

For the year ended 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 are prepared under the historical cost convention as modified by the revaluation of investment properties, in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA").

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") and Interpretation issued by the HKSA which are effective for accounting periods commencing on or after 1st January, 2001:

SSAP 14 (revised)	:	Leases (effective for accounting periods commencing on or after 1st July, 2000)
SSAP 26	:	Segment reporting
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
Interpretation 13	:	Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves

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

(b) Consolidation

The Group consists of the Company and its subsidiaries. The Group accounts include the accounts of the Company and its subsidiaries made up to 31st December. The Group accounts also include the Group's share of post acquisition profits less losses, and reserves of its associated companies and jointly controlled company.

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.

The gain or loss on the disposal of a subsidiary, an associated company and a jointly controlled company represents the difference between the proceeds of the sale and the Group's share of net assets together with any unamortised goodwill/negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

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

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

(c) Goodwill/Negative goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries/associated companies/jointly controlled company at the date of acquisition. Goodwill on acquisitions occurring on or after 1st January, 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. Goodwill on acquisitions that occurred prior to 1st January, 2001 was set off against reserves. Pursuant to the transitional provisions 1(a) in SSAP 30, such goodwill has not been restated. However any impairment arising on such goodwill is accounted for in accordance with SSAP 31 and Interpretation 13. In accordance with the transitional provisions of SSAP 30, where an impairment loss has arisen since the date of acquisition on goodwill previously set off against reserves, and previously there was not a policy to recognise such impairment losses, this change in accounting policy has been applied retrospectively and the impairment losses have been recognised as a prior year adjustment to opening retained profits in accordance with SSAP 2. The comparative accounts for 2000 have been restated to conform to the changed policy. As detailed in note 21, the opening retained profits for 2001 have been reduced by HK\$29,696,000 which is the amount of the adjustment in respect of impairment losses relating to the year ended 31st December, 2000. This change has resulted in an increase in loss for that year by HK\$29,696,000 for impairment losses during that year.

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 on or after 1st January, 2001, negative goodwill is presented in the same balance sheet classification as goodwill. Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those assets is recognised in the profit and loss account immediately. For acquisitions prior to 1st January, 2001, negative goodwill was taken directly to reserves on acquisition. Pursuant to the transitional provisions in SSAP 30, such negative goodwill has not been restated.

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of the voting power, or has the power to govern the financial and operating policies, or to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meetings of the board of directors.

Investments in subsidiaries are carried in the accounts 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.

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

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.

(f) Jointly controlled companies

A jointly controlled company is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

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

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Revenue recognition

The Group recognises income on the following bases:

(i) Sale of properties and property interests

Sale of properties are recognised as income when the buildings or the portions thereof contracted for sale are completed and the relevant occupation permit has been granted.

Sale of investments in property interests are recognised as income on completion of the related sale and purchase agreement.

(ii) Rental income

Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(iv) Property and project management fees

Property and project management fees are recognised as income when the services have been rendered.

(v) Dividend income

Dividend income is recognised when the shareholder's right to receive payment has been established.

(vi) Catering revenue

Catering revenue is recognised when the services have been rendered.

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Properties

(i) Properties under development/completed properties for sale

Properties under development for sale and which are due for completion more than one year from the balance sheet date are stated at cost less any accumulated impairment losses and are shown as non-current assets. Properties under development for sale and which are due for completion within one year from the balance sheet date and completed properties for sale are stated at the lower of cost and net realisable value and are shown as current assets. Cost includes the cost of land, development expenditure, other attributable expenses and capitalised interest cost. Net realisable value is determined by the Directors based on the prevailing market conditions.

(ii) Properties under development for long term investment

Properties under development for long term investment purposes are stated at cost less any accumulated impairment losses and are shown as non-current assets.

(iii) Investment properties

Completed properties which are held for long term rental income generating purposes are regarded as investment properties. Investment properties are stated at their open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to investment property revaluation reserve. Decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter charged to the profit and loss account. Where a deficit has previously been charged to the profit and loss account and a revaluation surplus subsequently arises, such surplus is credited to the profit and loss account to the extent of the deficit previously charged.

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 property revaluation reserve to the profit and loss account.

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Depreciation of fixed assets

Investment properties with unexpired lease terms of over twenty years are not depreciated.

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated to write off the cost less impairment losses of the assets over their estimated useful lives in equal annual instalments on the following basis:

Leasehold land	Over the unexpired period of the lease, at 1.85% to 2.5% per annum
Buildings	Over the unexpired period of the lease or 40 years from the date of the building's completion whichever is the shorter, at approximately 2.5% per annum
Motor vehicles, furniture, fixtures and equipment	20% per annum

(j) 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 fixed assets other than investment properties are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

The gain or loss on disposal of a fixed asset other than investment properties 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.

(k) Investments

Investments held for the long term are stated at cost less 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 investment should be reduced to its fair value. This impairment loss is recognised as an expense in the profit and loss account.

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Inventories

Inventories comprise food and beverages for providing catering services, and are stated at the lower of cost and net realisable value. Cost is calculated on the first-in, first-out basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Accounts receivable

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

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company 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 periods.

(o) Deferred taxation

Deferred taxation is accounted for at the current tax 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.

(p) 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 profit and loss account.

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

(q) Interest charges

Interest charges that are directly incurred in financing property developments are capitalised until the properties being developed have been completed.

