

Notes to the Accounts

For the year ended 31st March 2001

1. BASIS OF PREPARATION OF ACCOUNTS

(a) Going concern

As at 31st March 2001, the Group had net liabilities of approximately HK\$222 million and incurred a loss of approximately HK\$108 million for the year.

The Group and the Company have been unable to meet any scheduled loan instalments and interest payments to its bankers since August 1999 and all of its banking facilities have been frozen. As at 31st March 2001, certain of the mortgaged properties of the Group have either been put under receivership or ordered for vacant possession by its creditor banks.

In addition, the Group and the Company have been unable to meet overdue loan and related interest liabilities owed to its substantial shareholder, Sino Earn Holdings Limited ("Sino Earn") and a company related to Sino Earn, Jian Xing Finance Limited ("Jian Xing"). Sino Earn and Jian Xing have not yet taken actions to enforce their security position against the Group.

The Group is currently engaged in a number of negotiations with its bankers and other creditors with a view to concluding a formal debt restructuring arrangement for the Group's debts.

The Company also entered into a letter of intent ("Letter of Intent") on 5th July 2001 with a potential investor, who will have until 4th October 2001 to invest in the Company and to arrange for financial assistance to the Group for its operations and to facilitate, inter alia, debt restructuring of the Group. Based on the foregoing, the Directors consider it is appropriate to prepare the accounts on a going concern basis, on the following assumptions:

- (i) Sino Earn, Jian Xing, and the Group's bankers and other lenders will agree to a final arrangement for a standstill and a restructuring of the Group's debts;
- (ii) The Directors will obtain the consent of the Group's bankers to the Letter of Intent and the transactions as contemplated therein will successfully be eventuated; and
- (iii) The Group will be successful in obtaining new businesses and accessing additional working capital. Sino Earn, Jian Xing and the new investor will provide financial support to the Group as and when required in the foreseeable future.

As at the date of approval of these accounts, the Directors are not aware of any circumstances and/or reasons that would likely affect the successful conclusion of a formal debt restructuring arrangement and the intention of the new investor, or cause the bankers to discontinue their support to the Group. On this basis, the Directors consider that it is appropriate to prepare the accounts on a going concern basis. Accordingly, the accounts do not include any adjustments that would result if the aforementioned schemes and arrangements were not materialised.

Notes to the Accounts

For the year ended 31st March 2001

1. BASIS OF PREPARATION OF ACCOUNTS *(continued)*

(a) Going concern *(continued)*

Had the going concern basis not been appropriate, adjustments would have to be made to reclassify non-current assets as current assets, to reduce the value of assets to their recoverable amounts and to provide for any further liabilities which might arise.

(b) Exclusion of companies from consolidation and inclusion of interest in subsidiaries back to the Group

On 23rd February 2001, the Group has been granted a Court Order for rescission ("Rescission Order") of an acquisition agreement dated 17th July 1998 ("Agreement") in relation to the Group's acquisition of a 60% interest in Skycheer Development Limited ("Skycheer" which owns 100% equity interest of Xiamen Hong Du Park Hotel ("Hong Du")) which was partially settled by the transfer of the Group's 40% interest in Yan Hei Limited ("Yan Hei" which owns 100% equity interest in Xiamen South East Asia Hotel Company Limited ("Xiamen Plaza")). As a result of the Rescission Order, Skycheer and Hong Du would not be 60% owned by the Group and the 40% equity interest in Yan Hei and its subsidiary, Xiamen Plaza, would be included as the Group's interest as from the date of Rescission Order.

Owing to litigations encountered by Hong Du in Mainland China, books and records of Hong Du were incomplete for verification and audit purposes. Results of Hong Du for the period from 1st April 2000 to the date of Rescission Order were not incorporated into the Group's consolidated accounts for the year ended 31st March 2001. The Directors consider the non-inclusion of the results of Hong Du to the Group's accounts will not significantly affect the results of the Group for the year ended 31st March 2001.

(c) Classification of liabilities

As the Group has been in default in payment on schedule of most of its loans and borrowings, the amounts become immediately repayable. No attempt has been made to classify the liabilities of the Company and Group into non-current or current terms as the repayment of loans will be the subject of the Group's restructuring proposals.

(d) Measurement basis

The measurement basis used in the preparation of the accounts is under the historical cost convention as modified by the revaluation of certain investment properties.

Notes to the Accounts

For the year ended 31st March 2001

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These accounts have been prepared in accordance with all applicable Statement of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that net current liabilities have not been disclosed in the balance sheets. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its identifiable net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated income statement.

Minority interests represent that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiaries, and/or by the Company.

(c) Subsidiaries

A subsidiary is an enterprise, in which the Company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors or equivalent governing body. Investments in subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Accounts

For the year ended 31st March 2001

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(d) Jointly controlled entities

A jointly controlled entity is an entity which through contractual arrangements is subject to joint control by the Group and other parties, and none of the participating parties has unilateral control over the entity.

The consolidated income statement includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

In the Company's balance sheet the investments in jointly controlled entities are stated at cost less provision for permanent diminution in value when considered necessary by the Directors. Such provision is determined and made for each jointly controlled entity individually. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

(e) Associates

An associate is an entity, not being a subsidiary or jointly controlled entity, in which an equity interest is held for the long term and significant influence is exercised in its management. The consolidated income statement includes the Group's share of the results of associates for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associates.

In the Company's balance sheet the investments in associates are stated at cost less provision, if necessary, for any permanent diminution in value. Such provision is determined and made for each associate individually. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

(f) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill arising on acquisition is firstly set off against any capital reserve on earlier acquisitions and thereafter is charged to the income statement. Capital reserve, which represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition, is transferred in full to Group's reserve in the year of acquisition.

On disposal of investment in subsidiary, associate or jointly controlled entity, any attributable amount of purchase goodwill not previously charged through the income statement or which has previously been dealt with as a movement on Group's reserve is included in the calculation of the profit or loss on disposal.

Notes to the Accounts

For the year ended 31st March 2001

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Revenue recognition

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

- (i) Rental income under operating leases is recognised in the period on a straight line basis over the term of the lease;
- (ii) Sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- (iii) Revenue from hotel operations is recognised in the period when the services are provided;
- (iv) Management fee income is recognised in the period when the management services are provided;
- (v) Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable; and
- (vi) Dividend income is recognised when the right to receive payment is established.

(h) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods greater than twenty years are valued at intervals of not more than three years by an independent valuer; in each of the intervening years valuations are undertaken by professionally qualified executives of the Group. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are firstly set off against increases on earlier valuations on a portfolio basis and thereafter are debited to income statement. Any subsequent increases are credited to income statement up to the amount previously debited.

Investment properties held on leases with unexpired periods of twenty years or less are depreciated over the remaining unexpired period of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the income statement.

Notes to the Accounts

For the year ended 31st March 2001

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Hotel properties

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of the hotel, and are stated at cost. No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the properties in a continual state of sound repair and maintenance, and accordingly the Directors consider that depreciation is not necessary due to their high residual values. Such expenditure on repair and improvements is dealt with through the planned maintenance provision account which has been included in accrued expenses. The hotel properties are depreciated when their unexpired lease term is twenty years or less on the straight line basis over the remaining unexpired period of the lease.

(j) Other fixed assets

Fixed assets other than investment properties and hotel properties are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Depreciation of other fixed assets is calculated to write off their costs on the reducing balance basis over their expected useful lives to the Group at a principal annual rate of 20%.

Assets held under hire purchase contracts are depreciated over their expected useful lives on the same basis as owned assets.

Major costs incurred in restoring fixed assets to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sale proceed and the carrying amount of the relevant asset, and is recognised in the income statement.

(k) Property under development

Property under development is stated at cost less provision for permanent diminution in value. Cost comprises land and construction costs which includes attributable interest and charges capitalised during the construction period. No depreciation is provided on property under development.

Notes to the Accounts

For the year ended 31st March 2001

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(l) Assets under leases

(i) Hire purchase contracts

Assets held under hire purchase contracts are capitalised at their fair value at the date of acquisition. The corresponding principal portion of the hire purchase commitments are shown as obligations under hire purchase contracts of the Group. The finance costs, which represent the difference between the total hire purchase commitments and the fair value of the net assets acquired, are charged to the income statement so as to produce a constant periodic rate of charge over the period of the respective contracts.

(ii) Operating leases

Rentals payable and receivable under operating leases are charged or credited to the income statement on a straight line basis over the lease terms.

(m) Inventories

Inventories consisting of food, beverage and hotel supplies, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation.

(n) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

(o) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

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

Notes to the Accounts

For the year ended 31st March 2001

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Borrowing costs

Borrowing costs incurred on assets under active development that take a substantial period of time to be readied for their intended use or sale are capitalised into the carrying value of the property under development. Interest is capitalised at the interest rate applicable to specific development borrowings. All other borrowing costs are charged to the income statement in the period in which they are incurred.

