





**O U R M I S S I O N** We aim to lead the market by offering well-selected value-for-money home improvement products and services that exceed customers' expectation and being the best source of solution for satisfying customers' lifestyle needs.

Pricerite Group Limited ("Pricerite" or "Company", together with its subsidiaries, "Group") is one of Hong Kong's leading retailers in areas of home furnishings and household products. Through a network of over 40 outlets and via our on-line store *www.pricerite.com.hk*, we provide good quality, competitively priced home lifestyle products that help people get more out of their lives. Pricerite is listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). It has annual sales of about HK\$892 million and employs over 700 people.

Since 2001, Pricerite has been part of the group of Celestial Asia Securities Holdings Limited ("CASH"), a Hong Kong based services conglomerate. Through the acquisition by CASH, Pricerite aims to offer the combined customer base an even wider choice of products and services to enhance their urban lifestyles.

From our solid base in Hong Kong, we plan to expand into selected markets of Asia, in particular mainland China, that offer opportunities for us to leverage our expertise in home retailing and our supply, logistics and financing infrastructure.



## CONTENTS

Corporate Information	4
Store Distribution	5
Financial Highlights	6
Directors and Management Profiles	8
Senior Executives	12
Chairman's Statement	14
Review of Operations	18
Products and Services	30
Notice of Annual General Meeting	36
Report of the Directors	40
Report of the Auditors	49
Financial Statements	
Consolidated Profit and Loss Account	50
Consolidated Balance Sheet	51
Consolidated Cash Flow Statement	52
Balance Sheet	53
Notes to Financial Statements	54
Five Year Financial Summary	85

# CORPORATE INFORMATION

## Board of Directors

### EXECUTIVE

KWAN Pak Hoo Bankee (Chairman)  
LIN Chih Cheih Sidney (Deputy Chairman)  
LI Yuen Cheuk Thomas (Chief Executive Officer)  
LAW Ping Wah Bernard  
LEUNG Siu Pong James  
LIU Yuen Tai Gordon  
KHOO Ken Wee

### INDEPENDENT NON-EXECUTIVE

LO Kwok Hung John  
LAU Po Yee Edith

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Nanyang Commercial Bank, Limited  
Wing Hang Bank, Limited

## Solicitors

Richards Butler  
Deacons

## Auditors

Ernst & Young  
*Certified Public Accountants*

## Company Secretary

KWOK Oi Kuen Joan Elmond, *ACIS*

## Audit Committee

LO Kwok Hung John  
LAU Po Yee Edith

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Head Office and Principal

### Place of Business

Shop No.27A  
Wo Che Commercial Centre  
Shatin, New Territories  
Hong Kong

## Correspondence Address

21/F The Center  
99 Queen's Road Central  
Hong Kong

## Registrars and Transfer Office

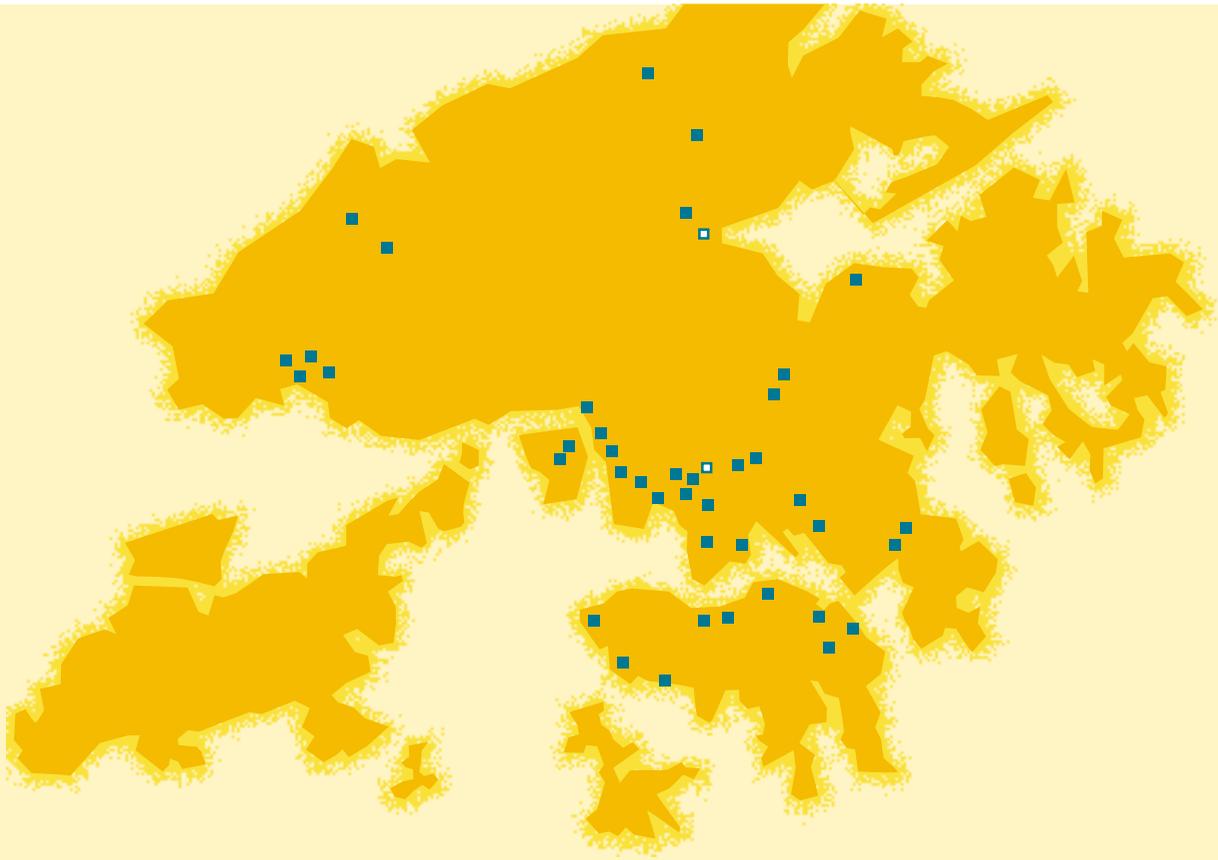
### in Hong Kong

Tengis Limited  
4/F Hutchison House  
10 Harcourt Road  
Central, Hong Kong

## Contacts

Telephone : (852) 2791 1996  
Facsimile : (852) 2791 1849  
Website : [www.pricerite.com.hk](http://www.pricerite.com.hk)

# STORE DISTRIBUTION



## HONG KONG ISLAND

Aberdeen  
 Wah Fu  
 Kennedy Town  
 Wanchai  
 Causeway Bay  
 North Point  
 Shau Kei Wan  
 Siu Sai Wan  
 Chaiwan

## KOWLOON

Ngau Tau Kok  
 Telford Plaza  
 Diamond Hill  
 Fung Tak  
 Chuk Yuen  
 Lok Fu  
 To Kwa Wan  
 Mongkok  
 Whampoa Garden  
 Homantin  
 Dragon Centre  
 Cheung Sha Wan  
 Mei Foo  
 Wong Tai Sin (opening soon)

## NEW TERRITORIES

Shatin - Hilton Plaza  
 Shatin - Wo Che  
 Ma On Shan  
 Tai Po (opening soon)  
 Taiwo  
 Fanling  
 Sheung Shui  
 Tsuen Wan  
 Kwai Fong  
 Kwai Chung  
 Tsing Yi - Maritime Square  
 Tsing Yi - Cheung Fat  
 Tseung Kwan O - East Point City  
 Tseung Kwan O - Po Lam  
 Tuen Mun - Leung King  
 Tuen Mun - New Mansion  
 Tuen Mun - Butterfly  
 Tuen Mun - Hong Lai  
 Tin Shui Wai  
 Yuen Long

■ Existing shops    ■ Shops opening soon

## FINANCIAL HIGHLIGHTS

	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000
Turnover	891,810	729,017	648,053
Net profit (loss) attributable to shareholders	13,681	(84,437)	(16,162)
Cash and cash equivalents	76,790	14,924	11,415
Bank and other borrowings	42,120	76,470	78,898
Net cash (borrowings)	34,670	(61,546)	(67,483)
Shareholders' equity	132,976	27,450	91,066
Net cash inflow from operating activities	40,025	24,629	24,958
Bank and other borrowings/ shareholders' equity	0.32	2.79	0.87
Total liabilities/shareholders' equity	1.27	7.65	2.18

## SALES

for the year ended 31 March 2001

increase 22%

HK\$ 892 million

## GROSS PROFIT

for the year ended 31 March 2001

increase 25%

HK\$ 313 million

## INVENTORY TURNOVER

for the year ended 31 March 2001

improve 31%

33 days

## SHAREHOLDERS' EQUITY

as at 31 March 2001

increase 384%

HK\$ 133 million



*(left to right)*

*Back Row*    **Bernard Law, Ken Khoo**

*Middle Row*    **Gordon Liu, Thomas Li, James Leung**

*Front Row*    **Sidney Lin, Bankee Kwan**

## DIRECTORS AND MANAGEMENT PROFILES

**Executive Directors** **Mr KWAN Pak Hoo Bankee**, aged 41, the Chairman of the Group since April 2000. He is also the chairman and chief executive officer of CASH, the ultimate holding company of the Company, and the chairman of CASH on-line Limited (“COL”), a subsidiary of CASH, which are listed on the main board and the Growth Enterprise Market of the Stock Exchange respectively. Mr Kwan has over sixteen years’ experience in corporate management, strategic planning, marketing management and financial advisory. Previously, he held senior executive positions in other listed companies and several leading international banks in Hong Kong. He is a John Harvard fellow of Harvard University, USA, a member of the Harvard Asia Center Advisory Committee and an honorary member of the Board of Trustees of Nanjing University, PRC. He is also a fellow of Institute of Financial Accountants, an associate of Hong Kong Young Industrialists Council, a member of Hong Kong Securities Institute and a full member of Hong Kong Institute of Marketing. Mr Kwan holds a Master degree in Business Administration from Murdoch University of Perth, Australia, and a Bachelor degree in Business Administration from The Chinese University of Hong Kong. He is the advisory professor of Nanjing University and an honorary advisor of Academy of Oriental Studies of Beijing University, PRC and Li Ka Shing Institute of Professional and Continuing Education.

**Mr LIN Chih Cheih Sidney**, aged 48, the founder, Deputy Chairman of the Group. Having been with the Group since 1986, Mr Lin has over twenty-four years’ experience in merchandising, import and export, manufacturing, wholesale and retail aspects of household products and furniture in Hong Kong, PRC, Southeast Asia, USA and Europe.

**Mr LI Yuen Cheuk Thomas**, aged 39, an Executive Director and the Chief Executive Officer of the Group since 3 May 2001. He is also the deputy managing director of CASH. Mr Li has over fifteen years' experience in marketing, credit control and management in the banking and financial industry. Prior to his appointment, he was the chief executive officer of Celestial Financial Services Group Limited, fully in charge of corporate and business development of brokerage retail services of CASH. Previously, Mr Li was the senior management of several leading international banks in Hong Kong, responsible for marketing, credit functions and business development. He holds a Master and a Bachelor degree in Business Administration both obtained from The Chinese University of Hong Kong and is a member of Hong Kong Securities Institute.

