



Notes to the Accounts

31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

a. Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties are stated at fair value.

In the current year, the Group adopts the following Statements of Standard Accounting Practice (“SSAPs”) issued by the HKSA which have become effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The significant effect of adopting these new standards is set out in the accounting policies below.

b. Consolidation

The consolidated accounts include the accounts of the company and its subsidiaries made up to 31st December. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account 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 net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.



Notes to the Accounts *(Cont'd)*

31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

b. Consolidation *(Cont'd)*

In the company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable.

c. Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

In the company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the company on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

d. Revenue recognition

- (i) sale of goods — when risks and rewards of ownership have been transferred to buyers, which generally coincides with the time of the delivery of goods;
- (ii) rental income from letting of investment properties — on a straight line basis over respective periods of the leases;
- (iii) interest income — on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable;
- (iv) agency fee income — when services are rendered;
- (v) charterhire — the time proportion basis of each individual vessel voyage.

e. 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.



Notes to the Accounts *(Cont'd)*

31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

e. Investment properties *(Cont'd)*

Investment properties held on leases with unexpired periods of greater than 20 years are valued on an annual basis by independent valuers. The valuations are on an open market value basis related to individual properties. Valuations are incorporated in the annual accounts and increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion 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 profit and loss account.

f. Fixed assets

Fixed assets other than investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed assets, the expenditure is capitalised as an additional cost of the fixed assets.

Depreciation is provided to write off the cost of the assets less accumulated impairment losses on a straight line basis over their estimated useful lives to the Group. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the unexpired period of the leases ranging from 65-900 years
Buildings	2.5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	25%



Notes to the Accounts *(Cont'd)*

31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

g. Impairment and gain or loss on sale of fixed assets

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, and impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

h. Properties held for resale

Properties held for resale are stated at the lower of cost and net realisable value. Cost comprises of land and development costs. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

i. Investments

Unlisted investments held for long term basis are stated at cost less any provision for impairment losses. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account.

This impairment loss is written back to profit and loss when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

j. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, represents invoiced value from suppliers. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

k. Accounts receivable

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet is stated net of such provision.



Notes to the Accounts *(Cont'd)*

31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

l. **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 an asset is expected to be payable or recoverable in the foreseeable future.

m. **Translation of foreign currencies**

Foreign currency transactions during the year are translated into Hong Kong dollars at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are incorporated into the accounts by translating foreign currencies into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising are included in the profit and loss account.

The accounts of subsidiaries and associated companies expressed in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date, whilst the profit and loss is translated at an average rate. Exchange differences arising are dealt with as a movement in the exchange fluctuation reserve.

n. **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight line basis over the lease term.

o. **Retirement benefit costs**

The Group contributes to a defined contribution retirement scheme which is available to all employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' relevant income. The retirement benefit scheme cost charged to the profit and loss account represents contributions payable by the company to the fund.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

p. **Borrowing costs**

All borrowing costs are charged to the profit and loss account in the year in which they are incurred.



Notes to the Accounts *(Cont'd)*

31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

q. Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, inventories, and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

r. Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1st January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the income statement immediately.

For acquisitions prior to 1st January 2001, negative goodwill was taken directly to reserves arising on consolidation. The Group has taken advantage of the transitional provisions in SSAP 30 and such negative goodwill has not been restated.

s. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, banks overdrafts and trust receipt loans.

t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.



Notes to the Accounts (Cont'd)

31st December, 2001

2. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in general trading, property investment and real estate agency services.

Revenues recognised during the year are as follows:

	GROUP	
	2001	2000
	HK\$	HK\$
Turnover and revenue		
Sale of goods	672,066,371	846,203,447
Gross rental income from investment properties	25,645,063	23,259,463
Agency fee income	1,887,344	2,154,725
Charterhire income	—	35,949,193
	<hr/>	<hr/>
	699,598,778	907,566,828
Other revenue		
Interest income	2,630,547	4,772,095
	<hr/>	<hr/>
Total revenues	<u>702,229,325</u>	<u>912,338,923</u>

Primary reporting format - business segments

The Group is organised into three main business segments:

- General trading - trading of feed and grains
- Property investment - rental income from investment properties and properties held for resale
- Real estate agency services - provision of real estate agency services

Other operations of the Group mainly comprise holding club debentures and other properties, neither of which are of a sufficient size to be reported separately.

There are no sales or other transactions between the business segments.

