

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th June, 2001

1. GENERAL

The Company is a public limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The activities of the principal subsidiaries and associates are set out in notes 30 and 15 respectively to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis because a major shareholder of the Group has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared 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 30th June each year.

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 have been eliminated on consolidation.

Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, 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.

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.

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.

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

Revenue recognition

Hotel, restaurant and other service income is recognised when services are provided.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

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

Property, plant and equipment

(i) Hotel properties

Hotel properties are stated at cost and 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 repairs and maintenance, and accordingly, the Directors consider that depreciation is not necessary due to their high residual value. The related maintenance expenditure is dealt with in the income statement in the year of expenditure.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

(ii) Others

Other assets include furniture and fixtures, and hotel and restaurant operating equipment.

Other assets 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 future economic benefits expected to be obtained from the use of an asset, the expenditure is capitalised as an additional cost of the asset.

Operating equipment comprises chinaware, glassware, linen, kitchen and bar utensils. The operating equipment which is capital in nature is capitalised and depreciated accordingly. Operating equipment which is consumable in nature is directly charged to the income statement.

Depreciation is provided to write off the cost of other assets over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates per annum:

Furniture and fixtures	10%-20%
Hotel and restaurant operating equipment	20%

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.

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

Investments in securities

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

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 year. For other securities, unrealised gains and losses are dealt with in equity, 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 year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Hotel inventories

Hotel inventories which mainly comprise food, beverages and consumable stores are stated at the lower of cost and net realisable value after making any provision for obsolete or slow-moving items. 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 weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Taxation

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

Operating leases

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

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. Profits and losses arising on exchange are dealt with in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

4. TURNOVER AND SEGMENTAL INFORMATION

The Group's turnover and contribution to operating profit, analysed by principal activity, are as follows:

	Turnover		Contribution to operating profit	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Hotel operations	122,577,998	108,439,237	51,543,449	42,294,267
Restaurant and club operations	26,378,215	28,558,749	6,117,827	7,054,757
Dividend income from investments in listed securities	2,509,975	2,509,975	2,504,548	2,504,548
Others	2,152,454	2,315,408	2,152,454	2,315,408
	153,618,642	141,823,369	62,318,278	54,168,980
Administrative expenses			(20,649,728)	(16,696,971)
Finance income			4,100,724	3,269,460
Finance costs			(98,898,411)	(98,645,652)
Share of results of associates			113,202,778	96,188,495
Profit before taxation			60,073,641	38,284,312

All of the activities of the Group are based in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") and all of the Group's turnover and operating profit are derived from Hong Kong.

5. PROFIT FROM OPERATIONS

	2001 HK\$	2000 HK\$
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 7)	281,000	281,000
Other staff costs	49,111,557	50,202,595
Retirement benefits scheme contribution	2,062,811	2,158,486
Total staff costs	51,455,368	52,642,081
Auditors' remuneration		
Current year	395,900	367,360
Underprovision in prior years	65,600	5,000
Cost of hotel inventories recognised as an expense	13,442,902	13,840,589
Depreciation	1,317,462	774,460
Loss on disposal of property, plant and equipment	2,355	–
Operating lease rentals in respect of land and buildings	61,932	123,840
Repairs and maintenance in respect of hotel properties	10,685,705	7,554,361

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

6. FINANCE COSTS

	2001 HK\$	2000 <i>HK\$</i>
Interest expenses:		
Bank borrowings wholly repayable within five years	45,182,969	63,334,103
Other interest-bearing unsecured loans wholly repayable within five years	52,317,744	34,241,749
	97,500,713	97,575,852
Financing charges	1,397,698	1,069,800
	98,898,411	98,645,652

Included in interest expenses are interest costs of HK\$75,124,552 (2000: HK\$81,898,411) attributable to the acquisition of an associate in prior years.