**Mr LAW Ping Wah Bernard**, aged 43, the Finance Director of the Group since 3 May 2001. He is also the finance director of CASH and COL. Mr Law has over twenty years' extensive working experience in accounting and finance field. Previously, he had served several Hong Kong listed companies as finance director and group financial controller. Mr Law holds a Master degree in Business Administration from the University of Warwick, UK. He is a fellow member of both the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants and a member of Hong Kong Securities Institute.

**Mr LEUNG Siu Pong James**, aged 38, an Executive Director of the Group since 8 May 2000. Mr Leung has over fifteen years' experience in capital market, finance, corporate restructuring and corporate banking. Previously, Mr Leung was the head of syndications of a leading international investment bank responsible for credit and marketing management. He also served as senior executive in several other international banks. Mr Leung holds a Bachelor degree in Social Sciences from the University of Hong Kong and is awarded an advanced diploma in Electronic Commerce Engineering.

**Mr LIU Yuen Tai Gordon**, aged 39, an Executive Director of the Group since March 1999 and was appointed Chief Finance Officer in February 2000. He has over sixteen years' experience in accounting, information technology and distribution management in the retail and direct marketing businesses. Mr Liu is also in charge of information technology and logistic development of the Group. He is an associate member of the Chartered Institute of Management Accountants and a fellow member of the Hong Kong Society of Accountants.

**Mr KHOO Ken Wee**, aged 37, an Executive Director of the Group since 3 May 2001. He is also the managing director of CASH and an executive director and chief executive officer of COL. Mr Khoo has extensive experience in corporate finance and investment banking. Previously, Mr Khoo was the regional head of the investment banking division of a prominent financial house in Hong Kong. Mr Khoo graduated from The California State University at San Jose with a Master degree in Economics and from University of Oregon with a Bachelor degree in Economics. He is also a member of Hong Kong Securities Institute.

**Independent  
Non-executive Directors**

**Mr LO Kwok Hung John**, aged 43, an Independent Non-executive Director of the Company since 3 May 2001. He is currently the managing partner of a certified public accounting firm, John K H Lo & Co, Hong Kong. He has over twenty years' experience in the financial field and is a member of both the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants. Mr Lo holds a Master degree in Business Administration from Oklahoma City University, USA. He is a member of the Company's Audit Committee.

**Ms LAU Po Yee Edith**, aged 31, an Independent Non-executive Director of the Company since 19 July 2001. Ms Lau is currently the Vice President in a service firm in US in charge of sales and marketing. She has extensive experience in marketing management in US. Ms Lau holds a Bachelor degree in Science from The Chinese University of Hong Kong. She is a member of the Company's Audit Committee.

買得出色 活得舒適

'your lifestyle  
at your price



## SENIOR EXECUTIVES

The excellent business turnaround of the past year would not have been possible without the dedicated efforts of Pricerite's senior management team and staff. They have played a crucial role in the Group's improved performance and should all take pride in their achievements.

### **Divisional Merchandising Managers**

Kelvin HUI

Victor LAU

Ron WAN

### **Project Manager**

Dickson WONG

### **Operations Managers**

Jack CHAN

Jeff FONG

Patrick LEE

Felix NG

### **Store Administration & Training Manager**

Ben TONG

### **Vice President - Marketing**

Derek CHEUNG

### **Advertising & Promotions Manager**

Jane CHENG

### **Accounting Manager**

Joanne TAM

### **Deputy System Manager**

Jerry POON

### **Senior Manager - Quality Assurance**

Tony LAM

### **Distribution Managers**

Shun Chor CHAN

Yin Man CHOW

### **Marketing Manager - [www.pricerite.com.hk](http://www.pricerite.com.hk)**

Eric LAM

## CHAIRMAN'S STATEMENT



The 2000-2001 financial year was a watershed for Pricerite. It marks a return to profitability after several years of less than satisfactory results. It is also the beginning of an expansion for the Group based on an improved infrastructure and a more dynamic approach to market opportunities in Hong Kong and the region, now as part of the CASH services conglomerate.

### Results

Group turnover rose a substantial 22% over the previous year to HK\$892 million. Sales were driven by our repositioning in the market by enhancing our full range of carefully chosen household improvement products to meet the increasing demand of value-for-money merchandise. Our two broad categories of furniture and household products both reported substantial increases in revenues. Furniture sales increased by 32% by value while household products sales increased by 17%. Sales were aided by fresh TV commercials combined with competitive price promotions, such as “every day lowest price” campaign, as well as the improved quality of our mix-and-match product ranges.

Profits reached HK\$14 million, compared with a loss of HK\$84 million in the previous year. This result, our first profit for 4 years, reflects not just improved sales, but the success of our stringent cost control in three key areas. Warehousing, one of our major cost items, has been rationalized. Rental contracts for our stores, another leading cost item, were re-negotiated to our benefit. We have reduced borrowings substantially and secured more favorable credit terms from suppliers and our bankers, lowering interest costs. In operational side, we have also significantly improved our logistics, merchandising and inventory management operations.

The Board will not recommend a dividend. Profits will be retained to invest in business automation and expansion.

#### **Financial Resources**

The Group's total bank debt and other borrowings fell from HK\$76 million to HK\$42 million as at 31 March 2001, mainly due to the injection of HK\$94 million in capital from share placements in April and June 2000 respectively. Combined with the lower level of interest payments resulting from improved credit terms, this represents a substantial improvement in the Group's financial position and gives us a comfortable level of gearing relative to our industry peers. As of 31 March 2001, total cash and deposits on hand were up to HK\$77 million.

#### **Achievements**

Our business model is customer-driven and we are committed to enhancing customer value through offering of wide range of quality, value-for-money products. It is our corporate policy to employ independent marketing agencies to conduct regular market research to enable us to understand changing customer needs and review our market positioning. Such research helped us during the year to strengthen our merchandising functions and redesign our stores to improve the shopping experience. The resulting increase in customer satisfaction has undoubtedly contributed to business growth.

Through the convergence of modern management concepts with the latest technology, our business operation has become more professionally managed. Our supply chain is managed scientifically with computerized warehousing and a just-in-time inventory system. As a first mover in e-commerce, we successfully launched *www.pricerite.com.hk*, one of the first clicks-and-mortar business to consumer (“B2C”) websites in Hong Kong to retail household and furniture products.

During the financial year, Pricerite retained its lead in a number of areas within the household goods sector, and consolidated our position as a retailer of well-priced lifestyle articles to the mass and middle markets. We remain clear market leaders by value in a number of key product areas, including dining table and chair sets, sofa, tools and racks, and movable storage products. At the same time, we have widened our sources of supply, increased the emphasis on quality and altered our marketing in order to cater more aggressively to higher market segments.

### People

I would like to thank everyone at Pricerite for contributing to this successful year and for reacting so positively to the changes that have been introduced.

I also welcome Mr Thomas Li, Mr Ken Khoo and Mr Bernard Law, who are executive directors of CASH, to join the board of Pricerite. With their solid management experience and expertise, they will make valuable contributions to the strategic development of Pricerite.

### Outlook

Notwithstanding the uncertain global economic environment, especially as regards the all-important US economy, Hong Kong’s retail market will benefit from the low interest rate environment and improving sentiment among consumers. We believe the coming year will show sustained improvement in Pricerite’s financial performance and present opportunities for expansion.

Quality customer service continues to be our business focus. We will further expand our product range and increase the emphasis on quality, to attract demand from higher tier market segments. We plan to open several new stores in strategic locations which will greatly improve the dispersal pattern of the network. We will strengthen our operating and logistics system. We will also continue to upgrade our e-commerce initiative *www.pricerite.com.hk* using the latest technology.

Beyond Hong Kong, we see considerable opportunities regionally using our expertise to develop other markets with high growth potential, notably mainland China. We are actively studying opportunities in selected cities in the mainland, where we already have strong partnerships in the areas of supply and logistics.

Finally, our acquisition by CASH will open new opportunities, as we begin to mine the combined customer databases to exploit the possibilities to cross-sell products and services.

With the changes we have made, Pricerite is now a fast-growing, well-managed company that is bringing value in household lifestyle products to increasing numbers of people in Hong Kong. The turnaround in our 2000-2001 results is just the beginning of a new era of improvement and expansion.

On behalf of the Board

**Bankee P Kwan**

*Chairman*

Hong Kong, 19 July 2001



*your*

LIFESTYLE



## REVIEW OF OPERATIONS

For the year ended March, 2001, the Group recorded a 22% increase in turnover to HK\$892 million and a turnaround net profit of HK\$14 million. Parallel to the gradual recovery of the Hong Kong economy during the year 2000, the Group embarked on a series of dynamic programs to build business momentum, revitalize the operational structure and streamline workflow, with the objectives of expanding sales and reducing operating expenses.

### Sales Breakdown

From total sales of HK\$892 million for the financial year, household products and furniture account for HK\$535 million or 60% and HK\$357 million or 40% respectively.

Turnover of household products increased by 17% over the same period of last year. The five largest product categories by value are Self-assembled Furniture, Bathroom and Laundry, Electrical Products, Tools & Racks and Home Movable Storage Products. According to a recent market survey conducted by AC Nielsen, our Tools & Racks and Home Movable Storage Products enjoy leading market shares in terms of value in Hong Kong.

For furniture products, turnover increased by 32%. The tremendous increase was the result of our product development efforts and new pricing strategy. According to the same AC Nielsen study, Pricerite ranks first in both Sofas and Dining Tables and Chairs sets by market share in terms of value in Hong Kong.



## Merchandising

- **Product Development:** During the year, we have strengthened our product development function through global sourcing and product research. Our sources of supply are now well-diversified and include Europe (Italy, UK and Sweden), US and



Asia (Japan, South Korea, Thailand, Malaysia, India, Taiwan and China). Our energetic merchandising team makes frequent visits to local and international trade fairs and exhibitions to develop new supply channels and source new products. In addition, our in-house design team and marketing department co-operate closely on new product design and functionality to meet the changing needs of the market. Home Fashion, a new product line highlighting lifestyle and fashion was introduced during the year. It offers a wide range of home decoration products such as carpets, bath mats and cushions. The modern designs based on a flexible mix-and-match concept appeal to customers wishing to enhance their home lifestyle.

## our sources of supply are now well diversified and include Europe, US and Asia

- **Category Management:** Together with our vendors, we have been reviewing the range and depth of our product categories so as to design a more targeted range of products for our customers. This exercise is helping Pricerite to avoid product duplication, improving the sales and gross profit mixes.



price value choice





- **Product Replenishment:** We have set up a Replenishment Division to give specialized support in the area of stock replenishment. Its main task is to increase the order fulfilment rate in relation to suppliers and to achieve optimum levels of inventory by providing timely sales forecasts and monitoring closely supplier fulfilment. We have made good progress in this area during the year by reducing stock turnover days substantially.
- **Quality Assurance (“QA”):** Our QA team performs regular quality testing on our products to ensure compliance with local and international consumer laws and safety standards. To ensure quality of supply, our production orders are placed mainly with manufacturers with the ISO9000 qualification. The resulting confidence in our product standard allows us to offer a “7 days return and refund” guarantee, enhancing customer satisfaction.

