group would make additional contributions equivalent to 30% of the registered capital of Dongguan Xin Bao and accordingly the equity interest attributable to the Group would be increased from 55% to 85%. Under the joint venture agreement, Dongguan Xin Bao is jointly controlled by the Group and the other joint venture partner. Dongguan Xin Bao is therefore classified as a jointly controlled entity of the Group.

The following is a summary of the financial information extracted from the financial statements of Dongguan Xin Bao for the year ended 31 March 2003:

	2003 HK\$'000	2002 HK\$'000
Result for the year		
Turnover	6,764	798
Loss before taxation	21,253	1,683
Loss before taxation attributable to the Group	18,065	926
Financial position		
Non-current assets	43,461	43,140
Current assets	17,229	28,626
Current liabilities	(57,174)	(35,404)
Net assets	3,516	36,362
Net assets attributable to the Group	1,934	19,999

15. INVESTMENTS IN SECURITIES

During the year, the Group had disposed of all the investments in securities which were listed securities in Hong Kong with a market value of HK\$5,040,000 as at 31 March 2002.

16. NOTES RECEIVABLE

Pursuant to a sale and purchase agreement entered into between a Company's subsidiary and an independent third party during the year, the Group had disposed of certain subsidiaries at a total consideration of HK\$60,000,000 of which HK\$5,000,000 was settled in cash and HK\$55,000,000 will be settled by promissory notes. The notes are secured by assets owned by the notes issuer, carry interest at commercial rates and are wholly repayable in 2007.

17. OTHER ASSETS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Deposits paid for acquisition of investments	16,014	16,014
Deferred expenditure (Note 1)	–	737
Club membership, at cost (Note 2)	600	600
	<u>16,614</u>	<u>17,351</u>

Notes:

- Deferred expenditure

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
COST		
At beginning of the year	9,455	9,455
Write-off	(9,455)	–
At end of the year	<u>–</u>	<u>9,455</u>
AMORTISATION		
At beginning of the year	8,718	7,448
Provided for the year	737	1,270
Eliminated on write-off	(9,455)	–
At end of the year	<u>–</u>	<u>8,718</u>
NET BOOK VALUE		
At end of the year	<u>–</u>	<u>737</u>

- In the opinion of the directors, the club membership is worth at least its cost.

18. INVENTORIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Raw materials	94,589	86,269
Work in progress	11,214	4,152
Finished goods	77,094	69,994
	182,897	160,415

All inventories are stated at cost.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the Group's debtors, deposits and prepayments were trade debtors of HK\$188,131,000 (2002: HK\$182,956,000). The Group allows an average credit period of 45 days to its trade customers.

The aging analysis of trade debtors is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within 30 days	94,548	84,907
31 – 60 days	44,700	37,953
61 – 90 days	25,895	26,401
Over 90 days	22,988	33,695
	188,131	182,956

20. CREDITORS AND ACCRUED CHARGES

Included in the Group's creditors and accrued charges were trade creditors of HK\$63,284,000 (2002: HK\$69,697,000).

The aging analysis of trade creditors is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within 30 days	25,487	34,713
31 – 60 days	21,983	21,461
61 – 90 days	11,287	12,315
Over 90 days	4,527	1,208
	63,284	69,697

21. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Amounts payable under finance leases				
Within one year	3,610	8,497	3,257	7,907
In the second to fifth year inclusive	2,437	5,692	1,906	4,837
	6,047	14,189		
Less: Future finance charges	(884)	(1,445)		
Present value of lease obligations	5,163	12,744	5,163	12,744
Less: Amount due within one year			(3,257)	(7,907)
Amount due after one year			1,906	4,837

21. OBLIGATIONS UNDER FINANCE LEASES (continued)

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years. For the year ended 31 March 2003, the average effective borrowing rate was 4.8% per annum. Interest rates were fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

22. BORROWINGS

Borrowings are analysed as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Bank overdrafts	1,452	—
Bank loans	86,632	98,983
Trust receipt loans	75,192	123,621
Invoice financing loans	47,579	—
	210,855	222,604
Secured	84,282	126,382
Unsecured	126,573	96,222
	210,855	222,604

All the above borrowings are repayable on demand or within one year.

