1. CORPORATE INFORMATION

The principal place of business of the Company is located at Unit 2303, 23rd Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

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

The following new and revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") are effective for the first time for the current year's financial statements:

- SSAP 1 (Revised) : "Presentation of financial statements"
- SSAP 11 (Revised) : "Foreign currency translation"
- SSAP 15 (Revised) : "Cash flow statements"
- SSAP 34 : "Employee benefits"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs are summarised as follows:

SSAP 1 (Revised) prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision to this SSAP is that a consolidated statement of changes in equity is now presented in place of the consolidated statement of recognised gains and losses that was previously required and in place of the Group's reserves note.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries are now translated into Hong Kong dollars at the weighted average exchange rates for the year, whereas previously they were translated at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements. Further details of this change are included in the accounting policy for "Foreign currencies" in note 3 to the financial statements.

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (Cont'd)

SSAP 15 (Revised) prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. The significant reclassifications resulting from the change in presentation are that interest received, interest paid, the interest element on finance lease rental payments, dividends paid and overseas tax paid are now included in cash flows from operating activities. The presentation of the 2002 comparative consolidated cash flow statement has been changed to accord with the new layout. In addition, cash flows from overseas subsidiaries arising during the year are now translated into Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date. Also, the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised. Further details of these changes are included in the accounting policies for "Cash and cash equivalents" and "Foreign currencies" in note 3 to the financial statements.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no material change to the previously adopted accounting treatments for employee benefits. In addition, disclosures are now required in respect of the Company's share option schemes as detailed in note 26 to the financial statements. These share option scheme disclosures are similar to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") disclosures previously included in the Report of the Directors, which are now included in the notes to the financial statements as a consequence of the SSAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 June 2003. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

REVENUE RECOGNITION

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and

(c) rental income, on a time proportion basis over the lease terms.

LEASED ASSETS

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

EMPLOYEE BENEFITS

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme.

The staff of the Company's subsidiary operating in the People's Republic of China (the "PRC") participates in the retirement benefits scheme (the "PRC RB Scheme") operated by the local municipal government in Heilongjiang Province, the PRC. The PRC subsidiary is required to contribute a certain percentage of their payroll to the PRC RB Scheme to fund the benefits. The only obligation of the Group with respect to the PRC RB Scheme is to pay the ongoing required contributions under the PRC RB Scheme. Contributions under the PRC RB Scheme are charged to the profit and loss account as they become payable in accordance with the rules of the PRC RB Scheme.

Share option schemes

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option schemes is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding share options.

FOREIGN CURRENCIES

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

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FOREIGN CURRENCIES (Cont'd)

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Prior to the adoption of the revised SSAPs 11 and 15 during the year, as explained in note 2 to the financial statements, the profit and loss accounts and cash flows of overseas subsidiaries were translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements. The adoption of the revised SSAP 15 has had no material effect on the amounts of the previously-reported cash flows of the prior year.

TRADE RECEIVABLES

Trade receivables are recognised and carried at original invoiced amount. An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

OTHER ASSETS

Other assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line basis over the lease terms.

RESEARCH AND DEVELOPMENT COSTS

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are available as to use.

DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

DIVIDENDS (Cont'd)

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

IMPAIRMENT OF ASSETS

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

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

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

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

FIXED ASSETS AND DEPRECIATION

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

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FIXED ASSETS AND DEPRECIATION (Cont'd)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset, less any estimated residual value, over the following estimated useful lives:

Leasehold land and buildings	The shorter of the lease terms and 30 to 50 years
Plant and machinery	10 to 30 years
Leasehold improvements	The shorter of the lease terms and 10 years
Furniture, office equipment and motor vehicles	5 years

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents leasehold buildings and plant under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises direct costs of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year, except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the then carrying amount over the remaining term of the lease.