7. DIRECTORS' EMOLUMENTS

	2001 HK\$	2000 <i>HK\$</i>
Directors' fees:		
Executive	143,000	143,000
Independent Non-Executive	138,000	138,000
Other emoluments	–	–
	281,000	281,000

Emoluments of the Directors were within the following band:

	Number of Directors	
	2001	2000
Nil - HK\$1,000,000	9	9

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

8. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none (2000: none) of them was Director of the Company. The emoluments of the five (2000: five) individuals were as follows:

	2001 HK\$	2000 HK\$
Salaries and other emoluments	2,507,888	3,154,975
Contribution to retirement benefits scheme	101,029	165,402
	<u>2,608,917</u>	<u>3,320,377</u>

Their emoluments were within the following bands:

	Number of employees	
	2001	2000
Nil – HK\$1,000,000	5	4
HK\$1,000,001 – HK\$1,500,000	–	<u>1</u>

During the year, no emoluments were paid by the Group to the five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the year, no Director waived any emoluments.

9. TAXATION

	2001 HK\$	2000 HK\$
The charge comprises:		
Hong Kong Profits Tax calculated at 16% (2000: 16%) on the estimated assessable profit of the year		
Current year	3,194,482	2,765,161
Under (over) provision in prior years	8,532	(13,222)
Share of tax charge on results of associates	7,240,000	3,874,500
	<u>10,443,014</u>	<u>6,626,439</u>

Neither the Group nor the Company had any material unprovided deferred taxation for the year or at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

10. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$49,630,627 (2000: HK\$31,657,873), a loss of HK\$132,122,903 (2000: profit of HK\$24,771,367) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

	2001 HK\$	2000 HK\$
Interim, paid - HK1 cent per share (2000: Nil)	7,822,921	–
Final, proposed - HK1 cent per share (2000: HK1 cent)	7,891,396	7,761,193
	<u>15,714,317</u>	<u>7,761,193</u>

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the year of HK\$49,630,627 (2000: HK\$31,657,873) and on the weighted average number of 780,099,882 (2000: on the number of 776,119,328) shares in issue during the year.

13. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties in Hong Kong held under long leases HK\$	Others HK\$	Total HK\$
THE GROUP			
COST			
At 1st July, 2000	1,950,110,500	13,090,395	1,963,200,895
Additions	–	1,769,053	1,769,053
Disposals	–	(2,773,322)	(2,773,322)
At 30th June, 2001	<u>1,950,110,500</u>	<u>12,086,126</u>	<u>1,962,196,626</u>
DEPRECIATION			
At 1st July, 2000	–	7,962,718	7,962,718
Provided for the year	–	1,317,462	1,317,462
Eliminated on disposals	–	(2,770,967)	(2,770,967)
At 30th June, 2001	<u>–</u>	<u>6,509,213</u>	<u>6,509,213</u>
NET BOOK VALUES			
At 30th June, 2001	<u>1,950,110,500</u>	<u>5,576,913</u>	<u>1,955,687,413</u>
At 30th June, 2000	<u>1,950,110,500</u>	<u>5,127,677</u>	<u>1,955,238,177</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

14. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001 HK\$	2000 HK\$
Unlisted shares, at cost	84	84
Advances to subsidiaries, less provision	3,122,576,887	3,901,307,257
	3,122,576,971	3,901,307,341

Details of the principal subsidiaries at 30th June, 2001 are set out in note 30.

The advances to subsidiaries are unsecured and have no fixed repayment terms. The balances include an amount of HK\$698,761,598 (2000: HK\$1,434,764,343) which is interest bearing and the remaining balances are interest free. In the opinion of the Directors, the amounts will not be received in the next twelve months of the balance sheet date and accordingly, the amounts are shown as non-current.

15. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Unlisted shares, at cost	–	–	25	25
Share of net assets	1,254,767,953	1,259,655,175	–	–
Advances to associates	813,063,137	783,927,324	–	–
	2,067,831,090	2,043,582,499	25	25

Details of the associates at 30th June, 2001 are as follows:

Name of company	Place of incorporation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Principal activities
Asian Glory Limited	British Virgin Islands	Ordinary	25%	Investment holding
Bestown Property Limited	Hong Kong	Ordinary	25%	Hotel owner
Greenroll Limited	Hong Kong	Ordinary	50%	Hotel owner
Regent Step Investments Limited	Hong Kong	Ordinary	25%	Provision of financial services

Notes:

- All associates are unlisted and operate in Hong Kong.
- The financial statements of Greenroll Limited are not audited by Deloitte Touche Tohmatsu.
- Results and affairs of the Group's significant associates are set out in note 31.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

16. INVESTMENTS IN SECURITIES

	THE GROUP	
	2001 HK\$	2000 HK\$
Other securities:		
Equities securities listed in Hong Kong, at cost	379,514,424	379,514,424
Revaluation deficit (note 21)	(198,796,231)	(152,361,696)
Market value	180,718,193	227,152,728

17. TRADE AND OTHER RECEIVABLES

The Group maintains a defined credit policy. A breakdown of trade and other receivables and an aging analysis of trade receivables is as follows:

	THE GROUP	
	2001 HK\$	2000 HK\$
Trade receivables		
0-30 days	2,997,333	2,848,469
31-60 days	491,062	768,084
61-90 days	385,332	537,241
Over 90 days	53,485	39,853
	3,927,212	4,193,647
Other receivables	3,801,808	9,207,131
	7,729,020	13,400,778

18. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates of the Group are unsecured, interest-free and have no fixed repayment terms.

19. TRADE AND OTHER PAYABLES

A breakdown of trade and other payables and an aging analysis of trade payables is as follows:

	THE GROUP	
	2001 HK\$	2000 HK\$
Trade payables		
0-30 days	4,895,712	5,761,987
31-60 days	87,620	1,666
61-90 days	4,531	116
Over 90 days	13,624	22,425
	5,001,487	5,786,194
Other payables	12,789,403	12,092,271
	17,790,890	17,878,465

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

20. SHARE CAPITAL

	Number of ordinary shares of HK\$1 each	Nominal value HK\$
<i>Authorised:</i>		
At 1st July, 1999 and 30th June, 2001	3,000,000,000	3,000,000,000
<i>Issued and fully paid:</i>		
At 1st July, 1999 and 1st July, 2000	776,119,328	776,119,328
Issued pursuant to the scrip dividend scheme for final dividend in respect of the financial year ended 30th June, 2000 (Note a)	6,172,784	6,172,784
Issued pursuant to the scrip dividend scheme for interim dividend in respect of the financial year ended 30th June, 2001 (Note b)	6,847,514	6,847,514
At 30th June, 2001	789,139,626	789,139,626
<i>Notes:</i>		
(a) In December 2000, the Company issued and allotted a total of 6,172,784 shares of HK\$1 each in the Company at an issue price of HK\$1.132 each to the shareholders who elected to receive shares in the Company in lieu of cash for the final dividend in respect of the financial year ended 30th June, 2000 pursuant to the scrip dividend scheme announced by the Company. These shares rank pari passu in all respects with the existing shares in issue.		
(b) In May 2001, the Company issued and allotted a total of 6,847,514 shares of HK\$1 each in the Company at an issue price of HK\$1.01 each to the shareholders who elected to receive shares in the Company in lieu of cash for the interim dividend in respect of the financial year ended 30th June, 2001 pursuant to the scrip dividend scheme announced by the Company. These shares rank pari passu in all respects with the existing shares in issue.		

