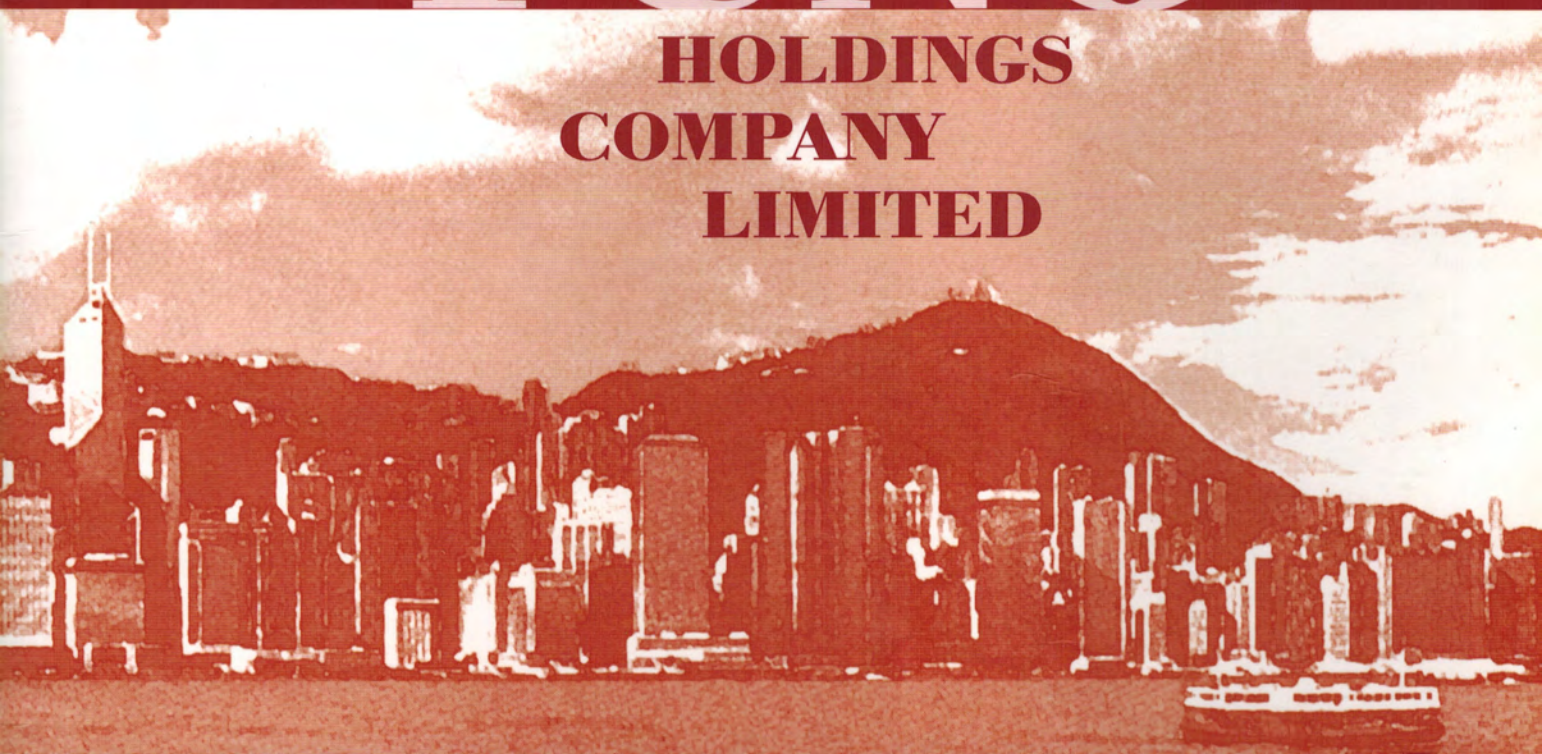


HENG FUNG

**HOLDINGS
COMPANY
LIMITED**



1995 - 1996

**ANNUAL
REPORT**

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Chan Heng Fai (Chairman and Managing Director)
Ng Mok Yuen
Chan Yoke Keow
Leung Sik Keung

Non-Executive Directors

Fong Kwok Jen
Tang Yat Kan
Ha Kee Choy
Robert Herman Trapp
Mary-ann S. J. Chan

Independent Non-Executive Directors

Derek Y.K. Lai
Daniel K.L. Lee

Company Secretary

Chan Suk King, Zoe

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountant

Solicitor

Herbert Smith

Principal Bankers

Kincheng Banking Corporation, Hong Kong Branch
Bank of China, Hong Kong Branch
Hang Seng Bank Limited

Share Registrars

Friendly Registrars Limited
7th floor, Winner Commercial Building
401-403 Lockhart Road
Wanchai, Hong Kong

Registered Office & Principal Office

Unit B, 13th Floor
Lippo Leighton Tower
103-109 Leighton Road
Causeway Bay, Hong Kong

American Depository Receipts Depository

Citibank, N.A.

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited and traded in the form of American Depository Receipts on NASDAQ Over the Counter in the United States of America.

公司資料

董事會

執行董事

陳恒輝 (主席兼董事總經理)
吳木源
陳玉嬌
梁錫強

非執行董事

鄭國禎
鄧逸勤
夏其才
Robert Herman Trapp
陳淑貞

獨立非執行董事

黎玉光
李家樓

公司秘書

陳淑琼

核數師

德勤會計師行
執業會計師

律師

史密夫律師行

主要往來銀行

金城銀行
中國銀行
恒生銀行有限公司

股份過戶登記處

準誠證券登記有限公司
香港灣仔
駱克道401-403號
榮華商業大廈7字樓

註冊及主要辦事處

香港銅鑼灣
禮頓道103-109號
力寶禮頓大廈
十三樓B室

美國預託證券存放銀行

美國萬國寶通銀行

證券交易所

本公司之股份於香港聯合交易所有限公司與及以預託證券之形式於美國全國證券經紀協會自動報價系統場外市場上市。

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

For the financial year ended March 31, 1996, Group turnover increased to HK\$13.4 million, representing a 20.7% increase over the HK\$11.1 million recorded in last year.

The Group's consolidated results for the year ended March 31, 1996 shows a loss of HK\$10.9 million. The loss for the year included several significant non-recurring items, such as provisions amounting to HK\$4.2 million as a result of revaluation of the Group's investment properties located in the United States and Hong Kong, as well as unusual heavy professional expenses in excess of HK\$3 million.

Total assets of the Group as of March 31, 1996 significantly grew by 72% during the year to HK\$158 million from 92 million as of March 31, 1995.

Based on the weighted average number of shares during the year, the loss per share for the year ended March 31, 1996 amounted to 3.98 cents, compared with 4.48 cents in last year, a decrease of 11.2%.

NEW DEVELOPMENTS

Acquisition of Two Property Interests in Hong Kong

In February 1996, the Group completed the acquisition of two property interests in Hong Kong, being an office premise located in King's Road ("King's Road Property") and a vacant property for redevelopment situated at Kai Tak Road ("Kai Tak Road Property"). The King's Road Property was leased back to a company controlled by the executive director, Mr. Ng Mok Yuen, for a period of two years starting from February, 1996 at a rental representing a gross yield of 7.4% on the cost of acquisition.

The Kai Tak Road Property comprises a site which is being redeveloped for resale purpose by the Group into an 11-storey commercial/residential building for which approval of the building plans was granted in January 1996. The pre-sale of domestic units will commence in early 1997 and significant cashflow is expected.

Acquisition of Baker Street Property in Hong Kong

In May, 1996, the Group entered into a conditional agreement to acquire Nos. 16, 18 and 20 of Baker Street, Hung Hom, Kowloon, Hong Kong. General building plans for a development scheme for a 20-storey commercial/residential complex building have been approved by the Building Authority. The property is intended to be redeveloped for resale purposes by the Group into a 20-storey commercial/residential building with shops on the ground floor, offices on the first floor and domestic units on the upper floors. The construction of the proposed development is anticipated to commence in November 1996 and is expected to be completed in early 1998.

An extraordinary general meeting of the Company is to be held on 27th June, 1996 at which an ordinary resolution relating to the approval of the conditional agreement will be proposed.

Disposal of a 35 per cent. interest in Yichang Keng Fong Investment Company Limited

Following the commencement of business of Yichang Keng Fong Investment Company Limited ("Yichang") in March 1994, the Group and its joint venture partner, the KMK Group, have formed different views as to the investment projects to be undertaken by Yichang. In May 1996, the Group disposed of a 35 percent. interest in Yichang at book value. The Group's remaining 25 percent. interest in Yichang will be held as a passive investment.

主席報告

財務要點

於截至一九九六年三月三十一日止之財政年度，本集團營業額達至13,400,000港元，與一九九五年之11,100,000港元比較，上升20.7%。

本集團本年度虧損10,900,000港元。本年度虧損包括幾項重大但非週期性項目，如因本集團於美國及香港之投資物業重估虧損而作出4,200,000港元之撥備與及極其沉重超過3,000,000港元之專業費用負擔。

本集團於一九九六年三月三十一日之資產總值為158,000,000港元，較一九九五年三月三十一日之92,000,000港元大幅增長約72%。

根據年內已發行股份之加權平均數計算，一九九六年三月三十一日止之每股虧損為3.98港仙，比較上年度之4.48港仙下跌11.2%。

新發展

收購兩項香港物業權益

於一九九六年二月，本集團完成兩項香港物業權益之收購，分別為位於英皇道之辦公室（「英皇道物業」）及位於啟德道之作重建用途之空置物業（「啟德道物業」）。英皇道物業由一九九六年二月起租回予本集團執行董事吳木源先生控制之公司，租約為期兩年；按收購成本計算租金回報率若為7.4%。

啟德道物業將重建為一幢十一層高之商住大廈並將之出售；建築藍圖已於一九九六年一月獲得建築總署批准。於一九九七年初開始預售住宅單位，屆時可望有重大現金流入。

收購香港必嘉街物業

於一九九六年五月，本集團簽訂一條件協議以收購香港九龍紅磡必嘉街16, 18及20號之物業。二十層高之商住大廈發展計劃藍圖已獲建築總署批准，此物業將重建為一幢二十層高之商住大廈；地下為商店，一樓為寫字樓，而一樓以上為住宅，並將之出售。該物業預期一九九六年十一月開始建築，並預計於一九九八年初落成。

股東特別大會將於一九九六年六月二十七日舉行，在大會上將為批准協議而提呈一項普通決議案。

出售宜昌建煌投資有限公司35%之權益

自宜昌建煌投資有限公司（「宜昌」）於一九九四年三月開始營業以來，本公司與宜昌之合資夥伴，猴王集團對宜昌應參與之投資項目各持分歧見解。於一九九六年五月，本集團以賬面值出售宜昌35%之權益。本集團剩餘於宜昌之25%權益將成為一項被動投資。

REVIEW OF OPERATION

During the year under review, the principal activities of the Group have been investment holding, investment banking, property investment and development, management consultancy, security investment, and sale of building material machinery and pharmaceutical products.

The Group has continued and will continue to look for suitable investment opportunities to build up its property portfolio in Hong Kong and to expand its investment activities in Hong Kong and overseas.

Investments in the PRC

The PRC subsidiaries are still in the start-up phase and are anticipated to make steady progress in the coming year.

With a commitment to total manufacturing excellence, the Group undertook a series of initiatives during the year, designed to provide long term cost effective productions to meet anticipated growth in customer demand in 1996 and beyond. These included the modernization of the production line of both Hebei Recovery Pharmaceutical Co., Ltd. and Cangzhou Jinli Building Material Machinery Co., Ltd. The directors considered the costs associated with this upgrade to be fully justified by providing a more flexible pricing structure giving rise to an increase in orders for the coming years.

Property Interests in Hong Kong

The acquisition of the Kai Tak Road Property and the King's Road Property has allowed the Company to build up its asset base substantially in its traditional area of expertise of property investment and development. Recurrent income from the King's Road Property and the development profit upon completion of the development of the Kai Tak Road Property are expected to enhance the earning prospects of the Company.

Litigation in Malaysia

Two directors were nominated by the Group to represent the Group on the board of directors of Appreview (M) Sdn. Bhd. ("Appreview"), the Group's Malaysian associated company, since acquisition by the Group. Subsequent to March 31, 1995, the two directors refused to represent the interest of the Group in Appreview. From June 3, 1995 onwards, the Group is unable to exercise significant influence on Appreview.

The Group filed claims in the Commercial Division of the High Court of Malaysia at Kuala Lumpur, Malaysia. The litigation was begun in order to restore the management influence of the Group in Appreview and thereby safeguard its loans and investment. In February, 1996, an order was obtained to (a) remove an ex-director of the Company from the Board of Appreview (b) appoint the two Company's representative directors to the Board of Appreview (c) ensure the Company's representative directors are counter-signatory to all payments out of Appreview's funds (d) secure the loans made by the Group to Appreview and schedule the repayment of such loans.

CUSTOMERS AND SUPPLIERS

During the year the respective percentage of purchases attributable to the Group's five largest suppliers combined and the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group turnover.

As at March 31, 1996, none of the directors, their associates, or any shareholder which to the knowledge of the directors owned more than 5% of the Company's share capital had any beneficial interests in the Group's five largest customers or five largest suppliers as mentioned in the preceding paragraph.

業績回顧

回顧過去一年，本集團之主要業務包括投資控股、投資銀行、物業投資及發展、企業管理諮詢、證券投資及建築材料機械及藥品銷售。

本集團竭力及將繼續尋找合適之投資機會以建立香港之物業發展及擴大於香港及海外投資活動。

中國投資

中國之附屬公司仍然處於播種階段，預期於來年有穩定增長。

為求在生產方面臻致善美之目標，本公司於年內實行一連串措施，旨在提供長期成本效益，以應付一九九六年及以後數年客戶需求之預計增幅。此等措施包括將河北瑞康藥廠有限公司及金利建材機械有限公司之生產線現代化。董事會認為有關此等行動所需之費用乃極為化算，因為此舉使定價更見靈活，來年之訂單將會增加。

香港之物業權益

收購啟德道及英皇道物業能令本公司穩固其物業控股及發展此傳統業務之資產基礎。英皇道物業將成為本公司可靠之定期收入來源，而由發展完成之啟德道物業中所帶來之利潤相信用提高公司之盈利前景。

於馬來西亞之訴訟

自本集團收購馬來西亞聯營公司Appreview (M) Sdn. Bhd. (「Appreview」)後，本集團委任兩名董事為Appreview董事會成員，以代表本集團利益。於一九九五年三月三十一日後，該兩名董事拒絕代表本集團利益。由一九九五年六月三日起，本集團未能對Appreview行使其重大影響力。

本集團已向馬來西亞吉隆坡之高等法院商業部提出訴訟，旨在恢復本集團於Appreview之管理影響力，從而保障此項投資及貸款。一九九六年二月，法庭頒佈命令(a)革退Appreview董事會一名本公司前任董事(b)委任兩名本公司代表董事加入Appreview董事會(c)促使本公司之代表董事於所有Appreview支付費用中加徵(d)保障本集團予Appreview之貸款及設定還款時間表。

客戶及供應商

本年度內，本集團前五大供應商和前五大客戶合計都分別少於集團總採購額和營業額百分之三十。

於一九九六年三月三十一日，各董事，彼等之聯繫人士及據董事會所知擁有本公司股本5%以上之股東概無於上述本集團最大之五名客戶或最大之五名供應商擁有實際權益。

AMERICAN DEPOSITORY RECEIPTS

The Group has been trading under Level 1 on NASDAQ Over the Counter in the form of American Depository Receipts since April 1994 and was approved to upgrade to Level 2 in June 1996. Trading under Level 2 on NASDAQ Over the Counter or American Stock Exchange will be commenced as soon as practicable.

OUTLOOK

In February, 1996, Mr. Ng Mok Yuen who has 30 years' experience of property development and construction in Hong Kong, joined the Board of the Company and became a substantial shareholder. With his expertise, the Group will be in a position to participate more actively in property development projects, especially in Hong Kong, in the coming years.

The Group has exercised a prudent policy as regards investment opportunities in the PRC. Although the economic environment in the PRC still remained in the doldrums in the past year, we believe that together with our team of professionals in Hong Kong and Cangzhou, PRC, the Group is well positioned to improve the current situation of our investments in the PRC in the coming year.

DIRECTORS

Pursuant to the results of the voting by shareholders of the Company at the annual general meeting held on September 28, 1995, Mr. Johnny N.C. Lee, Ms. Sally Y.P. Kong, Ms. Kong Man Ling and Ms. Phylis M.Y. Kong were removed as directors of the Group.

I am pleased to welcome Mr. Ng Mok Yuen and Mr. Leung Sik Keung to the Board as executive directors. They will further strengthen the in-house expertise of the property development and construction division of the Group.

APPRECIATION

I take this opportunity to thank all those who contributed to Heng Fung's restructuring during the past year. I would also like to thank my fellow directors for their guidance and all staff for their dedicated service. I look confidently to the future with the assurance of their continued support.

Chan Heng Fai

Chairman and Managing Director

Hong Kong, June 24, 1996

美國預託證券

本集團已於一九九四年四月開始以一級美國預託證券形式於美國全國證券經紀協會自動報價系統場外市場掛牌交易，並於一九九六年六月獲批准提升至二級地位，並將盡快以二級證券在美國全國證券經紀協會自動報價系統或美國證券交易所掛牌交易。

展望

吳木源先生（「吳先生」），於香港物業發展及建築行業有逾三十年經驗，於一九九六年二月加入本集團董事會及成為主要股東之一。藉吳先生之經驗，本集團在未來日子將會更積極參與與香港之地產發展業務。

本集團對在中國之投資機會採取審慎態度。於過去數年，中國經濟仍處於調整階段，然而本集團深信憑藉於香港及中國之專業人員，本集團來年於有利位置並得以改善現有狀況。

董事

據一九九五年九月二十八日舉行之股東週年大會經由股東投票結果，李鈞濟先生、江潤冰女士、江敏玲女士及江敏兒女士等被革退為本集團之董事。

本人欣然歡迎吳木源先生及梁錫強先生加入本集團董事會成為執行董事。彼等將加強本集團內部物業發展及建築範疇之專長。

致意

本人藉此機會對恒鋒過去一年業務重整作出貢獻之人士深表謝意。本人並對董事會成員之指引及員工之勤懇服務致意。在彼等不斷支持下，本人對未來充滿信心。

陳恆輝

主席兼董事總經理

香港，一九九六年六月二十四日

DIRECTORS AND MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chan Heng Fai, aged 51, is the Chairman and Managing Director of the Company, and has been a Director since September 2, 1992. Mr. Chan is responsible for overall business development of the Group. Prior to joining the Group, Mr. Chan has over 10 years experience in the banking and corporate finance industry.

