

1. GENERAL

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 19.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES

During the year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these new and revised SSAPs had led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosures for the prior year have been restated in order to achieve a consistent presentation.

LEASES

SSAP 14 (Revised) "Leases" has introduced some amendments to the basis of accounting for finance and operating leases, and some additional and revised disclosure requirements for the Company's leasing arrangements. The adoption of this accounting policy has no effect on the results of the current or prior periods. Disclosures for all the Company's leasing arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised). Comparative figures and disclosures have been restated in order to achieve a consistent presentation.

SEGMENT REPORTING

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31st March, 2001 have been amended so that they are presented on a consistent basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES *(Continued)*

GOODWILL

In the current year, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credit to) reserves. However, impairment losses in respect of goodwill that arose between the date of acquisition of the relevant subsidiary and the date of adoption of SSAP 30 have been recognised retrospectively, resulting in a prior period adjustment which decreased the goodwill on consolidation and increased the accumulated losses as at 1st April, 2001 by HK\$144,644,000. Goodwill arising on acquisitions prior to 1st April, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as further impairment losses are identified. Negative goodwill arising on acquisitions prior to 1st April, 2001 will be credited to income statement at the time of disposal of the relevant subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the valuation of investment properties and certain of its investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

BASIS OF CONSOLIDATION

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

The results of subsidiaries and associates which were acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions and balances have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisition prior to 1st April, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisition after 1st April, 2001 is capitalised and amortised on a straight-line basis over its useful economic life and is presented separately in the balance sheet.

On disposal of investments in subsidiaries or associates, the attributable amount of unamortised goodwill/goodwill previously eliminated against reserve is included in the determination of the gain or loss on disposal.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION

Sales of goods is recognised when goods are delivered and title has passed to the customers.

Sales of investments in securities is recognised when the sale contracts become unconditional.

Revenue from online advertising services is recognised when the advertising impressions are delivered through third party websites provided the collection of the resulting receivable is reasonably assured.

Revenue from other advertising services is recognised when the services are rendered.

Revenue from estate agency work services is recognised when the services are rendered.

Dividend income from investments in securities is recognised when the shareholders' rights to receive payment have been established.

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

Rental income, including rental invoiced in advance from properties under operating leases, is recognised on a straight line basis over the period of the respective leases.

IMPAIRMENT OF ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as expenses immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)***INVESTMENT PROPERTIES**

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at open market value based on professional valuation at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a revaluation decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to the disposed property is transferred to the income statement.

No depreciation or amortisation is provided on investment properties except where the unexpired term, including the renewal period, of the relevant lease is twenty years or less.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less depreciation and accumulated impairment loss.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation and amortisation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Furniture, fixtures and office equipment	20%
Motor vehicles	20%

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

PROPERTIES HELD FOR DEVELOPMENT

Properties held for development where no decision has yet been taken to re-sell or hold for long term purposes are stated at cost less accumulated impairment losses until the construction is completed and the properties are ready for their intended use. No depreciation and amortisation is provided on properties held for development

PROPERTIES HELD FOR SALE

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is calculated at the actual or estimated selling price less related costs of marketing and selling.

INVESTMENTS IN SECURITIES

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

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

OPERATING LEASES

Rentals payable in respect of operating leases are charged to the income statement on a straight line basis over the relevant lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

RETIREMENT BENEFIT SCHEME

The retirement benefit scheme contributions charged to the income statement represents the amount of contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

FOREIGN CURRENCIES

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operations which are denominated in currencies other than the Hong Kong dollars are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

TAXATION

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

Notes to the Financial Statements

For the year ended 31st March, 2002

4. TURNOVER

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Provision of estate agency services	216	—
Provision of online and offline advertising services	247	9,101
Rental income	297	1,600
Sales of goods, net of returns	20,523	630,591
Sales of securities	276,654	—
	<u>297,937</u>	<u>641,292</u>

An analysis of the Group's turnover and contribution to results from operations by principal business segment and geographical segment are set out in note 5.