23. CONVERTIBLE BONDS

	THE GROUP AND THE COMPANY	
	2003	2002
	HK\$'000	HK\$'000
Principal amount of the convertible bonds	—	32,500
Less: Amount due within one year	—	(32,500)
Amount due after one year	—	—

In prior years, the Company issued convertible bonds ("Bonds") to two independent investors with principal amounts of HK\$32,500,000 each, totalling HK\$65,000,000. The Bonds are convertible into ordinary shares of HK\$0.01 each in the Company or shares in Tonfu (Hong Kong) Holdings Limited or its ultimate holding company which may be held by the Company, in integral multiples of HK\$38,000, at any time commencing on the date of issue of the Bonds and ending on the second anniversary of the date of issue of the Bonds ("Maturity Date").

The Bonds bear interest on the outstanding principal thereof from the date of issue of the Bonds at 5% per annum which will be payable monthly in arrears from the date of issue of the Bonds to the Maturity Date.

The outstanding principal amount of the Bonds may be repaid in full or in part by the Company prior to the Maturity Date.

The principal amount of HK\$32,500,000 had been repaid by the Company in the prior year and the remaining principal amount of HK\$32,500,000 has been fully repaid by the Company during the year upon its maturity.

24. DEFERRED TAXATION

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Balance at beginning of the year	5,650	5,469
Charge for the year (Note 8)	146	181
Balance at end of the year	5,796	5,650

At the balance sheet date, the deferred taxation liability, provided and unprovided, of the Group was as follows:

	Provided		Unprovided	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	5,796	5,650	12,040	13,519

The amount of the unprovided deferred taxation credit for the year is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Tax effect of timing differences because of:		
Shortfall of tax allowances over depreciation	(1,479)	(3,432)

Deferred taxation has not been provided on the revaluation surplus or deficit arising on the revaluation of properties situated in Hong Kong as profits or losses arising on the disposal of these assets would not be subject to taxation. For properties situated in the PRC, the directors do not have any intention to dispose of in the foreseeable future. Accordingly, the revaluation surplus or deficit does not constitute a timing difference for tax purposes.

The Company did not have any significant deferred taxation for the year and at the balance sheet date.

25. SHARE CAPITAL

	Number of shares		Share capital	
	2003 '000	2002 '000	2003 HK\$'000	2002 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised	30,000,000	30,000,000	300,000	300,000
Issued and fully paid				
At beginning of the year	18,958,400	13,258,400	189,584	132,584
Placements of new shares	–	5,700,000	–	57,000
Capital reorganisation	(18,768,816)	–	(187,688)	–
At end of the year	189,584	18,958,400	1,896	189,584

During the year, the Group undertook a capital reorganisation resulting in reduction of capital, consolidation of shares and cancellation of share premium:

- the nominal value of all issued shares of HK\$0.01 each of the Company was reduced by HK\$0.0099 per share by cancelling an equal amount of paid-up capital so that the nominal value of each such share ("Reduced Share") was reduced from HK\$0.01 to HK\$0.0001. Accordingly, the issued share capital of the Company of HK\$189,584,000 was reduced by HK\$187,688,000 to HK\$1,896,000 and the credit arising from such reduction was credited to the contributed surplus account of the Company which was then applied to set off against accumulated losses of the Company;
- every 100 issued Reduced Shares of HK\$0.0001 each were consolidated into one share of HK\$0.01 each ("Consolidated Share"). Accordingly, 189,584,362 Consolidated Shares of HK\$0.01 each were in issue after the consolidation; and
- the share premium account of the Company was cancelled and the credit arising was credited to the contributed surplus account of the Company which was then applied to set off the accumulated losses of the Company.

26. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE COMPANY				
At 1 April 2001	956,709	151,546	(474,604)	633,651
Loss for the year	–	–	(127,072)	(127,072)
Premium arising on issue of shares	44,761	–	–	44,761
At 31 March 2002	1,001,470	151,546	(601,676)	551,340
Loss for the year	–	–	(4,425)	(4,425)
Capital reorganisation (Note 25)	(1,001,470)	587,482	601,676	187,688
Expenses incurred in relation to the capital reorganisation	–	(470)	–	(470)
At 31 March 2003	–	738,558	(4,425)	734,133

The contributed surplus of the Company as at 1 April 2002 represents the difference between the consolidated shareholders' funds of subsidiaries at the date on which the group reorganisation became effective and the nominal amount of the share capital of the Company issued under the group reorganisation in 1996.