Mr. Ng Mok Yuen, aged 54, has been a director of the Company since February 9, 1996. Mr. Ng is responsible for the property development and investment and the construction activities of the Company. Mr. Ng has more than 30 years' experience in property development and construction industry.

Madam Chan Yoke Keow, aged 47, has been a director of the Company since January 3, 1992. Mrs. Chan is responsible for the general administration and strategic planning of the Group. Mrs. Chan has over 10 years experience in financial management.

Mr. Leung Sik Keung, aged 44, has been a director of the company since February 9, 1996. Mr. Leung is responsible for the property development of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Fong Kwok Jen, aged 47, is a solicitor practicing in Singapore. Mr. Fong is a partner of a solicitors' firm in Singapore.

Mr. Tang Yat Kan, aged 45, is a solicitor practicing in Hong Kong and is currently a partner of a solicitors' firm in Hong Kong.

Mr. Robert Herman Trapp, aged 41, holds various senior positions in the finance industry in Canada. Mr. Trapp is now the Director of a company listed in NASDAQ.

Mr. Ha Kee Choy, aged 39, is a fellow of the Chartered Association of Certified Accountants, a fellow of the Taxation Institute of Hong Kong and an associate of the Hong Kong Society of Accountants. Mr. Ha is the Deputy Chairman of AWT World Transport Holdings Limited.

Ms. Mary-ann S.J. Chan, aged 25, is an experienced executive in one of the leading bank in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Derek Y.K. Lai, aged 33, is a fellow of the Chartered Association of Certified Accountants and an associate of the Hong Kong Society of Accountants. Mr. Lai is currently a director of a consultancy firm in Hong Kong.

Mr. Daniel K.L. Lee, aged 37, is a fellow of the Chartered Association of Certified Accountants, a fellow of the Hong Kong Society of Accountants and a member of the Taxation Institute of Hong Kong. Mr. Lee is currently the Managing Partner of an accounting firm in Hong Kong.

SENIOR MANAGEMENT

Mr. Lau Man Tak, aged 26, is the financial controller of the Group responsible for overall financial and accounting activities. Prior to joining the Group, he was with an international accounting firm for over three years.

Mr. Liu Ming Hui, aged 33, is the chief manager of the PRC operations responsible for the overall management of the Group's investments in the PRC. Prior to joining the Group in late 1993, Mr. Liu held various governmental positions in Cangzhou, China.

董事及管理人員簡介

執行董事

陳恒輝先生現年五十一歲，現為本公司主席兼董事總經理，自一九九二年九月二日起加入本公司成為董事；陳先生負責制訂本集團整體發展政策。於加入本集團之前，陳先生有十年以上銀行及公司財務業務之經驗。

吳木源先生現年五十四歲，自一九九六年二月九日起為本公司董事。吳先生主要負責本公司物業發展及投資與及建築等業務。吳先生於物業發展及建築業有逾三十年經驗。

陳玉嬌女士現年四十七歲；自一九九二年一月三日起為本公司董事。陳女士負責本集團日常行政及策略計劃。陳女士有十年以上之財務管理經驗。

梁錫強先生現年四十四歲，自一九九六年二月九日起為本公司董事。梁先生負責本公司物業發展項目。

非執行董事

鄺國禎先生現年四十七歲，新加坡執業律師，現為一新加坡律師事務所之合夥人。

鄧逸勤先生現年四十五歲，香港執業律師，現為一香港律師事務所之合夥人。

Robert Herman Trapp 先生現年四十一歲，在加拿大金融界歷任要職。Robert Herman Trapp先生現為一於美國全國證券經紀協會自動報價系統上市公司之董事。

夏其才先生現年三十九歲，乃英國公認會計師公會資深會員、香港稅務學會資深會員及香港會計師公會會員。夏先生現為美聯空運有限公司之副主席。

陳淑貞小姐現年二十五歲，現為一香港銀行之資深管理人員。

獨立非執行董事

黎玉光先生現年三十三歲，乃英國公認會計師公會資深會員及香港會計師公會會員。黎先生現為香港一顧問公司董事。

李家樑先生現年三十七歲，乃英國公認會計師公會及香港會計師公會資深會員，及香港稅務學會會員。李先生現為香港一會計師事務所首席合夥人。

高級管理階層

劉文德先生現年二十六歲，為本集團財務總監；主要負責整體財政及會計事項。彼於加入本集團前，於一間國際會計事務所工作超過三年。

劉明輝先生現年三十三歲，是本集團中國部門高級經理；主要負責集團在中國投資項目管理工作。劉先生於一九九三年末加入本集團，在此之前於中國瀋陽市歷任多個政府職位。

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of Heng Fung Holdings Company Limited (the "Company") will be held at the Victoriana Room, 4th Floor, Hotel Furama Kempinski Hong Kong, 1 Connaught Road, Central, Hong Kong on Thursday, August 8, 1996 at 9:00 a.m. for the following purposes:-

ORDINARY BUSINESS

- To receive and consider the audited consolidated financial statements and the directors' report and auditors' report for the year ended March 31, 1996.
- To re-elect directors and to authorise the board of directors to fix their remuneration.
- To re-appoint the auditors of the Company and to authorise the board of directors to fix their remuneration.

SPECIAL BUSINESS

- As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:-

(A) "THAT:

- subject to sub-paragraph (iii) of this resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company during the Relevant Period 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 (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- the approval in paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; or (c) an issue of shares of the Company as scrip dividends pursuant to the articles of association of the Company from time to time; or (d) an issue of shares of the Company under any option scheme or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of shares of the Company, or rights to acquire shares of the Company, shall not exceed 20 per cent. 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 shall be limited accordingly; and
- for the purpose of this resolution:

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

- the conclusion of the next annual general meeting of the Company;

股東週年大會通告

茲通告恒鋒集團有限公司（「本公司」）謹訂於一九九六年八月八日星期四上午九時正假座香港中環干諾道中一號富麗華酒店四樓維多利亞廳舉行股東週年大會，以處理下列事項：—

普通事項

- 省覽截至一九九六年三月三十一日止年度之經審核綜合財務報表，及董事會與核數師報告書。
- 重選董事及授權董事會釐定其酬金。
- 重新委聘本公司之核數師及授權董事會釐定其酬金。

特別事項

- 作為特別事項，考慮及酌情通過下列決議案為普通決議案：—

(A) 「動議：

- 在本決議案第(iii)分段規限下及根據公司條例第57B條，全面及無條件批准本公司董事會於有關期間內行使本公司一切權力，配發、發行及處理本公司股本中之額外股份，並作出或授予或須行使該等權力之建議、協議及認股權（包括可兌換為本公司股份之認股權證及債券）；
- 在本決議案第(i)分段所述之批准須授權本公司董事會於有關期間內作出或授出或須於有關期間結束後行使上述權力之建議、協議及認股權；
- 本公司董事會根據本決議案第(i)分段所述之批准而配發或有條件或無條件同意配發及發行之股本面值總額（無論為根據認股權或其他原因而配發者），不得超過本公司於本決議案通過之日已發行股本面值總額百分之二十，上述批准亦須受此數額限制，惟根據(a)配售新股（見下文之定義）；或(b)根據本公司任何認股權證之條款行使認購權或根據本公司任何可兌換為股份之證券之條款行使換股權而發行本公司股份；或(c)根據本公司不時之組織章程細則以代息股份之方式發行本公司股份；或(d)根據任何購股權計劃或類似之安排（向本公司及/或其附屬公司之僱員授出可購買本公司股份之權利或向彼等發行股份）發行本公司股份則除外；及

- 就本決議案而言：

「有關期間」指本決議案通過日期至下列較早發生者之期間：—

- 本公司下屆股東週年大會結束時；

- (b) the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles of Association of the Company to be held; and
- (c) the date upon which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

5. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:-

“THAT the Articles of Association of the Company be and are hereby amended in the following manner:

- (A) by inserting the following new definitions to the definitions set out under Article 1:-

“Clearing House” means a recognised clearing house within the meaning of section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or a clearing house or authorised share depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.

“Corporate Representative” means any person appointed to act in that capacity pursuant to Articles 63A and 63B, and the references throughout these Articles to the “duly authorised representative” of a member which is a corporation shall mean a Corporate Representative for the purposes of the relevant Articles in which such references appear respectively.”;

- (B) by deleting Article 3 in its entirety and substituting therefor the following new Article 3:-

“The Company may exercise any powers conferred on the Company or permitted by the Ordinance or any other ordinance from time to time to acquire its own shares or to give directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company and should the Company acquire its own shares neither the Company nor the Board shall be required to select the shares to be acquired rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such acquisition or financial assistance shall only be made or given in accordance with any relevant rules or regulations issued by the Exchange, the Securities and Futures Commission or the relevant regulatory authorities from time to time. For the purpose of this Article, “shares” includes shares, warrants and any other securities convertible into shares which are issued from time to time by the Company.”;

- (b) 本公司之組織章程細則或任何適用法例規定本公司下屆股東週年大會須舉行之期限屆滿；及

- (c) 本決議案所載之授權經由股東大會通過普通決議案而撤銷或修訂之日。

「配售新股」指於本公司董事會指定之期限內，向於指定紀錄日期名列股東名冊之本公司股份持有人按彼等當時之持股比例提呈發售股份之建議（惟本公司董事會可就零碎股權或在考慮任何有關司法權區之法例或任何認可監管機關或任何證券交易所之規定所產生之限制或責任後而酌情作出彼等認為必要或權宜取消此等權利之決定或其他安排）。」

5. 作為特別事項，考慮及酌情通過下列決議案為特別決議案：

「動議修訂下列之公司組織章程細則：

- (A) 將以下之新定義加入細則第1條所載之定義內：—

「結算所」即公認結算所（根據香港證券及期貨（結算所）條例第2條之定義）或經由司法權區（本公司之股份在該司法權區上市或在該司法權區之證券交易所報價）之法例認可為結算所或合法股份存託所。

「公司代表」即根據細則第63A條及第63B條，獲委聘以公司代表之身份行事之任何人士。在該等細則內，凡有關身為一間有限公司之股東之「正式授權代表」一詞之引述，就有關細則而言，該等引述之意義與「公司代表」相同。」；

- (B) 刪除細則第3條全部內容，並以下列之新細則第3條替代：—

「本公司可行使該條例或任何其他條例不時授予本公司或允許本公司行使之任何權力，以購回本身之股份，或以提供貸款、擔保、抵押或以其他方式，直接或間接在財務上資助任何人士購買或將予購買本公司之任何股份。倘本公司購回本身之股份，則本公司及董事會均不必在同一類別股份持有人之中，或在彼等與其他任何類別股份持有人兩者之中按比例或以任何其他特別方式選擇將予購買之股份，惟任何上述之購買或財務上之資助僅可在遵照交易所、證券及期貨事務監察委員會或有關之監管機構不時制定之有關規則或規定之下而作出或提供。就本細則而言，「股份」一詞包括由本公司不時發行之股份、認股權證及可兌換為股份之任何其他證券。」；

- (C) (i) by deleting the words “two months” in the third line of Article 10 and substituting therefor the words “ten business days or such other period as may be specified by the Exchange from time to time”; and

- (ii) by deleting the reference to “HK\$2.00” in the ninth line of Article 10 and substituting therefor “an amount not exceeding such maximum amount as the Exchange may determine from time to time”;

- (D) by deleting the reference to “Two Hong Kong Dollars” in Article 11 and substituting therefor “such maximum amount as the Exchange may determine to be the maximum payable”;

- (E) by deleting the reference to “Two Hong Kong Dollars” in the fifth line of Article 12 and substituting therefor “an amount, not exceeding such maximum amount as the Exchange may determine from time to time.”;

- (F) by deleting Article 19 in its entirety and substituting therefor the following new Article 19:-

“All transfers of shares may be effected by a transfer in writing in the usual or common form as the Board may accept and may be under hand or, if the transferee is a Clearing House or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The transferee shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register in respect thereof.”;

- (G) by deleting paragraph (a) of Article 21 and substituting therefor the following new paragraph (a):-

“(a) a fee of such sum as may be determined from time to time by the Exchange to be payable, or such lesser sum as the Board may from time to time require, is paid to the Company in respect thereof”;

- (H) by deleting the first eleven lines of Article 50 ending with “as may be prescribed by the Company in General Meeting” and substituting therefor the following:

“An annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days’ notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting called for the passing of a special resolution shall be called by 14 days’ notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of the meeting and, in case of special business, the general nature of that business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company”;

- (C) (i) 刪除細則第10條第3行「兩個月」之字眼，並以「十個營業日或由交易所不時決定之其他期間」之字眼替代；及

- (ii) 刪除細則第10條第9行對「2.00港元」之引述，並以「不超過交易所不時決定之最高款額之數額」之字眼替代；

- (D) 刪除細則第11條對「港幣二元」之引述，並以「由交易所決定應付之最高款額」字眼替代；

- (E) 刪除細則第12條第5行對「港幣二元」之引述，並以「不超過由交易所不時決定之最高款額」字眼替代；

- (F) 刪除細則第19條全部內容，並以下列之新細則第19條替代：—

「一切股份過戶均可按一般通用或董事會接受之普通方式以書面簽署之形式辦理，而倘轉讓人或承讓人為結算所或其代理人，則彼等可以人手簽署或機印簽署或由董事會不時批准之其他簽署方式辦理。在承讓人名列有關登記冊之前，轉讓人仍會被視為有關股份之持有人。」；

- (G) 刪除細則第21條(a)段，並以下列新(a)段替代：—

「(a)向本公司就此支付一項費用（款額為交易所不時決定應支付者或由董事會不時要求應支付之較低數額）」；

- (H) 刪除細則第50條第一至第十一行，至「由本公司於股東大會上指定者」為止，並以下文替代：

「召開股東週年大會及為通過一項特別決議案而召開之股東大會應發出不少於二十一日之書面通告，而召開本公司之股東大會（召開股東週年大會或為通過一項特別決議案而召開之股東大會除外）則應發出不少於十四日之書面通告。通告不計入發出或視作發出及接獲該通告之日，並須指明大會舉行地點、日期及時間，而倘有關特別事項，則亦須指明該事項之一般性質，並須按下列之方式或按本公司在股東大會上指定之其他方式（如有），向根據有關細則有權收取本公司有關通告之人士發出。」；

NOTICE OF ANNUAL GENERAL MEETING - continued

- (I) by deleting the fourth line of Article 61 beginning with "every Member" down to the last line and inserting the following in substitution therefor:-

"every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under Section 115 of the Ordinance, shall have one vote, and on a poll every member present in person or by proxy or by duly authorised corporate representative shall have one vote for every fully paid share of which he is the holder. On a poll a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by a duly authorised corporate representative or by proxy. A member who is the holder of two or more shares in the Company may appoint not more than two proxies to attend on the same occasion. In addition, a proxy or proxies representing either an individual member or a member which is a corporation, shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise."

- (J) by inserting the following new Article 63A immediately after the existing Article 63:-

"63A. Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. References in these Articles to a member present in person at a meeting shall, unless the context otherwise requires, include a corporation which is a member represented at the meeting by such duly authorised representative or by not more than two proxies. Nothing contained in this Article shall prevent a corporation which is a member of the Company from appointing not more than two proxies to represent it pursuant to Article 61."

股東週年大會通告 - 續

- (I) 刪除細則第61條第4行由「每位股東」起至最後一行為止，並以下文替代：-

「每位親身出席之股東（以個人身份）或根據該條例第115條正式委任法定代表出席之股東（以有限公司身份）將可投一票，而在以股數表決之情況下，則每位親身出席或委任代表出席或正式委任法定公司代表出席之股東將按其持有之繳足股份每股可投一票。在以股數表決時，有權投一票以上之股東無須悉數投票，亦無須將票全部投於某項選擇。有權出席本公司股東大會及投票之股東或有權出席本公司任何類別股份之股東大會及投票之股東，均有權委任他人作為代表，代其出席及投票。在以股數表決時，股東可親自或由正式法定公司代表或由代表投票。持有本公司股份兩股或以上之股東可委任不超過兩位代表同時出席大會。此外，股東（以個人身份或以有限公司身份）之代表有權代表有關股東行使之權力，將與該等股東親身出席而可行使之權力相同。」

- (J) 在現有之細則第63條之後，加上下列之新細則第63A條：-

「63A. 任何身為本公司股東之有限公司，可藉其董事會或其他監管團體之決議案或以授權書授權其認為適當之人士出任其代表，出席本公司任何股東大會或本公司任何類別股東之大會，而獲授權人士有權代表有關之有限公司行使之權力，將與該有限公司以本公司個人股東之身份所行使者相同。除非文義別有所指，否則本細則所指親身出席股東大會之股東將包括身為股東，並由正式合法代表或由不超過兩位代表代其出席股東大會之有限公司。本細則所載之內容絕不禁止身為本公司股東之有限公司根據細則第61條委任不超過兩位代表。」

NOTICE OF ANNUAL GENERAL MEETING - continued

- (K) by inserting immediately after the new Article 63A referred to in paragraph (J) of this resolution the following new Article 63B:-

"63B. If a Clearing House (or its nominee) is a member of the Company it may appoint such person or persons (whether or not exceeding two in total) as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one proxy or corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which each such person is so appointed. A person so appointed under the provisions of this Article shall be entitled to exercise the same powers on behalf of the Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise if it were an individual member of the Company, including, in the case of corporate representatives, the right to vote individually on a show of hands," and

- (L) by deleting the words "Section 223 or 275 of" in the third line of Article 73(e).