5. SEGMENTAL INFORMATION

BUSINESS SEGMENTS

During the year, the Group is organised into five major operating divisions - estate agency, online and offline advertising services, property investment, computers and related products and securities investments.

These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Estate agency - provision of estate agency services
- Online and offline advertising services - provision of online and offline advertising services
- Property investment - leasing of properties
- Computers and related products - Sale of computers and related products
- Securities investments - Sale of investments in securities

Notes to the Financial Statements

For the year ended 31st March, 2002

5. SEGMENTAL INFORMATION (Continued)

An analysis of the Group's turnover and contribution to operating results and segmental assets and liabilities by business segments is as follows:

	Estate agency HK\$'000 (Note 3)	Online and offline advertising services HK\$'000 (Note 2)	Property investment HK\$'000	Computer and related products HK\$'000 (Note 1)	Securities investment HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<i>For the year ended 31st March, 2002</i>								
TURNOVER								
External sales	216	247	297	20,523	276,654	—	—	297,937
Inter-segment sales	150	—	—	—	—	—	(150)	—
Total turnover	366	247	297	20,523	276,654	—	(150)	297,937
RESULT								
Segment result	(684)	(3,839)	(2,384)	698	(11,559)	(1,448)		(19,216)
Unallocated corporate expenses								(12,128)
Interest income								7,608
Dividend income								193
Loss from operations								(23,543)
Finance costs								(423)
Share of results of associates								(9,738)
Net gain on disposal of interest in subsidiaries	—	38,381	—	7,479	—	—		45,860
Net gain on disposal/dilution of associates								1,582
Profit before taxation								13,738
Taxation								(376)
Profit before minority interests								13,362
Minority interest								558
Net profit for the year								13,920
<i>Assets and liabilities as at 31st March, 2002</i>								
ASSETS								
Segment assets	3,196	—	69,936	44	304,366	538		378,080
Unallocated total assets								85,988
Consolidated total assets								464,068
LIABILITIES								
Segment liabilities	(2,891)	—	(28,990)	—	(98)	—		(31,979)
Unallocated corporate liabilities								(1,813)
Consolidated total liabilities								(33,792)
<i>Other information for the year ended 31st March, 2002</i>								
Capital expenditure								
- Property, plant and equipment	300	—	—	—	—	24		324
- Investment properties	—	—	58,500	—	—	—		58,500
Depreciation and amortisation	139	49	—	235	664	425		1,512
Impairment loss	—	—	—	—	—	169		169
Other non-cash expenses	—	—	—	113	5,593	—		5,706

Inter-segment sales are charged at rates determined and agreed between the relevant parties.

