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## Board of Directors and Corporate Information

### DIRECTORS

Wong Ip Kuen (*Chairman*)  
 Wong Tin Cheung (*Vice Chairman*)  
 Sun Chun Wai  
 So Yau Chi  
 Dr. Yeung Tsun Man, Eric\*  
 Wu King Cheong\*  
 Chan, Bernard Charnwut\*  
*(Appointed on 5th June, 2000)*

\* *Independent Non-executive Director*

### REGISTERED OFFICE

Clarendon House  
 Church Street  
 Hamilton HM11  
 Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10th Floor, Tower 1  
 Enterprise Square  
 9 Sheung Yuet Road  
 Kowloon Bay  
 Kowloon  
 Hong Kong

### COMPANY SECRETARY

Chui Man Lung, Everett

### PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited  
 BNP Paribas  
 The Sanwa Bank Limited  
 Deutsche Bank AG  
 The Hongkong and Shanghai Banking  
 Corporation Limited  
 Hang Seng Bank Limited

### AUDITORS

Arthur Andersen & Co.

### SOLICITORS

Denton Wilde Sapte  
 Gallant Y. T. Ho & Co.

### PROPERTY VALUER

Chesterton Petty Limited

### HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Central Registration Hong Kong Limited  
 17th Floor  
 Hopewell Centre  
 183 Queen's Road East  
 Wanchai  
 Hong Kong

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 2000 Annual General Meeting of Yau Lee Holdings Limited (the "Company") will be held on Monday, 21st August, 2000 at 10:00 a.m. at Willow Room, 17th Floor, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong for the following purposes:-

1. To receive and consider the audited consolidated financial statements and the Reports of the Directors and Auditors for the year ended 31st March, 2000.
2. To declare a final dividend.
3. To re-elect the Directors and to authorise the Board of Directors to fix their remuneration.
4. To re-appoint the Auditors and to authorise the Board of Directors to fix their remuneration.
5. As a special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

### ORDINARY RESOLUTIONS

(A) **THAT:-**

there be granted to the Directors of the Company an unconditional general mandate to purchase shares of HK\$0.05 each in the capital of the Company, and that the exercise by the Directors of the Company of all powers of the Company to purchase shares of the Company subject to and in accordance with all applicable laws, and to make or grant offers, agreements and options which might require the exercise of such power be and are hereby generally and unconditionally approved, subject to the following conditions:-

- (a) such mandate shall not extend beyond the Relevant Period:
- (b) the aggregate nominal amount of share capital of the Company to be purchased or agreed conditionally or unconditionally to be purchased by the Directors of the Company during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution; and
- (c) for the purposes of this resolution:-

"Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next Annual General Meeting of the Company;

## Notice of Annual General Meeting

- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the share holders of the Company in general meeting.

(B) **THAT:-**

there be granted to the Directors of the Company an unconditional general mandate to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:-

- (a) such mandate shall not extend beyond the Relevant Period save that the Directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (b) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company, other than pursuant to a Rights Issue or the exercise of the share warrants or any share option scheme or with the consent of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution; and
- (c) for the purposes of this resolution:-

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

## Notice of Annual General Meeting

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).

(C) **THAT**

conditional upon the passing of Ordinary Resolutions (A) and (B) as set out in the notice of this meeting, the aggregate nominal amount of the shares in the capital of the Company which are purchased by the Company pursuant to and in accordance with Ordinary Resolution (A) aforesaid shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with Ordinary Resolution (B) aforesaid.

6. To transact any other ordinary business of the Company.

By Order of the Board  
**Chui Man Lung, Everett**  
*Company Secretary*

Hong Kong, 20th July, 2000

*Notes:—*

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the principal place of business of the Company in Hong Kong at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

## Chairman's Statement

### BUSINESS REVIEW

The Company and its subsidiaries (collectively the "Group") recorded a turnover of HK\$2,042 Million for the year ended 31st March, 2000, as compared to last year's HK\$1,875 Million and successfully improved performance from last year's loss of HK\$49 Million to record a profit of HK\$30 Million.

Regardless of upward and downward swings in the economy, the provision of adequate and affordable housing to the masses has continued to be the main focus of the HKSAR government. This is evident by the record amount of tenders for public housing estates, HOS buildings and infrastructural support projects being issued over the past three years.

The Group has been able to attain higher profitability through extensive cost control measures and savings in interest expenses as a result of significantly reduced bank borrowings. With the extensive use of precasting techniques in public construction, the Group's precast products factory, Yau Lee Wah Concrete Precast Products Co., Ltd. ("Yau Lee Wah") proved to be a timely success. It is located in Shenzhen, on a 56,000 square meters factory site with 18 production lines.

Yau Lee Wah's extensive scale of production, advanced equipment, experienced management, professional design and production team, enabled the Group to provide consistently high standard quality precast products to customers at a competitive price. Since its commencement of operation in the year under review, it has been operating at its full production capacity.

During the year, the Group was able to maintain a healthy financial position through effective cashflow management. The Group's net debt over shareholders' equity was further decreased from last year's 0.35 to zero. The Group has net cash in hand of HK\$133.6 Million as at 31st March, 2000 compared with a net bank borrowings of HK\$179.6 Million as at 31st March, 1999.

As at 31st March, 2000, total value of contracts on hand amounted to HK\$3,778 Million. Projects of Homantin South Phase 1, Ma Hang Village Phase 2, Fanling Area 49A Phase 1 and Maintenance and Repair Works at Sha Kok Estate were completed during the year under review. New contracts awarded during the year were Design and Construction of Fanling Government Quarters and the Development of Chinese Cuisine Institute Phase 1 with a total contract sum of HK\$475 Million.

Quality and safety have always been the Group's principle philosophy. The Group has therefore, continuously devoted tremendous efforts to enhance these commitments. In view of the committed and intensive efforts, the Group was encouraged by the winning of several awards during the year under review, namely the 12th International Construction Award, the Considerate Contractors Site Award, Award of Merit for Building Sites and Safety Team Awards. To further uphold the Group's high quality and safety standard, a training center was set up in June 2000 to maintain and upgrade the knowledge of building techniques and safety for its staff.

## Chairman's Statement

### PROSPECTS

In view of the current business environment where technological advancement has become a crucial competitive element in all industries, the Group has partnered with technology experts to develop new technology applications in the construction industry to enhance the Group's competitiveness. VHSOFT Technologies Co., Ltd. ("VHSOFT"), a wholly-owned subsidiary of the Group, is mainly engaged in the research, development and marketing of advanced construction technologies. Products will range from software applications instrumental to automating various construction processes, patent pending technologies that are set to significantly improve the efficiency of the construction industry and a construction project hosting website designed to monitor and exchange crucial information flow between various parties involved in building projects. VHSOFT's websites which include VHCome.com, an e-marketplace for construction materials, VHSOFT.com, an application services provider focusing on the construction industry and VHBuild.com, a project hosting website are set to launch in July 2000.

In order to continue the success in the Group's precast products business, the Group will diversify its market and product ranges by moving into private sector and the development of new products such as prefabricated bathroom.

The Group believes that an unblemished track record is essential in the long-term existence of its core business and is cautious in the submission of tenders. With the increasing concern over the quality of construction, the Group is confident that it is well positioned to take on challenges ahead. The Group will continuously seek for positive business opportunities through remaining active in tendering for construction contracts, in order to bring encouraging results to its shareholders.

By order of the Board

**Wong Ip Kuen**

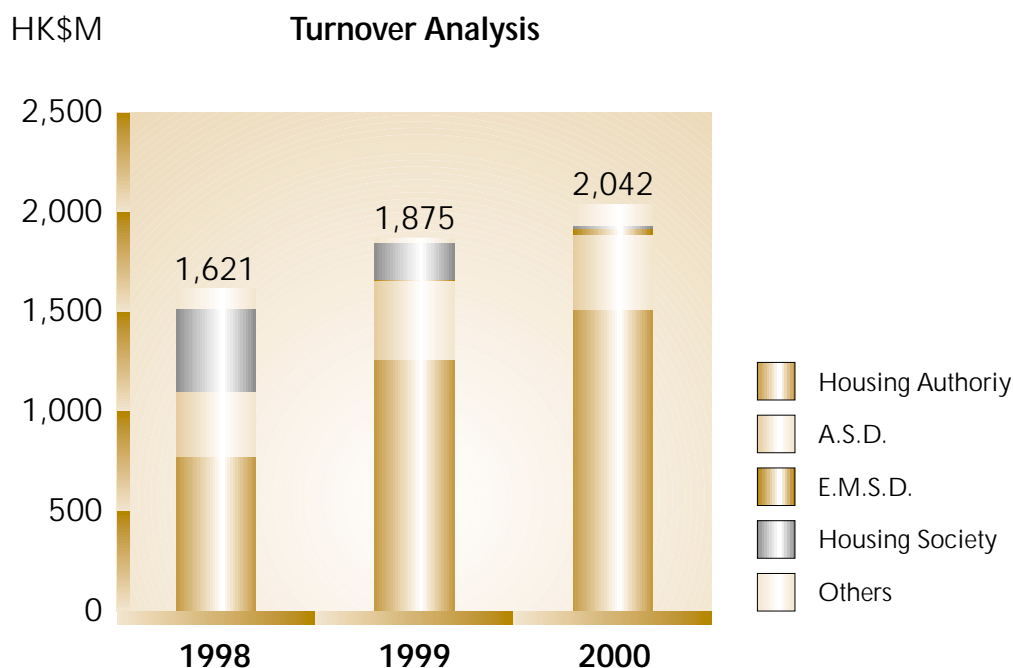
*Chairman*

Hong Kong, 5th July, 2000

## Management Discussion and Analysis

### FINANCIAL RESULTS

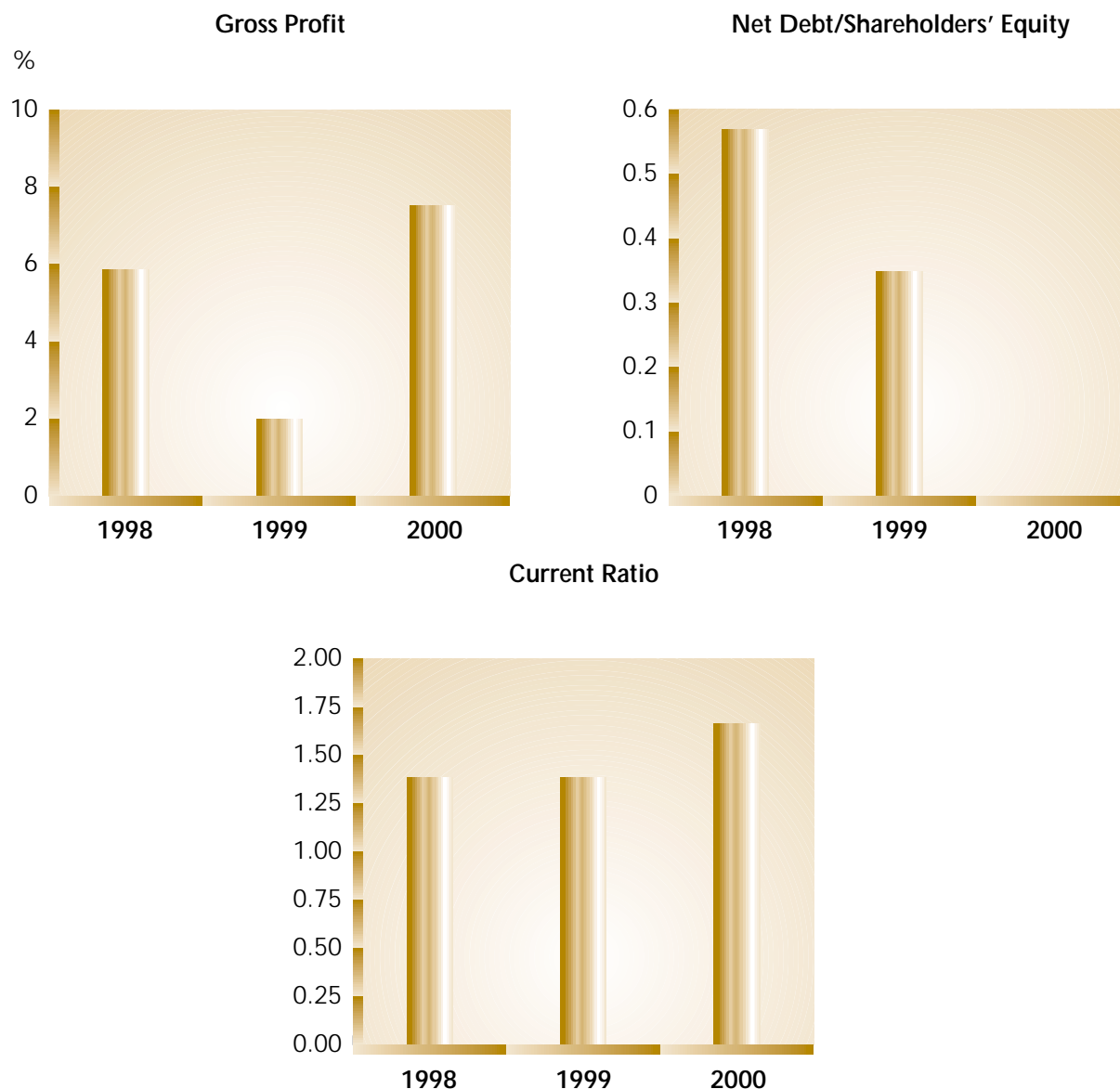
The Group's turnover for the year was increased by HK\$167 Million or 9%. This was mainly contributed by the sale of products of Yau Lee Wah and the record value of contract on hand at the beginning of the financial year.