On behalf of the Board
Chan Heng Fai
Chairman and Managing Director

Hong Kong, July 11, 1996

股東週年大會通告 - 續

- (K) 在本決議案第(J)節所述之新細則第63A條之後，加上下列之新細則第63B條：-

「63B. 倘一間結算所或其代理人乃本公司之股東，則該結算所或其代理人可委任其認為適當之人士（無論是否合共超過兩位）作為其代表或作為其公司代表，代其出席本公司任何股東大會或本公司任何類別股東之任何大會，惟倘受委代表或公司代表超過一位，則須指明與每位受委代表有關之股份類別及數目。根據細則之規定，獲委任之人士有權代表該結算所或其代理人行使之權力，將與該結算所或其代理人以本公司個人股東之身份所行使者相同，其中包括身為公司代表之情況下，有權以個人身份舉手表決」；及

- (L) 刪除細則第73(e)條第3行「第223或275條」之字眼。

承董事會命
主席兼董事總經理
陳恒輝

香港，一九九六年七月十一日

NOTES:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting.
2. In order to be valid, the form of proxy and the power of attorney or other authority (if any) under what it is signed, or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at Unit B, 13th Floor, Lipso Leighton Tower, 103-109 Leighton Road, Causeway Bay, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
3. The Register of Members will be closed from Tuesday August 6, 1996 to Thursday August 8, 1996, both dates inclusive, during which period no transfers of shares will be registered.
4. With respect to resolution numbered 4 above, the directors of the Company wish to state that they have no immediate intention of exercising the general mandate to allot shares in the capital of the Company.
5. With respect to resolution numbered 5 above, approval is being sought from the members to amend the relevant provisions in the articles of association of the Company (i) to conform with the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in respect of share registration fees and registration periods; (ii) to comply with the requirements of the Hong Kong Securities Clearing Company Limited to enable the Company to accept machine imprinted signatures of HKSCC Nominees Limited on instruments of transfer in line with modern practice; (iii) to permit a recognised clearing house or its nominee to appoint more than one corporate representative to attend any shareholders' general meeting; (iv) to allow the Company flexibility to repurchase shares and to provide financial assistance in relation thereto (such amendment being in line with the Companies Ordinance which was amended in 1991 to permit repurchases and financial assistance in relation to the purchase of shares of Hong Kong incorporated companies); and (v) to bring certain provisions in the articles of association in line with amendments to the Companies Ordinance which were made subsequent to the date on which the articles of association of the Company were last amended in September 1990. The reason for certain proposed amendments to the articles of association of the Company is to facilitate the settlement of transfers of securities of the Company on the Central Clearing and Settlement System.

股東週年大會通告 - 續

附註:

1. 有權出席上述通告所召開之大會及於會上投票之股東可委任一名代表，就其全部或任何部份股權代其出席及投票。受委任代表毋須為本公司股東。填妥及交回代表委任表格後，股東仍可親身出席大會及在会上投票。
2. 代表委任表格連同經簽署之授權書或其他授權文件（如有）或經公證人簽署證明之授權書或授權文件副本，最遲須於大會或續會指定舉行時間48小時前交回本公司之註冊辦事處，地址為香港銅鑼灣禮頓道103-109號力寶禮頓大廈13樓B室，方為有效。
3. 本公司將於一九九六年八月六日星期二至一九九六年八月八日星期四（首尾兩日包括在內）期間暫停辦理股份過戶登記手續，在該期間內，任何股份過戶將不予登記。
4. 就上文第四項決議案而言，本公司董事欲在此指出，彼等無意即時行使全面授權以配發本公司股本中之股份。
5. 就上文第五項決議案而言，現正尋求股東批准修訂本公司組織章程細則之有關規定，其為(i)遵照香港聯合交易所有限公司之證券上市規則對股份登記費用及登記期間作出之修訂；(ii)遵照香港中央結算有限公司之規定，順應現代化手續，本公司可接納HKSCC Nominees Limited在過戶文件上之機印簽字；(iii)批准公認之結算所或其代理人可委任一位以上之公司代表代其出席任何股東大會；(iv)給予本公司可購回股份及在有關方面提供財務上資助之靈活性（該項修訂符合公司條例之規定，有關公司條例已於一九九一年修訂，在購買在香港註冊成立之公司之股份方面，可購回本身之股份及就此提供財務上之資助）；及(v)將公司組織章程細則之若干規定修訂，使其能與公司條例之修訂（有關修訂在本公司之組織章程細則最近期於一九九零年九月份修訂之後作出）一致。建議對本公司之組織章程細則作出若干修訂之原因乃為方便本公司在中央結算及交收系統內能順利辦理證券過戶及交收手續。

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and audited financial statements for the year ended March 31, 1996.

CHANGE OF NAME

Pursuant to a special resolution passed on September 28, 1995, the name of the Company was changed from "Keng Fong Sin Kee Construction and Investment Company Limited (建煥新記建築置業有限公司)" to "Heng Fung Holdings Company Limited (恒鋒集團有限公司)". The new name became effective on November 7, 1995.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are investment holding, property investment and development, management consultancy, security investment, and sale of building material machinery and pharmaceutical products.

The Group's turnover and contribution to loss from ordinary activities before taxation for the year ended March 31, 1996 by principal activity and by geographical market are as follows:

	營業額 Turnover HK\$	日常業務 特殊項目 及除稅前 之貢獻	特殊項目 Exceptional items HK\$	日常業務 除稅前之 虧損
		Contribution to loss from ordinary activities before exceptional items and taxation HK\$		Contribution to loss from ordinary activities before taxation HK\$
By principal activity:				
Security investment	4,511,549	4,509,099	-	4,509,099
Interest income	1,121,926	1,121,926	-	1,121,926
Property letting and management	1,219,813	(134,146)	(4,228,076)	(4,362,222)
Sales of building material machinery	1,098,532	(274,461)	-	(274,461)
Sales of pharmaceutical products	5,444,726	(799,786)	-	(799,786)
	<u>13,396,546</u>	<u>4,422,632</u>	<u>(4,228,076)</u>	<u>194,556</u>
Share of losses of associated companies		(690,660)	-	(690,660)
Corporate expenses		(10,508,067)	-	(10,508,067)
Interest expenses		(1,691,877)	-	(1,691,877)
		<u>(8,467,972)</u>	<u>(4,228,076)</u>	<u>(12,696,048)</u>
By geographical market:				
United States of America	3,331,412	3,147,975	(3,588,000)	(440,025)
The People's Republic of China	8,747,497	1,038,248	-	1,038,248
Hong Kong	1,317,637	236,409	(640,076)	(403,667)
	<u>13,396,546</u>	<u>4,422,632</u>	<u>(4,228,076)</u>	<u>194,556</u>
Share of losses of associated companies		(690,660)	-	(690,660)
Corporate expenses		(10,508,067)	-	(10,508,067)
Interest expenses		(1,691,877)	-	(1,691,877)
		<u>(8,467,972)</u>	<u>(4,228,076)</u>	<u>(12,696,048)</u>

董事會報告書

董事會全人謹向股東提呈截至一九九六年三月三十一日止年度之週年報告及經審核財務報表。

更改名稱

根據一九九五年九月二十八日通過之一項特別決議案，本公司名稱由Keng Fong Sin Kee Construction and Investment Company Limited「建煥新記建築置業有限公司」更改為Heng Fung Holdings Company Limited「恒鋒集團有限公司」。新名稱於一九九五年十一月七日生效。

主要業務

本公司乃一投資控股公司，並提供公司管理服務，其附屬公司之主要業務為投資控股、物業投資及發展、企業管理諮詢、證券投資及建築材料機械及藥物之銷售。

茲將本集團截至一九九六年三月三十一日止年度之主要業務及運作地區之營業額及其日常業務除稅前之虧損細列如下：

DIRECTORS' REPORT - continued

SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the Company's subsidiaries and associated companies at March 31, 1996 are set out in notes 34 and 35 to the financial statements respectively.

RESULTS

The results of the Group for the year ended March 31, 1996 are set out in the consolidated profit and loss account on page 20 of the annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 52 of the annual report.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 22 to the financial statements.

FIXED ASSETS

During the year, the Group acquired an investment property of HK\$30,140,076 and revalued all its investment properties at March 31, 1996. The revaluation resulted in a deficit over book values amounting to HK\$4,228,076, which has been charged directly to the profit and loss account. The Group also disposed of land and buildings with a book value amounting to HK\$9,200,000.

Details of these and other movements in fixed assets of the Group and the Company during the year are set out in note 10 to the financial statements.

MAJOR PROPERTIES

Details of the major properties held by of the Group at March 31, 1996 are set out on page 53 of the annual report.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements in the share capital and warrants of the Company are set out in notes 19 and 20 to the financial statements respectively.

Details of the share options granted by the Company during the year are set out in note 21 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

BORROWINGS AND INTEREST CAPITALISED

Bank loans, overdrafts, loan and note payables and other borrowings which are repayable within one year or on demand are classified as current liabilities as set out in note 14 to the financial statements. A repayment analysis of the bank loans, overdrafts, loan and note payables and other borrowings is set out in note 24 to the financial statements.

Interest capitalised by the Group during the year in respect of properties under development for sale amounted to HK\$42,443.

董事會報告書 - 續

附屬公司及聯營公司

有關本公司之附屬公司及聯營公司於一九九六年三月三十一日之詳細情況分別載列於財務報表附註34及35。

業績

本集團截至一九九六年三月三十一日止年度之業績載於本年報20頁之綜合損益賬內。

財務摘要

本集團過去五個財政年度之業績以及資產及負債之摘要載於本年報52頁。

儲備

本集團及本公司於本年度之儲備變動載列於財務報表附註22內。

固定資產

於本年度，本集團收購一價值為30,140,076港元之投資物業，並已於一九九六年三月三十一日將其所有投資物業進行價值重估。投資物業估價之虧損4,228,076港元，已直接計入損益賬中。本集團亦已出售賬面值為9,200,000港元之土地及樓宇。

上述變動及本集團及本公司之固定資產於年內其他變動詳情載列於財務報表附註10。

主要物業

有關本集團於一九九六年三月三十一日所持有主要物業之摘要載列於本年報53頁。

股本、認股權證及認股期權

有關本公司股本及認股權證變動之詳情分別載列於財務報表附註19及20。

有關本公司於本年度授予之認股期權詳情載列於財務報表附註21。

購回、出售及贖回本公司之上市證券

本公司或其任何附屬公司於本年度內概無購回、出售或贖回本公司任何上市證券。

借貸及撥作資產成本之利息

一年內到期或需於要求償還時立即清還之銀行貸款、透支及應付票據及其他借貸均歸類為流動負債，載列於財務報表附註14。銀行貸款、透支及應付票據及其他借貸之還款分析載列於財務報表附註24。

本集團於年內就待售之發展中物業撥作資本之利息為42,443港元。

DIRECTORS' REPORT - continued

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Chan Heng Fai
Ng Mok Yuen (appointed on February 9, 1996)
Chan Yoke Keow
Leung Sik Keung (appointed on February 9, 1996)

Non-executive directors:

Ha Kee Choy
Tang Yat Kan
Robert Herman Trapp (appointed on May 1, 1995)
Fong Kwok Jen (appointed on May 12, 1995)
Mary-ann S.J. Chan (appointed on October 25, 1995)
Phylis M.Y. Kong (removed on September 28, 1995)
Kong Man Ling (removed on September 28, 1995)
Johnny N.C. Lee (note)
Sally Y.P. Kong (note)

Independent non-executive directors:

Derek Y.K. Lai
Daniel K.L. Lee

Alternate directors:

Ronald M.T. Lau (alternate to Robert Herman Trapp, appointed on May 12, 1995)
Danny K.F. Lau (alternate to Chan Heng Fai, appointed on June 3, 1995)
Kang Liew Inn Lee (alternate to Fong Kwok Jen, appointed on June 3, 1995)
Mary-ann S.J. Chan (alternate to Chan Yoke Keow, appointed on June 3, 1995 and resigned on October 25, 1995)

In accordance with Articles 78 and 79 of the Company's Articles of Association, Mary-ann S.J. Chan, Ng Mok Yuen and Leung Sik Keung retire by rotation and, being eligible, offer themselves for re-election. The terms of office of non-executive directors and independent non-executive directors are subject to retirement by rotation and re-appointment in accordance with the above articles.

Note:

Mr. Johnny N.C. Lee and Ms. Sally Y.P. Kong were executive directors of the Company until June 3, 1995. From that date they ceased to act in an executive capacity and became non-executive directors. On August 23, 1995, they were suspended from duties of the office of non-executive directors by the Board of Directors. They were removed as directors of the Company on September 28, 1995.

DIRECTORS' INTERESTS IN SHARES

As at March 31, 1996, the interests of the directors and their associates in the share capital of the Company 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:

董事會報告書 - 續

董事

年內及截至本報告書編製日期為止之本公司董事會成員如下：

執行董事：

陳恒輝
吳木源 (於一九九六年二月九日獲委任)
陳玉嬌
梁錫強 (於一九九六年二月九日獲委任)

非執行董事：

夏其才
鄧逸勤
Robert Herman Trapp (於一九九五年五月一日獲委任)
鄺國禎 (於一九九五年五月十二日獲委任)
陳淑貞 (於一九九五年十月二十五日獲委任)
江敏兒 (於一九九五年九月二十八日被革退)
江敏玲 (於一九九五年九月二十八日被革退)
李鈞濟 (附註)
江潤冰 (附註)

獨立非執行董事：

黎玉光
李家傑

替任董事：

劉文德 (Robert Herman Trapp 之替任董事，於一九九五年五月十二日獲委任)
劉國輝 (陳恒輝之替任董事，於一九九五年六月三日獲委任)
江劉雲莉 (鄺國禎之替任董事，於一九九五年六月三日獲委任)
陳淑貞 (陳玉嬌之替任董事，於一九九五年六月三日獲委任及於一九九五年十月二十五日辭任)

根據本公司組織章程細則第78及79條，陳淑貞小姐、吳木源先生及梁錫強先生輪值告退，惟彼等願意膺選連任。非執行董事及獨立非執行董事之任期乃依照上述公司章程輪值告退。

附註：

李鈞濟先生及江潤冰女士為本公司之執行董事，直至一九九五年六月三日止。自該日始，彼等成為非執行董事；於一九九五年八月二十三日，彼等之非執行董事職務亦被董事會暫停；並於一九九五年九月二十八日被革退。

董事於股份之權益

於一九九六年三月三十一日，根據證券（公開權益）條例（「公開權益條例」）第29條規定下本公司所存置之登記冊所載，董事及彼等之聯繫人士擁有本公司股份之權益如下：

DIRECTORS' REPORT - continued

DIRECTORS' INTERESTS IN SHARES - continued

董事姓名 Name of directors	個人權益 Personal interests	所持之普通股數目 Number of ordinary shares held			
		公司權益 Corporate interests	家族權益 Family interests	其他權益 Other interests	
Chan Heng Fai	陳恒輝	11,562,494	32,761,800 (note 1)	35,112,694 (note 2)	-
Ng Mok Yuen	吳木源	-	94,736,841 (note 3)	-	-
Chan Yoke Keow	陳玉嬌	12,891,294	10,193,400 (note 4)	44,324,294 (note 5)	12,028,000 (note 6)
Tang Yat Kan	鄧逸勤	2,040,000	-	408,800	-
Fong Kwok Jen	鄺國禎	2,000	-	-	-
Mary-ann S.J. Chan	陳淑貞	21,400	-	-	-

Notes:

1. These shares are owned by a company which is controlled by Mr. Chan Heng Fai.
2. These shares are owned and deemed to be owned by Mrs. Chan Yoke Keow, Mr. Chan Heng Fai's wife.
3. These shares are owned by two companies which are controlled by Mr. Ng Mok Yuen.
4. These shares are owned by two companies which are controlled by Mrs. Chan Yoke Keow.
5. These shares are owned and deemed to be owned by Mr. Chan Heng Fai, Mrs. Chan Yoke Keow's husband.
6. These shares are owned by a discretionary trust of which Mrs. Chan Yoke Keow is one of the discretionary objects.

Other than disclosed above and certain nominee shares in subsidiaries held by directors in trust for the Company, at March 31, 1996, none of the directors or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' SERVICE CONTRACTS

On October 1, 1992, Mr. Chan Heng Fai ("Mr. Chan") entered into a service contract with the Company, pursuant to which Mr. Chan was appointed as the executive director of the Company for a term of five years commencing October 1, 1992. In accordance with the contract, Mr. Chan is entitled to a salary calculated at 20% of the Group's net operating profit before tax. No salary will be paid to Mr. Chan if the Group does not have a net operating profit before tax. In the event that the Company shall remove Mr. Chan as executive director during the term of the contract, the Company shall be liable to pay 20% of the Group's net operating profit before tax in the year of termination as if this contract has not been so terminated as liquidated damages. The contract was terminated on October 25, 1995.

On November 1, 1995, a new service contract was entered into between the Company and Mr. Chan for a term of five years expiring on November 1, 2000, terminable by Mr. Chan on 180 days' notice. The contract provides for the payment of a basic salary of HK\$100,000 per month, together with an additional amount equal to one month's salary payable in November of each year. The basic salary is to be revised on an annual basis by not less than 10% per year.

董事會報告書 - 續

董事於股份之權益 - 續

董事姓名	個人權益	所持之普通股數目		
		公司權益	家族權益	其他權益
Chan Heng Fai	11,562,494	32,761,800 (note 1)	35,112,694 (note 2)	-
Ng Mok Yuen	-	94,736,841 (note 3)	-	-
Chan Yoke Keow	12,891,294	10,193,400 (note 4)	44,324,294 (note 5)	12,028,000 (note 6)
Tang Yat Kan	2,040,000	-	408,800	-
Fong Kwok Jen	2,000	-	-	-
Mary-ann S.J. Chan	21,400	-	-	-

附註:

1. 該等股份由陳恒輝先生控制之公司擁有。
2. 該等股份由陳恒輝先生之妻子陳玉嬌女士擁有及被視作擁有。
3. 該等股份由吳木源先生控制之兩間公司擁有。
4. 該等股份由陳玉嬌女士控制之兩間公司擁有。
5. 該等股份由陳玉嬌女士之丈夫陳恒輝先生擁有及被視作擁有。
6. 該等股份由一項全權信託基金擁有，而陳玉嬌女士乃該全權信託基金受益人之一。

除上文披露者及本集團託管之若干附屬公司名義股份外，各董事及彼等之聯繫人士於一九九六年三月三十一日概無擁有本公司，或其任何聯繫公司（定義見公開權益條例）之證券。

董事之服務合約

於一九九二年十月一日，陳恒輝先生（「陳先生」）與本公司訂立服務合約，並據此獲委任為本公司執行董事，任期五年，由一九九二年十月一日起生效。根據該合約，陳先生之薪金乃按本集團除稅前營業純利之20%計算。若本集團無除稅前純利，將無須向陳先生支付任何薪金。若本公司於該合約期滿前撤除陳先生執行董事之職務，本公司須向其支付終止任期當年度之除稅前純利20%，一如本合約尚未終止，作為賠償金。該服務合約已於一九九五年十月二十五日終止。

於一九九五年十一月一日，本公司與陳先生訂立了新服務合約，為期五年，於二零零零年十一月一日滿期，在陳先生發出一百八十日之通知下，可終止此服務合約。合約規定每月須支付100,000港元之基本薪金，另附加相等於一個月薪金之款項，須於每年之十一月發放。基本薪金須每年重新釐定，惟每年加薪不得少於10%。

DIRECTORS' REPORT - continued

DIRECTORS' SERVICE CONTRACTS - continued

On November 1, 1995, another service contract was entered into between the Company and Mrs. Chan Yoke Keow for a term of five years expiring on November 1, 2000, terminable by Mrs. Chan Yoke Keow on 180 days' notice. The contract provides for the payment of a basic salary of HK\$80,000 per month, together with an additional amount equal to one month's salary payable in November of each year. The basic salary is to be revised on an annual basis by not less than 10% per year.

