

Notes to the Accounts

1. Basis of preparation of accounts

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with the Statements of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties, property held for development and other investments.

2. Principal accounting policies

The principal accounting policies adopted in the preparation of the accounts are set out below.

(a) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. A company is a subsidiary if more than 50% of the voting power or issued share capital is held for the long-term or the composition of the board of directors is under control.

The consolidated accounts also include the Group’s share of post-acquisition profits less losses, and reserves, of its associated companies.

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any goodwill or capital reserve which was not previously recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company’s balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group’s share of the results of associated companies as reported in their accounts, and the consolidated balance sheet includes the Group’s share of the net assets of the associated companies.

(c) Goodwill or capital reserve on consolidation

Goodwill or capital reserve on consolidation represents the excess or shortfall of the purchase consideration paid over the

Group’s share of the fair value ascribed to the net assets of the respective subsidiaries or associated companies acquired at the date of acquisition and are written off or credited to reserves in the year in which they arise. Upon disposal of a subsidiary or an associated company, the attributable amount of goodwill or capital reserve previously written off or credited to reserves is transferred to the profit and loss account in determining the profit or loss on such disposal.

(d) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm’s length.

Investment properties held on leases with unexpired periods of greater than 20 years are stated at valuations undertaken annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

(e) Properties held for development

Properties held for development are investments in land and buildings under or pending construction. The investments are carried at valuation of the land and development and construction expenditure incurred and interest and other direct costs attributable to the development. Properties held for development are not depreciated. On completion, the properties are transferred to investment properties or properties for sale.

(f) Leasehold land and buildings and other fixed assets

Leasehold land and buildings and other fixed assets are stated at cost or valuation, less accumulated depreciation.

Leasehold land is amortised over the remaining period of the relevant lease. Buildings are depreciated at the annual rate of 4%.

Other fixed assets are depreciated at annual rates of 10% to 20% to write off their costs over their remaining estimated useful lives on a straight line basis.

Repair and maintenance costs are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The gains or losses on disposal of leasehold land and buildings and other fixed assets are determined as the difference between the net sales proceeds and the carrying amount of the relevant assets, and are recognised as income or expense in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant assets is transferred to retained earnings and is shown as a movement in reserves.

(g) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable on or receivable from such leases are charged or credited to the profit and loss account on a straight line basis over the lease term.

(h) Other investments

Other investments are held for the long term and are stated at valuation. Increases in valuation are credited to the investment revaluation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant investment, together with the relevant portion of the investment revaluation reserve realised, is dealt with in the profit and loss account.

(i) Properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realisable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties. Land cost is stated at cost or valuation carried out prior to the commencement of the development. Any previous revaluation reserve will be frozen until the disposal of the property whereupon the frozen revaluation reserve will be transferred directly to retained earnings.

Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the balance sheet date, or by management estimates based on prevailing market conditions.

(j) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future.

(k) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

Where a forward contract is used for trading purposes or as a hedge of a net monetary asset or liability, the gain or loss on the contract and the discount or premium are taken to the profit and loss account.

The accounts of all overseas subsidiaries and associated companies are translated at the rates of exchange ruling at the balance sheet date and the resulting exchange differences are dealt with as a movement in reserves.

(l) Revenue recognition

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

Operating lease rental income is recognised on a straight-line basis.

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

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Storage income and other income are recognised on an accruals basis.

(m) Retirement benefit costs

The Group's contributions to the defined contribution retirement scheme are expensed as incurred. The assets of the scheme are held separately from those of the Group in independently administered funds.

