

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of the Group are property development and investment, securities trading and provision of securities brokerage and margin financing services and advisory services, sale of furniture and hotel operations.

2. 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, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

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

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or up to the effective dates of acquisition or disposal, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Goodwill**

Goodwill or capital reserve arising on the acquisition of a subsidiary or an associate, which represents the excess or shortfall of the purchase consideration over the Group's share of the fair value ascribed to the separable net assets of the subsidiary or associate acquired at the date of acquisition, is written off or credited directly to reserves respectively in the year of acquisition.

On disposal of a subsidiary or an associate, the attributable amount of goodwill or capital reserve previously written off against or credited to reserves is included in the determination of the profit or loss on disposal.

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

Investments in associates

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates *(continued)*

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

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 professional valuations at the balance sheet date. Any surplus or deficit arising on the valuation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit on a portfolio basis, in which case the excess of the deficit over the balance of the investment property 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 property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where unexpired terms of the relevant leases are 20 years or less.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Property, plant and equipment**

Property, plant and equipment, other than hotel properties, 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 have 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 from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

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

| | |
|------------------------|---|
| Leasehold land | Over the unexpired terms of the relevant leases |
| Buildings | Over 40 years or the unexpired terms of the relevant leases, whichever is shorter |
| Leasehold improvements | 10 – 20% |
| Others | 10 – 33 ¹ / ₃ % |

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Hotel properties

Hotel properties represent interests in land and buildings and their integral fixed plant and machinery which are used collectively for hotel operations and which are stated at cost or carrying value at the time when the properties were reclassified from investment properties.

Depreciation is provided to write off the carrying value of leasehold land over the unexpired term of the lease. No depreciation is provided in respect of hotel buildings erected on leasehold land with an unexpired term of more than 20 years. It is the Group's policy to maintain the hotel buildings (including integral plant and machinery) in such condition that their value is not diminished by the passage of time. Accordingly, the directors consider that the lives of these assets and their residual values are such that any depreciation would be insignificant. The related maintenance and repairs expenditure is charged to the income statement when incurred. All hotel buildings erected on leasehold land with an unexpired term of less than 20 years are depreciated over their estimated useful lives or the term of the relevant lease, whichever is shorter.

Properties under development

Properties under development are stated at cost, less provision for impairment in value, if necessary. Cost comprises the cost of acquisition of the properties under development together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development.

Properties under development which are sold in advance of completion or are due for completion within one year from the balance sheet date and with the intention for sale when completed are included in the balance sheet as current assets. All other properties under development are included in the balance sheet as non-current assets.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Properties held for sale**

Properties held for sale are stated at the lower of cost and net realisable value. Cost, which comprises direct purchase cost or expenditure incurred for the construction and, where applicable, other incidental expenses that have been incurred in bringing the properties to their present location and condition, is calculated using the weighted average method. Net realisable value represents the actual or estimated selling price in the ordinary course of business less all related selling and marketing costs.

Intangible assets

The trading rights held in the Stock Exchange and Hong Kong Futures Exchange Limited (“Futures Exchange”) are stated at cost and amortised on a straight line basis over a period of 10 years.

Internet streaming rights for songs recordings and movies are stated at cost less impairment losses, and amortised on a straight line basis over their estimated useful lives or the unexpired licence period, whichever is shorter.

Investments in securities

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

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in securities *(continued)*

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in reserves, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is 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, where applicable, cost of conversion 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 estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets 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 those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***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 advances.

Revenue recognition

Sales of properties are recognised when unconditional sale and purchase agreements have been signed and title has passed.

When properties under development are sold in advance of completion, income is recognised over the course of the development only when income can be anticipated with reasonable certainty and is computed as a proportion of the total estimated income to completion or the sale deposits received from the pre-sale, whichever is the lower; the proportion used being that of the construction costs incurred at the balance sheet date to estimated total construction costs.

Rental income from properties under operating leases is recognised on a straight line basis over the period of the relevant leases.

Sales of furniture are recognised when goods are delivered and title has passed.

Revenue from sales of newspapers to distributors and dealers is recognised when the products are delivered and title has passed and the Group retains no significant obligation. Allowances for estimated future returns and exchanges are recorded in the period in which the related revenue is recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Advertising revenue is recognised on publication date.

Service income is recognised when the consultancy and advisory services are rendered.

Commission and brokerage and advisory service income is recognised when the service is rendered, the revenue can be reliably estimated and it is probable that the revenue will be received.

Sales of investments in securities are recognised when the related bought and sold note is executed.

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

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

Income arising from the hotel operations is recognised when the services are rendered.

Operating leases

Rental expenses under operating leases are charged to the income statement on a straight line basis over the period of the relevant leases.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Taxation**

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expenses are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

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

On consolidation, the financial statements of overseas operations are translated at the rates ruling on the balance sheet date. Exchange differences arising on translation are dealt with in the translation reserve.

For the year ended March 31, 2001

3. TURNOVER

| | 2001 | 2000 |
|--|-----------------------|-----------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Turnover for the year comprises: | | |
| Sales of furniture | 138,195 | 137,146 |
| Rental income from investment properties | 110,392 | 117,046 |
| Proceeds from sale of properties | 76,697 | 372,670 |
| Income from hotel operations | 66,303 | 54,755 |
| Commission from the provision of securities and futures brokerage services and related advisory services | 61,303 | 83,142 |
| Interest income from margin financing and other loan receivables | 54,826 | 33,364 |
| Consultancy and advisory service income | 20,736 | 11,045 |
| Proceeds from sale of securities held for trading purposes | 7,369 | 11,661 |
| Publishing and provision of related services | — | 11,122 |
| | <u>535,821</u> | <u>831,951</u> |

4. OTHER REVENUE

| | 2001 | 2000 |
|---|--------------------------|--------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| The amount for the year includes: | | |
| Gain on disposal of non-trading securities | 52,449 | — |
| Interest income from: | | |
| – bank and other deposits | 1,893 | 4,834 |
| – loans receivable | 20,730 | 26,926 |
| Write back of provision for doubtful debts of margin financing and other loans receivable | 23,595 | 2,822 |
| Management fees received | 7,702 | 6,202 |
| Forfeiture of deposits received for sale of a subsidiary | — | 111,500 |
| | <u> </u> | <u> </u> |

5. IMPAIRMENT OF PROPERTIES AND OTHER ASSETS

| | 2001 | 2000 |
|---|--------------------------|--------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Impairment loss recognised in respect of: | | |
| Properties held for sale | (9,035) | — |
| Properties under development | (37,274) | (1,499) |
| Non-trading securities | — | (1,300) |
| | <u> </u> | <u> </u> |
| | <u>(46,309)</u> | <u>(2,799)</u> |

6. PROFIT FROM OPERATIONS

| | 2001 | 2000 |
|---|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit from operations has been arrived at after charging: | | |
| Amortisation of intangible assets | 2,545 | 2,545 |
| Auditors' remuneration | 2,278 | 2,661 |
| Depreciation | 25,940 | 28,899 |
| Loss on disposal of trading securities – net | 996 | 1,789 |
| Operating lease rentals in respect of: | | |
| – rented premises | 21,429 | 32,278 |
| – equipment | 1,960 | 1,643 |
| Staff costs, including directors' remuneration (<i>note (i)</i>) and retirement benefit scheme contributions (<i>note (ii)</i>) | 82,077 | 75,284 |
| and after crediting: | | |
| Dividend income from listed securities | 165 | 4 |
| Gross rental income less outgoings of approximately HK\$10,176,000 (2000: HK\$10,164,000) | <u>100,216</u> | <u>106,882</u> |

6. PROFIT FROM OPERATIONS *(continued)*

(i) Information regarding directors' and employees' emoluments

Directors' emoluments:

| | 2001 | 2000 |
|--|----------------------|----------------------|
| | HK\$'000 | HK\$'000 |
| Directors' fees | | |
| Executive | 567 | 625 |
| Independent non-executive | 242 | 200 |
| | <u>809</u> | <u>825</u> |
| Other emoluments | | |
| Executive | | |
| Salaries and benefits | 9,546 | 7,424 |
| Contributions to retirement benefit scheme | 303 | — |
| Performance related incentive payments | — | 343 |
| | <u>10,658</u> | <u>8,592</u> |
| Total amount paid or payable to directors | 10,658 | 8,592 |
| Rent-free accommodation provided to an executive director, based on estimated rental value | 4,020 | 4,020 |
| | <u>4,020</u> | <u>4,020</u> |
| Total directors' emoluments | <u>14,678</u> | <u>12,612</u> |