The Group also achieved a significant improvement in the Gross Profit Ratio (gross profit: turnover). This was the result of the effort of the Group on cost controls, improved cashflow management to reduce interest expenses and the diversification to building components manufacturing and trading. Cost control measures mainly concentrate on overhead controls so that fixed costs on construction projects have been reduced. The improved cashflow management has resulted in the Group's net debt over shareholders' equity (net debt : shareholders' equity) of zero as of 31st March, 2000 as compared with 0.35 in 1999 and 0.57 in 1998. As of 31st March, 2000 the Group has a total cash balance of HK\$237.1 Million (1999: HK\$197.8 Million) and total bank borrowings of HK\$103.5 Million (1999: HK\$377.4 Million). The improved cashflow has no negative impact on the Group's liabilities. On the contrast, the Group has a current ratio (total current assets : total current liabilities) of 1.67, a significant improvement from last year's 1.38.



## Management Discussion and Analysis



### HUMAN RESOURCES

The Group employs about 1,700 people of which about 50% are located in Hong Kong while the rest are in Mainland China.

Employees in Hong Kong are paid on monthly salary basis or daily wages basis. Salaried employees are entitled to various benefits according to seniority. The benefits include discretionary year end bonus, double pay, provident fund, medical insurance, educational sponsorships and other allowances.

Certain employees were also granted options in 1997 to subscribe for shares in the Company. The adjusted exercise price of the options were HK\$0.2219 per share as at 31st March, 2000.

## Summary of Contracts

### Contracts completed during the year ended 31st March, 2000

|   | Commencement<br>date | Completion<br>date | Original<br>contract value<br><i>HK\$ million</i> |
|---|----------------------|--------------------|---|
| Redevelopment of<br>Homantin South, Phase 1       | October 1996         | May 1999           | 484   |
| Development of<br>Fanling Area 49A, Phase 1       | September 1997       | January 2000       | 761   |
| Maintenance and Repair Works<br>at Sha Kok Estate | June 1998            | July 1999          | 36  |
| Development of<br>Ma Hang Village, Phase 2        | November 1997        | March 2000         | 575   |
| Total   |                      |                    | <u>1,856</u>                                      |

## Summary of Contracts

### Contracts in progress during the year ended 31st March, 2000

|   | Commencement<br>date | Original<br>contract value<br><i>HK\$ million</i> | Estimated<br>remaining works<br>as at 31st March,<br>2000<br><i>HK\$ million</i> |
|---|----------------------|---|--|
| Regional Term Contract N3 & N4  | April 1998           | 160   | 67   |
| Design and Construction of Maintenance<br>Depot at Siu Ho Wan in Lantau Island  | October 1998         | 304   | 43   |
| Development of Cheung Sha Wan Phase 2   | November 1998        | 752   | 459  |
| Development of Cheung Sha Wan Phase 1   | December 1998        | 804   | 470  |
| Development at Po Lam Road  | January 1999         | 860   | 534  |
| Tuen Mun Polyclinic at<br>Tuen Mun Hospital   | February 1999        | 366   | 274  |
| Workshop Conversion and<br>Fitting-out Works for Implementing<br>the New Technical Curriculum<br>in Prevocational and Technical Schools | February 1999        | 57  | 31   |
| Sub-total   |                      | 3,303   | 1,878  |

## Summary of Contracts

Contracts secured during the year ended 31st March, 2000

|   | Commencement<br>date | Original<br>contract value<br><i>HK\$ million</i> | Estimated<br>remaining<br>works as at 31st<br>March, 2000<br><i>HK\$ million</i> |
|---|----------------------|---|--|
| Design and Construction of<br>Government Quarters<br>at Fanling Area 28A, N.T.                | October 1999         | 395   | 335  |
| Pokfulam Training Centre Complex<br>Chinese Cuisine Training<br>Institute Phase 1 Development | January 2000         | <u>80</u>   | <u>74</u>  |
| Sub-total   |                      | <u>475</u>  | <u>409</u>   |
| Contracts on hand as at 31st March, 2000  |                      | <u>3,778</u>                                      | <u>2,287</u>   |

## Biographical Details of Directors and Senior Management

### EXECUTIVE DIRECTORS

#### Mr. Wong Ip Kuen

aged 64, is the Chairman of the Company. Mr. Wong has over 50 years of experience of in the building construction industry of Hong Kong. He is responsible for the overall development and management of the Group.

#### Mr. Wong Tin Cheung

aged 36, is the Vice Chairman of the Company and the Managing Director of Yau Lee Construction. Mr. Wong joined the Group in 1988 and was appointed as a Director of the Company in 1991. He is responsible for assisting the Chairman in the overall development and management of the Group or with special focus on technology research and development. He holds a Bachelor degree in Civil Engineering and a Master degree in Foundation Engineering and a Master Degree in Business Administration. He has been a council member at the Hong Kong Construction Association since 1995. He is a son of Mr. Wong Ip Kuen.

#### Mr. Sun Chun Wai

aged 40, joined the Group in 1992 and was appointed as a Director of the Company in 1994. Mr. Sun has extensive experience in established joint ventures in the Mainland and is responsible for the Group's business development. He holds a Bachelor of Science degree.

#### Mr. So Yau Chi

aged 56, joined the Group in 1994 as the General Manager of Yau Lee Construction and was appointed as a Director of the Company in 1996. He is responsible for the overall management of Yau Lee Construction. Before joining the Group, he worked in the Housing Department for over 17 years and held the post of Senior Structural Engineer before he left. Mr. So is a Fellow of the Institution of Structural Engineers in the United Kingdom and was the Vice President of the Hong Kong Institution of Engineers for the 1994/95 session.

## Biographical Details of Directors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Dr. Yeung Tsun Man, Eric

aged 54, has been a Non-executive Director of the Company since 1993. Dr. Yeung is Vice President of Perfekta Enterprises Limited, a toy manufacturing company. He holds directorship in companies in Hong Kong, Macau, China, United States and Australia, which are engaged in businesses ranging from trading, hotels, mining and agriculture. He is an executive committee council member of the Hong Kong Management Association and the Deputy Chairman of Council & Court of Hong Kong Baptist University. Moreover, he is the Vice President of Macau Government Economic Council, the Chairman of Macau Productivity and Technology Transfer Centre, Member of World Presidents' Organisation and Chief Executives' Organisation, Member of The Chinese People's Political Consultative Conference and Member of the Macau Special Administrative Region Selection Committee. He was awarded the Medal of Merit by the Macau Government in 1994 and Commander of the Order of Merit by the Government of Portugal in 1998. He is also listed in "The Marquis Who's Who In The World" and "The International Who's Who of Professionals".

#### Mr. Wu King Cheong

aged 48, has been appointed as a Non-executive Director of the Company since 1994. Mr. Wu is a member of the Eastern District Council of the HKSAR, Standing Committee Member of the Chinese General Chamber of Commerce, Member of Estate Agents Authority, a member of Lord Wilson Heritage Trust – Board of Trustees, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Honorary Permanent President of the Hong Kong Stockbrokers Association. He is also an Executive Director of Lee Cheong Gold Dealers Limited, and Non-executive Director of China Apollo Holding Limited, a company listed on the Stock Exchange of Hong Kong Limited.

#### Mr. Chan, Bernard Charnwut

aged 35, was appointed as a Non-executive Director of the Company on 5th June, 2000. He holds a Bachelor of Arts Degree from Pomona College, California, U.S.A. He is the Deputy Managing Director of Asia Financial Group, a public listed company in Hong Kong with core activities in banking, insurance, securities and investments. He is also the Executive Director of Asia Insurance and Asia Commercial Bank, the wholly owned subsidiaries of Asia Financial Group. In addition, he also sits on the boards of IMC Holdings Ltd., Peaktop International Holdings Ltd., Pioneer Global Group Ltd., CDL Hotels International Ltd., and Bank Consortium Trust Co. Ltd. He has been appointed as a Director of The Hong Kong Mortgage Corporation Ltd. and The Community Chest; a Council Member of Lingnan University and Vocational Training Council; as well as a Member of the Mandatory Provident Fund Schemes Advisory Committee, Business Advisory Group and Hong Kong Sports Development Board. He also serves as a Legislative Councillor of the Insurance Constituency in Hong Kong (1998-2000) and a Committee Member of the Chinese People's Political Consultative Committee of Guangxi Zhuang Autonomous Region in China.

## Biographical Details of Directors and Senior Management

### SENIOR MANAGEMENT

**Mr. Cheung Woon Yin**, *Deputy General Manager*

aged 48, joined the Group in 1986 as a Contract Manager and was promoted to his present post in 1996. He has over 28 years of experience in the construction industry. He holds a higher certificate in Construction Technology and is a licentiate of the Chartered Institute of Building.

**Mr. Cheng Jick Nin**, *Contract Advisor*

aged 66, joined the Group in 1987. Mr. Cheng has worked in the quantity surveying profession for more than 30 years. Prior to joining the Group, he worked in the Architectural Services Department and retired in 1985. He is responsible for all contractual matters relating to construction particularly in the handling of contractual disputes and claims.

**Ms Tang Wai Chun**, *Chief Quantity Surveyor*

aged 43, joined the Group in 1993. Ms Tang is a Professional Associate of Royal Institution of Chartered Surveyors and Hong Kong Institute of Surveyors, member of the Chartered Institute of Arbitrators and Registered Professional Surveyor (QS). She is also a Certified General Contractor in the United States. She holds a Bachelor degree in Quantity Surveying. She has 21 years of experience in quantity surveying, project management and subcontracting business in both residential and commercial projects in Hong Kong, the United Kingdom, Central America and the United States. She is responsible for quantity surveying works and contract administration of Yau Lee Construction's projects.