Other interest charges are expensed as incurred.

For the year ended 31st December, 2001

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Retirement benefit costs

The Group contributes to a defined contribution retirement scheme and the mandatory provident fund scheme, which are available to all employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to these schemes are expensed as incurred.

(s) 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.

The Group is organised into three main business segments: sale of properties and property interests, property letting, and property and project management. Other operations mainly comprise distribution of office supplies and computer accessories, and catering.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, properties under development, investment, loans receivable, completed properties for sale, inventories and receivables, and mainly exclude corporate cash and bank balances and tax recoverable. Segment liabilities comprise operating liabilities and borrowings, and exclude items such as taxation and certain accruals on corporate expenses. Capital expenditure comprises additions to fixed assets (*note 11*) and properties under development (*note 13*).

In respect of geographical segment reporting, turnover, results, total assets and capital expenditure are based on the country in which the assets are located.

2. TURNOVER, REVENUES AND SEGMENT INFORMATION

The Group's revenues recognised during the year are as follows:

	2001	2000
	<u>HK\$'000</u>	<u>HK\$'000</u>
Turnover	<u>661,236</u>	<u>145,983</u>
Other revenues		
Interest income	2,579	2,856
Other income	<u>6,792</u>	<u>4,883</u>
	<u>9,371</u>	<u>7,739</u>
Total revenues	<u><u>670,607</u></u>	<u><u>153,722</u></u>

For the year ended 31st December, 2001

2. TURNOVER, REVENUES AND SEGMENT INFORMATION (Continued)

(a) Business segments

	2001				Total HK\$'000
	Sale of properties and property interests	Property letting	Property and project management	Other operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment turnover	520,871	82,131	53,381	4,853	661,236
Segment results	(20,958)	(258,509)	18,328	3,143	(257,996)
Interest income					2,579
Unallocated corporate expenses					(13,490)
Operating loss					(268,907)
Finance costs					(36,042)
Share of results of Associated companies	(19,311)	(32,071)		(23,266)	(74,648)
Jointly controlled company			18		18
Loss before taxation					(379,579)
Segment assets	457,746	1,163,035	38,619	2,632	1,662,032
Associated companies	195,589	94,466		8,081	298,136
Jointly controlled company			783		783
Other assets					33
Unallocated assets					48,106
Total assets					2,009,090
Segment liabilities	153,353	328,577	11,814	1,942	495,686
Minority interests and loans					43,881
Unallocated liabilities					3,425
Total liabilities					542,992
Capital expenditure	75,811	49	138	1,062	77,060
Depreciation	56	35	361	218	670
Net provisions/write- down of property interests	4,287	325,500			329,787

For the year ended 31st December, 2001

2. TURNOVER, REVENUES AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	2000				Total HK\$'000
	Sale of properties and property interests	Property letting	Property and project management	Other operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment turnover	24,793	93,976	27,214	-	145,983
Segment results	(202,243)	(121,412)	18,909	(29,696)	(334,442)
Interest income					2,856
Unallocated corporate expenses					(14,172)
Operating loss					(345,758)
Finance costs					(80,913)
Share of results of Associated companies	(46,279)	(28,235)		(25,922)	(100,436)
Jointly controlled company			22		22
Loss before taxation					(527,085)
Segment assets	565,804	2,093,270	31,917		2,690,991
Associated companies	224,938	126,540		18,334	369,812
Jointly controlled company			775		775
Other assets					778
Unallocated assets					24,121
Total assets					3,086,477
Segment liabilities	146,857	833,170	17,733		997,760
Minority interests and loans					246,329
Unallocated liabilities					2,071
Total liabilities					1,246,160
Capital expenditure	26,019	1,070	1,023		28,112
Depreciation	340	677	343		1,360
Net provisions/write-down of property interests	193,658	169,285			362,943
Impairment losses on goodwill				29,696	29,696

For the year ended 31st December, 2001

2. TURNOVER, REVENUES AND SEGMENT INFORMATION (Continued)

(b) Geographical segments

	2001			
	Turnover	Segment results	Total assets	Capital expenditure
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	310,154	(271,081)	1,710,136	77,047
Mainland China	351,082	2,174	2	35
	<u>661,236</u>	<u>(268,907)</u>	<u>1,710,138</u>	<u>77,082</u>
Associated companies			298,136	
Jointly controlled company			783	
Other assets			33	
Total assets			<u>2,009,090</u>	
	2000			
	Turnover	Segment results	Total assets	Capital expenditure
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	107,692	(74,193)	1,939,314	26,761
Mainland China	38,291	(271,565)	775,798	1,360
	<u>145,983</u>	<u>(345,758)</u>	<u>2,715,112</u>	<u>28,121</u>
Associated companies			369,812	
Jointly controlled company			775	
Other assets			778	
Total assets			<u>3,086,477</u>	