6. PROFIT FROM OPERATIONS *(continued)*

(i) Information regarding directors' and employees' emoluments *(continued)*

The emoluments of the directors fall within the following bands:

| | Number of directors | |
|--------------------------------|----------------------------|-------------|
| | 2001 | 2000 |
| Nil to HK\$1,000,000 | 6 | 4 |
| HK\$1,500,001 to HK\$2,000,000 | 2 | 2 |
| HK\$2,000,001 to HK\$2,500,000 | — | 1 |
| HK\$2,500,001 to HK\$3,000,000 | 1 | — |
| HK\$3,000,001 to HK\$3,500,000 | — | 2 |
| HK\$3,500,001 to HK\$4,000,000 | 1 | — |
| HK\$4,000,001 to HK\$4,500,000 | 1 | 1 |
| | <hr/> | <hr/> |
| | 11 | 10 |
| | <hr/> <hr/> | <hr/> <hr/> |

6. PROFIT FROM OPERATIONS *(continued)*(i) Information regarding directors' and employees' emoluments *(continued)*

Employees' emoluments:

Of the five individuals with the highest emoluments in the Group in year 2001, four were directors of the Company whose emoluments are set out above. In year 2000, three individuals with the highest emoluments in the Group were directors of the Company, of which one retired as a director of the Company during that year. The emoluments of the remaining one *(2000: the director who retired in 2000 and the remaining two)* highest paid individuals are as follows:

| | 2001 | 2000 |
|--|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Salaries and other benefits | 1,163 | 6,355 |
| Contributions to retirement benefit scheme | 58 | — |
| Rent-free accommodation provided to an executive director, based on estimated rental value | — | 1,005 |
| | <u>1,221</u> | <u>7,360</u> |

6. PROFIT FROM OPERATIONS *(continued)*

(i) Information regarding directors' and employees' emoluments *(continued)*

Their emoluments fall within the following bands:

| | Number of employees | |
|--------------------------------|----------------------------|-----------------|
| | 2001 | 2000 |
| HK\$1,000,001 to HK\$1,500,000 | 1 | — |
| HK\$1,500,001 to HK\$2,000,000 | — | 1 |
| HK\$2,000,001 to HK\$2,500,000 | — | 1 |
| HK\$3,000,001 to HK\$3,500,000 | — | 1 |
| | <u>1</u> | <u>3</u> |

(ii) Retirement benefit scheme contributions

| | 2001 | 2000 |
|--------------------------------------|---------------------|-----------------|
| | HK\$'000 | HK\$'000 |
| Retirement benefit scheme | | |
| contributions to the Group's defined | | |
| contribution schemes | 2,019 | 1,494 |
| <i>Less:</i> Forfeited contributions | (197) | (259) |
| | <u>1,822</u> | <u>1,235</u> |
| Contributions to MPF Scheme | 592 | — |
| | <u>2,414</u> | <u>1,235</u> |
| Amount charged to income statement | <u>2,414</u> | <u>1,235</u> |

6. PROFIT FROM OPERATIONS *(continued)*(ii) Retirement benefit scheme contributions *(continued)*

Certain subsidiaries within the Group operate defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

With the Mandatory Provident Fund (“MPF”) legislation coming into effect on December 1, 2000, the Group applied and successfully obtained MPF exemption for its existing retirement benefit schemes from the Mandatory Provident Fund Schemes Authority. At the same time, a new MPF scheme was set up in compliance with the legislation and was offered as an alternative to all existing members of the schemes, as well as to new employees.

The retirement benefit cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the retirement benefit schemes. Where there are employees who leave the retirement benefit schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, no forfeited contributions, which arose upon employees leaving the retirement benefit schemes, are available to reduce the contributions payable in the future years.

For the year ended March 31, 2001

7. FINANCE COSTS

| | 2001 | 2000 |
|---|-------------------------|------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest on: | | |
| – bank borrowings wholly repayable within five years | (89,946) | (85,086) |
| – bank borrowings not wholly repayable within five years | (340) | — |
| – borrowings from a shareholder, directors and related companies | (23,503) | (25,988) |
| – other borrowings | — | (567) |
| | (113,789) | (111,641) |
| <i>Less:</i> Amount capitalised in properties under development | 6,094 | 18,772 |
| Total borrowing costs | (107,695) | (92,869) |
| Bank charges | (2,510) | (840) |
| Amount charged to income statement | <u>(110,205)</u> | <u>(93,709)</u> |

8. SHARE OF RESULTS OF ASSOCIATES

| | 2001 | 2000 |
|---|-----------------|-----------------|
| | HK\$'000 | HK\$'000 |
| Share of results of associates includes the following charges: | | |
| Reversal of (provision for) impairment in value of properties under development | <u>1,420</u> | <u>(13,336)</u> |

9. TAXATION CREDIT

| | 2001 | 2000 |
|--|---------------------|----------------|
| | HK\$'000 | HK\$'000 |
| The credit comprises: | | |
| Hong Kong Profits Tax calculated at 16% of the estimated assessable profit | | |
| – current year | (10,752) | (14,107) |
| – overprovision in prior years | <u>20,883</u> | <u>48,849</u> |
| | 10,131 | 34,742 |
| Deferred taxation (<i>note 35</i>) | 89 | (265) |
| Share of net taxation charge of associates | <u>(1,506)</u> | <u>(1,871)</u> |
| | <u>8,714</u> | <u>32,606</u> |

The reversal of overprovision in prior years during the year related to the finalisation of tax charges in prior years.

Details of deferred taxation provided and significant potential deferred taxation asset not recognised are set out in note 35.

For the year ended March 31, 2001

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the Group's profit attributable to shareholders, a loss of approximately HK\$51,000 (2000: HK\$37,271,000) has been dealt with in the financial statements of the Company.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the following data:

| | 2001 | 2000 |
|--|-------------------------|--------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Earnings: | | |
| Profit attributable to shareholders and earnings for the purpose of basic earnings per share | <u>69,878</u> | <u>265,195</u> |
| | Number of shares | |
| Shares: | | |
| Weighted average number of shares for the purpose of basic earnings per share | <u>719,289,066</u> | <u>399,536,999</u> |

The weighted average number of shares for the purpose of basic earnings per share has been adjusted for the rights and bonus issue of shares on August 7, 2000.

12. DIVIDENDS

| | 2001 | 2000 |
|--|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interim, paid – 0.8 cent (2000: <i>nil</i>) per share | 6,906 | — |
| Final, proposed – 1.8 cents (2000: <i>2.8 cents</i>) per share | 15,540 | 24,172 |
| | <u>22,446</u> | <u>24,172</u> |

The final dividend of 1.8 cents (*2000: 2.8 cents*) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

13. INVESTMENT PROPERTIES

| | THE GROUP | |
|--|------------------|------------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| VALUATION | | |
| At the beginning of the year | 1,912,129 | 1,241,030 |
| Additions | 94,266 | 14,304 |
| Acquisitions of subsidiaries | — | 656,250 |
| Transferred from properties under development | 20,086 | — |
| Transferred to leasehold land and buildings | (63,125) | — |
| Transferred to properties under development | (273,264) | — |
| Eliminated upon disposal | (2,500) | — |
| Eliminated upon disposal of subsidiaries | — | (2,150) |
| Surplus arising on revaluation | 6,333 | 2,695 |
| | <u>1,693,925</u> | <u>1,912,129</u> |

The net book value of investments properties at the balance sheet date comprises:

| | 2001 | 2000 |
|------------------------|------------------|------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Situated in Hong Kong: | | |
| – long leases | 447,500 | 563,400 |
| – medium-term leases | 1,246,425 | 1,348,729 |
| | <u>1,693,925</u> | <u>1,912,129</u> |

The investment properties were valued at March 31, 2001 by Mr. Tse Wai Chuen, FRICS, FHKIS, a director of the Company, on an open market value basis. All the investment properties are held for rental under operating leases.

Details of the investment properties are set out on pages 105 to 111.

14. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings | Hotel properties | Leasehold improvements | Others | Total |
|--------------------------|---|------------------------------|-----------------------------------|-----------------------------|------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| THE GROUP | | | | | |
| COST OR VALUATION | | | | | |
| At April 1, 2000 | 174,501 | 523,202 | 52,154 | 108,388 | 858,245 |
| Additions | — | — | 16,521 | 8,940 | 25,461 |
| Transferred from | | | | | |
| investment properties | 63,125 | — | — | — | 63,125 |
| Disposals | — | — | — | (568) | (568) |
| At March 31, 2001 | <u>237,626</u> | <u>523,202</u> | <u>68,675</u> | <u>116,760</u> | <u>946,263</u> |
| Comprising: | | | | | |
| At cost | 237,626 | 88,202 | 68,675 | 116,760 | 511,263 |
| At valuation – 1996 | — | 435,000 | — | — | 435,000 |
| | <u>237,626</u> | <u>523,202</u> | <u>68,675</u> | <u>116,760</u> | <u>946,263</u> |
| DEPRECIATION | | | | | |
| At April 1, 2000 | 12,889 | 17,548 | 26,100 | 86,070 | 142,607 |
| Provided for the year | 4,080 | 4,387 | 5,615 | 11,858 | 25,940 |
| Eliminated on disposals | — | — | — | (568) | (568) |
| At March 31, 2001 | <u>16,969</u> | <u>21,935</u> | <u>31,715</u> | <u>97,360</u> | <u>167,979</u> |
| NET BOOK VALUES | | | | | |
| At March 31, 2001 | <u><u>220,657</u></u> | <u><u>501,267</u></u> | <u><u>36,960</u></u> | <u><u>19,400</u></u> | <u><u>778,284</u></u> |
| At March 31, 2000 | <u>161,612</u> | <u>505,654</u> | <u>26,054</u> | <u>22,318</u> | <u>715,638</u> |

For the year ended March 31, 2001

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of properties shown above comprises:

| | Leasehold land and buildings | | Hotel properties | |
|------------------------|---------------------------------|----------------|------------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Situated in Hong Kong: | | | | |
| – long leases | 103,926 | 99,321 | 501,267 | 505,654 |
| – medium-term leases | 116,731 | 62,291 | — | — |
| | <u>220,657</u> | <u>161,612</u> | <u>501,267</u> | <u>505,654</u> |

The hotel properties were transferred from investment properties in 1997 based on valuation as at March 31, 1996 by Mr. Tse Wai Chuen, FRICS, FHKIS, a director of the Company, on an open market value basis.

Had the hotel properties been carried at cost less accumulated depreciation, the carrying value of the hotel properties would have been stated at approximately HK\$423,530,000 (2000: HK\$426,597,000).

15. PROPERTIES UNDER DEVELOPMENT

| | THE GROUP | |
|--|------------------------|-----------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| COST | | |
| At the beginning of the year | 477,471 | 396,925 |
| Additions | 160,325 | 275,508 |
| Transferred from investment properties | 273,264 | — |
| Transferred to investment properties upon completion | (20,086) | — |
| Transferred to properties held for sale upon completion | (369,852) | — |
| Disposal upon completion | — | (170,463) |
| Eliminated on disposal of subsidiaries | — | (23,000) |
| Provision for impairment loss | (37,274) | (1,499) |
| | <u>483,848</u> | <u>477,471</u> |
| At the end of the year | <u>483,848</u> | <u>477,471</u> |

15. PROPERTIES UNDER DEVELOPMENT *(continued)*

The properties under development at the balance sheet date comprise:

| | THE GROUP | |
|--------------------------------|------------------------|-----------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Situated in Hong Kong: | | |
| – long leases | 251,057 | 284,823 |
| – medium-term leases | 232,791 | 192,648 |
| | <u>483,848</u> | <u>477,471</u> |
| Shown in the balance sheet as: | | |
| Non-current assets | 413,057 | 192,648 |
| Current assets | 70,791 | 284,823 |
| | <u>483,848</u> | <u>477,471</u> |

Interest capitalised by the Group during the year in respect of properties under development amounted to approximately HK\$6,094,000 (2000: HK\$18,772,000) at a capitalisation rate of 8.0% (2000: 8.9%).

Included in the properties under development at the balance sheet date is net interest capitalised of approximately HK\$2,082,000 (2000: HK\$31,430,000).

Details of the properties under development are set out on page 112.

16. INVESTMENTS IN SUBSIDIARIES

| | THE COMPANY | |
|-----------------|------------------------|-----------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Unlisted shares | <u>893,236</u> | <u>893,236</u> |

Included in the balance is the cost of unlisted shares of Emperor Investment Limited ("EIL") amounting to approximately HK\$893,234,000 (2000: HK\$893,234,000) which represents the underlying net assets of EIL and its subsidiaries at December 17, 1991, the date on which the group reorganisation became effective and the Company became the ultimate holding company of the Group, after adjusting for dividend received of HK\$4,555,000 from EIL which was treated as a reduction in the cost of the Company's investment. The other subsidiaries held directly by the Company are stated at cost.

Particulars of the principal subsidiaries of the Company as at March 31, 2001 are set out in note 47.

17. AMOUNTS DUE FROM SUBSIDIARIES**THE COMPANY**

The amounts are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Company in the next twelve months. Accordingly, the amounts are shown as non-current assets.

18. INTERESTS IN ASSOCIATES

| | THE GROUP | |
|---|------------------------|------------------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Share of net assets | <u>535,802</u> | <u>495,270</u> |
| Market value of shares listed on the Stock Exchange as at March 31 | <u>78,039</u> | <u>331,291</u> |

Particulars of the associates of the Group as at March 31, 2001 are set out in note 48.

The financial information in respect of the Group's significant associate which has been extracted from the audited financial statements for the year ended March 31, 2001 of Emperor (China Concept) Investments Limited ("ECC") is as follows:

| | 2001 | 2000 |
|---|------------------------|------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Income statement | | |
| Turnover | <u>38,728</u> | <u>45,812</u> |
| Profit (loss) for the year | <u>31,276</u> | <u>(60,225)</u> |
| Profit (loss) attributable to the Group | <u>15,360</u> | <u>(38,062)</u> |

18. INTERESTS IN ASSOCIATES *(continued)*

| | 2001 | 2000 |
|-------------------------|-----------------------------|-----------------------------|
| | HK\$'000 | HK\$'000 |
| Balance sheet | | |
| Non-current assets | 1,140,147 | 1,409,390 |
| Current assets | 120,826 | 160,699 |
| Current liabilities | (12,755) | (51,498) |
| Non-current liabilities | (377,280) | (687,845) |
| Minority interests | 27,762 | 33,154 |
| | <u> </u> | <u> </u> |
| Net assets | <u>898,700</u> | <u>863,900</u> |
| | <u> </u> | <u> </u> |
| Share of net assets | <u>441,352</u> | <u>424,261</u> |

The auditors' report on the consolidated financial statements of ECC for the year ended March 31, 2001 is qualified as a result of the auditors having been unable to obtain sufficient evidence to satisfy themselves as to whether interests in those unconsolidated subsidiaries as at March 31, 2001 of approximately HK\$772,772,000 and the profit of approximately HK\$181,469,000 in connection with those unconsolidated subsidiaries for the year then ended included in the consolidated financial statements of ECC were fairly stated. Any adjustments found to necessary may affect the net assets of ECC as at March 31, 2001 and ECC's profit for the year then ended.

19. AMOUNTS DUE FROM ASSOCIATES**THE GROUP**

The amounts are unsecured and have no fixed terms of repayment. The amounts bear interest at prevailing market rate. In the opinion of the directors, no demand for repayment will be made by the Group in the next twelve months. Accordingly, the amounts are shown as non-current assets.

For the year ended March 31, 2001

20. INTANGIBLE ASSETS

| | THE GROUP | | | Total HK\$'000 |
|--|---|---|---|-------------------|
| | 7 trading rights at the Stock Exchange HK\$'000 | 2 trading rights at the Futures Exchange HK\$'000 | Internet streaming rights HK\$'000 | |
| Arising from restructuring of exchanges in Hong Kong on March 6, 2000 | 24,448 | 999 | — | 25,447 |
| Amortisation for the year | (2,445) | (100) | — | (2,545) |
| Balance at March 31, 2000 | 22,003 | 899 | — | 22,902 |
| Additions arising on acquisition of subsidiaries | — | — | 250,000 | 250,000 |
| Amortisation for the year | (2,445) | (100) | — | (2,545) |
| Balance at March 31, 2001 | 19,558 | 799 | 250,000 | 270,357 |

21. INVESTMENTS IN SECURITIES

| | THE GROUP | |
|--|------------------|----------------------|
| | 2001 | 2000 |
| | HK\$'000 | HK\$'000 |
| Non-trading securities shown under non-current assets: | | |
| Unlisted shares in the Hong Kong Exchanges and Clearing Limited | — | 32,677 |
| Other unlisted securities | <u>50</u> | <u>—</u> |
| | <u>50</u> | <u>32,677</u> |
| Trading securities shown under current assets: | | |
| Shares listed in Hong Kong – at market value | <u>5,252</u> | <u>497</u> |

22. OTHER ASSETS

| | THE GROUP | |
|------------------|---------------------|---------------------|
| | 2001 | 2000 |
| | HK\$'000 | HK\$'000 |
| Club debentures | 635 | 635 |
| Membership costs | 3,363 | 3,363 |
| Deposits | <u>4,850</u> | <u>4,850</u> |
| | <u>8,848</u> | <u>8,848</u> |

In the opinion of the directors, the carrying values of the other assets are at least equal to their costs.