(n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

The capitalisation rate of the borrowing costs eligible for capitalisation is the interest rate applicable to the loan borrowed for that asset.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

Notes to the Accounts

3. Analysis of Group's turnover, revenues and operating profit

The Group is principally engaged in property investment and development, investment holding and property management. Turnover, revenues and operating profit can be analysed as follows:

	Turnover and revenues	
	2001 HK\$'000	2000 HK\$'000
Turnover		
Sale of properties for sale	162,478	71,000
Rental income	195,007	169,363
Storage income	27,852	20,510
	<u>385,337</u>	<u>260,873</u>
Other revenues		
Dividend income from other investments	11,943	12,465
Interest income	601	1,162
Gain on disposal of investment properties	42,593	2,999
Others	2,425	3,366
	<u>57,562</u>	<u>19,992</u>
	<u>442,899</u>	<u>280,865</u>
	Operating profit	
	2001 HK\$'000	2000 HK\$'000
Operating profit before interest income and finance costs		
Sale of properties for sale	(11,536)	12,839
Rental income	113,660	75,520
Storage income	1,067	(2,059)
Gain on disposal of investment properties	42,593	2,999
Write back of provision for other receivables	—	241
Investment income	11,943	12,465
	<u>157,727</u>	<u>102,005</u>
Interest income less finance costs	<u>(74,582)</u>	<u>(87,095)</u>
Operating profit	<u>83,145</u>	<u>14,910</u>

Analysis of turnover and operating profit by geographical area is as follows:

	Turnover		Operating profit	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Operating results before interest income and finance costs				
Hong Kong	380,554	254,643	142,175	92,087
Singapore	3,645	3,838	16,335	10,363
Mainland China	1,138	2,392	(783)	(445)
	<u>385,337</u>	<u>260,873</u>	<u>157,727</u>	<u>102,005</u>
Interest income less finance costs	<u>—</u>	<u>—</u>	<u>(74,582)</u>	<u>(87,095)</u>
	<u>385,337</u>	<u>260,873</u>	<u>83,145</u>	<u>14,910</u>

4. Operating profit

Operating profit is stated after crediting and charging the following:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Crediting:		
Gain on disposal of investment properties	42,593	2,999
Gross rental income from investment properties	181,919	158,442
Gross rental income from property held for development	10,205	10,262
Dividend income from other investments	11,943	12,465
Exchange gain	1,226	—
	<u>3,887</u>	<u>3,869</u>
Charging:		
Depreciation of fixed assets	3,887	3,869
Staff costs excluding retirement benefit costs	28,711	28,782
Cost of properties for sale sold	171,709	58,161
Outgoings in respect of investment properties	57,443	57,854
Outgoings in respect of property held for development	6,188	3,910
Operating leases – land and buildings	8,845	9,237
Retirement benefit costs (<i>Note 7</i>)	235	6
Auditors' remuneration	660	617
Exchange loss	—	7,762
	<u>7,762</u>	<u>7,762</u>

5. Directors' and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments paid by the Group to Directors of the Company during the year are as follows:

	2001	2000
	HK\$'000	HK\$'000
Fees	400	266
Other emoluments:		
Salaries	5,855	5,799
Bonuses	4,159	3,226
Contribution to provident fund	37	—
	<u>10,451</u>	<u>9,291</u>

Directors' fees disclosed above include HK\$160,000 (2000: HK\$80,000) paid to Independent Non-Executive Directors.

The emoluments of the Directors fell within the following bands:

Emolument bands	Number of Directors	
	2001	2000
Nil — HK\$1,000,000	8	8
HK\$1,000,001 — HK\$1,500,000	2	3
HK\$1,500,001 — HK\$2,000,000	3	2
HK\$2,000,001 — HK\$2,500,000	1	1
	<u>14</u>	<u>14</u>

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for both years were also Directors of the Company and their emoluments are reflected in the analysis presented above.

Notes to the Accounts

6. Finance costs

	Group	
	2001	2000
	HK\$'000	HK\$'000
Interest expense		
Bank loans and overdrafts	75,129	83,745
Other loans and payables repayable within five years	<u>54</u>	<u>4,512</u>
Total borrowing costs	<u><u>75,183</u></u>	<u><u>88,257</u></u>

7. Retirement benefit costs

The Group contributes to a defined contribution mandatory provident fund scheme for those employees in Hong Kong under the age of 65. A subsidiary operates in a country which has central government administrated retirement scheme. Contributions are made by the Group as a percentage of employees' relevant salaries, according to the statutory requirements. The retirement benefit costs charged to the profit and loss account representing contributions payable by the Group in respect of the above retirement schemes are set out in Note 4.

