

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

1. GENERAL

The Company is a public limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The principal activities of its subsidiaries and associates are set out in notes 14 and 15 respectively.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of approximately HK\$7 million as at 31st March, 2001. The directors consider that with the continuing support of the Group’s bankers in respect of the existing secured banking facilities, the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries made up to 31st March each year.

The results of subsidiaries and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of investments in subsidiaries and associates, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary or associate.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise a significant influence, through participation in financial and operating policy decisions of the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any decline in the value of the associate that is other than temporary.

Revenue recognition

Hotel and other service income are recognised, in the period in which such services are rendered.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Sales of investments are recognised when the buyer takes legal title to the investment.

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

Interest income from bank deposits is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in securities (continued)

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost which comprises all costs of purchase and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant and equipment other than hotel property are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

When the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is provided to write off the cost of property, plant and equipment other than hotel property over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land	Over the term of lease
Buildings and building improvements	Over the shorter of the term of the leases, or 50 years
Furniture, fixtures and equipment	10% to 33.3%
Motor vehicles and others	10% to 33.3%

No residual values are assumed for these assets when considering appropriate depreciation charges.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Hotel property comprises interests in land and buildings and its integral fixed plant which are collectively used in the operation of a hotel and are stated at their open market values on the basis of ongoing periodic professional valuations. Any surplus arising on revaluation of hotel property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case, this surplus is credited to the income statement to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of hotel property is charged to the income statement to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that hotel property. On subsequent sale or retirement of a revalued hotel property, the attributable revaluation surplus is transferred to retained profits.

It is the Group's policy to maintain the hotel property in such condition that its residual value is not currently diminished by the passage of time and that any element of depreciation is insignificant. Therefore, no depreciation charge is recognised in respect of its hotel property. The related maintenance and repairs expenditure is charged to the income statement in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment properties revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment properties revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment properties revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties which are held on leases with an unexpired term of more than 20 years.

Assets held under finance lease

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries which are denominated in currencies other than Hong Kong dollars are translated at the exchange rates ruling on the balance sheet date. All exchange differences arising on consolidation, if any, are dealt with in reserves.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

4. SEGMENTAL INFORMATION

Turnover represents the aggregate of gross revenue from the hotel operation, gross rental income, gross interest and investment income earned and gross proceeds on securities trading. The Group's turnover and contribution to results from operations are analysed as follows:

By principal activity:

	Turnover		Contribution to results from operations	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Hotel operation	9,637,584	8,673,865	1,612,355	1,701,019
Property rental	9,761,790	11,451,303	(2,934,782)	(1,500,970)
Securities trading and investment	2,680,264	10,711,822	(2,189,895)	616,057
Interest income	5,623,652	5,649,194	5,623,652	5,649,194
	<u>27,703,290</u>	<u>36,486,184</u>	2,111,330	6,465,300
Less:				
Administrative expenses			(11,658,393)	(11,816,158)
Other operating expenses			(1,582,972)	(1,582,972)
Deficit arising on revaluation of investment properties			(1,000,000)	-
Surplus arising on revaluation of hotel property			157,781	1,555,588
			<u>(11,972,254)</u>	<u>(5,378,242)</u>
Loss from operations			(3,998,746)	(5,620,486)
Finance costs			(3,400,613)	409,118
Share of results of associates			<u>(19,371,613)</u>	<u>(10,589,610)</u>
Loss before taxation				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

4. SEGMENTAL INFORMATION (continued)

By geographical location of operation:

	Turnover		Contribution to results from operations	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Hong Kong	17,941,500	25,209,781	4,422,883	7,527,898
Other regions in the People's Republic of China ("PRC")	9,761,790	11,276,403	(2,311,553)	(1,062,598)
	<u>27,703,290</u>	<u>36,486,184</u>	2,111,330	6,465,300
Less:				
Administrative expenses			(11,658,393)	(11,816,158)
Other operating expenses			(1,582,972)	(1,582,972)
Deficit arising on revaluation of investment properties			(1,000,000)	–
Surplus arising on revaluation of hotel property			157,781	1,555,588
			<u>(11,972,254)</u>	<u>(5,378,242)</u>
Loss from operations			(11,972,254)	(5,378,242)
Finance costs			(3,998,746)	(5,620,486)
Share of results of associates			(3,400,613)	409,118
			<u>(19,371,613)</u>	<u>(10,589,610)</u>
Loss before taxation			(19,371,613)	(10,589,610)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

