



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

10 Fixed assets *(continued)*

All properties were revalued at 31st March 2001 on the basis of their open market value by Vigers Hong Kong Ltd., an independent firm of professional valuers. The surpluses arising from revaluation have been taken directly to the investment properties revaluation reserve and other properties revaluation reserve respectively (note 18).

The carrying amount of leasehold land and buildings of the Group and the Company would have been HK\$63,988,878 (2000: HK\$76,830,809) and HK\$42,609,830 (2000: HK\$43,738,675) respectively had they been stated at cost less accumulated depreciation.

At 31st March 2001, the net book value of leasehold land and buildings pledged as security for the Group's and Company's bank loans amounted to HK\$125,000,000 (2000: HK\$50,000,000) and HK\$50,000,000 (2000: HK\$50,000,000) respectively.

11 Investments in subsidiaries

	Company	
	2001 HK\$	2000 HK\$
Unlisted investments, at cost	53,291,828	53,291,828
Less: provision for diminution in value	(1,200,000)	(1,200,000)
	<u>52,091,828</u>	<u>52,091,828</u>
Amounts due from subsidiaries	331,744,395	250,975,266
Less: provision for doubtful debts	(270,101,426)	(192,101,426)
	<u>61,642,969</u>	<u>58,873,840</u>
Amounts due to subsidiaries	<u>(2,799)</u>	<u>(2,799)</u>
	<u>113,731,998</u>	<u>110,962,869</u>

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

The following is a list of the principal subsidiaries at 31st March 2001:

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued/registered share capital	Percentage of equity interest held	
				2001	2000
<i>Held directly:</i>					
* Athenian Investments Limited	The British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1 each	100	100



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

11 Investments in subsidiaries *(continued)*

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued/registered share capital	Percentage of equity interest held	
				2001	2000
<i>Held directly:</i>					
Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited	Hong Kong	Property holding in Hong Kong	100 ordinary shares of HK\$100 each and 240,000 deferred shares of HK\$100 each	100	100
Golden Island Catering Group Company Limited	Hong Kong	Restaurant operations in Hong Kong	2 ordinary shares of HK\$1 each	100	100
Golden Island (Chine Pax) Limited	Hong Kong	Investment holding in Hong Kong	2 ordinary shares of HK\$1 each	100	100
Golden Island (Management) Limited	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK\$1 each	100	100
* Golden Island (Shantou) Limited	The British Virgin Islands	Investment holding in the PRC	1,000 ordinary shares of US\$1 each	100	100
* Marlborough Gold Limited	The British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1 each	100	100
<i>Held indirectly:</i>					
Golden Island Bird's Nest (Chiu Chau) Restaurant Limited	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK\$100 each	100	100
* Golden Island Bird's Nest Chiu Chau Restaurant (Shantou) Limited	The People's Republic of China	Restaurant operations in the PRC	HK\$15,000,000	100	100

* These subsidiaries are not audited by PricewaterhouseCoopers.

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



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

12 Investments in associated companies

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Unlisted shares, at cost	—	—	—	—
Share of net liabilities other than goodwill	—	—	—	—
	—	—	—	—
Amounts due from associated companies <i>(Note (b))</i>	6,349,203	6,349,203	28,850	28,850
Provision for doubtful debts	(6,349,203)	(6,349,203)	(28,850)	(28,850)
	—	—	—	—
	—	—	—	—

(a) The following is a list of the associated companies at 31st March 2001:

Name	Place of incorporation	Particular of issued shares held	Interest held		Principal activities and place of operation
			2001	2000	
<i>Held indirectly:</i>					
Goldpoint Investment Limited	The British Virgin Islands	51,283 ordinary shares of US\$1 each	50%	50%	Investment holding in Hong Kong
Loksun Investments Limited	Hong Kong	1,000,000 ordinary shares of HK\$1 each	33%	33%	Dormant

All associated companies are not audited by PricewaterhouseCoopers.

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

13 Investment in convertible note

	Group	
	2001 HK\$	2000 HK\$
Unlisted investment, at cost	78,000,000	—
Less: provision for convertible note	(78,000,000)	—
	—	—



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

13 Investment in convertible note *(continued)*

This represents a 4% convertible note ("Note") of Opal Technologies Inc. for a principal amount of US\$10 million at par for cash consideration. Opal is engaged in the manufacturing, trading and distribution of organic fertilisers and its shares are traded on the NASDAQ Bulletin Board in the United States of America. The Note is unsecured, interest bearing at 4% per annum payable quarterly in arrears and due on 9th April 2003.