For the year ended 31st December, 2001

3. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	<u>2001</u>	<u>2000</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Crediting:		
Gross rental income from investment properties	77,456	82,886
Gross rental income from other properties	4,675	11,090
Gain on deemed disposal of interest in an associated company	5,026	–
Gain on disposal of a subsidiary	<u>254</u>	<u>–</u>
Charging:		
Cost of properties and property interests sold	524,704	19,031
Cost of inventories sold	1,710	–
Outgoings in respect of investment properties	8,930	32,648
Outgoings in respect of other properties	732	6,145
Loss on disposal of other properties	432	–
Loss on disposal of other fixed assets	168	17
Staff costs	23,306	25,713
Depreciation	1,491	2,187
Auditors' remuneration	1,572	1,454
Operating lease rental on land and buildings	20	320
Net provisions/write-down of property interests	329,787	362,943
– Provision for impairment losses of properties under development	–	131,695
– Write-down of completed properties for sale	4,287	33,826
– Provision for loan to an investee company	–	28,137
– Deficit on revaluation of investment properties (<i>note 11</i>)	<u>325,500</u>	<u>169,285</u>

4. FINANCE COSTS

	<u>2001</u>	<u>2000</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	27,331	66,572
Interest on other loans wholly repayable within five years	8,740	14,552
Other incidental borrowing costs	<u>413</u>	<u>967</u>
Total borrowing costs	36,484	82,091
Less: Amounts capitalised in properties under development	<u>(442)</u>	<u>(1,178)</u>
	<u>36,042</u>	<u>80,913</u>

For the year ended 31st December, 2001

**5. SHARE OF RESULTS OF ASSOCIATED COMPANIES
AND JOINTLY CONTROLLED COMPANY**

	<u>2001</u>	<u>2000</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Associated companies:		
Share of net operating losses	(13,376)	(17,026)
Share of provision for property interests	(21,272)	(42,672)
Share of revaluation deficit of investment properties	(40,000)	(36,224)
Share of write-off of goodwill	–	(4,514)
	<u> </u>	<u> </u>
Share of results of associated companies	(74,648)	(100,436)
Share of results of a jointly controlled company	<u>18</u>	<u>22</u>
	<u>(74,630)</u>	<u>(100,414)</u>

6. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

	<u>2001</u>	<u>2000</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive Directors:		
Fees	135	135
Basic salaries	3,816	3,983
Housing allowances and benefits in kind	1,698	1,706
Other allowances	941	971
Contributions to retirement schemes	383	395
Discretionary or performance related bonus	134	134
Non-executive Directors:		
Fees	<u>145</u>	<u>168</u>
	<u>7,252</u>	<u>7,492</u>

For the year ended 31st December, 2001

6. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**(a) Directors' emoluments** (Continued)

The emoluments of the Directors fall within the following bands:

	<u>2001</u>	<u>2000</u>
	No. of directors	No. of directors
Emoluments Band		
HK\$Nil – HK\$1,000,000	8	9
HK\$3,000,001 – HK\$3,500,000	1	1
HK\$3,500,001 – HK\$4,000,000	1	1
	<u>10</u>	<u>11</u>

The above analysis includes two (2000: two) directors whose emoluments were among the five highest in the Group.

(b) Employee costs

Details of the emoluments paid to the three (2000: three) individuals whose emoluments were the highest in the Group and have not been included in the Directors' emoluments are as follows:

	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Basic salaries	2,224	2,153
Housing allowances	164	348
Other allowances	365	411
Contributions to retirement schemes	222	201
Discretionary or performance related bonus	384	379
Compensation for loss of office	–	588
	<u>3,359</u>	<u>4,080</u>

For the year ended 31st December, 2001

6. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**(b) Employee costs** (Continued)

The emoluments of the individuals fall within the following bands:

Emoluments Band	2001	2000
	No. of individuals	No. of individuals
HK\$Nil – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	2	3
	3	3

7. RETIREMENT BENEFIT COSTS

For the defined contribution retirement scheme, the rate of contribution payable by the Group varies from 5% to 15% of the employees' basic salaries depending on the length of service and the grade of the employees. The Group's contributions may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

For the mandatory provident fund scheme ("MPF Scheme"), the Group's contributions are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK\$1,000 per employee per month. The employees also contribute a corresponding amount to the MPF Scheme from 31st December, 2000 if their relevant income is more than HK\$4,000 per month. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

The amounts of gross contributions and unvested benefits utilised by the Group during the year are as follows:

	2001	2000
	HK\$'000	HK\$'000
Gross contributions	1,434	1,357
Less: Contributions forfeited by those employees who left the defined contribution retirement scheme prior to vesting fully in the contributions	(172)	(784)
Net contributions	1,262	573

At 31st December, 2001, there were no forfeited contributions available to reduce contributions payable by the Group (2000: Nil). Contributions totalling HK\$59,000 (2000: Nil) were payable to the MPF Scheme at 31st December, 2001 and are included in accounts payable.

For the year ended 31st December, 2001

8. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on mainland China income has been calculated on the estimated assessable profit for the year at rates of taxation prevailing in mainland China.

The charge for taxation comprises:

	<u>2001</u>	<u>2000</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	2,277	1,804
Mainland China income tax	12	26
Overprovision in prior years	<u>(2,701)</u>	<u>(1,033)</u>
	(412)	797
Share of taxation attributable to:		
Associated companies	460	249
Jointly controlled company	<u>10</u>	<u>11</u>
	<u>58</u>	<u>1,057</u>

9. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the loss attributable to shareholders is a loss of HK\$239,472,000 (2000: HK\$119,000) which is dealt with in the profit and loss account of the Company.

10. LOSS PER SHARE

Loss per share is calculated based on the consolidated loss after taxation and minority interests of HK\$372,540,000 (2000: HK\$434,840,000 (as restated)) and on the number of shares in issue of 1,126,341,026 shares (2000: 1,126,341,026 shares) during the year.