5. LOSS FROM OPERATIONS

	2001 HK\$	2000 HK\$
Loss from operations has been arrived at after charging:		
Auditors' remuneration		
Current year	422,850	328,271
Underprovision in prior years	180,000	177,473
Depreciation		
Buildings and building improvements	4,740,043	5,123,829
Furniture, fixtures, equipment, motor vehicles and others		
Owned assets	1,050,320	1,239,266
Leased assets	42,449	3,537
	5,832,812	6,366,632
Exchange loss	13,844	–
Loss on disposal of property, plant and equipment	11,057	563,758
Operating lease rentals on land and buildings	4,209,289	4,127,796
Provision for bad and doubtful debts	119,279	–
Unrealised loss on investments in securities	980,200	101,400
Staff costs including directors' remuneration		
Salaries and other benefits	10,681,780	10,329,386
Provident fund contributions	95,302	–
	10,777,082	10,329,386
and after crediting:		
Gross rents from service apartments	9,761,790	11,276,403
Gross rents from investment properties	–	174,900
Less: Outgoings	(8,971,574)	(9,490,317)
	790,216	1,960,986
Net rental income		
Dividend income from listed investments	77,156	76,177
Exchange gain	–	168,428
	790,216	1,960,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

6. FINANCE COSTS

	2001 HK\$	2000 HK\$
Interest on borrowings wholly repayable within five years:		
Bank loans and overdrafts	3,139,300	20,525
Obligations under finance leases	25,011	12,783
Convertible bonds	–	3,979,370
Interest on mortgage loans wholly repayable after five years	834,435	957,808
Amortisation of convertible bonds issue expenses	–	550,000
Bank charges	–	100,000
	<u>3,998,746</u>	<u>5,620,486</u>

7. DIRECTORS' EMOLUMENTS

	2001 HK\$	2000 HK\$
Fees:		
Executive directors	50,000	25,000
Non-executive directors	80,000	40,000
Independent non-executive directors	20,000	10,000
Other emoluments, salaries, provident fund contributions and other benefits:		
Executive directors	2,259,476	2,685,923
Non-executive directors	724,984	650,316
	<u>3,134,460</u>	<u>3,411,239</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

7. DIRECTORS' EMOLUMENTS (continued)

The emoluments of the directors are within the following bands:

	Number of directors	
	2001	2000
Nil to HK\$1,000,000	13	13
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1

8. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2000: three) are directors of the Company whose emoluments are disclosed in note 7. The emoluments of the remaining two (2000: two) employees were as follows:

	2001	2000
	HK\$	HK\$
Salaries and other emoluments	790,333	827,600

9. TAXATION CREDIT

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries incurred tax losses for the year. The taxation credit in 2000 represented overprovision of Hong Kong Profits Tax in previous years.

Details of the potential deferred tax charge (credit) not provided for in the current year are set out in note 22.

10. NET LOSS FOR THE YEAR

Of the Group's net loss for the year of HK\$18,340,844 (2000: HK\$10,757,517), a loss of HK\$19,379,853 (2000: HK\$12,317,764) has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$18,340,844 (2000: HK\$10,757,517) and on the 488,842,675 (2000: 488,842,675) shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share has been presented because the exercise prices of the outstanding share options of the Company were greater than the average market price of shares for each of the two years ended 31 March, 2000 and 2001.

12. INVESTMENT PROPERTIES

	HK\$
VALUATION	
At 1st April, 2000	5,720,000
Deficit arising on revaluation	<u>(1,000,000)</u>
At 31st March, 2001	<u><u>4,720,000</u></u>

The investment properties of the Group are located in Hong Kong and held under medium-term lease.

All investment properties of the Group were revalued at 31st March, 2001 by AA Property Services Limited, an independent firm of professional valuers, on an open market value basis. The deficit arising on the revaluation amounting to HK\$1,000,000 has been charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

13. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and building improvements in Hong Kong HK\$	Leasehold land and buildings in the PRC HK\$	Hotel property in Hong Kong HK\$	Furniture, fixtures, equipment, motor vehicles and others HK\$	Total HK\$
THE GROUP					
COST OR VALUATION					
At 1st April, 2000	68,783,540	77,149,715	39,400,667	10,230,849	195,564,771
Additions	–	440,251	780,330	937,870	2,158,451
Disposals	–	–	–	(239,446)	(239,446)
Reclassification	–	(100,100)	–	100,100	–
Surplus arising on revaluation	–	–	157,781	–	157,781
At 31st March, 2001	<u>68,783,540</u>	<u>77,489,866</u>	<u>40,338,778</u>	<u>11,029,373</u>	<u>197,641,557</u>
Comprising:					
At cost	68,783,540	77,489,866	–	11,029,373	157,302,779
At valuation 2001	–	–	40,338,778	–	40,338,778
	<u>68,783,540</u>	<u>77,489,866</u>	<u>40,338,778</u>	<u>11,029,373</u>	<u>197,641,557</u>
DEPRECIATION					
At 1st April, 2000	7,432,421	9,478,876	–	3,252,547	20,163,844
Charge for the year	1,497,983	3,242,060	–	1,092,769	5,832,812
Eliminated on disposals	–	–	–	(157,973)	(157,973)
At 31st March, 2001	<u>8,930,404</u>	<u>12,720,936</u>	<u>–</u>	<u>4,187,343</u>	<u>25,838,683</u>
NET BOOK VALUES					
At 31st March, 2001	<u>59,853,136</u>	<u>64,768,930</u>	<u>40,338,778</u>	<u>6,842,030</u>	<u>171,802,874</u>
At 31st March, 2000	<u>61,351,119</u>	<u>67,670,839</u>	<u>39,400,667</u>	<u>6,978,302</u>	<u>175,400,927</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

13. PROPERTY, PLANT AND EQUIPMENT (continued)

THE GROUP

All the properties located in the PRC included Hong Kong are held under medium-term lease.

A major portion of the leasehold land and buildings in Hong Kong is registered in the name of a company controlled by Mr. Deacon Te-ken Chiu and his family ("the Chiu Family") as trustee for the Group.

Certain assets included under "Furniture, fixtures, equipment, motor vehicles and others" are registered in the name of a third party as trustee for the Group.

Hotel property in Hong Kong was valued at 31st March, 2001 as an ongoing hotel operation by capitalisation of net operating profits and business goodwill on an open market value basis by A A Property Services Limited, an independent firm of professional valuers. The surplus arising on revaluation amounting to HK\$157,781 has been credited to income statement.

If the hotel property had not been revalued, it would have been included in these financial statements at historical cost of HK\$42,453,838 (2000: HK\$41,673,508).

The net book value of furniture, fixtures, equipment, motor vehicles and others of HK\$6,978,302 includes an amount of HK\$378,507 (2000: HK\$415,013) in respect of assets held under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture, fixtures, equipment, motor vehicles and others HK\$
THE COMPANY	
COST	
At 1st April, 2000	2,727,761
Additions	1,480
	<hr/>
At 31st March, 2001	2,729,241
	<hr/>
DEPRECIATION	
At 1st April, 2000	1,557,790
Charge for the year	210,902
	<hr/>
At 31st March, 2001	1,768,692
	<hr/>
NET BOOK VALUES	
At 31st March, 2001	960,549
	<hr/> <hr/>
At 31st March, 2000	1,169,971
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

14. INVESTMENTS IN SUBSIDIARIES

	2001 HK\$	2000 HK\$
Unlisted shares, at cost	89,209,236	90,082,737
Amounts due from subsidiaries	366,911,784	361,110,343
Less: Provision for impairment in value	(45,919,494)	(34,419,494)
	<u>410,201,526</u>	<u>416,773,586</u>

The amounts due from subsidiaries are unsecured and in the opinion of directors, the amount will not be demanded for repayment within the next twelve months. Accordingly, the amount is classified as non-current asset. The amounts are bear interest at following rates:

	2001 HK\$	2000 HK\$
Hong Kong prime rate minus 4%	36,218,813	32,864,685
Hong Kong prime rate minus 1%	121,734,604	110,706,306
9%	8,373,050	8,466,765
Non-interest bearing	200,585,317	209,072,587
	<u>366,911,784</u>	<u>361,110,343</u>

Particulars regarding the subsidiaries at 31st March, 2001 are as follows:

Name of subsidiary	Issued ordinary share capital		Effective percentage of issued ordinary share capital		Principal activities
	Number of shares	Par value per share	Directly held	Indirectly held	
Alabama Investment Company Limited	900	HK\$10	97.8	-	Hotel operation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Number of shares	Issued ordinary share capital Par value per share	Effective percentage of issued ordinary share capital		Principal activities
			Directly held	Indirectly held	
Cankon Properties Limited	2	HK\$1	100	–	Property investment
Far East Communication Technology Limited	2	HK\$1	100	–	Inactive
Faubert Investment Limited	2	HK\$1	100	–	Property investment
Garmelo Secretarial Limited	2	HK\$1	100	–	Provision of company secretarial services to group companies
Happiways Construction Limited	2	HK\$10	100	–	Inactive
Lai Chi Kok Amusement Park Company, Limited	2,520,000	HK\$10	100	–	Property and investment holding
Long Challenge Limited	10,000	HK\$1	100	–	Investment holding and property investment
Neochem Development Limited	100	HK\$1	100	–	Inactive
Rex Entertainment Limited	1,000	HK\$100	100	–	Property holding
Ricci Hall Investment Limited	1	US\$1	100	–	Inactive
Sintex Holdings Limited	1	US\$1	100	–	Investment holding
Chartersend Limited	2	HK\$1	–	100	Property investment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

14. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Issued ordinary share capital		Effective percentage of issued ordinary share capital		Principal activities
	Number of shares	Par value per share	Directly held	Indirectly held	
Jew Trade Investment Limited	2	HK\$1	-	100	Inactive
Jones Town Limited	2	HK\$1	-	100	Property investment
Oneyon Limited	2	HK\$1	-	100	Investment holding
Palm City Development Limited	2	HK\$1	-	100	Investment holding
Timing Mark Development Limited	2	HK\$1	-	100	Inactive
Yuk Sue Investment Limited	2	HK\$1	-	100	Securities trading and investment
Tradeland Investments Limited	250,000	HK\$1	-	75	Investment holding
Beijing Hai Lian Property Management Co., Ltd	-	RMB25,115,180#	-	67.5	Property investment and service apartments operation

All these subsidiaries are incorporated and operate in Hong Kong except Ricci Hall Investment Limited and Sintex Holdings Limited which are incorporated in the British Virgin Islands and operates in Hong Kong whereas Beijing Hai Lian Property Management Co., Ltd which is registered and operates in the PRC.

Registered Capital

None of the subsidiaries had any loan capital outstanding at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

15. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Unlisted shares, at cost	–	–	212,578,509	212,578,509
Share of net assets	187,170,824	187,399,619	–	–
Less: Provision for impairment in value	–	–	(27,109,224)	(27,109,224)
Elimination of interest charged by Group	(20,696,126)	(9,543,158)	–	–
	<u>166,474,698</u>	<u>177,856,461</u>	<u>185,469,285</u>	<u>185,469,285</u>
Loan to an associate	<u>187,318,200</u>	<u>170,976,614</u>	–	–
	<u><u>353,792,898</u></u>	<u><u>348,833,075</u></u>	<u><u>185,469,285</u></u>	<u><u>185,469,285</u></u>

The loan to an associate is unsecured, bears interest at Hong Kong Prime Rate and will not be demanded for repayment within the next twelve months. Accordingly, the amount is classified as non-current asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

15. INTERESTS IN ASSOCIATES (continued)

Particulars regarding the associates are as follows:

Name of associate	Effective percentage of issued share capital held by the Group		Place of incorporation/ operation	Principal activities
	Non-cumulative 5% preference shares	Ordinary shares		
Bolan Holdings N.V.*	45	45	Netherlands Antilles/ Australia	Investment holding, operation of hotel and amusement park
Central More Limited	–	50	Hong Kong	Property development
Star River Investment Limited	–	50	Hong Kong	Property development

In order to avoid unreasonable delay in the production of the Group's consolidated financial statements, the financial statements of all the associates which are prepared to 31st December are used.

* Audited by Societe d'Expertise Comptable et d'Organisation (Groupe SECO).

The following details have been extracted from the audited financial statements of the Group's associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

15. INTERESTS IN ASSOCIATES (continued)

Operating results for the year ended 31st December, 2000:

	Bolan Holdings N. V. HK\$	Central More Limited HK\$	Star River Investment Limited HK\$
Turnover	8,665,792	–	–
Depreciation	305,417	–	–
Loss from ordinary activities before taxation	<u>(7,519,801)</u>	<u>(22,150)</u>	<u>(11,255)</u>
Loss from ordinary activities before taxation attributable to the Group	<u>(3,383,913)</u>	<u>(11,075)</u>	<u>(5,628)</u>
Financial position at 31st December, 2000:			
Total assets	502,191,776	1,290,356,343	67,185,809
Total liabilities	<u>(61,144,255)</u>	<u>(1,290,493,421)</u>	<u>(67,230,347)</u>
Shareholders' funds (deficit)	<u>441,047,521</u>	<u>(137,078)</u>	<u>(44,538)</u>
Amount attributable to the Group	<u>187,261,632</u>	<u>(68,539)</u>	<u>(22,269)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

16. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
THE GROUP						
Equity securities:						
Listed – Hong Kong	–	–	2,404,739	4,793,396	2,404,739	4,793,396
Unlisted – Overseas	180,411,545	180,411,545	–	–	180,411,545	180,411,545
	<u>180,411,545</u>	<u>180,411,545</u>	<u>2,404,739</u>	<u>4,793,396</u>	<u>182,816,284</u>	<u>185,204,941</u>
Market value						
of listed securities	–	–	2,404,739	4,793,396	2,404,739	4,793,396
Carrying amount						
analysed for						
reporting purposes as:						
Current	–	–	714,739	2,123,196	714,739	2,123,196
Non-current	180,411,545	180,411,545	1,690,000	2,670,200	182,101,545	183,081,745
	<u>180,411,545</u>	<u>180,411,545</u>	<u>2,404,739</u>	<u>4,793,396</u>	<u>182,816,284</u>	<u>185,204,941</u>
THE COMPANY						
Non-current equity						
securities:						
Unlisted – overseas	157,026,351	157,026,351	–	–	157,026,351	157,026,351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

16. INVESTMENTS IN SECURITIES (continued)

Particulars regarding the non-current investments in securities are as follows:

Name of company	Effective percentage of issued ordinary share capital held by the Group	Place of incorporation	Principal activities
Warwick Holdings S.A.	16.09	Luxemburg	Investment holding, hotel investment and operation
Far East Consortium International Limited	0.35	Cayman Islands (Listed in Hong Kong)	Investment holding and property investment

The Group's interest in a former overseas associate, Warwick Holdings S.A., was reclassified as investments securities, held for long-term purposes in early January 1988 when the Group's interest therein fell below 20% of the issued share capital and the Group was no longer in a position to exercise significant influence over the investee. The investment is stated at its carrying value at the date of reclassification, which comprises its cost of acquisition plus the Group's share of its post-acquisition profits accounted for using the equity method up to that date, as reduced by any impairment loss that is other than temporary.

The Chiu Family together with the related trusts are controlling shareholders of Warwick Holdings S.A. and Far East Consortium International Limited.

17. INVENTORIES

	THE GROUP	
	2001 HK\$	2000 HK\$
Food and beverage and other consumable stocks	480,154	358,949

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

18. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group generally allows an average credit period of not more than 30 days to its customers.

The following is an aged analysis of trade debtors at the balance sheet date:

	THE GROUP	
	2001 HK\$	2000 HK\$
0 - 30 days	209,683	285,194
31 - 60 days	141,073	112,402
Over 60 days	241,737	202,195
	<hr/>	<hr/>
	592,493	599,791
Other advances and prepayments	3,063,692	3,092,435
	<hr/>	<hr/>
	<u>3,656,185</u>	<u>3,692,226</u>

19. CREDITORS, ACCRUALS AND OTHER PAYABLES

The following is an aged analysis of trade creditors at the balance sheet date:

	THE GROUP	
	2001 HK\$	2000 HK\$
0 - 30 days	334,482	322,568
31 - 60 days	500,924	494,820
Over 60 days	1,284,860	891,052
	<hr/>	<hr/>
	2,120,266	1,708,440
Accruals	3,273,521	3,122,598
	<hr/>	<hr/>
	<u>5,393,787</u>	<u>4,831,038</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

20. SECURED BANK LOANS

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
The secured bank loans are repayable as follows:				
Within 1 year	584,066	453,491	–	–
More than 1 year but not exceeding 2 years	622,608	484,214	–	–
More than 2 years but not exceeding 5 years	41,566,506	41,692,103	40,000,000	40,000,000
Over 5 years	6,695,673	7,302,856	–	–
	<u>49,468,853</u>	<u>49,932,664</u>	<u>40,000,000</u>	<u>40,000,000</u>
Less: Amount due within one year shown under current liabilities	<u>(584,066)</u>	<u>(453,491)</u>	<u>–</u>	<u>–</u>
	<u>48,884,787</u>	<u>49,479,173</u>	<u>40,000,000</u>	<u>40,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

21. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP AND THE COMPANY	
	2001 HK\$	2000 HK\$
The maturity of obligations under finance leases is as follows:		
Within 1 year	95,456	87,453
More than 1 year but not exceeding 2 years	103,460	95,456
More than 2 years but not exceeding 5 years	64,048	167,508
	<u>262,964</u>	<u>350,417</u>
Less: Amount due within one year shown under current liabilities	(95,456)	(87,453)
	<u>167,508</u>	<u>262,964</u>

22. UNPROVIDED DEFERRED TAXATION

At the balance sheet date, the major components of the unprovided deferred tax (liabilities) assets are as follows:

