



Notes to Financial Statements

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18. INTERESTS IN SUBSIDIARIES (Continued)

During the year, the following significant acquisitions took place:

Acquiree	Place of incorporation	Principal activities	Percentage of voting shares acquired	Cost of acquisition paid HK\$'000	Effective date of acquisition
Kipton Limited	Hong Kong	Investment holding (note a)	31%	46,731	31 August 2000
West Marton Group Limited	British Virgin Islands	Investment holding (note b)	90%	120,000	31 October 2000

Notes:

- (a) As detailed in note 19 to the financial statements, Kipton was previously an associate and became a subsidiary of the Group during the year. The subsidiary of Kipton owns an investment in a joint venture, details of which are set out in note 20 to the financial statements.
- (b) The subsidiaries of West Marton are principally engaged in the provision of portal services.

19. INTERESTS IN ASSOCIATES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	—	—	—	689
Share of net assets	2,077	96,754	—	—
Less: Impairment losses	—	(2,708)	—	(689)
	<u>2,077</u>	<u>94,046</u>	<u>—</u>	<u>—</u>
Due from associates	45,791	60,181	—	10
Less: Provision against amounts due from associates	—	(4,737)	—	—
	<u>47,868</u>	<u>149,490</u>	<u>—</u>	<u>10</u>

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.



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19. INTERESTS IN ASSOCIATES (Continued)

Particulars of the associates at 31 March 2001 are as follows:

Company	Business structure	Place of incorporation and operations	Percentage of equity attributable to the Group		Principal activities
			2001	2000	
Yee Tai Group Limited	Corporation	British Virgin Islands	18	18	Investment holding
Inworld Holdings Limited	Corporation	British Virgin Islands	43	—	Investment holding

During the year, the Group increased its equity interest in Kippton from 49% to 80%. Kippton then ceased to be an associate and became a subsidiary of the Group. Details of this acquisition are set out in note 18 to the financial statements.

20. INVESTMENT IN A JOINT VENTURE

	Group	
	2001 HK\$'000	2000 HK\$'000
Unlisted investments, at cost	551,837	—
Less: Amortisation provided during the year	(39,964)	—
	<u>511,873</u>	<u>—</u>
Due to the joint venture	(851)	—
	<u>511,022</u>	<u>—</u>

Investment in a joint venture represents the investment in a Sino-foreign co-operative joint venture, Wuhan Dongseng Highway Building Development Company Limited (“Dong Seng”). The principal activity of Dong Seng is the development and operations of a section of National Highway 318 as a toll expressway in the People’s Republic of China for a tenure of 19.5 years commencing from 10 November 1995, including 1.5 years of construction and development period and an operational period of 18 years.



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20. INVESTMENT IN A JOINT VENTURE (Continued)

Pursuant to the joint venture agreement, the Group cannot control or exercise significant influence over Dong Seng and is only entitled to profit distribution throughout the operational period of 18 years. Upon expiry of the joint venture, the toll expressway will be returned to the joint venture partner. Accordingly, the investment in Dong Seng is stated at cost and amortised over the operational period of 18 years.

The investment in Dong Seng is pledged to secure a bank loan granted to the Group, as detailed in note 31.

The amount due to Dong Seng is unsecured, interest-free and has no fixed terms of repayment.

21. LONG TERM INVESTMENTS AND RELATED ADVANCE

	Group	
	2001	2000
	HK\$'000	HK\$'000
Listed equity investments in Hong Kong, at market value	20,252	—
Unlisted equity investments, at cost	132,992	135,159
Less: Impairment losses (note)	(26,598)	—
	106,394	135,159
Advance to an investee company	16,384	16,000
	122,778	151,159
	143,030	151,159

Pursuant to the sale and purchase agreement dated 13 January 2000, the Group acquired a 40% equity interest in Cyber World Technology Limited ("Cyber World") from an independent third party for a consideration of approximately HK\$133 million. The principal asset of Cyber World is its 100% equity interest in Beijing Spatial Port Network Technology Limited, a wholly foreign owned enterprise established in the People's Republic of China which is engaged in the field of geographic information system, global positioning system, remote sensing and Internet related services.