(q) Staff retirement scheme

The Group operates a defined contribution staff retirement scheme. Group contributions under the scheme are charged to the income statement as incurred. The amount of Group contributions is based on a specified percentage of the basic salary of employees and forfeited contributions in respect of unvested benefits of staff leavers are used to reduce the Group's contributions. The assets of the scheme are held separately from those of the Group.

(r) Related parties

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

3. TURNOVER AND OTHER REVENUE

The Group is principally engaged in property investment and development, hotel operations and investment holding. Turnover and revenue recognised by categories are as follows:–

	Note	2001 HK\$	2000 HK\$
Gross rental income from investment properties		10,914,004	14,338,001
Sale of properties		27,463,000	16,955,300
Revenue from hotel operations of Xiamen Plaza		21,968,673	27,556,592
Total turnover		60,345,677	58,849,893
Other revenue	5	2,663,633	10,581,429
Total revenue		63,009,310	69,431,322

Notes to the Accounts

For the year ended 31st March 2001

4. SEGMENTAL INFORMATION

The analysis of the principal activities and geographical locations of the Group's turnover and loss before taxation during the year are as follows:-

(a) Analysis by principal activities:-

	Turnover		Loss before taxation	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Company and subsidiaries				
Property investment	38,377,004	31,293,301	(147,845,889)	(107,067,761)
Hotel operation	21,968,673	27,556,592	92,076,051	(219,182,799)
	<u>60,345,677</u>	<u>58,849,893</u>	<u>(55,769,838)</u>	<u>(326,250,560)</u>
Share of results of jointly controlled entities				
Property investment and development			(27,787,705)	(17,794,173)
Hotel operation			(23,184,030)	(2,298,781)
Money lending			(1,539,891)	(481,279)
Others			-	(8,003)
			<u>(52,511,626)</u>	<u>(20,582,236)</u>
Share of results of associates				
Property investment			93,121	99,243
Property management			109,976	122,873
Others			(4,562)	245,830
			<u>198,535</u>	<u>467,946</u>
			<u>(108,082,929)</u>	<u>(346,364,850)</u>

(b) Analysis by geographical locations of operations:-

	Turnover		Loss before taxation	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Company and subsidiaries				
Hong Kong	38,377,004	31,293,301	(147,845,889)	(107,067,761)
Mainland China	21,968,673	27,556,592	92,076,051	(219,182,799)
	<u>60,345,677</u>	<u>58,849,893</u>	<u>(55,769,838)</u>	<u>(326,250,560)</u>
Share of results of jointly controlled entities				
Hong Kong			(29,327,596)	(18,283,455)
Mainland China			(23,184,030)	(2,298,781)
			<u>(52,511,626)</u>	<u>(20,582,236)</u>
Share of results of associates				
Hong Kong			198,535	467,946
			<u>(108,082,929)</u>	<u>(346,364,850)</u>

Notes to the Accounts

For the year ended 31st March 2001

5. OTHER REVENUE

	2001 HK\$	2000 HK\$
Management fee income	2,280,587	3,402,812
Bank interest income	34,885	113,228
Revenue from hotel operations of Hong Du	–	7,000,520
Others	348,161	64,869
	<u>2,663,633</u>	<u>10,581,429</u>

6. NET GAIN ON RESCISSION OF AN ACQUISITION AGREEMENT

	2001 HK\$	2000 HK\$
Net gain on exclusion of 60% interests in Skycheer and Hong Du	99,855,548	–
Net gain on inclusion of 40% interests in Yan Hei and Xiamen Plaza	45,222,244	–
	<u>145,077,792</u>	<u>–</u>

(a) Actions for rescission of an acquisition agreement

The Company, jointly with its two wholly owned subsidiaries, Kiu Sun Investment Company Limited (“Kiu Sun”) and Smart Truth International Limited (“Smart Truth”) issued a writ of summons on 23rd March 2000 (as amended by an amended writ of summons dated 29th March 2000) against Mr HUNG To and Good Fortune Resources Limited (“Good Fortune”) for (i) a declaration that the Company, Kiu Sun and Smart Truth are entitled to rescind the Agreement as defined in note 1(b) to the accounts, (ii) an order that Mr HUNG To to indemnify the Company, Kiu Sun and Smart Truth for losses as a result of the breaches of the Agreement and warranties thereof, and (iii) damages and other compensation. The writ of summons against Mr HUNG To, a minority shareholder of both Skycheer and Yan Hei, in Hong Kong, was to, amongst other things, rescind the Agreement. Under the Agreement the Group (i) purchased from Mr HUNG To a 60% interest in Skycheer, the principal asset of which is the 100% interest in Hong Du in Mainland China, (ii) transferred to Mr HUNG To’s nominee, Good Fortune, the Group’s 40% equity interest in Yan Hei, the principal asset of which is the 100% interest in Xiamen Plaza in Mainland China, and (iii) allotted to Mr HUNG To 54,408,959 shares in the capital of the Company. The Company claimed that Mr HUNG To was in breach of the Agreement and sought to rescind it as he (i) allegedly entered into various contracts on behalf of Skycheer and Hong Du to borrow funds of HK\$152,490,602 (RMB162,250,000) before and/or after entering into the Agreement, which were not disclosed to the Company or its board of directors in accordance with the terms of the Agreement; and (ii) the hotel Hong Du has not been completed and obtained all necessary operating licenses in accordance with the timetable set out in the Agreement.

Notes to the Accounts

For the year ended 31st March 2001

6. NET GAIN ON RESCISSION OF AN ACQUISITION AGREEMENT *(continued)*

(b) Court Order for rescission

On 23rd February 2001, a Court Order was granted in favour of the Company, Kiu Sun and Smart Truth for rescission of the Agreement. Upon the granting of the Rescission Order, the Company has de-consolidated the Group's 60% interest in Skycheer and Hong Du and included the 40% interest in Yan Hei and Xiamen Plaza back to the Group. Thereafter, Skycheer and its subsidiary, Hong Du, would not be 60% owned by the Group, and Yan Hei and its subsidiary, Xiamen Plaza, became wholly owned subsidiaries of the Group again.

(c) Effect of the Court Order for rescission

Two subsidiaries, Skycheer and Hong Du, which were consolidated in the Group's consolidated accounts as at 31st March 2000, have been de-consolidated from the Group's consolidated accounts for the year ended 31st March 2001. 40% equity and loan interests in Yan Hei and Xiamen Plaza previously transferred to a minority shareholder, which were classified as minority interest and loans from the minority shareholder respectively in the Group's consolidated accounts as at 31st March 2000, have been included as the Group's interests in the consolidated accounts for the year ended 31st March 2001. The Directors consider that the resulting Group accounts, if Skycheer and Hong Du were consolidated and 40% equity and loan interests were excluded would not present a true and fair view of the financial position of the Group as a whole in accordance with the Rescission Order.

The results of Skycheer and Hong Du for the year ended 31st March 2001 are excluded from the Group's consolidated income statement for the year ended 31st March 2001. As a result of the exclusion of Skycheer and Hong Du, a net gain of HK\$99,855,548 has been generated, which comprises the reversal of the share of net liabilities of these two subsidiaries at 31st March 2000. As at 31st March 2001, the Company did not have any outstanding commitments in respect of these companies, nor guarantee any obligations of these companies in favour of third parties.

The results of Yan Hei and Xiamen Plaza for the year ended 31st March 2001 are entirely included in the Group's consolidated income statement for the year then ended. Loans from a minority shareholder having been assigned under the Agreement are reverted to the Group's interest for the year ended 31st March 2001. As a result of the inclusion of the 40% equity and loan interests in Yan Hei and Xiamen Plaza, a net gain of HK\$45,222,244 has been generated, which comprises the reversal of share of net assets of these two subsidiaries at 31st March 2000 and capital reserve previously released; and reversion to the loan previously assigned.

According to a legal opinion obtained by the Company, there may be practical difficulties to be encountered on the execution of the Rescission Order. No provision has yet been made in the Group's accounts for any loss or expenses to be incurred or arising from any practical difficulties to be encountered by the Group, or any possible counterclaim in relation to the Rescission Order.

Notes to the Accounts

For the year ended 31st March 2001

7. PROVISION FOR DIMINUTION IN VALUE OF ASSETS

	2001 HK\$	2000 HK\$
Deficit on revaluation of investment properties	56,561,517	31,378,726
Provision for diminution in value of property under development of Hong Du	-	28,777,784
Provision for diminution in value of investment properties	-	2,980,000
	<u>56,561,517</u>	<u>63,136,510</u>

8. PROVISION FOR DOUBTFUL DEBTS

	2001 HK\$	2000 HK\$
Provision for doubtful debts due from Hong Du	32,530,041	-
Provision for doubtful debts due from a related company	2,607,525	-
	<u>35,137,566</u>	<u>-</u>

9. PROVISION FOR LIABILITIES IN APPEAL

	2001 HK\$	2000 HK\$
Provision for liabilities in appeal in respect of Skycheer	-	26,174,812
Provision for liabilities in appeal in respect of Hong Du	-	126,315,790
	<u>-</u>	<u>152,490,602</u>

In 1999, the Directors discovered the existence of claims against Skycheer and Hong Du from third parties for payment of debts of approximately HK\$26,174,812 (RMB27,850,000) and HK\$126,315,790 (RMB134,400,000) respectively committed by Mr HUNG To in Mainland China, in the name of Skycheer and Hong Du, before and/or after the Company entering into the Agreement as explained in note 6(a) to the accounts which were not disclosed or made known to the Company as required under the provisions of the Agreement.