Secondary reporting format - geographical segment

The Group operates in three main geographical areas:

Hong Kong - rental income from investment properties

Mainland China - trading of feed and grains, rental income from investment properties and provision of real estate agency services

Philippines - trading of feed and grains



Notes to the Accounts (Cont'd)

31st December, 2001

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Cont'd)

Primary reporting format - business segments

	General trading 2001 HK\$	Property investment 2001 HK\$	Real estate agency services 2001 HK\$	Other operations 2001 HK\$	Group 2001 HK\$
Turnover	<u>672,066,371</u>	<u>25,645,063</u>	<u>1,887,344</u>	<u>—</u>	<u>699,598,778</u>
Segment results	<u>(10,990,936)</u>	<u>15,695,967</u>	<u>(2,879,547)</u>	<u>(11,143,855)</u>	(9,318,371)
Interest income					2,630,547
Unallocated corporate expenses					<u>(12,479,409)</u>
					(19,167,233)
Finance costs					<u>(20,178,967)</u>
Share of profits of associated companies		3,572,705			<u>3,572,705</u>
Loss before taxation					(35,773,495)
Taxation					<u>(171,576)</u>
Loss after taxation					(35,945,071)
Minority interests					<u>(1,212)</u>
Loss attributable to shareholder					<u>(35,946,283)</u>
Segment assets	8,192,418	552,761,701	2,122,104	2,159,557	565,235,780
Investments in associated companies		127,139,498			127,139,498
Unallocated assets					<u>98,178,595</u>
Total assets					<u>790,553,873</u>
Segment liabilities	26,369,547	8,659,948	1,210,474	1,569,232	37,809,201
Unallocated liabilities					<u>259,925,720</u>
Total liabilities					<u>297,734,921</u>
Capital expenditure	27,021	379,749	56,182	14,280	477,232
Depreciation	125,696	1,522,639	261,359	441,478	2,351,172
Impairment charge (Note 9)	—	—	—	10,761,148	10,761,148



Notes to the Accounts (Cont'd)

31st December, 2001

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Cont'd)

Primary reporting format - business segments

	General trading 2000 HK\$	Property investment 2000 HK\$	Real estate agency services 2000 HK\$	Ship chartering (discontinued operation) 2000 HK\$	Other operations 2000 HK\$	Group 2000 HK\$
Turnover	<u>846,203,447</u>	<u>23,259,463</u>	<u>2,154,725</u>	<u>35,949,193</u>	<u>—</u>	<u>907,566,828</u>
Segment results	<u>13,930,688</u>	<u>15,607,379</u>	<u>(6,033,496)</u>	<u>(40,863,116)</u>	<u>(46,850,418)</u>	(64,208,963)
Interest income						4,772,095
Unallocated corporate expenses						<u>(15,606,520)</u>
Finance costs						(75,043,388)
Share of profits of associated companies		3,878,167				<u>3,878,167</u>
Loss before taxation						(97,861,400)
Taxation						<u>(1,918,814)</u>
Loss after taxation						(99,780,214)
Minority interests						<u>(366,504)</u>
Loss attributable to shareholder						<u>(100,146,718)</u>
Segment assets	79,323,224	561,446,198	2,799,976	26,844,578	3,293,111	673,707,087
Investments in associated companies		142,856,513				142,856,513
Unallocated assets						<u>92,633,811</u>
Total assets						<u>909,197,411</u>
Segment liabilities	72,194,468	7,255,231	982,448	12,187,064	1,797,872	94,417,083
Unallocated liabilities						<u>287,616,191</u>
Total liabilities						<u>382,033,274</u>
Capital expenditure	135,061	1,136,604	67,384	7,121,947	5,265	8,466,261
Depreciation	109,394	1,492,819	394,729	6,164,210	1,140,897	9,302,049
Impairment charge	—	2,407,645	—	—	50,000,000	52,407,645
Other non-cash expenses	—	—	—	16,870,014	—	16,870,014



Notes to the Accounts (Cont'd)

31st December, 2001

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Cont'd)

Secondary reporting format - geographical segments

	Turnover	Segment result	Total assets	Capital expenditure
	2001	2001	2001	2001
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Hong Kong	17,138,281	2,472,565	426,878,438	147,498
Mainland China	600,544,016	(10,410,112)	221,427,622	329,734
Philippines	74,555,193	(1,412,427)	—	—
Others	7,361,288	31,603	15,108,315	—
	<u>699,598,778</u>	<u>(9,318,371)</u>	<u>663,414,375</u>	<u>477,232</u>
Interest income		2,630,547		
Unallocated costs		(12,479,409)		
		<u>(19,167,233)</u>		
Investment in associated companies			127,139,498	
Total assets			<u>790,553,873</u>	
	Turnover	Segment result	Total assets	Capital expenditure
	2000	2000	2000	2000
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Hong Kong	15,392,374	10,264,930	508,468,346	711,726
Mainland China	626,079,614	(40,650,263)	215,175,450	632,588
Philippines	229,731,932	3,867,387	—	—
Others	36,362,908	(37,691,017)	42,697,102	7,121,947
	<u>907,566,828</u>	<u>(64,208,963)</u>	<u>766,340,898</u>	<u>8,466,261</u>
Interest income		4,772,095		
Unallocated costs		(15,606,520)		
		<u>(75,043,388)</u>		
Investment in associated companies			142,856,513	
Total assets			<u>909,197,411</u>	



Notes to the Accounts (Cont'd)