**Mr. Chui Man Lung Everett**, *Financial Controller and Company Secretary*

aged 36, joined the Group in 1995. Mr. Chui is a Fellow member of the Association of Chartered Certified Accountants and an Associate of the Hong Kong Society of Accountants. He has 14 years of experience in auditing, accounting and financial management and holds Bachelor degree in Business Economics and Accounting. He is responsible for all financial, accounting and company secretarial matters of the Group.

### Site Management

#### Contract Managers\*

- Cheung Yue Wai
- Lam Wai Chung
- Pang Tak Him
- Pang Tsan Wai
- Wong Kwok Keung

## Biographical Details of Directors and Senior Management

### Site Management *(Continued)*

#### Project Managers\*

- Chan Shui Wai
- Lam Lap Wah
- Man Tin Hung

#### Head Office Management – Department Heads\*

- |                          |                                   |
|--------------------------|-----------------------------------|
| • Chiu Siu Pik, Dibble   | Corporate Development Department  |
| • Ho Chi Man             | Training Department               |
| • Ko Hwee Sau Chun       | Administration Department         |
| • Kwan Man Ho            | Materials Control Department      |
| • Kwong Yuk Fong, Jenny  | Information Technology Department |
| • Lam Chan Sing          | Health & Safety Department        |
| • Lee Shiu Ming, Richard | Design Department                 |
| • Leung Sau Lin          | Finance Department                |
| • Wong Ming Tak, Patrick | Tender Department                 |
| • Yu Chi Kin             | Quality Department                |

\* *In alphabetical order*



## Report of the Directors

The Directors present their report together with the audited financial statements of Yau Lee Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st March, 2000.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its major subsidiaries are contracting of building construction, maintenance and decoration projects in Hong Kong. In addition, the Group is engaged in other activities which include plumbing contracts, property investment and the manufacturing and supply of building materials.

The Group's turnover and net profit for the year ended 31st March, 2000, which were derived principally from the contracting of building construction, maintenance and decoration projects carried out in Hong Kong, are as follows:

|  | Turnover<br><i>HK\$'000</i> | Contribution to<br>Group's results<br><i>HK\$'000</i> |
|--|-----------------------------|---|
| Contracting of building construction, maintenance and<br>decoration projects | 1,962,768                   | 78,558  |
| Sale of building materials   | 66,627                      | 7,961   |
| Others   | 12,553                      | 7,465   |
| Corporate expenses   | –                           | (63,659)  |
|  | <u>2,041,948</u>            | <u>30,325</u>   |

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2000 are set out in the consolidated income statement on pages 24 and 25.

The Directors recommend the payment of a final dividend of HK\$0.7 cents (1999 – nil) per share, totalling HK\$12,396,891 (1999 – nil), for the year ended 31st March, 2000.

Subject to shareholder's approval at the forthcoming Annual General Meeting, the final dividend will be payable on or about 18th September, 2000 to the shareholders whose names appear on the register of members at the close of business on 18th August, 2000.

## Report of the Directors

### CLOSURE OF REGISTER OF MEMBER

The register of member of the Company will be closed from 14th August, 2000 to 18th August, 2000, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Central Registration Hong Kong Limited on 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:00 p.m. on 11th August, 2000.

### FIVE YEAR FINANCIAL SUMMARY

A summary of the Group's consolidated results for each of the last five years ended 31st March, 2000 and the consolidated assets and liabilities as at 31st March of each of the respective years is set out on page 60.

### SUBSIDIARIES AND ASSOCIATED COMPANIES

Particulars regarding the Company's principal subsidiaries and associated companies are set out in Notes 14 and 15 respectively to the financial statements.

### FIXED ASSETS

Details of the movements in fixed assets of the Group during the year are set out in Note 11 to the financial statements.

### SHARE CAPITAL AND SHARE PREMIUM

Details of the movements in share capital and share premium of the Group and the Company are set out in Notes 19 and 20 respectively to the financial statements.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and the laws in Bermuda.

### BORROWINGS

Particulars of the Group's and the Company's borrowings are set out in Notes 17 and 26 to the financial statements.

**MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31st March, 2000, turnover attributable to the Group's five largest customers and the largest customer amounted to 95% and 68% of the total turnover, respectively. Purchases attributable to the Group's five largest suppliers amounted to 16% of the total purchases.

None of the Directors, their associates, or any shareholders who, to the knowledge of the Directors, own more than 5% of the Company's share capital has a beneficial interest in the Group's top five customers or suppliers.

**YEAR 2000**

We have completed all software and hardware modifications for the Year 2000 ("Y2K") compliance. As of the date of this report, no Y2K related problems have been found that would have a material adverse effect on our business. The Directors will continue to monitor the Y2K issue to ensure that the Group's operations are not adversely affected. The costs incurred by the Group for Y2K compliance were not significant.

**DIRECTORS**

The Directors who held office during the year and up to the date of this report were as follows:

**Executive Directors**

Mr. Wong Ip Kuen (*Chairman*)  
Mr. Wong Tin Cheung (*Vice Chairman*)  
Mr. Sun Chun Wai  
Mr. So Yau Chi

**Independent Non-executive Directors**

Dr. Yeung Tsun Man, Eric  
Mr. Leong Ka Chai, O.B.E., J.P. (Resigned on 31st March, 2000)  
Mr. Wu King Cheong  
Mr. Chan Charnwut, Bernard (Appointed on 5th June, 2000)

In accordance with the Company's bye-laws, Dr. Yeung Tsun Man, Eric and Mr. Wu King Cheong will retire by rotation and being eligible, offer themselves for re-election.

**SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES**

The Company has a Share Option Scheme under which the Company may grant options to Directors and employees of the Group to subscribe for shares in the Company. Details of the Share Option Scheme are set out in Note 19(c) to the financial statements.

## Report of the Directors

### SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES *(Continued)*

On 25th August, 1997, pursuant to the Share Option Scheme, the Directors were granted options to subscribe for a total of 29,000,000 shares of HK\$0.05 each in the Company. Subject to adjustment as a result of any alteration in the capital structure of the Company, the subscription price is the higher of 80% of the average closing price of the shares of the Company on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of granting of the option and the nominal value of the shares. The above Directors have not exercised any of their options during the year. Details of the options granted to the directors are as follows:

| Name                            | Date of grant     | Number of shares of options granted |
|---------------------------------|-------------------|-------------------------------------|
| Mr. Wong Ip Kuen                | 25th August, 1997 | 12,000,000                          |
| Mr. Wong Tin Cheung             | 25th August, 1997 | 11,000,000                          |
| Mr. Sun Chun Wai                | 25th August, 1997 | 1,500,000                           |
| Mr. So Yau Chi                  | 25th August, 1997 | 1,500,000                           |
| Mr. Wu King Cheong              | 25th August, 1997 | 1,000,000                           |
| Mr. Leong Ka Chai, O.B.E., J.P. | 25th August, 1997 | 1,000,000*                          |
| Mr. Wu King Cheong              | 25th August, 1997 | 1,000,000                           |

Save as otherwise disclosed in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable any of the Company's Directors or members of its management to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

\* Mr. Leong Ka Chai's options have been forfeited on 31st March, 2000 (the date of his resignation).

### DIRECTORS' SERVICE AGREEMENTS

None of the Directors has a service contract with the Group which cannot be terminated within one year without payment of compensation (other than statutory compensation).

## Report of the Directors

### DIRECTORS' INTERESTS

As at 31st March, 2000, the following Director had or was deemed to have interests under the provisions of the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) (the "SDI Ordinance") in the Company or any associated corporations thereof (within the meaning of the SDI Ordinance) of which, the Company and The Stock Exchange of Hong Kong Limited had to be notified pursuant to Section 28 of the SDI Ordinance (including interests which the Director is deemed or taken to have under Section 31 or Part I of the Schedule of the SDI Ordinance) and which were required to be entered into the register kept by the Company pursuant to Section 29 of the SDI Ordinance:

| Director         | Company                  | Number of shares interested |
|------------------|--------------------------|-----------------------------|
| Mr. Wong Ip Kuen | Yau Lee Holdings Limited | 882,570,400                 |

*Note:*

The 882,570,400 shares of the Company referred to above were beneficially owned by All Fine Investment Company Limited. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Holdings Company Limited, which owns the entire issued share capital of All Fine Investment Company Limited, both of which are companies incorporated in the Cook Islands. Mr. Wong Ip Kuen is a director of both All Fine Holdings Company Limited and All Fine Investment Company Limited.

During the year ended 31st March, 2000, no right to subscribe for equity of the Company was exercised by any of the Directors or chief executives of the Company or the spouses or children under 18 years of age of such Directors and chief executives.

Save as otherwise disclosed in this report, none of the Directors or chief executives or their associates had any other interests (whether beneficial or non-beneficial) in the share capital of the Company or any other associated corporations as defined in the SDI Ordinance as at 31st March, 2000.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st March, 2000, the following persons (other than the Directors or chief executives of the Company) had or were deemed to have interests in the Company under the provisions of the SDI Ordinance which have been entered into the register kept by the Company under Section 16(1) of the SDI Ordinance:

| Substantial shareholders                                      | Number of shares interested |
|---|-----------------------------|
| All Fine Investment Company Limited ( <i>see Note above</i> ) | 882,570,400                 |
| All Fine Holdings Company Limited ( <i>see Note above</i> )   | 882,570,400                 |

## Report of the Directors

### DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

None of the directors has interests in a competing business with the Group.

### CHARITABLE DONATIONS

Charitable donations made by the Group during the year totalled HK\$61,900 (1999 – HK\$128,600).

### CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not in any part of the year, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year.

### AUDIT COMMITTEE

In April 1999, the directors established an audit committee consisting of the three independent non-executive directors of the Company with written terms of reference which deal clearly with its authority and duties. Amongst the committee's principal duties is the review and supervision of the Company's financial reporting process and internal controls. Two audit committee meetings were held during the year.

### AUDITORS

The financial statements have been audited by Messrs. Arthur Andersen & Co. A resolution for their reappointment as auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board  
**Wong Ip Kuen**  
*Chairman*

Hong Kong, 5th July, 2000

## Report of the Auditors

**ARTHUR ANDERSEN****Arthur Andersen & Co**

21st Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

TO THE SHAREHOLDERS OF  
**YAU LEE HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements of Yau Lee Holdings Limited and subsidiaries set out on pages 24 to 59 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**OPINION**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2000 and of the profit and cash flows of the Group for the year then ended, and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

**Arthur Andersen & Co.**  
*Certified Public Accountants*

Hong Kong, 5th July, 2000

# Consolidated Income Statement

For the year ended 31st March, 2000 (Expressed in Hong Kong dollars)

|  | Note | 2000<br>\$'000     | 1999<br>\$'000<br>(Note 29) |
|--|------|--------------------|-----------------------------|
| TURNOVER   | 2    | 2,041,948          | 1,875,177                   |
| COST OF SALES  |      | <u>(1,888,646)</u> | <u>(1,838,159)</u>          |
| GROSS PROFIT   |      | 153,302            | 37,018                      |
| GENERAL AND ADMINISTRATIVE EXPENSES  |      | (114,724)          | (77,273)                    |
| LOSS ON DISPOSAL OF INVESTMENT PROPERTIES                                    | 3    | (1,920)            | (3,880)                     |
| PROVISION FOR REDUCTION IN MARKET VALUE<br>OF INVESTMENT PROPERTIES          |      | –                  | (8,425)                     |
| PROVISION FOR CONTRACT RETENTION RECEIVABLE                                  |      | –                  | (6,844)                     |
| OTHER REVENUE, NET   |      | <u>9,186</u>       | <u>12,724</u>               |
| PROFIT (LOSS) FROM OPERATIONS  |      | 45,844             | (46,680)                    |
| FINANCE COSTS  |      | <u>(6,225)</u>     | <u>(13,459)</u>             |
| PROFIT (LOSS) BEFORE SHARE OF PROFIT OF<br>ASSOCIATED COMPANIES AND TAXATION |      | 39,619             | (60,139)                    |
| SHARE OF PROFIT OF ASSOCIATED COMPANIES                                      |      | <u>438</u>         | <u>6,867</u>                |
| PROFIT (LOSS) BEFORE TAXATION  | 4    | <u>40,057</u>      | <u>(53,272)</u>             |
| TAXATION   | 6    |                    |                             |
| Company and subsidiaries   |      | (8,482)            | 6,006                       |
| Associated companies   |      | <u>(604)</u>       | <u>(1,122)</u>              |
|  |      | <u>(9,086)</u>     | <u>4,884</u>                |