Subsequent to the balance sheet date, pursuant to certain restructuring arrangements undertaken by Cyber World for its listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Group exchanged its interest in Cyber World for an interest in Riverhill Holdings Limited ("Riverhill"), the holding company of Cyber World. The shares of Riverhill were listed on 1 June 2001. Following the listing of Riverhill, the Group's interest in Riverhill was diluted to 28%.



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21. LONG TERM INVESTMENTS AND RELATED ADVANCE (Continued)

Particulars of the principal investment are then as follows:

Company	Place of incorporation	Class of shares held	Percentage of equity attributable to the Group
Riverhill Holdings Limited	Cayman Islands	Ordinary	28

In the opinion of the directors, the Group is not in a position to exercise significant influence over Cyber World and Riverhill and, accordingly, such investments are treated as a long term investments and not as associates.

The advance to Cyber World was unsecured and interest-free up to 30 June 2001. The advance is unsecured, interest-bearing at Hong Kong prime rate per annum and is repayable in twelve equal monthly instalments starting from 1 July 2001.

The market values of the Group's investments in Riverhill at the date of approval of these financial statements were approximately HK\$135,122,000.

Note: The impairment losses are estimated by the directors based on the recoverable amount. The recoverable amount is the net selling price determined by reference to the discounted market prices of the shares of Riverhill.

22. DEPOSIT

In the prior year, the Group entered into a subscription agreement with an independent third party to acquire an associate at a consideration of HK\$20,000,000. As at 31 March 2000, a deposit of HK\$14,495,000 was paid by the Group. The acquisition was completed in the current year and the deposit has been reclassified as interests in associates.

23. INVENTORIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Raw materials	8,891	6,505
Finished goods	624	3,146
	9,515	9,651

No inventories were carried at net realisable value as at 31 March 2001 (2000: Nil).



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24. LOANS RECEIVABLE

The ageing analysis of loans receivable is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Within 6 months	67,810	122,634
Between 6 to 12 months	40,224	24,583
Over 1 year	30,700	85,259
	<u>138,734</u>	<u>232,476</u>
Provision for doubtful debts	(43,124)	(74,878)
	<u>95,610</u>	<u>157,598</u>

Loans receivable arise from the Group's financing business and bear interests at market rates.

25. ACCOUNTS RECEIVABLE

	Group	
	2001	2000
	HK\$'000	HK\$'000
Balances in relation to:		
Securities dealing and broking	12,440	33,096
General trading and others	4,491	7,781
	<u>16,931</u>	<u>40,877</u>

The ageing analysis of accounts receivable is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Within 6 months	16,477	42,598
Between 6 to 12 months	4,772	1,888
Over 1 year	630	13,396
	<u>21,879</u>	<u>57,882</u>
Provision for doubtful debts	(4,948)	(17,005)
	<u>16,931</u>	<u>40,877</u>



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25. ACCOUNTS RECEIVABLE (Continued)

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. Overdue balances are regularly reviewed by senior management.

26. SHORT TERM INVESTMENTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Listed equity investments in Hong Kong, at market value	<u>6,148</u>	<u>7,353</u>

27. CLIENT TRUST BANK ACCOUNTS

Client trust bank accounts represent clients' trust monies kept in the trust bank accounts of a subsidiary engaged in the securities dealing business. The application of amounts maintained in such trust bank accounts is prescribed in the Securities Ordinance.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
General accounts:				
Cash and bank balances	21,775	15,896	366	2
Time deposits	111,437	655,656	20,108	655,656
	<u>133,212</u>	<u>671,552</u>	<u>20,474</u>	<u>655,658</u>



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29. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
Balances in relation to:				
Securities dealing and broking	17,070	36,837	—	—
General trading and others	33,117	92,568	613	15,886
Excess application monies in respect of rights issue	—	77,818	—	77,818
	<u>50,187</u>	<u>207,223</u>	<u>613</u>	<u>93,704</u>

The ageing analysis of the Group's trade payables is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Within 6 months	19,483	72,390
Between 6 to 12 months	843	422
Over 1 year	4,505	869
	<u>24,831</u>	<u>73,681</u>
Other payables and accrued expenses	25,356	133,542
	<u>50,187</u>	<u>207,223</u>