The outstanding share options of the Company do not result in any dilution effect on the loss per share in respect of the years ended 31st December, 2001 and 2000.

For the year ended 31st December, 2001

11. FIXED ASSETS

Group

	Investment properties	Other properties	Motor vehicles	Furniture, fixtures and equipment	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost or valuation					
At 1st January, 2001	2,067,000	37,048	4,190	9,214	2,117,452
Disposal of a subsidiary	(583,000)	(12,260)	(1,708)	(3,330)	(600,298)
Additions	–	–	–	1,355	1,355
Disposals/write off	–	(1,847)	–	(1,446)	(3,293)
Revaluation deficit (<i>note 3</i>)	(325,500)	–	–	–	(325,500)
	<u>1,158,500</u>	<u>22,941</u>	<u>2,482</u>	<u>5,793</u>	<u>1,189,716</u>
At 31st December, 2001	<u>1,158,500</u>	<u>22,941</u>	<u>2,482</u>	<u>5,793</u>	<u>1,189,716</u>
Accumulated depreciation					
At 1st January, 2001	–	4,919	3,826	6,266	15,011
Disposal of a subsidiary	–	(1,358)	(1,708)	(1,790)	(4,856)
Charge for the year	–	504	336	651	1,491
Disposals/write off	–	(110)	–	(1,247)	(1,357)
	<u>–</u>	<u>3,955</u>	<u>2,454</u>	<u>3,880</u>	<u>10,289</u>
At 31st December, 2001	<u>–</u>	<u>3,955</u>	<u>2,454</u>	<u>3,880</u>	<u>10,289</u>
Net book value					
At 31st December, 2001	<u>1,158,500</u>	<u>18,986</u>	<u>28</u>	<u>1,913</u>	<u>1,179,427</u>
At 31st December, 2000	<u>2,067,000</u>	<u>32,129</u>	<u>364</u>	<u>2,948</u>	<u>2,102,441</u>

For the year ended 31st December, 2001

11. FIXED ASSETS (Continued)**Group** (Continued)

The Group's interests in investment properties and other properties at their net book values are analysed as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
In Hong Kong, held on:		
Leases of over 50 years	883,500	1,104,000
Leases of between 10 to 50 years	293,986	399,475
In mainland China, held on:		
Leases of between 10 to 50 years	–	595,654
	<u>1,177,486</u>	<u>2,099,129</u>

Fixed assets other than investment properties are stated at cost.

The investment properties were revalued on 31st December, 2001 on an open market value basis by DTZ Debenham Tie Leung Limited, an independent property valuer.

Company

	Motor vehicles	Furniture, fixtures and equipment	Total
	HK\$'000	HK\$'000	HK\$'000
Cost			
At 1st January, 2001	1,470	1,768	3,238
Additions	–	22	22
Disposals/write off	–	(95)	(95)
At 31st December, 2001	<u>1,470</u>	<u>1,695</u>	<u>3,165</u>
Accumulated depreciation			
At 1st January, 2001	1,176	1,706	2,882
Charge for the year	294	38	332
Disposals/write off	–	(86)	(86)
At 31st December, 2001	<u>1,470</u>	<u>1,658</u>	<u>3,128</u>
Net book value			
At 31st December, 2001	<u>–</u>	<u>37</u>	<u>37</u>
At 31st December, 2000	<u>294</u>	<u>62</u>	<u>356</u>

For the year ended 31st December, 2001

12. SUBSIDIARIES

	Company	
	2001	2000
	<u>HK\$'000</u>	<u>HK\$'000</u>
Unlisted shares, at cost	1,332,004	1,332,004
Loans to subsidiaries	1,795,059	2,111,118
	<u>3,127,063</u>	<u>3,443,122</u>
Less: Provision	<u>(1,558,888)</u>	<u>(1,184,493)</u>
	<u>1,568,175</u>	<u>2,258,629</u>

The loans to subsidiaries are unsecured and have no fixed terms of repayment. Loans to subsidiaries of HK\$377,914,000 (2000: HK\$423,564,000) bear interest at prevailing market rate while other loans are interest free.

The following is a list of the subsidiaries as at 31st December, 2001 which, in the opinion of the Directors, principally affect the results and assets of the Group:

<u>Name</u>	<u>Place of incorporation/ operation</u>	<u>Principal activities</u>	<u>Issued share capital</u>	<u>Group equity interest</u> %
Capital Deal Limited	Hong Kong	Property investment	HK\$2	100
Doulos Management Services Limited	Hong Kong	Property management	HK\$10,000	70
Evergrand Property Management Limited	Hong Kong	Property management	HK\$1,000	100
Everstar Development Limited	Hong Kong	Property investment	HK\$2	100
Fairfax Limited	Hong Kong	Property development	HK\$2	70
First Forum Limited	Hong Kong	Catering	HK\$2	100
Fortune Asset Development Limited	Hong Kong	Property development	HK\$2	100
Goodjoy Development Limited	Hong Kong	Property trading	HK\$2	100