Contributions totalling HK\$50,000 (2000: Nil) were payable to the schemes at the year-end and are included in creditors and accruals.

8. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits of subsidiaries and associated companies operating overseas, at rates applicable in the respective jurisdictions.

	Group	
	2001	2000
	HK\$'000	HK\$'000
The Company and its subsidiaries:		
Hong Kong profits tax	2,507	50
Overseas taxation	423	814
Deferred taxation (Note 25)	<u>520</u>	<u>402</u>
	<u><u>3,450</u></u>	<u><u>1,266</u></u>
Associated companies:		
Hong Kong profits tax	4	66
Overseas taxation	<u>3</u>	<u>1,413</u>
	<u><u>7</u></u>	<u><u>1,479</u></u>
	<u><u>3,457</u></u>	<u><u>2,745</u></u>
Deferred tax credit for the year has not been accounted for in respect of:		
Tax losses	<u><u>5,050</u></u>	<u><u>4,572</u></u>

9. Profit attributable to shareholders

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$5,309,000 (2000: HK\$33,194,000).

10. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$52,055,000 (2000: HK\$10,819,000) and 259,685,288 shares in issue during the year (2000: weighted average of 222,341,991 shares in issue after adjustment of the number of shares in issue prior to the one-for-one rights issue on 4th August, 1999 by the factor 2.20/1.90, i.e. the last cum-rights price over the theoretical ex-rights price).

11. Related party and connected transactions

- (a) The following is a summary of significant related party transactions which, in the opinion of the Directors, were carried out in the normal course of the Group's business on terms no more favourable than terms available to independent third parties:

	2001 HK\$'000	2000 HK\$'000
Sale of properties to the Winsor Industrial Corporation, Limited ("WICL") Group	35,626	71,000
Purchase of properties from WICL Group for resale	75,000	—
Compensation paid to WICL Group for vacating properties for resale	13,000	—
Rental and storage income received from the WICL Group	5,232	4,567
Rental expenses paid to the WICL Group	1,623	1,685
Reimbursement of administrative expenses to the WICL Group	14,176	15,667
Interest expense paid to the WICL Group	—	3,655

The Group and the WICL Group are considered to be related by virtue of the fact that certain Directors of the Company are also directors of WICL.

- (b) The following transactions constituted Connected Transactions as defined under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited by reason that Chericourt Company Limited ("Chericourt") is a 75% owned subsidiary of the Company:

During the year loans totalling HK\$61,165,000 were repaid by Chericourt to certain wholly owned subsidiaries (2000: HK\$149,051,000). The loans are for financing the development costs of the Regent Centre at 63-73 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong. The loans are unsecured and have no fixed terms of repayment. As at 31st March, 2001, loans granted by the wholly owned subsidiaries to Chericourt amounted to HK\$643,809,000 (2000: HK\$704,974,000) of which HK\$585,300,000 (2000: HK\$585,300,000) is interest free and the remaining balance carries interest at Hong Kong Inter-bank Offer Rate plus 1.875% per annum.

On 27th January, 2000 the Company issued a guarantee to a bank to secure a term loan facility of HK\$110,000,000 granted to Chericourt. The term loan is repayable by progressive quarterly instalments within seven years. Each of the minority shareholders of Chericourt has provided a deed of indemnity to indemnify the Company against the guaranteed liability of Chericourt to the extent of its percentage shareholding in Chericourt.