## Consolidated Income Statement

For the year ended 31st March, 2000 (Expressed in Hong Kong dollars)

|  | Note | 2000<br>\$'000    | 1999<br>\$'000<br>(Note 29) |
|--|------|-------------------|-----------------------------|
| PROFIT (LOSS) AFTER TAXATION                                 |      | 30,971            | (48,388)                    |
| MINORITY INTERESTS   |      | <u>(646)</u>      | <u>(293)</u>                |
| PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS                   | 7    | <u>30,325</u>     | <u>(48,681)</u>             |
| RETAINED PROFIT, BEGINNING OF YEAR AS<br>PREVIOUSLY REPORTED |      | 74,595            | 118,678                     |
| PRIOR YEAR ADJUSTMENTS                                       | 8    | <u>(4,598)</u>    | <u>–</u>                    |
| RETAINED PROFIT, BEGINNING OF YEAR AS RESTATED               |      | <u>69,997</u>     | <u>118,678</u>              |
| DIVIDENDS  | 9    | <u>(12,397)</u>   | <u>–</u>                    |
| RETAINED PROFIT, END OF YEAR                                 | 22   | <u>87,925</u>     | <u>69,997</u>               |
| EARNINGS (LOSS) PER SHARE                                    | 10   | <u>2.28 cents</u> | <u>(4.95) cents</u>         |
| DILUTED EARNINGS (LOSS) PER SHARE                            | 10   | <u>2.28 cents</u> | <u>(4.95) cents</u>         |

# Consolidated Statement of Recognised Gains and Losses

For the year ended 31st March, 2000 (Expressed in Hong Kong dollars)

|   | <i>Note</i> | 2000<br>\$'000 | 1999<br>\$'000  |
|---|-------------|----------------|-----------------|
| NET PROFIT (LOSS) FOR THE YEAR, AS REPORTED |             | 30,325         | (44,083)        |
| PRIOR YEAR ADJUSTMENTS                      | 8           | <u>–</u>       | <u>(4,598)</u>  |
| NET PROFIT (LOSS) FOR THE YEAR, AS RESTATED |             | <u>30,325</u>  | <u>(48,681)</u> |
| TOTAL RECOGNISED GAINS (LOSSES)             |             | <u>30,325</u>  | <u>(48,681)</u> |

## Balance Sheets

As at 31st March, 2000 (Expressed in Hong Kong dollars)

|                                       |       | 2000            |                   | 1999                         |                   |
|---------------------------------------|-------|-----------------|-------------------|------------------------------|-------------------|
|                                       | Note  | Group<br>\$'000 | Company<br>\$'000 | Group<br>\$'000<br>(Note 29) | Company<br>\$'000 |
| Fixed assets                          | 11    | 182,203         | –                 | 181,088                      | –                 |
| Investment properties                 | 3     | –               | –                 | 21,600                       | –                 |
| Development costs                     | 12    | 1,531           | –                 | 478                          | –                 |
| Loans to subsidiaries                 | 28(b) | –               | 88,150            | –                            | 88,150            |
| Long-term trade debtors               |       | 26,557          | –                 | 21,994                       | –                 |
| Loans to employees                    | 13    | 4,606           | –                 | 3,074                        | –                 |
| Interests in subsidiaries             | 14    | –               | 276,075           | –                            | 276,075           |
| Interests in associated companies     | 15    | 52,101          | 363               | 64,010                       | 19,890            |
| Long-term investments                 | 16    | 2,431           | –                 | 2,431                        | –                 |
| Net current assets                    | 17    | <u>341,089</u>  | <u>281,284</u>    | <u>237,602</u>               | <u>191,965</u>    |
| Total assets less current liabilities |       | 610,518         | 645,872           | 532,277                      | 576,080           |
| Long-term liabilities                 | 18    | <u>(18,245)</u> | <u>–</u>          | <u>(17,902)</u>              | <u>–</u>          |
| Net assets                            |       | <u>592,273</u>  | <u>645,872</u>    | <u>514,375</u>               | <u>576,080</u>    |
| Financed by:                          |       |                 |                   |                              |                   |
| Share capital                         | 19    | 88,549          | 88,549            | 59,033                       | 59,033            |
| Share premium                         | 20    | 415,430         | 415,430           | 384,976                      | 384,976           |
| Capital reserve                       | 21    | 369             | –                 | 369                          | –                 |
| Retained profit                       | 22    | <u>87,925</u>   | <u>141,893</u>    | <u>69,997</u>                | <u>132,071</u>    |
| Shareholders' equity                  |       | <u>592,273</u>  | <u>645,872</u>    | <u>514,375</u>               | <u>576,080</u>    |

Approved by the Board of Directors on 5th July, 2000 and signed on behalf of the Board by

Wong Ip Kuen  
DirectorWong Tin Cheung  
Director

# Consolidated Cash Flow Statement

For the year ended 31st March, 2000 (Expressed in Hong Kong dollars)

|   | Note | 2000<br>\$'000   | 1999<br>\$'000<br>(Note 29) |
|---|------|------------------|-----------------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES                                   | (a)  | <u>266,646</u>   | <u>184,636</u>              |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE                             |      |                  |                             |
| Dividends received  |      | 1,172            | 1,774                       |
| Interest paid on overdrafts and bank loans                                  |      | (22,792)         | (32,950)                    |
| Interest element of finance lease contract payments                         |      | (1,220)          | (2,116)                     |
| Interest received   |      | <u>8,149</u>     | <u>11,566</u>               |
| Net cash outflow from returns on investments and servicing of finance       |      | <u>(14,691)</u>  | <u>(21,726)</u>             |
| TAXATION  |      |                  |                             |
| Special rebate by the Government of Hong Kong Special Administration Region |      | –                | 747                         |
| Hong Kong profits tax paid  |      | <u>(1,241)</u>   | <u>(13,345)</u>             |
|   |      | <u>(1,241)</u>   | <u>(12,598)</u>             |
| INVESTING ACTIVITIES  |      |                  |                             |
| Payment of development costs  |      | (1,053)          | (141)                       |
| Proceeds from disposal of investment in associated companies                |      | 18,493           | –                           |
| Purchase of fixed assets  |      | (23,736)         | (40,639)                    |
| Proceeds from disposal of investment properties                             |      | 19,680           | 7,295                       |
| Proceeds from disposal of fixed assets                                      |      | <u>1,085</u>     | <u>2,885</u>                |
| Net cash inflow (outflow) from investing activities                         |      | <u>14,469</u>    | <u>(30,600)</u>             |
| Net cash inflow before financing activities                                 |      | <u>265,183</u>   | <u>119,712</u>              |
| FINANCING ACTIVITIES  | (b)  |                  |                             |
| Repayment under finance lease contracts                                     |      | (11,956)         | (19,568)                    |
| Proceeds from issuance of share capital, net                                |      | 59,970           | 25,856                      |
| Advances from minority shareholders, net                                    |      | <u>3</u>         | <u>684</u>                  |
| Net cash inflow from financing activities                                   |      | <u>48,017</u>    | <u>6,972</u>                |
| Increase in cash and cash equivalents                                       |      | 313,200          | 126,684                     |
| Cash and cash equivalents, beginning of year                                |      | <u>(179,590)</u> | <u>(306,274)</u>            |
| Cash and cash equivalents, end of year                                      |      | <u>133,610</u>   | <u>(179,590)</u>            |
| ANALYSIS OF CASH AND CASH EQUIVALENTS                                       |      |                  |                             |
| Time deposits   |      | 145,917          | 182,215                     |
| Cash and bank balances  |      | 91,193           | 15,545                      |
| Bank overdrafts   |      | –                | (72,720)                    |
| Short-term bank loans   |      | <u>(103,500)</u> | <u>(304,630)</u>            |
|   |      | <u>133,610</u>   | <u>(179,590)</u>            |

## Consolidated Cash Flow Statement

For the year ended 31st March, 2000 (Expressed in Hong Kong dollars)

### (a) RECONCILIATION OF PROFIT (LOSS) BEFORE SHARE OF PROFIT OF ASSOCIATED COMPANIES AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|   | 2000<br>\$'000 | 1999<br>\$'000<br>(Note 29) |
|---|----------------|-----------------------------|
| Profit (Loss) before share of profit of associated companies and taxation | 39,619         | (60,139)                    |
| Interest income   | (8,149)        | (11,566)                    |
| Dividend income   | (131)          | (48)                        |
| Loss on disposal of fixed assets  | 319            | 162                         |
| Interest expense on overdrafts and bank loans                             | 22,792         | 32,950                      |
| Interest element of finance lease contract payments                       | 1,220          | 2,116                       |
| Amortisation of development costs   | –              | 750                         |
| Depreciation  | 21,606         | 16,612                      |
| Provision for reduction in market value of investment properties          | –              | 8,425                       |
| Provision for contract retention receivable                               | –              | 6,844                       |
| Provision for inventory obsolescence                                      | 921            | –                           |
| Provision for doubtful debts  | 5,000          | –                           |
| Gain on disposal of investment in associated companies                    | (4,633)        | –                           |
| Loss on disposal of investment properties                                 | 1,920          | 3,880                       |
| Changes in non-cash working capital balances:                             |                |                             |
| Decrease in long-term receivable  | –              | 4,671                       |
| Increase in long-term trade debtors                                       | (4,563)        | (12,153)                    |
| Increase in loans to employees  | (1,655)        | (2,544)                     |
| Increase in inventories   | (8,003)        | (5,874)                     |
| (Increase) Decrease in trade debtors                                      | (53,027)       | 192,141                     |
| Decrease in gross amount due from customers for contract work             | 101,174        | 22,099                      |
| Increase in amounts due from related parties                              | (19)           | –                           |
| Decrease in amounts due from associated companies                         | 7,805          | 106                         |
| Decrease (Increase) in prepayments, deposits and other receivables        | 12,651         | (14,639)                    |
| Increase (Decrease) in amounts payable to suppliers and subcontractors    | 17,733         | (15,849)                    |
| Decrease in amounts due to related parties                                | –              | (604)                       |
| Decrease in amounts due to associated companies                           | (10,963)       | (40)                        |
| Increase (Decrease) in accruals and other liabilities                     | 9,480          | (9,656)                     |
| Increase in gross amount due to customers for contract work               | 115,549        | 26,992                      |
| NET CASH INFLOW FROM OPERATING ACTIVITIES                                 | <u>266,646</u> | <u>184,636</u>              |

## Consolidated Cash Flow Statement

For the year ended 31st March, 2000 (Expressed in Hong Kong dollars)

### (b) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

|   | 2000                       |                            |                                 |   |                 | 1999            |
|---|----------------------------|----------------------------|---------------------------------|---|-----------------|-----------------|
|   | Share<br>capital<br>\$'000 | Share<br>premium<br>\$'000 | Minority<br>interests<br>\$'000 | Finance<br>lease<br>obligations<br>\$'000 | Total<br>\$'000 | Total<br>\$'000 |
| Balance, beginning<br>of year                             | 59,033                     | 384,976                    | 3,491                           | 21,542                                    | 469,042         | 445,874         |
| Net cash inflow<br>(outflow) from<br>financing activities | 29,516                     | 30,454                     | 3                               | (11,956)                                  | 48,017          | 6,972           |
| Share of profit of<br>minority shareholders               | -                          | -                          | 646                             | -   | 646             | 293             |
| Inception of finance<br>lease obligations                 | -                          | -                          | -                               | 389                                       | 389             | 15,903          |
| Balance, end of year                                      | <u>88,549</u>              | <u>415,430</u>             | <u>4,140</u>                    | <u>9,975</u>                              | <u>518,094</u>  | <u>469,042</u>  |

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (1) PRINCIPAL ACCOUNTING POLICIES

#### (a) Basis of Consolidation

The Group's financial statements include the financial statements of the Company and its subsidiaries, together with the Group's share of post-acquisition profit or loss and reserves of its associated companies under the equity method of accounting. The results of subsidiaries and associated companies acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal. Significant intra-group transactions and balances have been eliminated on consolidation.

