

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment, hotel and certain other properties and in accordance with accounting principles generally accepted in Hong Kong.

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts of the Company and its subsidiaries made up to 31st March and the Group's share of post-acquisition profits less losses, and reserves, of its associated companies and jointly controlled entities. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and to the effective dates of disposal respectively.

Capital reserve or goodwill arising on acquisition of subsidiaries, associated companies and jointly controlled entities which represents the shortfall or excess of purchase consideration over the fair values ascribed to the net assets acquired, is taken directly to reserves in the year of acquisition. Upon the disposal of a subsidiary, associated companies or jointly controlled entity, the related capital reserve or goodwill is included in calculating the profit or loss on disposal.

All material intra-group transactions and balances have been eliminated on consolidation.

(b) Subsidiaries

A company is a subsidiary if more than 50% of the voting capital is held for the long term or if the composition of the board of directors is controlled by the Group. Investments in subsidiaries are carried at cost. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature.

(c) **Fixed assets**

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for investment purpose.

Investment properties held on leases of more than twenty years are stated at valuation. Independent professional valuations are carried out at intervals of not more than three years by independent valuers; in each of the intervening years, valuations are undertaken by either independent professional valuers or professionally qualified executives of the Group. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. Increases in valuation are credited to investment properties revaluation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter charged to the profit and loss account. Upon disposal of an investment property, the related revaluation surplus is released from the investment properties revaluation reserve and included in calculating the profit or loss on disposal.

No depreciation is provided in respect of investment properties held on leases of more than twenty years.

(ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant, fixtures and fittings which are collectively used in the hotel operation. The initial cost of the hotel operating equipment (linen, silverware and chinaware) was included in the cost of hotel properties and subsequent additions or replacements are charged to the profit and loss account as incurred. Hotel properties are revalued annually based on independent professional valuations on an open market value basis. Changes in the values of hotel properties are dealt with as movements in the hotel properties revaluation reserve. If the reserve is insufficient to cover a revaluation deficit, the excess of the deficit is charged to the profit and loss account.

No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain hotel buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly the Directors consider that, given the estimated lives of the hotel properties, any depreciation charge would be insignificant due to their high residual value. Such expenditure on repairs and maintenance is charged to the profit and loss account as incurred.

(iii) *Other properties*

Other properties are interests in land and buildings other than investment or hotel properties and are stated at cost less accumulated depreciation or valuation.

In respect of land and buildings stated at valuation, independent professional valuations are carried out at intervals of not more than three years by independent valuers; in each of the intervening years, the Directors review the carrying value of the other properties and adjustment is made where there has been a material change. Increases in valuation are credited to the other properties revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon the disposal of a property, the relevant portion of the realised revaluation reserve in respect of previous valuations is transferred from the revaluation reserve to revenue reserve.

Depreciation is provided on other properties, using the straight line method, to write off their cost or valuation over their estimated useful lives as follows:

Leasehold land	Unexpired term of leases
Buildings	50 years

Upon revaluation of other properties, the accumulated depreciation at the date of revaluation is eliminated against the cost of the other properties and the resulting net amount is restated to the revalued amount of the other properties. The amount of the adjustment arising on the elimination of accumulated depreciation forms part of the changes in the carrying amount of the other properties as a result of a revaluation which is dealt with on the same basis as changes in valuation of the other properties as mentioned above.

(iv) *Properties under development for investment*

Properties under development for investment are stated at cost and are included in fixed assets. Cost comprises land at cost, construction costs, interest and other direct expenses capitalised. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature. On completion, the properties are transferred to investment or hotel properties respectively.

No depreciation is provided on properties under development for investment.

(v) *Other fixed assets*

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on other fixed assets, using the straight line method, to write off their costs over their estimated useful lives of 4 to 10 years.

Profit or loss on disposal of fixed assets is determined as the difference between the net disposal proceeds and the carrying amounts of the assets and is dealt with in the profit and loss account.

(d) 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 Group's investments in associated companies are included in the consolidated balance sheet at the Group's share of net assets.

In the Company's balance sheet, investments in associated companies are carried at cost. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature.

(e) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Investments in jointly controlled entities are carried in the consolidated balance sheet at the Group's share of net assets. The Group continues to share losses incurred by jointly controlled entities, which is over and above the carrying amounts of the investments, to the extent that the Group has guaranteed obligations or other commitments of these jointly controlled entities.

In the Company's balance sheet, investments in jointly controlled entities are stated at cost. Provision is made when the Directors consider that there is a diminution in value other than temporary in nature.

(f) Other investments

Other investments are stated in the balance sheet at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair values are recognised in the profit and loss account. Profits or losses on disposals of such investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(g) Properties held for / under development for sale

Properties held for / under development for sale are included in current assets and comprise land at cost, construction costs, interest and other direct costs attributable to such properties and attributable profits taken to-date, less sales instalments received and allowances for any foreseeable losses.

When a development property is sold in advance of completion, profit is recognised over the course of the development and is computed each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of the construction works completed and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds.

Where purchasers fail to pay the balance of the purchase price on completion and the Group exercises its entitlement to resell the property, sales deposits received in advance of completion which are forfeited are credited to operating profit; and any profits recognised up to the date of completion are written back.

(h) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises land at cost, construction costs, interest and other direct expenses capitalised during the course of development. Net realisable value is determined by the Directors based on prevailing market conditions.

(i) Hotel and restaurant inventories

Hotel and restaurant inventories comprise consumables and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis.

(j) Deferred taxation

Deferred taxation is provided at the current taxation rate in respect of material 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 recoverable in the foreseeable future.