Notes to the Accounts

12. Fixed assets

	Group				
	Investment properties HK\$'000	Leasehold land and buildings HK\$'000	Property held for development HK\$'000	Others HK\$'000	Total HK\$'000
At cost or valuation					
At 1st April, 2000	2,466,486	37,907	296,000	17,548	2,817,941
Translation differences	(4,149)	87	—	3	(4,059)
Additions	—	29	462	280	771
Increase/(decrease) in revaluation	5,152	—	(462)	—	4,690
Disposals	(189,546)	(149)	—	(121)	(189,816)
At 31st March, 2001	<u>2,277,943</u>	<u>37,874</u>	<u>296,000</u>	<u>17,710</u>	<u>2,629,527</u>
Accumulated depreciation					
At 1st April, 2000	—	4,042	—	9,481	13,523
Charge for the year	—	1,017	—	2,870	3,887
Disposals	—	—	—	(80)	(80)
At 31st March, 2001	<u>—</u>	<u>5,059</u>	<u>—</u>	<u>12,271</u>	<u>17,330</u>
Net book value					
At 31st March, 2001	<u>2,277,943</u>	<u>32,815</u>	<u>296,000</u>	<u>5,439</u>	<u>2,612,197</u>
At 31st March, 2000	<u>2,466,486</u>	<u>33,865</u>	<u>296,000</u>	<u>8,067</u>	<u>2,804,418</u>
Analysis of cost or valuation:					
At professional valuation in					
1996	—	37,000	—	—	37,000
2001	2,277,943	—	296,000	—	2,573,943
At cost	—	874	—	17,710	18,584
	<u>2,277,943</u>	<u>37,874</u>	<u>296,000</u>	<u>17,710</u>	<u>2,629,527</u>

Investment properties are held in Hong Kong and Singapore and were revalued at 31st March, 2001 by B. I. Appraisals Limited and Colliers Jardine Consultancy & Valuation (Singapore) Pte. Ltd., both being independent valuers, respectively on the open market value basis.

Net book value of investment properties, property held for development and leasehold land and buildings are analysed as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Held in Hong Kong:		
On medium-term leases	2,481,906	2,672,565
Held outside Hong Kong:		
On long-term leases	92,037	89,921
On medium-term leases	<u>32,815</u>	<u>33,865</u>
	<u>2,606,758</u>	<u>2,796,351</u>

Medium-term leasehold land and buildings outside Hong Kong are held in Mainland China and are stated at valuation at 30th June, 1996 on the open market value basis by Jones Lang Wootton Ltd., independent valuers, plus cost of additions subsequent to that date. In the Directors' opinion the net book values of these properties approximate their respective market values at 31st March, 2001. The aggregate net book value of these properties at 31st March, 2001 was HK\$32,815,000 (2000: HK\$33,865,000) but would have been HK\$35,234,000 (2000: HK\$36,406,000) had they been stated at cost less accumulated depreciation.

Property held for development is held in Hong Kong and is stated at valuation at 31st March, 2001 on the open market value basis by B. I. Appraisals Limited, independent valuers.

Certain investment properties and property held for development with a total net book value of HK\$2,069,300,000 as at 31st March, 2001 (2000: HK\$2,169,036,000) have been mortgaged to secure the Group's banking facilities.

13. Subsidiaries

	Company	
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares – at cost	1	1
Loans and amounts due from subsidiaries	3,297,854	3,277,841
Less: Provision	<u>(871,023)</u>	<u>(914,952)</u>
	<u>2,426,832</u>	<u>2,362,890</u>

A legal charge over the Group's shareholding in Winsor Air Cargo Centre Limited has been executed in favour of a bank to secure a loan facility of HK\$164,500,000 (2000: HK\$350,250,000) granted to Winsor Air Cargo Centre Limited.

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

Particulars of the subsidiaries are set out on pages 32 to 33.

14. Associated companies

	Group	
	2001	2000
	HK\$'000	HK\$'000
Group's share of net assets	18,194	44,791
Amounts due from associated companies	<u>82,628</u>	<u>83,331</u>
	<u>100,822</u>	<u>128,122</u>
Investments at cost – unlisted shares	<u>20,854</u>	<u>20,854</u>

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

Particulars of the associated companies are set out on page 33.