31st December, 2001

3. OPERATING LOSS

	GROUP	
	2001	2000
	HK\$	HK\$
(a) Operating loss is stated after crediting and charging the following:		
Crediting		
Gain on disposal of motor vessels/fixed assets	50,190	122,644
Reversal of provision on discontinued ship chartering operation	1,948,050	—
Gain on disposal of investment securities	—	3,014,193
Net forfeited retirement benefit contribution	—	28,250
	<u> </u>	<u> </u>
Charging		
Cost of inventories sold	595,881,686	734,324,391
Depreciation of fixed assets	2,351,172	9,302,049
Staff costs (excluding directors' emoluments)	11,194,982	12,759,671
Operating lease rentals in respect of land and buildings	2,161,416	1,750,698
Outgoings in respect of investment properties	3,603,358	3,260,321
Retirement benefit costs	271,687	—
Auditors' remuneration	648,225	537,128
Provision for charterhire receivables	1,807,608	—
Impairment of land and buildings (included in other net operating expenses)	10,761,148	2,407,645
Provision for diminution in value of long term investments	—	50,000,000
Write down of motor vessels to recoverable amount	—	9,536,018
Provision on discontinued ship chartering operation	—	7,333,996
	<u> </u>	<u> </u>



Notes to the Accounts (Cont'd)

31st December, 2001

4. FINANCE COSTS

	GROUP	
	2001	2000
	HK\$	HK\$
Interest on bank loans		
— repayable within 5 years	11,928,184	23,466,967
— repayable over 5 years	7,744,272	3,229,212
	19,672,456	26,696,179
Interest on advance from a minority shareholder (Note 21)	506,511	—
	20,178,967	26,696,179

5. EMOLUMENTS OF DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

The directors' emoluments of the Company disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	2001	2000
	HK\$	HK\$
Independent Non-Executive Directors' fees	300,000	300,000
Emoluments of Executive Directors		
Salaries and other benefits	4,371,689	3,614,920
Discretionary bonuses	—	120,000
Retirement benefit contribution	24,000	1,000
	4,695,689	4,035,920

The number of directors in different emolument bands are as follows:

Emolument bands	Number of directors	
	2001	2000
HK\$ Nil to HK\$1,000,000	4	6
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,000,001 to HK\$2,500,000	—	1
HK\$2,500,001 to HK\$3,000,000	1	—



Notes to the Accounts (Cont'd)

31st December, 2001

5. EMOLUMENTS OF DIRECTORS AND EMPLOYEES (Cont'd)

(b) Employees' emoluments

The five highest paid employees of the Group during the year ended 31st December, 2001 included two directors (2000: one). The emoluments of the remaining three (2000: four) employees are as follows:

	2001 HK\$	2000 HK\$
Salaries and other benefits	2,735,400	3,035,500
Discretionary bonuses	—	56,000
Retirement benefit contribution	76,176	48,735
	<u>2,811,576</u>	<u>3,140,235</u>

The remaining three (2000: four) highest paid employees in different emolument bands are as follows:

Emolument bands	Number of employees	
	2001	2000
HK\$ Nil to HK\$1,000,000	2	4
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>—</u>



Notes to the Accounts (Cont'd)

31st December, 2001

6. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as companies within the Group have no assessable profit for the year (2000: 16%). Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

(a) The amount of taxation charged to the consolidated profit and loss account represents:

	GROUP	
	2001	2000
	HK\$	HK\$
Hong Kong profits tax		
— current	—	641,510
— overprovision in prior years	(432,647)	—
Overseas taxation		
— current	<u>355,746</u>	1,026,726
	(76,901)	1,668,236
Share of taxation attributable to an associated company	<u>248,477</u>	250,578
	<u><u>171,576</u></u>	<u><u>1,918,814</u></u>

(b) The major components of deferred taxation that have not been provided for are as follows:

	GROUP		COMPANY	
	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$
Accelerated capital allowances	87,000	436,000	(9,000)	(7,000)
Estimated tax losses	(18,164,000)	(9,564,000)	(3,080,000)	(2,565,000)
Surplus arising on revaluation of investment properties in Mainland China	<u>27,415,000</u>	24,867,000	—	—
	9,338,000	15,739,000	(3,089,000)	(2,572,000)
Share of associated company's surplus arising on revaluation of investment properties in Mainland China	<u>37,677,000</u>	37,755,000	—	—
	<u><u>47,015,000</u></u>	<u><u>53,494,000</u></u>	<u><u>(3,089,000)</u></u>	<u><u>(2,572,000)</u></u>



Notes to the Accounts *(Cont'd)*

31st December, 2001

6. TAXATION *(Cont'd)*

The revaluation of investment properties in Hong Kong does not constitute a timing difference for deferred taxation purposes as realisation of the revaluation surplus would not result in a taxation liability. Deferred taxation has not been provided for in respect of revaluation surplus arising from the revaluation of the Group's investment properties located in Mainland China as the directors have no intention to dispose of the properties and consider that it is not probable a liability will crystallise in the foreseeable future. No provision for other deferred taxation asset has been made in the accounts as it is uncertain whether the asset will crystallise in the foreseeable future.

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$16,649,914 (2000: HK\$8,707,106).

8. LOSS PER SHARE

Loss per share is calculated based on the loss attributable to shareholders of the Group for the year ended 31.12.2001 of HK\$35,946,283 (2000: HK\$100,146,718) and 261,684,910 shares (2000: 261,684,910 shares) of the Company in issue during the year.