(k) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably on the following bases:

(i) *Properties held for / under development for sale*

Revenue from sales of development properties for sale is recognised as set out in note (g) above.

(ii) *Completed properties held for sale*

Revenue from sales of completed properties held for sale is recognised upon completion of the sale and purchase contracts.

(iii) *Investment properties*

Rental income from investment properties is recognised on a straight line basis over the terms of the respective leases.

(iv) *Hotel and management services businesses*

Revenue from hotel operations is recognised upon provision of services. Management fee income is recognised when services are rendered.

(v) *Investment and others*

Revenue from sales of securities is recognised when the significant risks and rewards of ownership have been transferred to the purchaser.

Interest income is recognised on a time proportion basis that takes into account the principal amount outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(I) 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.

The accounts of subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising therefrom are dealt with as a movement in reserves.

(m) Borrowing costs

Borrowing costs incurred on properties under development that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the properties under development.

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

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2 TURNOVER AND CONTRIBUTION TO OPERATING LOSS

The Group is principally engaged in property investment and development, hotel and management services businesses, financing service and other investment activities. Turnover comprises proceeds from sales of properties, rental and management fee income, income from hotel operation, income from sales of other investments, interest and dividend income.

Analyses of the Group's turnover and contribution to operating loss by each principal activity and principal market are set out below:

	Turnover		Contribution to operating loss	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activity				
Property sales	406,816	1,001,398	(17,369)	46,141
Property investment	39,001	69,147	28,657	59,967
Hotel and management services businesses	160,457	174,902	39,871	43,863
Investment and others	66,248	155,953	44,972	53,873
	672,522	1,401,400	96,131	203,844
Corporate expenses			(73,205)	(75,782)
Other charges			(167,302)	(155,797)
Operating loss			(144,376)	(27,735)
By principal market				
Hong Kong	535,723	1,260,525	74,993	188,097
People's Republic of China excluding Hong Kong ("PRC")	62,680	54,987	419	(9,020)
Canada	74,119	85,888	20,719	24,767
	672,522	1,401,400	96,131	203,844
Corporate expenses			(73,205)	(75,782)
Other charges			(167,302)	(155,797)
Operating loss			(144,376)	(27,735)

3 OTHER CHARGES

	2001	2000
	HK\$'000	HK\$'000
Loss on deemed disposal (note (a))	(134,300)	–
Provision for diminution in value of properties under development / held for sale	(65,419)	(155,797)
Written back of provision for diminution in value of properties held for sale	62,000	–
Unrealised losses on other investments	(29,583)	–
	(167,302)	(155,797)

- (a) Following a group reorganisation which was completed on 19th July 2000, the Group successfully spun off its hotel and management services businesses into a separate company, Asia Standard Hotel Group Limited (“Asia Standard Hotel”). Asia Standard Hotel was listed on The Stock Exchange of Hong Kong Limited on 25th July 2000. Following the spin off, the Group continues to hold approximately 70% interest in Asia Standard Hotel, which gave rise to a loss on deemed disposal of approximately HK\$134 million.

4 OPERATING LOSS

	2001	2000
	HK\$'000	HK\$'000
Operating loss is stated after crediting and charging the following:		
Crediting		
Forfeited deposits	1,831	1,562
Net rental income (note (a))	28,657	59,967
Interest income		
Debt securities	1,353	–
Other	37,503	40,748
Dividends from listed investments	–	1,827
Net realised and unrealised gains on other investments	–	20,491

Charging

Staff costs (<i>note (b)</i>)	72,058	85,963
Depreciation	9,482	10,857
Auditors' remuneration	3,120	2,904
Retirement benefits costs (<i>note (c)</i>)	983	1,192
Loss on disposal of fixed assets	7	7,630

(a) Net rental income

	2001	2000
	HK\$'000	HK\$'000
Gross rental income from investment properties	39,001	69,147
Outgoings	(10,344)	(9,180)
	28,657	59,967

(b) Staff costs

	2001	2000
	HK\$'000	HK\$'000
Staff costs	80,128	94,083
Capitalised as properties under development	(8,070)	(8,120)
	72,058	85,963

(c) Retirement benefits costs

	2001	2000
	HK\$'000	HK\$'000
Gross contributions	1,310	1,311
Forfeiture utilised	(327)	(119)
Net contributions	983	1,192

The Group participates in two types of defined contribution schemes, namely the Mandatory Provident Fund Scheme (“MPF”) and Occupational Retirement Scheme Ordinance (“ORSO”) Scheme for employees.

The Group participates in several defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contributions of 5% of the employee's monthly salaries are made by the employees and by the Group and are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The Group also participates in the MPF for all employees not joining the ORSO schemes. Monthly contributions of 5% of the employee's relevant income are made to the MPF scheme in accordance with the legislative requirements and are expensed as incurred. The assets of all retirement schemes are held separately from those of the Group in independently administered funds.

As at 31st March 2001, forfeitures of HK\$41,000 (2000: nil) were available to reduce the Group's future contributions.

5 FINANCE COSTS

	2001	2000
	HK\$'000	HK\$'000
Interest expense		
Long term bank loans	237,138	237,614
Convertible bonds	21,686	21,845
Loans from minority shareholders of subsidiaries	7,134	5,927
Short term bank loans and overdrafts	10,960	27,149
Other incidental borrowing costs	25,867	12,090
	302,785	304,625
Capitalised as cost of properties under development		
Interest expense	(158,508)	(167,253)
Other incidental borrowing costs	(8,308)	(4,585)
	135,969	132,787

To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of the costs of these properties under development was 8.4% (2000: 8.1%) per annum.