23. INVENTORIES

| | THE GROUP | |
|----------------|------------------------|----------------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Furniture | 27,771 | 27,911 |
| Catering goods | <u>1,944</u> | <u>2,007</u> |
| | <u>29,715</u> | <u>29,918</u> |

The cost of inventories recognised as an expense during the year amounted to approximately HK\$76,069,000 (2000: HK\$82,588,000).

At the balance sheet date, inventories amounted to approximately HK\$6,210,000 (2000: HK\$6,645,000) were carried at net realisable value.

24. PROPERTIES HELD FOR SALE

THE GROUP

At March 31, 2001, the properties, of which approximately HK\$41,500,000 (2000: HK\$1,800,000) were carried at net realisable value, comprise:

| | 2001 | 2000 |
|------------------------|------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Situated in Hong Kong: | | |
| – long leases | 249,132 | — |
| – medium-term leases | <u>41,500</u> | <u>1,800</u> |
| | <u>290,632</u> | <u>1,800</u> |

The cost of properties recognised as an expense during the year amounted to approximately HK\$43,731,000 (2000: HK\$1,900,000).

25. DEBTORS, DEPOSITS AND PREPAYMENTS**THE GROUP**

In general, the Group does not grant credit to the majority of its customers. Loans to share margin clients are secured by clients' pledged securities and are repayable on demand. No aged analysis is disclosed in respect of loans to share margin clients as in the opinion of the directors, the aged analysis does not give relevant information in view of the nature of the business of share margin financing.

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

| | 2001 | 2000 |
|---|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 30 days | 73,523 | 137,361 |
| 31 – 90 days | 10,159 | 13,094 |
| 91 – 180 days | 4,073 | 1,706 |
| > 180 days | 16,189 | 37,606 |
| | 103,944 | 189,767 |
| Loans to share margin clients | 142,609 | 178,833 |
| Other receivables, deposits and prepayments | 20,351 | 31,950 |
| | <u>266,904</u> | <u>400,550</u> |

26. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

THE GROUP

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

| | 2001 | 2000 |
|---------------------------------------|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 – 90 days | 81,467 | 219,329 |
| 91 – 180 days | — | 57 |
| > 180 days | 16,233 | 10,903 |
| | <hr/> | <hr/> |
| | 97,700 | 230,289 |
| Other payables, deposits and accruals | 57,593 | 55,769 |
| | <hr/> | <hr/> |
| | 155,293 | 286,058 |
| | <hr/> <hr/> | <hr/> <hr/> |

27. AMOUNTS DUE TO A SHAREHOLDER/A FORMER DIRECTOR/RELATED PARTIES

THE GROUP

The amounts are unsecured, bear interest at prevailing market rates and are repayable on demand.

28. SECURED BANK BORROWINGS – DUE WITHIN ONE YEAR

THE GROUP

| | 2001 | 2000 |
|---|------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Bank loans – amount due within one year (<i>note 34</i>) | 489,556 | 285,730 |
| Bank overdrafts | 357,756 | 405,186 |
| Trust receipts and import loans | 14,836 | 17,404 |
| | <hr/> | <hr/> |
| | 862,148 | 708,320 |
| | <hr/> <hr/> | <hr/> <hr/> |

29. SHARE CAPITAL

| | Number of shares of HK\$1 each | Value HK\$'000 |
|---|---|---------------------------|
| <i>Authorised:</i> | | |
| At April 1, 1999 and March 31, 2000 | 1,500,000,000 | 1,500,000 |
| Increase on July 17, 2000 (<i>Note (a)</i>) | <u>3,500,000,000</u> | <u>3,500,000</u> |
| At March 31, 2001 | <u>5,000,000,000</u> | <u>5,000,000</u> |
| <i>Issued and fully paid:</i> | | |
| At April 1, 1999 | 391,646,761 | 391,647 |
| Issue of shares (<i>Note (b)</i>) | <u>40,000,000</u> | <u>40,000</u> |
| At March 31, 2000 | 431,646,761 | 431,647 |
| Issue of shares by way of rights issue (<i>Note (c)</i>) | 215,823,380 | 215,823 |
| Bonus issue of shares by capitalisation of contributed surplus (<i>Note (c)</i>) | <u>215,823,380</u> | <u>215,823</u> |
| At March 31, 2001 | <u>863,293,521</u> | <u>863,293</u> |

29. SHARE CAPITAL *(continued)*

Notes:

- (a) An ordinary resolution was passed at the special general meeting held on July 17, 2000 to increase the authorised share capital of the Company from HK\$1,500,000,000 to HK\$5,000,000,000 by the creation of additional 3,500,000,000 shares.
- (b) On February 25, 2000, 40,000,000 new shares of the Company of HK\$1 each were issued and allotted to an existing shareholder of the Company pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on September 28, 1999 for cash at HK\$1.28 per share. The price of HK\$1.28 per share represented a discount of about 4.48% to the closing price of HK\$1.34 on February 11, 2000, being the last trading day before the publication of the relevant announcement and a premium of 32.64% to the average of the closing price for the last 10 trading days of HK\$0.965 up to and including February 11, 2000. The shares issued rank pari passu in all respects with the then existing shares of the Company.
- (c) On August 7, 2000, 215,823,380 new shares of the Company were issued and allotted to the shareholders by way of rights issue, for cash at HK\$1.00 per share. On the same date, 215,823,380 new bonus shares of the Company were issued to the shareholders in the proportion of one bonus share for every rights share taken up, by way of capitalisation of the contributed surplus of the Company. The shares issued rank pari passu in all respects with the then existing shares of the Company.

The net proceeds of the shares issued were applied as the working capital of the Group.

30. SHARE OPTIONS

Under the Company's share option scheme the directors may grant options to employees of the Company or its subsidiaries, including directors of any of such companies, to subscribe for shares in the Company. The subscription price will not be less than 80% of the average of the closing prices of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of offer of the option or the nominal value of the Company's share whichever is higher. The maximum number of shares in respect of which options may be granted under this scheme may not exceed 10% of the issued share capital of the Company from time to time. An option may be exercised at any time within ten years from the date of grant of the relevant options.

No options have been granted since the adoption of this scheme.

31. RESERVES

| | Share premium HK\$'000 | (Goodwill) capital reserve HK\$'000 | Translation reserve HK\$'000 | Investment property revaluation reserve HK\$'000 | Asset revaluation reserve HK\$'000 | Investment revaluation reserve HK\$'000 | Accumulated profits (losses) HK\$'000 | Contributed surplus HK\$'000 | Total HK\$'000 |
|--|------------------------------|--|------------------------------------|--|---|--|--|------------------------------------|-------------------|
| THE GROUP | | | | | | | | | |
| Balance at April 1, 1999 | 1,122,257 | (75,377) | 7,069 | — | 217,806 | (3,419) | 371,023 | 408,276 | 2,047,635 |
| Premium arising on issue of shares | 11,200 | — | — | — | — | — | — | — | 11,200 |
| Expenses incurred upon issue of shares | (198) | — | — | — | — | — | — | — | (198) |
| Exchange differences arising on translation of financial statements of overseas subsidiaries | — | — | 42 | — | — | — | — | — | 42 |
| Revaluation reserve realised upon disposal of properties | — | — | — | — | 19,713 | — | — | — | 19,713 |
| Depreciation attributable to revaluation surplus | — | — | — | — | (1,320) | — | 1,320 | — | — |
| Revaluation deficit realised upon disposal of investments in securities | — | — | — | — | — | 3,419 | — | — | 3,419 |
| Reserve realised on disposal of a subsidiary | — | (313) | (1,592) | — | — | — | — | — | (1,905) |
| Goodwill realised on deemed disposal of a subsidiary | — | 21,103 | — | — | — | — | — | — | 21,103 |
| Share of reserves of associates | — | 740 | (458) | 142 | (23,221) | — | 37,912 | 5,698 | 20,813 |
| Capital reserve arising on acquisition of subsidiaries | — | 47,447 | — | — | — | — | — | — | 47,447 |
| Capital reserve arising on acquisition of additional interest in an associate | — | 5,944 | — | — | — | — | — | — | 5,944 |
| Decrease in shareholding in associates | — | 8,863 | — | — | — | — | — | — | 8,863 |
| Capital reserve arising on acquisition of additional interest in a subsidiary | — | 230 | — | — | — | — | — | — | 230 |
| Surplus arising on revaluation of investments in securities | — | — | — | — | — | 3,624 | — | — | 3,624 |
| Profit attributable to shareholders | — | — | — | — | — | — | 265,195 | — | 265,195 |
| Dividends | — | — | — | — | — | — | — | (24,172) | (24,172) |
| Balance at March 31, 2000 | 1,133,259 | 8,637 | 5,061 | 142 | 212,978 | 3,624 | 675,450 | 389,802 | 2,428,953 |
| Bonus issue of shares | — | — | — | — | — | — | — | (215,823) | (215,823) |
| Expenses incurred upon issue of shares | — | — | — | — | — | — | — | (2,505) | (2,505) |
| Revaluation reserve realised upon disposal of properties (Note) | — | — | — | — | (28,254) | — | — | — | (28,254) |
| Depreciation attributable to revaluation surplus | — | — | — | — | (1,320) | — | 1,320 | — | — |
| Revaluation deficit realised upon disposal of investments in securities | — | — | — | — | — | (3,624) | — | — | (3,624) |
| Reserve realised on disposal of an associate | — | 25,567 | — | — | — | — | — | — | 25,567 |
| Share of reserves of associates | — | (31) | 884 | (142) | — | — | — | — | 711 |
| Share of capital reserve of an associate | — | 847 | — | — | — | — | — | — | 847 |
| Increase in shareholding in an associate | — | (9,282) | — | — | — | — | — | — | (9,282) |
| Profit attributable to shareholders | — | — | — | — | — | — | 69,878 | — | 69,878 |
| Dividends | — | — | — | — | — | — | — | (22,446) | (22,446) |
| Balance at March 31, 2001 | 1,133,259 | 25,738 | 5,945 | — | 183,404 | — | 746,648 | 149,028 | 2,244,022 |