#### (b) Basis of Presentation

The Group's financial statements are prepared in accordance with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and the accounting principles generally accepted in Hong Kong.

#### (c) Negative Goodwill

Negative goodwill, which represents the excess of the fair value attributable to the separable net assets at the date of acquisition of an associated company over the purchase consideration, is credited to capital reserve.

#### (d) Turnover

Turnover mainly represents the following:

- (i) The aggregate amount of gross certified value earned from construction contracts, which include various maintenance and decoration projects;
- (ii) Gross invoiced sales, net of discounts and returns, of building materials sold; and
- (iii) Rental income earned from investment properties.

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (1) PRINCIPAL ACCOUNTING POLICIES (Continued)

### (e) Revenue Recognition

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

#### (i) Contract revenue

When the outcome of the construction contract can be estimated reliably, revenue from a construction contract is recognised using the percentage of completion method, measured by reference to the percentage of revenue certified to date to estimated total contract value for the contract. When the outcome of the construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

#### (ii) Sale of building materials

Sale of building materials is recognised when the significant risks and awards of ownership of the goods have been transferred to customers.

#### (iii) Rental of investment properties

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

#### (iv) Interest income

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

#### (v) Dividend income

Dividend income is recognised when the right to receive payment is established.

### (f) Fixed Assets and Depreciation

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



## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (1) PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (f) Fixed Assets and Depreciation *(Continued)*

Properties under construction are stated at cost. No depreciation is provided until the properties are completed and in use.

Depreciation of fixed assets is provided using the straight-line method over their estimated useful lives. The principal annual rates used are as follows:

|  |     |
|--|-----|
| Plant and machinery  | 10% |
| Furniture, fixtures and office equipment                     | 25% |
| Motor vehicles   | 25% |
| Motor launch   | 10% |
| Land and buildings in Hong Kong held under medium-term lease | 2%  |
| Leasehold improvements                                       | 25% |

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

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

#### (g) Investment Properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential and for the long term.

Investment properties are included in the balance sheet at their open market value, on the basis of an annual valuation performed by independent professional valuers. Changes in the value of investment properties are dealt with as movements in the property revaluation reserve. If the total of this reserve is insufficient to cover a reduction in the open market value on a portfolio basis, the excess is charged to the income statement.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the property revaluation reserve to the income statement as part of the profit or loss on disposal of the investment property.

No depreciation is provided on investment properties unless the unexpired lease term is 20 years or less, in which case depreciation is provided on their carrying value over the unexpired lease term.

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (1) PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### (h) Subsidiaries

A company is a subsidiary of another company, if the latter controls more than half of the voting power of the former. Investment in subsidiaries in the accounts of the Company is carried at cost less provision for impairment in value where considered necessary by the directors. The results of the subsidiaries are included in the income statement of the Company to the extent of dividends declared by the subsidiaries.

### (i) Associated Companies

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

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

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

### (j) Investment Securities

Securities, which include both debt and equity securities, intended to be held on a continuing basis, are classified as investment securities and are included in the balance sheet at cost less any provision for impairment in value.

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

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

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (1) PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (k) Development Costs

Development costs mainly represent costs directly attributable to the development of a unique type of partition for office use. Development costs are carried forward when recoverability can be foreseen with reasonable assurance. The costs will be amortised upon the commencement of business.

#### (l) Inventories

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

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

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### (m) Construction Contracts

The accounting policy for contracts revenue is set out at Note 1(e)(i) above. When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected total loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Amounts billed, but not yet paid by the customers, for work performed on a contract are included in the balance sheet under "Trade debtors".

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (1) PRINCIPAL ACCOUNTING POLICIES (Continued)

### (n) Leases

#### (i) Finance leases

Leases that transfer to the Group substantially all the rewards and risks of ownership of the assets, other than legal title, are accounted for as finance leases.

Fixed assets held under finance leases are initially recorded at the present value of the minimum lease payments at the inception of the leases, with the equivalent liabilities recorded as appropriate under current or long-term liabilities.

Finance charges, which represent the difference between the minimum lease payments at the inception of the leases and the fair value of the assets, are allocated to accounting periods over the period of the relevant leases so as to produce a constant periodic rate of charge on the outstanding balances.

#### (ii) Operating leases

Leases where substantially all the rewards and risks of ownership remain with the leasing company are accounted for as operating leases. Rental payments under operating leases are charged to the income statement on a straight line basis over the period of the relevant leases.

### (o) Deferred Taxation

Deferred taxation is provided under the liability method, at the current tax rate, in respect of the timing differences between profit as computed for taxation purposes and profit as stated in the financial statements, except where it is considered that no liability will arise in the foreseeable future.

A deferred tax asset is not recognised unless the related benefits are expected to crystallise in the foreseeable future.

### (p) Foreign Currencies

Companies within the Group maintain their books and records either in Hong Kong dollars or Chinese Renminbi ("functional currencies"). In the financial statements of the individual companies, transactions in other currencies during the year are translated into the respective functional currencies at the applicable rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in other currencies are translated into the respective functional currencies at the applicable rates of exchange in effect at the balance sheet date. All such exchange differences are dealt with the income statements of the individual companies.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (1) PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### (p) Foreign Currencies *(Continued)*

The Group prepares consolidated financial statements in Hong Kong dollars. For the purpose of consolidation, all the assets and liabilities of those subsidiaries with functional currencies other than Hong Kong dollars are translated into Hong Kong dollars at the applicable rates of exchange in effect at the balance sheet date. All income and expense items are translated into Hong Kong dollars at the average exchange rate during the year. Exchange differences arising from such translation are dealt with as movements in cumulative translation adjustments, if material.

#### (q) Borrowing Costs

Interest that is directly attributable to a construction contract is capitalised as part of the cost of that project. Interest is capitalised at the weighted average cost of the related borrowings up to the date of completion of the construction contract.

Other borrowing costs, including amortisation of discount or premium relating to borrowings, ancillary cost incurred in connection with arranging financing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs, are expensed in the income statement.

### (2) TURNOVER

Contribution to the Group's turnover by principal activity is as follows:

|   | 2000<br>\$'000   | 1999<br>\$'000   |
|---|------------------|------------------|
| Contracting of building construction, maintenance and decoration projects | 1,962,768        | 1,849,377        |
| Sale of building materials  | 66,627           | 14,162           |
| Others  | 12,553           | 11,638           |
| Total   | <u>2,041,948</u> | <u>1,875,177</u> |

### (3) INVESTMENT PROPERTIES

During the year, the Group disposed of its investment properties at a total consideration of approximately \$19,680,000 which resulted in a net loss on disposal of approximately \$1,920,000.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (4) PROFIT (LOSS) BEFORE TAXATION

Profit (Loss) before taxation is arrived at after charging (crediting) the following:

|   | 2000<br>\$'000     | 1999<br>\$'000     |
|---|--------------------|--------------------|
| Depreciation  |                    |                    |
| – Owned assets  | 15,307             | 12,126             |
| – Assets held under finance lease contracts                               | 6,299              | 4,486              |
|   | <u>21,606</u>      | <u>16,612</u>      |
| Less: Amount recorded as construction costs                               | (10,961)           | (10,434)           |
|   | <u>10,645</u>      | <u>6,178</u>       |
| Staff (excluding directors) costs   | 201,373            | 183,201            |
| Less: Amount recorded as construction costs                               | (160,184)          | (147,104)          |
|   | <u>41,189</u>      | <u>36,097</u>      |
| Amortisation of development costs   | –                  | 750                |
| Cost of inventories   | 77,406             | 35,977             |
| Provision for doubtful debts  | 5,000              | –                  |
| Provision for inventory obsolescence                                      | 921                | –                  |
| Loss on disposal of fixed assets  | 319                | 162                |
| Auditors' remuneration  | 1,100              | 1,000              |
| Operating leases on   |                    |                    |
| – Land and buildings  | 2,141              | 1,815              |
| – Other equipment   | 33,577             | 24,799             |
|   | <u>35,718</u>      | <u>26,614</u>      |
| Less: Amount recorded as construction costs                               | (33,668)           | (24,489)           |
|   | <u>2,050</u>       | <u>2,125</u>       |
| Interest element of finance lease contract payments                       | 1,220              | 2,116              |
| Less: Amount recorded as construction costs                               | (857)              | (1,586)            |
|   | <u>363</u>         | <u>530</u>         |
| Interest expense on overdrafts and bank loans repayable within five years | 22,792             | 32,950             |
| Less: Amount recorded as construction costs                               | (16,930)           | (20,021)           |
|   | <u>5,862</u>       | <u>12,929</u>      |
| Exchange loss, net  | 957                | 16                 |
| Gain on disposal of investment in associated companies                    | (4,633)            | –                  |
| Rental income from investment properties                                  | (200)              | (686)              |
| Interest income on bank deposits  | (8,149)            | (11,566)           |
| Dividend income   | (131)              | (48)               |
| Contract revenue  | <u>(1,962,768)</u> | <u>(1,849,377)</u> |

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (5) DIRECTORS' REMUNERATION AND FIVE HIGHEST-PAID INDIVIDUALS

#### (a) Directors' remuneration

Details of Directors' remuneration are as follows:

|   | 2000<br>\$'000 | 1999<br>\$'000 |
|---|----------------|----------------|
| Independent Non-executive Directors         | <u>750</u>     | <u>750</u>     |
| Executive Directors:                        |                |                |
| Fees  | –              | –              |
| Salaries                                    | 9,317          | 9,717          |
| Performance-related bonus                   | 1,270          | –              |
| Contribution to defined contribution scheme | <u>413</u>     | <u>439</u>     |
|   | <u>11,000</u>  | <u>10,156</u>  |
|   | <u>11,750</u>  | <u>10,906</u>  |

The Directors received remuneration in the following bands during the year:

|                           | 2000<br>Number<br>of Directors | 1999<br>Number<br>of Directors |
|---------------------------|--------------------------------|--------------------------------|
| Up to \$1,000,000         | 4                              | 4                              |
| \$1,500,001 – \$2,000,000 | –                              | 2                              |
| \$2,000,001 – \$2,500,000 | 2                              | –                              |
| \$5,500,001 – \$6,000,000 | <u>1</u>                       | <u>1</u>                       |

#### (b) Five highest-paid individuals

The five highest-paid individuals included three (1999 – three) Executive Directors whose emoluments are disclosed in (a) above. The details of the emoluments of the other two (1999 – two) individuals are as follows:

|   | 2000<br>\$'000 | 1999<br>\$'000 |
|---|----------------|----------------|
| Salaries                                    | 1,792          | 1,980          |
| Performance-related bonus                   | 950            | –              |
| Contribution to defined contribution scheme | <u>85</u>      | <u>89</u>      |
|   | <u>2,827</u>   | <u>2,069</u>   |

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (5) DIRECTORS' REMUNERATION AND FIVE HIGHEST-PAID INDIVIDUALS (Continued)