6 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

- (a) The aggregate amount of emoluments paid and payable to Directors of the Company during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Fees	60	60
Salaries, housing allowances and benefits in kind (<i>Note</i>)	21,599	11,943
	21,659	12,003

Note: The balance includes HK\$8,000,000 (2000: nil) paid by subsidiaries of Asia Standard Hotel Group Limited, a separately listed subsidiary of the Group.

The emoluments of individual Directors fell within the following bands:

Emolument bands	Number	
	2001	2000
HK\$Nil – HK\$1,000,000	4	4
HK\$1,000,001 – HK\$1,500,000	1	2
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	2
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$3,500,001 – HK\$4,000,000	1	–
HK\$4,500,001 – HK\$5,000,000	2	–
HK\$5,000,001 – HK\$5,500,000	1	–

Emoluments paid to independent non-executive Directors amounted to HK\$60,000(2000: HK\$60,000) during the year. None of the Directors has waived the right to receive their emoluments.

- (b) The five highest paid individuals in the Group for the year include five (2000: four) Directors whose emoluments are already reflected in the analysis presented above. The emoluments paid to the remaining individual in 2000 was HK\$1,646,000.

7 TAXATION CREDIT / (CHARGE)

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2001 HK\$'000	2000 HK\$'000
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Company and subsidiaries		
Hong Kong profits tax	(121)	(12,457)
Overseas tax	(2,324)	(3,268)
Overprovision in prior years	9,110	1,252
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	6,665	(14,473)
Jointly controlled entities		
Overseas tax	–	(1,517)
Associated companies		
Hong Kong profits tax	(241)	(396)
Overseas tax	–	(2,373)
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	6,424	(18,759)
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Tax losses available at 31st March 2001 to reduce future taxable profits of the subsidiaries to which they relate amounted to approximately HK\$609,000,000 (2000: HK\$408,000,000). No deferred taxation has been provided as there are no material timing differences which would result in a liability payable or an asset recoverable in the foreseeable future. The surplus on revaluation of investment properties, hotel property in Hong Kong and other properties does not constitute a timing difference for deferred tax purposes as realisation of the revaluation surplus would not result in a tax liability. Realisation of the surplus on revaluation of the Canadian hotel property would give rise to a taxation liability in Canada, which would amount to approximately HK\$4,800,000 (2000: HK\$8,400,000) as at 31st March 2001. No provision has been made in the accounts for this liability as the property is held for the long term and management has no intention to dispose of the property in the foreseeable future.

8 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of a profit of HK\$1,084,000 (2000: HK\$46,966,000).

9 DIVIDENDS

No interim dividend was declared for the year (2000: HK0.6 cent per share, restated due to the bonus issue in September 2000 of 2 for every 3 shares). The Board does not recommend the payment of a final dividend for the year ended 31st March 2001 (2000: HK0.3 cent per share, restated due to the bonus issue in September 2000 of 2 for every 3 shares).

10 LOSS PER SHARE

The calculation of loss per share is based on loss attributable to shareholders of HK\$357,654,000 (2000: HK\$269,802,000) and on the weighted average 4,099,829,421 shares in issue during the year (2000: 3,828,263,100 shares, restated due to the bonus issue in September 2000 of 2 for every 3 shares).

No diluted loss per share is presented as the exercise of subscription rights attached to the share options, bonus warrants and the conversion of the convertible bonds would not have a dilutive effect on the loss per share.

11 FIXED ASSETS

Group

	Investment properties HK\$'000	Hotel properties HK\$'000	Other properties HK\$'000	Properties under development HK\$'000	Other fixed assets HK\$'000	Total HK\$'000
Cost or valuation						
At 31st March 2000	1,648,335	1,725,550	187,481	894,593	65,678	4,521,637
Translation differences	–	(27,468)	–	–	8	(27,460)
Reclassification	28,257	–	(28,257)	–	–	–
Transfer to properties under development for sale	(180,000)	–	–	–	–	(180,000)
Additions	8,028	9,606	–	245,095	1,009	263,738
Disposals	–	–	–	–	(375)	(375)
Elimination against cost on revaluation	–	–	(2,136)	–	–	(2,136)
Surplus / (deficit) on revaluation	30,087	130,339	(5,980)	–	–	154,446
At 31st March 2001	1,534,707	1,838,027	151,108	1,139,688	66,320	4,729,850
Accumulated depreciation						
At 31st March 2000	–	–	1,186	–	41,918	43,104
Charge for the year	–	–	2,405	–	7,077	9,482
Disposals	–	–	–	–	(360)	(360)
Elimination against cost on revaluation	–	–	(2,136)	–	–	(2,136)
At 31st March 2001	–	–	1,455	–	48,635	50,090
Net book value						
At 31st March 2001	1,534,707	1,838,027	149,653	1,139,688	17,685	4,679,760
At 31st March 2000	1,648,335	1,725,550	186,295	894,593	23,760	4,478,533

- (a) Investment properties comprise long term leasehold land and buildings of HK\$1,534,707,000 (2000: HK\$1,468,335,000) in Hong Kong. They were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2001.