No diluted loss per share has been presented for current and prior years because the exercise of the options have no dilutive effect for the year.



Notes to the Accounts (Cont'd)

31st December, 2001

9. FIXED ASSETS

(a) GROUP

	Land and Buildings			Furniture, Fixtures & Office Equipment		Motor Vehicles	Total
	Investment Properties	Other Properties	Leasehold Improvement	Office Equipment	Motor Vehicles		
	HK\$	HK\$	HK\$	HK\$	HK\$		
Cost or valuation							
Brought forward							
Cost	—	64,875,490	8,347,741	5,960,166	2,932,317		82,115,714
Valuation	485,825,104	—	—	—	—		485,825,104
	485,825,104	64,875,490	8,347,741	5,960,166	2,932,317		567,940,818
Exchange adjustment	(860,803)	—	—	(16,750)	—		(877,553)
Additions	—	—	272,810	204,422	—		477,232
Disposals	(10,407,645)	—	—	—	—		(10,407,645)
Revaluation	2,053,840	—	—	—	—		2,053,840
Carried forward							
Cost	—	64,875,490	8,620,551	6,147,838	2,932,317		82,576,196
Valuation	476,610,496	—	—	—	—		476,610,496
	476,610,496	64,875,490	8,620,551	6,147,838	2,932,317		559,186,692
Aggregate depreciation and impairment							
Brought forward	2,407,645	34,368,422	5,515,406	3,751,792	2,341,699		48,384,964
Exchange adjustment	—	—	—	(7,529)	—		(7,529)
Disposals	(2,407,645)	—	—	—	—		(2,407,645)
Current charge	—	426,106	955,438	789,298	180,330		2,351,172
Impairment charge (Note 3)	—	10,761,148	—	—	—		10,761,148
Carried forward	—	45,555,676	6,470,844	4,533,561	2,522,029		59,082,110
Net book value at							
31st December 2001	476,610,496	19,319,814	2,149,707	1,614,277	410,288		500,104,582
Net book value at							
31st December 2000	483,417,459	30,507,068	2,832,335	2,208,374	590,618		519,555,854



Notes to the Accounts (Cont'd)

31st December, 2001

9. FIXED ASSETS (Cont'd)

(a) GROUP (Cont'd)

The net book value of the Group's interests in land and buildings comprises:

	Hong Kong <i>HK\$</i>	Outside Hong Kong <i>HK\$</i>	Total <i>HK\$</i>
Investment properties:			
Freehold	—	13,916,000	13,916,000
Leases of between 10 to 50 years	54,000,000	—	54,000,000
Leases of over 50 years	275,100,000	133,594,496	408,694,496
	<u>329,100,000</u>	<u>147,510,496</u>	<u>476,610,496</u>
Other properties:			
Leases of over 50 years	16,364,583	2,955,231	19,319,814
	<u>16,364,583</u>	<u>2,955,231</u>	<u>19,319,814</u>
	<u>345,464,583</u>	<u>150,465,727</u>	<u>495,930,310</u>

Freehold investment properties situated in Vancouver, Canada were valued on the basis of their open market value as at the balance sheet date by Niemi LaPorte & Dowle Appraisals Limited, a member of the Appraisal Institute of Canada. Other investment properties were valued on an open market value basis as at the balance sheet date by A. G. Wilkinson & Associates, an independent firm of chartered surveyors.

An impairment loss of HK\$10,761,148 for one of the other properties was recognised in the accounts during the year based on the market value assessed by A. G. Wilkinson & Associates.

As at the balance sheet date, certain land and buildings with an aggregate net book value of HK\$493,207,463 (2000: HK\$481,704,073) were pledged to banks to secure the Group's banking facilities to the extent of approximately HK\$395,600,000 (2000: HK\$369,500,000).

The Group had disposed certain investment properties with net book value of HK\$45,800,000 subsequent to the balance sheet date.



Notes to the Accounts (Cont'd)

31st December, 2001

9. FIXED ASSETS (Cont'd)

(b) COMPANY

	Furniture, Fixtures and Office Equipment <i>HK\$</i>	Motor Vehicles <i>HK\$</i>	Total <i>HK\$</i>
Cost			
Brought forward	1,170,349	213,374	1,383,723
Additions	14,280	—	14,280
	<u>1,184,629</u>	<u>213,374</u>	<u>1,398,003</u>
Carried forward	1,184,629	213,374	1,398,003
Aggregate depreciation			
Brought forward	1,093,107	213,374	1,306,481
Current charge	32,750	—	32,750
	<u>1,125,857</u>	<u>213,374</u>	<u>1,339,231</u>
Carried forward	1,125,857	213,374	1,339,231
Net book value at 31st December, 2001	<u>58,772</u>	<u>—</u>	<u>58,772</u>
Net book value at 31st December, 2000	<u>77,242</u>	<u>—</u>	<u>77,242</u>

10. INTERESTS IN SUBSIDIARIES

	COMPANY	
	2001 <i>HK\$</i>	2000 <i>HK\$</i>
Unlisted shares, at cost	51,215,947	51,215,949
Due from subsidiaries	<u>235,837,896</u>	<u>378,374,185</u>
	287,053,843	429,590,134
Due to subsidiaries	<u>(103,296,420)</u>	<u>(215,823,889)</u>
	<u>183,757,423</u>	<u>213,766,245</u>

The amount due from/(to) subsidiaries are interest free and have no fixed terms for repayment.