### (b) Five highest-paid individuals (Continued)

The emoluments of the other two highest-paid individuals fell within the following bands:

|                           | 2000<br>Number<br>of Employees | 1999<br>Number<br>of Employees |
|---------------------------|--------------------------------|--------------------------------|
| Up to \$1,000,000         | –                              | 1                              |
| \$1,000,001 – \$1,500,000 | 1                              | 1                              |
| \$1,500,001 – \$2,000,000 | 1                              | –                              |
|                           | <hr/>                          | <hr/>                          |

## (6) TAXATION

### (a) Taxation in the consolidated income statement represents:

|  | 2000<br>\$'000 | 1999<br>\$'000 |
|--|----------------|----------------|
| Company and subsidiaries   |                |                |
| Provision for Hong Kong profits tax in respect of<br>the estimated assessable profit for the year at 16%<br>(1999 – 16%) | 5,089          | 525            |
| Special rebate by the Government of Hong Kong<br>Special Administrative Region   | –              | (747)          |
| (Over) Under-provision of prior year profits tax   | (392)          | 1,039          |
| Provision for (Reversal of) deferred taxation  | 3,785          | (6,823)        |
|  | <hr/>          | <hr/>          |
|  | 8,482          | (6,006)        |
| Associated companies   | 604            | 1,122          |
|  | <hr/>          | <hr/>          |
|  | 9,086          | (4,884)        |



## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (6) TAXATION (Continued)

|  | 2000<br>\$'000 | 1999<br>\$'000 |
|--|----------------|----------------|
| (b) Movement in deferred taxation comprises:       |                |                |
| Balance, beginning of year                         | 8,559          | 15,382         |
| Provision for (Reversal of) net timing differences | 3,785          | (6,823)        |
|  | <hr/>          | <hr/>          |
| Balance, end of year (see Note 18)                 | 12,344         | 8,559          |
|  | <hr/>          | <hr/>          |
|  | 2000<br>\$'000 | 1999<br>\$'000 |
| (c) Deferred taxation as of year end arose from:   |                |                |
| Accelerated depreciation allowances                | 11,253         | 8,625          |
| Tax losses   | (25)           | (658)          |
| Others   | 1,116          | 592            |
|  | <hr/>          | <hr/>          |
|  | 12,344         | 8,559          |
|  | <hr/>          | <hr/>          |

There was no material unprovided deferred taxation as at 31st March, 2000.

### (7) PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit (loss) attributable to shareholders includes a profit of approximately \$22,219,000 (1999 – \$85,272,000) dealt with in the financial statements of the Company.

### (8) PRIOR YEAR ADJUSTMENTS

In prior years, pre-operating expenditure, representing costs incurred during the start-up period to set up the semi-precast factory in Shenzhen, Mainland China was amortised on a straight line basis over a period of 5 years upon commencement of commercial operations. Because of the application of the revised Statement of Standard Accounting Practice Number 1 "Presentation of financial statements" issued by the Hong Kong Society of Accountants, pre-operating expenditure is expensed as incurred starting from 1st January, 1999. This change in accounting policy has been applied retrospectively.

As a result of the adoption of the new accounting policy, the Group has expensed all its pre-operating expenditure as incurred for the year ended 31st March, 2000. Beginning retained profit for the year ended 31st March, 2000 was decreased by approximately \$4,598,000 which is the amount of the adjustment in respect of the unamortised pre-operating expenditure brought forward from 1999. Comparative figures as at 31st March, 1999 and for the year then ended have been restated to reflect the change in accounting policy.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (8) PRIOR YEAR ADJUSTMENTS *(Continued)*

|   | \$'000 |
|---|--------|
| Write-off of the pre-operating expenditure capitalised in 1999      | 5,016  |
| Reversal of amortisation of pre-operating expenditure               | (418)  |
|   | <hr/>  |
| Cumulative adjustment to the retained profit as at 31st March, 1999 | 4,598  |
|   | <hr/>  |

### (9) DIVIDENDS

The directors recommend the payment of a final dividend of \$0.7 cents (1999 – nil) per share, totaling \$12,396,891 (1999 – nil) for the year ended 31st March, 2000.

### (10) EARNINGS (LOSS) PER SHARE AND DILUTED EARNINGS (LOSS) PER SHARE

Earnings (Loss) per share and diluted earnings (loss) per share have been calculated based on the audited consolidated profit attributable to shareholders for the year of \$30,325,000 (1999 – loss of \$48,681,000) and the weighted average number of 1,331,068,642 shares (1999 – 983,763,775 shares) in issue during the year.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (11) FIXED ASSETS

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

|                                 | 2000                                |                        |   |                   |                 |                       |                                | 1999    |
|---------------------------------|-------------------------------------|------------------------|---|-------------------|-----------------|-----------------------|--------------------------------|---------|
|                                 | Properties<br>under<br>construction | Plant and<br>machinery | Furniture,<br>fixtures<br>and office<br>equipment | Motor<br>vehicles | Motor<br>launch | Land and<br>buildings | Leasehold<br>improve-<br>ments | Total   |
|                                 | \$'000                              | \$'000                 | \$'000  | \$'000            | \$'000          | \$'000                | \$'000                         | \$'000  |
| <b>Cost</b>                     |                                     |                        |   |                   |                 |                       |                                |         |
| Balance, beginning<br>of year   | 15,510                              | 118,465                | 25,744  | 21,449            | 1,685           | 67,609                | 4,722                          | 255,184 |
| Additions                       | 335                                 | 15,674                 | 4,546   | 1,913             | -               | 1,657                 | -                              | 24,125  |
| Inter-category transfer         | (15,756)                            | -                      | -   | -                 | -               | 15,756                | -                              | -       |
| Disposals                       | -                                   | (1,973)                | (1,336)   | (1,358)           | -               | -                     | -                              | (4,667) |
| Balance, end of year            | 89                                  | 132,166                | 28,954  | 22,004            | 1,685           | 85,022                | 4,722                          | 274,642 |
| <b>Accumulated depreciation</b> |                                     |                        |   |                   |                 |                       |                                |         |
| Balance, beginning of year      | -                                   | 31,037                 | 17,871  | 12,998            | 1,166           | 6,302                 | 4,722                          | 74,096  |
| Charge for the year             | -                                   | 12,397                 | 3,632   | 3,490             | 168             | 1,919                 | -                              | 21,606  |
| Written back on<br>disposals    | -                                   | (925)                  | (1,235)   | (1,103)           | -               | -                     | -                              | (3,263) |
| Balance, end of year            | -                                   | 42,509                 | 20,268  | 15,385            | 1,334           | 8,221                 | 4,722                          | 92,439  |
| <b>Net book value</b>           |                                     |                        |   |                   |                 |                       |                                |         |
| Balance, end of year            | 89                                  | 89,657                 | 8,686   | 6,619             | 351             | 76,801                | -                              | 182,203 |
| Balance, beginning<br>of year   | 15,510                              | 87,428                 | 7,873   | 8,451             | 519             | 61,307                | -                              | 181,088 |

(b) The Group's land and buildings are held in Hong Kong under medium-term leases. As at 31st March, 2000, land, with a net book value of approximately \$33,425,000 (1999 – \$34,152,000) included in the above analysis, is held under a crown lease in Hong Kong which extends to the year 2047.

(c) The properties under construction mainly represent the costs incurred for constructing the office building near the semi-precast plant in Shenzhen, Mainland China.

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (11) FIXED ASSETS (Continued)

- (d) The net book value of fixed assets held under finance lease contracts of the Group comprises:

|  | 2000<br>\$'000 | 1999<br>\$'000 |
|--|----------------|----------------|
| Plant and machinery                      | 18,509         | 35,690         |
| Furniture, fixtures and office equipment | 39             | 93             |
| Motor vehicles                           | 3,241          | 6,336          |
| Total                                    | <u>21,789</u>  | <u>42,119</u>  |

## (12) DEVELOPMENT COSTS

Development costs of the Group mainly represent expenditure incurred to develop a unique type of partition for office use.

|                                 | 2000<br>\$'000 | 1999<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>Cost</b>                     |                |                |
| Balance, beginning of year      | 4,978          | 4,837          |
| Additions                       | 1,053          | 141            |
| Balance, end of year            | <u>6,031</u>   | <u>4,978</u>   |
| <b>Accumulated amortisation</b> |                |                |
| Balance, beginning of year      | 4,500          | 3,750          |
| Amortisation for the year       | –              | 750            |
| Balance, end of year            | <u>4,500</u>   | <u>4,500</u>   |
| <b>Net book value</b>           |                |                |
| Balance, end of year            | <u>1,531</u>   | <u>478</u>     |
| Balance, beginning of year      | <u>478</u>     | <u>1,087</u>   |

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (13) LOANS TO EMPLOYEES

The Group has provided housing loans to certain employees. The repayment period ranges from 2 to 12 years with interest at prime rate minus 1 per cent, depending on the terms of the individual loan agreements. Amounts due within one year of approximately \$193,000 (1999 – \$70,000) are included in prepayments, deposits and other receivables.

### (14) INTERESTS IN SUBSIDIARIES

(a) Interests in subsidiaries in the accounts of the Company as at 31st March, 2000 comprise:

|                                     | 2000<br>\$'000 | 1999<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Unlisted shares, at cost            | 51,575         | 51,575         |
| Capital contributed to a subsidiary | 224,500        | 224,500        |
|                                     | <u>276,075</u> | <u>276,075</u> |

The Directors are of the opinion that there is no impairment in the value of interests in subsidiaries as at 31st March, 2000.

(b) Particulars of principal subsidiaries as at 31st March, 2000 are:

| Name of Company                                | Place of Incorporation | Place of operation | Issued and fully paid share capital | Principal activities                     | % of issued ordinary share capital held by Company Subsidiaries |      | Group equity interest |
|--|------------------------|--------------------|-------------------------------------|--|---|------|-----------------------|
| Australian Development Holdings Pty. Limited   | Australia              | Australia          | A\$2                                | Investment holding                       | –   | 100% | 100%                  |
| Bellaglade Company Limited                     | Hong Kong              | Hong Kong          | \$2                                 | Property holding                         | –   | 100% | 100%                  |
| Century Score Limited                          | Hong Kong              | Hong Kong          | \$2                                 | Investment in real estate properties     | –   | 100% | 100%                  |
| Chapman Engineering Consultant Company Limited | Hong Kong              | Hong Kong          | \$100                               | Building services engineering consultant | –   | 60%  | 60%                   |
| City Fine Pty. Limited                         | Australia              | Australia          | \$2                                 | Property development                     | –   | 100% | 100%                  |

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (14) INTERESTS IN SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries as at 31st March, 2000 are: (Continued)

| Name of Company  | Place of Incorporation | Place of operation | Issued and fully paid share capital | Principal activities   | % of issued ordinary share capital held by Company Subsidiaries |      | Group equity interest |
|--|------------------------|--------------------|-------------------------------------|--|---|------|-----------------------|
| First Smart Investment Limited                         | Hong Kong              | Hong Kong          | \$2                                 | Investment in real estate properties   | –   | 100% | 100%                  |
| Global Winner Investment Limited                       | Hong Kong              | Hong Kong          | \$2                                 | Investment in real estate properties   | –   | 100% | 100%                  |
| Koshen Engineering Limited                             | Hong Kong              | Hong Kong          | \$10,000                            | Provision of design, consulting and project management services              | –   | 100% | 60%                   |
| Lucky Fame Investment Limited                          | Hong Kong              | Hong Kong          | \$2                                 | Investment in real estate properties   | –   | 100% | 100%                  |
| Ming Hop Company Limited                               | Hong Kong              | Hong Kong          | \$500,000                           | Sourcing of construction materials and execution of plumbing work            | –   | 100% | 100%                  |
| Nanjing Autocon Technology Company Limited             | Mainland China         | Mainland China     | US\$500,000                         | Development and sale of construction equipment and computer control software | –   | 100% | 100%                  |
| Nanjing Nanda VH Software Intelligence Company Limited | Mainland China         | Mainland China     | Rmb1,500,000                        | Development and sale of computer control software                            | –   | 70%  | 70%                   |
| Right Motive Limited                                   | Hong Kong              | Hong Kong          | \$6,000                             | Property holding   | –   | 100% | 100%                  |
| Solid Star Company Limited                             | Hong Kong              | Hong Kong          | \$2                                 | Property holding   | –   | 100% | 100%                  |
| SPS Company Limited                                    | Hong Kong              | Hong Kong          | \$2                                 | Manufacturing and trading  | –   | 100% | 100%                  |