Despite the Company, Skycheer and Hong Du were actively pursuing appeals against the judgements for the undisclosed debts made against Skycheer and Hong Du in Mainland China, the Directors had fully provided for these liabilities in appeal in the Group's accounts for the year ended 31st March 2000.

Upon the de-consolidation of Skycheer and Hong Du pursuant to the Rescission Order, the provision for liabilities in appeal would not be liabilities in the Group's accounts.

Notes to the Accounts

For the year ended 31st March 2001

10. OPERATING PROFIT/(LOSS)

	2001 HK\$	2000 HK\$
Operating profit/(loss) is stated after crediting and charging the following:–		
Crediting		
Gross rental income from investment properties	10,914,004	14,338,001
Less: Outgoings	1,704,272	3,026,124
Net rental income from investment properties	9,209,732	11,311,877
Gain on disposal of investment properties	–	43,286
Charging		
Depreciation		
– Hotel properties	9,462,553	9,462,552
– Owned fixed assets	2,714,299	3,511,590
– Fixed assets held under hire purchase contracts	331,233	1,180,169
Operating leases for land and buildings	4,225,123	7,340,115
Auditors' remuneration		
– Current	750,000	762,000
– Underprovision in prior years	450,000	–
Management fee to Sino Earn	2,052,450	2,300,000
Loss on disposal of fixed assets	3,471,877	1,274,960
Loss on disposal of investment properties	2,195,006	–
Repair and maintenance for hotel properties	268,016	212,109
Net exchange loss	608,073	259,548

11. FINANCE COST

	2001 HK\$	2000 HK\$
Interest on bank loans and overdrafts:–		
– wholly repayable within five years	59,522,212	24,630,465
– not wholly repayable within five years	–	27,773,187
Interest on other loans		
– wholly repayable within five years	22,009,732	18,342,668
Interest element of hire purchase contracts	281,054	1,437,147
Total borrowing costs	81,812,998	72,183,467
Less: Amounts capitalised into property under development*	–	(8,102,707)
	<u>81,812,998</u>	<u>64,080,760</u>

* No borrowing costs have been capitalised for property under development during the year (2000: capitalised at 10.5% per annum).

Notes to the Accounts

For the year ended 31st March 2001

12. TAXATION

Taxation in the consolidated income statement comprises:-

	2001 HK\$	2000 HK\$
Hong Kong profits tax	-	-
Under provisions in prior years	-	(102,727)
	-	(102,727)
Share of taxation attributable to:		
Associates	(43,793)	(34,078)
	<u>(43,793)</u>	<u>(136,805)</u>

- (a) Hong Kong profits tax is calculated at the rate of 16% (2000: 16%) on the estimated assessable profits of the Group for the year. No provision has been made as there are no assessable profits for the year.
- (b) The subsidiary operating in Mainland China is subject to tax at the reduced rate of 15%. Under the current tax rules in China, this subsidiary is fully exempted from China income tax for two years starting from their first profit-making year and is entitled to a 50% income tax reduction for a further three years. No provision for China income tax has been made as there were no assessable profits of the subsidiary operating in Mainland China during the year.
- (c) No provision for deferred taxation has been provided during the year as the effect of timing differences is not material to the Group.

13. NET LOSS ATTRIBUTABLE TO THE SHAREHOLDERS

Included in the net loss attributable to the shareholders of HK\$108,126,722 (2000: HK\$345,118,077) is a loss of HK\$167,848,706 (2000: HK\$467,174,103), including dividends from an associate of HK\$147,500 (2000: HK\$177,000), which is dealt with in the accounts of the Company.

14. LOSS PER SHARE

(a) Basic

The calculation of loss per share is based on the consolidated loss attributable to the shareholders for the year of HK\$108,126,722 (2000: HK\$345,118,077) and 1,074,328,367 (2000: 1,074,328,367) shares in issue during the year.

(b) Diluted

The share options outstanding during the year had no dilution effect on loss per share.

Notes to the Accounts

For the year ended 31st March 2001

15. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:-

	2001 HK\$	2000 HK\$
Fees	-	173,333
Other emoluments - basic salaries, housing allowances, other allowances and benefits in kind	2,870,526	3,144,951
Pensions contributions	19,474	17,700
	<u>2,890,000</u>	<u>3,335,984</u>

No directors' fees have been paid to the Company's independent non-executive directors for the year (2000: HK\$173,333).

The emoluments of the directors fell within the following bands:-

Emolument bands	Number of directors	
	2001	2000
From HK\$ Nil to HK\$1,000,000	15	12
From HK\$1,000,001 to HK\$1,500,000	1	1
	<u>16</u>	<u>13</u>

(b) Five highest paid employees

Three (2000: three) of the five highest paid employees are directors whose emoluments are reflected in the directors' emoluments above. Details of the aggregate emoluments of the remaining two (2000: two) highest paid individuals are as follows:-

	2001 HK\$	2000 HK\$
Basic salaries, housing allowances, other allowances and benefits in kind	1,007,033	1,188,480
Pensions contributions	14,033	24,000
	<u>1,021,066</u>	<u>1,212,480</u>

The emoluments of each of these two (2000: two) individuals for both 2001 and 2000 fell within the band from HK\$ Nil to HK\$1,000,000.

Notes to the Accounts

For the year ended 31st March 2001

16. FIXED ASSETS

	Group								Total HK\$
	Investment properties (note (a)) HK\$	Hotel properties (notes (b)) HK\$	Plant and machinery HK\$	Furniture & fixtures HK\$	Leasehold improve- ments HK\$	Motor vehicles HK\$	Pleasure vessel mooring HK\$	Computer and office equipment HK\$	
	Cost or valuation								
Brought forward									
At cost	-	179,000,000	5,637,263	9,352,043	9,377,995	7,113,225	485,000	1,435,644	212,401,170
At professional valuation	316,790,000	-	-	-	-	-	-	-	316,790,000
	<u>316,790,000</u>	<u>179,000,000</u>	<u>5,637,263</u>	<u>9,352,043</u>	<u>9,377,995</u>	<u>7,113,225</u>	<u>485,000</u>	<u>1,435,644</u>	<u>529,191,170</u>
Additions	-	-	-	143,808	92,100	-	-	-	235,908
Exchange adjustments	-	-	(109,108)	(164,020)	(122,703)	(46,148)	-	-	(441,979)
Reclassification	-	-	-	132,843	(132,843)	-	-	-	-
Disposals	(29,366,823)	-	(4,732)	(791,046)	(3,128,000)	(5,016,030)	-	(920,702)	(39,227,333)
Revaluation deficit charged to income statement	(56,561,517)	-	-	-	-	-	-	-	(56,561,517)
	<u>230,861,660</u>	<u>179,000,000</u>	<u>5,523,423</u>	<u>8,673,628</u>	<u>6,086,549</u>	<u>2,051,047</u>	<u>485,000</u>	<u>514,942</u>	<u>433,196,249</u>
Carried forward									
At cost	-	179,000,000	5,523,423	8,673,628	6,086,549	2,051,047	485,000	514,942	202,334,589
At professional valuation	230,861,660	-	-	-	-	-	-	-	230,861,660
	<u>230,861,660</u>	<u>179,000,000</u>	<u>5,523,423</u>	<u>8,673,628</u>	<u>6,086,549</u>	<u>2,051,047</u>	<u>485,000</u>	<u>514,942</u>	<u>433,196,249</u>
Accumulated depreciation									
Brought forward	-	30,753,296	4,556,875	6,259,309	3,092,348	4,543,677	195,293	627,232	50,028,030
Exchange adjustments	-	-	(88,198)	(113,796)	-	(41,100)	-	-	(243,094)
Charge for the year	-	9,462,553	510,443	592,524	1,425,397	331,233	57,942	127,993	12,508,085
Disposals	-	-	(4,120)	(440,831)	(1,392,668)	(3,001,335)	-	(482,740)	(5,321,694)
	<u>-</u>	<u>40,215,849</u>	<u>4,975,000</u>	<u>6,297,206</u>	<u>3,125,077</u>	<u>1,832,475</u>	<u>253,235</u>	<u>272,485</u>	<u>56,971,327</u>
Carried forward									
At cost	-	40,215,849	4,975,000	6,297,206	3,125,077	1,832,475	253,235	272,485	56,971,327
At professional valuation	230,861,660	-	-	-	-	-	-	-	230,861,660
	<u>230,861,660</u>	<u>40,215,849</u>	<u>4,975,000</u>	<u>6,297,206</u>	<u>3,125,077</u>	<u>1,832,475</u>	<u>253,235</u>	<u>272,485</u>	<u>56,971,327</u>
Net book value									
At 31st March 2001	<u>230,861,660</u>	<u>138,784,151</u>	<u>548,423</u>	<u>2,376,422</u>	<u>2,961,472</u>	<u>218,572</u>	<u>231,765</u>	<u>242,457</u>	<u>376,224,922</u>
At 31st March 2000	<u>316,790,000</u>	<u>148,246,704</u>	<u>1,080,388</u>	<u>3,092,734</u>	<u>6,285,647</u>	<u>2,569,548</u>	<u>289,707</u>	<u>808,412</u>	<u>479,163,140</u>