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

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

SUBSIDIARIES

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

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

JOINT VENTURE COMPANIES

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(a) a subsidiary, if the Company has unilateral control, directly or indirectly, over the joint venture company;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

INVESTMENT IN A CLUB MEMBERSHIP

Investment in a club membership is stated at cost less any impairment losses. Cost includes fees and expenses directly related to the acquisition of the club membership.

NEGATIVE GOODWILL

Negative goodwill arising on the acquisition of subsidiaries represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

NEGATIVE GOODWILL (Cont'd)

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

SSAP 30 "Business combinations" was adopted by the Group for its accounting period beginning 1 July 2001. Prior to that date, negative goodwill arising on acquisitions was credited to the capital reserve in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted such negative goodwill on acquisitions, which occurred prior to 1 July 2001, to remain credited to the capital reserve. Negative goodwill on subsequent acquisitions is treated according to the SSAP 30 negative goodwill accounting policy above.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate. Any attributable negative goodwill previously credited to the capital reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activities. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

OPERATING LEASES

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

DEFERRED TAX

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and term deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after eliminations of all significant intra-Group transactions during the year.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

Manufacture and sale of:

(i) lubricants;

(ii) anti-corrosive coatings; and

(iii) additives.

5. SEGMENT INFORMATION (Cont'd)

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

(i) BUSINESS SEGMENTS

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

Group

	Manufacture and sale of							
	Lubricants		Anti-corrosive coatings		Additives		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**229,741**	211,548	**133,155**	90,008	**3,980**	3,731	**366,876**	305,287
Segment results	**64,939**	67,924	**42,346**	33,607	**923**	1,022	**108,208**	102,553
Unallocated revenue							**343**	206
Unallocated expenses							**(6,109)**	(6,291)
Profit from operating activities							**102,442**	96,468
Finance costs							**(197)**	(225)
Profit before tax							**102,245**	96,243
Tax							**(7,991)**	(16,500)
Profit before minority interests							**94,254**	79,743
Minority interests							**(9,825)**	(3,575)
Net profit from ordinary activities attributable to shareholders							**84,429**	76,168

5. SEGMENT INFORMATION (Cont'd)

(i) BUSINESS SEGMENTS (Cont'd)

Group

	Manufacture and sale of							
	Lubricants		Anti-corrosive coatings		Additives		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**187,226**	145,271	**108,514**	61,809	**3,243**	2,562	**298,983**	209,642
Unallocated assets							**68,004**	62,696
Total assets							**366,987**	272,338
Segment liabilities	**10,257**	12,405	**5,945**	5,278	**177**	219	**16,379**	17,902
Unallocated liabilities							**41,020**	39,008
Total liabilities							**57,399**	56,910
Other segment information:								
Depreciation	**1,629**	827	**944**	352	**28**	15	**2,601**	1,194
Unallocated depreciation							**433**	407
							3,034	1,601
Amortisation of other assets	**49**	–	**29**	–	**1**	–	**79**	–
Capital expenditure	**22,079**	4,857	**12,797**	2,066	**383**	86	**35,259**	7,009
Unallocated capital expenditure							**24,519**	6,056
							59,778	13,065

(ii) GEOGRAPHICAL SEGMENTS

Over 90% of the Group's revenue, results, assets and liabilities are derived from customers in the PRC and accordingly, no further detailed analysis of the Group's geographical segments is presented.

6. PROFIT FROM OPERATING ACTIVITIES

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

	Notes	**2003** **HK$'000**	2002 HK$'000
Cost of inventories sold*		**239,969**	188,933
Depreciation*	13	**3,034**	1,601
Amortisation of other assets	14	**79**	–
Minimum lease payments under operating leases			
for leasehold land and buildings		**1,133**	538
Staff costs (excluding directors' remuneration – note 7):			
Wages and salaries*		**3,667**	2,774
Retirement benefits scheme contributions		**15**	18
Auditors' remuneration		**750**	800
Loss on disposal of a fixed asset		**–**	2
Research and development costs expensed for the year**		**791**	1,889
Interest income		**(144)**	(206)
Net rental income		**(180)**	–

* Part of the depreciation and staff costs for the year is included in "Cost of sales" on the face of the consolidated profit and loss account.