For the year ended 31st December, 2001

12. SUBSIDIARIES (Continued)

<u>Name</u>	<u>Place of incorporation/ operation</u>	<u>Principal activities</u>	<u>Issued share capital</u>	<u>Group equity interest</u> %
Joymate Development Limited	Hong Kong	Investment holding	HK\$2	100
Kinbo Development Limited	Hong Kong	Property trading	HK\$1,000	66
Manwall Environmental Services Limited (formerly known as Man Wall Property Agency and Management Limited)	Hong Kong	Investment holding and property management	HK\$50,000	100
On Site Developments Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$1	100
Parkland Property Management Limited	Hong Kong	Property management	HK\$7,500	100
Perfect On Development Limited	Hong Kong	Property investment	HK\$2	100
Putterby Investments Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$1	100
# Ryoden Development BVI Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$10,000	100
Ryoden Project Management Limited	Hong Kong	Project management	HK\$2	100
Ryoden Property Agencies Company Limited	Hong Kong/ Hong Kong & mainland China	Property agency	HK\$2	100
Ryoden Property Development Company Limited	Hong Kong	Investment holding and project management	HK\$1,000 HK\$1,000,000*	100

For the year ended 31st December, 2001

12. SUBSIDIARIES (Continued)

<u>Name</u>	<u>Place of incorporation/ operation</u>	<u>Principal activities</u>	<u>Issued share capital</u>	<u>Group equity interest</u> %
Ryoden Property Finance Limited	Hong Kong	Property finance	HK\$2	100
Smart Winner Development Limited	Hong Kong	Investment holding	HK\$2	100
Spot On Services Limited	British Virgin Islands/ mainland China	Project management	US\$1	100
Star Victory Investments Limited	British Virgin Islands/ Hong Kong	Property trading	US\$1	100
Supermate Investment Limited	Hong Kong	Investment holding	HK\$2	100
The Assurers and Company Limited	Hong Kong	Property insurance agent	HK\$20	100
Well Beauty Investment Limited	Hong Kong	Property development	HK\$100	80
Wellsource Development Limited	Hong Kong	Property investment	HK\$5,000 HK\$5,000*	100

Subsidiary held directly by the Company

* Non-voting deferred shares

13. PROPERTIES UNDER DEVELOPMENT

At 31st December, 2001, the amount of properties under development for sale that are carried at cost less accumulated impairment losses amounted to HK\$157,938,000 (2000: HK\$321,761,000). No properties under development are intended to be held for long term investment purposes.

For the year ended 31st December, 2001

14. ASSOCIATED COMPANIES

	Group	
	2001	As restated 2000
	<u>HK\$'000</u>	<u>HK\$'000</u>
Share of net liabilities	(322,531)	(261,186)
Amounts due from associated companies	638,809	649,911
Amounts due to associated companies	(18,142)	(18,913)
	<u>298,136</u>	<u>369,812</u>
Unlisted shares, at cost	<u>82,669</u>	<u>74,873</u>

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

The following is a list of the associated companies as at 31st December, 2001 which, in the opinion of the Directors, principally affect the results and assets of the Group:

<u>Name</u>	<u>Place of incorporation/ operation</u>	<u>Principal activities</u>	<u>Issued share capital</u>	<u>Group equity interest</u> %
China Nation Enterprises Limited	Hong Kong	Investment holding	HK\$10,000	35.3
Fortune Top Properties Limited	Hong Kong	Property investment	HK\$2	40
Longshine Assets Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$100	40
Parallel Asia Engineering Company Limited	Hong Kong	Investment holding	HK\$10,000	50
Saggio Holdings Limited	Cayman Islands/ Far East	Distribution of office supplies and computer accessories	US\$136,667	34.7
Silverthrone Investments Limited	British Virgin Islands/ Hong Kong	Investment holding	US\$100	50

For the year ended 31st December, 2001

14. ASSOCIATED COMPANIES (Continued)

<u>Name</u>	<u>Place of incorporation/ operation</u>	<u>Principal activities</u>	<u>Issued share capital</u>	<u>Group equity interest</u> %
Shanghai Hua Zhong Property Development Company Limited	Mainland China	Property development and trading	US\$60,000,000**	35.3
Ying Tai Development Company Limited	Hong Kong	Property trading	HK\$20,000 HK\$10,000*	50

All associated companies are held indirectly by the Company.

* Non-voting deferred shares

** Registered capital

15. JOINTLY CONTROLLED COMPANY

	<u>Group</u> <u>2001</u>	<u>2000</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Unlisted shares, at cost	<u>631</u>	<u>631</u>
Share of undistributed post-acquisition reserves	<u>152</u>	<u>144</u>
Share of net assets	<u><u>783</u></u>	<u><u>775</u></u>

Details of the jointly controlled company held indirectly by the Company as at 31st December, 2001 are as follows:

<u>Name</u>	<u>Place of incorporation/ operation</u>	<u>Principal activity</u>	<u>Group equity interest/ profit sharing/ voting power</u> %
Shanghai Ling Jien Property Management Company Limited	Mainland China	Property management	25

For the year ended 31st December, 2001

16. INVESTMENT

	Group	
	2001	2000
	HK\$'000	HK\$'000
Investment in and loan to the investee company	212,882	212,611
Less: Provision	(179,441)	(179,441)
	<u>33,441</u>	<u>33,170</u>

The investee company is unlisted and engaged in property development in Hong Kong in which the Group has 10% equity interests.

17. COMPLETED PROPERTIES FOR SALE

At 31st December, 2001, the amount of completed properties for sale that are carried at net realisable value amounted to HK\$90,233,000 (2000: HK\$188,334,000).