Notes to the Accounts

For the year ended 31st March 2001

16. FIXED ASSETS (continued)

	Company					Total HK\$
	Investment properties (note (a)) HK\$	Furniture & fixtures HK\$	Leasehold improve- ment HK\$	Motor vehicles HK\$	Computer and office equipment HK\$	
Cost or valuation						
Brought forward						
At cost	-	847,310	2,888,369	4,728,910	1,395,524	9,860,113
At professional valuation	69,090,000	-	-	-	-	69,090,000
	69,090,000	847,310	2,888,369	4,728,910	1,395,524	78,950,113
Additions	-	9,473	45,500	-	-	54,973
Exchange adjustments	-	(961)	-	-	-	(961)
Disposals	(904,348)	(664,806)	(2,888,369)	(4,728,910)	(909,882)	(10,096,315)
Revaluation deficit charged to income statement	(11,639,652)	-	-	-	-	(11,639,652)
	56,546,000	191,016	45,500	-	485,642	57,268,158
Carried forward						
At cost	-	191,016	45,500	-	485,642	722,158
At professional valuation	56,546,000	-	-	-	-	56,546,000
	56,546,000	191,016	45,500	-	485,642	57,268,158
Accumulated depreciation						
Brought forward	-	354,794	1,162,560	2,420,155	607,913	4,545,422
Exchange adjustments	-	(327)	-	-	-	(327)
Charge for the year	-	79,769	233,141	322,773	124,295	759,978
Disposals	-	(322,813)	(1,392,668)	(2,742,928)	(477,921)	(4,936,330)
Carried forward	-	111,423	3,033	-	254,287	368,743
Net book value						
At 31st March 2001	56,546,000	79,593	42,467	-	231,355	56,899,415
At 31st March 2000	69,090,000	492,516	1,725,809	2,308,755	787,611	74,404,691

Notes to the Accounts

For the year ended 31st March 2001

16. FIXED ASSETS (continued)

- (a) The Group's investment properties in Hong Kong are held under long term leases as to the amount of HK\$46,936,000 (2000: HK\$61,700,000) and under medium term leases as to the amount of HK\$183,925,660 (2000: HK\$255,090,000).

The Company's investment properties in Hong Kong are held under long term leases as to the amount of HK\$39,056,000 (2000: HK\$52,000,000) and under medium term leases as to the amount of HK\$17,490,000 (2000: HK\$17,090,000).

Investment properties of the Group were revalued on open market basis as at 31st March 2001 by B.I. Appraisals (2000: Brooke International (China) Limited), an independent firm of professional valuers. The revaluation deficit of HK\$56,561,517 (2000: HK\$31,378,726) has been debited to the income statement. There was no provision for diminution in value of investment properties in current year (2000: HK\$2,980,000).

The investment properties of the Group with carrying value of HK\$10,054,000 as at 31st March 2001 have been ordered by High Court in Hong Kong to deliver vacant possession in favour of certain creditor bankers. Investment properties of the Group with carrying value of HK\$46,936,000 as at 31st March 2001 have been put under receivership by certain creditor bankers and have not been discharged thereafter to now. Besides, investment properties of the Group with carrying value of HK\$79,295,831 as at 31st March 2001 have been taken possession by the mortgagees.

- (b) The hotel properties outside Hong Kong are held on medium term lease. The Directors have reviewed the carrying value of the hotel properties and are of the opinion there is no significant difference from the open market value.
- (c) There was no fixed asset held under hire purchase contracts as at 31st March 2001 (2000: HK\$2,308,755).

17. PROPERTY UNDER DEVELOPMENT

	2001	Group
	HK\$	2000 HK\$
Balance brought forward	285,000,000	260,000,000
Additions	-	53,777,784
Provision for diminution in value	-	(28,777,784)
Exclusion upon rescission of an acquisition agreement	(285,000,000)	-
Balance carried forward	-	285,000,000

Notes to the Accounts

For the year ended 31st March 2001

18. SUBSIDIARIES

	Company	
	2001 HK\$	2000 HK\$
Unlisted shares, at cost	28,069,478	39,634,191
Less: Provision for permanent diminution in value	–	(11,564,715)
Written off upon deregistration	(4)	–
	28,069,474	28,069,476
Loans to subsidiaries	279,706,651	279,607,551
Less: Provision for doubtful amounts	(138,103,200)	(138,103,200)
	141,603,451	141,504,351
	169,672,925	169,573,827

Particulars of subsidiaries at 31st March 2001 including those being de-consolidated during the year are as follows:–

Name of subsidiary	Place of incorporation and principal place of operations	Effective percentage holding		Issued and fully paid ordinary share/registered capital HK\$	Principal activities
		2001 %	2000 %		
Direct subsidiary:–					
Clarson Hotel Management Limited	Hong Kong	100	100	300,000	Dormant
Eastborough Enterprises Limited	Hong Kong	100	100	600,000	Investment holding
Eastern Associated Investment Company, Limited	Hong Kong	100	100	1,000,000	Investment holding
Everlink Development Limited	Hong Kong	100	100	10,000	Dormant
Fujian Group Nominees Limited	Hong Kong	100	100	2	Nominee
Honest Bright International Limited	Hong Kong	100	100	2	Property investment
Kai Loong Land Investment Company, Limited	Hong Kong	100	100	415,000	Property investment

Notes to the Accounts

For the year ended 31st March 2001

18. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and principal place of operations	Effective percentage holding		Issued and fully paid ordinary share/registered capital HK\$	Principal activities
		2001 %	2000 %		
Direct subsidiary:- (continued)					
Kiu Sun Investment Company, Limited	Hong Kong	100	100	1,000,000	Investment holding
Ming Chuen Construction Company, Limited	Hong Kong	100	100	100,000	Investment holding
Panew International Limited (note(c))	Hong Kong	100	100	2	Investment holding
Real Wide Limited	Hong Kong	55	55	10,000	Dormant
Richlite Investment Limited	Hong Kong	100	100	2	Property investment
Silver Cone Worldwide Limited	British Virgin Islands	100	100	US\$1	Investment holding
Sino Bless International Limited	Hong Kong	100	100	2	Property investment
Skycheer Development Limited (notes (b) and (c))	Hong Kong	-	60	1,000,000	Investment holding
Smart Stride Investment Limited	Hong Kong	100	100	2	Dormant
Smart Truth International Limited	Hong Kong	100	100	10,000	Investment holding
Triplenic China Real Estate Limited	Hong Kong	-	100	2	Deregistered
Triplenic Holdings Limited	Hong Kong	-	100	2	Deregistered
Triplenic Realty Limited	Hong Kong	75	75	1,000,000	Investment holding
Wealth Cosmos Limited	Hong Kong	100	100	2	Property investment
Yan Hei Limited (note (d))	Hong Kong	100	60	10,000 and Non voting deferred shares HK\$10,000	Investment holding

Notes to the Accounts

For the year ended 31st March 2001

18. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and principal place of operations	Effective percentage holding		Issued and fully paid ordinary share/registered capital HK\$	Principal activities
		2001 %	2000 %		
Indirect subsidiary:-					
Billion Lion Limited	Hong Kong	75	75	2	Property investment
Gold Silver Limited	Hong Kong	100	100	10,000	Investment holding
Link Smart Investment Limited	Hong Kong	100	100	2	Property investment
Sheen Sharp Limited	Hong Kong	100	100	2	Investment holding
Texway Industries Limited	Hong Kong	100	100	2	Property investment
Xiamen Hong Du Park Hotel (note (b))	Mainland China	-	60	US\$6,000,000	Hotel operation
Xiamen South East Asia Hotel Company Limited (note (a))	Mainland China	100	60	US\$5,000,000	Hotel operation

Note:

- (a) The subsidiary has a financial year end of 31st December. Its financial year cannot be co-terminous with that of the Company for the reason of its need to comply with the regulations of Mainland China.
- (b) The subsidiary would not be owned by the Group upon the Court Order for rescission of the Agreement for the acquisition of interest in this subsidiary.
- (c) The Group's interests in the issued share capital of this subsidiary was under share charge, among other securities, in favour of Sino Earn to secure loan facilities granted to the Company as referred to in note 23(b)(iii) to the accounts.
- (d) The Group's interests in the issued share capital of this subsidiary was under share charge in favour of Jian Xing to secure loan facilities granted to the Company as referred to in note 23(b)(iv) to the accounts.