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Excess of tax allowances over depreciation	(697,546)	(265,505)	(104,480)	(93,904)
Unutilised tax losses	6,969,079	7,106,208	2,192,948	2,721,524
	<u>6,271,533</u>	<u>6,840,703</u>	<u>2,088,468</u>	<u>2,627,620</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

22. UNPROVIDED DEFERRED TAXATION (continued)

The amount of the unprovided deferred tax charge (credit) for the year is as follows:

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Tax effect of timing difference because of:				
Excess (shortfall) of tax allowances over depreciation	432,041	(14,004)	10,576	(139,635)
Tax loss utilised (arising)	137,129	322,495	528,576	(321,543)
	<u>569,170</u>	<u>308,491</u>	<u>539,152</u>	<u>(461,178)</u>

The net deferred tax asset has not been recognised in the financial statements as it is not certain that the asset will be realised in the foreseeable future.

Deferred tax has not been provided on the revaluation surplus arising on the revaluation of investment properties as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purposes.

23. SHARE CAPITAL

	Authorised	Issued and fully paid
	2001 & 2000 HK\$	2001 & 2000 HK\$
Ordinary shares of HK\$1.00 each	<u>750,000,000</u>	<u>488,842,675</u>

There was no movement in share capital of the Company in either of the two years ended 31st March, 2001.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

24. SHARE OPTION SCHEME

Pursuant to a share option scheme adopted on 22nd September, 1995 ("Scheme"), the Company may grant options to full time employees, including directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price, being (a) not less than 80% of the average of the closing prices of each share on the Stock Exchange as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the offer date, or (b) the nominal value of the share, whichever is the higher. Options granted under the Scheme are exercisable within 10 years from the respective date of grant.

Details of the options outstanding at year end are as follows:

Exercisable period	Exercise price HK\$	Number of shares
October, 1995 to September, 2005	1.44	590,000
November, 1995 to October, 2005	1.42	5,000,000
April, 1996 to March, 2006	1.60	4,250,000
September, 1997 to August, 2007	3.01	1,000,000
November, 1997 to October, 2007	1.74	7,000,000
January, 2000 to December, 2009	1.00	12,000,000
		<u>29,840,000</u>

The exercise in full of the subscription rights attached to those exercisable share options outstanding at the balance sheet date would have resulted in the issue of 29,840,000 ordinary shares of HK\$1.00 each of the Company and receipt by the Company of subscription monies in the total sum of HK\$41,939,600 before expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

25. RESERVES

	Share premium HK\$	Capital reserve HK\$	Capital redemption reserve HK\$	Deficit HK\$	Total HK\$
THE GROUP					
At 1st April, 1999	92,805,386	25,180,328	28,990,000	(1,140,664)	145,835,050
Reclassification	-	(3,957,097)	-	3,957,097	-
Loss for the year	-	-	-	(10,757,517)	(10,757,517)
Share of exchange adjustments of an associate	-	-	-	(1,286,878)	(1,286,878)
Exchange adjustments	-	-	-	(127,295)	(127,295)
	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(9,355,257)</u>	<u>133,663,360</u>
At 31st March, 2000	92,805,386	21,223,231	28,990,000	(9,355,257)	133,663,360
Loss for the year	-	-	-	(18,340,844)	(18,340,844)
Share of exchange adjustment of an associate	-	-	-	3,171,818	3,171,818
Exchange adjustments	-	-	-	4,239	4,239
	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(24,520,044)</u>	<u>118,498,573</u>
At 31st March, 2001	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(24,520,044)</u>	<u>118,498,573</u>

The capital reserve represents the portion of profit on disposal in 1982 of the Group's assets to an associate, which is deferred to the extent of the Group's attributable interests therein. The amounts deferred will be recognised as the Group's profit only when the Group's equity interest in the former associate is decreased or the assets are sold to third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

25. RESERVES (continued)

Included in the above is Group's share of post-acquisition reserves of its associates, as follows:

	Share premium HK\$	Capital reserve HK\$	Capital redemption reserve HK\$	Deficit HK\$	Total HK\$
At 1st April, 1999	-	-	-	(24,301,133)	(24,301,133)
Share of profit for the year	-	-	-	409,118	409,118
Exchange adjustments	-	-	-	(1,286,878)	(1,286,878)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,286,878)</u>	<u>(1,286,878)</u>
At 31st March, 2000	-	-	-	(25,178,893)	(25,178,893)
Share of loss for the year	-	-	-	(3,400,613)	(3,400,613)
Exchange adjustments	-	-	-	3,171,818	3,171,818
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,171,818</u>	<u>3,171,818</u>
At 31st March, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,407,688)</u>	<u>(25,407,688)</u>