Pursuant to the agreement, the Note is convertible, in whole or in part, into fully paid shares of common stock of Opal (par value US\$0.001) at US\$0.20 per share (subject to adjustment) after 10th October 2000.

Trading of Opal on NASDAQ Bulletin Board has been suspended since 23rd May 2001 due to its failure to file the audited accounts for the year ended 31st December 2000 with the Securities and Exchange Commission of the United States of America. The directors have made a detailed assessment on the prospect of Opal and the recoverability of the Note. Based on the assessment, a full provision on the convertible note has been made in this account.

14 Inventories

At 31st March 2001, the amount of inventories that are carried at net realisable value amounted to HK\$1,493,324 (2000: HK\$2,836,536).

15 Accounts receivable, deposits and prepayments

	Group		Company	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
Trade receivables <i>(Note)</i>	953,568	1,886,777	–	–
Deposits, prepayments and other receivable	4,291,468	4,577,348	744,112	295,209
	<u>5,245,036</u>	<u>6,464,125</u>	<u>744,112</u>	<u>295,209</u>

Note: The Group's general credit term granted to customers is 30 to 60 days.

At 31st March 2001, the ageing analysis of the trade receivables was as follows:

	Group	
	2001	2000
	HK\$	HK\$
Current	702,542	1,344,144
30-60 days	170,410	369,075
60-90 days	80,616	65,807
Over 90 days	–	107,751
	<u>953,568</u>	<u>1,886,777</u>



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

16 Accounts payable and accrued charges

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Trade payables (<i>Note</i>)	2,584,621	8,129,363	–	–
Other payable and accruals	11,353,139	25,577,846	481,084	382,404
Deposits received	479,170	145,197	–	–
	<u>14,416,930</u>	<u>33,852,406</u>	<u>481,084</u>	<u>382,404</u>

Note: At 31st March 2001, the ageing analysis of trade payables was as follows:

	Group	
	2001 HK\$	2000 HK\$
Current	1,501,270	4,317,850
30-60 days	956,660	3,706,964
Over 90 days	126,691	104,549
	<u>2,584,621</u>	<u>8,129,363</u>

17 Share capital

	Ordinary shares of HK\$0.05 each	
	No. of shares	HK\$
Authorised:		
At 1st April 1999	1,200,000,000	60,000,000
Increase in authorised ordinary share capital (<i>note (a)</i>)	800,000,000	40,000,000
At 31st March 2000	<u>2,000,000,000</u>	<u>100,000,000</u>
At 1st April 2000 and 31st March 2001	<u>2,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At 1st April 1999	760,000,000	38,000,000
Issue of shares (<i>note (b)</i>)	334,000,000	16,700,000
At 31st March 2000	<u>1,094,000,000</u>	<u>54,700,000</u>
At 1st April 2000 and 31st March 2001	<u>1,094,000,000</u>	<u>54,700,000</u>

- (a) By an ordinary resolution passed on 6th March 2000 the authorised ordinary share capital of the Company was increased from HK\$60,000,000 to HK\$100,000,000 by the creation of 800,000,000 shares of HK\$0.05 each.



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

17 Share capital *(continued)*

- (b) On 30th November 1999, 152,000,000 ordinary shares of HK\$0.05 each were issued at a price of HK\$0.15 each to increase the working capital of the Company. In addition 182,000,000 ordinary shares of HK\$0.05 each were issued on 7th March 2000 at a price of HK\$1.10 each for raising working capital.
- (c) Pursuant to the Company's share option scheme (the "Scheme"), which became effective on 2nd January 1991, the directors of the Company may at their discretion grant options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The Scheme expired on 1st January 2001.

At 31st March 2001, particulars of outstanding share options granted are as follows:

Date of grant	Exercise price HK\$	Options granted	Options lapsed*	Outstanding options as at 31st March 2001
26th April 2000	0.58	64,800,000	(20,000,000)	44,800,000
29th December 2000	0.26	21,560,000	–	21,560,000
		<u>86,360,000</u>	<u>(20,000,000)</u>	<u>66,360,000</u>

* Options lapsed upon the termination of services of the grantees.