Notes to the Accounts

For the year ended 31st March 2001

19. JOINTLY CONTROLLED ENTITIES

	Note	Group		Company	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Unlisted shares, at cost		-	-	155,072,094	155,072,094
Less: Provision for permanent diminution in value		-	-	(74,409,732)	(5,000,000)
Written off on deregistration		-	-	(250,000)	-
		-	-	80,412,362	150,072,094
Share of net assets other than goodwill		67,731,139	92,636,691	-	-
		67,731,139	92,636,691	80,412,362	150,072,094
Loans to jointly controlled entities	(a)	170,459,459	143,584,503	153,215,821	126,340,865
Less: Provision for doubtful amounts		(130,541,168)	(75,878,507)	(130,545,821)	(70,148,001)
		39,918,291	67,705,996	22,670,000	56,192,864
Amounts due from jointly controlled entities		-	165,997	-	165,997
Less: Provision for doubtful amounts		-	(165,997)	-	(165,997)
		-	-	-	-
Less: Amounts receivable on demand classified as current assets	(b)	(22,674,653)	(50,462,358)	(22,670,000)	(50,462,358)
Add: Obligations to a jointly controlled entity classified as current liabilities		12,676,078	11,136,187	-	-
		97,650,855	121,016,516	80,412,362	155,802,600

Note:

- (a) Except for the loans repayable on demand as referred to in note (b) below, the loans are unsecured, interest free and will be repaid out of any dividend receivable or other income from the co-operative joint venture.
- (b) The loans due from a jointly controlled entity is unsecured, bearing interest at 12% per annum and repayable on demand. No accrual has been made for interest receivable this year as provision for doubtful amounts has been made. The Company's interest in these loans has been subordinated to a joint venture partner in first priority and to Sino Earn in second priority for loans facilities granted as referred to in notes 23(b)(v) and 23(b)(iii) respectively to the accounts.

Notes to the Accounts

For the year ended 31st March 2001

19. JOINTLY CONTROLLED ENTITIES (continued)

Particulars of jointly controlled entities at 31st March 2001 are as follows:-

Name	Place of incorporation and principal place of operations	Effective percentage holding		Issued and fully paid ordinary share/registered capital HK\$	Principal activities
		2001 %	2000 %		
Asian Eagle Limited (note (i))	Hong Kong	35.00	35.00	10,000	Property development
Hungexpress Investment Limited (note (ii))	Hong Kong	50.00	50.00	1,000,000	Investment holding
Kwoon Chung Triplenic Bus Investment Limited	Hong Kong	-	50.00	2	Deregistered
M T Finance Limited	Hong Kong	50.00	50.00	10,000,000	Money lending
Silver Star Hotel Limited (note (i))	Mainland China	25.00	25.00	US\$6,600,000	Hotel operation
Triplenic Building Consultancy Limited	Hong Kong	-	50.00	500,000	Deregistered
Westly Limited (note (iii))	Hong Kong	50.00	50.00	10,000	Investment holding

Note:

- (i) The Company indirectly holds the interest in this jointly controlled entity.
- (ii) The Company's interest in the issued share capital of this jointly controlled entity was under share charge in favour of a bank to secure loan facilities granted to the Group.
- (iii) The Company's interest in the issued share capital of this jointly controlled entity was under first share charge in favour of a joint venture partner to secure loans granted to the Company as referred to in note 23 (b)(v) to the accounts, and was under second share charge in favour of Sino Earn to secure loans granted to the Company as referred to in note 23(b)(iii) to the accounts.

Notes to the Accounts

For the year ended 31st March 2001

19. JOINTLY CONTROLLED ENTITIES (continued)

- (iv) Extracts of the unaudited accounts as at 31st March 2001 of the principal jointly controlled entities of the Group are as follows:

Westly Limited*

	2001 HK\$	2000 HK\$
Current assets	127,903,649	289,511,702
Current liabilities	(75,662,648)	(149,723,469)
Loans and amounts due to shareholders	(331,277,884)	(291,545,246)
Income	77,030,000	-
Loss for the year	<u>(127,279,869)</u>	<u>(35,588,345)</u>

Silver Star Hotel Limited*

	2001 HK\$	2000 HK\$
Non-current assets#	37,588,286	42,864,098
Current assets	33,373,827	44,801,525
Current liabilities	(52,432,237)	(88,188,444)
Non-current liabilities	(89,941,732)	(91,819,305)
Net revenue	108,385,992	98,368,053
Profit/(loss) for the year	<u>13,044,295</u>	<u>(26,647,556)</u>

Note:

* The financial year end of the Company is 31st December.

Non-current assets include hotel properties outside Hong Kong revalued by B.I. Appraisals (2000: Brooke International (China) Limited), an independent firm of professional valuers on open market basis at HK\$604 million as at 31st March 2001 (2000: HK\$561 million or U.S. Dollars 72 million).

Notes to the Accounts

For the year ended 31st March 2001

20. ASSOCIATES

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Unlisted shares, at cost	-	-	19,225,955	19,225,955
Less: Provision for permanent diminution in value	-	-	(1,899,999)	(14,650,903)
Written off on deregistration	-	-	(12,750,904)	-
	-	-	4,575,052	4,575,052
Shares of net assets other than goodwill	16,362,086	17,338,145	-	-
	16,362,086	17,338,145	4,575,052	4,575,052
Amounts due from associates	658,500	628,500	658,500	628,500
Less: Provision for doubtful amounts	(8,500)	(8,500)	(8,500)	(8,500)
	17,012,086	17,958,145	5,225,052	5,195,052

The amounts due from associates are unsecured, interest free and repayable on demand.

Particulars of associates at 31st March 2001 are as follows:-

Name	Place of incorporation and principal place of operations	Effective percentage holding		Issued and fully paid ordinary share capital HK\$	Principal activities
		2001 %	2000 %		
Austin Land Investment Limited	Hong Kong	46.82	46.82	6,300,000	Provision of building management services
Chi Kwok Company Limited	Hong Kong	-	46.66	5,004	Dissolved after members' voluntary liquidation
Ealing Court Limited (note (a))	Hong Kong	33.33	33.33	6,000,000	Property investment
Ming Sun Contractors Limited	Hong Kong	49.50	49.50	1,000,000	Dormant
Sherrin Property Investment Limited (note (a))	Hong Kong	33.33	33.33	3	Property investment

Note:

- (a) The Company's interest in the issued share capital of this associate was under share charge, among other securities, in favour of Sino Earn for loan facilities granted to the Company as referred to in note 23(b)(iii) to the accounts.

Notes to the Accounts

For the year ended 31st March 2001

21. AMOUNTS DUE FROM RELATED COMPANIES

	Note	Group		Company	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Xiamen Puyi Real Estate Company Limited	(a) and (b)	2,607,525	2,658,990	-	-
Fu Hui Holdings Limited	(a) and (c)	-	129,168	-	129,168
		2,607,525	2,788,158	-	129,168
Less: Provision for doubtful amounts		(2,607,525)	-	-	-
		-	2,788,158	-	129,168

Note:

- (a) The amounts due from related companies are unsecured, interest free and repayable on demand.
- (b) Xiamen Puyi Real Estate Company Limited ("Xiamen Puyi") is wholly owned by Mr HUNG To, a shareholder and director of, Skycheer. The maximum amounts due from Xiamen Puyi during the year was HK\$2,658,990 (2000: HK\$2,658,990).
- (c) Mr SO Sik, Mr SO Kwok Hoo and Mr NG Cheuk Fan are common directors of the Company and Fu Hui Holdings Limited ("Fu Hui"). Mr SO Sik is also a shareholder of Fu Hui. The maximum amounts due from Fu Hui during the year was HK\$129,168 (2000: HK\$129,168).

22. ACCOUNTS RECEIVABLE, UTILITY DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Accounts receivable (net of provisions for bad and doubtful debts) with aging analysis				
Current to 6 months	6,625,554	876,291	142,741	14,700
Over 6 months	2,139,097	2,951,829	5,915	5,237
	8,764,651	3,828,120	148,656	19,937
Utility deposits and prepayments	661,075	2,981,640	297,566	2,103,567
	9,425,726	6,809,760	446,222	2,123,504

The Group has defined credit terms which are agreed with each of its trade customers.