15. Other investments

	2001	2000
	HK\$'000	HK\$'000
Unlisted investments – at valuation	525,526	537,266
Loans due from unlisted investments	<u>1,046</u>	<u>1,046</u>
	<u>526,572</u>	<u>538,312</u>

Unlisted investments at valuation include investments in 5.14% (2000: 5.14%) and 10.06% (2000: 10.06%) respectively of the ordinary share capitals of Suntec City Development Pte. Ltd. and Suntec Investments Pte. Ltd., both incorporated in Singapore ("the Suntec Interests").

As at 31st March, 2001, the Suntec Interests were revalued by the Directors on a business valuation basis with reference to the property market in Singapore at HK\$517,921,000 (2000: HK\$529,661,000) and the valuation deficit of HK\$11,740,000 has been debited to the investment revaluation reserve account (Note 22). The carrying amount of the Group's investment in Suntec City Development Pte. Ltd. exceeded 10% of the total assets of the Group.

The loans due from unlisted investments are unsecured, interest free and have no fixed terms of repayment.

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16. Other receivables

	Group	
	2001	2000
	HK\$'000	HK\$'000
Loans due from third parties	189,859	189,859
Provision	<u>(189,859)</u>	<u>(189,859)</u>
	<u>—</u>	<u>—</u>

The loans were advanced by the Group to two construction companies (“the Borrowers”), which are independent third parties, pursuant to a loan agreement dated 27th March, 1998. On 27th November, 1998 the Borrowers commenced voluntary liquidation and the Group made full provision against the loans.

17. Properties for sale

Properties for sale have been mortgaged to secure the Group’s banking facilities.

18. Debtors and receivables

Included in debtors and receivables are trade debtors which represent mainly rents receivable from tenants of the Group’s properties. The Group maintains a defined policy in respect of rent collection. Reminders are issued half-monthly when rents are overdue for 15 days, and legal actions will be taken when rents are overdue for two months. The ageing analysis of trade debtors is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Current – 45 days	7,329	7,387
46 – 90 days	4,839	4,655
Over 90 days	<u>5,669</u>	<u>7,181</u>
	<u>17,837</u>	<u>19,223</u>

19. Creditors and accruals

- a. Included in creditors and accruals are an amount of HK\$1,313,000 (2000: HK\$632,000), being money collected on behalf of an associated company, and an amount of HK\$3,574,000 (2000: HK\$3,805,000) being shared administrative expenses payable to the WICL Group.
- b. Also included in creditors and accruals are trade creditors the ageing analysis of which is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Current – 45 days	2,643	4,389
46 – 90 days	908	782
Over 90 days	<u>57</u>	<u>1,120</u>
	<u>3,608</u>	<u>6,291</u>

20. Bank loans and overdrafts

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Repayable on demand or within one year:				
Secured	142,000	130,066	—	—
Unsecured	20,379	40,000	20,000	—
	162,379	170,066	20,000	—
Current portion of long term bank loans (<i>Note 23</i>)	102,669	141,016	—	—
	<u>265,048</u>	<u>311,082</u>	<u>20,000</u>	<u>—</u>

The loans were all denominated in Hong Kong dollar. Certain investment properties, property held for development and properties for sale with a total net book value of HK\$2,214,474,000 at 31st March, 2001 (*2000: HK\$2,397,919,000*) have been mortgaged to secure the Group's short term and long term bank loans.

21. Share capital

	Ordinary shares of HK\$0.01 each	
	No. of shares	HK\$'000
Authorised:		
At 31st March, 2000 and 2001	<u>750,000,000</u>	<u>7,500</u>
Issued and fully paid:		
At 31st March, 2000 and 2001	<u>259,685,288</u>	<u>2,596</u>

22. Reserves

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Contributed surplus				
At 1st April of the previous year	857,373	653,700	2,358,263	2,050,737
Share premium net of share issue expenses	—	203,673	—	203,673
Write back of provision for diminution in value of investment in subsidiaries	—	—	38,665	103,853
At 31st March	<u>857,373</u>	<u>857,373</u>	<u>2,396,928</u>	<u>2,358,263</u>
Land and buildings revaluation reserve				
At 1st April of the previous year	67,300	87,178	—	—
Transfer to retained profits on disposal of properties for sale	(22,182)	(15,300)	—	—
Arising from valuation — Subsidiaries	(462)	(4,578)	—	—
At 31st March	<u>44,656</u>	<u>67,300</u>	<u>—</u>	<u>—</u>