Other than disclosed above, none of the directors has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS

During the year, the Group entered into the following transactions:

1. Pursuant to an agreement dated December 11, 1995, the Group purchased properties situated in Hong Kong for the purpose of investment from Success-Case Investments Limited for a consideration of HK\$29,000,000, which was satisfied by a cash payment of HK\$18,000,000 and the issue of 28,947,368 new shares of the Company at a price of HK\$0.38 per share.
2. Pursuant to the same agreement, the Group purchased a vacant property situated in Hong Kong for the purpose of development from Surat Company Limited for a consideration of HK\$25,000,000, which was satisfied by the issue of 65,789,473 new shares of the Company at a price of HK\$0.38 per share.
3. Rental income amounting to HK\$307,742 was received from Success-Case Investments Limited.
4. Management fee amounting to HK\$120,000 was paid to Wicksfull Property Agency Company Limited.

Mr. Ng Mok Yuen has a beneficial interest in the above named companies.

In the opinion of the independent non-executive directors, the above transactions were carried out in the ordinary course of business and on normal commercial terms.

During the year, Yichang Keng Fong Investment Company Limited, a 60% owned subsidiary of the Company, made additional short term loans totalling approximately HK\$2.1 million to subsidiaries of its 40% minority shareholder, with the maximum amount outstanding during the year and at March 31, 1996 of approximately HK\$18.8 million.

In the opinion of the directors, the transaction was carried out in the ordinary course of business and on normal commercial terms.

DIRECTORS' INTERESTS IN CONTRACTS

Other than disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事會報告書 - 續

董事之服務合約 - 續

本公司與陳玉嬌女士於一九九五年十一月一日訂立另一服務合約，為期五年，於二零零零年十一月一日滿期，在陳玉嬌女士發出一百八十日之通知下，可終止此服務合約。合約規定每月須支付80,000港元之基本薪金，另附加相等於一個月薪金之款項，須於每年之十一月發放。基本薪金須每年重新釐定，惟每年加薪不得少於10%。

除上文所披露者外，並無董事有不可於一年內予以終止而毋須支付賠償（法定賠償除外）之服務合約。

關連交易

於本年度內，本集團訂立下列交易：

1. 根據一九九五年十二月十一日之協議，本集團以代價29,000,000港元向Success-Case Investments Limited購入香港一物業作投資用途，代價由現金18,000,000港元及發行28,947,368股新股，每股作價0.38港元支付。
2. 根據同一協議，本集團以代價25,000,000港元向源豐置業有限公司購入一香港空置物業作發展用途，代價由發行65,789,473股新股，每股作價0.38港元支付。
3. 收取Success-Case Investments Limited租賃收入307,742港元
4. 付予豐地地產物業代理有限公司120,000港元管理費。

吳木源先生擁有上述公司之實際權益。

依獨立非執行董事之意見，上述交易乃按正常商業條款進行之普通業務。

於本年度，本公司擁有60%之附屬公司宜昌建煊投資有限公司將總值約2,100,000港元之額外短期性貸款借予其40%少數股東之附屬公司，該貸款於本年度最高峰時及於一九九六年三月三十一日為約18,800,000港元。

董事會認為，此交易乃按正常商業條款進行之普通業務。

董事於合約之權益

除上文所披露者外，於本年度結束時或本年度內任何時間，概無任何由本公司或其任何附屬公司訂立，而本公司董事直接或間接擁有重大權益之重要合約。

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During the year, options to purchase 6,644,294 option shares at an exercise price of HK\$0.34 per share were granted to Mr. Chan Heng Fai and Mrs. Chan Yoke Keow respectively under the share option scheme of the Company, details of which are set out in note 21 to the financial statements. These options were exercised during the year and there were no outstanding share options as at March 31, 1996.

Other than disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors and chief executives, or their spouse or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

As at March 31, 1996, other than the interests disclosed above in respect of certain directors of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no other person as having an interest of 10% or more of the issued share capital of the Company.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 33 to the financial statements.

CORPORATE GOVERNANCE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited throughout the year.

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the preceding three years. A resolution will be submitted to the annual general meeting of the Company to re-appoint them as auditors.

On behalf of the Board

Chan Heng Fai
Chairman and Managing Director

June 24, 1996

董事會報告書 - 續

董事購入股份或債券之權利

在本年度內，於本公司之認股期權計劃下，陳恒輝先生及陳玉嬌女士分別獲授予認股期權，可以以每股0.34港元之行使價認購6,644,294股之認購股份，詳細資料載列於年報附註21。此等認股期權並於本年度內行使及於一九九六年三月三十一日並未未行使之認股期權。

除上文所披露者外，本公司或其任何附屬公司於年內概無參與任何安排，使本公司之董事可透過收購本公司或任何其他法人團體之股份或債券而獲益，並且董事及行政總裁，或其配偶或未成年18歲之子女概無認購本公司證券之權利，亦無於年內行使任何此等權利。

主要股東

於一九九六年三月三十一日，除若干董事權益已於上文所披露者外，根據公開權益條例第16(1)條規定須保存之權益登記冊內，並無其他人士擁有本公司10%或以上之股本。

結算日後事項

於結算日後之重大事項詳載於財務報表附註33。

公司監管

本公司於本年度內已遵守香港聯合交易所有限公司證券上市條例規則附錄十四所載之最佳應用守則。

核數師

德勤會計師行於過去三年均為本公司之核數師。一項有關重新委任德勤會計師行之決議案將於股東週年大會上提呈。

承董事會命

陳恒輝
主席兼董事總經理

一九九六年六月二十四日

AUDITORS' REPORT

Deloitte Touche
Tohmatsu



德勤
會計師行

Certified Public Accountants
26th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

執業會計師
香港
干諾道中111號
永安中心26樓

To the shareholders of
Heng Fung Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 20 to 51 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at March 31, 1996 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, June 24, 1996

致恒峰集團有限公司股東
(在香港註冊成立之有限公司)

本核數師行已完成審核載於第20頁至第51頁按照香港普遍採納之會計原則編製的財務報表。

董事及核數師的個別責任

《公司條例》規定董事須編製真實與公平的財務報表。在編製該等財務報表時，董事必須貫徹採用合適的會計政策。

本行的責任是根據本年審核工作的結果，對該等財務報表表達獨立的意見，並向股東作出報告。

意見的基礎

本行是按照香港會計師公會頒佈的核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作的重大估計和判斷、所釐定的會計政策是否適合貴公司及貴集團的具體情況、及是否貫徹應用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時，均以取得一切本行認為必需的資料及解釋為目標，使本行能獲得充分的憑證，就該等財務報表是否存在重要錯誤陳述，作出合理的確定。在表達意見時，本行亦已衡量該等財務報表所載的資料在整體上是否足夠。本行相信，本行的審核工作已為下列意見建立合理的基礎。

意見

本行認為上述的財務報表均真實及公平地反映貴公司及貴集團於一九九六年三月三十一日的財務狀況及貴集團截至該日止年度的虧損和現金流量，並已按照《公司條例》妥善編製。

德勤會計師行
執業會計師

香港，一九九六年六月二十四日

CONSOLIDATED PROFIT AND
LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1996

綜合損益賬

截至一九九六年三月三十一日止年度

		附註 Notes	1996 HK\$	1995 HK\$
TURNOVER	營業額		<u>13,396,546</u>	<u>11,066,088</u>
OPERATING LOSS	經營虧損			
Continuing operations before exceptional items	未計特殊項目之持續營運	3	(7,777,312)	(3,846,247)
Exceptional items	特殊項目	4	<u>(4,228,076)</u>	<u>(3,348,423)</u>
			(12,005,388)	(7,194,670)
SHARE OF LOSSES OF ASSOCIATED COMPANIES	應佔聯營公司虧損		<u>(690,660)</u>	<u>(271,309)</u>
LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION	日常業務除稅前之虧損		(12,696,048)	(7,465,979)
TAXATION CREDIT (CHARGE)	計入(扣除)稅項	7	<u>848,167</u>	<u>(2,050,162)</u>
LOSS BEFORE MINORITY INTERESTS	扣除少數股東權益前之虧損		(11,847,881)	(9,516,141)
MINORITY INTERESTS	少數股東權益		<u>853,904</u>	<u>(1,384,330)</u>
LOSS FOR THE YEAR	本年度虧損	8	<u>(10,993,977)</u>	<u>(10,900,471)</u>
LOSS PER SHARE	每股虧損	9	<u>(3.98) cents</u>	<u>(4.48) cents</u>

CONSOLIDATED BALANCE SHEET
AT MARCH 31, 1996

綜合資產負債表

於一九九六年三月三十一日

		附註 Notes	1996 HK\$	1995 HK\$
FIXED ASSETS	固定資產	10	49,190,609	27,036,955
INTEREST IN ASSOCIATED COMPANIES	聯營公司權益	12	25,894,930	25,774,629
OTHER INVESTMENTS	其它投資	13	7,728,141	9,665,161
NET CURRENT ASSETS	流動資產淨值	14	<u>60,238,404</u>	<u>12,576,655</u>
			<u>143,052,084</u>	<u>75,053,400</u>
Financed by:	資金來源:			
SHARE CAPITAL	股本	19	96,607,482	62,651,712
RESERVES	儲備	22	<u>(3,594,667)</u>	<u>(7,516,034)</u>
SHAREHOLDERS' FUNDS	股東資金		93,012,815	55,135,678
MINORITY INTERESTS	少數股東權益		12,222,482	10,942,643
DEFERRED TAXATION	遞延稅項	23	1,019,738	832,184
BORROWINGS - DUE AFTER ONE YEAR	一年後到期之借貸	24	<u>36,797,049</u>	<u>8,142,895</u>
			<u>143,052,084</u>	<u>75,053,400</u>

The financial statements on pages 20 to 51 were approved by the Board of Directors on June 24, 1996 and are signed on its behalf by:
第20頁至第51頁所載之財務報表已於一九九六年六月二十四日由董事會通過，並由下列董事代表簽署：

CHAN HENG FAI
Director

陳恒輝
董事

LEUNG SIK KEUNG
Director

梁錫強
董事

BALANCE SHEET
AT MARCH 31, 1996

資產負債表
於一九九六年三月三十一日

		附註 Note	1996 HK\$	1995 HK\$
FIXED ASSETS	固定資產	10	307,735	1,251,408
INTEREST IN SUBSIDIARIES	附屬公司權益	11	74,315,341	32,349,154
INTEREST IN ASSOCIATED COMPANIES	聯營公司權益	12	9,421,066	9,408,491
OTHER INVESTMENTS	其他投資	13	3,335,442	5,995,436
NET CURRENT ASSETS (LIABILITIES)	流動資產 (負債) 淨值	14	<u>4,335,290</u>	<u>(2,302,731)</u>
			<u>91,714,874</u>	<u>46,701,758</u>
Financed by:	資金來源:			
SHARE CAPITAL	股本	19	96,607,482	62,651,712
RESERVES	儲備	22	<u>(4,892,608)</u>	<u>(16,615,566)</u>
SHAREHOLDERS' FUNDS	股東資金		91,714,874	46,036,146
BORROWINGS - DUE AFTER ONE YEAR	一年後到期之借貸	24	<u>-</u>	<u>665,612</u>
			<u>91,714,874</u>	<u>46,701,758</u>

CHAN HENG FAI
Director

陳恒輝
董事

LEUNG SIK KEUNG 梁錫強
Director 董事

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 1996

綜合現金流量表
截至一九九六年三月三十一日止年度

		附註 Note	1996 HK\$	1995 HK\$
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	來自經營業務之現金流出淨額	25	<u>(11,117,921)</u>	<u>(3,080,612)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	投資回報及融資代價			
Interest received	已收利息		1,146,415	3,429,306
Dividends received	已收股息		51,900	349,239
Interest paid	已付利息		<u>(2,272,913)</u>	<u>(2,440,166)</u>
Dividends paid to a minority shareholder	付予少數股東之股息		-	(619,156)
NET CASH (OUTFLOW) INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	來自投資回報及融資代價之淨額現金 (流出) 流入		<u>(1,074,598)</u>	<u>719,223</u>
TAXATION	稅項			
Overseas tax paid	已繳海外稅		<u>(69,443)</u>	<u>(801,400)</u>
INVESTING ACTIVITIES	投資業務			
Purchase of fixed assets	購買固定資產		(26,437,584)	(2,858,898)
Purchase of other investments	購買其他投資		(1,333,957)	(3,718,566)
Sale of fixed assets	出售固定資產		9,640,836	49,000
Sale of other investments	出售其他投資		5,584,318	268,697
Sale of interest in an associated company	出售於聯營公司之權益		750,000	-
Increase in amounts due from associated companies (net)	應收聯營公司欠款增加 (淨額)		(1,963,597)	(1,235,538)
Investment in an associated company	投資於聯營公司		-	(6,000,000)
Loans to subsidiaries of a minority shareholder of a subsidiary	貸款予附屬公司之少數股東之附屬公司		<u>(2,101,283)</u>	<u>(16,732,131)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	來自投資業務之現金流出淨額		<u>(15,861,267)</u>	<u>(30,227,436)</u>
NET CASH OUTFLOW BEFORE FINANCING	未計算融資之現金流出淨額		<u>(28,123,229)</u>	<u>(33,390,225)</u>

CONSOLIDATED CASH FLOW
STATEMENT - continued
FOR THE YEAR ENDED MARCH 31, 1996

綜合現金流量表 - 續

截至一九九六年三月三十一日止年度

	附註 Note	1996 HK\$	1995 HK\$
FINANCING			
Issue of ordinary shares	26	12,877,415	11,675,359
Shares subscribed by minority shareholders of subsidiaries			
Repayment of note payable			
Repayment of obligations under finance leases			
Repayment of margin loan payable			
New margin loan payable			
New loan from a subsidiary of a minority shareholder of a subsidiary			
New unsecured bank loans			
New secured bank loans			
Repayment of secured bank loans			
NET CASH INFLOW FROM FINANCING		44,057,601	22,137,727
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		15,934,372	(11,252,498)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		388,030	11,640,528
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		16,322,402	388,030
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		16,322,402	7,108,382
Secured bank loans		-	(2,000,000)
Bank overdrafts		-	(4,720,352)
		16,322,402	388,030

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1996

財務報表附註

截至一九九六年三月三十一日止年度

1. GENERAL

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

Pursuant to a special resolution passed on September 28, 1995, the name of the Company was changed from "Keng Fong Sin Kee Construction and Investment Company Limited (建煌新記建築置業有限公司)" to "Heng Fung Holdings Company Limited (恒鋒集團有限公司)". The new name became effective on November 7, 1995.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended March 31 each year.

The results of the subsidiaries and associated companies acquired or disposed of during the year are included in the consolidated profit and loss account from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

The consolidated profit and loss account includes the Group's share of results of associated companies for the year and the consolidated balance sheet includes the Group's share of net assets of the associated companies, other than goodwill.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Goodwill

Goodwill or capital reserve represents respectively the excess or shortfall of the purchase consideration over the fair value of the Group's share of the separable net assets of subsidiaries or associated companies acquired. Goodwill or capital reserve is written off or credited directly to reserves respectively in the year of acquisition.

On disposal of a business, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the business.

Turnover

Turnover represents the net invoiced amount of goods sold, security investment income, gross rental and management income of properties, interest income and management consultancy fee, and is summarised as follows:

	1996 HK\$	1995 HK\$
Sale of goods	6,543,258	-
Security investment income	4,511,549	5,792,584
Property rental and management income	1,219,813	837,595
Interest income	1,121,926	4,340,840
Management consultancy income	-	95,069
Total	13,396,546	11,066,088

1. 概述

本公司為一間在香港註冊成立之公眾有限公司，其股份及認股權證在香港聯合交易所有限公司（「聯交所」）上市。

根據一九九五年九月二十八日通過之一項特別決議案，本公司名稱由Keng Fong Sin Kee Construction and Investment Company Limited「建煌新記建築置業有限公司」更改為Heng Fung Holdings Company Limited「恒鋒集團有限公司」。新名稱於一九九五年十一月七日生效。

2. 主要會計政策概要

編製財務報表時所採用並與香港一般採納之會計準則一致之主要會計政策如下：

綜合基準

綜合財務報表包括本公司及其附屬公司每年結算至三月三十一日止之財務報表。

於年內收購或出售之附屬公司及聯營公司之業績分別由收購之日起計入綜合損益賬內或結算至出售之日止。

綜合損益賬包括本集團應佔本年度聯營公司之業績，而綜合資產負債表則包括本集團於聯營公司除商譽外之資產淨值之權益。

本集團成員公司之所有重大交易及結餘均於綜合賬目時互相抵銷。

商譽

商譽或資本儲備分別指購買代價高於或低於本集團應佔所收購附屬公司或聯營公司之可分離淨資產公平價值之數。商譽或資本儲備均於進行收購之年度分別於儲備內撥銷或撥入。

於出售業務時，其以往在儲備內撥銷或撥入之商譽金額將會計入是項出售所得損益。

營業額

營業額指已出售貨品之發票淨值、證券投資收益、物業租賃及管理之收入、利息收入、諮詢收費，並綜列如下：

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

Sale of goods is recognised when goods are delivered and title has passed.