- (b) Hotel properties comprise long term leasehold land and buildings situated in Hong Kong of HK\$1,480,000,000 (2000: HK\$1,350,000,000) and freehold land and buildings situated in Canada of HK\$358,027,000 (2000: HK\$375,550,000). They were revalued by Knight Frank and Grant Thornton Management Consultants, independent professional valuers, on an open market value basis as at 31st March 2001, respectively.
- (c) Included in other properties is a long term leasehold property stated at valuation of HK\$135,292,000 (2000: HK\$171,665,000). The property was revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2001. The carrying amount would have been HK\$90,386,000 (2000: HK\$95,635,000) had it been stated at cost less accumulated depreciation. Also included in other properties are long term leasehold land and buildings of HK\$4,685,000 (2000: HK\$4,738,000) and medium term leasehold land and buildings of HK\$9,676,000 (2000: HK\$9,892,000), both of which are stated at cost less accumulated depreciation. All these properties are located in Hong Kong.
- (d) Properties under development comprise long term leasehold land and buildings of HK\$43,907,000 (2000: HK\$44,737,000) and medium term leasehold land and buildings of HK\$1,095,781,000 (2000: HK\$849,856,000) in Hong Kong and are stated at cost.
- (e) The aggregate net book value of fixed assets pledged as securities for loans amounts to HK\$4,662,075,000 (2000: HK\$4,410,036,000).

12 SUBSIDIARIES

	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	1,229,076	1,229,076
Amounts due by subsidiaries	2,337,170	2,198,806
Dividend receivable	–	15,000
Amounts due to subsidiaries	(26,735)	(678)
	3,539,511	3,442,204

Details of the principal subsidiaries are set out in note 28.

13 JOINTLY CONTROLLED ENTITIES

	Group	
	2001	2000
	HK\$'000	HK\$'000
Share of net liabilities	(38,329)	(33,001)
Advances to jointly controlled entities less provision	333,764	261,025
	295,435	228,024
	Company	
	2001	2000
	HK\$'000	HK\$'000
Advances to jointly controlled entities less provision	274,828	258,949

The shares in certain jointly controlled entities are pledged to secure loan facilities granted to those entities. The advances to jointly controlled entities amounting to HK\$221,534,000 (2000: HK\$258,880,000) are subordinated to the repayment of the loans of those jointly controlled entities.

Advances to jointly controlled entities are made to finance property development projects. The amounts are unsecured, interest free and have no fixed terms of repayment. Details of the principal jointly controlled entities are set out in note 28.

14 ASSOCIATED COMPANIES

	Group	
	2001	2000
	HK\$'000	HK\$'000
Share of net assets	178,109	270,701
Advances to associated companies less provision	532,325	531,394
Amounts due to associated companies	(30,248)	(35,337)
	680,186	766,758

The shares in certain associated companies are pledged to secure the loan facilities granted to those companies. Advances to associated companies amounting to HK\$366,322,000 (2000: HK\$351,106,000) are subordinated to the repayment of the loans of those companies.

Advances to associated companies are made to finance property development projects. Except for an amount of HK\$3,578,000 (2000: HK\$3,579,000) due from an associated company which is interest bearing at prime rate, the remaining amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment.

Details of the principal associated companies are set out in note 28.

15 PROPERTIES HELD FOR / UNDER DEVELOPMENT FOR SALE AND COMPLETED PROPERTIES HELD FOR SALE

At 31st March 2001, properties amounting to HK\$1,988,023,000 (2000: HK\$1,418,745,000) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2001, properties that were carried at net realisable values amounted to HK\$962,819,000 (2000: HK\$728,363,000).

16 DEBTORS AND PREPAYMENTS

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivables, and a housing loan of HK\$1,292,000 (2000: HK\$1,377,000) granted to a Director, Mr. Kwan Po Lam, Phileas, in March 1995. The loan is secured by a legal mortgage over the subject property, carries interest at 2% below prime rate (2000: prime rate) and the principal is repayable by quarterly instalments of HK\$17,000 each. The maximum outstanding balance during the year was HK\$1,377,000 (2000: HK\$1,428,000).

Trade debtors amounted to HK\$84,336,000 (2000: HK\$16,760,000) of which 97% (2000: 80%) were aged under six months. The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

17 OTHER INVESTMENTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Shares		
Listed in Hong Kong	27,161	56,744
Listed overseas	1,140	1,140
	28,301	57,884
Debt securities	49,500	–
	77,801	57,884

18 BANK BALANCES AND CASH

The balance includes restricted bank balances of HK\$43,000,000 (2000: HK\$43,000,000) which are pledged to banks to secure certain short term banking facilities of the Group.

19 CREDITORS AND ACCRUALS

Creditors and accruals include trade creditors, rental and management fee deposits, interest and other payables, retentions payable of construction costs and various accruals. Trade creditors amounted to HK\$13,294,000 (2000: HK\$17,780,000), of which 98% (2000: 86%) were aged under six months.

20 SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
At 31st March 1999 and 2000	5,000,000,000	2,000,000
Increase during the year (<i>note (a)(i)</i>)	5,000,000,000	2,000,000
Reduction of nominal value of authorised share capital (<i>note (b)</i>)	–	(3,900,000)
At 31st March 2001	10,000,000,000	100,000

	Number of shares		Amount	
	2001	2000	2001 HK\$'000	2000 HK\$'000
Issued and fully paid:				
At beginning of the year	2,454,115,308	2,048,719,308	981,646	819,487
Bonus issue (note (a) (ii))	1,636,076,872	–	654,431	–
Issue of new shares	–	408,118,000	–	163,248
Exercise of warrants (note (a) (iii))	84,528	–	31	–
Reduction of nominal value of issued share (note (b))	–	–	(1,603,743)	–
Scrip dividend (note (a) (iv))	21,892,130	–	8,757	–
Repurchase of own shares	–	(2,722,000)	–	(1,089)
At end of the year	4,112,168,838	2,454,115,308	41,122	981,646

(a) Pursuant to a Special General Meeting held on 26th September 2000, the following resolutions were passed:

- (i) The authorised ordinary share capital of the company was increased from HK\$2,000,000,000 to HK\$4,000,000,000 by the creation of 5,000,000,000 shares of HK\$0.4 each.
- (ii) A bonus issue of two bonus shares (“Bonus Shares”), credited as fully paid, for every three shares was made by way of capitalisation from the share premium account of the Company. The Bonus Shares rank pari passu in all respects with the existing shares, save for the entitlement of the scrip dividend in respect of the final dividend for the financial year ended 31st March 2000.
- (iii) A bonus warrants issue (“Bonus Warrants Issue”) was approved on the same date. Under the Bonus Warrants Issue, warrants were issued in the proportion of one warrant for every five shares (including the Bonus Shares). The warrants entitle the holders to subscribe for fully paid shares at an initial subscription price of HK\$0.32 per share, subject to adjustment, from the date of issue of the warrants on 27th September 2000 to 30th September 2001 (both dates inclusive). A total of 818,038,436 warrants were issued of which 84,528 warrants were exercised during the year.

- (iv) On 18th August 2000, the Directors recommended the payment of a final dividend of HK0.5 cent per share for the year ended 31st March 2000, subject to approval at the Annual General Meeting on 26th September 2000. Shareholders (other than the overseas shareholders who will receive their dividends wholly in cash) may exercise their option to receive part or all of the final dividends in the form of scrip shares of HK\$0.40 each in lieu of the cash dividend. A total of 21,892,130 shares were issued in lieu of the cash dividend. The scrip shares rank *pari passu* in all respects with the existing shares, save that they will not rank for the final dividend for the year ended 31st March 2000 and the bonus issue set out in note (a)(ii).
- (b) Pursuant to a resolution passed at a Special General Meeting on 21st November 2000, the nominal value of issued and unissued shares of the Company was reduced from HK\$0.40 each to HK\$0.01 each. In addition, the issued share capital of the Company was reduced by cancellation of HK\$0.39 paid up capital on each issued share, by transferring the credit arising from the reduction in issued share capital to the contributed surplus account of the Company.

At 31st March 2001, the Company had outstanding options granted under an Executive Share Option Scheme to a Director to subscribe for 1,750,000 shares of the Company at HK\$0.384 per share. The options are exercisable at any time on or before 27th March 2005.

Subsidiary

- (a) Pursuant to a resolution passed at a Special General Meeting of Asia Standard Hotel on 19th July 2000, the authorised share capital of Asia Standard Hotel was increased by HK\$499,900,000 through the creation of 4,999,000,000 shares of HK\$0.1 each.

On the same date, 699,000,000 shares of HK\$0.1 each were issued and allotted to Asia Standard International Limited, a wholly-owned subsidiary of the Company, by means of capitalisation of all amounts owing by Asia Standard Hotel to its fellow subsidiaries pursuant to a group reorganisation. In addition, 300,000,000 shares of HK\$0.1 each were issued and allotted to certain independent investors and the ultimate holding company by way of a share placement at HK\$1.2 per share.

- (b) Pursuant to a resolution passed at a Special General Meeting of Asia Standard Hotel on 26th September 2000, Asia Standard Hotel's issued and unissued shares of HK\$0.1 each were subdivided into five shares of HK\$0.02 each ("Subdivided Shares"). The Subdivided Shares rank pari passu in all respects with the shares in issue prior to the share subdivision.
- (c) Pursuant to a special resolution which was passed at the Special General Meeting of Asia Standard Hotel on 26th September 2000, a bonus issue of warrants was made on the basis of one warrant for every five Subdivided Shares of Asia Standard Hotel held by shareholders (other than overseas shareholders) of Asia Standard Hotel whose names appeared on the register of members on 26th September 2000. Each warrant entitles its holder to subscribe for fully paid Subdivided Shares of Asia Standard Hotel at an initial subscription price of HK\$0.24 per Subdivided Share, subject to adjustment, from the date of issue of the warrants from 27th September 2000 to 8th October 2001 (both dates inclusive). During the year, a total of 5,648 shares were issued upon the exercise of these warrants and at 31st March 2001, there were 999,994,352 warrants unexercised.
- (d) On 15th December 2000, the directors of Asia Standard Hotel declared an interim dividend with a scrip dividend option. A total of 52,206,785 shares were issued as scrip dividend in lieu of cash on 1st March 2001.