Notes to the Financial Statements

For the year ended 31st March, 2002

5. SEGMENTAL INFORMATION (Continued)

	Online and offline advertising services HK\$'000 (Note 2)	Property investment HK\$'000	Computer and related products HK\$'000 (Note 1)	Securities investment HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000 (As restated)
For the year ended 31st March, 2001							
TURNOVER							
External sales	9,101	1,600	630,591	—	—	—	641,292
Inter-segment sales	—	—	—	—	1,240	(1,240)	—
Total turnover	<u>9,101</u>	<u>1,600</u>	<u>630,591</u>	<u>—</u>	<u>1,240</u>	<u>(1,240)</u>	<u>641,292</u>
RESULT							
Segment result	<u>(176,880)</u>	<u>(10,128)</u>	<u>(34,608)</u>	<u>(22,157)</u>	<u>6,739</u>		(237,034)
Unallocated corporate expenses							(9,190)
Interest income							6,882
Dividend income							4,724
Loss from operations							(234,618)
Finance costs							(6,323)
Share of results of associates							(1,019)
Net gain on disposal of interest in subsidiaries	—	—	2,061	—	—		2,061
Loss on disposal of associates							(32,629)
Impairment loss recognised in respect of receivables due from associates							(49,880)
Loss before taxation							(322,408)
Taxation							(291)
Loss before minority interests							(322,699)
Minority interest							1,767
Net loss for the year							<u>(320,932)</u>
Assets and liabilities as at 31st March, 2001							
ASSETS							
Segment assets	3,187	15,184	132,155	59,469	3,926		213,921
Interests in associates							17,167
Unallocated total assets							185,223
Consolidated total assets							<u>416,311</u>
LIABILITIES							
Segment liabilities	(3,631)	(737)	(44,232)	(236)	—		(48,836)
Unallocated corporate liabilities							(18,658)
Consolidated total liabilities							<u>(67,494)</u>
<i>Other information for the year ended 31st March, 2001</i>							
Capital expenditure							
- Property, plant and equipment	5,267	—	13,170	—	1,248		19,685
- Investment properties	—	5,500	—	—	—		5,500
Depreciation and amortisation	686	—	23,901	—	236		24,823
Impairment and revaluation loss	—	11,281	2,200	—	49,880		63,361
Other non-cash expenses	—	—	1,000	21,030	—		22,030

Inter-segment sales are charged at rates determined and agreed between the relevant parties.

5. SEGMENTAL INFORMATION (Continued)

Notes:

- (1) In July 2001, the Group disposed of its entire interest in Denco International Limited, Ocean Office Automation Limited and other subsidiaries, which were mainly engaged in the manufacturing and marketing of computers and related products. Upon the completion of the disposal, the business segment of manufacturing and marketing of computers and related products was regarded as discontinued operation in 2001.
- (2) In October, 2001, the Group disposed of its entire interest in Admomentum Limited ("Admomentum"), which is mainly engaged in the provision of online and offline advertising services. Upon the completion of the disposal, the business segment of provision of online and offline advertising services was regarded as discontinued operation in 2001.
- (3) In August 2001, the Group acquired 66% interest in Century 21 Hong Kong Limited ("Century 21"), which is mainly engaged in provision of estate agency services.

GEOGRAPHICAL SEGMENTS

The following provides an analysis of the Group's turnover and contribution to loss from operations by geographic market, irrespective of the origin of the goods/services:

	Turnover		Contribution to loss from operations	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	169,409	258,788	(21,685)	(179,030)
United States of America	102,690	168,529	2,654	(21,364)
Other Asian countries	23,283	20,579	(4,638)	(9,244)
Australia	2,555	57,745	126	(7,055)
Europe	—	115,285	—	(14,086)
Other overseas countries	—	20,366	—	(3,839)
	<u>297,937</u>	<u>641,292</u>	<u>(23,543)</u>	<u>(234,618)</u>

The following is an analysis of the carrying amount of segment assets, and capital additions analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	460,068	372,689	58,824	25,185
United States of America	—	5,738	—	—
Other Asian countries	4,000	6,600	—	—
Australia	—	8,343	—	—
Europe	—	13,261	—	—
Other overseas countries	—	9,680	—	—
	<u>464,068</u>	<u>416,311</u>	<u>58,824</u>	<u>25,185</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

6. OTHER OPERATING INCOME

	2002 HK\$'000	2001 HK\$'000
Interest income	7,608	6,882
Dividend income from investments in listed securities	193	4,724
Forfeiture of provident fund contribution	—	2,256
Gain on disposal of property, plant and equipment	—	1,282
Gain on disposal of investment properties	—	1,100
Net exchange gain	49	—
Revaluation increase of investment properties	50	—
Others	4,066	8,213
	<u>11,966</u>	<u>24,457</u>