Notes to the Accounts

For the year ended 31st March 2001

23. BANK LOANS AND OTHER BORROWINGS

	Note	Group		Company	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Bank loans and overdrafts	(a)	427,773,471	544,639,935	129,859,134	126,477,502
Other borrowings	(b)	206,246,509	202,780,175	206,246,509	202,780,175
		<u>634,019,980</u>	<u>747,420,110</u>	<u>336,105,643</u>	<u>329,257,677</u>

Note:

(a)(i) Bank loans and overdrafts are analysed as follows:-

	Note	Group		Company	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Secured					
– bank loans		348,056,584	419,848,713	111,131,748	111,024,066
– overdrafts		71,956,388	47,996,474	16,302,924	11,747,077
Unsecured					
– bank loans		7,760,499	76,794,748	2,424,462	3,706,359
		<u>427,773,471</u>	<u>544,639,935</u>	<u>129,859,134</u>	<u>126,477,502</u>

(a)(ii) Bank loans and overdrafts are repayable as follows:-

		Group		Company	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Within one year		418,339,467	255,551,754	129,859,134	27,554,729
In the second year		7,484,636	27,003,176	–	8,910,170
In the third to fifth year inclusive		1,949,368	79,225,618	–	34,149,916
After the fifth year		–	182,859,387	–	55,862,687
		<u>427,773,471</u>	<u>544,639,935</u>	<u>129,859,134</u>	<u>126,477,502</u>

As the Group has defaulted in payment on schedule of most of its bank loans, all banking facilities of the Group become due for repayment at the balance sheet date; except that bank loan in the amount of HK\$28,347,337 (RMB30,000,000) due by Xiamen Plaza to a bank in Mainland China which was under investigation because alleged fraudulence was found on the inception of the loan transaction and the loan has been taken up according to the terms of its agreement.

Notes to the Accounts

For the year ended 31st March 2001

23. BANK LOANS AND OTHER BORROWINGS (continued)

(b)(i) Other borrowings are analysed as follows:

	Note	Group		Company	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Secured					
- loans from a shareholder	(b)(iii)	142,618,599	142,618,599	142,618,599	142,618,599
- loan from a related company	(b)(iv)	42,000,000	42,000,000	42,000,000	42,000,000
- loans from a joint venture partner	(b)(v)	7,420,000	7,420,000	7,420,000	7,420,000
Unsecured					
- amount due to a related company	(b)(vi)	73,179	-	73,179	-
- loans from a jointly controlled entity	(b)(vii)	3,899,550	161,908	3,899,550	161,908
- loans from associates	(b)(vii)	6,708,630	6,987,630	6,708,630	6,987,630
- loans from a third party	(b)(viii)	3,526,551	3,592,038	3,526,551	3,592,038
		<u>206,246,509</u>	<u>202,780,175</u>	<u>206,246,509</u>	<u>202,780,175</u>

(b)(ii) Other loans are repayable as follows:-

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Within one year	206,246,509	123,452,946	206,246,509	123,452,946
In the second year	-	75,882,229	-	75,882,229
In the third to fifth year inclusive	-	3,445,000	-	3,445,000
	<u>206,246,509</u>	<u>202,780,175</u>	<u>206,246,509</u>	<u>202,780,175</u>

(b)(iii) Loans from a shareholder

The loan facilities granted by Sino Earn are secured and bearing interest at 10.5% per annum plus default interest at 1.5% per annum, of which HK\$70,000,000 has been overdue since 1st January 2000 and the remaining balance is repayable on or before 30th June 2001.

(b)(iv) Loan from a related company

The loan facility granted by Jian Xing has been overdue for repayment since 1st April 2000 and is secured and bears interest at 10.5% per annum plus default interest at 1.5% per annum. Jian Xing is a company related to Sino Earn.

(b)(v) Loans from a joint venture partner

The loans granted by a joint venture partner are secured and bearing interest at prime rate plus 3.5% per annum with default interest chargeable at 3% per annum. The loans were due for repayment on 30th June 2000, but would be extended to 31st December 2001.

Notes to the Accounts

For the year ended 31st March 2001

23. BANK LOANS AND OTHER BORROWINGS (continued)

(b)(vi) Amount due to a related company

The amount due to a related company, Fu Hui, was advance made to the Company during the year, which was unsecured and interest free.

(b)(vii) Loans from a jointly controlled entity and associates

The loans from a jointly controlled entity and associates are unsecured, non-interest bearing and with no fixed terms of repayment.

(b)(viii) Unsecured loans from a third party

The loans from a third party are unsecured and bearing interest at 12% per annum. Subsequent to the year end date, the loans became secured by certain investment properties of the Company with carrying value of HK\$2,140,000 as at 31st March 2001.

24. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Obligations under hire purchase contracts are repayable as follows:-

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Within one year	-	970,000	-	970,000
In the second year	-	189,166	-	189,166
	<u>-</u>	<u>1,159,166</u>	<u>-</u>	<u>1,159,166</u>

25. ACCOUNTS PAYABLE, ACCRUED CHARGES AND TENANTS' DEPOSITS

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Accounts payable with aging analysis				
Current to 6 months	5,896,084	3,881,667	3,238,763	850,383
Over 6 months	16,629,657	30,152,749	4,388,572	1,671,898
	<u>22,525,741</u>	<u>34,034,416</u>	<u>7,627,335</u>	<u>2,522,281</u>
Accrued charges and tenants' deposits	4,034,587	5,761,765	2,301,699	3,097,288
	<u>26,560,328</u>	<u>39,796,181</u>	<u>9,929,034</u>	<u>5,619,569</u>

Notes to the Accounts

For the year ended 31st March 2001

26. UNCLAIMED DIVIDENDS

In accordance with article 156 of the Company's Articles of Association, all dividends unclaimed for six years after having been declared may be forfeited by the Directors and shall revert to the Company. Unclaimed dividends in an aggregate amounts of HK\$539,826 shall be forfeited by the Company within one year from 31st March 2001.

27. MINORITY INTERESTS

- (a) Minority interests comprise accumulated net losses borne by minority shareholders of the non wholly owned subsidiaries of the Group less full provision made for doubtful amounts receivable from minority shareholders.
- (b) Loans from minority shareholders

		2001	Group
	<i>Note</i>	<i>HK\$</i>	2000
			<i>HK\$</i>
Loans from a minority shareholder to Real Wide Limited	(b)(i)	3,735,319	3,728,144
Loans from a minority shareholder to Triplenic Realty Limited	(b)(ii)	498,320	498,320
Loans from a minority shareholder to Yan Hei	(b)(iii)	–	58,242,606
Loans from a minority shareholder to Skycheer and Hong Du	(b)(iii)	–	70,017,397
		<u>4,233,639</u>	<u>132,486,467</u>

Note:

- (b)(i) Loans to Real Wide Limited ("Real Wide") from Fu Hui, being a minority shareholder owned 45% equity interest in Real Wide, are unsecured, non-interest bearing and with no fixed terms of repayment. Fu Hui is a related party of the Company with common directors and a common shareholder.
- (b)(ii) Loans to Triplenic Realty Limited ("Triplenic Realty") from Mr. Raymond FU, being a minority shareholder owned 25% equity interest in Triplenic Realty, are unsecured, non-interest bearing and with no fixed terms of repayment. Mr. Raymond FU is a director both of Triplenic Realty and its wholly own subsidiary, Billion Lion Limited.
- (b)(iii) Before the date of the Rescission Order, HUNG To, pursuant to the Agreement, had become a minority shareholder owning 37% equity interest in Skycheer and Hong Du, had made loans to Skycheer and Hong Du of HK\$52,479,698 and HK\$17,537,699 respectively. Pursuant to the same Agreement, Mr HUNG To had also been beneficially interested in a shareholder's loan assigned to Good Fortune due by Yan Hei of HK\$58,242,606 by virtue of his being the 100% beneficial owner of Good Fortune. The aforementioned loans from minority shareholders are unsecured, non-interest bearing and with no fixed terms of repayment. Upon the granting of the Rescission Order for the Agreement as referred to in note 6(a) to the accounts, loans from minority shareholders of Skycheer and Hong Du would be excluded as the Group's liabilities, and loans previously assigned to Good Fortune would be reverted to the Group's interest.

Notes to the Accounts

For the year ended 31st March 2001

28. SHARE CAPITAL

	Company			
	2001	2000	2001	2000
	Number of shares	HK\$	Number of shares	HK\$
<i>Authorised</i>				
Ordinary shares of HK\$0.125 each	<u>4,000,000,000</u>	<u>500,000,000</u>	<u>4,000,000,000</u>	<u>500,000,000</u>
<i>Issued and fully paid</i>				
Ordinary shares of HK\$0.125 each	<u>1,074,328,367</u>	<u>134,291,046</u>	<u>1,074,328,367</u>	<u>134,291,046</u>

29. SHARE OPTIONS

On 22nd January 1997, the Company approved a share option scheme under which the Directors may, at their discretion, invite any employee or executive directors of the Company and the Group to take up options to subscribe for shares in the capital of the Company at any time during the ten years from the date of offer. The subscription price of the Company's shares shall be referred to the average closing price of the Company's shares as quoted on the Stock Exchange of Hong Kong Limited for five dealing days immediately preceding the offer date. The maximum number of shares on which options may be granted may not exceed 10% of the ordinary share capital of the Company in issue from time to time.

As at 31st March 2001, the Company has outstanding options conferring rights to subscribe for a total of 20,000,000 shares granted to Mr HUNG To (2000: 92,640,000 shares granted to directors and employees of the Group), which are exercisable at HK\$0.21 per share (subject to adjustment). These share options will expire on 27th October 2001.

Options previously granted to the directors and employees conferring rights to subscribe for a total of 72,640,000 shares, of which 31,880,000 shares are exercisable at HK\$1.50 per share and 40,760,000 shares are exercisable at HK\$1.05 per share, had lapsed on 23rd April 2000 and 23rd March 2001 respectively.