18 Reserves

	Share premium HK\$	Contributed surplus HK\$	Group		Exchange difference HK\$	Accumulated losses HK\$	Total HK\$
			Investment properties revaluation reserve HK\$	Other properties revaluation reserve HK\$			
At 1st April 1999	86,670,216	28,784,000	813,120	89,672,989	529,522	(189,699,800)	16,770,047
Issue of shares	206,300,000	–	–	–	–	–	206,300,000
Net surplus on revaluation	–	–	600,000	14,190,651	–	–	14,790,651
Loss for the year	–	–	–	–	–	(47,341,960)	(47,341,960)
At 31st March 2000	<u>292,970,216</u>	<u>28,784,000</u>	<u>1,413,120</u>	<u>103,863,640</u>	<u>529,522</u>	<u>(237,041,760)</u>	<u>190,518,738</u>
At 1st April 2000	292,970,216	28,784,000	1,413,120	103,863,640	529,522	(237,041,760)	190,518,738
Transfers	–	–	37,312,617	(37,312,617)	–	–	–
Net (deficit)/surplus on revaluation	–	–	(5,654,000)	3,463,400	–	–	(2,190,600)
Reserve realised upon disposal	–	–	–	(1,227,180)	–	–	(1,227,180)
Loss for the year	–	–	–	–	–	(83,248,608)	(83,248,608)
At 31st March 2001	<u>292,970,216</u>	<u>28,784,000</u>	<u>33,071,737</u>	<u>68,787,243</u>	<u>529,522</u>	<u>(320,290,368)</u>	<u>103,852,350</u>



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

18 Reserves *(continued)*

	Share premium <i>HK\$</i>	Contributed surplus <i>HK\$</i>	Company Other properties revaluation reserve <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
At 1st April 1999	86,670,216	28,784,000	4,051,635	(155,428,039)	(35,922,188)
Issue of shares	206,300,000	–	–	–	206,300,000
Surplus on revaluation	–	–	4,093,401	–	4,093,401
Loss for the year	–	–	–	(5,666,925)	(5,666,925)
At 31st March 2000	<u>292,970,216</u>	<u>28,784,000</u>	<u>8,145,036</u>	<u>(161,094,964)</u>	<u>168,804,288</u>
At 1st April 2000	292,970,216	28,784,000	8,145,036	(161,094,964)	168,804,288
Surplus on revaluation	–	–	1,126,400	–	1,126,400
Loss for the year	–	–	–	(77,027,716)	(77,027,716)
At 31st March 2001	<u>292,970,216</u>	<u>28,784,000</u>	<u>9,271,436</u>	<u>(238,122,680)</u>	<u>92,902,972</u>

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date of which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders provided that the Company is able to meet its obligations after the distribution and the realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.

19 Notes to the consolidated cash flow statement

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2001 <i>HK\$</i>	2000 <i>HK\$</i>
Operating loss	(3,504,262)	(28,773,294)
Provision for doubtful debts	91,442	–
Interest income	(3,749,190)	(231,443)
Loss on disposal of fixed assets	822,052	420,892
Fixed assets written off	653,226	5,101,004
Depreciation	4,451,557	6,246,347
Decrease in inventories	929,443	2,656,771
Decrease/(increase) in accounts receivable, deposits and prepayments	1,127,647	(1,205,770)
(Decrease)/increase in accounts payable and accrued charges	(19,435,476)	4,282,273
Net cash outflow from operating activities	<u>(18,613,561)</u>	<u>(11,503,220)</u>



Notes to the Accounts *(continued)*

For the year ended 31st March 2001

19 Notes to the consolidated cash flow statement *(continued)*

(b) Analysis of changes in financing during the year

	Share capital including premium		Amounts due to directors		Bank and other loans	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
At 1st April	347,670,216	124,670,216	–	14,844,152	29,418,600	70,023,089
Issue of shares	–	223,000,000	–	–	–	–
Repayment of loans	–	–	–	(14,844,152)	(11,696,100)	(40,604,489)
At 31st March	<u>347,670,216</u>	<u>347,670,216</u>	<u>–</u>	<u>–</u>	<u>17,722,500</u>	<u>29,418,600</u>

20 Commitments

(a) Capital commitments

At 31st March 2001, the Group had the following capital commitments contracted but not provided for in respect of:

	Group	
	2001 HK\$	2000 HK\$
Renovation cost	<u>87,950</u>	<u>756,145</u>

(b) Commitments under operating leases

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

	Group	
	2001 HK\$	2000 HK\$
Within one year	1,113,867	27,000
In the second to fifth year inclusive	1,323,111	5,308,320
	<u>2,436,978</u>	<u>5,335,320</u>

Subsequent to the year end date, certain operating leases were terminated with total commitments payable in the next twelve months amounted to HK\$2,304,978.

21 Ultimate holding company

The directors regard World Possession Assets, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

22 Approval of accounts

The accounts were approved by the board of directors on 19th July 2001.