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22. Reserves (continued)

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Investment properties revaluation reserve				
At 1st April of the previous year	1,051,859	1,102,680	—	—
Amount realised on disposal of investment properties				
— Subsidiaries	(76,644)	(3,133)	—	—
Arising from valuation				
— Subsidiaries	2,668	(50,605)	—	—
— Associated companies	(4,014)	2,917	—	—
At 31st March	<u>973,869</u>	<u>1,051,859</u>	<u>—</u>	<u>—</u>
Investment revaluation reserve				
At 1st April of the previous year	435,042	314,641	—	—
Arising from valuation				
— Subsidiaries	(11,740)	127,701	—	—
— Associated companies	—	(7,300)	—	—
At 31st March	<u>423,302</u>	<u>435,042</u>	<u>—</u>	<u>—</u>
Exchange fluctuation account				
At 1st April of the previous year	(9,999)	(10,420)	—	—
Net movement for the year	(2,127)	421	—	—
At 31st March	<u>(12,126)</u>	<u>(9,999)</u>	<u>—</u>	<u>—</u>
Retained profits/(Accumulated loss)				
At 1st April of the previous year	(95,649)	(121,768)	1,673	(31,521)
Profit for the year	52,055	10,819	5,309	33,194
Transfer from land and buildings revaluation reserve	22,182	15,300	—	—
At 31st March	<u>(21,412)</u>	<u>(95,649)</u>	<u>6,982</u>	<u>1,673</u>
Total reserves	<u>2,265,662</u>	<u>2,305,926</u>	<u>2,403,910</u>	<u>2,359,936</u>
			Group	
			2001 HK\$'000	2000 HK\$'000
Profit/(loss) for the year retained by:				
The Company and its subsidiaries			74,662	5,354
Associated companies			(22,607)	5,465
			<u>52,055</u>	<u>10,819</u>
The Group's share of the undistributed post-acquisition reserves of associated companies comprises:				
Investment properties revaluation reserve			5,675	9,689
Investment revaluation reserve			5,763	5,763
Exchange fluctuation account			(5,732)	(5,756)
Retained profits			(8,366)	14,241
			<u>(2,660)</u>	<u>23,937</u>

23. Long term bank loans

	Group	
	2001	2000
	HK\$'000	HK\$'000
Secured		
— wholly repayable within five years	590,314	854,687
— not wholly repayable within five years	<u>96,048</u>	<u>110,000</u>
	<u>686,362</u>	<u>964,687</u>
Less: Amount repayable within one year included under current liabilities (<i>Note 20</i>)	<u>(102,669)</u>	<u>(141,016)</u>
	<u>583,693</u>	<u>823,671</u>
The bank loans are repayable as follows:		
Within one year	102,669	141,016
In the second year	472,657	174,287
In the third to fifth years inclusive	94,988	599,384
After the fifth year	<u>16,048</u>	<u>50,000</u>
	<u>686,362</u>	<u>964,687</u>

The bank loans included an amount of HK\$Nil (*2000: HK\$466,074,000*) denominated in United States dollar, an amount of HK\$21,605,000 (*2000: Nil*) denominated in Singapore dollar and an amount of HK\$13,383,000 (*2000: HK\$38,363,000*) denominated in Japanese yen. Certain investment properties, property held for development and properties for sale with a total net book value of HK\$2,214,474,000 at 31st March, 2001 (*2000: HK\$2,397,919,000*) have been mortgaged to secure the Group's short term and long term bank loans.