There was no option of the Company being exercised during the year.

Notes to the Accounts

For the year ended 31st March 2001

30. RESERVES

	Group					
	Share premium (note (a)) HK\$	Capital reserve (note (b)) HK\$	Investment properties revaluation reserve attributable to associates (note (d)) HK\$	Exchange fluctuation reserve (note (d)) HK\$	Accumulated losses (note (c)) HK\$	Total HK\$
At 1st April 1999	498,369,397	-	12,029,866	25,517	(430,216,992)	80,207,788
Deficit on revaluation of associates' investment properties	-	-	(2,500,000)	-	-	(2,500,000)
Loss for the year	-	-	-	-	(345,118,077)	(345,118,077)
At 31st March 2000 and 1st April 2000	498,369,397	-	9,529,866	25,517	(775,335,069)	(267,410,289)
Written off against exchange loss	-	-	-	(25,517)	-	(25,517)
Deficit on revaluation of associates' investment properties	-	-	(733,333)	-	-	(733,333)
Written back on effecting the Rescission Order	-	20,309,992	-	-	-	20,309,992
Loss for the year	-	-	-	-	(108,126,722)	(108,126,722)
At 31st March 2001	498,369,397	20,309,992	8,796,533	-	(883,461,791)	(355,985,869)

	Company			
	Share premium (note (a)) HK\$	Capital reserve (note (e)) HK\$	Accumulated losses HK\$	Total HK\$
At 1st April 1999	498,358,945	10,000,000	(209,922,960)	298,435,985
Loss for the year	-	-	(467,174,103)	(467,174,103)
At 31st March 2000 and 1st April 2000	498,358,945	10,000,000	(677,097,063)	(168,738,118)
Loss for the year	-	-	(167,848,706)	(167,848,706)
At 31st March 2001	498,358,945	10,000,000	(844,945,769)	(336,586,824)

Note:

- (a) The application of share premium is governed by Section 48B of the Hong Kong Companies Ordinance.
- (b) Pursuant to the Rescission Order for the rescission of an acquisition agreement as more fully described in note 1(b) to the accounts, two previously disposed subsidiaries have been reverted to the Group from the date of Rescission Order. Accordingly, the previously realised capital reserve represented the excess of the identifiable net assets of these subsidiaries acquired by the Company over the purchase consideration has also been reverted to the Group in the current year.
- (c) Accumulated losses of HK\$883,461,791 (2000: HK\$775,335,069) included amounts of losses of HK\$142,294,752 (2000: HK\$89,783,126) attributable to jointly controlled entities and profits of HK\$2,498,368 (2000: HK\$2,343,626) attributable to associates.

Notes to the Accounts

For the year ended 31st March 2001

30. RESERVES (continued)

Note: (continued)

- (d) The exchange fluctuation reserve and revaluation reserve have been set up and will be dealt with in accordance with the accounting policies adopted for translation of foreign currencies and revaluation of investment properties (note 2).
- (e) Pursuant to the Directors' meeting in prior years, the capital reserve of the Company was being set aside for general purpose.
- (f) At 31st March 2001, no distributable reserves of the Company was available for distribution as dividends (2000: Nil).

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

	2001 HK\$	2000 HK\$
Loss from ordinary activities before taxation	(108,082,929)	(346,364,850)
Share of results of jointly controlled entities	52,511,626	20,582,236
Share of results of associates	(198,535)	(467,946)
Deficit on revaluation of investment properties	56,561,517	31,378,726
Provision for diminution in value of investment properties	-	2,980,000
Depreciation of hotel properties and owned fixed assets	12,176,851	12,974,142
Depreciation of fixed assets held under hire purchase contracts	331,234	1,180,169
Interest income	(34,885)	(113,228)
Interest expenses	81,531,944	62,643,613
Interest element of hire purchase contracts	281,054	1,437,147
Loss on disposal of fixed assets	3,471,877	1,274,960
Loss on dissolution of an associate	(29,032)	-
Loss on deregistration of jointly controlled entities	19,723	-
Loss/(gain) on disposal of investment properties	2,195,006	(43,286)
Net gain on exclusion of 60% interests in Skycheer and Hong Du	(99,855,548)	-
Net gain on inclusion of 40% interests of Yan Hei and Xiamen Plaza	(45,222,244)	-
Provision for diminution in value of property under development of Hong Du	-	28,777,784
Provision for amounts due from Hong Du	32,530,041	-
Provision for amounts due from a related company	2,607,525	-
Provision for amounts due from a related party written back	(74,795)	-
Provision for amount due from associates	-	8,500
Provision for amount due from jointly controlled entities	-	165,997
Provision for minority interests	4,676,563	15,921,785
Provision for liabilities in appeal in respect of Skycheer	-	26,174,812
Provision for liabilities in appeal in respect of Hong Du	-	126,315,790
Decrease in short term investments	-	1,213,454
(Increase)/decrease in accounts receivable, utility deposits and prepayments	(4,650,914)	560,396
Decrease in inventories	140,533	637,594
Increase in accounts payable, accrued charges and tenants' deposits	4,965,996	7,221,375
Increase in interest payable on loan and borrowings	48,874,786	8,117,568
Decrease/(increase) in amount due from a related company	180,633	(19,529)
Decrease in amount due to a related company	-	(1,768,244)
Net cash inflow from operating activities	<u>44,908,027</u>	<u>788,965</u>

Notes to the Accounts

For the year ended 31st March 2001

32. ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIPMENTS ON EFFECTING THE RESCISSION ORDER

(a) Net cash outflow on de-consolidation of subsidiaries

HK\$

Cash and bank balances of Skycheer and Hong Du at 31st March 2000 75,587

Net outflow of cash and cash equivalents
in respect of the de-consolidation of subsidiaries 75,587

(b) Effect on exclusion of Skycheer and Hong Du from consolidated accounts

HK\$

Net liabilities de-consolidated

Non-current assets	(285,000,000)
Current assets	(2,110,535)
Current liabilities	316,948,686
Loans from shareholder, Mr HUNG To	<u>70,017,397</u>

Net gain on exclusion of 60% interests in
Skycheer and Hong Du 99,855,548

(c) Effect on inclusion of 40% interests in Yan Hei and Xiamen Plaza back to the Group

HK\$

Share of net assets 7,285,630
Loan assigned pursuant to Agreement 58,246,606

Net claims 65,532,236
Reversal of capital reserve (20,309,992)

Net gain on inclusion of 40% interests in Yan Hei and Xiamen Plaza 45,222,244

Notes to the Accounts

For the year ended 31st March 2001

33. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Group				
	Share capital (including premium) HK\$	Obligations under hire purchase contracts HK\$	Bank loans and other borrowings HK\$	Loans from jointly controlled entities and associates HK\$	Loans from minority shareholders HK\$
At 1st April 1999	632,660,443	5,697,499	579,143,045	7,192,373	147,658,286
New loans raised					
– from banks in Mainland China	–	–	64,711,801	–	–
– from a substantial shareholder	–	–	36,926,143	–	–
– from a related company	–	–	23,863,516	–	–
– from third parties	–	–	7,433,934	–	–
Loans repaid					
– to banks in Hong Kong	–	–	(16,560,183)	–	–
– to a finance company	–	–	(3,244,158)	–	–
Repayment to a jointly controlled entity	–	–	–	(42,835)	–
Repayment to minority shareholders	–	–	–	–	(15,171,819)
Repayment of capital element of hire purchase contracts	–	(4,538,333)	–	–	–
At 31st March 2000 and 1st April 2000	632,660,443	1,159,166	692,274,098	7,149,538	132,486,467
Loans repaid					
– to banks in Hong Kong	–	–	(25,535,826)	–	–
– to banks in Mainland China	–	–	(1,876,975)	–	–
Loans from a related company	–	–	73,179	–	–
Repayments to a third party	–	–	(65,487)	–	–
Loans from a jointly controlled entity	–	–	–	3,899,550	–
Written back of loans from a jointly controlled entity upon deregistration	–	–	–	(161,908)	–
Written back of loans from an associate	–	–	–	(279,000)	–
Repayment of capital element of hire purchase contracts	–	(1,159,166)	–	–	–
Advances from a minority shareholder	–	–	–	–	7,175
Exclusion of interests in Skycheer and Hong Du	–	–	(113,413,577)	–	(70,017,397)
Reversion to loans previously assigned	–	–	–	–	(58,242,606)
At 31st March 2001	632,660,443	–	551,455,412	10,608,180	4,233,639

Notes to the Accounts

For the year ended 31st March 2001

34. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2001 HK\$	2000 HK\$
Cash and bank balances	1,270,193	9,977,007
Bank overdrafts	<u>(71,956,388)</u>	<u>(47,996,474)</u>
	<u>(70,686,195)</u>	<u>(38,019,467)</u>

35. CONTINGENT LIABILITIES

As at 31st March 2001, the Group and the Company had contingent liabilities not provided for in the accounts as follows:-

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Guarantees of loans of jointly controlled entities	58,034,687	84,567,580	70,710,765	84,567,580
Guarantees of bank loans and overdrafts of subsidiaries	-	-	<u>340,042,183</u>	<u>269,886,072</u>
	<u>58,034,687</u>	<u>84,567,580</u>	<u>410,752,948</u>	<u>354,453,652</u>

36. PLEDGE OF ASSETS

Bank loans of HK\$320,406,814 (2000: HK\$344,660,743) and bank overdrafts of HK\$71,956,388 (2000: HK\$47,996,474) as at 31st March 2001 are secured by the Group's investment properties of carrying value amounting to HK\$213,371,660 (2000: HK\$299,700,000). The Group's investment properties with carrying value of HK\$14,250,000 (2000: HK\$14,250,000) was secured, among other securities, in favour of Sino Earn for loan facilities granted amounting to HK\$142,618,599 (2000: HK\$142,618,599) as referred in note 23(b)(iii) to the accounts.