## the bar-code system being implemented will greatly enhance store efficiency

### Store Operation

- **Brand Image Revamp:** The Group has retained Rodney Fitch, a well-known international designer, to re-design the brand image in our stores. Different color tones have been used to highlight different product sections, providing clearer product direction. Stores have also benefited from a more convenient layout, further improving the quality of the shopping experience.
- **Location Strategy:** We give active consideration to location, customer traffic, store layout and rental terms in relation to possible future store openings. During the year, upon lease expiry we closed five stores with low business potential and opened eight new stores in better locations including Aberdeen, Lok Fu and Tsuen Wan, resulting in a total of 41 stores as at 31 March 2001.
- **Store Re-Merchandising:** During the year, we completed our store re-merchandising program. This has re-designed the merchandising mix and re-classified our retail outlets according to size and space into four model types - full "Stock Keeping Unit" (SKU) stores, full section stores, core section stores and mini stores. This is allowing us to achieve optimal use of shop space, offer a better product mix and maximize the return per square foot.
- **Bar-code System:** A bar-code system is being implemented gradually throughout our outlets in Hong Kong. The new system will greatly enhance store efficiency since it replaces tedious price-labeling work and improves productivity at our check-out counters. Resources released will be re-invested to strengthen our customer services. Currently, all of our stores have already launched the bar-code system.

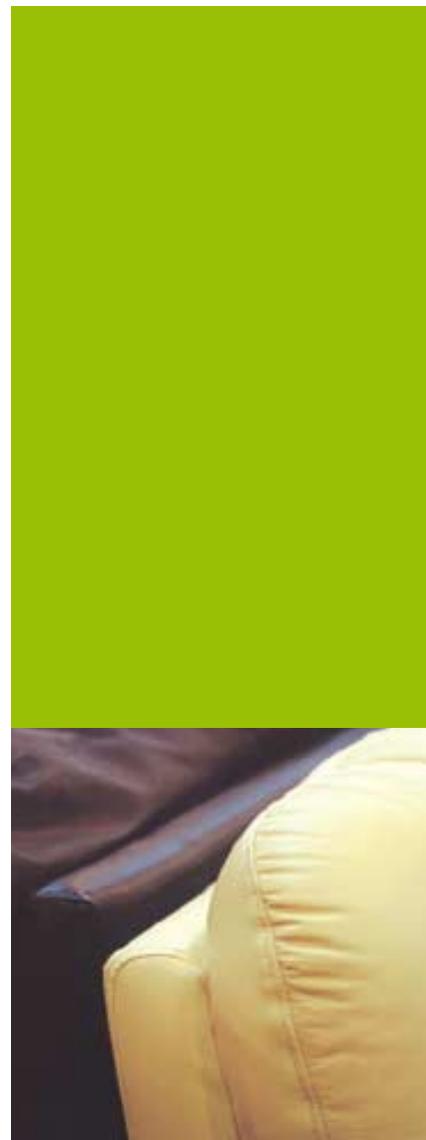


## Marketing

- **Brand Building:** By increasing advertising spend and media exposure such as TV commercials during the year, the Group has successfully conducted various promotion campaigns that have increased the profile of the Pricerite brand. This has been one of the major factors in the substantial increase in turnover during the year.
- **Everyday-Lowest-Price Program (“ELP”):** To reinforce our price leadership status in the market and pull further ahead of our peers, we have launched our ELP program. We now offer a lowest price guarantee on all ELP items through daily price monitoring of other major retail chains in Hong Kong. Response has been encouraging with strong sales of ELP items.
- **Market Positioning:** Using independent market research agencies, we have conducted regular “mystery shopper” and other market surveys to improve customer service and market positioning. Based on the results of the market survey done by AC Nielsen recently, we will review our pricing, product and advertising strategies to meet better the changing requirements of the market.

## Supply Chain Management

- **Just-In-Time Inventory Management:** During the past two years, Pricerite has developed a just-in-time inventory management system together with logistics partners, providing transitional stocking facilities based on our sales forecasts. Following order consolidation by these partners, fulfilment can be effected within a very short time and our inventory holding cost thus reduced significantly.
- **Logistics Technology:** The Group is one of the pioneers in Hong Kong investing in and introducing radio-frequency technology to warehouse management. This is a computerized system that provides space allocation, stock pick and put away





functions via electronic scanners using radio frequencies. It also includes labour control and work scheduling functions that have improved stock flow efficiency among vendors, warehouse and retail outlets. The technology also shortens the inventory cycle and helps maintain optimum stock levels.

- **Warehouse Consolidation:** The Group has managed to achieve remarkable sales growth during the year even though we consolidated the warehouse operation in Sai Kung by closing down the Kwai Chung warehouse, which reduced warehouse space by approximately 50% . Not only did this achieve substantial rental savings, it also enabled us to improve logistic efficiency through centralization of warehouse operations.

## Information Technology

- **Intranet:** 2001 saw the development of our own intranet system to improve internal communication. In particular, communications between head-office and our retail outlets have benefited from this efficient, paperless channel.
- **Internal Systems Upgrade:** Through the application of the latest technology, we have reviewed and upgraded our internal operations systems including accounting, human resources and product systems, to streamline operations and improve reporting and analysis functions.

**we achieved remarkable sales growth, despite consolidating warehousing to reduce rental costs and raise efficiency**

## E-commerce

- **www.pricerite.com.hk:** The Group appreciates the growing importance of e-commerce and is one of the early-movers in retail e-business in Hong Kong. In June 2000, we launched *www.pricerite.com.hk*, one of the first “clicks-and-mortar” B2C bilingual websites in the SAR specializing in retailing furniture and household products. It offers all major product categories carried by the Group’s physical stores, currently numbering over 3,000 items. Response has been encouraging with over 15,000 member registrations and more than one million page-views per month.
- **Clicks-and-mortar Model:** Notwithstanding waning momentum in internet development, the “clicks-and-mortar” model of our e-shop has proven to be successful, since our virtual and physical shops complement each other. Capitalizing on the Group’s long-established brand name, strong logistics support, extensive retail network and substantial customer base, our e-shop stands in a strong position versus competitors starting and operating stand-alone e-businesses. Our virtual shop is able to increase customer traffic in the physical stores in the form of on-line shoppers who choose to collect their goods at these stores. The e-shop also reaches a customer base

with different demographics from our existing family-based customers, as web-customers largely come from the younger segment of the society.

### Proposed Redevelopment Project

- The application for the redevelopment of our Sai Kung warehouse into residential use is still being processed. Although the procedure is quite involved, we have made progress. Nevertheless, it is still pending approval from the respective government departments.

Our computerized warehouse system provides automated work scheduling and space allocation resulting in substantially manpower savings, enhanced distribution capacity and increased space efficiency.



## Looking Ahead

### Hong Kong

As the market leader in furniture and household products retailing in Hong Kong, Pricerite remains committed to exceeding customer expectations and will strive to improve customer service, product quality, product range and product depth in order to excel in this competitive environment.

We will continue to strengthen our merchandising and product development function and to diversify our product range, such as creating higher-end product lines to cater to the modern lifestyles of our customers. We intend to increase our market coverage by opening new stores in strategic locations such as Wong Tai Sin and Tai Po in coming months. To enhance customer satisfaction, we will provide better training to front-line sales staff, especially as regards customer service and selling techniques.

The Group plans to upgrade further our technology infrastructure. This will include adding data-warehousing and data-mining to our system, to enhance reporting and analysis functions and so improve operational efficiency.

## the vast mainland China market offers tremendous growth opportunities, which Pricerite aims to fully exploit

### China

The possible entry of China to the WTO presents a golden opportunity for Pricerite to enter the vast China retail market. We have set up a China Project Team to conduct feasibility studies examining areas such as market analysis, market positioning, product strategy, tax implications, logistics infrastructure and technological requirements in preparation for possible investments in the mainland. Target cities for our first foothold

include Shanghai, Beijing, Guangzhou and Shenzhen. With our long-established vendor relationships, strong supply chain management and long experience in retail operations, we are confident of seeing good returns in this challenging market.

**building on our existing “clicks-and-mortar” model, we believe there is substantial room to grow our e-business further**

#### **E-commerce**

The Group is optimistic about the future potential of e-commerce in Hong Kong. Building on our existing “clicks-and-mortar” model, we believe there is substantial room to grow our e-business further. We will continue to upgrade our business model through the application of the latest technology such as e-CRM (electronic customer relationship management) systems and personalized marketing software. We have formed business partnerships with global internet giants to increase marketing momentum. To complement our physical retail operation further, the e-shop is exploring the opportunities to enter B2B (business-to-business) markets by targeting corporate customers.

*Our* **FUTURE,**  
*your* **FUTURE...**

## PRODUCTS AND SERVICES

Our high level of quality control and strict product standard requirement allow us to offer “7 days return and refund” guarantee which substantially enhances customer confidence and satisfaction.

### Movable storage products

Pricerite’s movable storage products rank first by market share in terms of value in Hong Kong according to the recent study by AC Nielsen. Our products offer the lowest prices and the widest selection of sizes, colors and applications, yet of good quality. We also create unique designs to increase the appeal of our products.





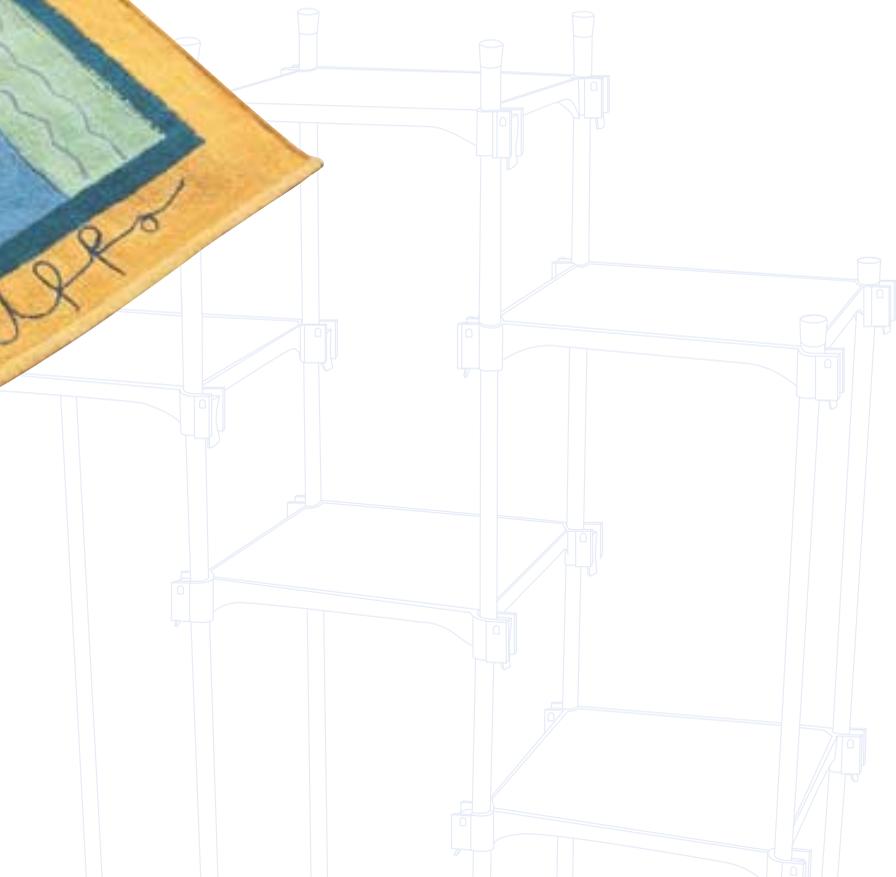
## Tools & Racks

To promote the concept of “Do-It-Yourself” in Hong Kong, Pricerite has introduced a series of “tools and racks” to help people make, install or repair their furniture in a space-saving and cost-effective way. Our extensive variety of racks includes mesh, pole, ladder, window rack, etc. Our tools include high-quality, well-known brands such as Black & Decker and Bosch and we plan to widen our selection in future. According to AC Nielsen study, Pricerite ranks first by market share in terms of value in Hong Kong in this category.