21 RESERVES

Group	Revaluation reserves								
	Capital								
	Share premium	Capital reserve	Capital redemption reserve	Investment properties	Hotel properties	Other properties	Contributed surplus	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 1999	954,991	362	42,746	752,455	446,115	91,744	1,066,549	888,911	4,243,873
Translation differences	-	-	-	-	1,443	-	-	5,293	6,736
Issue of new shares, net of share issue expenses	232,385	-	-	-	-	-	-	-	232,385
Repurchase of own shares	-	-	1,089	-	-	-	-	(2,474)	(1,385)
Deficit on revaluation									
Subsidiaries	-	-	-	(59,922)	(114,470)	(12,507)	-	-	(186,899)
Associated companies	-	-	-	(12,870)	-	-	-	-	(12,870)
Loss for the year retained	-	-	-	-	-	-	-	(306,614)	(306,614)
At 31st March 2000	1,187,376	362	43,835	679,663	333,088	79,237	1,066,549	585,116	3,975,226
Company and subsidiaries	1,187,376	362	43,835	584,463	333,088	79,237	1,066,549	734,222	4,029,132
Jointly controlled entities	-	-	-	-	-	-	-	(80,645)	(80,645)
Associated companies	-	-	-	95,200	-	-	-	(68,461)	26,739
	1,187,376	362	43,835	679,663	333,088	79,237	1,066,549	585,116	3,975,226
At 31st March 2000	1,187,376	362	43,835	679,663	333,088	79,237	1,066,549	585,116	3,975,226
Release of reserves upon deemed disposal of interest in a subsidiary	-	-	-	-	(99,926)	-	-	3,096	(96,830)
Translation differences	-	-	-	-	(1,760)	-	-	(8,363)	(10,123)
Issue of bonus shares	(654,431)	-	-	-	-	-	-	-	(654,431)
Exercise of warrants	(4)	-	-	-	-	-	-	-	(4)
Reduction of share capital	-	-	-	-	-	-	1,603,743	-	1,603,743
Reclassification	-	-	-	28,257	-	(28,257)	-	-	-
Surplus / (deficit) on revaluation									
Subsidiaries	-	-	-	30,087	89,172	(5,980)	-	-	113,279
Associated companies	-	-	-	(9,900)	-	-	-	-	(9,900)
Loss for the year retained	-	-	-	-	-	-	-	(357,654)	(357,654)
At 31st March 2001	532,941	362	43,835	728,107	320,574	45,000	2,670,292	222,195	4,563,306

Company and subsidiaries	532,941	362	43,835	642,807	320,574	45,000	2,670,292	459,321	4,715,132
Jointly controlled entities	-	-	-	-	-	-	-	(85,973)	(85,973)
Associated companies	-	-	-	85,300	-	-	-	(151,153)	(65,853)
	<u>532,941</u>	<u>362</u>	<u>43,835</u>	<u>728,107</u>	<u>320,574</u>	<u>45,000</u>	<u>2,670,292</u>	<u>222,195</u>	<u>4,563,306</u>
Company									
At 31st March 1999	953,840	-	42,746	-	-	-	1,080,708	456,510	2,533,804
Repurchase of own shares,	-	-	1,089	-	-	-	-	(2,474)	(1,385)
net of share issue expenses	232,385	-	-	-	-	-	-	-	232,385
Profit for the year retained	-	-	-	-	-	-	-	10,154	10,154
At 31st March 2000	1,186,225	-	43,835	-	-	-	1,080,708	464,190	2,774,958
Issue of bonus shares	(654,431)	-	-	-	-	-	-	-	(654,431)
Exercise of warrants	(4)	-	-	-	-	-	-	-	(4)
Reduction of share capital	-	-	-	-	-	-	1,603,743	-	1,603,743
Profit for the year retained	-	-	-	-	-	-	-	1,084	1,084
At 31st March 2001	<u>531,790</u>	<u>-</u>	<u>43,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,684,451</u>	<u>465,274</u>	<u>3,725,350</u>

The investment properties revaluation reserve includes an amount of HK\$50,000,000 which relates to an investment property which was transferred to property under development for sale during the year.

The revenue reserve is distributable. Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus and the capital redemption reserve are also distributable. Accordingly, total distributable reserves of the Company amount to HK\$3,193,560,000 (2000: HK\$1,588,733,000) as at 31st March 2001.

22 CONVERTIBLE BONDS

In 1996, Asia Standard International Capital Limited (“ASICL”), a wholly owned subsidiary of the Company, issued US\$40,000,000 convertible bonds which bear interest at 7% per annum payable annually in arrears. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. The total amount of convertible bonds outstanding as at 31st March 2001 and 31st March 2000 was HK\$251,290,000 (or US\$32,500,000).

Each holder of the bonds has the option to convert the bonds into fully paid shares of HK\$0.01 (2000: HK\$0.40) each of the Company at a conversion price of HK\$1.08 (2000: HK\$1.81) per share, subject to adjustment, at any time between 29th January 1997 and 15th November 2001.

ASICL may redeem all or part of the bonds at any time on or after 29th November 1999, subject to certain conditions, together with accrued interest. Unless previously converted or redeemed, the bonds will be redeemed on 29th November 2001 by ASICL at a redemption price equal to 108.02% of their principal amount together with accrued interest.

23 LONG TERM LOANS

	Group	
	2001	2000
	HK\$'000	HK\$'000
Bank loans, secured		
Repayable within one year	289,024	314,900
Repayable between one and two years	314,268	548,037
Repayable between two and five years	819,556	1,301,854
Repayable after five years	1,308,229	642,178
	2,731,077	2,806,969
Current portion included in current liabilities	(289,024)	(314,900)
	2,442,053	2,492,069

Subsequent to the year end, the Group refinanced bank loans outstanding at 31st March 2001, amounting to approximately HK\$96 million (2000: HK\$770 million). The repayment terms at 31st March 2001 in respect of these bank loans have been reclassified according to the new loan agreements. As a result, the amount of liability which has been excluded from current liabilities amounts to approximately HK\$77 million (2000: HK\$255 million).

24 MINORITY INTERESTS AND LOANS

	Group	
	2001	2000
	HK\$'000	HK\$'000
Minority interests	1,033,770	448,030
Loans from minority shareholders of subsidiaries, unsecured	116,892	109,756
	1,150,662	557,786

Loans from minority shareholders are to fund property projects of subsidiaries and have no specific repayment terms. Loans of HK\$22,420,000 (2000: HK\$20,371,000) bear interest at 9.3% per annum (2000: 9.3% per annum) and loans of HK\$76,758,000 (2000: HK\$71,673,000) bear interest at 1.5% (2000: 1.5%) above prime rate and the balance is interest free.