Security investment income is recognised when the security investment is disposed of or the right to receive dividend from the security investment has been established.

Rental income, including rentals invoiced in advance from properties under operating leases, is recognised on a straight line basis over the lease terms.

Interest income is accrued on a time proportion basis on the principal outstanding and at the rate applicable.

Associated companies

An associated company is a company, other than a subsidiary, in which the Group has a long term equity interest and over which the Group is in a position to exercise significant influence in management, including participation in commercial and financial policy decisions.

The results of associated companies are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investment in associated companies is stated at cost less provision, if necessary, for any permanent diminution in value.

Investments

Investments held for long-term investment purposes are stated at cost less provision, if necessary, for any permanent diminution in value.

Unlisted investments held for short-term trading purposes are stated at the lower of cost and net realisable value.

Listed investments held for short-term trading purposes are stated at the lower of cost and market value.

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

Investment properties

Investment properties are properties which are income producing and are held for the long term for their investment potential. Investment properties are stated at their open market value based on professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the profit and loss account. The revaluation surplus realised on the sale of revalued investment properties is credited to the profit and loss account.

2. 主要會計政策概要 - 續

收入之確認

銷售貨品所得收入乃在貨品交付及貨品擁有權已轉移後加以確認。

證券投資收入乃在出售證券投資或收取由證券投資之股息之權利確定後加以確認。

租金收入包括就附有營業租約之物業預早開列發票之租金乃於租約期內按直線基準加以確認。

利息收入乃按時間比例基準根據未提取之本金及適用息率累計。

聯營公司

聯營公司乃本集團長期擁有其股本權益之公司（但並非附屬公司）而本集團可對該公司行使重大影響力，包括參與製訂商業及財務決策。

聯營公司業績乃用年度內已收及應收股息收入計算。在公司資產負債表中，聯營公司之投資均按原值入賬，及為永久性之減值（如有）撥出撥備。

投資

以長期投資目的持有之投資按成本減任何永久減值準備（如有）入賬。

以短期投資目的持有之非上市投資以成本值及可變現淨值兩者中之較低者入賬。

以短期投資目的持有之上市投資以成本值及市價兩者中之較低者入賬。

從投資而來之股息收入以年度內已收及應收股息基準入賬。

投資物業

投資物業乃可帶來租金收入並因其具有投資潛力而長期持有之物業。投資物業乃按結算日之公開市價（以專業估值為依據）入賬。投資物業估值產生之盈餘或虧蝕計入投資物業重估儲備內或自投資物業重估儲備中扣除，除非此項儲備之結餘不足以彌補虧蝕則除外；在此情況下，虧蝕超出投資物業重估儲備結餘之部份自損益賬中扣除。在日後出售投資物業時，儲備將透過損益賬予以變現，列作出售物業之部份溢利。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fixed assets and depreciation

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

On the sale of revalued assets, the attributable revaluation surplus not yet transferred to retained profits in prior years is transferred directly to retained profits.

Advantage has been taken of the transitional relief provided by paragraph 72 of the Statement of Standard Accounting Practice No. 17 "Property, plant and equipment" issued by the Hong Kong Society of Accountants ("SSAP No.17") from the requirement to make revaluation on a regular basis of the Company's land and buildings and accordingly no further revaluation of land and buildings is carried out.

No depreciation is provided in respect of freehold land or investment properties which are held on leases with an unexpired term, including the renewable period, of more than 20 years.

Depreciation is provided to write off the cost or valuation of other tangible fixed assets over their estimated useful lives, at the following bases and rates per annum:

Land held on long leases	Nil
Buildings	2% on straight line method
Furniture, fixtures and motor vehicles	20%-25% on reducing balance method
Plant and machinery	6% - 9% on straight line method
Construction-in-progress	Nil

The land held on long leases will be subject to depreciation on a prospective basis starting from next year in accordance with the transitional arrangement set out in paragraph 74 of SSAP No.17.

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

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the profit and loss account.

In preparing consolidated financial statements, the financial statements of overseas subsidiaries which are denominated in foreign currencies are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the translation reserve.

2. 主要會計政策概要 - 續

固定資產及折舊

固定資產按成本或估值減折舊入賬。資產之成本包括其購買價及將資產達至其計劃用途之運作狀況及位置所產生之任何直接應佔成本。固定資產開始運作後產生之支出（包括維修及保養及大修費用）通常於產生期間自損益賬扣除。倘若可清楚顯示該等支出會在未來增加因使用有形固定資產時帶來之經濟利益，該等支出則資本化，作為固定資產額外成本。倘資產出售或不再使用，其成本或估值及累積折舊均自賬目中除去，而處理該資產之任何收益或虧損則計入損益賬中。

在出售重估資產時，過往年度並未轉往滾存溢利之應佔重估盈餘會轉往滾存溢利。

根據香港會計師公會發出之標準會計守則第17條72段「物業、廠房及設備」之過度安排（「標準會計守則第17條」），本公司獲豁免無須定期重估其土地及樓宇，因而，再無對土地及樓宇進行重估。

永久業權之土地或租約年期尚餘20年以上（包括可更新年期）之投資物業均不予折舊。

其他固定資產之成本或估值按其估計可使用年期予以攤銷，每年之折舊按下列方式計算：

長期租約土地	無
樓宇	2%按直線法
傢俬裝置及汽車	20%-25%按餘額遞減法
機器設施	6%-9%按直線法
在建工程	無

根據標準會計守則第17條之過渡性安排，以長期租約持有之土地將由下年度開始按預期基準予以折舊。

以財務租約持有之資產乃按其估計可使用年期或租賃期（以較短者為準），以與自置資產相同之基準計算折舊。

外幣兌換

外幣交易均按交易日之匯率折算。以外幣為單位之貨幣性資產及負債則按結算日之匯率折算。因匯兌而產生之損益均列入損益賬內處理。

在編製綜合財務報表時，海外附屬公司之財務報表乃按結算日之匯率折算。所有因折算而出現之匯兌差餘均撥入換算儲備處理。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding principal portion of the leasing commitments is shown as obligations of the Group. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss account on an actuarial basis over the period of the respective leases.

All other leases are classified as operating leases and the annual rentals receivable or payable are credited or charged respectively to the profit and loss account on a straight line basis over the lease terms.

Taxation

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

Capitalisation of interest

Interest charges incurred, net of any interest income earned, in connection with properties under development are capitalised until the relevant properties reach a marketable state.

Properties held for sale/Properties under development for sale

Properties held for sale/properties under development for sale are stated at the lower of cost and net realisable value. Cost includes interest, finance charges, professional fees and other direct costs attributable to such properties until they reach a marketable state. Net realisable value represents the estimated selling price less all costs to completion and costs to be incurred in selling.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all further costs to completion and costs to be incurred in marketing, selling and distribution.

Cash equivalents

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.

2. 主要會計政策概要- 續

租賃

凡租賃條款規定將擁有租賃資產之風險及利益大部份轉移予本集團之租賃，均列為財務租賃。根據財務租賃及租購合約持有之資產以其於購入日期之合理價值資本化入賬。租賃承擔之相應主要部分則列為本集團之債務。財務費用（即總租賃承擔與所收購資產之合理價值之差額）以直線法基準按有關租賃及合約之年期於損益賬內扣除。

其他租賃均列為經營租賃，所應收及應付之租金均以直線法按租約年期分別撥入損益賬及自損賬中扣除。

稅項

稅項支出乃按已就毋須課稅或無減免項目作出調整之本年度業績為計算基準。由於就稅務確認若干收支項目之會計期間與在財務報表內確認之會計期間不同，故會出現時差。時差帶來之稅務影響以負債法計算，並只會在可預見將來會出現負債或資產之情況下在財務報表內確認。

利息資本化

就發展中物業扣除利息收入後之利息費用撥作資本，直至有關物業可作出售用途止。

待出售物業／待售之發展中物業

待出售物業／待售之發展中物業按成本及可變現淨值兩者中之較低值入賬。成本包括利息、財務費用、專業費用及其他直接導致有關物業達致可作出售用途之費用。可變現淨值乃指估計售價減去所有固定予而須承擔之成本及分銷時須擔之成本。

存貨

存貨乃按成本及可變現淨值兩者中之較低值入賬。成本包括直接原料及（如適用）直接工資及將存貨運載至現有地點及改變為現狀所涉及之間接開支，乃按加權平均法計算。可變現淨值乃指估計售價減去所有因完工而須承擔之成本以及於出售及分銷時須承擔之成本。

現金等額

現金等額指短期及變現能力甚高，並可隨時轉換為已知款額之現金及由收購時起計三個月內期滿之投資，並扣除須於整付款項之日起計之三個月內償還之銀行墊款。

3. OPERATING LOSS FROM CONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEMS

Operating loss from continuing operations before exceptional items has been arrived at after charging:

Auditors' remuneration	
Deficit on revaluation of fixed assets	
Depreciation	
Owned assets	
Assets held under finance leases	
Interest on	
Bank loans and overdrafts wholly repayable within five years	
Bank loans and overdrafts not wholly repayable within five years	
Other borrowings wholly repayable within five years	
Finance leases	
Operating lease rentals in respect of rented premises	
Retirement benefits scheme contributions, net of forfeited contributions of HK\$20,248 (1995: Nil)	
and after crediting:	
Dividend income from investments	
Listed	
Unlisted	
Interest income	
Net foreign exchange gain	
Net rental income	

3. 未計特殊項目之持續營運產生之經營虧損

未計特殊項目之持續營運產生之營業虧損經扣除：

	1996 HK\$	1995 HK\$
核數師酬金	345,210	350,000
固定資產重估虧損	-	178,339
折舊		
自置資產	661,922	454,327
根據財務租約特有之資產	38,563	308,500
利息		
須於五年內全數償還之銀行貸款及透支	830,858	418,224
無須於五年內全數償還之銀行貸款及透支	157,500	-
須於五年內全數償還之其他借貸	685,819	2,513,972
財務租約	17,700	80,071
營業租約下之物業租金	850,919	882,316
退休金計劃供款扣除被沒收之供款	68,936	123,725
20,248港元（一九九五年：無）		
並已計入：		
投資股息收入		
上市	461,208	348,827
非上市	1,737,000	412
利息收入	1,121,926	4,340,840
外匯收入	68,162	1,280,944
物業租金淨收入	1,168,911	837,595

NOTES TO THE FINANCIAL STATEMENT - continued
FOR THE YEAR ENDED MARCH 31, 1996

財務報表附註 - 續

截至一九九六年三月三十一日止年度

4. EXCEPTIONAL ITEMS

4. 特殊項目

	1996 HK\$	1995 HK\$
Exceptional items comprise:		
Deficit on revaluation of investment properties	(4,228,076)	(1,872,000)
Provision on note receivable and interest receivable thereon	-	(1,476,423)
	<u>(4,228,076)</u>	<u>(3,348,423)</u>

5. DIRECTORS' EMOLUMENTS

5. 董事酬金

	1996 HK\$	1995 HK\$
Directors' fees:		
Executive	63,854	40,000
Non-executive	50,000	40,000
Independent non-executive	103,854	80,000
Other emoluments (executive directors):		
Salaries and other benefits (Note)	1,305,588	2,028,500
Retirement benefits scheme contribution	24,750	118,260
	<u>1,548,046</u>	<u>2,306,760</u>

Note: In addition to the amount of directors' other emoluments charged in arriving at the operating loss, the Group provides one of its leasehold buildings as staff accommodation to certain of the directors. The monetary value estimated by the directors of the benefit received for the year is HK\$107,500 (1995: HK\$258,000).

註：除已列入損益賬內之董事其他福利外，本集團並以所屬之其中一樓宇作為若干董事之宿舍。據董事估計此利益於年內之貨幣價值為107,500港元（一九九五年：258,000港元）

Emoluments of the directors are within the following band:

酬金介乎下列金額之董事人數如下：

	1996 Number of directors	1995 Number of directors
HK\$ Nil to HK\$1,000,000	<u>15</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED MARCH 31, 1996

財務報表附註 - 續
截至一九九六年三月三十一日止年度

6. EMPLOYEES' EMOLUMENTS

6. 僱員酬金

The five highest paid individuals included three directors (1995: three directors), details of whose emoluments are set out in note 5 above. The emoluments of the remaining two individuals (1995: two individuals) are as follows:

截至一九九六年三月三十一日止年度最高薪之五名僱員中包括三名董事（一九九五年：三名董事），其酬金詳情已載於上文附註5。其餘二名僱員之酬金如下（一九九四年：二名）。

	1996 HK\$	1995 HK\$
Salaries and other benefits	471,958	434,000
Retirement benefits scheme contribution	14,250	17,100
	<u>486,208</u>	<u>451,100</u>

Their emoluments are within the following band:

酬金介乎下列金額之僱員人數如下：

	1996 Number of employees	1995 Number of employees
HK\$ Nil to HK\$1,000,000	<u>2</u>	<u>2</u>

7. TAXATION CREDIT (CHARGE)

7. 計入（扣除）稅項

	1996 HK\$	1995 HK\$
The credit (charge) comprises:		
Overseas profits tax		
- current year	-	(1,853,915)
- over (under) provision in prior year	1,032,181	(42,869)
Deferred taxation (note 23)	(187,554)	(177,759)
Share of taxation of associated companies	3,540	24,381
	<u>848,167</u>	<u>(2,050,162)</u>

No provision for Hong Kong Profits Tax has been made in the financial statements as there is no assessable profit for the year.

由於是年度本公司並無應課稅溢利，故無須提撥香港利得稅準備。

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

海外稅項乃根據有關司法地區之稅率計算。

Deferred taxation represents withholding tax provided on overseas interest income at the rates prevailing in the respective jurisdictions. Details of the deferred taxation are set out in note 23 to the financial statements.

遞延稅項乃指按有關司法地區稅率計算並作出準備之海外利息收入預留稅項。遞延稅項之詳情載於財務報表附註23。

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED MARCH 31, 1996

8. LOSS FOR THE YEAR

Of the Group's loss for the year of HK\$10,993,977 (1995: HK\$10,900,471), a loss of HK\$3,198,687 (1995: HK\$7,221,185) has been dealt with in the financial statements of the Company, and a loss of HK\$687,120 (1995: HK\$246,928) is attributable to the associated companies.

9. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year of HK\$10,993,977 (1995: HK\$10,900,471) and on the weighted average number of 276,112,626 (1995: 243,340,180) ordinary shares in issue during the year.

No fully diluted loss per share is disclosed as it is not considered meaningful.

財務報表附註 - 續
截至一九九六年三月三十一日止年度

8. 本年度虧損

在本集團之本年度虧損10,993,977港元（一九九五年：10,900,471），為數3,198,687港元（一九九五年：7,221,185港元）之虧損已計入本公司之財務報表，而為數687,120港元（一九九五年：246,928元）之虧損則為聯營公司應佔之虧損。

9. 每股虧損

每股虧損之計算乃根據是年度之虧損10,993,977港元（一九九五年：10,900,471港元）及全年已發行之普通股之加權平均數276,112,626股（一九九五年：243,340,180股）進行。

全面攤薄後之每股虧損並無列出因並無意義。

NOTES TO THE FINANCIAL STATEMENT - continued
FOR THE YEAR ENDED MARCH 31, 1996

財務報表附註 - 續
截至一九九六年三月三十一日止年度

10. FIXED ASSETS

10. 固定資產

	投資物業	土地及樓宇	傢俬裝置及汽車 Furniture, fixtures and motor vehicles	機器設施 Plant and machinery	在建工程 Construction-in-progress	總額 Total
	Investment properties HK\$	Land and buildings HK\$	and motor vehicles HK\$	and machinery HK\$	in-progress HK\$	Total HK\$
THE GROUP	本集團					
COST OR VALUATION	成本值或估值					
At April 1, 1995	於一九九五年四月一日					
Additions	9,438,000	13,488,095	4,661,650	-	1,404,820	28,992,565
Disposals	30,140,076	94,612	515,360	2,185,371	4,502,165	37,437,584
Reclassifications from construction-in-progress	-	(9,200,000)	(2,332,846)	(4,153)	-	(11,536,999)
Deficit on revaluation	(4,228,076)	2,380,631	-	1,387,252	(3,767,883)	-
At March 31, 1996	35,350,000	6,763,338	2,844,164	3,568,470	2,139,102	50,665,074
Comprising:	包括：					
At cost	-	2,551,338	2,844,164	3,568,470	2,139,102	11,103,074
At professional valuation	專業估值					
- 1996	35,350,000	-	-	-	-	35,350,000
- 1995	-	4,212,000	-	-	-	4,212,000
	35,350,000	6,763,338	2,844,164	3,568,470	2,139,102	50,665,074
DEPRECIATION	折舊					
At April 1, 1995	於一九九五年四月一日					
Provided for the year	-	-	1,955,610	-	-	1,955,610
Eliminated on disposals	-	39,771	430,835	229,879	-	700,485
	-	-	(1,181,443)	(187)	-	(1,181,630)
At March 31, 1996	-	39,771	1,205,002	229,692	-	1,474,465
NET BOOK VALUES	賬面淨值					
At March 31, 1996	於一九九六年三月三十一日					
	35,350,000	6,723,567	1,639,162	3,338,778	2,139,102	49,190,609
At March 31, 1995	9,438,000	13,488,095	2,706,040	-	1,404,820	27,036,955
The net book value of properties shown above comprises:	以上所列之物業賬面淨值包括：					
	投資物業		土地及樓宇			
	Investment properties		Land and buildings			
	1996	1995	1996	1995	1995	
	HK\$	HK\$	HK\$	HK\$	HK\$	
Long lease in Hong Kong	29,500,000	-	76,095	9,276,095		
Freehold outside Hong Kong	5,850,000	9,438,000	4,212,000	4,212,000		
Buildings situated in the People's Republic of China (the "PRC")	-	-	2,435,472	-		
	35,350,000	9,438,000	6,723,567	13,488,095		

The construction-in-progress is situated in the PRC.