### Self-assembled Furniture

Catering to the limited living spaces of Hong Kong, Pricerite's self-assembled furniture line is designed around a space saving concept and ease of handling. We have over 300 series of self-assembled furniture covering cabinets, wardrobes, shelves, tables and chairs of different sizes, functions and colors to suit different needs. The well-established durability, quality and highly competitive prices of this product line have made it very popular in the Hong Kong market.





### Dining Table & Chair Sets

Pricerite ranks number one by market share in dining table sets in terms of value in Hong Kong according to the recent AC Nielsen study. We are the exclusive distributor in Hong Kong of dining table sets from Calligaris of Italy, a well-known brand famous for furniture made from high quality white beech wood, a rarity in Hong Kong. We intend in future to introduce more products using the mix-and-match concept and develop a wider variety of table extension types.





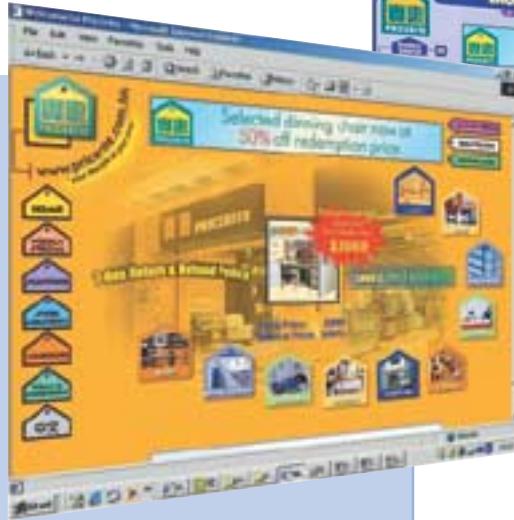
### Sofas

We offer high quality sofas at competitive prices, sourcing directly from the manufacturers. Pricerite offers more than 200 types of sofa with over 100 colors. This product line is expected to be a core revenue generator for the Group. Pricerite ranks first by market share in terms of value in this product category.



[www.pricerite.com.hk](http://www.pricerite.com.hk)

*www.pricerite.com.hk* is one of Hong Kong's first "clicks-and-mortar" B2C websites, specializing in furniture and household products. With no physical locations and hence no rental expenses, we are able to offer most items sold through this e-shop at lower prices than when purchased in our stores. We also give exclusive promotions and discounts to our website members to increase their interest in shopping via the web. To complement our physical stores, the e-shop offers large electrical appliances including refrigerators, air-conditioners and washing machines at competitive prices. Customers can choose to pick up their purchases at any of Pricerite's outlets throughout Hong Kong Island, Kowloon and New Territories or to use our delivery service. This value-added e-commerce initiative enables our customers to get what exactly they need in the most convenient way, without even stepping out of their doors.



### 3-D Kitchen Design

Pricerite provides free professional advice and consultancy for customers interested in our extensive range of kitchen products. We are able to draft layout plans and create three-dimensional kitchen designs based on customer requirements, using the advanced computer software employed by established European furniture retailers. This 3-D technology can transform customers' ideas into concrete images, facilitating their purchase decision and enhancing customer satisfaction.



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pricerite Group Limited (“Company”) will be held at Salon 6, Level III, JW Marriot Hotel, 88 Queensway, Hong Kong on 27 August 2001, Monday, at 9:30 a.m. for the following purposes:

1. To receive and consider the Financial Statements and the Reports of the Directors and the Auditors for the year ended 31 March 2001.
2. To re-elect the retiring Directors of the Company for the ensuing year, determine 20 as the maximum number of Directors, and to authorize the Directors to appoint additional Directors up to the maximum number and fix the Directors’ remuneration.
3. To re-appoint Messrs Ernst & Young as auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.
4. To consider and, if thought fit, to pass the following resolutions, with or without amendments, as ordinary resolutions:

### ORDINARY RESOLUTIONS

#### A. THAT

- (a) subject to paragraph A(c), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph A(a) shall authorize the Directors of the Company during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to the approval in paragraph A(a), otherwise than pursuant to a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or right to acquire shares in the Company 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 the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

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

1. the conclusion of the next annual general meeting of the Company;
2. 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 to be held; and
3. the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

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

**B. THAT**

- (a) subject to paragraph B(b), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares in the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or on any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph B(a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

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

1. the conclusion of the next annual general meeting of the Company;
2. 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 to be held; and
3. the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

**C. THAT** conditional upon resolutions nos.4A and 4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no.4B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to resolution no.4A above.

5. To consider and, if thought fit, to pass the following resolution, with or without amendments, as special resolution:

#### **SPECIAL RESOLUTION**

**THAT** the share premium account of the Company be reduced from an amount of between HK\$117,773,168 and HK\$154,933,168 by an amount of HK\$53,719,104 to an amount of between HK\$64,054,064 and HK\$101,214,064 and such amount be transferred to the contributed surplus account of the Company to set off accumulated losses of HK\$53,719,104 of the Company as at 31 March 2001 and which resolution shall take effect from the date of passing of this resolution and the Directors of the Company be authorized generally to do all things appropriate to effect and implement any of the foregoing.

By order of the Board  
**Joan Elmond O K Kwok**  
*Company Secretary*

Hong Kong, 19 July 2001

*Notes:*

1. A member entitled to attend and vote at the above meeting is entitled to appoint up to two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited at the correspondence address of the Company at 21/F The Center, 99 Queen's Road Central, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. A form of proxy for use at the meeting is enclosed.

## REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2001.

### Principal Activities

The Company acts as an investment holding company. The principal activities of the Group have not changed during the year and consisted of the retailing of furniture and household goods.

### Corporate Activities

In April 2000, Miliway Resources Limited (“Miliway”) subscribed for a total of 310,000,000 shares in the Company and a general offer for all the issued share capital in and outstanding options of the Company was then made by Miliway pursuant to the Hong Kong Code on Takeovers and Mergers (“Takeovers Code”). A placedown of 43,000,000 shares therefrom and a further subscription of 53,000,000 shares in the Company by Miliway were then followed in May 2000 and June 2000 respectively. Miliway became the controlling shareholder of the Company holding 320,000,000 shares in, being 50.90% of, the Company.

In March 2001, CASH acquired a total of 435,132,000 shares in the issued share capital of the Company from Miliway and another substantial shareholder of the Company. A general offer for all the issued share capital in and outstanding options of the Company was then made by CASH pursuant to the Takeovers Code and a further 58,012,099 shares in the issued share capital of Company was acquired by CASH upon the close of the offer period in relation to the general offer followed by a placedown of 35,000,000 shares therefrom in June 2001. CASH is now the single largest shareholder of the Company holding a total of 458,144,099 shares, representing 66.18% of the issued share capital, in the Company.

### Results and Dividends

The results of the Group’s for the year ended 31 March 2001 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 50 to 84.

The Directors do not recommend the payment of any dividend for the year.

### Segmental Information

The Group’s turnover and profit are almost entirely derived from retailing activities carried out in Hong Kong. Accordingly, no analysis by activity or by geographical areas of operation for the year ended 31 March 2001 is presented.

### **Five Year Financial Summary**

A summary of the audited results and the assets and liabilities of the Group for the last five financial years ended 31 March 2001 is set out on pages 85 to 86 of this annual report.

### **Fixed Assets**

Details of movements in the fixed assets of the Group and the Company are set out in note 11 to the financial statements.

### **Subsidiaries and Associates**

Particulars of the Company's major subsidiaries and its associate are set out in notes 12 and 13 to the financial statements.

### **Borrowings and Interest Capitalized**

Details of the borrowings of the Company and of the Group at 31 March 2001 are set out in notes 17 and 18 to the financial statements.

There was no interest capitalized by the Group during the year.

### **Share Capital and Share Options**

Details of movements in the Company's share capital and share options during the year and subsequent to the balance sheet date are set out in note 22 to the financial statements.

### **Reserves**

Details of movements in the reserves of the Company and of the Group during the year are set out in note 23 to the financial statements.

### **Pre-emptive Rights**

There is no provision for pre-emptive rights under the bye-laws of the Company or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **Distributable Reserves**

As at 31 March 2001, no reserves of the Company was available for distribution to shareholders. Under the Companies Act 1981 of Bermuda, the Company's share premium account with a balance of HK\$117,773,000 as at 31 March 2001 may be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

### **Raise of Funds**

On 5 April 2000 and 9 June 2000, the Company had raised funds of a total sum of HK\$93,800,000 by the issues of 310,000,000 new ordinary shares and 53,000,000 new ordinary shares of HK\$0.10 each in the Company at a subscription prices of HK\$0.20 per share (the market price was HK\$1.67 per share on 23 February 2000, the date on which the terms of the issue were fixed) and HK\$0.60 per share (the market price was HK\$0.95 per share on 26 May 2000, the date of which the terms of the issue were fixed) respectively to Miliway Resources Limited. The funds raised were mainly used for general working capital for the usual and ordinary business of the Group.

### **Major Customers and Suppliers**

The percentages of purchases for the year attributable to the Group's largest suppliers are as follows:

#### **Purchases**

- the largest supplier 12%
- five largest suppliers 33%

The Group had no major customers as consumer retailing of furniture and household products was its major activity.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers noted above.

## Directors

The Directors of the Company during the year and up to the date of this Annual Report were as follows:

### *Executive Directors*

Kwan Pak Hoo Bankee	<i>(Chairman)</i>	(appointed on 11 April 2000)
Lin Chih Cheih Sidney	<i>(Deputy Chairman)</i>	
Li Yuen Cheuk Thomas	<i>(Chief Executive Officer)</i>	(appointed on 3 May 2001)
Law Ping Wah Bernard		(appointed on 11 April 2000 and resigned on 8 May 2000 and re-appointed on 3 May 2001)
Leung Siu Pong James		(appointed on 8 May 2000)
Liu Yuen Tai Gordon		
Khoo Ken Wee		(appointed on 3 May 2001)
Kwok Oi Kuen Joan Elmond		(appointed on 11 April 2000 and resigned on 8 May 2000 and re-appointed on 5 January 2001 and resigned on 3 May 2001)
Hui Yat On		(appointed on 8 May 2000 and resigned on 5 January 2001)
Pong Yiu Ming Stephen		(resigned on 9 June 2000)

### *Independent Non-executive Directors*

Lo Kwok Hung John	(appointed on 3 May 2001)
Lau Po Yee Edith	(appointed on 19 July 2001)
Ko Wai Ming Daniel	(resigned on 19 July 2001)
Lam Pak Gon	(resigned on 3 May 2001)

In accordance with clause 115 of the Company's bye-laws, Li Yuen Cheuk Thomas, Khoo Ken Wee, Law Ping Wah Bernard, Lo Kwok Hung John and Lau Po Yee Edith will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### **Directors' Service Contracts**

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory obligation.

### Directors' Interest in Contracts

None of the Directors had a significant beneficial interest in any material contract to the business of the Company to which the Company or any of its holding company, subsidiaries was a party during the year.

### Directors' Remuneration

Details of the aggregate emolument paid to the Directors of the Company are set out in note 6 to the financial statements.