31. RESERVES (continued)

| | Share premium HK\$'000 | (Goodwill) capital reserve HK\$'000 | Translation reserve HK\$'000 | Investment property revaluation reserve HK\$'000 | Asset revaluation reserve HK\$'000 | Investment revaluation reserve HK\$'000 | Accumulated profits (losses) HK\$'000 | Contributed surplus HK\$'000 | Total HK\$'000 |
|----------------------------------|------------------------------|--|------------------------------------|--|---|--|--|------------------------------------|-------------------|
| THE GROUP (continued) | | | | | | | | | |
| Attributable to: | | | | | | | | | |
| - the Company and subsidiaries | 1,133,259 | 7,524 | — | — | 212,978 | 3,624 | 879,004 | 442,670 | 2,679,059 |
| - associates | — | 1,113 | 5,061 | 142 | — | — | (203,554) | (52,868) | (250,106) |
| Balance at March 31, 2000 | 1,133,259 | 8,637 | 5,061 | 142 | 212,978 | 3,624 | 675,450 | 389,802 | 2,428,953 |
| Attributable to: | | | | | | | | | |
| - the Company and subsidiaries | 1,133,259 | 23,827 | — | — | 183,404 | — | 894,507 | 201,896 | 2,436,893 |
| - associates | — | 1,911 | 5,945 | — | — | — | (147,859) | (52,868) | (192,871) |
| Balance at March 31, 2001 | 1,133,259 | 25,738 | 5,945 | — | 183,404 | — | 746,648 | 149,028 | 2,244,022 |

Note:

The revaluation reserve amounted to HK\$28,254,000 arose from the revaluation of certain investment properties in previous years and was reclassified to asset revaluation reserve at the time when the properties were put into redevelopment. Such reserve has been credited to the income statement in the year upon the disposal of the redeveloped properties.

| | Share premium HK\$'000 | (Goodwill) capital reserve HK\$'000 | Translation reserve HK\$'000 | Investment property revaluation reserve HK\$'000 | Asset revaluation reserve HK\$'000 | Investment revaluation reserve HK\$'000 | Accumulated losses HK\$'000 | Contributed surplus HK\$'000 | Total HK\$'000 |
|--|------------------------------|--|------------------------------------|--|---|--|-----------------------------------|------------------------------------|-------------------|
| THE COMPANY | | | | | | | | | |
| Balance at April 1, 1999 | 1,122,257 | — | — | — | — | — | (87,549) | 542,682 | 1,577,390 |
| Premium arising on issue of shares | 11,200 | — | — | — | — | — | — | — | 11,200 |
| Expenses incurred upon issue of shares | (198) | — | — | — | — | — | — | — | (198) |
| Loss for the year | — | — | — | — | — | — | (37,271) | — | (37,271) |
| Dividends | — | — | — | — | — | — | — | (24,172) | (24,172) |
| Balance at March 31, 2000 | 1,133,259 | — | — | — | — | — | (124,820) | 518,510 | 1,526,949 |
| Bonus issue of shares | — | — | — | — | — | — | — | (215,823) | (215,823) |
| Expenses incurred upon issue of shares | — | — | — | — | — | — | — | (2,505) | (2,505) |
| Loss for the year | — | — | — | — | — | — | (51) | — | (51) |
| Dividends | — | — | — | — | — | — | — | (22,446) | (22,446) |
| Balance at March 31, 2001 | 1,133,259 | — | — | — | — | — | (124,871) | 277,736 | 1,286,124 |

31. RESERVES *(continued)*

The contributed surplus of the Group represents the difference between the aggregate of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition, as reduced by the dividends paid and bonus issues by way of capitalisation of contributed surplus.

The contributed surplus of the Company represents the difference between the consolidated net assets of the Company's subsidiaries and the nominal value of the Company's shares issued pursuant to the group reorganisation effective in December 1991, less subsequent dividends paid and bonus issues by way of capitalisation of contributed surplus.

Under the company law in Bermuda, the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

31. RESERVES (continued)

In the opinion of the directors, the Company's reserves available for distribution to shareholders are as follows:

| | 2001 | 2000 |
|---------------------|-----------------------|-----------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Contributed surplus | 277,736 | 518,510 |
| Accumulated losses | <u>(124,871)</u> | <u>(124,820)</u> |
| | <u>152,865</u> | <u>393,690</u> |

32. AMOUNTS DUE TO SUBSIDIARIES

THE COMPANY

The amounts are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment from subsidiaries will be made in the next twelve months. Accordingly, the amounts are shown as non-current liabilities.

33. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest free and have no fixed repayments terms. In the opinion of the directors, no demand for repayment from the minority shareholders will be made in the next twelve months. Accordingly, the amounts are shown as non-current liabilities.

The amounts advanced to the subsidiaries by the respective minority shareholders are considered as part of their contributions, together with paid up capital, made to finance the operations of these subsidiaries. The minority shareholders have agreed that these advances can be used to make good their respective share of the losses incurred by these subsidiaries to the extent of the amounts advanced to these subsidiaries, if requested by the Group to do so.

34. SECURED BANK LOANS**THE GROUP**

2001 2000

HK\$'000 *HK\$'000*

The repayment schedule for bank loans is as follows:

| | | |
|--|------------------|------------------|
| Within one year or on demand | 489,556 | 285,730 |
| Between one to two years | 113,835 | 225,126 |
| Between two to five years | 52,570 | 72,735 |
| Over five years | 7,125 | — |
| | <u>663,086</u> | <u>583,591</u> |
| <i>Less: Amount due within one year included under current liabilities (note 28)</i> | <i>(489,556)</i> | <i>(285,730)</i> |
| Amount due after one year | <u>173,530</u> | <u>297,861</u> |

The loans carry interest at prevailing market rates and are secured by certain of the Group's assets. The carrying values of these assets at the balance sheet date were as follows:

THE GROUP

2001 2000

HK\$'000 *HK\$'000*

| | | |
|------------------------------|------------------|------------------|
| Investment properties | 1,665,675 | 1,701,550 |
| Leasehold land and buildings | 213,860 | 161,524 |
| Hotel properties | 501,267 | 505,654 |
| Properties under development | 299,848 | 322,823 |
| Properties held for sale | 289,132 | — |
| Bank deposits | 1,885 | 3,885 |
| | <u>2,971,667</u> | <u>2,695,436</u> |

35. DEFERRED TAXATION

| | THE GROUP | |
|---|------------------------|-----------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Balance at the beginning of the year | 364 | 469 |
| Movement for the year (<i>note 9</i>) | (89) | 265 |
| Eliminated on disposal of subsidiaries | — | (370) |
| | <u>275</u> | <u>364</u> |

At the balance sheet date, the major components of the net deferred taxation liability provided for in the financial statements are analysed as follows:

| | THE GROUP | |
|--|------------------------|-----------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Tax effect on timing differences in respect of: | | |
| Excess of depreciation allowance over depreciation charged in the financial statements | <u>275</u> | <u>364</u> |

35. DEFERRED TAXATION *(continued)*

The major components of the net deferred taxation credit (charge) provided for in the financial statements for the year are analysed as follows:

| | THE GROUP | |
|--|------------------|---------------------|
| | 2001 | 2000 |
| | HK\$'000 | HK\$'000 |
| Tax effect on timing differences in respect of: | | |
| Excess of depreciation charged in the financial statements over depreciation allowance | 89 | 39 |
| Tax losses | — | (304) |
| Net deferred taxation credit (charge) | <u>89</u> | <u>(265)</u> |