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (14) INTERESTS IN SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries as at 31st March, 2000 are: (Continued)

| Name of Company  | Place of Incorporation     | Place of operation | Issued and fully paid share capital | Principal activities                              | % of issued ordinary share capital held by Company Subsidiaries |      | Group equity interest |
|--|----------------------------|--------------------|-------------------------------------|---|---|------|-----------------------|
| Trendplot Investments Limited                                | Hong Kong                  | Hong Kong          | \$2                                 | Provision of management services                  | -   | 100% | 100%                  |
| VHSoft Technologies Company Limited                          | Hong Kong                  | Hong Kong          | \$2                                 | Computer software development                     | -   | 100% | 100%                  |
| Yau Lee Building Construction and Decoration Company Limited | Hong Kong                  | Hong Kong          | \$100,000                           | Building construction, maintenance and decoration | -   | 100% | 100%                  |
| Yau Lee Construction Company Limited                         | Hong Kong                  | Hong Kong          | \$100,000,000                       | Building construction                             | -   | 100% | 100%                  |
| Yau Lee Construction Materials & Technology Limited          | Hong Kong                  | Hong Kong          | \$2                                 | Sale of building materials and precast products   | -   | 100% | 100%                  |
| Yau Lee Construction Materials & Technology Limited          | The British Virgin Islands | Hong Kong          | US\$2                               | Sale of precast products                          | -   | 100% | 100%                  |
| Yau Lee Environmental Development Limited                    | Hong Kong                  | Hong Kong          | \$2                                 | Investment holding                                | -   | 100% | 100%                  |
| Yau Lee (Environmental Industries) Company Limited           | The British Virgin Islands | Hong Kong          | US\$10,000                          | Investment holding                                | -   | 100% | 100%                  |
| Yau Lee Investment Limited                                   | The Cook Islands           | Hong Kong          | US\$100                             | Investment holding                                | 100%  | -    | 100%                  |

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (14) INTERESTS IN SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries as at 31st March, 2000 are: (Continued)

| Name of Company  | Place of Incorporation     | Place of operation | Issued and fully paid share capital | Principal activities  | % of issued ordinary share capital held by Company | Subsidiaries | Group equity interest |
|--|----------------------------|--------------------|-------------------------------------|---|--|--------------|-----------------------|
| Yau Lee Technology Limited                                       | The British Virgin Islands | Hong Kong          | US\$1                               | Investment holding and trading of construction equipment and computer control softwares | -  | 100%         | 100%                  |
| Yau Lee Wah Concrete Precast Products Company Limited            | Hong Kong                  | Hong Kong          | \$10,000,000                        | Sale of precast products  | -  | 100%         | 100%                  |
| Yau Lee Wah Concrete Precast Products (Shenzhen) Company Limited | Mainland China             | Mainland China     | Rmb39,076,066                       | Manufacture of precast products   | -  | 100%         | 100%                  |
| Yau Sing Building Materials Company Limited                      | Hong Kong                  | Hong Kong          | \$500,000                           | Investment holding  | -  | 63%          | 63%                   |



## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (15) INTERESTS IN ASSOCIATED COMPANIES

(a) Interests in associated companies comprise:

|   | 2000            |                   | 1999            |                   |
|---|-----------------|-------------------|-----------------|-------------------|
|   | Group<br>\$'000 | Company<br>\$'000 | Group<br>\$'000 | Company<br>\$'000 |
| Listed investment   | –               | –                 | 15,960          | –                 |
| Unlisted investment   | <u>6,933</u>    | <u>–</u>          | <u>6,040</u>    | <u>–</u>          |
| Group's share of attributable<br>net assets of associated companies | 6,933           | –                 | 22,000          | –                 |
| Amounts due from associated<br>companies                            | 45,180          | 363               | 52,985          | 20,698            |
| Amounts due to associated<br>companies                              | <u>(12)</u>     | <u>–</u>          | <u>(10,975)</u> | <u>(808)</u>      |
|   | <u>52,101</u>   | <u>363</u>        | <u>64,010</u>   | <u>19,890</u>     |

During the year, the Group disposed of its 15% interest in Shun Cheong Holdings Limited, a listed company in Hong Kong, and its 40% interest in Top Channel Holdings Limited, a company incorporated in Hong Kong, at a total consideration of approximately \$18,493,000 which resulted in a net gain on disposals of approximately \$4,633,000.

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (15) INTERESTS IN ASSOCIATED COMPANIES (Continued)

(b) Particulars of principal associated companies as at 31st March, 2000 are:

| Name of Company   | Place of incorporation | Place of operation | Issued and fully paid share capital | Principal activities   | % of issued ordinary share capital held by Associated company |      | Group equity interest |
|---|------------------------|--------------------|-------------------------------------|--|---|------|-----------------------|
| Bestlink Shipping Limited   | Hong Kong              | Hong Kong          | \$100                               | Provision of shipping transportation services                        | –   | 100% | 30%                   |
| Bonland Investment Limited  | Hong Kong              | Hong Kong          | \$100                               | Investment holding   | 30%   | –    | 30%                   |
| Bonjoy Company Limited  | Hong Kong              | Hong Kong          | \$100                               | Provision of shipping transportation services and investment holding | –   | 100% | 30%                   |
| China Project Connections Pty. Limited                                | Australia              | Australia          | A\$100                              | Business consulting and international business                       | 50%   | –    | 50%                   |
| Rich Fame Shipping Limited  | Hong Kong              | Hong Kong          | \$100                               | Provision of shipping transportation services                        | –   | 100% | 30%                   |
| Shunde Yau Lee Building Components Company Limited ("Shunde Yau Lee") | Mainland China         | Mainland China     | US\$1,707,714                       | Manufacture of building materials                                    | 52.7%   | –    | 33.2%                 |
| Yau Lee Development Company Limited ("YLDC")                          | Hong Kong              | Hong Kong          | \$100                               | Property development   | 50%   | –    | 50%                   |
| Yau Lee Property Development (China) Company Limited                  | Hong Kong              | Hong Kong          | \$200                               | Investment holding   | 46%   | –    | 46%                   |

(c) The Company has an indirect interest of 25% in Fuli Building, a residential and commercial property project in Shunde PRC, which was jointly developed by YLDC and a Chinese party.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (15) INTERESTS IN ASSOCIATED COMPANIES (Continued)

- (d) One of the subsidiaries of the Group has a 52.7% interest in Shunde Yau Lee. Despite the controlling interest, the subsidiary appoints the same number of members in the Board of Directors of Shunde Yau Lee as the other shareholder. Consequently, the Group does not have control over the operational and financial matters of Shunde Yau Lee. The Directors have indicated that the Group exercises significant influence over Shunde Yau Lee and as a result, this investment is accounted for using the equity basis of accounting.
- (e) The amounts with associated companies are unsecured, interest-free and have no fixed repayment terms.
- (f) The Directors are of the opinion that there is no impairment in the value of interests in associated companies as at 31st March, 2000.

### (16) LONG-TERM INVESTMENTS

- (a) Long-term investments comprise:

|                                     | 2000         |          | 1999         |          |
|-------------------------------------|--------------|----------|--------------|----------|
|                                     | Group        | Company  | Group        | Company  |
|                                     | \$'000       | \$'000   | \$'000       | \$'000   |
| Unlisted shares, at cost            | 976          | –        | 976          | –        |
| Listed shares in Hong Kong, at cost | 1,455        | –        | 1,455        | –        |
|                                     | <u>2,431</u> | <u>–</u> | <u>2,431</u> | <u>–</u> |

The market value of the Group's investment in listed shares in Hong Kong as at 31st March, 2000 was approximately \$1,648,000 (1999 – \$464,000).

- (b) In January 1995, one of the subsidiaries of the Company entered into an agreement with Nanjing FEAT Advanced Sciences and Technology Industry Corp. ("Nanjing FEAT") in Mainland China to engage in the development and trading of environmental products. The Company has a 60% interest in Nanjing FEAT and has injected the agreed capital contribution of Rmb1,000,000.

The Directors are of the opinion that the Group has no control and does not exercise any influence over the operations of Nanjing FEAT and therefore, the investment is being accounted for using the cost method.

- (c) The Directors are of the opinion that there is no impairment in the value of long-term investments as at 31st March, 2000.

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (17) NET CURRENT ASSETS

|  | 2000           |                | 1999           |                |
|--|----------------|----------------|----------------|----------------|
|  | Group          | Company        | Group          | Company        |
|  | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>CURRENT ASSETS</b>  |                |                |                |                |
| Inventories (Note 23)  | 15,668         | –              | 8,586          | –              |
| Trade debtors (Note 24)  | 321,404        | –              | 273,377        | –              |
| Gross amount due from customers<br>for contract work (Note 24) | 239,297        | –              | 340,471        | –              |
| Due from subsidiaries (Note 28(a))                             | –              | 324,155        | –              | 213,053        |
| Due from related parties (Note 28(a))                          | 22             | 22             | 3              | 3              |
| Prepaid tax  | 3,188          | 46             | 3,743          | –              |
| Prepayments, deposits and<br>other receivables                 | 31,535         | 318            | 44,063         | 569            |
| Time deposits (Note 26)  | 145,917        | 12,259         | 182,215        | 1,617          |
| Cash and bank balances   | 91,193         | 406            | 15,545         | 532            |
| Total current assets   | 848,224        | 337,206        | 868,003        | 215,774        |
| <b>CURRENT LIABILITIES</b>                                     |                |                |                |                |
| Payable to suppliers and subcontractors                        | 123,895        | –              | 106,162        | –              |
| Bank overdrafts (Note 26)                                      | –              | –              | 72,720         | –              |
| Dividend payable   | 12,397         | 12,397         | –              | –              |
| Due to subsidiaries (Note 28(a))                               | –              | 43,434         | –              | 23,664         |
| Due to related parties (Note 28(a))                            | 1,246          | –              | 1,246          | –              |
| Provision for taxation   | 3,173          | –              | 272            | 47             |
| Gross amount due to customers<br>for contract work (Note 24)   | 167,464        | –              | 51,915         | –              |
| Current portion of finance lease<br>obligations (Note 18)      | 8,214          | –              | 15,690         | –              |
| Accruals and other liabilities                                 | 87,246         | 91             | 77,766         | 98             |
| Short-term bank loans (Note 26)                                | 103,500        | –              | 304,630        | –              |
| Total current liabilities                                      | 507,135        | 55,922         | 630,401        | 23,809         |
| <b>NET CURRENT ASSETS</b>                                      | <b>341,089</b> | <b>281,284</b> | <b>237,602</b> | <b>191,965</b> |