### Five Highest Paid Employees

Details of the aggregate emoluments paid to the five highest paid employees of the Group are set out in note 7 to the financial statements.

### Retirement Benefits Scheme

Details of the retirement benefits scheme are set out in note 2 to the financial statements.

### Directors' Interests in Securities

As at 31 March 2001, the Directors' interests in and rights to subscribe for the ordinary shares of HK\$0.10 each in the Company and shares in its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

#### 1. Interest in shares or debentures

##### A. The Company

Name	Number of shares beneficially held			Shareholding (%)
	Personal	Family	Other Interest	
Kwan Pak Hoo Bankee	–	–	435,132,000*	69.21
Lin Chih Cheih Sidney	2,500,000	5,000,000	–	1.19
Liu Yuen Tai Gordon	500,000	–	–	0.08

\* The shares were held by Celestial Investment Group Limited ("CIGL"), a wholly-owned subsidiary of CASH. Mr Kwan is deemed to be interested in all these shares as a result of his interests in CASH through Cash Guardian Limited ("Cash Guardian") and Suffold Resources Limited ("Suffold") as disclosed in the "Substantial shareholders" below.

B. Associated corporation (within the meaning of SDI Ordinance)

(a) CASH

**Ordinary shares**

Name	Number of shares beneficially held		Shareholding (%)
	Personal	Other Interest	
Kwan Pak Hoo Bankee	-	3,374,579,709*	52.54
Lin Chih Cheih Sidney	-	134,320,667**	2.09
Liu Yuen Tai Gordon	40,000	-	0.00
Kwok Oi Kuen Joan Elmond	4,000,000	-	0.06

\* The shares are held as to 2,692,019,826 shares by Cash Guardian and as to 682,559,883 shares by Suffold. Mr Kwan is deemed to be interested in all these shares as a result of his interests in Cash Guardian and Suffold as disclosed in the "Substantial shareholders" below.

\*\* Joyplace Inc held these shares in its capacity as the trustee of a unit trust which is beneficially owned as to 1 unit by Lin Chih Cheih Sidney and as to 18,861,680 units by Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited, the trustee of another discretionary trust to which the spouse and the issue of Mr Lin but not Mr Lin himself are the eligible objects.

**Warrants carrying rights to subscribe for shares in CASH at a subscription price of HK\$0.65 each (subject to adjustment) during the period from 20 July 2000 to 31 July 2002 (both days inclusive)**

Name	Amount of warrants beneficially held	
	Personal (HK\$)	Other Interest (HK\$)
Kwan Pak Hoo Bankee	-	159,976,285.30*
Kwok Oi Kuen Joan Elmond	260,000	-

\* The amount of warrants are held as to HK\$144,876,749.55 by Cash Guardian and as to HK\$15,099,535.75 by Suffold. Mr Kwan is deemed to be interested in all these warrants as a result of his interests in Cash Guardian and Suffold as disclosed in the "Substantial shareholders" below.

(b) COL

Name	Number of shares beneficially held		
	Personal	Other Interest	Shareholding (%)
Kwan Pak Hoo Bankee	-	1,086,619,945*	53.92
Kwok Oi Kuen Joan Elmond	400,000	-	0.02

\* The shares are held as to 1,009,264,783 shares by CIGL, as to 47,887,307 shares by Cash Guardian and as to 29,467,855 shares by Suffold. Mr Kwan is deemed to be interested in all these shares as a result of his interests in CIGL through CASH and Suffold and Cash Guardian as disclosed in the "Substantial shareholders" below.

Save as disclosed above, as at 31 March 2001, none of the Directors, chief executive or their associates had any personal, family, corporate or other beneficial interests in the equity or debt securities of the Company or any of its associated corporations.

## 2. Rights to acquire shares or debentures of the Company

Pursuant to the share option scheme of the Company adopted on 21 January 1994, the Directors may, at their discretion, invite any employee or executive director of the Group to take up options at a total consideration of HK\$1 to subscribe for ordinary shares in the Company. Further details of the share option scheme are set out in note 22 to the financial statements.

Details of movements in the share options granted to certain Directors and which remained outstanding as at 31 March 2001 were as follows:

Name	Date of option granted	Number of options		Exercise price per share (HK\$)		
		outstanding as at 1 April 2000	Number of options exercised		outstanding as at 31 March 2001	
Kwan Pak Hoo Bankee	12/6/2000	10,000,000	-	10,000,000	13/6/2000 - 12/6/2002	0.58
Lin Chih Cheih Sidney	12/6/2000	10,000,000	-	10,000,000	13/6/2000 - 12/6/2002	0.58
Leung Siu Pong James	12/6/2000	2,000,000	-	2,000,000	13/6/2000 - 12/6/2002	0.58
Liu Yuen Tai Gordon	12/6/2000	2,000,000	-	2,000,000	13/6/2000 - 12/6/2002	0.58

Save as disclosed above, at no time during the year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or to the spouse or children under 18 years of age of any such Director or chief executive, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, or had exercised any such rights.

## Substantial Shareholders

As at 31 March 2001, the following parties were interested in 10% or more of the issued share capital of the Company as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance:

Name of shareholder	Number of shares	Shareholding %
Kwan Pak Hoo Bankee (Note)	435,132,000	69.21
Khoo Ken Wee (Note)	435,132,000	69.21
Celestial Asia Securities Holdings Limited (Note)	435,132,000	69.21
Celestial Investment Group Limited (Note)	435,132,000	69.21

*Note: This refers to the same number of 435,132,000 shares held by CIGL. CIGL is a wholly-owned subsidiary of CASH which is owned as to approximately 41.91% by Cash Guardian (which is 60% beneficially owned by Jeffnet Inc and 40% beneficially owned by Mr Khoo Ken Wee) and 10.63% by Suffold (which is 100% beneficially owned by Jeffnet Inc). Jeffnet Inc held these shares as trustee of The Jeffnet Unit Trust, units of which are held by a discretionary trust established for the benefit of the family members of Mr Kwan. Pursuant to SDI Ordinance, CASH, Mr Kwan and Mr Khoo are deemed to be interested in the shares held by CIGL.*

Save as disclosed above, at 31 March 2001, no other parties were recorded in the register required by the SDI Ordinance to be kept as having an interest of 10% or more of the issued share capital of the Company.

## Purchase, Redemption or Sale of Listed Securities

During the year ended 31 March 2001, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

## Post Balance Sheet Events

Details of the significant post balance sheet events of the Group are set out in note 28 to the financial statements.

## Compliance with the Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange throughout the accounting period covered by this Annual Report save for the Independent Non-executive Directors of the Company are not appointed for specific terms, but are subject to retirement by rotation at the annual general meeting in accordance with the Company's bye-laws.

### **Audit Committee**

The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice on 9 November 1999. The audit committee comprises members of Mr Lo Kwok Hung John and Ms Lau Po Yee Edith, both being Independent Non-executive Directors of the Company.

### **Auditors**

There has not been any change in auditors of the Company during the preceding three years.

The financial statement for the year has been audited by Messrs Ernst & Young. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs Ernst & Young as auditors of the Company.

On behalf of the Board

**Bankee P Kwan**

*Chairman*

Hong Kong, 19 July 2001

# REPORT OF THE AUDITORS



To the members

**Pricerite Group Limited**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 50 to 84 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**Respective responsibilities of directors and auditors**

The Company's Directors are responsible for the preparation of 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 an 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, 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 of the Group as at 31 March 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong, 19 July 2001

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
TURNOVER	3	891,810	729,017
Cost of sales		(579,254)	(479,070)
Gross profit		312,556	249,947
Other revenue	3	6,936	4,810
Selling and distribution costs		(247,866)	(219,332)
Administrative expenses		(56,597)	(49,901)
Other operating expenses		(654)	(56,242)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	14,375	(70,718)
Finance costs	5	(4,086)	(8,135)
Share of profits/(losses) of an associate		3,392	(5,594)
PROFIT/(LOSS) BEFORE TAX		13,681	(84,447)
Tax	8	-	10
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	9, 23	13,681	(84,437)
EARNINGS/(LOSS) PER SHARE	10		
– Basic		2.22 cents	(37.22) cents
– Diluted		2.22 cents	N/A

Other than the net profit from ordinary activities attributable to shareholders, the Group had no recognized gains or losses. Accordingly, a consolidated statement of recognized gains and losses is not presented in the financial statements.

## CONSOLIDATED BALANCE SHEET

31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	11	142,046	114,704
Rental and utility deposits		20,163	16,482
Interest in an associate	13	-	10,774
Long term investments	14	-	606
		162,209	142,566
<b>CURRENT ASSETS</b>			
Inventories		51,787	63,190
Prepayments, deposits and other receivables		10,623	16,632
Tax recoverable	8	125	44
Short term deposits, pledged	15	8,500	-
Cash and cash equivalents		68,290	14,924
		139,325	94,790
<b>CURRENT LIABILITIES</b>			
Trade payables	19	107,820	108,304
Trust receipt loans	18	37,535	32,686
Loan from a Director	16	-	3,000
Other payables and accrued liabilities		18,618	25,132
Interest-bearing bank and other borrowings	17	4,585	36,487
		168,558	205,609
<b>NET CURRENT LIABILITIES</b>		(29,233)	(110,819)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		132,976	31,747
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	18	-	4,297
		132,976	27,450
<b>CAPITAL AND RESERVES</b>			
Share capital	22	62,867	26,538
Reserves	23	70,109	912
		132,976	27,450

**Kwan Pak Hoo Bankee**  
Director

**Law Ping Wah Bernard**  
Director

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24(a)	40,025	24,629
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		3,537	439
Interest paid		(4,064)	(7,853)
Interest on finance leases		(22)	(282)
Dividends from listed investments		-	14
Net cash outflow from returns on investments and servicing of finance		(549)	(7,682)
TAX			
Hong Kong profits tax refunded/(paid)		(85)	683
INVESTING ACTIVITIES			
Purchases of fixed assets		(23,943)	(24,902)
Proceeds from disposal of fixed assets		4	1
Proceeds from disposal of long term listed investments		84	517
Acquisition of a subsidiary	24(c)	(11,168)	-
Increase in short term deposits, pledged		(8,500)	-
Net cash outflow from investing activities		(43,523)	(24,384)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(4,132)	(6,754)
FINANCING ACTIVITIES	24(b)		
Cash proceeds from the issue of ordinary shares		93,965	10,101
Share issue expenses		(2,117)	(410)
New bank loans		-	6,300
Repayment of bank loans		(15,220)	(13,518)
Repayment of other short term loans		(10,000)	-
Loan from a Director		-	3,000
Repayment of loan from a Director		(3,000)	-
Issue of convertible notes		-	3,000
Capital element of finance lease payments		(240)	(1,857)
Net cash inflow from financing activities		63,388	6,616
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		59,256	(138)
Cash and cash equivalents at beginning of year		(29,011)	(28,873)
CASH AND CASH EQUIVALENTS AT END OF YEAR		30,245	(29,011)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		68,290	14,924
Bank overdrafts		(510)	(11,249)
Trust receipt loans		(37,535)	(32,686)
		30,245	(29,011)

## BALANCE SHEET

31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	11	34,281	34,343
Interests in subsidiaries	12	61,023	(4,507)
Interest in an associate	13	-	11,370
Long term investments	14	-	606
		95,304	41,812
<b>CURRENT ASSETS</b>			
Other receivables		141	33
Cash and cash equivalents		37,017	57
		37,158	90
<b>CURRENT LIABILITIES</b>			
Accrued liabilities		296	319
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		36,862	(229)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		132,166	41,583
<b>CAPITAL AND RESERVES</b>			
Share capital	22	62,867	26,538
Reserves	23	69,299	15,045
		132,166	41,583

**Kwan Pak Hoo Bankee**  
Director

**Law Ping Wah Bernard**  
Director

# NOTES TO FINANCIAL STATEMENTS

31 March 2001

## 1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). Its shares have been listed on the Stock Exchange since 17 February 1994. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Upon the completion of the subscription agreement dated 23 February 2000 entered into between the Company and Miliway, on 5 April 2000, the Company issued 310,000,000 new shares to Miliway, whereupon Miliway became the controlling shareholder of the Company on the same date.