** The research and development costs expensed for the year are included in "Other operating expenses" on the face of the consolidated profit and loss account.

7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the directors of the Company for the year disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance are as follows:

	Group	
	2003	2002
	HK$'000	*HK$'000*
Fees:		
Executive directors	**–**	–
Independent non-executive directors	**–**	–
Basic salaries, housing benefits,		
other allowances and benefits in kind:		
Executive directors	**1,152**	1,272
Independent non-executive directors	**50**	50
	1,202	1,322

The remuneration of each of the directors fell within the Nil to HK$1,000,000 band for each of the two years ended 30 June 2002 and 2003.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

The five (2002: six) highest paid employees during the year included three (2002: four) directors, details of whose remuneration are disclosed above. Details of the remuneration of the remaining two (2002: two) non-director, highest paid employees, whose remuneration fell within the Nil to HK$1,000,000 band, are as follows:

	Group	
	2003	2002
	HK$'000	*HK$'000*
Basic salaries, housing benefits,		
other allowances and benefits in kind	**293**	370
Retirement benefits scheme contributions	**15**	18
	308	388

8. FINANCE COSTS

	Group	
	2003	2002
	HK$'000	*HK$'000*
Interest on a bank loan repayable after five years	**158**	162
Interest on finance leases	**39**	63
	197	225

9. TAX

	Group	
	2003	2002
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong	**–**	–
Elsewhere in the PRC	**7,991**	16,500
Tax charge for the year	**7,991**	16,500

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong in respect of the year (2002: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

According to the Income Tax Law of the PRC, Daqing Black Bird Co., Ltd. ("Daqing Black Bird"), a subsidiary of the Company, which operates in one of the high and new technology industrial development zones of the PRC, was exempt from the income tax of the PRC for three years starting from the first profitable year of its operations, i.e., from 1 January 1998 to 31 December 2000. Daqing Black Bird is also entitled to a 50% relief from the income tax of the PRC for the following three years, i.e., from 1 January 2001 to 31 December 2003. Upon expiry of the tax relief period, Daqing Black Bird will be subject to the income tax rate of 15%, being the preferential tax rate applicable to Daqing Black Bird operating in one of the high and new technology industrial development zones of the PRC. The provisions for income tax of the other subsidiaries operating in the PRC have been calculated at the rate of 33%, based on existing legislation, interpretations and practices in respect thereof.

9. TAX (Cont'd)

Deferred tax has not been provided as the Group did not have any significant unprovided deferred tax liabilities in respect of the year (2002: Nil).

The revaluation of the Group's leasehold land and buildings and investment property does not constitute a timing difference and, consequently, there is no deferred tax arising thereon.

10. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 30 June 2003 dealt with in the financial statements of the Company is HK$27,001,000 (2002: HK$5,918,000).

11. DIVIDEND

	2003	2002
	HK$'000	*HK$'000*
Proposed final – HK0.11 cent (2002: HK0.45 cent) per ordinary share	**977**	3,929

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the year of HK$84,429,000 (2002: HK$76,168,000) and the weighted average of 873,000,000 (2002: 840,600,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 30 June 2003 is based on the Group's net profit from ordinary activities attributable to shareholders for the year of HK$84,429,000 (2002: HK$76,168,000). The weighted average number of ordinary shares used in the calculation is 873,000,000 (2002: 840,600,000) ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 11,244,611 (2002: 21,089,499) ordinary shares assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