	Share premium HK\$	Capital reserve HK\$	Capital redemption reserve HK\$	Retained profits (deficit) HK\$	Total HK\$
THE COMPANY					
At 1st April, 1999	92,805,386	26,740,002	28,990,000	1,289,171	149,824,559
Reclassification	-	(5,516,771)	-	5,516,771	-
Loss for the year	-	-	-	(12,317,764)	(12,317,764)
	<u>92,805,386</u>	<u>(5,516,771)</u>	<u>-</u>	<u>(12,317,764)</u>	<u>(12,317,764)</u>
At 31st March, 2000	92,805,386	21,223,231	28,990,000	(5,511,822)	137,506,795
Loss for the year	-	-	-	(19,379,853)	(19,379,853)
	<u>92,805,386</u>	<u>-</u>	<u>-</u>	<u>(19,379,853)</u>	<u>(19,379,853)</u>
At 31st March, 2001	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(24,891,675)</u>	<u>(118,126,942)</u>

The Company does not have any reserve available for distribution to shareholders as at 31st March, 2000 and 2001.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

26. AMOUNT DUE TO AN ASSOCIATE

Amount due to an associate is unsecured, non-interest bearing and no repayment will be demanded within the next twelve months. Accordingly, the amount is classified as non-current liabilities.

27. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 HK\$	2000 HK\$
Loss before taxation	(19,371,613)	(10,589,610)
Share of results of associates	3,400,613	(409,118)
Interest expenses	3,998,746	4,970,486
Dividend income	(77,156)	(76,177)
Depreciation	5,832,812	6,366,632
Amortisation of convertible bonds issue expenses	–	550,000
Unrealised loss on investments in securities	980,200	101,400
Increase in deferred interest income	11,152,968	9,543,158
Surplus arising on revaluation of hotel property	(157,781)	(1,555,588)
Deficit arising on revaluation of investment properties	1,000,000	–
Loss on disposal of property, plant and equipment	11,057	563,758
(Increase) decrease in inventories	(121,205)	27,293
Decrease (increase) in debtors, deposits and prepayments	36,041	(4,153,758)
Decrease in current accounts with related companies, net	1,098,740	94,520
Decrease (increase) in investment in securities	1,408,457	(764,351)
Increase in creditors, accruals and other payables	562,749	1,084,332
Decrease in deposits received	(40,112)	(173,706)
Increase in amounts due to directors	30,000	3,479
Net cash inflow from operating activities	<u>9,744,516</u>	<u>5,582,750</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

28. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Secured bank loans HK\$	Convertible bonds HK\$	Amount due to a minority shareholder HK\$	Obligations under finance leases HK\$
At 1st April, 1999	10,365,148	39,450,000	2,303,264	–
Net cash inflow (outflow)				
from financing	–	–	1,181,722	(34,077)
Repayment of bank loans	(432,484)	–	–	–
New bank loan raised	40,000,000	–	–	–
Repayment of convertible bonds	–	(40,000,000)	–	–
Other movements not involving cash flows:				
Inception of finance lease contract	–	–	–	384,494
Amortisation of convertible bonds issue expenses	–	550,000	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2000	49,932,664	–	3,484,986	350,417
Net cash inflow (outflow)				
from financing	–	–	515,518	(87,453)
Repayment of bank loans	(463,811)	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2001	<u>49,468,853</u>	<u>–</u>	<u>4,000,504</u>	<u>262,964</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

29. RELATED PARTY TRANSACTIONS

(a) At the balance sheet date, the outstanding balances due from (to) companies controlled by the directors are as follows:

Name of company	Name of directors related	THE GROUP			THE COMPANY		
		2001 HK\$	2000 HK\$	Maximum balance outstanding during the year HK\$	2001 HK\$	2000 HK\$	Maximum balance outstanding during the year HK\$
Far East Theatres Management Ltd.	Deacon Te-ken Chiu	745,369	1,854,583	1,854,583	745,369	1,854,583	1,854,583
	Chiu Ju Ching-lan						
	Dick Tat-sang Chiu						
	David Tat-cheong Chiu						
Far East Technology International Limited	Deacon Te-ken Chiu	804,431	804,431	804,431	420,716	420,716	420,716
	David Tat-cheong Chiu						
	Margaret Chiu						
	Dennis Tat-shing Chiu						
	Daniel Tat-jung Chiu						
	Derek Chiu						
	Desmond Chiu Duncan Chiu						
		<u>1,549,800</u>	<u>2,659,014</u>		<u>1,166,085</u>	<u>2,275,299</u>	
Great Eastern Advertising & Publishing Co., Ltd	Derek Chiu, Janny Lin-chun Leung	(32,741)	(43,215)		(32,741)	(43,215)	
		<u>1,517,059</u>	<u>2,615,799</u>		<u>1,133,344</u>	<u>2,232,084</u>	