24. Other long term loans

	Group	
	2001	2000
	HK\$'000	HK\$'000
Amounts due to minority shareholders of a subsidiary	<u>195,100</u>	<u>195,100</u>

The unsecured loans from minority shareholders of a 75% owned subsidiary is intended for financing the development costs of the Regent Centre at 63-73 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong. The loans, which are in proportion to the equity interests of the minority shareholders in that subsidiary, are interest free and have no fixed terms of repayment.

25. Deferred taxation

	Group	
	2001	2000
	HK\$'000	HK\$'000
At 1st April of the previous year	6,307	5,905
Transfer from profit and loss account (<i>Note 8</i>)	<u>520</u>	<u>402</u>
At 31st March	<u>6,827</u>	<u>6,307</u>
Arising from:		
Accelerated depreciation allowances	<u>6,827</u>	<u>6,307</u>
The potential deferred tax asset which has not been accounted for amounts to:		
Unrelieved tax losses	<u>14,262</u>	<u>9,212</u>

Deferred taxation has not been provided on revalued assets because the revaluation does not constitute a timing difference.

Notes to the Accounts

26. Future lease receipts

	Group	
	2001	2000
	HK\$'000	HK\$'000
Future minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:		
Not later than one year	128,616	120,841
Later than one year and not later than five years	<u>53,872</u>	<u>67,253</u>
	<u>182,488</u>	<u>188,094</u>

27. Capital commitments

	Group	
	2001	2000
	HK\$'000	HK\$'000
Contracted but not provided for	306	597
Authorised but not contracted for	<u>—</u>	<u>—</u>
	<u>306</u>	<u>597</u>

28. Lease commitments

	Group	
	2001	2000
	HK\$'000	HK\$'000
Operating lease commitments at 31st March payable in the next twelve months, analysed according to the period in which the lease expires, are as follows:		
Land and buildings		
— expiring in the first year	1,623	1,670
— expiring in the second to fifth years inclusive	<u>5,660</u>	<u>7,200</u>
	<u>7,283</u>	<u>8,870</u>

29. Contingent liabilities

	Company	
	2001	2000
	HK\$'000	HK\$'000
Guarantees given in respect of banking facilities granted to subsidiaries	<u>1,493,314</u>	<u>1,466,943</u>

30. Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2001 HK\$'000	2000 HK\$'000
Operating profit	83,145	14,910
Write back of provision for other receivables	—	(241)
Interest income	(601)	(1,161)
Interest expenses	75,183	88,257
Dividend income	(11,943)	(12,465)
Depreciation charges	3,887	3,869
Profit on disposal of fixed assets	(42,406)	(2,895)
Decrease in properties for sale	83,709	57,740
Decrease/(increase) in debtors and receivables	5,638	(6,379)
Decrease in creditors and accruals	(1,511)	(62,335)
Exchange translation differences	294	7,286
Net cash inflow from operating activities	<u>195,395</u>	<u>86,586</u>

(b) Analysis of changes in financing during the year

	Share capital including premium		Minority interests		Bank loans	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At 1st April of the previous year	859,969	654,998	3,625	3,022	1,327,787	1,514,651
Exchange differences	—	—	—	—	(1,740)	7,882
Minority interests in share of profits and reserves	—	—	10,279	942	—	—
Cash inflows/(outflows) from financing	—	204,971	—	—	(282,585)	(194,746)
Dividends paid to minority interests	—	—	—	(339)	—	—
At 31st March	<u>859,969</u>	<u>859,969</u>	<u>13,904</u>	<u>3,625</u>	<u>1,043,462</u>	<u>1,327,787</u>

(c) Analysis of bank and other loans

	2001 HK\$'000	2000 HK\$'000
Bank loans and overdrafts (<i>Note 20</i>)	162,379	170,066
Less: Amount included under cash equivalents	(379)	(2,066)
	<u>162,000</u>	168,000
Long term bank loans (<i>Note 23</i>)	686,362	964,687
Other long term loans (<i>Note 24</i>)	195,100	195,100
	<u>1,043,462</u>	<u>1,327,787</u>

31. Approval of accounts

The accounts set out on pages 13 to 33 were approved by the Board of Directors on 4th July, 2001.