21. RESERVES

	Capital reserve HK\$	Investments revaluation reserve HK\$	Share premium HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
THE GROUP						
At 1st July, 1999	332,496,663	(48,197,737)	54,904,517	1,532,787,278	223,819,816	2,095,810,537
Movement on revaluation reserve	-	(104,163,959)	-	-	-	(104,163,959)
Net profit for the year	-	-	-	-	31,657,873	31,657,873
Dividend	-	-	-	-	(7,761,193)	(7,761,193)
At 30th June, 2000 and 1st July, 2000	332,496,663	(152,361,696)	54,904,517	1,532,787,278	247,716,496	2,015,543,258
Movement on revaluation reserve	-	(46,434,535)	-	-	-	(46,434,535)
Shares issue at premium	-	-	883,283	-	-	883,283
Share issue expenses	-	-	(143,942)	-	-	(143,942)
Net profit for the year	-	-	-	-	49,630,627	49,630,627
Dividends	-	-	-	-	(15,714,317)	(15,714,317)
At 30th June, 2001	332,496,663	(198,796,231)	55,643,858	1,532,787,278	281,632,806	2,003,764,374

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

21. RESERVES (Continued)

	Capital reserve HK\$	Investments revaluation reserve HK\$	Share premium HK\$	Distributable reserve HK\$	Retained profits HK\$	Total HK\$
Attributable to:						
The Company and subsidiaries	332,496,663	(198,796,231)	55,643,858	1,532,787,278	88,553,072	1,810,684,640
Associates	-	-	-	-	193,079,734	193,079,734
	<u>332,496,663</u>	<u>(198,796,231)</u>	<u>55,643,858</u>	<u>1,532,787,278</u>	<u>281,632,806</u>	<u>2,003,764,374</u>
THE COMPANY						
At 1st July, 1999	-	-	54,904,517	1,823,877,078	231,711,937	2,110,493,532
Net profit for the year	-	-	-	-	24,771,367	24,771,367
Dividend	-	-	-	-	(7,761,193)	(7,761,193)
	<u>-</u>	<u>-</u>	<u>54,904,517</u>	<u>1,823,877,078</u>	<u>248,722,111</u>	<u>2,127,503,706</u>
At 30th June, 2000 and at 1st July, 2000	-	-	54,904,517	1,823,877,078	248,722,111	2,127,503,706
Shares issue at premium	-	-	883,283	-	-	883,283
Share issue expenses	-	-	(143,942)	-	-	(143,942)
Net loss for the year	-	-	-	-	(132,122,903)	(132,122,903)
Dividends	-	-	-	-	(15,714,317)	(15,714,317)
	<u>-</u>	<u>-</u>	<u>55,643,858</u>	<u>1,823,877,078</u>	<u>100,884,891</u>	<u>1,980,405,827</u>
At 30th June, 2001	<u>-</u>	<u>-</u>	<u>55,643,858</u>	<u>1,823,877,078</u>	<u>100,884,891</u>	<u>1,980,405,827</u>

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands and the provisions of the Company's Articles of Association, the share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

The distributable reserve of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company pursuant to the Group reorganisation in 1995. Under the Companies Law (Revised) of the Cayman Islands, the distributable reserve is available for distribution to shareholders.

The reserve available for distribution to the shareholders by the Company as at 30th June, 2001 amounted to HK\$1,980,405,827 (2000: HK\$2,127,503,706).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

22. BANK LOANS AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Secured bank borrowings:				
– bank loans	525,493,212	721,715,434	–	–
– bank overdrafts	811,284	601,866	–	–
Other interest-bearing unsecured loans	946,308,007	855,831,474	–	645,000,000
	1,472,612,503	1,578,148,774	–	645,000,000
The maturity of the above bank loans and other borrowings is as follows:				
On demand or within one year	526,304,496	263,491,129	–	–
More than one year, but not exceeding two years	946,308,007	1,314,657,645	–	645,000,000
	1,472,612,503	1,578,148,774	–	645,000,000
Less: Amount due within one year shown under current liabilities	(526,304,496)	(263,491,129)	–	–
Amount due after one year	946,308,007	1,314,657,645	–	645,000,000

23. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries of the Company are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, the amounts will not be repaid within twelve months from the balance sheet date and, accordingly, they are classified as non-current.

24. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate of the Group is unsecured, interest-bearing and has no fixed repayment term. In the opinion of the Directors, the amount will not be repaid within twelve months from the balance sheet date and, accordingly, the amount is classified as non-current.

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

	2001 HK\$	2000 HK\$
Profit before taxation	60,073,641	38,284,312
Share of results of associates	(113,202,778)	(96,188,495)
Depreciation	1,317,462	774,460
Finance income	(4,100,724)	(3,269,460)
Finance costs	98,898,411	98,645,652
Loss on disposal of property, plant and equipment	2,355	–
Decrease (increase) in hotel inventories	11,162	(285,634)
Decrease (increase) in trade and other receivables	5,671,758	(587,451)
Decrease (increase) in amounts due from associates	193,404	(668,841)
Increase (decrease) in trade and other payables	4,253,368	(2,045,273)
Net cash inflow from operating activities	53,118,059	34,659,270

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium <i>HK\$</i>	Other borrowings <i>HK\$</i>	Advance from an associate <i>HK\$</i>	Bank loans <i>HK\$</i>
Balance at 1st July, 1999	831,023,845	604,866,990	106,199,953	913,370,616
Advance from an associate	–	–	5,251,523	–
New loans raised	–	895,964,484	–	–
Repayments	–	(645,000,000)	–	(191,655,182)
Balance at 30th June, 2000 and at 1st July, 2000	831,023,845	855,831,474	111,451,476	721,715,434
Advance from an associate	–	–	73,226,978	–
New loans raised	–	735,476,533	–	–
Repayments	–	(645,000,000)	–	(196,222,222)
Issue of shares pursuant to the scrip dividend schemes	13,903,581	–	–	–
Share issue expenses	(143,942)	–	–	–
Balance at 30th June, 2001	844,783,484	946,308,007	184,678,454	525,493,212

27. PLEDGE OF ASSETS

- (a) The Group has pledged hotel properties having a net book value of HK\$1,950,110,500 (2000: HK\$1,950,110,500), listed securities at market value of HK\$180,718,193 (2000: HK\$227,152,728) and other assets of HK\$1,265,980,160 (2000: HK\$1,262,519,962) to banks or financial institutions to secure long-term loan facilities granted to the Group;
- (b) The Group has pledged a time deposit of HK\$1,315,276 (2000: HK\$1,392,523) to secure a letter of guarantee issuance facilities;
- (c) The Group has pledged another time deposit of HK\$7,500,000 (2000: HK\$15,042,121) to a bank to secure the next interest and principal repayment of a bank loan facility granted by the bank; and
- (d) The investments in certain subsidiaries of the Company have been pledged to banks or financial institutions to secure loan facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

28. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had contingent liabilities as follows:

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Guarantees given to bankers, in respect of loan facilities utilised by:				
– subsidiaries	–	–	526,304,496	721,715,434
– associate	152,000,000	105,000,000	152,000,000	105,000,000
	152,000,000	105,000,000	678,304,496	826,715,434

29. RELATED PARTY AND CONNECTED TRANSACTIONS

- (a) During the year, the Group entered into significant transactions with related and connected parties as follows:

	Notes	THE GROUP	
		2001 HK\$	2000 HK\$
Interest expenses paid to an associate	(i)	12,137,501	11,400,550
Management fee paid to a connected party	(ii)	1,322,800	2,328,718
Interest income received from associates	(iii)	2,759,325	2,505,699
Hotel management fee received from an associate	(iv)	1,000,000	1,000,000

Messrs. Robert Ng Chee Siong and Raymond Tong Kwok Tung were interested in these transactions as Directors of the above mentioned related companies.