On 9 February 2001, two substantial shareholders of the Company, Miliway and Joyplace Inc., entered into agreements with CASH, a company incorporated in Bermuda with its shares being listed on the Stock Exchange. Pursuant to these agreements, Miliway and Joyplace Inc. agreed to sell all their shareholdings in the Company to CASH. The share transfers were completed on 26 March 2001. In the opinion of the directors, the Company's ultimate holding company is CASH.

The principal activities of the Group have not changed during the year and consisted of the retailing of furniture and household goods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

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

### Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiaries for the year ended 31 March 2001. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors or equivalent governing body.

Interests in subsidiaries are stated at cost unless, in the opinion of the Directors, there have been permanent diminution in values, when they are written down to values determined by the Directors.

### Associates

An associate is a company, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence, including participation in the financial and operating policy decisions.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminution in values, other than those considered to be temporary in nature, deemed necessary by the Directors.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are stated at cost less any provisions for diminution in values, other than those considered to be temporary in nature, deemed necessary by the Directors.

### Revenue recognition

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

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue from the rendering of services is recognized in the accounting period in which the services are rendered.

Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

Dividend income is recognized when the shareholders' right to receive payment is established.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fixed assets and depreciation

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

Changes in the values of fixed assets are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account.

Depreciation is provided using the straight-line method over the following estimated useful lives:

Land	Over the lease terms
Buildings	20 years
Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	4 to 7 years
Motor vehicles	5 years

The gain or loss on disposal or retirement of a fixed asset recognized in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, the attributable revaluation surplus not previously dealt with in the profit and loss account is transferred directly to retained profits.

### Leased assets

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leased assets (Continued)

Leases where substantially all the rewards and risks of asset ownership remain with the lessor company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

### Long term investments

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis.

Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. Unlisted securities are stated at their estimated fair values, on an individual basis. These are determined by the directors having regard to, inter alia, the prices of the most recent reported sales or purchases of the securities, or comparison of price/earnings ratios and dividend yields of the securities with those of similar listed securities, with allowance made for the lower liquidity of the unlisted securities.

The gains or losses arising from changes in the fair values of a security are dealt with as movements in the investments revaluation reserve, until the security is sold or otherwise disposed of, or until the security is determined to be impaired, when the cumulative gain or loss derived from the security recognized in the investments revaluation reserve, together with the amount of any further impairment, is charged to the profit and loss account for the period in which the impairment arises. Where the circumstances and events which led to an impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value is credited to the profit and loss account to the extent of the amount previously charged.

### Inventories

Inventories, which comprise furniture and household goods, are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling prices less any estimated costs necessary to make the sale.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallize in the foreseeable future. A deferred tax asset is not recognized unless its realization is assured beyond reasonable doubt.

### Foreign currency transactions

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

### Related parties

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

### Retirement scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees. The MPF Scheme became effective from 1 December 2000. Contributions are made based on a percentage of the employees' salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Prior to 1 December 2000, the Group operated a defined contribution retirement benefits scheme for those employees who were eligible and had elected to participate in the scheme. The assets of the scheme were held separately from those of the Group in an independently administered fund. Contributions were made based on a percentage of the eligible employees' salaries and were charged to the profit and loss account as they become payable in accordance with the rules of the scheme. When an employee left the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. This defined contribution retirement benefits scheme was terminated on 30 November 2000.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

## 3. TURNOVER AND OTHER REVENUE

Turnover represents the invoiced value of sales of furniture and household goods, net of discounts and returns.

An analysis of turnover and other revenue is as follows:

	2001 HK\$'000	2000 HK\$'000
Turnover	891,810	729,017
Other revenue:		
Interest income	3,537	439
Others	3,399	4,371
	6,936	4,810
Revenue	898,746	733,827

#### 4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	2001 HK\$'000	2000 HK\$'000
Auditors' remuneration	450	500
Depreciation:		
Owned assets	21,704	20,723
Leased assets	376	2,190
	22,080	22,913
Operating lease rentals on land and buildings	99,185	100,145
Loss on disposal of fixed assets	3,522	5,161
Staff costs (excluding Directors' remuneration, note 6):		
Wages and salaries	64,244	52,450
Retirement scheme contributions	1,211	–
	65,455	52,450
Provisions for inventory obsolescence and write-off of inventories (included in the cost of sales)	17,146	10,719
Deficit/(surplus) on revaluation of leasehold land and buildings*	(2,505)	48,856
Write-off of premium on acquisition of an associate*	–	277
Write-off of goodwill on acquisition of a subsidiary*	22	–
Provision for impairment of long term unlisted investment transferred from investments revaluation reserve – note 23*	500	2,000
Provisions for bad and doubtful debts*	2,637	1,967
Loss/(gain) on disposal of long term listed investments (after a transfer from investments revaluation reserve of a surplus of HK\$3,000 (2000: deficit of HK\$127,000) – note 23)	19	(195)

\* Included in other operating expenses

There were no forfeited retirement scheme contributions available at the balance sheet date to reduce contributions in future years (2000: HK\$108,000).

## 5. FINANCE COSTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	4,064	7,114
Interest on finance leases	22	282
Interest on convertible notes	-	739
	4,086	8,135

## 6. DIRECTORS' REMUNERATION

Details of Directors' remuneration charged to the Group's profit and loss account are set out below:

	Group	
	2001 HK\$'000	2000 HK\$'000
Fees:		
Executive	-	-
Independent Non-executive	30	48
Other emoluments, executive Directors:		
Basic salaries, housing, other allowances and benefits in kind	4,722	6,217
Retirement scheme contributions	16	-
Bonuses paid and payable	386	1,497
	5,154	7,762

## 6. DIRECTORS' REMUNERATION (Continued)

The number of Directors whose remuneration fell within the bands set out below is as follows:

	No. of Directors	
	2001	2000
Nil - HK\$1,000,000	8	4
HK\$1,000,001 - HK\$1,500,000	1	2
HK\$2,000,001 - HK\$2,500,000	1	-
HK\$2,500,001 - HK\$3,000,000	-	2
	10	8

Save as disclosed above, the Independent Non-executive Directors did not receive any other emoluments for their services during the year (2000: Nil).

There was no arrangement under which a Director waived or agreed to waive any remuneration.

In addition to the above emoluments, certain Directors were granted share options in the current year and prior years under the Company's share option scheme. No value is included in Directors' remuneration in respect of the share options granted during the year because, in the absence of a readily available market value for the options on the Company's shares, the Directors are unable to arrive at an accurate assessment of the value of the options granted. The details of these benefits in kind are disclosed under the paragraph "Directors' Interests in Securities" in the report of the Directors.

## 7. EMPLOYEE COSTS

The details of the five highest paid individuals, which include four (2000: four) Directors, are analyzed and set out below.

	2001 HK\$'000	2000 HK\$'000
Basic salaries, housing, other allowances and benefits in kind	4,604	6,724
Retirement scheme contributions	12	–
Bonuses paid and payable	378	1,525
	4,994	8,249

	No. of employees	
	2001	2000
Nil - HK\$1,000,000	3	1
HK\$1,000,001 - HK\$1,500,000	1	2
HK\$2,000,001 - HK\$2,500,000	1	–
HK\$2,500,001 - HK\$3,000,000	–	2
	5	5

In addition to the above emoluments, certain employees were granted share options in the current year and prior years under the Company's share option scheme. No value is included in employee costs in respect of the share options granted during the year because, in the absence of a readily available market value for the options on the Company's shares, the Directors are unable to arrive at an accurate assessment of the value of the options granted.

## 8. TAX

No Hong Kong profits tax has been provided as the Company, its subsidiaries and its associate either had no assessable profits arising in Hong Kong or have available tax losses brought forward from prior years to offset assessable profits arising in Hong Kong for the year. In prior year, Hong Kong profits tax was provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during the year. Tax recoverable represents the excess of provisional tax paid over the estimated tax liability.

	Group	
	2001	2000
	HK\$'000	HK\$'000
Provision for the year:		
Company and subsidiaries	-	-
Associate	-	80
Deferred tax – note 21	-	(90)
Tax credit for the year	-	(10)

## 9. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$1,262,000 (2000: HK\$77,552,000).

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders of HK\$13,681,000 (2000: loss of HK\$84,437,000) and the weighted average number of 615,169,000 shares (2000: 226,832,000 shares) in issue.

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$13,681,000. The weighted average number of ordinary shares used in the calculation is 615,169,000 ordinary shares in issue during the year, as used in the basic earnings per share calculation; and the weighted average of 1,707,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

Diluted loss per share for the prior year had not been shown as the effect of the potential ordinary shares in existence was anti-dilutive during that year.

## 11. FIXED ASSETS

### Group

	Leasehold land and buildings HK\$'000	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At beginning of year	47,000	56,874	94,736	4,346	202,956
On acquisition of a subsidiary	26,500	25	–	–	26,525
Additions	–	8,838	15,105	–	23,943
Disposals	–	(8,896)	(8,359)	(150)	(17,405)
At 31 March 2001	73,500	56,841	101,482	4,196	236,019
Accumulated depreciation:					
At beginning of year	81	33,107	51,830	3,234	88,252
On acquisition of a subsidiary	–	25	–	–	25
Provided during the year	2,424	6,771	12,401	484	22,080
Written back on revaluation	(2,505)	–	–	–	(2,505)
Disposals	–	(8,209)	(5,660)	(10)	(13,879)
At 31 March 2001	–	31,694	58,571	3,708	93,973
Net book value:					
At 31 March 2001	73,500	25,147	42,911	488	142,046
At 31 March 2000	46,919	23,767	42,906	1,112	114,704
Analysis of cost or valuation:					
At cost	–	56,841	101,482	4,196	162,519
At valuation	73,500	–	–	–	73,500
	73,500	56,841	101,482	4,196	236,019

## 11. FIXED ASSETS (Continued)

### Group (Continued)

The leasehold land and buildings of the Group are situated in Hong Kong. The lease terms of the leasehold land and buildings are as follows:

	HK\$'000
Long term leases	26,500
Medium term leases	47,000
	73,500

The leasehold land and buildings held by the Group were pledged to secure certain banking facilities of HK\$70,703,000 (2000: HK\$88,000,000). At 31 March 2001, such facilities were utilized to the extent of HK\$38,357,000 (2000: HK\$76,880,000) (see note 18).

The net book value of fixed assets at 31 March 2000 included an amount of HK\$5,753,000 in respect of assets held under finance leases. As at 31 March 2001, there was no fixed asset held under finance leases.

