

**SINO-I TECHNOLOGY LTD AND SOUTH SEA HOLDING COMPANY LTD:
THE TAXMAN HAS COME, A-KNOCKING ON THEIR DOORS**

A subsidiary of [Sino-i Technology Ltd](#) (Code: 250, Main Board, The Stock Exchange of Hongkong Ltd) has just been sued by The Commissioner of Inland Revenue of Hongkong in respect of taxation matters.

The Commissioner of Inland Revenue of Hongkong has sued the subsidiary for just \$HK40,435.

The subsidiary is Team Concepts Technologies Ltd, which is held, effectively, as to 44.01 percent by Sino-i Technology via that company's holding in South Sea Holding Company Ltd (Code: 680, Main Board, The Stock Exchange of Hongkong Ltd).

In the Annual Report of Sino-i Technology for the Financial Period, April 1, 2003, to December 31, 2003, it shows, at Page 75, that Team Concepts Technologies is owned, indirectly, as to 44.01 percent.

This is due to the fact that Sino-i Technology has a 67.71-percent interest in South Sea Holding Company Ltd, which, in turn, owns 65 percent of the Issued and Fully Paid-Up Share Capital of Team Concepts Technologies, as shown at Page 50 of the 2003 Annual Report of South Sea Holding for the Financial Period, April 1, 2003, to December 31, 2003.

Team Concepts Technologies is said to be in the business of designing and marketing consumer electronic products, according to the Annual Reports of both publicly listed companies.

Both Sino-i Technology and South Sea Holding are controlled by Mr Yu Pun Hoi, who is the Chairman of both companies.

As at December 31, 2003, Sino-i Technology reported a Net Profit Attributable to Shareholders of about \$HK80.97 million, while South Sea Holding reported a Net Profit Attributable to Shareholders of \$HK63.55 million.

In short, both companies appear to be in profit.

However, the companies' auditor, Grant Thornton, had, what amounted to, severe reservations about both sets of accounts, and said so in the following manner:

'In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the adoption of the going concern basis for the preparation of the financial statements. As set out in note 2 to the financial statements, the financial statements have been prepared on a going concern basis, the validity of which is dependent on the continuing financial support from the Group's bankers. The financial statements do not include any adjustments that would result from a failure of the Group to operate as a going concern. Had the going concern basis not been used, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively ...'.

At Page 57 of the 2003 Annual Report of South Sea Holding, it is shown that secured bank loans and overdrafts stood at about \$HK378.87 million, of which \$HK68 million was classified as being 'Current'.

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