Notes to the Accounts (Cont'd)

31st December, 2001

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries as at the balance sheet date are set out below:

Name of company	Issued and fully paid share/registered capital		Effective percentage holding		Principal activities
			2001	2000	
Incorporated in Hong Kong					
Alliance Pacific Investment Limited *	Ordinary	HK\$ 2	100%	100%	Property investment operates in Beijing, China
Allon Trading Limited	Ordinary	HK\$ 2	100%	100%	Securities trading and money lending
Broad Wise Development Limited *	Ordinary	HK\$ 2	—	100%	Disposed on 16th May, 2001
Capital Head Investment Limited *	Ordinary	HK\$ 2	100%	100%	Property investment operates in Shanghai, China
Concord Trinity Development Limited *	Ordinary Non- voting deferred	HK\$ 2 HK\$ 2	100%	100%	Property investment operates in Shanghai, China
Conwell Properties Limited	Ordinary	HK\$ 2	100%	100%	Real estate agent
Focus General Limited *	Ordinary	HK\$ 10,000	100%	100%	Investment holding
G.C. Luckmate Trading Limited *	Ordinary	HK\$ 4,000,000	95%	95%	General trading
G.C. Nominees Limited	Ordinary	HK\$ 2	100%	100%	Investment holding
Glory South Investment Limited *	Ordinary	HK\$ 2	100%	100%	Property investment, operates in Hainan, China
Halesite Limited	Ordinary	HK\$ 4,000,000	100%	100%	Property investment
Honour Alliance Development Limited *	Ordinary	HK\$ 2	100%	100%	Property investment
Jelson Enterprises Limited *	Ordinary Non- voting deferred	HK\$ 2 HK\$ 2	100%	100%	Property investment operates in Shanghai, China
Kay Nin Investments Limited*	Ordinary	HK\$ 1,000	—	100%	Disposed on 16th May, 2001



Notes to the Accounts (Cont'd)

31st December, 2001

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Name of company	Issued and fully paid share/registered capital		Effective percentage holding		Principal activities
			2001	2000	
Nam Hong Holdings Limited *	Ordinary	HK\$ 998	—	100%	Disposed on 22nd Jan, 2001
	Non- voting deferred	HK\$ 2			
New Solution Consultants Limited	Ordinary	HK\$ 2	100%	100%	Investment holding
Silver Regent Development Limited*	Ordinary	HK\$ 2	100%	100%	Property investment
Star Talent Investment Limited *	Ordinary	HK\$ 2	100%	100%	Property investment operates in Beijing, China
Sunison Development Limited	Ordinary	HK\$ 2	100%	100%	Investment holding
System Nominees Limited	Ordinary	HK\$ 2	100%	100%	Investment holding
Tai Loy Trading Company Limited	Ordinary	HK\$ 43,440,000	100%	100%	Investment holding
Incorporated in the British Virgin Islands					
Adamgate Limited *	Ordinary	US\$ 1	100%	100%	Investment holding
Dajen Properties Limited	Ordinary	US\$ 1	100%	100%	Investment holding
Fairlight Limited *	Ordinary	US\$ 1	100%	100%	Investment holding
Great China Commodities Limited *	Ordinary	US\$ 10,000	95%	95%	Investment holding
Great China Development (Shanghai) Limited	Ordinary	US\$ 10	100%	100%	Investment holding
Great China (PRC) Limited *	Ordinary	US\$ 1	100%	100%	Investment holding
Ngai Luen Limited	Ordinary	US\$ 1	100%	100%	Investment holding
Orlando Finance Limited *	Bearer	US\$ 1	100%	100%	Financing
Pakka Properties Limited *	Ordinary	US\$ 1	100%	100%	Investment holding
Po Kok Holdings Limited	Ordinary	US\$ 10	100%	100%	Property investment, operates in Shanghai, China
Poppins Properties Limited*	Ordinary	US\$ 50,000	95%	95%	Investment holding
Silver Brooch Limited *	Ordinary	US\$ 1	—	100%	Dissolved on 19th July, 2001
Ursula Group Limited *	Bearer	US\$ 1	100%	100%	Dormant



Notes to the Accounts (Cont'd)