The leasehold land and buildings, except for those acquired through the acquisition of a subsidiary during the year, were revalued on 22 March 2000 at HK\$47,000,000 by American Appraisal Hongkong Limited, an independent professional valuers, at an open market value on an existing use basis. The resulting deficit arising from the revaluation, of HK\$48,856,000, was charged to the profit and loss account in the prior year.

The leasehold land and buildings were revalued on 12 April 2001 at HK\$73,500,000, by American Appraisal Hongkong Limited, an independent professional valuers, at an open market value on an existing use basis. After making due enquiry, the Directors were satisfied that the value of the leasehold land and buildings valued at 12 April 2001 was not materially different from that at 31 March 2001. The resulting surplus arising from the revaluation, of HK\$2,505,000, was credited to the current year's profit and loss account.

Had these land and buildings been carried at historical cost less accumulated depreciation, their carrying value would have been approximately HK\$118,326,000 (2000: HK\$95,775,000).

## 11. FIXED ASSETS (Continued)

### Company

	Medium term leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Cost or valuation:			
At beginning of year and at 31 March 2001	32,500	2,540	35,040
Accumulated depreciation:			
At beginning of year	65	632	697
Provided during the year	1,151	127	1,278
Written back on revaluation	(1,216)	-	(1,216)
At 31 March 2001	-	759	759
Net book value:			
At 31 March 2001	32,500	1,781	34,281
At 31 March 2000	32,435	1,908	34,343
Analysis of cost or valuation:			
At cost	-	2,540	2,540
At valuation	32,500	-	32,500
	32,500	2,540	35,040

## 12. INTERESTS IN SUBSIDIARIES

	Company	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	46,314	32,607
Less: Provisions for diminutions in value	(29,550)	(26,000)
	16,764	6,607
Due from/(to) subsidiaries	44,259	(11,114)
	61,023	(4,507)

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pricerite BVI Limited	British Virgin Islands	Ordinary US\$10,000	100%	-	Investment holding
San Lorry Limited	Hong Kong	Ordinary HK\$2	50%	50%	Property investment
Pricerite Stores Limited	Hong Kong	Ordinary HK\$1,000 Deferred non-voting HK\$5,000,000*	-	100%	Retailing of furniture and household goods

## 12. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Golden Riverside Industrial Limited	Hong Kong	Ordinary HK\$100 Deferred non-voting HK\$2*	-	100%	Property investment
Pricerite.com.hk Limited	Hong Kong	Ordinary HK\$2	-	100%	Retailing of furniture and household goods through a website

\* The rights and restrictions attaching to such non-voting deferred shares are summarized as follows:

- (a) as regards voting, the non-voting deferred shares do not entitle the holders thereof to attend or vote at any general meeting of the relevant company;
- (b) as regards dividends, the holders thereof are not entitled to any dividend unless the net profits of the relevant company available for dividend (as certified by its auditors) as earned in the year in respect of which a dividend is declared exceed HK\$100 billion, in which case the holders of the non-voting deferred shares are collectively entitled to one thousandth of one per cent of the amount of the profits so available which exceed HK\$100 billion; and

## 12. INTERESTS IN SUBSIDIARIES (Continued)

- (c) as regards capital, on a return of assets or a winding-up, the holders of such non-voting deferred shares are entitled out of the surplus assets of the relevant company to a return of capital paid on such non-voting deferred shares held by them after a total of HK\$1,000 billion has been distributed in such winding-up in respect of each of the issued ordinary shares in the relevant company.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

## 13. INTEREST IN AN ASSOCIATE

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	-	-	-	13,707
Less: Provision for permanent diminution in value	-	-	-	(3,550)
	-	-	-	10,157
Share of net assets	-	7,756	-	-
Due from an associate	-	3,018	-	1,213
	-	10,774	-	11,370

The balance with the associate was unsecured, interest-free and had no fixed terms of repayment.

### 13. INTEREST IN AN ASSOCIATE (Continued)

Particulars of the associate were as follows:

Name	Business structure	Place of incorporation and operations	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
San Lorry Limited	Corporate	Hong Kong	–	50%	Property investment

The leasehold properties held by the associate were revalued on 15 May 2000 by Chung Sen Surveyors Limited, independent professional valuers, at an open market value on an existing use basis. The resulting surplus shared by the Group of HK\$3,250,000 (2000: deficit of HK\$3,550,000) was included in the share of profits of an associate for the year ended 31 March 2001.

On 24 May 2000, the Group acquired the remaining 50% interest of the associate for a cash consideration of HK\$11,170,000 and, accordingly, it became a wholly-owned subsidiary of the Group from that date.

### 14. LONG TERM INVESTMENTS

	Group and Company	
	2001 HK\$'000	2000 HK\$'000
Securities listed on The Stock Exchange of Hong Kong Limited, at fair value	–	106
Unlisted investments, at fair value	–	500
	–	606

#### 15. SHORT TERM DEPOSITS, PLEDGED

The short term deposits were pledged to secure general banking facilities granted to a subsidiary (see note 18).

#### 16. LOAN FROM A DIRECTOR

The loan from a Director was unsecured, bore interest at 1% per month and was repaid during the year.

#### 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

		Group	
	Notes	2001 HK\$'000	2000 HK\$'000
Bank overdrafts and current portion of bank and other borrowings	18	4,585	36,247
Current portion of finance lease payables	20	-	240
		4,585	36,487

## 18. BANK OVERDRAFTS, INTEREST-BEARING BANK LOANS AND OTHER LOANS

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank overdrafts, secured	510	11,249
Long term bank loans, secured	4,075	19,295
	4,585	30,544
Bank overdrafts repayable within one year or on demand	510	11,249
Long term bank loans repayable:		
Within one year	4,075	14,998
In the second year	–	4,297
	4,075	19,295
Other loans repayable within one year, unsecured	–	10,000
	4,585	40,544
Portion classified as current liabilities – note 17	(4,585)	(36,247)
Long term portion	–	4,297
Trust receipt loans, secured	37,535	32,686

Other loans consisted of two loans of HK\$5 million each, which were unsecured, bore interest at 2% per month and were repaid during the year.

All of the above bank loans and overdrafts and other banking facilities of the Group are secured by:

- (i) a pledge of properties owned by the Group (note 11); and
- (ii) a pledge of HK\$8.5 million bank deposits of a subsidiary (note 15).

## 19. TRADE PAYABLES

### Aging

	Current to 30 days HK\$'000	31-60 days HK\$'000	61-90 days HK\$'000	Over 90 days HK\$'000	Total HK\$'000
Balance at 31 March 2001	30,973	27,057	32,424	17,366	107,820
Balance at 31 March 2000	21,523	17,861	30,797	38,123	108,304

The above aging analysis of trade payables is based on the invoice dates after the receipt of the goods and services purchased.

In the prior year, included in trade payables was a balance of HK\$5,857,000 due to a related company, which was unsecured, interest-free and on repayment terms similar to those offered to third party customers.

## 20. FINANCE LEASE PAYABLES

There were commitments under non-cancellable finance leases at the balance sheet date as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Minimum lease payments payable within one year	–	260
Future finance charges	–	(20)
Total net lease payables classified as current liabilities – note 17	–	240

## 21. DEFERRED TAX

	Group	
	2001 HK\$'000	2000 HK\$'000
At beginning of year	-	90
Credit for the year – note 8	-	(90)
At 31 March	-	-

The provision for deferred tax related principally to timing differences arising from accelerated depreciation allowances.

At the balance sheet date, the unprovided deferred tax asset arising from tax losses carried forward, net of accelerated depreciation allowances, calculated at the rate of 16% (2000: 16%) amounted to HK\$2,378,000 (2000: HK\$4,058,000).

## 22. SHARE CAPITAL

### Shares

	2001 HK\$'000	2000 HK\$'000
Authorized: 1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
Issued and fully paid: 628,669,000 (2000: 265,378,000) ordinary shares of HK\$0.10 each	62,867	26,538

During the year and up to the date of this report, the following movements in issued and fully paid share capital were recorded:

- (a) On 5 April 2000 and 9 June 2000, 310,000,000 shares and 53,000,000 shares were issued to Miliway at subscription prices of HK\$0.20 and HK\$0.60 per share, respectively, for a total cash consideration, before expenses, of HK\$93,800,000. The proceeds from the issue of share capital were used as the Group's working capital.

## 22. SHARE CAPITAL (Continued)

### Shares (Continued)

- (b) On 7 April 2000, 16,000 share options were exercised at the subscription price of HK\$0.36 per share, resulting in the issue of 16,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$5,760. On 12 June 2000, 31,460,000 share options at the subscription price of HK\$0.58 was granted to Directors and certain employees, out of which 130,000 and 145,000 share options were exercised on 4 July 2000 and 4 August 2000, respectively, resulting in the issue of 275,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$159,500. The proceeds from the issue of share capital were used as the Group's working capital.
- (c) Subsequent to the balance sheet date, on 18 June 2001, options were exercised to subscribe for 590,000 shares of the Company at the subscription price of HK\$0.58 per share for a total cash consideration of HK\$342,200.
- (d) Subsequent to balance sheet date, on 19 July 2001, 63,000,000 shares were issued to independent third parties, through a placement, at a subscription price of HK\$0.40 per share, for a total cash consideration, before expenses, of HK\$25,200,000. The proceeds from the issue of shares will be used to finance the Group's household retail distribution business in mainland China.

A summary of the transactions during the year and up to the date of this report, with reference to the above movements in the Company's ordinary share capital is as follows:

	Carrying amount 2001 HK\$'000	Shares issued 2001
At beginning of year	26,538	265,378,000
Movements during the year:		
(a) Share subscriptions	36,300	363,000,000
(b) Share options exercised	29	291,000
At end of year	62,867	628,669,000
Movements subsequent to the balance sheet date:		
(c) Share options exercised	59	590,000
(d) Share placement	6,300	63,000,000
At the date of this report	69,226	692,259,000

## 22. SHARE CAPITAL (Continued)

### Share options

On 21 January 1994, the Company approved a share option scheme ("Scheme") under which the Directors may, at their discretions, grant to employees and executive Directors of the Group options to subscribe for shares of the Company at any time during the 10 years from its date of approval. The maximum number of shares over which options may be outstanding may not exceed 10% of the ordinary share capital in issue from time to time.

On 12 June 2000, the Directors approved the granting of 31,460,000 share options to Directors and certain employees to subscribe for shares of the Company. These options entitle the holders to subscribe for 31,460,000 shares at a price of HK\$0.58 per share during the period from 13 June 2000 to 12 June 2003.

The outstanding shares under share options as at the balance sheet date are summarized below:

	Number of shares in respect of which options granted '000
Outstanding at 1 April 2000	16
Granted during the year	31,460
Exercised during the year	(291)
Expired and cancelled during the year	(2,690)
Outstanding at 31 March 2001	28,495

Subsequent to the balance sheet date, on 12 June 2001, the Directors approved the granting of 16,000,000 share options to certain Directors to subscribe for shares of the Company. These options entitle the holders to subscribe for 16,000,000 shares at a price of HK\$0.39 per share during the period from 16 June 2001 to 15 June 2003. All these share options remain outstanding as at the date of this report.