Notes:

- (i) The interest expenses were chargeable at commercial rate.
- (ii) The management fee was charged on a cost-plus-5% basis pursuant to the Administrative Services Agreement dated 24th July, 2000 between the Company and Sino Land Company Limited's wholly-owned subsidiary, Sino Administration Services Limited. Sino Land Company Limited is related to the Company by having a common substantial shareholder. Press announcement relating to the entering into the agreement by the parties was published on 25th July, 2000.
- (iii) Interest income was calculated at the rate of cost of fund plus a margin of 1%.
- (iv) The relevant management fee income was a fixed sum agreed by both parties on an arm's length basis.
- (b) At the balance sheet date, the Group had the outstanding balances with related parties as follows:
- (i) Details of amounts with associates are set out in notes 18 and 24 to the financial statements.
- (ii) The Group had contingent liabilities in respect of loan facilities utilised by an associate amounting to HK\$152,000,000 (2000: HK\$105,000,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company at 30th June, 2001 which, in the opinion of the Directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Name of company	Place of incorporation/ registration	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
Direct subsidiary				
Active Finance Limited	Hong Kong	Ordinary HK\$2	100%	Provision of financial services
Advance (H.K.) Limited	Hong Kong	Ordinary HK\$2	100%	Provision of financial services
Aldrich Worldwide Holdings Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Allied Joy Limited	Hong Kong	Ordinary HK\$2	100%	Provision of nominee services
Asian Statesman Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Halliwell Ltd.	Cayman Islands	Ordinary US\$1	100%	Investment holding
Island Pacific Hotel Limited	Hong Kong	Ordinary HK\$2	100%	Hotel operations
Sheridan Holdings Ltd.	Cayman Islands	Ordinary US\$1	100%	Investment holding
Sino Fortune Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Sino March Assets Ltd.	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Toby Investments Limited	Cayman Islands	Ordinary US\$1	100%	Investment holding
Indirect subsidiary				
Bosco Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Bright Tower (HK) Limited	Hong Kong	Ordinary HK\$2	100%	Club and cafe operations
China Asia Property Limited	Hong Kong	Ordinary HK\$2	100%	Hotel owner
City Garden Hotel Limited	Hong Kong	Ordinary HK\$2	100%	Hotel operations

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2001

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
Indirect subsidiary (Continued)				
Park Lane Towers Limited	Hong Kong	Ordinary HK\$2	100%	Restaurant operations
R.P. Hotel Limited	Hong Kong	Ordinary HK\$2	100%	Hotel operations
Speed Advance Limited	Republic of Liberia	Registered/ Bearer shares US\$1	100%	Share investment
Wellrich International Ltd.	Republic of Liberia	Registered/ Bearer shares US\$1	100%	Share investment

All subsidiaries operate in Hong Kong.

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

31. RESULTS AND AFFAIRS OF THE GROUP'S SIGNIFICANT ASSOCIATES

The following details have been summarised from the audited financial statements of Greenroll Limited which have been adjusted to conform with the Group's accounting policies, and from the audited consolidated financial statements of Asian Glory Limited and its subsidiary, Bestown Property Limited.

	Greenroll Limited		Asian Glory Limited	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Results for the year				
Turnover	487,084,000	447,531,000	317,290,008	306,105,943
Profit before taxation	178,000,000	149,787,000	96,678,041	85,167,502
Profit before taxation attributable to the Group	89,000,000	74,893,500	24,169,510	21,291,876
Financial position				
Non-current assets	2,588,811,000	2,577,862,000	4,264,628,549	4,263,863,369
Current assets	91,238,000	102,692,000	786,391,003	494,860,232
Current liabilities	(76,249,000)	(62,300,000)	(1,154,677,632)	(87,243,916)
Non-current liabilities	(690,325,000)	(699,310,000)	(2,704,340,985)	(3,470,757,561)
Net assets	1,913,475,000	1,918,944,000	1,192,000,935	1,200,722,124
Net assets attributable to the Group	956,737,500	959,472,000	298,000,234	300,180,531