25 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In respect of fixed assets:				
Contracted but not provided for	58,028	192,588	–	–
Authorised but not contracted for	–	2,259	–	–
	58,028	194,847	–	–

(b) Lease commitments

At 31st March 2001, the Group had commitments to make payments in the next twelve months under operating leases which expire as follows :

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In respect of land and buildings:				
Within one year	886	450	–	–
In the second to fifth year inclusive	1,748	6,508	–	–
After the fifth year	1,596	1,765	–	–
	4,230	8,723	–	–

(c) **Other commitments**

Certain subsidiaries of the Group had issued performance guarantees to certain banks for the granting of mortgage facilities to certain purchasers of the Group's development properties in Panyu, the PRC. Pursuant to the terms of these performance guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by these defaulted purchasers to these banks and the Group is entitled to take over legal title and possession of the related properties. As at 31st March 2001, the amount of the potential commitment attributable to the Group was HK\$27,380,000 (2000: HK\$17,171,000).

26 CONTINGENT LIABILITIES

(a) **Guarantees**

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees for the banking and loan facilities of:				
Subsidiaries	–	–	1,550,477	2,762,538
Associated companies	218,558	225,702	218,558	225,702
Jointly controlled entities	152,610	195,000	152,610	195,000
Third parties	29,381	5,531	–	–
Guarantee for the convertible bonds issued by a subsidiary	–	–	251,290	251,290
	400,549	426,233	2,172,935	3,434,530

- (b) A subsidiary has received claims from certain purchasers for delay of completion of a property development project. The subject property has already been completed and majority of the purchasers have taken possession of the flats. Management is seeking legal advice to vigorously contest the proceedings. At this stage, it is difficult to estimate the likelihood of an unfavourable financial impact from the outcome. However, the Directors consider that the outcome would not have any material adverse impact to the Group.

27 NOTES TO CONSOLIDATED CASH FLOW STATEMENT**(a) Reconciliation of loss before taxation to net cash inflow from operating activities**

	2001	2000
	HK\$'000	HK\$'000
Loss before taxation	(367,274)	(259,261)
Share of profits less losses of		
Jointly controlled entities	5,328	53,882
Associated companies	81,601	44,857
Depreciation	9,482	10,857
Loss on disposal of fixed assets	7	7,630
Net realised and unrealised losses / (gains) on other investments	29,583	(20,491)
Provision for diminution in value of properties under development / held for sale	65,419	155,797
Written back of provision for diminution in value of properties held for sale	(62,000)	–
Decrease / (increase) in mortgage loans receivable	9,061	(24,810)
Decrease in properties held for / under development for sale (excluding interest expense capitalised)	134,799	507,872
Decrease in hotel and restaurant inventories	715	2,528
Decrease / (increase) in deposits paid for properties	65,175	(48,885)
Decrease in debtors and prepayments	54,896	64,478
(Decrease) / increase in creditors and accruals	(10,089)	3,958
Decrease in deposit on sale of properties	(77,428)	(70,598)
Loss on deemed disposal of a subsidiary	134,300	–
Dividends from listed investments	–	(1,827)
Interest income	(38,856)	(40,748)
Interest expense	118,410	125,282
Net cash inflow from operating activities	153,129	510,521

(b) Acquisition of subsidiaries

	2001	2000
	HK\$'000	HK\$'000
Net assets acquired (satisfied by cash):		
Property held for / under development for sale	–	(24,189)

The subsidiaries acquired during the year ended 31st March 2000 did not contribute to the Group's operating cash flows and did not utilise any sum for investing activities.

(c) Analysis of changes in financing during the year

	Share capital (including premium and redemption reserve HK\$'000		Long term loans HK\$'000	Short term bank loans HK\$'000	Restricted bank balance HK\$'000	Minority interests and loans HK\$'000	Total HK\$'000
At 31st March 1999	1,817,224	3,110,146	320,000	(45,011)	559,864	5,762,223	
Minority interests' share of profit and exchange reserve	–	–	–	–	(8,005)	(8,005)	
Repurchase of own shares	2,474	–	–	–	–	2,474	
Changes in exchange rates	–	10,416	–	–	–	10,416	
Net cash inflow / (outflow) from financing	393,159	(313,593)	(310,000)	2,011	5,927	(222,496)	
At 31st March 2000	2,212,857	2,806,969	10,000	(43,000)	557,786	5,544,612	
Minority interests' share of profit and exchange reserve	–	–	–	–	(5,107)	(5,107)	
Minority interest's share of revaluation reserve	–	–	–	–	41,167	41,167	
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	(4,455)	(4,455)	
Net decrease in interest in a subsidiary	–	–	–	–	233,192	233,192	
Reduction of share capital	(1,603,743)	–	–	–	–	(1,603,743)	
Scrip dividend	8,757	–	–	–	–	8,757	
Changes in exchange rates	–	(15,697)	–	–	–	(15,697)	
Net cash inflow / (outflow) from financing	27	(60,195)	120,000	–	328,079	387,911	
At 31st March 2001	617,898	2,731,077	130,000	(43,000)	1,150,662	4,586,637	

28 PRINCIPAL SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Listed below are the principal subsidiaries, associated companies and jointly controlled entities which, in the opinion of the Directors, principally affect the results and / or net assets of the Group:

Subsidiaries

(Unless indicated otherwise, they are indirectly wholly owned by the Group and have their principal place of operation in Hong Kong)