The contributed surplus arising during the year represents the net balance of setting off accumulated losses of the Company as at 1 April 2002 from reduced share capital and cancelled share premium of the Company in accordance with the Company's capital reorganisation as detailed in note 25.

In addition to the retained profits, under the Companies Act 1981 of Bermuda, contributed surplus is also available for distribution to shareholders. 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.

In the opinion of the Directors, the Company's reserves available for distribution to shareholders as at 31 March 2003 amounted to HK\$734,133,000 (2002: Nil).

27. PURCHASE OF SUBSIDIARIES

In prior year, the Group acquired certain subsidiaries engaging in the sales and distribution of optical record products in the PRC. These acquisitions had been accounted for by the acquisition method of accounting.

	2002 HK\$'000
NET ASSETS ACQUIRED	
Property, plant and equipment	47
Inventories	780
Debtors, deposits and prepayments	2,699
Bank balances and cash	53
Creditors and accrued charges	(3,002)
Minority interests	(231)
	<u>346</u>
Goodwill	54,243
	<u>54,589</u>
SATISFIED BY	
Cash	<u>54,589</u>
Net cash outflow arising on acquisition:	
Cash consideration	54,589
Bank balances and cash acquired	(53)
	<u>54,536</u>
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u>54,536</u>

The subsidiaries acquired did not have any significant impact on the Group's cash flows or operating results for the year.

28. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of certain subsidiaries. The net assets of these subsidiaries at the date of disposal were as follows:

	2003 HK\$'000
NET ASSETS DISPOSED OF	
Goodwill	54,243
Property, plant and equipment	84
Debtors, deposits and prepayments	2,860
Bank balances and cash	10
Creditors and accrued charges	(3,002)
	54,195
Gain on disposal	5,805
Total consideration (Note)	60,000
SATISFIED BY	
Cash consideration (Note)	5,000
Deferred consideration (Note)	55,000
	60,000
Net cash inflow arising on disposal:	
Cash consideration (Note)	5,000
Bank balances and cash disposed of	(10)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	4,990

Note: The total consideration amounted to HK\$60,000,000 of which HK\$5,000,000 was settled in cash and HK\$55,000,000 will be settled by promissory notes as described more fully in note 16.

The subsidiaries disposed of during the year did not have any significant impact on the Group's cash flows or operating results for the year.

29. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance leases in respect of assets with a total capital value at the inception of the leases amounted to HK\$400,000 (2002: HK\$2,792,000).

30. CAPITAL COMMITMENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Leasehold improvements	79	—
Equipment, furniture and fixtures	2,471	—
Plant and machinery	—	755
	<u>2,550</u>	<u>755</u>
Capital expenditure for the next three years authorised but not contracted for in respect of plant and machinery	<u>60,000</u>	<u>60,000</u>

In addition, a subsidiary of the Group was committed to invest HK\$28,597,000 (2002: HK\$28,597,000) for the acquisition of investments.

The Company did not have any capital commitment as at 31 March 2003 and 2002.

31. LEASE COMMITMENTS

The Group as lessee

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within one year	3,123	3,655
In the second to fifth year inclusive	1,770	2,836
	4,893	6,491

Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

The Company did not have any operating lease commitment as at 31 March 2003 and 2002.

32. CONTINGENT LIABILITIES

At 31 March 2003, the Company has issued guarantees to the extent of HK\$249,537,000 (2002: HK\$222,376,000) to bankers to secure general banking facilities granted to certain subsidiaries, of which, HK\$153,775,000 (2002: HK\$152,861,000) was utilised. In addition, the Company has issued guarantees to leasing companies in respect of finance leases granted to certain subsidiaries with outstanding balance of HK\$1,915,000 (2002: HK\$8,620,000).

33. PLEDGE OF ASSETS

At 31 March 2003, the Group has pledged certain of its assets with a net book value of HK\$166,100,000 (2002: HK\$212,233,000) to secure general banking facilities granted to the Group. The net book value of these assets are analysed as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Property, plant and equipment	151,690	157,990
Fixed bank deposits	10,241	36,305
Trade debtors	4,169	17,938
	166,100	212,233

34. SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in 1996, the Company may grant options to any employee of the Company or its subsidiaries to subscribe for shares in the Company at a subscription price which is the higher of 80% of the average closing price of the Company's shares for the five business days immediately preceding the date of grant or the nominal value of the shares. This scheme was terminated during the year and no further options will be granted thereunder but in all other respects, the provisions of the scheme should remain in force and all outstanding share options granted prior to such termination continue to be valid and exercisable in accordance therewith.