在建工程位於中國境內。

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED MARCH 31, 1996

10. FIXED ASSETS - continued

The investment properties of the Group at SUP Tower located at No. 4 Mercury Street, Nos. 75-83 King's Road, North Point were revalued at March 31, 1996 on an open market value basis by Ricacorp Surveyors Limited at a value of HK\$29,500,000. The deficit arising on revaluation of HK\$640,076 has been charged to the profit and loss account.

The investment properties of the Group at Retail Strip Shopping Centre located at Northeast Corner of Tustin Avenue and Katella Avenue, Orange City, Orange County, California, U.S.A. were revalued at March 31, 1996 on an open market value basis by The Westport Company at a value of HK\$5,850,000. The deficit arising on revaluation of HK\$3,588,000 has been charged to the profit and loss account.

The investment properties are held for use under operating leases.

Had the land and buildings been carried at cost less accumulated depreciation, the carrying value of the land and buildings would have been stated at approximately HK\$6,902,000.

THE COMPANY	本公司	傢俬裝置 及汽車 Furniture, fixtures and motor vehicles HK\$
COST	成本值	
At April 1, 1995	於一九九五年四月一日	2,449,302
Additions	添置	83,462
Disposals	出售	(1,509,000)
At March 31, 1996	於一九九六年三月三十一日	1,023,764
DEPRECIATION	折舊	
At April 1, 1995	於一九九五年四月一日	1,197,894
Provided for the year	年內撥備	105,783
Eliminated on disposals	出售後撇除	(587,648)
At March 31, 1996	於一九九六年三月三十一日	716,029
NET BOOK VALUES	賬面淨值	
At March 31, 1996	於一九九六年三月三十一日	307,735
At March 31, 1995	於一九九五年三月三十一日	1,251,408

At March 31, 1995, the net book values of fixed assets of the Group and the Company included an amount of HK\$925,500 in respect of assets held under finance leases. The corresponding obligations have been repaid in full during the year.

財務報表附註 - 續
截至一九九六年三月三十一日止年度

10. 固定資產 - 續

本集團持有位於北角英皇道75-83號聯合出版大廈之投資物業，於一九九六年三月三十一日，由利嘉閣測量師行有限公司以公開市值基準進行重估，其估值為港幣29,500,000元。由重估所帶來之虧損640,076港元已撥入損益賬。

本集團持有位於美國加里福尼亞州奧蘭治鎮Tustin Avenue與Katella Avenue東北角之Retail Strip購物中心。於一九九六年三月三十一日由The Westport Company以公開市值基準進行重估，其估值為5,850,000港元。重估虧損3,588,000港元已撥入損益賬。

集團之投資物業均為營業租賃用途而持有。

假若土地及樓宇由成本值減去折舊，其現值將會約為6,902,000港元。

THE COMPANY	本公司	傢俬裝置 及汽車 Furniture, fixtures and motor vehicles HK\$
COST	成本值	
At April 1, 1995	於一九九五年四月一日	2,449,302
Additions	添置	83,462
Disposals	出售	(1,509,000)
At March 31, 1996	於一九九六年三月三十一日	1,023,764
DEPRECIATION	折舊	
At April 1, 1995	於一九九五年四月一日	1,197,894
Provided for the year	年內撥備	105,783
Eliminated on disposals	出售後撇除	(587,648)
At March 31, 1996	於一九九六年三月三十一日	716,029
NET BOOK VALUES	賬面淨值	
At March 31, 1996	於一九九六年三月三十一日	307,735
At March 31, 1995	於一九九五年三月三十一日	1,251,408

於一九九五年三月三十一日，本集團及本公司之固定資產賬面淨值內包括以財務租約持有之資產總值925,500港元，已經於本年度全數清還。

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED MARCH 31, 1996

11. INTEREST IN SUBSIDIARIES

Unlisted shares, at cost
Amount due from subsidiaries
Amount due to subsidiaries

Less: Provision for amounts due from subsidiaries

Particulars of the subsidiaries at March 31, 1996 are detailed in note 34 to the financial statements.

12. INTEREST IN ASSOCIATED COMPANIES

Associated companies:
Unlisted shares, at cost
Share of net assets, other than goodwill
Amounts due from associated companies
Amounts due to associated companies

Particulars of the associated companies at March 31, 1996 are detailed in note 35 to the financial statements.

財務報表附註 - 續
截至一九九六年三月三十一日止年度

11. 附屬公司權益

非上市股份按成本值
附屬公司欠款
欠附屬公司款項

減：附屬公司欠款準備

附屬公司於一九九六年三月三十一日之詳情載於財務報表附註34。

12. 聯營公司權益

聯營公司：
非上市股份，按成本值
所佔淨資產
(商譽除外)
應收聯營公司欠款
應付聯營公司欠款

聯營公司於一九九六年三月三十一日之詳情載於財務報表附註35。

		本公司 THE COMPANY	
		1996 HK\$	1995 HK\$
Unlisted shares, at cost	非上市股份按成本值	44,418,425	44,398,421
Amount due from subsidiaries	附屬公司欠款	142,309,705	99,707,161
Amount due to subsidiaries	欠附屬公司款項	(22,620,030)	(21,963,669)
		164,108,100	122,141,913
Less: Provision for amounts due from subsidiaries	減：附屬公司欠款準備	(89,792,759)	(89,792,759)
		74,315,341	32,349,154

		本集團 THE GROUP		本公司 THE COMPANY	
		1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Associated companies:	聯營公司：				
Unlisted shares, at cost	非上市股份，按成本值	-	-	6,000,000	6,750,000
Share of net assets, other than goodwill	所佔淨資產 (商譽除外)	2,765,110	4,608,406	-	-
Amounts due from associated companies	應收聯營公司欠款	23,175,041	21,916,443	3,421,066	3,408,491
Amounts due to associated companies	應付聯營公司欠款	(45,221)	(750,220)	-	(750,000)
		25,894,930	25,774,629	9,421,066	9,408,491

12. INTEREST IN ASSOCIATED COMPANIES - continued

12. 聯營公司權益 - 續

Extracts of the operating results and financial position of the Group's significant associated companies, which are based on their management accounts, are as follows:

根據未經審計財務報表顯示，集團內之主要聯營公司營業狀況及財務情況如下：

	華建國際財務有限公司 Hua Jian International Finance Company Limited HK\$		Appreview (M) Sdn. Bhd. HK\$	
	1996	1995	1996	1995
Operating results for the year ended March 31, 1996:	截至一九九六年三月三十一日止年度經營業績：			
Turnover	3,605,721	-	-	-
Depreciation	233,207	-	-	-
Loss before taxation	2,541,145	164,313	-	-
Loss before taxation attributable to the Group	564,642	80,513	-	-
Financial position at March 31, 1996:	於一九九六年三月三十一日之財務情況：			
Total assets	23,027,212	34,091,899	-	-
Total liabilities	(27,931)	(33,639,973)	-	-
Shareholders' funds	22,999,281	451,926	-	-

13. OTHER INVESTMENTS

13. 其他投資

	本集團 THE GROUP		本公司 THE COMPANY	
	1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
At cost less provision:	按成本值減撥備：			
Listed shares in overseas	3,033,640	5,939,555	3,033,640	5,939,555
Listed shares in Hong Kong	1,024,776	7,040	301,802	7,040
Unlisted shares	3,669,725	3,718,566	-	48,841
	7,728,141	9,665,161	3,335,442	5,995,436
Market value of listed shares	5,459,858	9,004,700	4,655,858	9,004,700

14. NET CURRENT ASSETS (LIABILITIES)

14. 流動資產 (負債) 淨額

	本集團 THE GROUP		本公司 THE COMPANY	
	1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
CURRENT ASSETS	流動資產			
Stocks (note 15)	2,043,529	5,000	5,000	5,000
Properties held for sale	78,613	78,613	78,613	78,613
Properties under development for sale (note 16)	26,457,209	-	-	-
Debtors, deposits and prepayments	6,457,684	2,501,171	2,450,441	1,669,663
Short term listed investment in Hong Kong (note 17)	2,240,256	-	-	-
Short term unlisted investment in Hong Kong (note 18)	1,472,523	378,888	-	-
Note receivable	780,000	780,000	-	-
Loans to subsidiaries of a minority shareholder of a subsidiary (note)	18,833,414	16,732,131	-	-
Amount receivable from a minority shareholder of a subsidiary	56,147	2,085,688	-	-
Bank balances and cash	16,322,402	7,108,382	3,998,196	90,772
	74,741,777	29,669,873	6,532,250	1,844,048
CURRENT LIABILITIES	流動負債			
Creditors and accrued charges (note 18)	9,041,454	4,589,141	1,682,481	1,303,388
Note payable (secured) (note 24)	-	-	-	-
Obligations under finance leases (note 24)	93,639	80,917	-	-
Taxation	5,460	1,107,084	-	-
Margin loan payable (secured) (note 24)	514,479	2,481,903	514,479	2,481,903
Loan from a subsidiary of a minority shareholder of a subsidiary (unsecured) (note 24)	1,834,862	1,834,862	-	-
Amounts due to minority shareholders of subsidiaries	317,777	-	-	-
Amounts due to directors	58,715	-	-	-
Bank loans (unsecured) (note 24)	2,110,092	-	-	-
Bank loans (secured) (note 24)	526,895	2,000,000	-	-
Bank overdrafts (secured) (note 24)	-	4,720,352	-	82,529
	14,503,373	17,093,218	2,196,960	4,146,779
NET CURRENT ASSETS (LIABILITIES)	60,238,404	12,576,655	4,335,290	(2,302,731)

Note: The loans to subsidiaries of a minority shareholder of a subsidiary, which are companies established in the PRC, are unsecured and bear interest at rates ranging from 21% to 36% per annum.

註：貸款予附屬公司之少數股東的附屬公司，全部於中國成立，貸款乃無抵押貸款，利率為每年21%至36%。

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財務報表附註 - 續

截至一九九六年三月三十一日止年度

15. STOCKS

		本集團		本公司	
		THE GROUP		THE COMPANY	
		1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Raw materials	原材料	889,434	-	-	-
Work in progress	在製品	452,915	-	-	-
Finished goods	製成品	701,180	5,000	5,000	5,000
		<u>2,043,529</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

16. PROPERTIES UNDER DEVELOPMENT FOR SALE

The balance of properties under development for sale includes an amount of HK\$42,443 (1995: nil) in respect of interest capitalised.

16. 待售之發展中物業

待售發展中物業款項中包括撥作資本之利息42,443港元（一九九五年：無）。

17. SHORT TERM LISTED INVESTMENT IN HONG KONG

17. 短期上市之香港投資

		本集團	
		1996 HK\$	1995 HK\$
Listed shares in Hong Kong at cost	香港之上市股份按成本值	<u>2,240,256</u>	-
Market value of listed shares	上市股份之市值	<u>2,279,940</u>	-

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18. SHORT TERM UNLISTED INVESTMENT IN HONG KONG

The investment represents one ordinary share of The Hong Kong Futures Exchange Limited (the "Exchange"). On January 26, 1995, the Group entered into a cancellation agreement pursuant to which the Group agreed to cancel a sale and purchase agreement previously entered into during December 1986. The sale and purchase agreement was originally entered into for the sale of one ordinary share of the Exchange for a consideration of HK\$480,000 which was conditional upon the approval of the Exchange being obtained within three months after the effective date of the sale and purchase agreement. The sale and purchase were treated as completed in 1987 even though approval of the Exchange had not been obtained. The sale and purchase agreement was never completed and in January 1995 both parties subsequently agreed to cancel such agreement. The consideration of HK\$480,000 will be refunded to the purchaser on January 26, 1997 or within seven days after the Group received the full consideration following the sale of this one share to a new purchaser. In the consolidated balance sheet as at March 31, 1996, the consideration of HK\$480,000 has been included in creditors and accrued charges and the investment has been restated at its carrying value immediately prior to the original sale and purchase agreement.

On February 17, 1995, the Group entered into a sale and purchase agreement with a third party to sell the one share in the Exchange for a consideration of HK\$3,100,000, of which a deposit of HK\$1,500,000 had been paid to the Group and is included in creditors and accrued charges. The sale and purchase agreement is conditional upon the approval being granted by the relevant regulatory authority.

During the year, provision for diminution in value of HK\$1,093,635 on the short term unlisted investment has been reversed because the provision is considered unnecessary.

Subsequent to March 31, 1996, the sale and purchase agreement was completed upon the approval granted by the relevant regulatory authority and the Group has recorded the gain on the sale of the share of approximately HK\$1,500,000.

18. 短期非上市之香港投資

此投資乃持有一股香港期貨交易所公司（「交易所」）普通股股份。於一九九五年一月二十六日，本集團簽訂一解約協議，本集團同意取消一簽訂於一九八六年十二月之買賣合約。此合約訂定售賣一股交易所普通股股份，價格為480,000港元，條件為交易所須於此合約生效三個月內發出批准。雖然交易所並無發出批准。但此宗交易已於一九八七年被視為完成。然而，此買賣合約從未完成，雙方乃於一九九五年一月同意取消此合約。代價480,000港元將於一九九七年一月二十六日或於本集團買出此一股並悉數收到款項七日內歸還買方。於一九九六年三月三十一日之綜合資產負債表中，代價480,000港元已包括在應付賬款及應計費用一項中，而此投資之價值已更改為其於原買賣合約前之原值。

一九九五年二月十七日，本集團與一第三者簽訂買賣合約，售予該股交易所普通股股份，作價3,100,000港元，其中1,500,000港元訂金已交予本集團並已包含在應付賬款及應計費用一項中。此買賣協議條件為有關監管當局批准。

於年中由於認為短期非上市之香港投資減值準備並非需要，因而減值準備1,093,635港元經已撥回。

於一九九六年三月三十一日後，此買賣合約於有關監管當局發出批准後經已完成，本集團於出售此股份獲得之盈利約1,500,000港元亦經已入賬。

NOTES TO THE FINANCIAL STATEMENTS - continued
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財務報表附註 - 續
截至一九九六年三月三十一日止年度

19. SHARE CAPITAL

19. 股本

	1996	1995
Authorised:		
Ordinary shares of HK\$0.25 each	200,000,000	200,000,000
Issued and fully paid:		
At beginning of the year	62,651,712	54,672,246
Issued for acquisition of properties	23,684,210	-
Exercise of share warrant subscription rights	6,824,413	479,466
Exercise of share option subscription rights	3,447,147	-
Issued on private placing	-	7,500,000
At end of the year	96,607,482	62,651,712

During the year, the Company issued 94,736,841 new shares at a price of HK\$0.38 per share as a partial consideration to acquire properties in Hong Kong for the purpose of investment and development for sale.

20. WARRANTS

On December 8, 1993, 31,229,489 warrants were issued in the proportion of one warrant for every two Right Shares issued on the same date. Each warrant entitles the holder to subscribe in cash at an initial subscription price of HK\$0.30 each for one share of the Company at any time on or before December 31, 1995. The Company had 29,229,071 outstanding warrants as at April 1, 1995.

During the year, warrant holders exercised their subscription rights to acquire 27,297,651 shares of HK\$0.25 each at a consideration of HK\$0.30 per share. The remaining 1,931,420 warrants lapsed on December 31, 1995.

The Company had no outstanding warrant as at March 31, 1996.

21. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted on September 28, 1995, the Board of Directors of the Company may grant options to directors and employees of the Company and its subsidiaries to subscribe for ordinary shares in the Company, at a price not less than 80% of the average closing price of the Company's shares on the five trading days immediately preceding the offer of the options or the nominal value of the shares whichever is the higher. The maximum number of shares in respect of which options may be granted under such share option scheme is such number of shares which, when aggregated with shares subject to similar schemes, represents 10% of the issued share capital of the Company from time to time.

During the year, all options granted to the directors and employees of the Group pursuant to the share option scheme to purchase 13,788,588 ordinary shares were exercised at an option price of HK\$0.34 per share and no option was outstanding as at March 31, 1996.

NOTES TO THE FINANCIAL STATEMENTS - continued
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財務報表附註 - 續
截至一九九六年三月三十一日止年度

22. RESERVES

22. 儲備

	股份溢價賬 Share premium HK\$	重估儲備 Revaluation reserve HK\$	資本儲備 Capital reserve HK\$	換算儲備 Translation reserve HK\$	虧損累計 Deficit HK\$	總額 Total HK\$
THE GROUP						
At April 1, 1995	5,243,219	6,864,000	2,102,263	15,709,623	(37,435,139)	(7,516,034)
Realised on disposal of land and buildings	-	(6,864,000)	-	-	6,864,000	-
Shares premium arising from issue of shares	14,921,645	-	-	-	-	14,921,645
Exchange realignment	-	-	-	(6,301)	-	(6,301)
Loss for the year	-	-	-	-	(10,993,977)	(10,993,977)
At March 31, 1996	20,164,864	-	2,102,263	15,703,322	(41,565,116)	(3,594,667)

Reserves of the Group include a deficit of HK\$2,657,073 in respect of the Group's share of the deficit of its associated companies.

本集團之儲備包括本集團應佔聯營公司虧損之2,657,073港元虧損累計。

20. 認股權證

於一九九三年十二月八日，本公司就每二股於同時發行之配發股份發行一份認股權證，共發行31,229,489份。每份認股權證之持有人有權於一九九五年十二月三十一日或之前隨時按每股0.30港元之基本認購價以現金認購一股本公司股份。於一九九五年四月一日，本公司有29,229,071股未獲行使之認股權證。

於本年度行使其認購權之持有人以每股0.30港元之代價認購每股面值0.25港元之股份合共27,297,651股。餘下之1,931,420認股權證於一九九五年十二月三十一日作廢。

本公司於一九九六年三月三十一日止並沒有未獲行使之認股權證。

21. 認股期權計劃

根據本公司於一九九五年九月二十八日採納之認股期權計劃，本公司之董事可獲本公司及其附屬公司認購本公司之購股權，認購價為公司之股份在聯交所有交易之五個交易日之平均收市價之80%與股份面值兩者中之較高價格。根據認股期權計劃授出之認股期權可認購之股份最高數量，當涉及任何其他同類認股期權計劃時，合共不得超過本公司不時之已發行股本10%。

於本年度，根據認股期權計劃授予本集團董事及僱員之認股期權，可予認購13,788,588普通股份，認購價為0.34港元之認股期權已全部獲行使。於一九九六年三月三十一日，未有未行使之認股期權。

	股份溢價賬 Share premium HK\$	虧損累計 Deficit HK\$	總額 Total HK\$
THE COMPANY			
At April 1, 1995	5,243,219	(21,858,785)	(16,615,566)
Shares premium arising from issue of shares	14,921,645	-	14,921,645
Loss for the year	-	(3,198,687)	(3,198,687)
At March 31, 1996	20,164,864	(25,057,472)	(4,892,608)

The Company had no reserve available for distribution to shareholders as at March 31, 1996.