At the balance sheet date, the major components of the net potential deferred taxation asset (liability) not recognised in the financial statements are analysed as follows:

| | THE GROUP | | THE COMPANY | |
|---|----------------------|-----------------|--------------------|-----------------|
| | 2001 | 2000 | 2001 | 2000 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Excess of depreciation allowance over depreciation charged in the financial statements | (13,020) | (11,127) | — | — |
| Unutilised tax losses carried forward | <u>87,136</u> | <u>83,528</u> | <u>877</u> | <u>324</u> |
| Net potential deferred taxation asset | <u>74,116</u> | <u>72,401</u> | <u>877</u> | <u>324</u> |

35. DEFERRED TAXATION *(continued)*

The major components of the net potential deferred taxation credit (charge) not provided for or recognised in the financial statements during the year are analysed as follows:

| | THE GROUP | |
|--|---------------------|------------------------|
| | 2001 | 2000 |
| | HK\$'000 | HK\$'000 |
| Excess of depreciation allowance over depreciation charged in the financial statements | (1,893) | 19,429 |
| Tax losses | 3,608 | (93,727) |
| Tax losses of subsidiaries acquired | — | 15,281 |
| | <hr/> | <hr/> |
| Net potential deferred taxation credit (charge) | <u>1,715</u> | <u>(59,017)</u> |

The net potential deferred taxation asset has not been recognised in the financial statements as it is not probable that the benefit will be crystallised in the foreseeable future.

The surplus or deficit arising from revaluation of the Group's leasehold and investment properties and non-trading securities does not constitute a timing difference for taxation purposes as any profits or losses realised on disposals of such properties and investments would not be subject to taxation.

36. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2001 | 2000 |
|---|-----------------------|-----------------------|
| | HK\$'000 | HK\$'000 |
| Profit before taxation | 58,574 | 240,330 |
| Provision for impairment in value of properties under development | 37,274 | 1,499 |
| Provision for impairment in value of properties held for sale | 9,035 | — |
| Surplus on valuation of investment properties | (6,333) | (2,695) |
| Revaluation reserve realised upon disposal of properties | (28,254) | 19,713 |
| Gain on disposal of non-trading securities | (52,449) | — |
| Write back of provision for doubtful debts of margin financing and other loans receivable | (23,595) | (2,822) |
| Provision for doubtful debts of margin financing and other loans receivable | 6,279 | — |
| Provision for amount due from an associate | 8,143 | — |
| Share of results of associates | (4,246) | 88,622 |
| Gain on disposal of subsidiaries | — | (15,315) |
| Gain on dilution of equity interests in associates | — | (722) |
| Loss on disposal of an associate | 21,589 | — |
| Interest income | (22,623) | (31,760) |
| Dividend income from investments in securities | (165) | (4) |
| Interest expenses | 107,695 | 92,869 |
| Depreciation and amortisation | 28,485 | 31,444 |
| Loss on disposal of property, plant and equipment | — | 519 |
| Loss on write off of other assets | — | 1,000 |
| Impairment loss of investments in securities | — | 1,300 |
| Decrease (increase) in inventories | 203 | (605) |
| Decrease in properties held for sale | 74,485 | 172,363 |
| Decrease (increase) in debtors, deposits and prepayments | 150,962 | (206,527) |
| (Increase) decrease in other securities held for trading purposes | (4,755) | 814 |
| (Decrease) increase in creditors, customers' deposits and accrued charges | (140,431) | 132,482 |
| Net cash inflow from operating activities | <u>219,873</u> | <u>522,505</u> |

37. PURCHASE OF SUBSIDIARIES

| | 2001 | 2000 |
|---|-------------------------|-------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net assets of the subsidiaries acquired: | | |
| Investment properties | — | 656,250 |
| Property, plant and equipment | — | 64,713 |
| Intangible assets | 250,000 | 1,000 |
| Debtors, deposits and prepayments | — | 13,974 |
| Amounts due from holding companies | — | 1,110,794 |
| Investments in securities | — | 86 |
| Taxation recoverable | — | 62 |
| Bank balances and cash | — | 4,733 |
| Bank overdrafts | — | (60,183) |
| Creditors and accrued charges | — | (20,323) |
| Amounts due to fellow subsidiaries | — | (135,536) |
| Taxation payable | — | (49,270) |
| Bank loans | — | (244,000) |
| | <u>250,000</u> | <u>1,342,300</u> |
| Capital reserve arising on acquisition | — | (47,447) |
| | <u>250,000</u> | <u>1,294,853</u> |
| Satisfied by: | | |
| Cash consideration paid | 250,000 | 190,939 |
| Amount due to an associate | — | 975,258 |
| Reclassification from interests in associates | — | 128,656 |
| | <u>250,000</u> | <u>1,294,853</u> |
| Analysis of the net outflow of cash and cash equivalents in connection with the purchase of subsidiaries: | | |
| Cash consideration paid | (250,000) | (190,939) |
| Bank balances and cash acquired | — | 4,733 |
| Bank overdrafts acquired | — | (60,183) |
| Net outflow of cash and cash equivalents in connection with the purchase of subsidiaries | <u>(250,000)</u> | <u>(246,389)</u> |

37. PURCHASE OF SUBSIDIARIES *(continued)*

The cash flows and results contributed by the subsidiaries acquired during the year are not significant.

The subsidiaries acquired in year 2000 contributed approximately HK\$21,634,000 to the Group's net operating cash flows, paid approximately HK\$11,133,000 in respect of net returns on investments and servicing of finance, paid approximately HK\$5,940,000 in respect of taxation, paid approximately HK\$3,057,000 for investing activities and paid approximately HK\$34,815,000 in respect of financing activities. In year 2000, the subsidiaries acquired attributed operating profit amounted to approximately HK\$14,794,000 to the Group's operating profit for that year.

38. DISPOSAL OF SUBSIDIARIES

| | 2001 | 2000 |
|---|-----------------|-----------------|
| | HK\$'000 | HK\$'000 |
| Net liabilities of subsidiaries disposed of: | | |
| Investment properties | — | 2,150 |
| Property, plant and equipment | — | 226,612 |
| Properties under development | — | 23,000 |
| Inventories | — | 4,633 |
| Debtors, deposits and prepayments | — | 50,953 |
| Investments in securities | — | 86 |
| Minority interests | — | 25,717 |
| Bank balances and cash | — | 8,097 |
| Creditors and accrued charges | — | (19,747) |
| Amount due to a fellow subsidiary | — | (287,526) |
| Amounts due to minority shareholders of subsidiaries | — | (19,131) |
| Trust receipts and import loans | — | (2,297) |
| Taxation payable | — | (3,191) |
| Bank loans | — | (62,609) |
| Bank overdrafts | — | (2,965) |
| Deferred taxation | — | (370) |
| | — | (56,588) |
| Reserves realised upon disposal | — | 19,198 |
| Gain on disposal | — | 15,315 |
| Amount due to a fellow subsidiary set off | — | 74,515 |
| | — | 52,440 |
| Satisfied by: | | |
| Cash consideration received | — | 37,986 |
| Reclassification of interests in associates | — | 14,454 |
| | — | 52,440 |
| Analysis of net cash inflow of cash and cash equivalents in connection with the disposal of subsidiaries: | | |
| Cash consideration received | — | 37,986 |
| Bank balances and cash disposed of | — | (8,097) |
| Bank overdrafts disposed of | — | 2,965 |
| | — | 32,854 |

The cash flows and results contributed by the subsidiaries disposed of during the year are not significant.

39. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

| | Share capital and premium HK\$'000 | Bank loans HK\$'000 | Trust receipts and import loans HK\$'000 | Minority interests HK\$'000 | Amounts due to minority shareholders of subsidiaries HK\$'000 | Amount due to a shareholder HK\$'000 | Amount due to a former director HK\$'000 | Amounts due to related parties HK\$'000 |
|---|---|---------------------------|---|-----------------------------------|---|---|--|---|
| Balance at April 1, 1999 | 1,513,904 | 413,595 | 16,223 | (63,193) | 155,836 | 212,524 | 10,465 | 51,674 |
| Issue of shares | 51,200 | — | — | — | — | — | — | — |
| Expenses incurred upon issue of shares | (198) | — | — | — | — | — | — | — |
| Interest accrued | — | — | — | — | — | 22,202 | 828 | — |
| Raised during the year | — | 313,972 | 60,818 | — | — | 357,172 | 405 | 3,062 |
| Repayment during the year | — | (325,367) | (57,340) | — | (3,600) | (335,373) | (2,548) | (20,000) |
| Arising from acquisition of subsidiaries | — | 244,000 | — | — | — | — | — | — |
| Eliminated upon disposal of subsidiaries | — | (62,609) | (2,297) | 25,717 | (19,131) | — | — | — |
| Acquisition of shares of a subsidiary from a minority shareholder | — | — | — | 12,190 | (39,420) | — | — | — |
| Share of results by minority shareholders | — | — | — | 7,741 | — | — | — | — |
| Balance at March 31, 2000 | 1,564,906 | 583,591 | 17,404 | (17,545) | 93,685 | 256,525 | 9,150 | 34,736 |
| Rights issue of shares | 215,823 | — | — | — | — | — | — | — |
| Bonus issue of shares | 215,823 | — | — | — | — | — | — | — |
| Reclassified during the year | — | — | — | — | — | — | (9,150) | 9,150 |
| Interest accrued | — | — | — | — | — | 13,970 | — | 2,689 |
| Raised during the year | — | 175,710 | 59,512 | — | 345 | 596,956 | — | 41,681 |
| Repayment during the year | — | (96,215) | (62,080) | — | — | (642,335) | — | (29,724) |
| Share of results by minority shareholders | — | — | — | (2,590) | — | — | — | — |
| Balance at March 31, 2001 | <u>1,996,552</u> | <u>663,086</u> | <u>14,836</u> | <u>(20,135)</u> | <u>94,030</u> | <u>225,116</u> | <u>—</u> | <u>58,532</u> |

40. MAJOR NON-CASH TRANSACTIONS

During the year, the Company issued 215,823,380 bonus shares to its shareholders by way of capitalisation of the contributed surplus of the Company.

In year 2000, the Group capitalised part of its loan to an associate of HK\$84,300,000 as additional investments in that associate.

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41. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

| | 2001 | 2000 |
|------------------------|-------------------------|-------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Bank balances and cash | 154,805 | 127,908 |
| Bank overdrafts | <u>(357,756)</u> | <u>(405,186)</u> |
| | <u>(202,951)</u> | <u>(277,278)</u> |

42. COMMITMENTS

| | THE GROUP | |
|---|----------------------|----------------------|
| | 2001 | 2000 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Authorised but not contracted for in respect of property investment and development projects | 2,216 | 697 |
| Contracted for but not provided in the financial statements, net of deposits paid in respect of property investment and development projects | <u>72,667</u> | <u>87,556</u> |
| | <u>74,883</u> | <u>88,253</u> |

The Company had no significant commitments at the balance sheet date.

43. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had the following commitments payable within one year under non-cancellable operating leases in respect of rented premises and equipment:

| | 2001 | | | 2000 | | |
|--|---------------|------------|---------------|---------------|------------|---------------|
| | Rented | | | Rented | | |
| | premises | Equipment | Total | premises | Equipment | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| THE GROUP | | | | | | |
| Operating leases which expire: | | | | | | |
| Within one year | 4,981 | 292 | 5,273 | 229 | 427 | 656 |
| In the second to fifth year inclusive | 7,376 | 182 | 7,558 | 15,457 | 416 | 15,873 |
| | <u>12,357</u> | <u>474</u> | <u>12,831</u> | <u>15,686</u> | <u>843</u> | <u>16,529</u> |

The Company had no significant operating lease commitments at the balance sheet date.

44. CONTINGENT LIABILITIES

| | 2001 | | 2000 | |
|---|------------------|------------------|------------------|------------------|
| | Guarantees | Amount | Guarantees | Amount |
| | given | utilised | given | utilised |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| THE GROUP | | | | |
| Guarantees given to banks in respect of credit facilities utilised by associates | 132,402 | 61,436 | 230,000 | 61,432 |
| | <u>132,402</u> | <u>61,436</u> | <u>230,000</u> | <u>61,432</u> |
| THE COMPANY | | | | |
| Guarantees given to banks in respect of credit facilities utilised by: | | | | |
| Subsidiaries | 1,683,488 | 1,007,378 | 1,345,949 | 971,684 |
| Associates | 132,402 | 61,436 | 230,000 | 61,432 |
| | <u>1,815,890</u> | <u>1,068,814</u> | <u>1,575,949</u> | <u>1,033,116</u> |

45. RELATED PARTY TRANSACTIONS

During the year, the Group had the following significant transactions with related parties:

- (a) On September 28, 2000, the Group acquired from a wholly owned subsidiary of Emperor Technology Venture Limited (“ETV”) the entire equity interests of Amazing Growth Profits Limited and its subsidiaries (hereinafter collectively referred to as the “Amazing Growth Group”) which hold the internet streaming rights of songs recordings and movies and the shareholder’s loan outstanding from the Amazing Growth Group to ETV at a total cash consideration of HK\$250 million.
- (b) On September 28, 2000, the Group acquired from another wholly owned subsidiary of ETV of 50% equity interest in the share capital of eDaily Group Limited and its subsidiaries (hereinafter collectively referred to as the “eDaily Group”) and 50% of shareholder’s loan outstanding from the eDaily Group to ETV at a cash consideration amounted to approximately HK\$2.2 million.

45. RELATED PARTY TRANSACTIONS *(continued)*

In 2000:

- (a) The Company entered into agreements with ECC pursuant to which the Company disposed of its subsidiaries which held the development projects in the PRC and its interest in certain units and car parking spaces at a development in the PRC to ECC at a consideration of approximately HK\$37,986,000 and simultaneously acquired from ECC and its subsidiaries which held properties in Hong Kong at a consideration of approximately HK\$136,249,000.
- (b) The Group acquired certain properties holding companies from Graneagle Holdings Limited (“Graneagle”) at a consideration of approximately HK\$53,781,000.
- (c) The Group acquired additional 4,215,000,000 new shares in Graneagle at an aggregate consideration of HK\$84,300,000 by way of capitalisation of loans outstanding from Graneagle to the Group.
- (d) The Group subscribed for 221,974,016 new shares of ETV in cash at an aggregate consideration of HK\$94,620,000.

45. RELATED PARTY TRANSACTIONS (continued)

Other significant transactions of the Group with related parties during the year were:

| | 2001 | 2000 |
|--|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| Rental received from related parties <i>(note ii)</i> | 10,149 | 10,402 |
| Rental received from associates <i>(note ii)</i> | 6,252 | 3,807 |
| Advertising expense paid to an associate <i>(note ii)</i> | 1,178 | — |
| Interest paid to a shareholder <i>(note iii)</i> | 13,970 | 22,202 |
| Interest paid to related parties <i>(note iii)</i> | 2,734 | 2,958 |
| Interest paid to an associate <i>(note iii)</i> | 6,799 | — |
| Interest received from associates <i>(note iii)</i> | 19,686 | 26,133 |
| Management fee received from associates <i>(note iv)</i> | 1,830 | 4,809 |
| Management fee received from related parties <i>(note iv)</i> | 2,876 | 1,363 |
| Professional and service fees received from related parties <i>(note ii)</i> | 5,613 | — |
| Professional and service fees received from associates <i>(note ii)</i> | 609 | — |
| Underwriting commission received from a related party <i>(note ii)</i> | 1,692 | — |
| Rental paid to an associate <i>(note ii)</i> | — | 2,445 |
| Interest paid to a former director <i>(note iii)</i> | — | 828 |
| Sub-underwriting commission received from an associate <i>(note ii)</i> | — | 1,060 |
| Reimbursement of expense paid by a related party on behalf of the Group <i>(note v)</i> | — | 13,039 |

45. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (i) Certain directors and substantial shareholders of the Company have beneficial interests in the related parties.
- (ii) These transactions were carried out after negotiations between the Group and the related parties and on basis of estimated market value as determined by the directors of the Company.
- (iii) The interest received or paid by the Group is calculated by reference to the principal outstanding and the prevailing market interest rates.
- (iv) The management fee is charged by reference to the actual cost incurred.
- (v) The expense is reimbursed by reference to the actual cost incurred.