13. FIXED ASSETS

GROUP

	Investment property HK$'000	Leasehold land and buildings HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture, office equipment and motor vehicles HK$'000	Total HK$'000
Cost or valuation:							
At 1 July 2002	–	35,600	23,347	14,423	299	2,904	76,573
Transfer from/(to)	4,600	(4,600)	–	–	–	–	–
Additions	–	11,774	15,748	3,558	2,733	2,380	36,193
Disposal	–	–	–	–	–	(400)	(400)
Revaluation	20	2,703	–	–	–	–	2,723
At 30 June 2003	4,620	45,477	39,095	17,981	3,032	4,884	115,089
Analysis of cost or valuation:							
At cost	–	–	39,095	17,981	3,032	4,884	64,992
At valuation	4,620	45,477	–	–	–	–	50,097
	4,620	45,477	39,095	17,981	3,032	4,884	115,089
Accumulated depreciation:							
At 1 July 2002	–	–	–	4,858	161	1,731	6,750
Provided during the year	–	1,112	–	1,013	340	569	3,034
Disposal	–	–	–	–	–	(160)	(160)
Written back on revaluation	–	(1,112)	–	–	–	–	(1,112)
At 30 June 2003	–	–	–	5,871	501	2,140	8,512
Net book value:							
At 30 June 2003	4,620	45,477	39,095	12,110	2,531	2,744	106,577
At 30 June 2002	–	35,600	23,347	9,565	138	1,173	69,823

13. FIXED ASSETS (Cont'd)

The Group's leasehold land and buildings included above are held under the following lease terms:

	2003	2002
	HK$'000	*HK$'000*
A medium term lease in Hong Kong	**–**	4,600
Medium term leases in the PRC	**45,477**	31,000
	45,477	35,600

At 30 June 2003, the Group's leasehold land and buildings in the PRC were revalued using an open market value, depreciated replacement cost basis by Castores Magi Surveyors Limited ("Castores Magi"), independent professionally qualified valuers, at HK$45,477,000 (2002: HK$31,000,000). The resulting revaluation surplus of HK$3,815,000 has been credited to the fixed asset revaluation reserve as set out in the consolidated statement of changes in equity.

Had the Group's leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying value would have been HK$45,466,000 (2002: HK$32,877,000).

The net book value of the motor vehicles of the Group held under finance leases included in the total amount of the fixed assets at 30 June 2003 amounted to HK$649,000 (2002: HK$694,000).

The Group's investment property was revalued using the open purchase income capitalisation basis by Castores Magi at HK$4,620,000 at 30 June 2003. The resulting revaluation surplus of HK$20,000 has been credited to the investment property revaluation reserve as set out in the consolidated statement of changes in equity.

At 30 June 2003, the Group's investment property held in Hong Kong under a medium term lease with an aggregate net book value of HK$4,620,000 was pledged to secure banking facilities granted to the Group (note 23 to the financial statements).

The investment property is leased to an independent third party under an operating lease, further summary details of which are included in note 30(a) to the financial statements.

14. OTHER ASSETS

GROUP

	HK$'000
Cost:	
At 1 July 2002	–
Additions	13,832
At 30 June 2003	13,832
Accumulated amortisation:	
At 1 July 2002	–
Amortisation provided during the year	79
At 30 June 2003	79
Net book value:	
At 30 June 2003	13,753
At 30 June 2002	–

The Group is in the process of obtaining land use rights certificates together with the related building ownership certificates for certain of its leasehold land and buildings situated in Daqing, Heilongjiang Province, the PRC (the "Property"). The parcel of land was acquired by the Group with a cash consideration of HK$13,832,000 during the year and such consideration paid has been classified as other assets while the construction costs incurred by the Group of HK$15,748,000 for the related buildings have been classified as construction in progress under fixed assets (note 13 to the financial statements).

In the opinion of the directors, the Group has obtained the right to use the land and the related improvements legally. Once the Group obtains all of the relevant certificates, the Group will have the right to assign, lease or mortgage the land and its improvements.