31st December, 2001

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Name of company	Issued and fully paid share/registered capital	Effective percentage holding		Principal activities
		2001	2000	
Incorporated in the Bahamas				
Ideal Base Holdings Limited *	Ordinary US\$ 2	—	100%	Dissolved on 5th Jan, 2001
Incorporated in Canada				
549653 B. C. Limited	Common CAD 1	100%	100%	Property investment operates in Vancouver, Canada
Established in the People's Republic of China				
Beijing Haode Business Consultancy Company Limited *	Registered capital US\$ 200,000	100%	100%	Real estate agent operates in Beijing, China
<i>(a foreign equity joint venture enterprise)</i>				
Haode Property Management (Shanghai) Company Limited	Registered capital US\$ 500,000	100%	100%	Real estate agent operates in Shanghai, China
<i>(a wholly foreign owned investment enterprise)</i>				
Qingdao Parada International Heating Company Limited *	Registered capital US\$ 360,000	63%	63%	Boiler trading operates in Qingdao, China
<i>(a foreign equity joint venture enterprise)</i>				
博平置業(上海)有限公司*	Registered capital US\$5,000,000	95%	—	Property investment in Shanghai, China
<i>(a wholly foreign owned investment enterprise)</i>				

All subsidiaries operate in Hong Kong except otherwise stated.

Except for those subsidiaries marked with an asterisk “*”, the above subsidiaries are all held directly by the Company.



Notes to the Accounts (Cont'd)

31st December, 2001

11. INTERESTS IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Share of net assets	75,504,187	72,743,038	—	—
Due from associated companies	51,635,311	70,113,475	51,635,311	70,113,475
	127,139,498	142,856,513	51,635,311	70,113,475

The amount due from associated companies are unsecured, interest free and have no fixed terms of repayment.

Consolidated financial information of the associated companies is as follows:

	GROUP	
	2001 HK\$	2000 HK\$
Turnover	11,601,348	11,915,589
Profit for the year	7,730,762	8,436,253
Fixed assets	328,402,265	328,685,893
Current assets	7,736,770	6,014,129
Current liabilities	(10,842,312)	(2,475,578)
Shareholders' loan	(120,082,117)	(163,054,588)
Long term bank loan-non current portion	(29,623,475)	—
Shareholders' funds	175,591,131	169,169,856

The investment properties included in fixed assets were valued at HK\$327,600,000 (2000: HK\$327,600,000) on an open market value basis as at the balance sheet date by A.G. Wilkinson & Associates, an independent firm of chartered surveyors. The investment properties were pledged to banks to secure one of the associated companies' banking facilities.

Details of associated companies at the balance sheet date are as follows:

Name of company	Place of incorporation/ establishment	Particulars of issued shares/ registered capital	Effective percentage holding		Principal activities
			2001	2000	
Samstrong International Limited	British Virgin Islands	Ordinary US\$100	43%	43%	Investment holding
Da Da Development (Shanghai) Corporation (a wholly foreign owned investment enterprise)	The People's Republic of China	Registered capital US\$10,200,000	43%	43%	Property investment



Notes to the Accounts (Cont'd)

31st December, 2001

12. LONG TERM INVESTMENTS

	GROUP	
	2001 HK\$	2000 HK\$
Unlisted shares, at cost		
— Hainan Yangpu Land Development Company Limited	50,000,000	50,000,000
Less: Provision for diminution in value	(50,000,000)	(50,000,000)
	—	—
Club debentures, at cost	3,221,056	3,221,056
	<u>3,221,056</u>	<u>3,221,056</u>

13. PROPERTIES HELD FOR RESALE

This related to certain floors with a gross floor area of about 16,000 square metres (the “Properties”) of a residential development in Jing An District, Shanghai which the Group obtained through public auction. The transfer of the legal title of the Properties to the Group was completed during the year and it is the intention of the Group to repackage the Properties for resale.

14. DEPOSITS RECEIVABLE

	GROUP	
	2001 HK\$	2000 HK\$
Deposits on properties held for resale (Note 13)	—	54,918,600
Deposits receivable under an arbitration award	3,150,940	18,045,318
	<u>3,150,940</u>	<u>72,963,918</u>

In October, 2001, the Group entered a settlement agreement (the “Agreement”) with one of the defaulting parties in an arbitration proceeding. Pursuant to the Agreement, the defaulting party undertook to settle on behalf of the Group all the necessary expenses to effect the obtain of legal title of the Properties to the Group at an aggregate sum of about HK\$14 million. The amount was agreed to be set off against the deposits receivable awarded under the arbitration. Upon the completion of transfer of legal title of the Properties, deposits on properties held for resale amounted to HK\$54,918,600 in previous year, together with the necessary expenses amounted to HK\$14,130,000 were transferred to properties held for resale in Note 13.



Notes to the Accounts (Cont'd)

31st December, 2001

15. INVENTORIES

	GROUP	
	2001 HK\$	2000 HK\$
Merchandise, at cost	2,059,077	2,325,363
Stock-in-transit, at cost	1,382,198	—
	<u>3,441,275</u>	<u>2,325,363</u>

16. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Trade receivables	2,444,457	4,495,373	—	—
Bills receivable	—	72,777,668	—	—
	<u>2,444,457</u>	<u>77,273,041</u>	<u>—</u>	<u>—</u>
Trade and bills receivables (Note (a))	2,444,457	77,273,041	—	—
Prepayments and deposits	1,639,647	2,076,589	754,151	780,911
Other receivables	1,750,942	5,785,428	118,466	312,903
	<u>5,835,046</u>	<u>85,135,058</u>	<u>872,617</u>	<u>1,093,814</u>

Note:

- (a) The majority of the Group's turnover is on letter of credit or documents against payment. The credit terms given to the customers vary and are generally based on the financial strength of individual customers. In order to effectively manage the credit risks associated with trade debts, credit evaluations of customers are performed periodically.