All the above balances are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

29. RELATED PARTY TRANSACTIONS (continued)

- (b) During the year, the Group has purchased certain paintings and porcelain statue at a cost of HK\$800,000 (2000: Nil) from Far East Theatres Management Ltd., a company controlled by Mr. Deacon Te-ken Chiu, Chiu Ju Ching-lan, Dick Tak-sang Chiu and David Tak-cheong Chiu. The purchase price was arrived at after negotiation between the parties.
- (c) As at 31st March, 2001, the Group advanced a total of approximately HK\$187million (2000: approximately HK\$171 million) to an associate, Central More Limited. The balance due includes an amount in respect of land transferred of approximately HK\$136 million (2000: HK\$136 million) and accumulated accrued interest charged thereon of approximately HK\$51 million (2000: HK\$35 million). The balance is interest bearing at the Hong Kong Prime Rate, unsecured and has no fixed repayment terms.
- (d) At the balance sheet date, the Group also pledged its entire equity interests in an associate to secure the banking facilities for construction costs and related expenses of HK\$425 million (2000: HK\$425 million) granted to the associate.

30. PLEDGE OF ASSETS

At the balance sheet date, the Group had bank loans and overdraft facilities amounted to HK\$71,468,853 (2000: HK\$103,232,665), of which HK\$53,569,961 (2000: HK\$50,255,793) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$58,362,430 (2000: HK\$18,244,983) and HK\$2,283,911 (2000: HK\$3,854,937) respectively. A floating charge on all assets, properties and undertakings both present and future including the uncalled capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

31. CONTINGENT LIABILITIES

At the balance sheet date, there were contingent liabilities so far as not provided for in the financial statements, in respect of :

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Letters of guarantee issued to secure banking facilities granted to:				
– subsidiary companies	–	–	–	3,418,000
– associates	<u>425,000,000</u>	<u>425,000,000</u>	<u>–</u>	<u>–</u>
	<u>425,000,000</u>	<u>425,000,000</u>	<u>–</u>	<u>3,418,000</u>

The amount of facilities utilised by the associate as at 31st March, 2001 amounted to approximately HK\$104 million (2000: HK\$42 million).

32. LONG SERVICE PAYMENTS

At the balance sheet date, the Group had a number of employees who had completed the required number of years of service under the Hong Kong Employment Ordinance (the “Ordinance”) to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment meets the circumstances which are specified in the Ordinance.

Had the employment of all eligible employees been terminated on the balance sheet date under the circumstances specified by the Ordinance, the maximum potential exposure would have been approximately HK\$2,282,000 (2000: HK\$2,089,000). No provision has been made in the financial statements in respect of such long service payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

33. COMMITMENTS

(a) Operating lease commitments

At the balance sheet date, there were annual commitments under non-cancellable operating leases payable within the next year in respect of land and buildings as set out below:

	THE GROUP	
	2001 HK\$	2000 HK\$
Operating leases which expire:		
Within one year	56,000	–
In the second to fifth year inclusive	–	288,000
Over five years	3,883,178	3,813,084
	<u>3,939,178</u>	<u>4,101,084</u>

The Company does not have any operating lease commitment at the balance sheet date.

(b) Capital commitments

At the balance sheet date, the Group had contracted capital commitments not provided for in the financial statements in respect of the following:

	THE GROUP	
	2001 HK\$	2000 HK\$
Outstanding capital contribution in respect of projects in the PRC	–	7,800,000
Hotel development expenditures	–	210,000
Leasehold improvement expenditures	1,024,034	–
	<u>1,024,034</u>	<u>8,010,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2001

33. COMMITMENTS (continued)

(c) Other commitments

At the balance sheet date, the Group had contracted with an independent consultancy company for the project of Kau Wah Keng Old Village, Lai Chi Kok, Kowloon and the outstanding commitment for procurement fees amounted to HK\$28,000,000 (2000: HK\$28,000,000).

34. PROVIDENT FUND SCHEME

In December 2000, the Group joined the Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the income statement as they become payable in accordance with the rules of the Scheme. When an employee leaves the Company, the mandatory contributions are fully vested with the employee.