18. LOANS RECEIVABLE

	Group	
	2001	2000
	HK\$'000	HK\$'000
Mortgage loans	2,829	5,665
Amounts due within one year included under current assets	(677)	(1,353)
	<u>2,152</u>	<u>4,312</u>

Mortgage loans are secured by legal charges over the properties owned by the borrowers.

For the year ended 31st December, 2001

19. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Group		Company	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	186,424	7,157	–	–
Prepayments and deposits	3,260	2,643	220	509
Other receivables	4,028	18,580	–	–
	193,712	28,380	220	509

There are no credit terms granted by the Group to customers.

The ageing analysis of the trade receivables is as follows:

	Group	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	182,325	4,322
31 – 60 days	3,334	1,387
61 – 90 days	375	481
Over 90 days	390	967
	186,424	7,157

For the year ended 31st December, 2001

20. SHARE CAPITAL

	Number of shares of HK\$0.50 each	Nominal value
	<u>'000</u>	<u>HK\$'000</u>
Authorised:		
At 31st December, 2001 and 2000	<u>1,700,000</u>	<u>850,000</u>
Issued and fully paid:		
At 31st December, 2001 and 2000	<u>1,126,341</u>	<u>563,171</u>

There was no movement in share capital for the years ended 31st December, 2001 and 2000.

The Company has a share option scheme approved at a Special General Meeting held on 1st September, 1992. During the year, no share options expired, or were granted or cancelled (2000: 212,500 share options were cancelled). No share options were exercised during the years ended 31st December, 2001 and 2000.

At 31st December, 2001, the Company had outstanding options granted to eligible employees of the Group to subscribe for shares of the Company as follows:

<u>Date of grant</u>	Number of shares under options	Subscription price per share	Exercisable period	
			From	To
	<u>'000</u>	<u>HK\$</u>		
16th April, 1996	1,800	2.00	16th April, 1997	15th April, 2002
12th June, 1997	4,000	2.10	12th June, 1998	31st August, 2002

For the year ended 31st December, 2001

21. RESERVES

Group

	Capital						Total
	Capital reserve	Exchange reserve	redemption reserve	Contributed surplus	Share premium	Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2001							
Company and subsidiaries	62,046	4,327	3,003	191,036	688,155	664,494	1,613,061
Associated companies	(1,612)	2,844	-	-	-	(337,291)	(336,059)
Jointly controlled company	-	28	-	-	-	116	144
At 1st January, 2001, as previously reported	60,434	7,199	3,003	191,036	688,155	327,319	1,277,146
Effect of adopting SSAP 31 and Interpretation 13 (note 1(c))	29,696	-	-	-	-	(29,696)	-
At 1st January, 2001, as restated	90,130	7,199	3,003	191,036	688,155	297,623	1,277,146
Exchange translation difference	-	11	-	-	-	-	11
Realisation on disposal of a subsidiary	-	(1,690)	-	-	-	-	(1,690)
Loss for the year	-	-	-	-	-	(372,540)	(372,540)
At 31st December, 2001	<u>90,130</u>	<u>5,520</u>	<u>3,003</u>	<u>191,036</u>	<u>688,155</u>	<u>(74,917)</u>	<u>902,927</u>
Retained by:							
Company and subsidiaries	91,742	2,479	3,003	191,036	688,155	331,560	1,307,975
Associated companies	(1,612)	3,013	-	-	-	(406,601)	(405,200)
Jointly controlled company	-	28	-	-	-	124	152
	<u>90,130</u>	<u>5,520</u>	<u>3,003</u>	<u>191,036</u>	<u>688,155</u>	<u>(74,917)</u>	<u>902,927</u>

For the year ended 31st December, 2001

21. RESERVES (Continued)

Group (Continued)

	Investment property revaluation reserve	Capital reserve	Exchange reserve	Capital redemption reserve	Contributed surplus	Share premium	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2000								
Company and subsidiaries	274,508	62,046	1,247	3,003	191,036	688,155	968,683	2,188,678
Associated companies	-	(1,612)	1,811	-	-	-	(236,325)	(236,126)
Jointly controlled company	-	-	25	-	-	-	105	130
At 1st January, 2000	274,508	60,434	3,083	3,003	191,036	688,155	732,463	1,952,682
Exchange translation difference	-	-	4,116	-	-	-	-	4,116
Deficit on revaluation of investment properties	(274,508)	-	-	-	-	-	-	(274,508)
Impairment losses on goodwill	-	29,696	-	-	-	-	-	29,696
Loss for the year	-	-	-	-	-	-	(434,840)	(434,840)
At 31st December, 2000, as restated	-	90,130	7,199	3,003	191,036	688,155	297,623	1,277,146
Retained by:								
Company and subsidiaries	-	91,742	4,327	3,003	191,036	688,155	634,798	1,613,061
Associated companies	-	(1,612)	2,844	-	-	-	(337,291)	(336,059)
Jointly controlled company	-	-	28	-	-	-	116	144
	-	90,130	7,199	3,003	191,036	688,155	297,623	1,277,146

For the year ended 31st December, 2001

21. RESERVES (Continued)

Company

	Capital redemption reserve	Contributed surplus	Share premium	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2001	3,003	134,747	688,155	451,241	1,277,146
Provision for investments in subsidiaries	–	(134,747)	–	–	(134,747)
Loss for the year	–	–	–	(239,472)	(239,472)
At 31st December, 2001	<u>3,003</u>	<u>–</u>	<u>688,155</u>	<u>211,769</u>	<u>902,927</u>
At 1st January, 2000	3,003	810,164	688,155	451,360	1,952,682
Provision for investments in subsidiaries	–	(675,417)	–	–	(675,417)
Loss for the year	–	–	–	(119)	(119)
At 31st December, 2000	<u>3,003</u>	<u>134,747</u>	<u>688,155</u>	<u>451,241</u>	<u>1,277,146</u>

