



31 March 2001

## 14. INTANGIBLE ASSETS

	Goodwill HK\$'000	Negative Goodwill HK\$'000	Total HK\$'000
<b>Group</b>			
Cost:			
At beginning of year	—	—	—
Prior year adjustments ( <i>note 4(a)</i> )	9,275	—	9,275
As restated	9,275	—	9,275
Acquisition of subsidiaries	120,733	(9,826)	110,907
Acquisition of an associate	116,606	—	116,606
Additional investment in a subsidiary	—	(995)	(995)
At 31 March 2001	246,614	(10,821)	235,793
Accumulated amortisation and impairment (accumulated amount recognised as income):			
At beginning of year	—	—	—
Prior year adjustments ( <i>note 4(a)</i> )	7,420	—	7,420
As restated	7,420	—	7,420
Amortisation provided during the year	9,855	—	9,855
Impairment provided during the year ( <i>note</i> )	197,339	—	197,339
Amount recognised as income during the year	—	(2,164)	(2,164)
At 31 March 2001	214,614	(2,164)	212,450
Net book value:			
At 31 March 2001	32,000	(8,657)	23,343
At 31 March 2000 (as restated)	1,855	—	1,855

*Note:* The impairment losses are provided for the goodwill arising from the acquisitions of West Marton Group Limited, a subsidiary (*note 18*) and Inworld Holdings Limited, an associate (*note 19*). The impairment losses are estimated by the directors based on the recoverable amounts of the goodwill, which are the values in use determined by discounting the future net cash inflows arising from the relevant cash-generating units of West Marton Group Limited and Inworld Holdings Limited at the discount rate of 40%. In the opinion of the directors, such impairment losses arose from the prevailing unfavourable economic environment in the high technology sector.



## Notes to Financial Statements

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### 15. INVESTMENT PROPERTIES

	Group	
	2001	2000
	HK\$'000	HK\$'000
At beginning of year	37,800	39,100
Disposals	(6,900)	(853)
Revaluation deficit	(300)	(447)
	<hr/>	<hr/>
At end of year	<b>30,600</b>	<b>37,800</b>
	<hr/>	<hr/>
Analysis by lease term and geographical location:		
Leasehold properties situated in Hong Kong held under		
- Long term leases	13,000	13,300
- Medium term leases	13,000	13,000
Leasehold properties situated outside Hong Kong held under long term leases	4,600	11,500
	<hr/>	<hr/>
	<b>30,600</b>	<b>37,800</b>
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The investment properties were valued by Chesterton Petty Limited, professional property valuers, on an open market, existing use basis at 31 March 2001. Certain of the above properties were pledged to secure banking facilities and other borrowings granted to the Group, as detailed in note 31.

### 16. PROPERTIES UNDER DEVELOPMENT

The properties under development represent costs incurred by the Group, net of provisions, in relation to the development of the City-in-City Project which involves the development of bungalows, a commercial complex and other residential buildings in Zhongshan, the People's Republic of China.

In September 1992, the Group, through its agent, entered into a co-operative agreement with Zhongshan Shi Huancheng Construction Development Corporation ("Zhongshan Corporation") for the purpose of jointly developing the land where the City-in-City Project is located (the "Land"). Pursuant to the terms of the co-operative agreement, Zhongshan Corporation was to contribute the Land and the Group would finance the costs of construction in respect of the Land and pay Zhongshan Corporation a fee of RMB10,000,000.

The costs of the properties under development include the above-mentioned fee of RMB10,000,000 payable to Zhongshan Corporation, 50% of which was paid in 1994. The balance of RMB5,000,000 (HK\$4,673,000) has been included in the financial statements as accounts payable under current liabilities.



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## 16. PROPERTIES UNDER DEVELOPMENT (Continued)

The bungalows were all sold in previous years. The amount at the balance sheet date represents the cost in relation to the development of a commercial complex and other residential buildings, net of a provision for impairment in value at the amount of HK\$5,447,000.

## 17. PROPERTIES HELD FOR REDEVELOPMENT

	Group	
	2001 HK\$'000	2000 HK\$'000
Cost	94,643	94,643
Less: Impairment losses ( <i>note</i> )	(54,643)	(44,643)
	40,000	50,000

The properties held for redevelopment are situated in Hong Kong, held under medium term leases and are pledged to secure the other borrowings granted to the Group, as detailed in note 31.

*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 open market value of the properties.

## 18. INTERESTS IN SUBSIDIARIES

	Company	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	54,936	128,155
Less: Impairment losses	(44,936)	(98,770)
	10,000	29,385
Due from subsidiaries	1,200,743	696,693
Less: Provisions against amounts due from subsidiaries	(567,391)	(267,804)
	633,352	428,889
Due to subsidiaries	—	(46,440)
	643,352	411,834

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



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### 18. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries at 31 March 2001 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Styland (Hong Kong) Limited	Hong Kong	HK\$2	100	—	Investment holding
Styland (International) Limited	Hong Kong	HK\$100,000	—	100	Import and export trading
Styland Finance Company Limited	Hong Kong	HK\$500,000	100	—	Provision of financing services
Kalomex (International) Limited	Hong Kong	HK\$2,000,000	—	100	General trading and investment holding
Crosby Design (Far East) Company Limited	Hong Kong	HK\$90,000	—	100	General trading
Devonia Development Limited	Hong Kong	HK\$10,000	—	100	Property development
Styland (Development) Limited	Hong Kong	HK\$4	—	100	Property development
Ever-Long Securities Company Limited	Hong Kong	HK\$100,000,000	—	100	Securities broking and provision of financing services



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## 18. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Profit Noble Investments Limited	Hong Kong	HK\$2	—	100	Property holding
Jade Glory Enterprises Limited	Hong Kong	HK\$2	—	100	Property holding
Glory Choice Enterprises Limited	Hong Kong	HK\$2	—	100	Property holding
Global Sea International Limited	Hong Kong	HK\$2	—	100	Property holding
Kippton Limited (“Kippton”)	Hong Kong	HK\$10,000	—	80	Investment holding
Sheng Da Investment Holding (Hong Kong) Limited (“Sheng Da”)	Hong Kong	HK\$204,082	—	45*	Investment holding
West Marton Group Limited (“West Marton”)	British Virgin Islands	HK\$468	—	90	Investment holding

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

\* Sheng Da is a subsidiary of Kippton, a 80% indirectly owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of control over the entity.