The Company's existing share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 16 September 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 15 September 2012. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors, of the Company and any of its subsidiaries, associates and jointly controlled entities to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties with a view to maintain business relationship with such persons.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The total number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant together with a payment of HK\$1 as consideration of grant. Options may be exercised at any time from the date of grant to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five trading days immediately preceding the date of grant, and the nominal value of a share.

34. SHARE OPTION SCHEME (continued)

No options were granted under the Scheme during the year.

2003

The following table discloses movements in the Company's share options under the 1996 share option scheme during the year:

Capacity	Name of director	Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options				
						Outstanding at 1.4.2002	Cancelled from 1.4.2002 to 16.9.2002	Adjusted on 17.9.2002	Cancelled from 18.9.2002 to 31.3.2003	Outstanding at 31.3.2003
Director	Mr. Zhou Jin Hua	5 October 2000	6 months	5 April 2001 to 4 April 2003	1.50	285,000,000	–	(285,000,000)	–	–
						–	–	2,850,000	–	2,850,000
Director	Mr. Yeung Kam Tung	5 October 2000	6 months	5 April 2001 to 4 April 2003	1.50	100,000,000	–	(100,000,000)	–	–
						–	–	1,000,000	(1,000,000)	–
						385,000,000	–	(381,150,000)	(1,000,000)	2,850,000
Employees		5 October 2000	6 months	5 April 2001 to 4 April 2003	1.50	178,000,000	(10,000,000)	(168,000,000)	–	–
						–	–	1,680,000	–	1,680,000
Employees		13 August 2001	6 months	13 February 2002 to 12 February 2004	1.00	285,000,000	–	(285,000,000)	–	–
						–	–	2,850,000	–	2,850,000
						463,000,000	(10,000,000)	(448,470,000)	–	4,530,000
Total						848,000,000	(10,000,000)	(829,620,000)	(1,000,000)	7,380,000

As described more fully in note 25, the Company undertook a capital reorganisation in September 2002. The then outstanding number of share options and their subscription prices had been adjusted accordingly.

2002

Capacity	Name of director	Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of share options			
						Outstanding at 1.4.2001	Granted during the year	Lapsed during the year	Outstanding at 31.3.2002
Director	Mr. Zhou Jin Hua	5 October 2000	6 months	5 April 2001 to 4 April 2003	0.015	285,000,000	–	–	285,000,000
Director	Mr. Yeung Kam Tung	5 October 2000	6 months	5 April 2001 to 4 April 2003	0.015	100,000,000	–	–	100,000,000
Director	Mr. Chow Kin Ming	5 October 2000	6 months	5 April 2001 to 4 April 2003	0.015	100,000,000	–	(100,000,000)	–
						485,000,000	–	(100,000,000)	385,000,000
Employees		5 October 2000	6 months	5 April 2001 to 4 April 2003	0.015	178,000,000	–	–	178,000,000
Employees		13 August 2001	6 months	13 February 2002 to 12 February 2004	0.010	–	285,000,000	–	285,000,000
						178,000,000	285,000,000	–	463,000,000
Total						663,000,000	285,000,000	(100,000,000)	848,000,000

34. SHARE OPTION SCHEME (continued)

Total consideration received in the prior year from employees for taking up the options granted amounted to HK\$10 and no charge was recognised in the income statement in respect of the value of options granted.

35. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

Pursuant to the PRC Government regulations, the Group is required to contribute to a central pension scheme in respect of certain of the Group's employees in the PRC based on 16% to 30% of the salaries of those employees and there is no forfeited contributions under the central pension scheme.

The retirement benefits cost charged to income statement represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

During the year, the Group made retirement benefits schemes contributions of HK\$2,311,000 (2002: HK\$1,933,000).

36. RELATED PARTY TRANSACTION

A director of the Group has provided personal guarantee to the extent of HK\$16,000,000 (2002: Nil) to banks for credit facilities granted to certain subsidiaries of the Company.