## 23. RESERVES

### Group

	Share premium account HK\$'000	Capital reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 1999	48,541	6,055	(2,127)	17,037	69,506
Premium arising from issue of shares	14,123	-	-	-	14,123
Share issue expenses	(410)	-	-	-	(410)
Transfer to profit and loss account on disposals (note 4)	-	-	127	-	127
Transfer to profit and loss account as provision for impairment in value (note 4)	-	-	2,000	-	2,000
Increase in fair value of long term investments	-	-	3	-	3
Net loss attributable to shareholders	-	-	-	(84,437)	(84,437)
At 31 March 2000 and at 1 April 2000	62,254	6,055	3	(67,400)	912
Premium arising from issue of shares	57,636	-	-	-	57,636
Share issue expenses	(2,117)	-	-	-	(2,117)
Transfer to profit and loss account on disposals (note 4)	-	-	(3)	-	(3)
Decrease in fair value of long term investments	-	-	(500)	-	(500)
Transfer to profit and loss account as provision for impairment in value (note 4)	-	-	500	-	500
Net profit attributable to shareholders	-	-	-	13,681	13,681
At 31 March 2001	117,773	6,055	-	(53,719)	70,109

### 23. RESERVES (Continued)

#### Company

	Share premium account HK\$'000	Contributed surplus HK\$'000	Investments revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 1999	48,541	31,029	(2,127)	(689)	76,754
Premium arising from issue of shares	14,123	-	-	-	14,123
Share issue expenses	(410)	-	-	-	(410)
Transfer to profit and loss account on disposals	-	-	127	-	127
Transfer to profit and loss account as provision for impairment in value	-	-	2,000	-	2,000
Increase in fair value of long term investments	-	-	3	-	3
Net loss for the year	-	-	-	(77,552)	(77,552)
At 31 March 2000 and at 1 April 2000	62,254	31,029	3	(78,241)	15,045
Premium arising from issue of shares	57,636	-	-	-	57,636
Share issue expenses	(2,117)	-	-	-	(2,117)
Transfer to profit and loss account on disposals	-	-	(3)	-	(3)
Decrease in fair value of long term investments	-	-	(500)	-	(500)
Transfer to profit and loss account as provision for impairment in value	-	-	500	-	500
Net loss for the year	-	-	-	(1,262)	(1,262)
At 31 March 2001	117,773	31,029	-	(79,503)	69,299

The contributed surplus of the Company represents the difference between the consolidated net asset value of Pricerite BVI Limited on 21 January 1994 when its entire issued share capital was acquired by the Company pursuant to the Group reorganization, and the nominal amount of the Company's shares issued in consideration for such acquisition. Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is distributable to shareholders subject to section 54 thereof. In addition, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

## 24. NOTES TO CASH FLOW STATEMENT

### (a) Reconciliation of profit/(loss) from operating activities to net cash inflow from operating activities:

	2001 HK\$'000	2000 HK\$'000
Profit/(loss) from operating activities	14,375	(70,718)
Dividend income	-	(14)
Interest income	(3,537)	(439)
Depreciation	22,080	22,913
Loss on disposal of fixed assets	3,522	5,161
Loss/(gain) on disposal of long term listed investments	19	(195)
Provision for impairment of long term unlisted investment	500	2,000
Provisions for inventory obsolescence and write-off of inventories	17,146	10,719
Provisions for bad and doubtful debts	2,637	1,967
Write-off of premium on acquisition of an associate	-	277
Write-off of goodwill on acquisition of a subsidiary	22	-
Deficit/(surplus) on revaluation of leasehold land and buildings	(2,505)	48,856
Decrease/(increase) in rental and utility deposits	(3,681)	3,800
Increase in inventories	(5,743)	(13,392)
Decrease/(increase) in prepayments, deposits and other receivables	4,054	(5,129)
Decrease/(increase) in amount due from an associate	(640)	1,037
Increase/(decrease) in trade payables	(784)	15,414
Increase/(decrease) in other payables and accrued liabilities	(7,440)	2,372
<b>Net cash inflow from operating activities</b>	<b>40,025</b>	<b>24,629</b>

## 24. NOTES TO CASH FLOW STATEMENT (Continued)

### (b) Analysis of changes in financing during the year

	Share capital (including premium) HK\$'000	Long term bank loans HK\$'000	Other short term loans HK\$'000	Lease payables HK\$'000	Loan from a Director HK\$'000	Deposit received/ issue of convertible notes HK\$'000
Balance at 1 April 1999	70,101	26,513	10,000	2,097	-	6,000
Net cash inflow/(outflow) from financing	9,691	(7,218)	-	(1,857)	3,000	3,000
Conversion of notes into ordinary shares	9,000	-	-	-	-	(9,000)
Balance at 31 March 2000 and 1 April 2000	88,792	19,295	10,000	240	3,000	-
Net cash inflow/(outflow) from financing	91,848	(15,220)	(10,000)	(240)	(3,000)	-
Balance at 31 March 2001	180,640	4,075	-	-	-	-

## 24. NOTES TO CASH FLOW STATEMENT (Continued)

### (c) Acquisition of a subsidiary

	2001 HK\$'000
Net assets acquired:	
Fixed assets	26,500
Cash and bank balances	2
Prepayments, deposits and other receivables	9
Other payables and accrued liabilities	(553)
Tax payable	(4)
	25,954
Goodwill on acquisition	22
	25,976
Satisfied by:	
Cash	11,170
Reclassification to interests in subsidiaries from interest in an associate	14,806
	25,976

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary:

	2001 HK\$'000
Cash consideration	(11,170)
Cash and bank balances acquired	2
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(11,168)

The subsidiary acquired during the year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated net profit attributable to shareholders for the year.

## 25. COMMITMENTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Commitments to make payments in the following year under non-cancellable operating leases for land and buildings expiring:		
Within one year	13,430	18,645
In the second to fifth years, inclusive	52,662	43,128
After five years	11,068	9,780
	77,160	71,553
Foreign exchange forward contract commitments:		
Buying – United States dollars	–	2,164
Buying – Italian Lira	2,126	1,838
Buying – Euros	2,032	–

The Company had no commitments at the balance sheet date (2000: Nil).

## 26. CONTINGENT LIABILITIES

The Company had a contingent liability in respect of the guarantees of banking facilities granted to a subsidiary amounting to HK\$107,413,000 (2000: HK\$96,500,000). The banking facilities utilized by the subsidiary amounted to HK\$63,527,000 (2000: HK\$82,449,000) at the balance sheet date.

At 31 March 2001, there were 103 employees who had completed the required number of years of service under the Employment Ordinance of Hong Kong to be eligible for long-service payments on termination of their employment. The Group is only liable to make such payments where the termination meets the required circumstances specified in the Employment Ordinance. If the termination of all these employees' employment met the circumstances required by the Employment Ordinance, the Group's liability at 31 March 2001 would be approximately HK\$4,709,000 for which a HK\$1,160,000 provision has been made in the financial statements. As at 31 March 2000, the Group's liability for long-service payments, provided that all employees' employments met the circumstances required by the Employment Ordinance, amounted to HK\$3,997,000. In the opinion of the Directors, such liability was covered by the funds of the Group's defined contribution retirement benefits scheme, which was terminated on 30 November 2000.

## 27. RELATED PARTY TRANSACTIONS

In addition to the transactions described elsewhere in the notes to the financial statements, during the year, the Group had transactions with the following related companies in which Lin Chih Cheih Sidney and Liu Yuen Tai Gordon, Directors of the Company, have direct or indirect interests as directors and/or shareholders. The financial statements reflect the effect of these transactions on bases determined between the parties. The significant transactions are summarized below:

	Notes	2001 HK\$'000	2000 HK\$'000
Gainrich Industrial Limited:			
Purchases of goods	(i)	–	32,818
San Lorry Limited:			
Rental expense	(ii)	284	2,000

### Notes:

- (i) The Directors consider that the purchases of goods were made according to the published prices and conditions similar to those offered to other customers of the supplier. In April 2000, Lin Chih Cheih Sidney, a Director of the Company, disposed of his entire equity interest in Gainrich Industrial Limited to a third party. Accordingly, Gainrich Industrial Limited ceased to be a related party of the Group.
- (ii) The rental expense charged by an associate of the Group related to a property used by the Company's subsidiary as a retail store. The rental expense was charged according to the terms of a rental agreement. On 24 May 2000, the Company acquired the entire equity interest in San Lorry Limited, which, then became a wholly-owned subsidiary of the Group.

The independent non-executive Directors are of the opinion that the above transactions were conducted in the ordinary and usual course of business of the Group.

## 28. POST BALANCE SHEET EVENTS

Details of the significant events which took place subsequent to the balance sheet date are set out in note 22 to the financial statements.

## 29. COMPARATIVE AMOUNTS

The provision for inventory obsolescence of HK\$6,222,000 and the write-off of inventory of HK\$4,497,000 for the year ended 31 March 2000, which was included in selling and distribution costs in prior year, have been reclassified as cost of sales, as in the opinion of the Directors, the reclassification provides a better presentation of the Group's cost of sales and expense items.

## 30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 19 July 2001.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years as extracted from the published financial statements and reclassified as appropriate is set out below.

### Results

	Year ended 31 March				
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
<b>TURNOVER</b>					
Continuing operations	891,810	729,017	648,053	772,103	739,780
Discontinued operations	–	–	–	10,112	11,945
	891,810	729,017	648,053	782,215	751,725
<b>OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEM</b>					
– Continuing operations	13,681	(84,447)	(18,776)	(12,907)	8,357
– Discontinued operations	–	–	–	(9,091)	(1,431)
	13,681	(84,447)	(18,776)	(21,998)	6,926
Exceptional item	–	–	–	1,350	–
<b>OPERATING PROFIT/(LOSS) BEFORE TAX</b>					
	13,681	(84,447)	(18,776)	(20,648)	6,926
Tax	–	10	2,614	544	(2,132)
<b>PROFIT/(LOSS) BEFORE MINORITY INTERESTS</b>					
	13,681	(84,437)	(16,162)	(20,104)	4,794
Minority interests	–	–	–	4,311	701
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b>					
	13,681	(84,437)	(16,162)	(15,793)	5,495

*Note:* Discontinued operations were related to the real estate agency business which had started operations during year ended 31 March 1997.

## Assets and Liabilities

	As at 31 March				
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000 (Restated)	1998 HK\$'000 (Restated)	1997 HK\$'000 (Restated)
FIXED ASSETS	142,046	114,704	166,733	170,581	164,452
RENTAL AND UTILITY DEPOSITS	20,163	16,482	20,282	24,252	23,163
INTERSTS IN AN ASSOCIATE	–	10,774	17,762	14,273	13,620
LONG TERM INVESTMENTS	–	606	798	1,046	2,961
CURRENT ASSETS	139,325	94,790	84,162	81,624	89,311
<b>TOTAL ASSETS</b>	<b>301,534</b>	<b>237,356</b>	<b>289,737</b>	<b>291,776</b>	<b>293,507</b>
CURRENT LIABILITIES	168,558	205,609	179,346	167,987	143,222
LONG TERM BANK LOANS	–	4,297	12,995	20,541	26,024
LONG TERM PORTION OF LEASE PAYABLES	–	–	240	2,098	3,992
DEPOSIT RECEIVED FOR SUBSCRIPTION OF CONVERTIBLE NOTES	–	–	6,000	–	–
DEFERRED TAX	–	–	90	2,674	2,620
DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES	–	–	–	–	1,807
<b>TOTAL LIABILITIES</b>	<b>168,558</b>	<b>209,906</b>	<b>198,671</b>	<b>193,300</b>	<b>177,665</b>
<b>NET ASSETS</b>	<b>132,976</b>	<b>27,450</b>	<b>91,066</b>	<b>98,476</b>	<b>115,842</b>