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (18) LONG-TERM LIABILITIES

|  | 2000                 |                   | 1999                 |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | Group<br>\$'000      | Company<br>\$'000 | Group<br>\$'000      | Company<br>\$'000 |
| Due to minority shareholders, net  | <u>4,140</u>         | <u>–</u>          | <u>3,491</u>         | <u>–</u>          |
| Obligations under finance lease contracts  |                      |                   |                      |                   |
| – Repayable within one year  | <u>8,214</u>         | <u>–</u>          | <u>15,690</u>        | <u>–</u>          |
| – Repayable in the second to fifth years   | <u>1,761</u>         | <u>–</u>          | <u>5,852</u>         | <u>–</u>          |
|  | <u>9,975</u>         | <u>–</u>          | <u>21,542</u>        | <u>–</u>          |
| Amounts due within one year included<br>under current liabilities ( <i>Note 17</i> ) | <u>(8,214)</u>       | <u>–</u>          | <u>(15,690)</u>      | <u>–</u>          |
|  | <u>1,761</u>         | <u>–</u>          | <u>5,852</u>         | <u>–</u>          |
| Deferred taxation ( <i>see Note 6(b)</i> )   | <u>12,344</u>        | <u>–</u>          | <u>8,559</u>         | <u>–</u>          |
|  | <u><b>18,245</b></u> | <u><b>–</b></u>   | <u><b>17,902</b></u> | <u><b>–</b></u>   |

# Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

## (19) SHARE CAPITAL

### (a) Authorised:

|   | 2000<br>\$'000 | 1999<br>\$'000 |
|---|----------------|----------------|
| 4,000,000,000 shares of \$0.05 each<br>(1999 – 4,000,000,000 shares of \$0.05 each) | <u>200,000</u> | <u>200,000</u> |

### (b) Issued and fully paid:

| Number of<br>shares of<br>\$0.05 each | 2000<br>Nominal value<br>\$'000 | Number of<br>shares of<br>\$0.05 each | 1999<br>Nominal value<br>\$'000 |
|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
|                                       |                                 |                                       |                                 |
| <u>1,770,984,402</u>                  | <u>88,549</u>                   | <u>1,180,656,268</u>                  | <u>59,033</u>                   |

On 23rd November, 1999, the Company announced a proposed rights issue (the "Rights Issue") of a minimum of 590,328,134 new shares (the "Rights Shares"), at \$0.108 per Rights Share on the basis of one Rights Share for every two existing shares held by shareholders of the Company on 8th December, 1999 (see Note 20).

On 24th December, 1999, pursuant to the Rights Issue, 590,328,134 Rights Shares of \$0.05 each were allotted. As a result, the share capital was increased to \$88,549,220. These shares rank pari passu with the existing shares.

### (c) Share Option Scheme

Under the terms of the Share Option Scheme which became effective on 5th August, 1991, the Board of Directors of the Company may, at their absolute discretion, offer to any Director or employee of the Company or any of its subsidiaries options to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme is such number of shares, which, when aggregated with shares subject to any other similar scheme, represents 10% of the issued share capital of the Company from time to time. The Share Option Scheme remains in force for a period of 10 years.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (19) SHARE CAPITAL (Continued)

#### (c) Share Option Scheme (Continued)

On 25th August, 1997, pursuant to the Share Option Scheme, certain employees and the Directors were granted options to subscribe for a total of 45,940,000 shares of \$0.05 each in the Company subject to adjustment as a result of any alteration in the capital structure of the Company. The subscription price will be the higher of 80% of the average closing price of the shares of the Company on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of granting of the option and the nominal value of the shares. During the year, options to subscribe for 3,622,000 shares of \$0.05 each granted to certain employees and a resigned ex-director were forfeited pursuant to the terms of the Share Option Scheme. None of the granted options was exercised during the year.

### (20) SHARE PREMIUM

The share premium represents the premium received on shares issued.

Movements during the year were as follows:

|   | 2000            |                   | 1999            |                   |
|---|-----------------|-------------------|-----------------|-------------------|
|   | Group<br>\$'000 | Company<br>\$'000 | Group<br>\$'000 | Company<br>\$'000 |
| Balance, beginning of year                              | 384,976         | 384,976           | 339,443         | 339,443           |
| Provision arising from Rights Issue<br>(see Note 19(b)) | 34,239          | 34,239            | 10,232          | 10,232            |
| Direct expenses for Rights Issue                        | (3,785)         | (3,785)           | (4,054)         | (4,054)           |
| Effect of revaluation in par value<br>of share capital  | —               | —                 | 39,355          | 39,355            |
| Balance, end of year                                    | <u>415,430</u>  | <u>415,430</u>    | <u>384,976</u>  | <u>384,976</u>    |

### (21) CAPITAL RESERVE

The amount represents the negative goodwill arising from the acquisition of additional interests in Shunde Yau Lee by the Group in 1997 (see Note 15(d)).

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (22) RETAINED PROFIT

|                               | 2000<br>\$'000 | 1999<br>\$'000<br>(Note 29) |
|-------------------------------|----------------|-----------------------------|
| Profit (Deficit) retained in: |                |                             |
| Company                       | 141,893        | 132,071                     |
| Subsidiaries                  | (61,023)       | (69,295)                    |
| Associated companies          | 7,055          | 7,221                       |
| Total                         | <u>87,925</u>  | <u>69,997</u>               |

The entire amount of the retained profit of the Group as at 31st March, 2000 was distributable.

### (23) INVENTORIES

|   | 2000            |                   | 1999            |                   |
|---|-----------------|-------------------|-----------------|-------------------|
|   | Group<br>\$'000 | Company<br>\$'000 | Group<br>\$'000 | Company<br>\$'000 |
| Raw material                                  | 7,868           | –                 | 3,122           | –                 |
| Finished goods                                | 8,721           | –                 | 5,464           | –                 |
|   | <u>16,589</u>   | <u>–</u>          | <u>8,586</u>    | <u>–</u>          |
| Less: Provision for inventory<br>obsolescence | (921)           | –                 | –               | –                 |
|   | <u>15,668</u>   | <u>–</u>          | <u>8,586</u>    | <u>–</u>          |

### (24) CONSTRUCTION CONTRACTS

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/to customers for contract work as at 31st March, 2000, was approximately \$8,046 million (1999 – \$7,540 million).

In respect of construction contracts in progress at the balance sheet date, the amount of retention receivable from customers, recorded within “Long-term trade debtors” and “Trade debtors” included in current assets (Note 17) as at 31st March, 2000, was approximately \$26,557,000 (1999 – \$21,994,000) and \$56,785,000 (1999 – \$83,057,000) respectively.



## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (25) PENSION SCHEME

A defined contribution pension scheme is provided to all the employees eligible and employed by the Group in Hong Kong (the "Employees"). The Group is required to make monthly contributions to the scheme at 5% of the Employees' monthly salary but the Employees are not required to contribute to the scheme. Employees under the defined contribution scheme are entitled to 100% of the employer's contribution and the accrued interest upon retirement or leaving the Group after completing 10 years of service from the date of joining the Group, or at a scale of between 30% and 90% after completing 3 to 9 years of service from the date of joining the Group.

During the year, the employer's contributions under the defined contribution scheme amounted to approximately \$5,758,000 (1999 – \$5,646,000).

### (26) BANKING FACILITIES

As at 31st March, 2000, the Group had total banking facilities in respect of overdrafts, short-term bank loans, bank guarantees and trade financing of approximately \$375 million (1999 – \$534 million), of which approximately \$104 million (1999 – \$368 million) were utilised. As at 31st March, 2000, these banking facilities were secured by:

- (a) time deposits of approximately \$142 million (1999 – \$130 million);
- (b) corporate guarantees of approximately \$439 million (1999 – \$394 million) given by the Company; and
- (c) progress billings of certain construction contracts.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (27) COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March, 2000, the Group had the following outstanding commitments and contingent liabilities:

- (a) In its normal course of business, the Group is subject to various claims from its construction contracts. As at 31st March, 2000, the Group had various liquidated damages claims on certain contracts for which the Group has filed extension of time claims with the employer. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.
- (b) Commitments under various contracts entered into in the normal course of business to complete construction and other contracts with a total value of approximately \$1,235 million (1999 – \$2,764 million) extending to various dates, the latest being October 2001.
- (c) Guarantees in respect of performance bonds which amounted to approximately \$90 million (1999 – \$36 million) in favour of the Group's customers.
- (d) Guarantees in respect of lease, finance lease or instalment loan facilities to third parties which amounted to approximately \$17 million (1999 – \$13 million) in favour of certain subsidiaries.

## Notes to the Financial Statements

31st March, 2000 (Amounts expressed in Hong Kong dollars unless otherwise stated)

### (27) COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

- (e) Operating lease commitments at 31st March, 2000 amounted to approximately \$54,274,000 (1999 – \$57,692,000). Such operating lease commitments as at 31st March, 2000 payable in the next twelve months, analysed according to the period in which the lease expires, were as follows:

|   | 2000<br>\$'000 | Group<br>1999<br>\$'000 |
|---|----------------|-------------------------|
| Land and buildings                                |                |                         |
| – expiring in the first year                      | 102            | 335                     |
| – expiring in the second to fifth years inclusive | 180            | 402                     |
| – expiring after the fifth year                   | 1,186          | 1,187                   |
|   | <u>1,468</u>   | <u>1,924</u>            |
| Other equipment                                   |                |                         |
| – expiring in the first year                      | 60             | 1,448                   |
| – expiring in the second to fifth years inclusive | –              | 48                      |
|   | <u>60</u>      | <u>1,496</u>            |
| Total   | <u>1,528</u>   | <u>3,420</u>            |

### (28) RELATED PARTY TRANSACTIONS

- (a) The balances due from and to subsidiaries and related parties are unsecured, interest free and have no fixed repayment terms.
- (b) The loans to subsidiaries are unsecured, interest-free and not repayable within the next year.

### (29) PRIOR YEAR COMPARATIVE FIGURES

The financial statements of the Group as at and for the year ended 31st March, 1999 which are presented for comparative purposes, reflect the prior year adjustments described in Note 8 to the financial statements.

In addition to the adjustments described in Note 8, certain of the 1999 comparative figures have been reclassified to conform to the application of the revised Statements of Standard Accounting Practice Number 1 issued by the Hong Kong Society of Accountants.

## Five Year Financial Summary

(Expressed in Hong Kong dollars)

### CONSOLIDATED RESULTS

Year ended 31st March,

|   | 1996<br>\$'000   | 1997<br>\$'000   | 1998<br>\$'000   | 1999<br>\$'000<br>(Note 29) | 2000<br>\$'000   |
|---|------------------|------------------|------------------|-----------------------------|------------------|
| Turnover                                      | <u>1,571,628</u> | <u>1,614,587</u> | <u>1,620,645</u> | <u>1,875,177</u>            | <u>2,041,948</u> |
| Profit (Loss) before<br>taxation              | 28,391           | 37,057           | 21,384           | (53,272)                    | 40,057           |
| Taxation                                      | (6,168)          | (7,281)          | (6,410)          | 4,884                       | (9,086)          |
| Minority interests                            | <u>135</u>       | <u>622</u>       | <u>255</u>       | <u>(293)</u>                | <u>(646)</u>     |
| Profit (Loss) attributable<br>to shareholders | <u>22,358</u>    | <u>30,398</u>    | <u>15,229</u>    | <u>(48,681)</u>             | <u>30,325</u>    |

### CONSOLIDATED ASSETS AND LIABILITIES

As at 31st March,

|                      | 1996<br>\$'000   | 1997<br>\$'000   | 1998<br>\$'000   | 1999<br>\$'000<br>(Note 29) | 2000<br>\$'000   |
|----------------------|------------------|------------------|------------------|-----------------------------|------------------|
| Total assets         | 946,756          | 1,125,156        | 1,360,237        | 1,162,678                   | 1,117,653        |
| Total liabilities    | <u>(443,745)</u> | <u>(603,554)</u> | <u>(823,037)</u> | <u>(648,303)</u>            | <u>(525,380)</u> |
| Shareholders' equity | <u>503,011</u>   | <u>521,602</u>   | <u>537,200</u>   | <u>514,375</u>              | <u>592,273</u>   |