本公司並沒有任何儲備於一九九六年三月三十一日可供分配於股東。

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財務報表附註 - 續

截至一九九六年三月三十一日止年度

23. DEFERRED TAXATION

23. 遞延稅項

		本集團 THE GROUP	
		1996 HK\$	1995 HK\$
At beginning of the year	年初	832,184	654,425
Charge for the year (note 7)	本年度稅項支出 (附註7)	187,554	177,759
At end of the year	年末	1,019,738	832,184

Deferred taxation represents provision for withholding tax on overseas interest income. The withholding tax is due to be paid upon remittance of the income from the respective jurisdictions.

遞延稅項乃為海外利息收入預留稅項之準備。該預留稅項將在該收入從有關國家中匯出時須要支付。

The Group has a net deferred tax asset of HK\$15,672,852 (1995: HK\$15,377,101) which has not been recognised in the financial statements as realisation of this asset in the foreseeable future is uncertain. The amount of the unprovided deferred tax asset (liability) is as follows:

本集團之淨遞延資產為15,672,852港元(一九九五年: 15,377,101港元), 因不肯定時差會否在可見未來逆轉, 所以並無在財務報表中確認。未作準備之遞延稅項資產(負債)如下:

		本集團 THE GROUP		本公司 THE COMPANY	
		1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Tax effect of timing differences because of:	因下列事項之時差而引起之稅務影響:				
Tax losses	稅項虧損	15,716,484	15,460,330	4,764,231	4,619,132
Excess of tax allowances over depreciation	稅項折舊與會計折舊之差額	(43,632)	(83,229)	(43,632)	(74,626)
		15,672,852	15,377,101	4,720,599	4,544,506

The amount of unprovided deferred tax (credit) charge for the year is as follows:

是年未作準備之遞延稅項:

		本集團 THE GROUP		本公司 THE COMPANY	
		1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Tax losses	稅項虧損	(256,154)	285,219	(145,099)	572,282
Excess of tax allowances over depreciation	稅項折舊與會計折舊之差額	(39,597)	17,634	(30,994)	21,971
		(295,751)	302,853	(176,093)	594,253

Deferred tax has not been provided or recognised on the valuation surplus or deficit arising on revaluation of investment properties and land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference for tax purposes.

由重估投資物業, 土地及樓宇等資產所產生之溢利毋須繳稅, 故並無就其重估盈餘撥出遞延稅項準備。因此, 就稅務而言, 估值盈餘並無時差。

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財務報表附註 - 續

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24. BORROWINGS

24. 借貸

		本集團 THE GROUP		本公司 THE COMPANY	
		1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Note payable (secured)	應付票據(有抵押)	7,459,054	7,558,200	-	-
Obligations under finance leases	財務租約負債	-	944,571	-	944,571
Margin loan payable (secured)	應付存展貸款(有抵押)	514,479	2,481,903	514,479	2,481,903
Loan from a subsidiary of a minority shareholder of a subsidiary (unsecured)	附屬公司少數股東之附屬公司貸款(無抵押)	1,834,862	1,834,862	-	-
Bank loans (secured)	銀行貸款(有抵押)	29,958,529	2,000,000	-	-
Bank loans (unsecured)	銀行貸款(無抵押)	2,110,092	-	-	-
Bank overdrafts (secured)	銀行透支(有抵押)	-	4,720,352	-	82,529
		41,877,016	19,539,888	514,479	3,509,003
Less: Amounts due within one year	減: 一年內到期之款項	(5,079,967)	(11,396,993)	(514,479)	(2,843,391)
Amounts due after one year	一年後到期之款項	36,797,049	8,142,895	-	665,612

Note payable is repayable by instalments and bears interest at 9% per annum. The final instalment is due on January 1, 2000.

應付票據需分期歸還及按年息9厘計算利息, 此借貸於二零零零年一月一日到期。

Margin loan payable is repayable on demand and bears interest at 7.75% per annum.

應付存展貸款乃需於要求償還時即時歸還, 並按年息7.75厘計算利息。

Loan from a subsidiary of a minority shareholder of a subsidiary is repayable on demand and bears interest at 2.3% per month.

附屬公司少數股東之附屬公司貸款需於要求償還時即時歸還, 並按月息2.3厘計算利息。

The borrowings are repayable within the following periods:

借貸需於下列時間內歸還:

		本集團 THE GROUP		本公司 THE COMPANY	
		1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Note payable:	應付票據:				
Within one year	一年內	93,639	80,917	-	-
More than one year but not exceeding two years	超過一年但少於兩年	102,422	80,917	-	-
More than two years but not exceeding five years	超過兩年但少於五年	7,262,993	7,396,366	-	-
		7,459,054	7,558,200	-	-
Less: Amount due within one year (note 14)	減: 一年內到期之款項 (附註14)	(93,639)	(80,917)	-	-
Amount due after one year	一年後到期之款項	7,365,415	7,477,283	-	-

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財務報表附註 - 續

截至一九九六年三月三十一日止年度

24. BORROWINGS - continued

24. 借貸 - 續

	本集團		本公司	
	1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Bank loans (secured):				
Within one year	526,895	2,000,000	-	-
More than one year but not exceeding two years	12,584,960	-	-	-
More than two years but not exceeding five years	2,170,868	-	-	-
More than five years	14,675,806	-	-	-
	29,958,529	2,000,000	-	-
Less: Amounts due within one year (note 14)	(526,895)	(2,000,000)	-	-
Amounts due after one year	29,431,634	-	-	-
Margin loan payable, loan from a subsidiary of a minority shareholder of a subsidiary, bank loans (unsecured) and bank overdrafts: Within one year (note 14)	4,459,433	9,037,117	514,479	2,564,432
Obligations under finance leases: Within one year	-	278,959	-	278,959
More than one year but not exceeding two years	-	314,857	-	314,857
More than two years but not exceeding five years	-	350,755	-	350,755
	-	944,571	-	944,571
Less: Amounts due within one year (note 14)	-	(278,959)	-	(278,959)
Amounts due after one year	-	665,612	-	665,612

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財務報表附註 - 續

截至一九九六年三月三十一日止年度

25. RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

25. 日常業務除稅前之虧損與經營業務之現金流出淨額之調整

	1996 HK\$	1995 HK\$
Loss from ordinary activities before taxation	(12,696,048)	(7,465,979)
Share of losses of associated companies	690,660	271,309
Dividend income	(2,198,208)	(349,239)
Interest income	(1,121,926)	(4,340,840)
Interest expenses	1,691,877	3,012,267
Profit on disposal of interest in an associated company	(39,977)	-
Profit on sale of other investments	(2,313,341)	(21,250)
Loss (profit) on sale of fixed assets	714,533	(3,579)
Provision for note receivable and interest receivable thereon	-	1,476,423
Reversal of provision for diminution in value on short term unlisted investment in Hong Kong	(1,093,635)	-
Deficit on revaluation of investment properties	4,228,076	1,872,000
Deficit on revaluation of fixed assets	-	178,339
Depreciation	700,485	762,827
Increase in short term listed investment	(2,240,256)	-
Increase in short term unlisted investment	-	(378,888)
Increase in stocks	(2,038,529)	-
Increase in properties under development for sale	(1,414,766)	-
Decrease in amount receivable from a minority shareholder of a subsidiary	2,029,541	-
Increase in debtors, deposits and prepayments	(1,383,404)	(1,432,536)
Increase in creditors and accrued charges	4,990,906	3,148,032
Increase in amounts due to minority shareholders of subsidiaries	317,777	-
Increase in amounts due to directors	58,715	-
Exchange realignment	(401)	190,502
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(11,117,921)	(3,080,612)

26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR
26. 本年度融資變動分析

	股本及股份溢價賬	少數股東權益	財務租約負債	應付票據	存展貸款	銀行貸款(有抵押)	銀行貸款(無抵押)
	Share capital and share premium HK\$	Minority interest HK\$	Obligations under finance leases HK\$	Note payable HK\$	Margin loan payable HK\$	Bank loans (secured) HK\$	Bank loans (unsecured) HK\$
Balance at April 1, 1995	於一九九五年四月一日結餘	67,894,931	10,942,643	944,571	7,558,200	2,481,903	-
Issue of shares for cash	股份發行	12,877,415	-	-	-	-	-
Issue of shares for acquisition of properties	收購物業發行之代價股份	36,000,000	-	-	-	-	-
Shares subscribed by minority shareholders of subsidiaries	少數股東認購股本	-	2,122,706	-	-	-	-
Minority share of results for the year	少數股東應佔業績	-	(853,904)	-	-	-	-
Inception of loans	新借貸	-	-	-	-	36,300,000	2,110,092
Repayments during the year	年中償還之債務	-	(944,571)	(99,146)	(1,967,424)	(6,341,471)	-
Exchange realignment	換算轉換	-	11,037	-	-	-	-
Balance at March 31, 1996	於一九九六年三月三十一日結餘	116,772,346	12,222,482	-	7,459,054	514,479	29,958,529

27. MAJOR NON-CASH TRANSACTIONS

During the year, the Group purchased properties situated in Hong Kong for the purposes of investment and development for sale in which part of the consideration amounting to HK\$36,000,000 was satisfied by the issue of 94,736,841 new shares of the Company at a price of HK\$0.38 per share.

27. 主要非現金交易

於本年度內，本集團購買位於香港之物業，作為投資及發展為出售用途，其中部份代價36,000,000港元以每股0.38港元發行94,736,841本公司新股支付。

28. CONTINGENT LIABILITIES

Guarantees given to a financial institution in respect of banking facilities granted to subsidiaries

28. 或然債務

向一財務機構就附屬公司所獲得之銀行信貸作出擔保

本公司 THE COMPANY	
1996 HK\$	1995 HK\$
38,800,000	6,000,000

The extent of the facilities utilised as at March 31, 1996 by the subsidiaries amounted to HK\$30,000,000 (1995: HK\$6,637,823).

A legal action was brought against the Group by two former directors in relation to claims amounting to HK\$1,231,828. The directors, upon consulting their legal advisers, are of the opinion that it is unlikely that the abovementioned proceedings will result in any material losses to the Group.

於一九九六年三月三十一日附屬公司已使用之銀行信貸為30,000,000港元(1995: 6,637,823港元)。

兩名前任董事向本集團提出法律訴訟追討1,231,828港元。董事會經與法律顧問商討後，認為前述之法律訴訟並不會為本集團帶來重大損失。

29. LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had outstanding commitments under non-cancellable operating leases in respect of rented premises. The portion of these commitments which is payable in the following year is as follows:

	本集團 THE GROUP		本公司 THE COMPANY	
	1996 HK\$	1995 HK\$	1996 HK\$	1995 HK\$
Operating leases which expire:	營業租賃滿期:			
Within one year	27,523	112,176	-	112,176
In the second to fifth year inclusive	815,660	87,600	-	-
	<u>843,183</u>	<u>199,776</u>	<u>-</u>	<u>112,176</u>

30. CAPITAL COMMITMENTS

Capital expenditure in respect of fixed assets contracted for but not provided in the financial statements
Capital expenditure in respect of fixed assets authorised but not contracted for

30. 資本承擔

已訂約惟未在財務報表中作出準備之固定資產資本開支
已允許惟未訂約之固定資產資本開支

本集團 THE GROUP	
1996 HK\$	1995 HK\$
488,917	1,427,054
-	1,170,642
<u>488,917</u>	<u>2,597,696</u>

The Company did not have any significant capital commitments as at March 31, 1996.

本公司於一九九六年三月三十一日並無重大資本承擔。

31. RETIREMENT BENEFITS SCHEME

The Group operates defined contribution retirement benefits schemes for all qualified employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The charge in the profit and loss account represents contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there were no forfeited contributions (1995: nil), which arose upon employees leaving the scheme and which are available to reduce the contributions payable in the future years.

31. 退休金計劃

本集團為所有合資格之僱員，設有明確供款額之退休金計劃。該計劃所投資資產並由本集團以基金形式交付受託人控制。

退休金成本支出代表本集團根據此計劃所列明之比率付出之供款。尚有僱員於獲得全部供款前退出計劃，則可將本集團收回之供款與本集團應付之供款抵銷。

在結算日，並沒有由於僱員離職而沒收退休金計劃之捐款(一九九五年：無)，或在未來數年可扣除之已繳捐款。

32. PLEDGE OF ASSETS

The Group has pledged its properties under development for sale and investment properties with carrying values at March 31, 1996 of HK\$26,457,209 and HK\$29,500,000 respectively to secure general banking facilities granted to the Group.

The note payable of HK\$7,459,054 is secured on the investment properties of the Group in California, U.S.A. with a carrying value of HK\$5,850,000.

The margin loan payable of HK\$514,479 is secured on other investments of the Group with a carrying value of HK\$3,033,640.

33. POST BALANCE SHEET EVENTS

- (i) On April 3, 1996, a bonus issue of warrants was made on the basis of one warrant for every five shares held on March 28, 1996. Each warrant entitles the holder to subscribe in cash at an initial subscription price of HK\$0.43 each for one ordinary share of the Company at any time from the date of issue to April 30, 1997. Exercise in full of such warrants would raise approximately HK\$3,232,974 and, with present capital structure of the Company, results in the issue of 77,285,985 additional ordinary shares of HK\$0.25 each.
- (ii) On May 2, 1996, the Group disposed of a 35% interest in its 60% owned subsidiary, Yichang Keng Fong Investment Company Limited ("Yichang"), to KMK Group, a minority shareholder of Yichang, for a consideration of HK\$6,755,000. Following the disposal, the Group continues to hold a 25% interest in Yichang and KMK Group has guaranteed that the return on the Group's 25% investment will not be less than 15% on the investment cost, being HK\$4,825,000, on an annual basis. The Group also has the option to request the unpaid balance of the consideration together with interest accrued thereon be satisfied by the issue of "B" shares in KMK Stock Co., Ltd., in the event that KMK Stock Co., Ltd. should obtain a listing of its "B" shares on a stock exchange.
- (iii) The Group entered into a conditional sale and purchase agreement dated May 15, 1996 with City Builder Limited whereby the Group agreed to purchase a property located at Nos. 16, 18 & 20, Baker Street, Hunghom, Kowloon for a consideration of HK\$33,900,000, which is subject to approval by shareholders of the Company at an extraordinary general meeting to be held on June 27, 1996.

32. 資產抵押

本集團名下之待售發展中物業及投資物業賬面值分別為26,457,209港元及29,500,000港元已按予銀行，作為授予本集團一般銀行融資之抵押。

本集團已將其在美國加利福尼亞洲現值5,850,000港元之投資物業，作為應付票據7,459,054港元之抵押。

本集團已將現值為3,033,640港元之其他投資，作為應付仔展514,479港元之抵押。

33. 結算日後事項

- (i) 於一九九六年四月三日，按照一九九六年三月二十八日每持有五股派送一認股權證之基準派送紅利認股權證。每份認股權證均賦予持有人權利可於發行日起至一九九七年四月三日止期間隨時按初步認購價每股0.43港元認購新股份。若此等認股權證獲全面行使，本公司將發行每股面值0.25港元之額外股份合共77,285,985股，收取約33,232,974港元。
- (ii) 於一九九六年五月二日，本集團出售其持有60%之附屬公司，宜昌建煌投資有限公司（「宜昌」）之35%權益予宜昌之少數股東，猴王集團，代價為6,755,000港元。出售後，本集團仍然持有宜昌之25%權益，而猴王集團亦已保證，本集團於宜昌之25%權益每年可收取之回報將不會少於投資額4,825,000港元之15%。倘若猴王之「B」股能在股份交易所上市本集團有權要求未付之代價餘款連同就此應收之利息以猴王之「B」股替代。
- (iii) 於一九九六年五月十五日，本集團與City Builder Limited達成有條件協議；據此，本集團同意購入位於九龍紅磡必嘉街16, 18及20號之物業，代價為33,900,000港元；此協議須待本公司股東於一九九六年六月二十七日舉行之特別股東大會上批准。

34. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries at March 31, 1996 are as follows:

公司名稱 Name of company	成立/註冊/ 營業地點 Place of incorporation/ registration/ operation	已發行及繳足 股本/註冊資本 Issued and fully paid share capital / registered capital	本公司所持已發行 股分面值/註冊資本之比率 直接 間接 Proportion of nominal value of issued capital/ registered capital held by the Company Directly Indirectly % %		主要業務 Principal activities
Keng Fong China Properties Limited 建煌中國物業有限公司	Hong Kong 香港	HK\$1,000,000	100	-	Inactive 不活躍
Century City Commodities Limited 世紀城市商品期貨有限公司	Hong Kong 香港	HK\$8,000,000	100	-	Inactive 不活躍
Heng Fong Petrochemical Limited 恒鋒石油化工有限公司 (Formerly Dai O Investment Co. Limited) (前稱Dai O Investment Co. Limited)	Hong Kong 香港	HK\$1,399,998	100	-	Inactive 不活躍
Keng Fong Malaysia Enterprises Limited 建煌馬來企業有限公司	Hong Kong 香港	HK\$100,000	100	-	Investment holding 投資控股
Wicksfull Finance Company Limited 域豐財務有限公司 (Formerly Hua Jian Finance Company Limited) (前稱華建財務有限公司)	Hong Kong 香港	HK\$1,260,000	100	-	Inactive 不活躍
Ichi Ni San Enterprises Co. Limited	Hong Kong 香港	HK\$10,000	100	-	Property investment 物業投資
Keng Fong China Enterprises Limited 建煌中國企業有限公司	Hong Kong 香港	HK\$1,000,000	100	-	Investment holding 投資控股
Keng Fong America Enterprises Limited 建煌美國企業有限公司	Hong Kong 香港	HK\$1,500,000	100	-	Investment holding 投資控股
Keng Fong Capital Limited 建煌融資有限公司 (Formerly Keng Fong Marble Works Limited) (前稱建煌雲石有限公司)	Hong Kong 香港	HK\$2	100	-	Inactive 不活躍
Keng Fong Supermarket, Limited 建煌超級市場有限公司	Hong Kong 香港	HK\$8,000,000	100	-	Inactive 不活躍
Keng Fong Foreign Investment Co. Ltd.	United States of America 美國	US\$250,000	-	100	Property investment and development 物業投資及發展
Kingford Investment Company, Limited 興發置業有限公司	Hong Kong 香港	HK\$1,000,000	100	-	Inactive 不活躍
Nunivak Properties Limited	Hong Kong 香港	HK\$500,000	-	100	Property investment 物業投資
Faith Profit Limited 進雅有限公司	Hong Kong 香港	HK\$10,000	100	-	Property investment 物業投資
Wellgem Asia Limited 偉實亞洲有限公司	Hong Kong 香港	HK\$10,000	100	-	Property development 物業發展