At 31st December, 2001, the ageing analysis of the trade and bills receivables were as follows:

	GROUP	
	2001 HK\$	2000 HK\$
Less than 30 days	37,032	65,609,100
30-60 days	172,263	8,059,683
61-90 days	336,841	50,964
Over 90 days	1,898,321	3,553,294
	<u>2,444,457</u>	<u>77,273,041</u>



Notes to the Accounts (Cont'd)

31st December, 2001

17. BANK BALANCES, PLEDGED

As at the balance sheet date, cash and bank balances amounted to HK\$65,893,211 for the Group and HK\$40,052,399 for the Company (2000: HK\$39,849,773 for the Group and HK\$38,402,100 for the Company) were pledged to banks to secure general banking facilities.

18. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Trade and bills payable	1,403,823	63,820,218	—	12,576,834
Other payables	21,968,617	11,077,496	458,125	164,009
Accruals	9,627,481	14,491,943	960,565	1,560,374
	<u>32,999,921</u>	<u>89,389,657</u>	<u>1,418,690</u>	<u>14,301,217</u>

At 31st December, 2001, the ageing analysis of the trade and bills payable were as follows:

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Less than 30 days	1,242,840	63,820,218	—	12,576,834
30-60 days	35,007	—	—	—
61-90 days	791	—	—	—
Over 90 days	125,185	—	—	—
	<u>1,403,823</u>	<u>63,820,218</u>	<u>—</u>	<u>12,576,834</u>

19. SHARE CAPITAL

	COMPANY	
	2001 HK\$	2000 HK\$
Authorised 500,000,000 (2000: 500,000,000) ordinary shares of HK\$0.20 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid 261,684,910 (2000: 261,684,910) ordinary shares of HK\$0.20 each	<u>52,336,982</u>	<u>52,336,982</u>



Notes to the Accounts (Cont'd)

31st December, 2001

20. RESERVES

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
SHARE PREMIUM ACCOUNT	19,516,419	19,516,419	19,516,419	19,516,419
INVESTMENT PROPERTIES				
REVALUATION RESERVE				
Brought forward	367,238,161	359,829,175	—	—
Surplus on revaluation for the year	2,053,840	7,408,986	—	—
Carried forward	369,292,001	367,238,161	—	—
EXCHANGE FLUCTUATION RESERVE				
Brought forward	1,707,505	1,241,363	—	—
Arising on translation of the accounts of overseas subsidiaries and an associated company during the year	(452,742)	466,142	—	—
Carried forward	1,254,763	1,707,505	—	—
RESERVE ARISING ON CONSOLIDATION				
Brought and carried forward	1,441,177	1,441,177	—	—
RETAINED PROFITS				
Brought forward	84,923,893	185,070,611	125,222,988	133,930,094
Loss for the year	(35,946,283)	(100,146,718)	(16,649,914)	(8,707,106)
Carried forward	48,977,610	84,923,893	108,573,074	125,222,988
TOTAL RESERVES	440,481,970	474,827,155	128,089,493	144,739,407
Retained by:				
Company and subsidiaries				
— Share premium account	19,516,419	19,516,419		
— Investment properties revaluation reserve	304,914,501	302,860,661		
— Exchange fluctuation reserve	164,893	54,556		
— Reserve arising on consolidation	1,441,177	1,441,177		
— Retained profits	38,941,123	78,211,634		
	364,978,113	402,084,447		
Associated companies				
— Investment properties revaluation reserve	64,377,500	64,377,500		
— Exchange fluctuation reserve	1,089,870	1,652,949		
— Retained profits	10,036,487	6,712,259		
	75,503,857	72,742,708		
	440,481,970	474,827,155		



Notes to the Accounts (Cont'd)

31st December, 2001

21. ADVANCE FROM A MINORITY SHAREHOLDER

The advance from a minority shareholder is unsecured and is not repayable within twelve months from the balance sheet date. Out of the balances includes an advance of HK\$6,408,508 (2000: HK\$6,408,508) bears basic interest at 10% per annum and allows the minority shareholder to participate in the profit sharings of a subsidiary until the annualized return on the advance reached 18% per annum.

On 5th September 2001, an option was granted to the minority shareholder to convert the interest bearing advances into share capital of the subsidiary within a period of three years upto 4th September 2004 at an exercise price of HK1,234.13 per share. In consideration thereof, the minority shareholder agreed to give up its entitlement to interest from then onward. In the event that the option exercised, the minority interest's equity in the subsidiary would be increased from 4.82% to 14.41%.