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated
<i>Incorporated in Hong Kong</i>		
Asia Standard International Limited *	Investment holding	HK\$1,214,916,441
Asia Standard (Beijing) Company Limited	Investment holding	HK\$2
Asia Standard Development (Holdings) Limited	Investment holding	HK\$10 and non-voting deferred share capital of HK\$362,892,949
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK\$2
Asia Standard Finance Company Limited	Financing services	HK\$1,000,000
Asia Standard Management Services Limited	Management services	HK\$2
Asia Standard Project Management Company Limited	Project management	HK\$2
Barinet Company Limited	Property development	HK\$1,000
Blessea Development Limited (80% owned)	Property development	HK\$2
Centop Investment Limited (80% owned)	Property development	HK\$100
Cheer Selection Limited	Securities investment	HK\$2
Crystal Rich Limited	Property development	HK\$2
Excellence Ocean Limited (80% owned)	Property development	HK\$2
Free Ocean Investments Limited	Property development	HK\$2
Full Union Development Limited	Property development	HK\$2
Get Rich Enterprises Limited (80% owned)	Property development	HK\$2

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated
Glory Ocean Limited	Property development	HK\$2
Good Year Engineering Service Limited (70.04% owned)	Engineering and maintenance services	HK\$2
Grace Profit Enterprises Limited	Restaurant operation	HK\$2
Hoi Chak Properties Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$2
Honest Engineering Limited (80% owned)	Construction	HK\$100
Hugetop Holdings Limited	Property development	HK\$2
Kelpoint Limited	Property development	HK\$2
Mark Honour Limited (90% owned)	Property development	HK\$10
Master Asia Enterprises Limited	Property development	HK\$10,000
Mega Royal Limited	Property development	HK\$2
Morning Gay Investments Limited	Property development	HK\$100
Oceanlion Investments Limited (80% owned)	Property development	HK\$2
Oriental Land Investment Limited (80% owned)	Property development	HK\$2
Ocean Victory Investment Limited	Property trading	HK\$2
Oceanic Union Limited (80% owned)	Property development	HK\$2
Paramount Shine Limited	Property development	HK\$2
Perfect Wave Limited	Restaurant operation	HK\$2
Prosperity Land Cleaning Service Limited (70.04% owned)	Cleaning services	HK\$100 and non-voting deferred share capital of HK\$100

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated
Prosperity Land Estate Management Limited (70.04% owned)	Property management	HK\$150 and non-voting deferred share capital of HK\$1,500,000
Rich Kinghood Limited	Property development	HK\$2
Solar Land Development Limited (66.7% owned)	Investment holding	HK\$3
Stone Pole Limited (70.04% owned)	Hotel holding	HK\$10
Tilpifa Company Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$10,000
Tonlok Limited	Property development	HK\$1,000
Trade Hope Limited	Property development	HK\$2
Union Rich Resources Limited (80% owned)	Property development	HK\$2
Vinstar Development Limited (70.04% owned)	Property development	HK\$2
Waliway Limited	Property holding	HK\$100
Way Link Holdings Limited (90% owned)	Property trading	HK\$2
Win Step Architects Limited	Architectural services	HK\$2
Winfast Engineering Limited	Construction	HK\$2
Wonder Pacific Limited (80% owned)	Property development	HK\$2
Yetshing Properties Limited	Property development	HK\$20,000
<i>Incorporated in Bermuda</i>		
Asia Standard Hotel Group Limited (70.04% owned)	Investment holding	HK\$101,044,248
<i>Incorporated in the British Virgin Island</i>		
Bondax Holdings Limited	Investment holding	US\$1
Enrich Enterprises Ltd (70.04% owned)**	Hotel holding	US\$1

Name	Principal activity	Issued and fully paid ordinary share capital except otherwise stated
Global Gateway Corp. (70.04% owned)**	Hotel operation	US\$1
Glory Ventures Enterprises Inc. (70.04% owned)**	Hotel holding	US\$1
Greatime Limited	Securities investment	US\$1
Master Venture Limited	Property development	US\$1
<i>Incorporated in the Cayman Islands</i>		
Asia Standard International Capital Limited *	Financing services	US\$2
<i>Incorporated in the PRC</i>		
Panyu Riviera Housing & Estate Development Company Limited (40% owned) #	Property development	Paid up capital of RMB105,811,473

* *Direct subsidiary of the Company*

Equity joint venture operates in the PRC

** *Operates in Canada*

Associated companies

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong)

Name	Principal activity	Group equity interest
Allwin Assets Limited (incorporated in the British Virgin Islands)	Investment holding	20%
Bai Hui Group Company Limited	Investment management	35%
Excel Billion Holdings Limited	Property development	50%

Gallop Worldwide Limited (incorporated in the British Virgin Islands)	Investment holding	50%
Home Kent Enterprise Limited	Property development	50%
Ocean Strong Industrial Limited	Property development	50%
Perfect Pearl Company Limited	Property investment	33%
Sheen Finance Limited	Financing services	50%
Super Location Limited	Property development	50%

Jointly controlled entities

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong)

Name	Principal activity	Group equity interest
Auburntown Limited	Property development	30%
Bai Hui Real Estate Company Limited	Investment holding	23.5%
Capital Pacific Development Limited	Investment holding	50%
Goldmax International Limited (incorporated in the British Virgin Islands)	Investment holding	50.1%
Keishin Limited (incorporated in the British Virgin Islands)	Investment holding	33.3%
Ocean Champion Development Limited	Property development	50%
Sheenity Enterprises Limited	Property development	50%
Weststar Enterprises Limited	Property development	50.1%

29 ULTIMATE HOLDING COMPANY

In the opinion of the Directors, the ultimate holding company is Asia Orient Holdings Limited, a company incorporated in Bermuda and listed in Hong Kong.

30 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 13th July 2001.