34. 附屬公司詳情

於一九九六年三月三十一日
附屬公司詳情如下：

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED MARCH 31, 1996

財務報表附註 - 續

截至一九九六年三月三十一日止年度

34. PARTICULARS OF SUBSIDIARIES
- continued

34. 附屬公司詳情 - 續

公司名稱	成立/註冊/ 營業地點	已發行及繳足 股本/註冊資本	本公司所持已發行 股分面值/註冊資本之比率		主要業務
			直接	間接	
Name of company	Place of incorporation/ registration/ operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Rasa Sayang Limited	Hong Kong 香港	HK\$10,000	100	-	Security investment 股票投資
Siu Lam Construction Co. Limited 小林建築有限公司	Hong Kong 香港	HK\$100,000	100	-	Inactive 不活躍
Keng Fong Hotel Limited 建煌酒店業務有限公司	Hong Kong 香港	HK\$1,400,000	100	-	Inactive 不活躍
Wai Kin Investment Company, Limited 緯健中國工業有限公司	Hong Kong 香港	HK\$600,000	100	-	Investment holding 投資控股
Keng Fong China Industries Limited 建煌中國工業有限公司	Hong Kong 香港	HK\$2,450,000	100	-	Inactive 不活躍
Keng Fong Canada Enterprises Limited 建煌加拿大企業有限公司	Hong Kong 香港	HK\$10,000	100	-	Investment holding 投資控股
Heng Fung Capital Company Limited 恒鋒融資有限公司	Hong Kong 香港	HK\$2	100	-	Inactive 不活躍
Yichang Keng Fong Investment Company Limited 宜昌建煌投資有限公司	PRC 中國	US\$10,000,000	60	-	Investment holding 投資控股
Cangzhou Hengfeng Investment and Consultancy Co., Ltd. 滄州恒鋒投資諮詢發展有限公司	PRC 中國	RMB1,000,000	-	60	Management consultancy services 管理諮詢服務
(Formerly Cangzhou Jianghuang Invest Seekadvice From Co., Ltd.) (前稱滄州建煌投資諮詢發展有限公司)					
Hebei Recovery Pharmaceutical Co., Ltd. 河北瑞康藥業有限公司	PRC 中國	RMB5,500,000	-	60	Manufacture of pharmaceutical products 製造藥業產品
Cangzhou Jinli Building Material Machinery Co., Ltd. 金利建材機械有限公司	PRC 中國	RMB4,820,000	-	52	Manufacture of building material machinery 製造建築材料機器

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.
各附屬公司於年內並無任何尚未償還之借貸資本。

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED MARCH 31, 1996

財務報表附註 - 續

截至一九九六年三月三十一日止年度

35. PARTICULARS OF ASSOCIATED COMPANIES

35. 聯營公司詳情

Particulars of associated companies at March 31, 1996 are as follows:

於一九九六年三月三十一日之聯營公司詳情如下:

公司名稱	成立/ 營業地點	股本種類	本公司所持已發行 股分面值之比率		主要業務
			直接	間接	
Name of company	Place of incorporation/ operation	Class of share held	Proportion of nominal value of issued capital held by the Company Directly	Indirectly	Principal activities
379260 B.C. Ltd.	Canada 加拿大	Ordinary 普通	-	50	Property development 物業發展
Appreview (M) Sdn. Bhd.	Malaysia 馬來西亞	Ordinary 普通	-	49	Property development 物業發展
Gold Base Finance Company Limited 金基財務有限公司	Hong Kong 香港	Ordinary 普通	-	45	Inactive 不活躍
Ladner Pointe Development (a joint venture) (合資企業)	Canada 加拿大	No shares issued 無發行股份	-	25	Property development 物業發展
Misan Sdn. Bhd.	Malaysia 馬來西亞	Ordinary 普通	-	40	Inactive 不活躍
Park Lane Mercantile Limited	Canada 加拿大	Ordinary 普通	-	35	Property development 物業發展
Power Machines Company Limited 力大機械有限公司	Hong Kong 香港	Ordinary 普通	-	40	Inactive 不活躍
Styler Sdn. Bhd.	Malaysia 馬來西亞	Ordinary 普通	-	40	Property development 物業發展
Sunshine Properties Limited	Canada 加拿大	Ordinary 普通	-	50	Property development 物業發展
Tanjung Pasir Puteh Realty Sdn. Bhd.	Malaysia 馬來西亞	Ordinary 普通	-	40	Property development 物業發展
Hong Kong Hou Wang Investment Limited 香港猴王投資有限公司	Hong Kong 香港	Ordinary 普通	-	40	Inactive 不活躍
Hua Jian International Finance Company Limited* 華建國際財務有限公司*	Hong Kong 香港	Ordinary 普通	22	-	Direct investment, money lending and consultancy services 直接投資、借貸及諮詢服務

*Audited by Deloitte Touche Tohmatsu

*由德勤會計師行審核

36. COMPARATIVE FIGURES

36. 比較數字

Certain comparative figures have been reclassified to conform with the current year's presentation.

若干比較數字經已重新分類，以符合本年度之呈報方式。

FINANCIAL SUMMARY

財務資料概要

	截至三月三十一日止年度				
	For the year ended March 31,				
	1996	1995	1994	1993	1992
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS	業績				
Turnover	13,397	11,066	2,859	3,285	5,298
Operating loss	經營虧損				
Continuing operations before exceptional items	未計特殊項目之持續營運				
Exceptional items	特殊項目				
	(7,777)	(3,846)	(6,492)	(5,363)	(4,095)
	(4,228)	(3,349)	(67)	1,728	(911)
	(12,005)	(7,195)	(6,559)	(3,635)	(5,006)
Share of (losses) profits of associated companies	應佔聯營公司(虧損)溢利				
	(691)	(271)	(782)	274	450
Loss from ordinary activities before taxation	(12,696)	(7,466)	(7,341)	(3,361)	(4,556)
Taxation credit (charge)	848	(2,050)	(71)	(314)	(240)
Loss before minority interests	(11,848)	(9,516)	(7,412)	(3,675)	(4,796)
Minority interests	854	(1,384)	10	-	2
Loss for the year	(10,994)	(10,900)	(7,402)	(3,675)	(4,794)
	Cents	Cents	Cents	Cents	Cents
	仙	仙	仙	仙	仙
Loss per share *	(3.98)	(4.48)	(3.80)	(2.10)	(2.95)
ASSETS AND LIABILITIES	資產及負債				
	於三月三十一日				
	As at March 31,				
	1996	1995	1994	1993	1992
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	157,555	92,147	69,891	60,389	50,067
Total liabilities	(52,320)	(26,068)	(13,716)	(14,152)	(10,871)
Minority interests	(12,222)	(10,943)	(346)	-	-
Shareholders' funds	93,013	55,136	55,829	46,237	39,196

*Adjusted for the rights issue of shares in November, 1993
 *已對一九九三年十一月供股作出調整。

PARTICULARS OF MAJOR PROPERTIES

主要物業概要

AT MARCH 31, 1996

於一九九六年三月三十一日

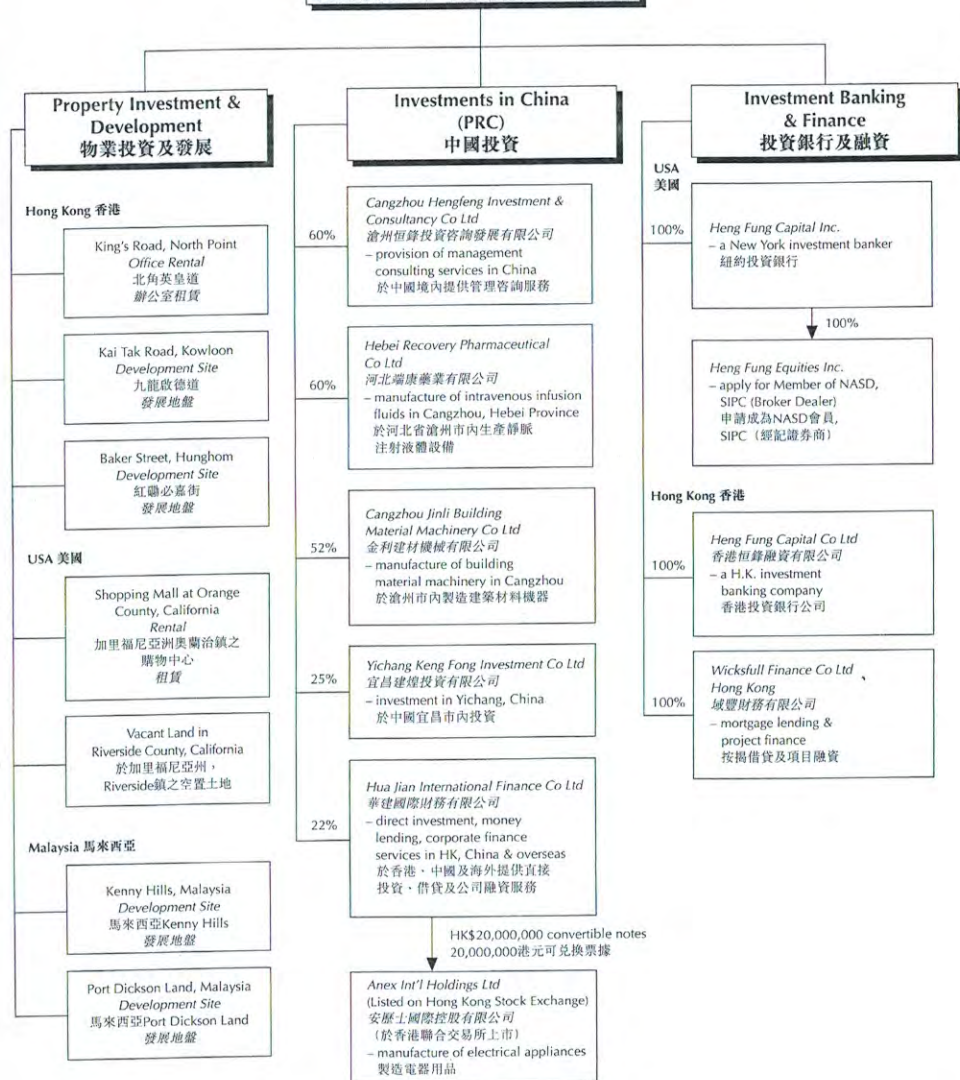
地點 Location	所佔權益之百分比 Effective % held	類別 Type	租約 Lease	
INVESTMENT PROPERTIES 投資物業				
20/F., and car parking spaces Nos. 10 and 11 on 3/F., SUP Tower No. 4 Mercury Street and Nos. 75-83 King's Road, North Point Hong Kong 香港北角英皇道75-83號聯合出版大廈20字樓與3樓10號及11號之車位	100	Office premises 辦公室	Long leasehold 長期租約	
Northeast Corner of Tustin Avenue and Katella Avenue, Orange City, Orange County California, U.S.A.	100	Shopping mall 購物商場	Freehold 永久業權	
LAND AND BUILDINGS 土地及樓宇				
Ap 671-180-012-013-014-015-016-017-018 in Riverside County, California, U.S.A. (Site area: 67.5 acres) (地盤面積67.5畝)	100	Vacant land 空地	Freehold 永久業權	
Lot No. 1210 and 1211 Demarcation district No. 316 New Territories, Hong Kong 香港新界丈量約份316號地段1210號及1211號	50	Vacant land 空地	Long leasehold 長期租約	
地點 Location	平方米 Square metre	擁有權 Effective % held	類別 Type	租約 Lease
PROPERTIES HELD FOR SALE 待出售物業				
Car parking spaces Nos. 22 to 24 on lower G/F., Inverness Villa No. 22 Inverness Road Kowloon, Hong Kong 香港九龍延文禮士道22號地下車位22號至24號	30	100	Car parking space 泊車位	Long leasehold 長期租約
PROPERTIES UNDER DEVELOPMENT FOR SALE 發展出售物業				
Nos. 28 and 30 Kai Tak Road Kowloon City Kowloon, Hong Kong 香港九龍九龍城啟德道28及30號	167.22	100	Vacant land 空地	Long leasehold 長期租約

HENG FUNG HOLDINGS COMPANY LIMITED

恒鋒集團有限公司

GROUP STRUCTURE AS OF JULY 1, 1996
於一九九六年七月一日之公司架構

THE COMPANY



HENG FUNG HOLDINGS COMPANY LIMITED

恒鋒集團有限公司

Form of proxy for Annual General Meeting

I/We ¹ of being the registered holder(s) of ² shares of HK\$0.25 each in the capital of Heng Fung Holdings Company Limited (the "Company"), hereby appoint ³ the Chairman of the Meeting or

as my/our proxy to act for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Victoriana Room on 4/F., Hotel Furama Kempinski Hong Kong, 1 Connaught Road, Central, Hong Kong on Thursday, 8 August, 1996 at 9.00 a.m. and at any adjournment thereof to vote for me/us and in my/our name(s) as indicated below or, if no such indication is given, as my/our proxy thinks fit.

	RESOLUTIONS	FOR ⁴	AGAINST ⁴
1.	As an Ordinary Resolution, to receive and consider the audited consolidated financial statements and the directors' report and auditors' report for the year ended 31 March 1996.	<input type="checkbox"/>	<input type="checkbox"/>
2.	As an Ordinary Resolution, (i) to re-elect the following retiring directors as directors: a) Mr. Ng Mok Yuen b) Mr. Leung Sik Keung c) Ms. Mary-Ann S.J. Chan (ii) to authorise the board of directors to fix the directors' remuneration	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.	As an Ordinary Resolution, to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and to authorise the board of directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4.	As an Ordinary Resolution, to grant the Directors a general mandate to allot and issue new shares.	<input type="checkbox"/>	<input type="checkbox"/>
5.	As a Special Resolution, to amend the existing Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 1996. Signature(s)

Notes:

- Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
- Please insert the number of shares registered in your name(s) to which this form of proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
- If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" herein inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON(S) WHO SIGN(S) IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK IN THE BOX MARKED "AGAINST".** Failure to tick either box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the notice convening the Meeting.
- In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the Company's registered office, Unit B, 13th Floor, Lippo Leighton Towers, 103-109 Leighton Road, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney or other person duly authorised.
- In the case of joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint registered holders is present at the Meeting, either personally or by proxy, then that one of the said persons so present whose name stands first in the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- Completion of this form of proxy will not preclude you from attending and voting at the Meeting if you so wish.

HENG FUND HOLDINGS COMPANY LIMITED

恒鋒集團有限公司

股東週年大會代表委任表格

本人/吾等(附註1) (股票持有人)
 地址
 乃恒鋒集團有限公司(「本公司」)每股面值港幣0.25元之普通股份 股(附註2)之登記持有人，
 茲委任(附註3)本大會主席或 (受委任人)
 為本人/吾等代表，並出席上述公司於一九九六年八月八日星期四上午九時正假座香港中環干諾道中一
 號富麗華酒店四樓維多利亞廳召開之股東週年大會或其任何展延之會議，並代表本人/吾等作如下之
 投票表決：—

表決事項	贊成(附註4)	反對(附註4)
一. 作為普通決議案，省覽截至一九九六年三月三十一日止年度之 經審核綜合財務報表，以及董事會與核數師報告書。	<input type="checkbox"/>	<input type="checkbox"/>
二. 作為普通決議案，(甲)重選下列告退之董事連任： 1. 吳木源先生。 2. 梁錫強先生。 3. 陳淑貞小姐。 (乙)授權董事會釐定董事酬金。	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
三. 作為普通決議案，重新委聘德勤會計師行為本公司之核數師， 並授權董事會釐定其酬金。	<input type="checkbox"/>	<input type="checkbox"/>
四. 作為普通決議案，給予董事會一項發行股份之一般授權。	<input type="checkbox"/>	<input type="checkbox"/>
五. 作為特別決議案，修改本公司現時之公司組織章程。	<input type="checkbox"/>	<input type="checkbox"/>

日期：一九九六年 月 日

股東簽署：_____

附註：

- 請用正楷填上全名及地址。
- 請填上與本代表委任表格有關之閣下名義登記之股份數目；如未有填上股份數目，本代表委任表格將被視為與閣下名下之全部本公司股份有關。
- 如擬委派大會主席以外之人士為代表，請將「大會主席」字樣刪去，並在空欄內填上擬委派代表之姓名及地址。本代表委任表格之每項更正，均須由簽署人簡簽示可。
- 注意：閣下如欲投票贊成有關決議案，請在「贊成」欄內填上「√」號；閣下如欲投票反對有關決議案，請在「反對」欄內填上「√」號。如無任何指示，則閣下之代表可自行酌情投票。閣下之代表亦可就大會通告並未提及而正式提呈大會之任何決議案酌情投票。
- 本代表委任表格連同經簽署之授權書或其他授權文件（如有）或經公證人簽署證明之該等授權書或授權文件副本，最遲須於上述大會或其任何續會指定舉行時間48小時前交回本公司之註冊辦事處，地址為香港銅鑼灣禮頓道103-109號力寶禮頓大廈十三樓B室，方為有效。
- 本代表委任表格須由閣下或閣下之正式書面授權人簽署；如股東為有限公司，則須另行蓋上公司印鑑，或由公司負責人或授權人或獲正式授權之其他人士簽署。
- 如屬聯名股份持有人，則只有在股東名冊上就有關股份排名首位之人士有權於大會上投票或就該等股份委任代表。
- 受委代表毋須為本公司股東，惟須親身出席大會以代表閣下。
- 填妥及交回代表委任表格後，閣下屆時仍可出席大會及在會上投票。