22. BANK LOANS, SECURED — NON-CURRENT PORTION

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
The analysis of the secured bank loans is as follows:				
Wholly repayable within five years	79,229,678	82,850,657	32,005,778	19,271,693
Not wholly repayable within five years	130,660,160	121,126,028	63,333,433	86,205,309
	209,889,838	203,976,685	95,339,211	105,477,002
Current portion of secured bank loans	(38,368,595)	(62,898,696)	(30,537,657)	(29,568,005)
	171,521,243	141,077,989	64,801,554	75,908,997

At 31st December 2001, the Group's bank loans were repayable as follows:

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Within one year or on demand	38,368,595	62,898,696	30,537,657	29,568,005
In the second year	18,262,351	37,425,989	10,855,313	10,296,312
In the third to fifth year	98,783,923	40,208,317	29,762,809	30,888,936
After the fifth year	54,474,969	63,443,683	24,183,432	34,723,749
	209,889,838	203,976,685	95,339,211	105,477,002
Less: Amount due within one year included in current liabilities	(38,368,595)	(62,898,696)	(30,537,657)	(29,568,005)
Bank loans, secured — non-current portion	171,521,243	141,077,989	64,801,554	75,908,997

Bank loans were secured on certain investment properties and fixed assets (note 9), bank deposits (note 17), issued shares of certain subsidiary companies and assignment of rental income. Guarantees were also given by the Company in respect of certain subsidiaries' borrowings (Note 24).



Notes to the Accounts (Cont'd)

31st December, 2001

23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating loss after finance costs to net cash inflow/(outflow) from operating activities

	2001 HK\$	2000 HK\$
Operating loss after finance costs	(39,346,200)	(101,739,567)
Interest expenses	20,178,967	26,696,179
Interest income	(2,630,547)	(4,772,095)
Gain on disposal of convertible bonds	—	(3,014,193)
Depreciation charges	2,351,172	9,302,049
Gain on disposal of motor vessels	(50,190)	(122,644)
Provision for diminution in value of long term investments	—	50,000,000
Impairment of land and buildings	10,761,148	2,407,645
Write down of motor vessels to recoverable amount	—	9,536,018
Gain on disposal of equity interests in subsidiaries	(503)	—
Increase in properties held for resale	(69,048,600)	—
Decrease/(increase) in deposits receivable	69,812,978	(8,476,600)
(Increase)/decrease in inventories	(1,115,912)	28,629,575
Decrease/(increase) in accounts receivables and prepayments	79,308,329	(48,163,218)
Decrease in accounts payable and accrued expenses	(56,471,744)	(8,907,840)
(Decrease)/increase in rental deposits received	(218,143)	399,304
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>13,530,755</u>	<u>(48,225,387)</u>



Notes to the Accounts (Cont'd)

31st December, 2001

23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

(b) Analysis of changes in financing during the year

	Secured bank loans		Minority interests		Advance from a minority shareholder	
	2001	2000	2001	2000	2001	2000
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance brought forward	203,976,685	199,284,933	1,979,770	1,613,274	9,450,324	3,041,816
Net receipt on secured bank loans	5,913,153	4,691,752	—	—	—	—
Minority interests in share of profits	—	—	1,212	366,504	—	—
Acquisition of 35% equity interest in a subsidiary	—	—	—	(8)	—	—
Advance from a minority shareholder	—	—	—	—	—	6,408,508
Balance carried forward	<u>209,889,838</u>	<u>203,976,685</u>	<u>1,980,982</u>	<u>1,979,770</u>	<u>9,450,324</u>	<u>9,450,324</u>

(c) Sale of subsidiaries

	2001 HK\$
Net assets disposed of:	
Investment properties	8,000,000
Prepaid expenses	499
	<u>8,000,499</u>
Gain on disposal	503
	<u>8,001,002</u>
Satisfied by:	
Cash	<u>8,001,002</u>



Notes to the Accounts (Cont'd)

31st December, 2001

24. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP		COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
a. Contingent liabilities:				
Bills discounted with recourse	3,601,260	15,796,418	—	—
Guarantees for banking facilities utilized by:				
— subsidiaries	—	—	240,681,898	264,976,993
— an associated company	16,092,094	—	16,092,094	—
	<u>19,693,354</u>	<u>15,796,418</u>	<u>256,773,992</u>	<u>264,976,993</u>

Management anticipate that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

b. Commitments under operating leases:

Future aggregate minimum lease payments under non-cancellable operating leases as follows:

	GROUP	
	2001 HK\$	2000 HK\$
— not later than one year	1,735,274	2,207,033
— later than one year and not later than five years	2,888,644	3,646,498
— later than five years	722,161	1,444,322
	<u>5,346,079</u>	<u>7,297,853</u>

- c. As at the balance sheet date the Group had contingent liabilities in respect of a legal claim lodged against a subsidiary company. The maximum liability of the Group as at the balance sheet date was estimated to be about HK\$9,300,000 (2000: HK\$9,300,000). The directors, based on the advice of the Group's legal advisor, considered that the Group had good defence against the alleged claim and accordingly no provision has been made in the accounts for the legal claim.

25. ULTIMATE HOLDING COMPANY

The directors regard Asian Pacific Investment Corporation, a company incorporated in Panama, as being its ultimate holding company.

26. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 27th March, 2002.