37. COMMITMENTS

At 31st March 2001 the Group and the Company had outstanding commitments to make payments for land and buildings in the next twelve months under non-cancellable operating leases which expire as follows:-

	Group		Company	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
- within one year	-	805,000	-	-
- in the second to fifth year	<u>409,800</u>	<u>5,909,850</u>	<u>409,800</u>	<u>5,909,850</u>
	<u>409,800</u>	<u>6,714,850</u>	<u>409,800</u>	<u>5,909,850</u>

Notes to the Accounts

For the year ended 31st March 2001

38. RELATED PARTY TRANSACTIONS

Details of significant transactions with related parties entered into during the year on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated are set out as follows:–

- (a) Pursuant to the management agreement dated 1st January 1998 entered into between the Company and Fu Hui for providing office utilities and management function to Fu Hui, a fee of HK\$643,076 (2000: HK\$996,000) was deducted against the utilities deposit paid in advance by Fu Hui during the year. The management agreement was terminated on 30th November 2000. The balance of unutilised utility deposit was nil as at 31st March 2001 (2000: HK\$643,076).
- (b) Pursuant to the management agreement approved by the Company's directors on 15th July 1998 and as supplemented by subsequent management agreements thereafter entered into between the Company and Sino Earn, a fee of HK\$1,950,000 (2000: HK\$2,300,000) was charged by Sino Earn during the year for the provision of management function and advice to the Company.
- (c) Pursuant to an agreement entered into on 5th February 1999 inter alia between Sino Bless International Limited ("Sino Bless"), a wholly owned subsidiary of the Company, and Sino Earn, the latter was allowed to use a commercial property unit owned by Sino Bless as its office premises at a monthly fee of HK\$22,500. A total fee of HK\$195,968 was charged to Sino Earn during the year (2000: HK\$270,000). The agreement was terminated in December 2000.
- (d) Pursuant to an agreement entered into on 22nd April 1999 between the Company and Fu Hui, Fu Hui shall pay the Company a monthly fee of HK\$182,863 or 35% of the rental and charges payable by the Company in respect of the office premises rented by the Company and shared with Fu Hui. A total fee of HK\$1,597,511 (2000: HK\$2,294,313) was received from Fu Hui during the year. The agreement was terminated on 30th November 2000.
- (e) On 12th December 2000, the Company entered into an office management fee agreement with Sino Earn, pursuant to which the Company shares the existing office with Sino Earn at an irrevocable monthly fee of HK\$34,150 for the period from 10th January 2001 to 9th January 2003.

Notes to the Accounts

For the year ended 31st March 2001

39. POST BALANCE SHEET EVENTS

- (a) On 17th April 2001, investment properties held by the Company's wholly-owned subsidiary, Richlite Investment Limited, at Units 01 and 02, 33rd Floor, Bank of America Tower, No. 12, Harcourt Road, Hong Kong ("Richlite's Properties") were put under receivership by National Commercial Bank Limited ("NCB"). On 24th April 2001, the Richlite's Properties was taken possession by NCB as mortgagee.

On 11th June 2001, the receivers appointed by NCB ceased to act as the receivers of the Richlite's Properties.

- (b) On 15th May 2001, the Company was adjudged by the Labour Tribunal (LBTC 2834/2001) to pay severance payment of HK\$226,383 together with interest to staff having been laid off by Company in December 2000.
- (c) On 5th July 2001, the Company entered into a Letter of Intent with an potential investor ("Investor"), an independent third party to the Group, pursuant to which (i) the Investor proposed to invest in the Company ("Proposed Investment"), and (ii) the Investor shall arrange for financial assistance to the Group to facilitate its operations during three-month period to 4th October 2001. The intended investment in the Company by the Investor is subject to conditions precedent, inter alia, including (i) the approval of creditor banks of the Group to the debt restructuring proposal, and (ii) the Investor becoming the single largest shareholder of the Company upon completion of a formal legally binding agreement in respect of the Proposed Investment. Pursuant to the terms of the Letter of Intent, the Investor has nominated Mr. Kwok Chuen Hung Dominic to the Company's board of directors.
- (d) On 9th July 2001, an amended writ of summons was issued by a printing company through the District Court (DCCJ 10448/2001) against the Company for outstanding printing charge amounted to HK\$293,024 together with interest.
- (e) On 19th July 2001, a District Court Order (DCCJ 3853/2001) was granted in favour of Fortis Bank Asia HK ("Fortis") against the Company to pay the sum of HK\$73,640 together with interest thereon from 13th January 2001, being the shortfall overdue to Fortis after a motor vehicle under hire purchase contract has been forced sale by Fortis.
- (f) According to available information from the Land Registry, certain investment properties of the Group under receivership being forced sales by bankers were as follows:
- (i) Flat E on 23rd Floor, Tower 31, South Horizons, No. 31 Yi Nam Road, Hong Kong of Wealth Cosmos Limited ("Wealth Cosmos") was sold on 18th May 2001 at HK\$3,013,000.
 - (ii) Flat G on 23rd Floor, Tower 31, South Horizons, No. 31 Yi Nam Road, Hong Kong of Wealth Cosmos was sold on 31st May 2001 at HK\$3,050,000.
 - (iii) Flat F on 23rd Floor, Tower 31, South Horizons, No. 31 Yi Nam Road, Hong Kong of Wealth Cosmos was sold under an agreement for sale and purchase dated 16th May 2001 at HK\$3,000,000.

Notes to the Accounts

For the year ended 31st March 2001

39. POST BALANCE SHEET EVENTS (continued)

- (f) (continued)
- (iv) Flat B on 26th Floor, Tower 30, South Horizons, No. 30 Yi Nam Road, Hong Kong of Honest Bright International Limited ("Honest Bright ") was sold under an agreement for sale and purchase dated 4th June 2001 at HK\$2,120,000.
 - (v) Flat F on 26th Floor, Tower 30, South Horizons, No. 30 Yi Nam Road, Hong Kong of Honest Bright was sold under an agreement for sale and purchase dated 8th June 2001 at HK\$2,930,000.
 - (vi) Unit 1309 on 13/F., Block A, Nos. 29-31 Hong Shing Street, Kornhill, Hong Kong of Kai Loong Land Investment Company Limited was sold under an agreement for sale and purchase dated 13th June 2001 at HK\$3,220,000.
 - (vii) 113 carparking spaces in second basement of the garage, No. 9 Shung King Street, Whampoa Garden, Site 2, Kowloon of the Company was sold under an agreement for sale and purchase dated 14th June 2001 at HK\$39,550,000.
- (g) According to available information from the Land Registry, the properties at Shop No. G08A on ground floor, East Commercial Block of South Horizons, No. 18A South Horizon Drive, Hong Kong of Billion Lion Limited, has been ordered by the Court (HCMP 4540/2000) to deliver vacant possession in favour of DBS Kwong On Bank Limited on 15th December 2000, was sold under an agreement for sale and purchase dated 16th June 2001 at HK\$2,080,000.
- (h) According to available information from Land Registry, the Company's 20% tenant-in-common interest on 45 parcels of land in Demarcation District, No. 42 Chek Nai Ping, Shatin, New Territories was put under mortgage in favour of a third party on 5th July 2001, and there was a transfer of the same mortgage on 12th July 2001 in favour of a third party, Asia Pacific Hi-Tech Investment Limited.

40. COMPARATIVE AMOUNTS

The accounts for the year ended 31st March 2000 were audited by other certified public accountants, whose report dated 30th August 2000 was qualified in respect of a number of scope limitations and fundamental uncertainties.

As more fully explained in note 1(c) to the accounts, no attempt has been made to classify the liabilities of the Company and the Group into current and non-current as at 31st March 2001. The comparative amounts have been reclassified in order to conform with the current year's presentation.

In order to assist users in understanding the financial position of the jointly controlled entities, the Directors consider the Group's share of net assets of jointly controlled entities and its obligations to one jointly controlled entity have been reported separately as at 31st March 2001. The comparative amounts have been reclassified in order to conform with the current year's presentation.