15. INTANGIBLE ASSETS

GROUP

	Deferred development costs
	HK$'000
Cost:	
At 1 July 2002	–
Additions	4,953
At 30 June 2003	4,953
Accumulated amortisation:	
At 1 July 2002	–
Amortisation provided during the year	–
At 30 June 2003	–
Net book value:	
At 30 June 2003	4,953
At 30 June 2002	–

In the opinion of the directors, no amortisation was provided for the year as the products are still at the development stage and are not yet available for use to the Group.

16. DEPOSIT PAID FOR THE ESTABLISHMENT OF A PROPOSED JOINT VENTURE

On 20 January 2003, the Group entered into an agreement with an independent third party to establish a Sino-foreign equity joint venture in the PRC (the "Agreement"). Pursuant to the Agreement, the Group would have a 65% equity interest in the joint venture. The principal activities of the joint venture are the manufacture and sale of anti-corrosive coatings. The proposed total investment in the joint venture is HK$18,692,000 (equivalent to approximately RMB20,000,000), of which HK$7,477,000 (equivalent to approximately RMB8,000,000) is the proposed registered capital. As at 30 June 2003, the Group had paid HK$5,140,000 as a partial contribution for its commitment, totalling HK$12,149,000, of the proposed total investment of the joint venture. The remaining contribution required from the Group to fulfil the proposed total investment in the joint venture of HK$7,009,000 is disclosed as a capital commitment in note 31 to the financial statements.

Subsequent to the balance sheet date, on 10 October 2003, the approval for the establishment of the joint venture was obtained from the relevant PRC government authority as further detailed in note 32 to the financial statements.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2003	2002
	HK$'000	*HK$'000*
Unlisted shares, at cost	**78,234**	78,234
Due from subsidiaries	**72,258**	42,220
	150,492	120,454

The amounts due from subsidiaries are unsecured, interest-free and are not repayable before 30 June 2004.

17. INTERESTS IN SUBSIDIARIES (Cont'd)

Particulars of the subsidiaries as at the balance sheet date are as follows:

Name	**Place of incorporation/ establishment and operations ***	**Nominal value of paid-up share/ registered capital**	**Percentage of equity attributable to the Company**	**Principal activities**
Directly held				
Earlsmead Enterprises Limited	British Virgin Islands ("BVI")	Ordinary US$100	100	Investment holding
Indirectly held				
Daqing Black Bird Co., Ltd.	PRC #	RMB 5,000,000	90	Manufacture and sale of petroleum refined products
Jet Sheen International Limited	Hong Kong	Ordinary HK$10,000	100	Provision of administrative services
Ombudsman Developments Limited	BVI/ PRC	Ordinary US$1	100	Trading of petroleum refined products
Pun Mun Agents Limited	BVI/ PRC	Ordinary US$1	100	Provision of marketing services

17. INTERESTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation/ establishment and operations *	Nominal value of paid-up share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (continued)				
Seng Lai Services Limited	BVI/ PRC	Ordinary US$1	100	Provision of quality control services
STB Company Limited	Hong Kong	Ordinary HK$2	100	Property holding
Tsai Hong Properties Limited	BVI/ PRC	Ordinary US$1	100	Provision of distribution rights and intellectual property holding

* Where different

\# Daqing Black Bird is a Sino-foreign equity joint venture established in the PRC for an operating period of 15 years commencing from the approval date of 20 August 1997 as stated on its certificate of approval.

18. INVENTORIES

	Group	
	2003	2002
	HK$'000	*HK$'000*
Raw materials	**40,519**	27,342
Finished goods	**18,880**	19,251
	59,399	46,593

None of the inventories was stated at net realisable value as at 30 June 2003 (2002: Nil).

19. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 150 days. Full provision is made for outstanding debts aged over 365 days.