- (a) The Group's contributed surplus represents the amount of a loan owing from a subsidiary to the former ultimate holding company assigned to the Group and the nominal value of the subsidiary's shares less the nominal value of the Company's shares issued pursuant to the group reorganisation prior to listing of the Company and less share issue expenses.
- (b) The Company's contributed surplus represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the net asset value of the subsidiaries acquired pursuant to the group reorganisation prior to listing of the Company and less share issue expenses and subsequent provision for investments in subsidiaries.

61 Notes to the Accounts

For the year ended 31st December, 2001

22. MINORITY INTERESTS AND LOANS

	Group	
	2001	2000
	<u>HK\$'000</u>	<u>HK\$'000</u>
Share of deficits	(52,545)	(48,121)
Loans from minority shareholders	<u>96,426</u>	<u>294,450</u>
	<u>43,881</u>	<u>246,329</u>

The loans from minority shareholders represent proportionate funding from the minority shareholders of jointly developed projects. The loans are unsecured, interest free and have no fixed terms of repayment. HK\$65,207,000 (2000: HK\$58,250,000) included in the loans is subordinate to a bank loan granted to a subsidiary.

23. LONG TERM LIABILITIES

	Group		Company	
	2001	2000	2001	2000
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Secured loans (note 29)	210,511	677,291	100,000	418,000
Unsecured loans				
– due to a shareholder (note 30(d))	–	190,000	–	–
– due to a fellow subsidiary (note 30(g))	<u>190,000</u>	<u>–</u>	<u>–</u>	<u>–</u>
	400,511	867,291	100,000	418,000
Amounts due within one year included under current liabilities	<u>(96,699)</u>	<u>(76,000)</u>	<u>–</u>	<u>–</u>
	<u>303,812</u>	<u>791,291</u>	<u>100,000</u>	<u>418,000</u>

For the year ended 31st December, 2001

23. LONG TERM LIABILITIES (Continued)

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The maturity of the Group's long term liabilities is as follows:				
Bank loans, secured				
– within one year	96,699	76,000	–	–
– in the second year	113,812	283,291	100,000	100,000
– in the third to fifth years inclusive	–	318,000	–	318,000
	<u>210,511</u>	<u>677,291</u>	<u>100,000</u>	<u>418,000</u>
Other loans, unsecured				
– in the second year	–	190,000	–	–
– in the third to fifth years inclusive	190,000	–	–	–
	<u>190,000</u>	<u>190,000</u>	<u>–</u>	<u>–</u>
	<u>400,511</u>	<u>867,291</u>	<u>100,000</u>	<u>418,000</u>

24. ACCOUNTS PAYABLE AND ACCRUALS

	Group		Company	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	68,617	83,184	–	–
Other payables and accruals	12,860	22,833	1,341	1,697
	<u>81,477</u>	<u>106,017</u>	<u>1,341</u>	<u>1,697</u>

There are no credit terms granted by suppliers to the Group.

For the year ended 31st December, 2001

24. ACCOUNTS PAYABLE AND ACCRUALS (Continued)

The ageing analysis of the trade payables is as follows:

	Group	
	2001	2000
	<u>HK\$'000</u>	<u>HK\$'000</u>
Within 30 days	17,351	7,798
31-60 days	2,377	2,305
61-90 days	1,799	1,370
Over 90 days	47,090	71,711
	<u>68,617</u>	<u>83,184</u>

25. DEFERRED TAXATION

No provision for deferred tax has been made as there are no material timing differences. The revaluation surplus or deficit attributable to investment properties does not constitute a timing difference, and deferred tax thereon has not been quantified.

26. CONTINGENT LIABILITIES

	Group		Company	
	2001	2000	2001	2000
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Guarantees for credit facilities granted to				
– subsidiaries	–	–	310,956	412,027
– an investee company	1,200	130,000	1,200	130,000
	<u>1,200</u>	<u>130,000</u>	<u>312,156</u>	<u>542,027</u>

For the year ended 31st December, 2001

27. CAPITAL COMMITMENTS

At 31st December, 2001, the Group had the following capital commitments:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Contracted but not provided for in respect of properties under development	59,556	87,244
Authorised but not contracted for in respect of fixed assets	–	608
	59,556	87,852

28. FUTURE OPERATING LEASE RECEIVABLES

As at 31 December, 2001, the Group had future aggregate minimum lease receivables in respect of land and buildings under non-cancellable operating leases as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Not later than one year	50,563	68,736
Later than one year and not later than five years	20,908	52,111
	71,471	120,847

29. PLEDGE OF ASSETS

As at 31st December, 2001, the secured bank loan facilities (*note 23*) granted to the Group were secured by mortgages over the Group's properties with an aggregate carrying value of approximately HK\$390 million (2000: HK\$2,433 million) and charges over the shares of the property owning subsidiaries. There were also charges over certain bank accounts which amounted to approximately HK\$2.7 million as at 31st December, 2000. In addition, shares in an investee company were pledged to banks as part of the security given to secure bank loan facilities granted to the company.