46. SEGMENT INFORMATION

The Group's turnover and contribution to profit before taxation derived from activity, all of which are substantially carried out in Hong Kong, are as follows:

| | Turnover | | Contribution | |
|---|----------------|----------------|----------------|----------------|
| | 2001 | 2000 | 2001 | 2000 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Property investment and development | 187,089 | 489,716 | 90,014 | 263,334 |
| Securities trading and provision of securities brokerage services and advisory services | 134,144 | 128,167 | 97,559 | 20,254 |
| Wholesale and retailing of furniture | 138,195 | 137,146 | 12,691 | 12,869 |
| Hotel operations | 66,303 | 54,755 | 8,086 | 162 |
| Consultancy and related services | 10,090 | 11,045 | 1,430 | 828 |
| Publishing and provision of related services | — | 11,122 | — | (3,092) |
| | <u>535,821</u> | <u>831,951</u> | <u>209,780</u> | <u>294,355</u> |
| Interest income | | | 22,623 | 31,760 |
| Interest expenses | | | (63,962) | (51,317) |
| Forfeiture of deposits received for sale of a subsidiary | | | — | 111,500 |
| Gain on dilution of equity interests in associates | | | — | 722 |
| Loss on disposal of an associate | | | (21,589) | — |
| Provision for amount due from an associate | | | (8,143) | — |
| Gain on disposal of subsidiaries | | | — | 15,315 |
| Corporate expenses | | | (84,381) | (73,383) |
| Share of results of associates | | | 4,246 | (88,622) |
| Profit before taxation | | | <u>58,574</u> | <u>240,330</u> |

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47. SUBSIDIARIES

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

| Name of subsidiary | Place of incorporation | Nominal value of issued ordinary share capital* | Group's attributable equity interest % | Principal activities |
|-----------------------------------|------------------------|---|--|--|
| Directly held | | | | |
| Emperor Investment Limited | Hong Kong | 5,000 | 100.00 | Investment holding and securities trading |
| Star Point Limited | British Virgin Islands | US\$1 | 100.00 | Investment holding |
| Indirectly held | | | | |
| A-Hing Limited | Hong Kong | 2 | 100.00 | Property investment |
| Active Pace Investment Limited | Hong Kong | 100 | 100.00 | Property investment |
| Actmore Estate Limited | Hong Kong | 1,000,000 | 100.00 | Property holding |
| Amazing Growth Profits Limited | British Virgin Islands | US\$1 | 100.00 | Investment holding |
| Amazing Wave Investment Limited | Hong Kong | 10,000 | 50.002 | Property investment |
| Arch-Concept Limited | Hong Kong | 2 | 100.00 | Property investment |
| Blooming World Investment Limited | Hong Kong | 2 | 100.00 | Property investment |
| Bo Shing Real Estate Limited | Hong Kong | 2 | 100.00 | Investment holding and property investment |
| Board Pace Investment Limited | Hong Kong | 100 | 100.00 | Property investment |
| Chance Yield Development Limited | Hong Kong | 2 | 100.00 | Property investment |

47. SUBSIDIARIES *(continued)*

| Name of subsidiary | Place of incorporation | Nominal value of issued ordinary share capital* | Group's attributable equity interest % | Principal activities |
|---|------------------------|---|--|---|
| Indirectly held <i>(continued)</i> | | | | |
| Circle World Limited | Hong Kong | 1,000 | 90.10 | Property development |
| Civilink Investment Limited | Hong Kong | 2 | 100.00 | Property investment |
| Corpfair Trading Limited | Hong Kong | 100 | 100.00 | Property investment |
| Crown Source Development Limited | Hong Kong | 2 | 100.00 | Property development |
| Darling Land Limited | British Virgin Islands | US\$1 | 100.00 | Holding Internet streaming rights for movies |
| Diamond King Limited | Hong Kong | 2 | 100.00 | Property development |
| Distinct Rich Limited | Hong Kong | 2 | 100.00 | Investment holding and property investment |
| EIL Property Management Limited | Hong Kong | 100 | 100.00 | Provision of property management services |
| East Star Holding Limited | Liberia | US\$1 | 100.00 | Provision of agency services and securities trading |
| Eastland Enterprises Inc. | Liberia | US\$1 | 100.00 | Investment holding |
| Emperor Capital Limited | Hong Kong | 5,000,000 | 100.00 | Provision of investment adviser service |
| Emperor Finance Limited | Hong Kong | 100 | 100.00 | Provision of money lending services |
| Emperor Futures Limited | Hong Kong | 10,000,000 | 100.00 | Provision of commodities brokerage services |
| Emperor Hotel Limited | Hong Kong | 2 | 100.00 | Hotel operations |

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47. SUBSIDIARIES *(continued)*

| Name of subsidiary | Place of incorporation | Nominal value of issued ordinary share capital* | Group's attributable equity interest % | Principal activities |
|--|-------------------------------|--|---|---|
| Indirectly held <i>(continued)</i> | | | | |
| Emperor Investment (Management) Limited | Hong Kong | 100 | 100.00 | Provision of management services |
| Emperor Project Management (Hong Kong) Limited | Hong Kong | 100 | 100.00 | Provision of project management services |
| Emperor Property Agency Limited | Hong Kong | 100 | 100.00 | Provision of property agency services |
| Emperor Securities Limited | Hong Kong | 70,000,000 | 100.00 | Provision of securities brokerage services |
| Emperor Securities Nominees Limited | Hong Kong | 2 | 100.00 | Provision of securities services |
| Frontgoal Development Limited | Hong Kong | 2 | 100.00 | Property investment |
| Gallan Limited | Hong Kong | 2 | 100.00 | Property investment |
| Glorious Twelfth Holdings Limited | British Virgin Islands | US\$1 | 100.00 | Holding internet streaming rights for songs |
| Gold Pleasure Investment Limited | Hong Kong | 2 | 100.00 | Property development |
| Gold Shine Investment Limited | Hong Kong | 2 | 70.00 | Property investment |
| Golden Pegasus Investment Limited | Hong Kong | 100,000 | 100.00 | Property investment |
| Goldstream Group Limited | British Virgin Islands | US\$1 | 100.00 | Investment holding |
| Harvest-In Investment Limited | Hong Kong | 2 | 100.00 | Property investment |

47. SUBSIDIARIES *(continued)*

| Name of subsidiary | Place of incorporation | Nominal value of issued ordinary share capital* | Group's attributable equity interest % | Principal activities |
|---|------------------------|---|--|--|
| Indirectly held <i>(continued)</i> | | | | |
| Headwise Investment Limited | Hong Kong | 2 | 100.00 | Property investment |
| Jade Palace Properties Limited | Hong Kong | 10,000 | 100.00 | Property investment |
| Levin Group Limited | British Virgin Islands | US\$75 | 93.33 | Investment holding |
| Luen Fat Shing Company Limited | Hong Kong | 1,800,000 | 100.00 | Property investment |
| Mark Pleasure Investment Limited | Hong Kong | 2 | 100.00 | Property holding |
| Marvellous Pacific Limited | Hong Kong | 100 | 100.00 | Property investment |
| Planwing Limited | Hong Kong | 2 | 100.00 | Property development |
| Pleasure View Investment Limited | Hong Kong | 2 | 100.00 | Property investment |
| Prestige Gold Investment Limited | Hong Kong | 100 | 100.00 | Property holding |
| Prosper Gold Investment Limited | Hong Kong | 100 | 100.00 | Investment holding |
| Receivable Agents Limited | British Virgin Islands | US\$1 | 100.00 | Holding Internet streaming rights for movies |
| Record Breakers Limited | British Virgin Islands | US\$1 | 100.00 | Holding Internet streaming rights for songs |
| Rich Gallant Investment Limited | Hong Kong | 2 | 100.00 | Property investment |

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47. SUBSIDIARIES *(continued)*

| Name of subsidiary | Place of incorporation | Nominal value of issued ordinary share capital* | Group's attributable equity interest % | Principal activities |
|---|-------------------------------|--|---|--|
| Indirectly held <i>(continued)</i> | | | | |
| Richorse Limited | Hong Kong | 2 | 100.00 | Property development |
| Roseley Limited | Hong Kong | 10 | 100.00 | Property investment |
| Sellwell Inc. | British Virgin Islands | US\$100 | 100.00 | Property investment |
| Sharp View Investment Limited | Hong Kong | 2 | 100.00 | Property holding |
| South Mark Investment Limited | Hong Kong | 2 | 100.00 | Property investment |
| Ulferts of Sweden (Far East) Limited | Hong Kong | 350,000 | 100.00 | Wholesaling and retailing of furniture |
| Very Sound Investments Limited | Hong Kong | 10,000,000 | 100.00 | Property investment |
| World Fortune Corporation Limited | Hong Kong | 2 | 100.00 | Property holding |
| Worthy Strong Investment Limited | Hong Kong | 100 | 100.00 | Investment holding |
| Ying Wong Property Limited | Hong Kong | 100 | 100.00 | Property investment |
| Young Health Investments Limited | Hong Kong | 2 | 100.00 | Property investment |

* All amounts are in Hong Kong dollars except stated otherwise.

47. SUBSIDIARIES *(continued)*

All subsidiaries, except companies incorporated overseas, carry on their businesses in Hong Kong.

None of the subsidiaries had any loan capital subsisting at March 31, 2001 or at any time during the year.

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

48. ASSOCIATES

Particulars of the Group's associates as at March 31, 2001, are as follows:

| Name of associate | Place of incorporation | Effective proportion of issued share capital held by the Group | Principal activities |
|--------------------------------|-------------------------------|---|--|
| Brightwing Development Limited | Hong Kong | 50.00% | Property development |
| ECC | Bermuda | 49.11% | Property development in the PRC |
| ETV | Hong Kong | 34.94% | Trading of marine products, retailing of menswear, printing and publications |