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

	Group	
	2003	2002
	HK$'000	*HK$'000*
Within 30 days	**30,780**	68,837
31 - 60 days	**41,314**	9,443
61 - 90 days	**13,968**	7,592
91 - 120 days	**9,608**	3,883
Over 120 days	**8,121**	–
	103,791	89,755

Included in the Group's trade receivables as at 30 June 2003 is an amount due from the joint venture partner of the proposed Sino-foreign equity joint venture (note 16 to the financial statements) of HK$3,022,000 (2002: Nil), which is repayable on credit terms similar to those offered to other customers of the Group.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**56,136**	53,903	**990**	251
Time deposits	**1,238**	8,143	**1,238**	8,143
Cash and cash equivalents	**57,374**	62,046	**2,228**	8,394

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$54,708,000 (2002: HK$52,263,000). The RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS, SECURED

	Group	
	2003	2002
	HK$'000	*HK$'000*
Bank loan, secured and repayable:		
Within one year	**107**	101
In the second year	**113**	106
In the third to fifth years, inclusive	**374**	353
Beyond five years	**2,479**	2,615
	3,073	3,175
Other borrowing, secured and repayable:		
Within one year	**28**	–
In the second year	**33**	23
In the third to fifth years, inclusive	**117**	93
Beyond five years	**987**	1,049
	1,165	1,165
	4,238	4,340
Portion classified as current liabilities	**(135)**	(101)
Non-current portion	**4,103**	4,239

22. FINANCE LEASE PAYABLES

The Group leases two motor vehicles for its general business purposes. These leases are classified as finance leases and have remaining lease terms of two and three years, respectively.

At 30 June 2003, the total future minimum lease payments under finance leases and their present values were as follows:

GROUP

	Minimum lease payments 2003 *HK$'000*	**Present value of minimum lease payments 2003 *HK$'000***	Minimum lease payments 2002 *HK$'000*	Present value of minimum lease payments 2002 *HK$'000*
Amounts payable:				
Within one year	**289**	**279**	292	279
In the second year	**275**	**251**	281	249
In the third to fifth years, inclusive	**10**	**9**	151	130
Total minimum finance lease payments	**574**	**539**	724	658
Future finance charges	**(35)**		(66)	
Total net finance lease payables	**539**		658	
Portion classified as current liabilities	**(279)**		(279)	
Non-current portion	**260**		379	

At 30 June 2003, the Group's finance leases were secured by corporate guarantees given by the Company.

23. BANKING FACILITIES

At 30 June 2003, the Group's banking facilities were secured by the following:

(i) a first legal charge on the Group's investment property in Hong Kong (note 13 to the financial statements); and

(ii) corporate guarantees given by the Company.

24. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days from its suppliers.

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

	Group	
	2003	2002
	HK$'000	*HK$'000*
Within 30 days	**191**	13,593
31 - 60 days	**3,711**	1,758
61 - 90 days	**8,026**	935
Over 90 days	**1,317**	–
	13,245	16,286

25. SHARE CAPITAL

SHARES

	2003	2002
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**	20,000
Issued and fully paid:		
873,000,000 (2002: 873,000,000) ordinary shares of HK$0.01 each	**8,730**	8,730

A summary of the movements in the issued share capital of the Company during the two years ended 30 June 2002 and 2003 is as follows:

	Number of ordinary shares issued	**Par value**
	'000	HK$'000
At 1 July 2001	800,000	8,000
Issue of new ordinary shares	60,000	600
Share options exercised	13,000	130
At 30 June 2002 and 2003	873,000	8,730

SHARES OPTIONS

Details of the Company's share option schemes and the share options issued thereunder are included in note 26 to the financial statements.

26. SHARE OPTION SCHEMES

SSAP 34 was adopted during the year, as further explained in note 2 and under the heading "Employee benefits" in note 3 to the financial statements. As a result, the following detailed disclosures relating to the Company's share option schemes are now included in the notes to the financial statements. In the prior year, these disclosures were included in the Report of the Directors, as their disclosure is also a requirement of the Listing Rules.