For the year ended 31st December, 2001

30. RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which were carried out in the normal course of the Group's business during the year:

	Note	Group	
		2001 HK\$'000	2000 HK\$'000
Rental income from related companies	(a)	2,100	1,986
Property management fee paid to a related company	(b)	390	1,300
Management fee paid to a related company	(c)	3,627	3,840
Interest paid to a shareholder	(d)	2,315	14,260
Project management fees received from an associated company		388	3,824
Purchase of goods and services from a related company	(e)	1,969	716
Proceeds on disposal of investments in property interests to a related company	(f)	341,533	–
Interest paid to a fellow subsidiary	(g)	6,211	–

- (a) A subsidiary in the Group has entered into lease agreements with certain related companies, in which the directors of the companies, Messrs. Fa-kuang Hu, Raymond Hu and Herman Hu, are directors and have indirect beneficial interests, for leasing office, carpark and shop space to the related companies. The leases were entered into on normal commercial terms.
- (b) Property management fee was paid to Zhong Hai Property Management (Shanghai) Company Limited on normal commercial terms. Its holding company, China Overseas Land & Investment Limited ("China Overseas"), was an ex-substantial shareholder of the Company. One of the directors of China Overseas was also an ex-director of the Company.
- (c) Management fee was paid to Ryoden (Holdings) Limited ("RHL") in which the directors of the Company, Messrs. Fa-kuang Hu, Raymond Hu and Herman Hu, are directors and have indirect beneficial interests.
- (d) Loan interest paid to Designcase Limited, a shareholder of the Company, was at prevailing market interest rates.
- (e) Lift supply and installation costs were paid to Ryoden Elevator Company Limited, a subsidiary of RHL. These transactions were conducted in the normal course of business at normal commercial terms.

For the year ended 31st December, 2001

30. RELATED PARTY TRANSACTIONS (Continued)

- (f) During the year, the Group entered into an agreement with a wholly owned subsidiary of China Overseas to dispose of the entire interest in Fortune Best Investment Limited, a subsidiary owning a 60% interest in Shanghai Square.
- (g) Loan interest paid to a fellow subsidiary of the Company was at prevailing market interest rates.

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	2001	As restated 2000
	<u>HK\$'000</u>	<u>HK\$'000</u>
Operating loss	(268,907)	(345,758)
Depreciation	1,491	2,187
Loss on disposal of other fixed assets	168	17
Gain on disposal of a subsidiary	(254)	–
Gain on deemed disposal of interest in an associated company	(5,026)	–
Interest income	(2,579)	(2,856)
Provision for loan to an investee company	–	28,137
Provision for impairment losses of properties under development	–	131,695
Write-down of completed properties for sale	4,287	33,826
Deficit on revaluation of investment properties	325,500	169,285
Impairment losses on goodwill (note 1(c))	–	29,696
Decrease in properties completed and under development for sale	97,523	2,241
Increase in inventories	(189)	–
(Increase)/decrease in accounts receivable and prepayments	(174,900)	8,064
Increase/(decrease) in customer and rental deposits	1,322	(287)
Increase/(decrease) in accounts payable and accruals	11,313	(55,556)
Increase/(decrease) in amounts due to related companies	1,213	(354)
Exchange difference	(164)	(756)
	<u>(9,202)</u>	<u>(419)</u>
Net cash outflow from operating activities	<u>(9,202)</u>	<u>(419)</u>

For the year ended 31st December, 2001

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Analysis of changes in financing during the year

	Share capital and premium	Loans	Minority interests and loans	Restricted bank balances
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
At 1st January, 2001	1,251,326	867,291	246,329	(2,663)
Net cash (outflow)/inflow from financing	–	(283,489)	6,703	2,663
Loss attributable to minority interests	–	–	(7,097)	–
Sale of a subsidiary	–	(183,291)	(202,026)	–
Other movements	–	–	(28)	–
At 31st December, 2001	<u>1,251,326</u>	<u>400,511</u>	<u>43,881</u>	<u>–</u>
At 1st January, 2000	1,251,326	970,663	211,544	(13,622)
Net cash (outflow)/inflow from financing	–	(103,372)	127,139	10,959
Loss attributable to minority interests	–	–	(93,302)	–
Other movements	–	–	948	–
At 31st December, 2000	<u>1,251,326</u>	<u>867,291</u>	<u>246,329</u>	<u>(2,663)</u>

For the year ended 31st December, 2001

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(c) Sale of a subsidiary

	2001
	<u>HK\$'000</u>
Net assets disposed of:	
Fixed assets	595,442
Completed properties for sale	162,174
Accounts receivable and prepayments	9,570
Tax recoverable	3,745
Cash and bank balances	1,490
Accounts payable, accruals and other deposits	(45,631)
Bank loan	(183,291)
Minority interest and loans	(202,026)
Exchange reserve	(1,690)
	<u>339,783</u>
Gain on disposal	254
	<u>340,037</u>

(d) Analysis of the net cash inflow in respect of the sale of a subsidiary

	2001
	<u>HK\$'000</u>
Cash consideration	341,533
Expenses on disposal	(1,496)
	<u>340,037</u>
Cash and bank balances disposed of	(1,490)
	<u>338,547</u>

32. ULTIMATE HOLDING COMPANY

The directors regard Summit Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

33. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 9th April, 2002.