The Company's share option scheme which was adopted on 8 April 2001 (the "Old Scheme") was terminated and replaced by a new share option scheme approved by the shareholders of the Company at the extraordinary general meeting held on 18 November 2002 (the "New Scheme"). Upon the termination of the Old Scheme, no further share options may be granted thereunder, but in all other respects, the provisions of the Old Scheme remain in force and all share options granted prior to such termination continue to be valid and exercisable in accordance therewith.

A summary of the Old Scheme and the New Scheme is set out below:

(a) OLD SCHEME

The Company previously operated the Old Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Scheme included any director or employee of the Company and its subsidiaries. The Old Scheme was approved by the shareholders on 8 April 2001 and, unless otherwise cancelled or amended, would have remained in force for 10 years from its date of adoption. At 30 June 2003, there were 42,000,000 share options granted which remained outstanding under the Old Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 42,000,000 additional ordinary shares of the Company and additional share capital of HK$420,000 and share premium of HK$9,424,800 (before share issue expenses).

Subsequent to the balance sheet date and up to the date of these financial statements, a total of 15,000,000 share options were exercised at an exercise price of HK$0.2344 per share option. The exercise of these share options result in the issue of 15,000,000 additional ordinary shares of the Company and additional share capital of HK$150,000 and share premium of HK$3,366,000 (before share issue expenses).

26. SHARE OPTION SCHEMES (Cont'd)

(b) NEW SCHEME

The New Scheme became effective on 18 November 2002 for a period of 10 years. Under the New Scheme, the directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of the offer of grant, which must be a business day; and (iii) the nominal value of the shares. The offer for a grant of share options may be accepted within 21 days from the date of the offer. The exercise period of the share options granted is determinable by the directors and in any event not later than 10 years from the date of grant of share options, subject to the provisions for early termination thereof.

The maximum number of shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of shares of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the extraordinary general meeting held on 18 November 2002.

No share options were granted under the New Scheme during the year.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

26. SHARE OPTION SCHEMES (Cont'd)

The following share options were outstanding under the Old Scheme during the year:

Category or name of participant	Number of share options: At 1 July 2002	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2003	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$	Price of Company's shares***: At grant date of options HK$	At exercise date of options HK$
Other employees										
In aggregate	42,000,000	–	–	–	42,000,000	8 August 2001	20 August 2001 to 19 August 2004	0.2344	0.295	N/A

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of a rights or bonus issue, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the average Stock Exchange closing price on the five trading days immediately preceding to the date of the grant of the share options.

27. RESERVES

(a) GROUP

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the financial statements.

The share premium account of the Group includes (i) the premium arising from the new issue of shares in the prior year; and (ii) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation for the purpose of the listing of the Company's shares on the Stock Exchange in the prior year, over the nominal value of the shares of the Company issued in exchange therefor.

As further detailed in note 3 to the financial statements, on the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted negative goodwill in respect of acquisitions which occurred prior to the Group's accounting period beginning 1 July 2001 to remain credited to the Group's capital reserve. The amount of the negative goodwill remaining credited to the Group's capital reserve arising from the acquisition of a subsidiary in the prior year was HK$106,000 as at 30 June 2003.

27. RESERVES (Cont'd)

(b) COMPANY

		Reserves		
		Share premium account	**Retained profits**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2001		90,416	975	91,391
Arising on issue of new ordinary shares		21,000	–	21,000
Share issue expenses		(1,159)	–	(1,159)
Arising on exercise of share options		2,917		2,917
Net profit for the year		–	5,918	5,918
Proposed final 2002 dividend	11	–	(3,929)	(3,929)
At 30 June 2002 and 1 July 2002		113,174	2,964	116,138
Net profit for the year		–	27,001	27,001
Proposed final 2003 dividend	11	–	(977)	(977)
At 30 June 2003		113,174	28,988	142,162

Notes:

The share premium account of the Company includes (i) the premium arising from the new issue of shares in the prior year; and (ii) the difference between the then combined net asset value of the subsidiaries acquired pursuant to the group reorganisation referred to in note (a) above, over the nominal value of the shares of the Company issued in exchange therefor.

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

28. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of HK$340,000 (2002: HK$450,000).

29. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the balance sheet date (2002: Nil).

At 30 June 2003, the Company had the following contingent liabilities not provided for in the financial statements:

	Company	
	2003	2002
	HK$'000	*HK$'000*
Guarantee given to a bank in connection with a banking facility granted to a subsidiary	**3,073**	3,260
Guarantee given to a finance company in connection with a financing facility granted to a subsidiary	**1,165**	1,165
Guarantees of hire purchase financing facilities granted by a finance company to a subsidiary	**574**	724
	4,812	5,149

At 30 June 2003, the banking facility granted to the subsidiary was utilised to the extent of HK$3,073,000 (2002: HK$3,260,000).

30. OPERATING LEASE ARRANGEMENTS

(a) AS LESSOR

The Group leases its investment property (note 13 to the financial statements) under an operating lease arrangement, with the lease negotiated for a term of one year. The terms of the lease require the tenant to pay a security deposit and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

	Group	
	2003	2002
	HK$'000	*HK$'000*
Within one year	**180**	–

(b) AS LESSEE

The Group leases certain leasehold land and buildings under operating lease arrangements. The original lease terms for these leasehold land and buildings range from one to ten years.

At 30 June 2003, the Group had total future minimum lease payments under non-cancellable operating leases for leasehold land and buildings falling due as follows:

	Group	
	2003	2002
	HK$'000	*HK$'000*
Within one year	**1,121**	513
In the second to fifth years, inclusive	**9,346**	–
	10,467	513

The Company did not have any operating lease arrangements as at 30 June 2003 (2002: Nil).

31. COMMITMENTS

In addition to the operating lease commitments detailed in note 30(b) above, the Group and the Company had the following outstanding capital commitments as at 30 June 2003:

	Group	
	2003	2002
	HK$'000	*HK$'000*
Authorised, but not contracted for:		
Proposed acquisition of an 80% equity interest in an entity in the PRC	**17,944**	–
Contracted, but not provided for:		
(a) Leasehold buildings and plant under construction	**15,421**	3,505
(b) Contribution to a PRC joint venture (note 16)	**7,009**	–
(c) Development costs	**1,963**	–
	24,393	3,505

	Company	
	2003	2002
	HK$'000	*HK$'000*
Authorised, but not contracted for:		
Proposed acquisition of an 80% equity interest in an entity in the PRC	**17,944**	–

32. POST BALANCE SHEET EVENTS

In addition to those disclosed elsewhere in the financial statements, the Group has the following significant post balance sheet events:

(a) On 10 October 2003, the approval for the establishment of the joint venture (note 16 to the financial statements) was obtained from the relevant PRC government authority;

(b) On 16 October 2003, the Company proposed to declare a final dividend of HK0.11 cent per ordinary share to its shareholders whose names appear on the register of members of the Company on 20 November 2003, as set out in note 11 to the financial statements. The proposed final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 20 November 2003 and has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the Company's and the Group's balance sheets as at 30 June 2003; and

(c) On 16 October 2003, the directors proposed to allot and issue one bonus share for every twenty ordinary shares of HK$0.01 each in the issued share capital of the Company to shareholders whose names appear on the register of members on 20 November 2003. Based on the issued share capital of the Company as at the date of this report, 44,400,000 new ordinary shares of HK$0.01 each will be allotted and issued as bonus shares. The bonus shares will rank pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment but shall not be entitled to the proposed final dividend for the year ended 30 June 2003.

The bonus issue is conditional upon (i) the approval by the shareholders for the allotment and issue of the bonus shares; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the bonus shares. An application will be made to the Listing Committee of the Stock Exchange in respect of such listing.

33. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 October 2003.