7. OTHER EXPENSES

	2002 HK\$'000	2001 HK\$'000
Unrealised holding loss on investments in securities	5,593	21,030
Loss on disposal of investments in securities	—	568
Loss on disposal of property, plant and equipment	560	—
Amortisation and impairment loss of goodwill arising from acquisition of subsidiaries	468	—
Allowance for bad and doubtful debts	113	1,000
Impairment loss recognised in respect of property held for development	—	6,730
Revaluation decrease of investment properties	—	3,200
Impairment loss recognised in respect of inventories	—	2,200
Impairment loss recognised in respect of property held for sale	—	1,351
	<u>6,734</u>	<u>36,079</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

8. LOSS FROM OPERATIONS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Directors' remuneration:		
Fees	400	200
Other emoluments (note 9(A))	6,478	4,898
Other staff costs (note 9(B))	2,961	56,946
Pension scheme contributions (refund)	626	(1,372)
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Total staff costs	10,465	60,672
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Auditors' remuneration		
Current year	850	1,291
Overprovision in prior year	(100)	—
Depreciation		
Owned assets	1,213	20,803
Assets held under finance leases	—	4,020
and after crediting:		
Net rental income in respect of premises after outgoings of HK\$11,000 (2001: HK\$1,314,000)	286	286
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For the year ended 31st March, 2002

9. DIRECTORS' AND EMPLOYEES' REMUNERATION**(A) DIRECTORS' REMUNERATION**

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Fees		
- Executive directors	—	—
- Non-executive directors	100	—
- Independent non-executive directors	300	200
	<u>400</u>	<u>200</u>
Other emoluments		
- Executive directors		
Salaries and other benefits	6,170	4,898
Retirement benefit scheme contribution	308	—
- Non-executive directors	—	—
- Independent non-executive directors	—	—
	<u>6,478</u>	<u>4,898</u>
	<u><u>6,878</u></u>	<u><u>5,098</u></u>

The number of directors whose remuneration falls within the bands set out below is as follows:

HK\$	2002 Number of directors	2001 Number of directors
Nil to 1,000,000	4	15
1,000,001 to 2,000,000	2	1
2,000,001 to 3,000,000	—	1
3,000,001 to 4,000,000	1	—
	<u>7</u>	<u>17</u>

During the year, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

9. DIRECTORS' AND EMPLOYEES' REMUNERATION (Continued)**(B) EMPLOYEES' REMUNERATION**

The five highest paid individuals in the Group included three directors (2001: four directors) of the Company, details of whose remuneration are set out above. The aggregate remuneration of the remaining highest paid individuals, who are employees of the Group, is as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries and other benefits	1,014	1,313
Retirement benefit scheme contributions	51	—
	<u>1,065</u>	<u>1,313</u>

	2002 Number of employees	2001 Number of employees
HK\$		
Nil to 1,000,000	<u>2</u>	<u>1</u>

10. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	254	5,390
Bank borrowings wholly repayable over five years	169	—
Finance leases	—	933
	<u>423</u>	<u>6,323</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

11. NET GAIN ON DISPOSAL OF INTEREST IN SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000
Net gain on disposal of interest in subsidiaries	44,745	4,459
Exchange reserve realised	(80)	(2,398)
Goodwill previously credited to reserves	1,195	—
	<u>45,860</u>	<u>2,061</u>

12. NET GAIN (LOSS) ON DISPOSAL/DILUTION OF INTEREST IN ASSOCIATES

	2002 HK\$'000	2001 HK\$'000
Net gain (loss) on disposal of associates	1,993	(32,629)
Loss on dilution of interest in an associate	(411)	—
	<u>1,582</u>	<u>(32,629)</u>

13. TAXATION

	2002 HK\$'000	2001 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	15	155
Underprovision in prior years	361	175
	<u>376</u>	<u>330</u>
Taxation in other jurisdictions		
Current year	—	—
Overprovision in prior years	—	(39)
	<u>—</u>	<u>(39)</u>
Taxation attributable to the Company and its subsidiaries	<u>376</u>	<u>291</u>
	<u>376</u>	<u>291</u>

13. TAXATION (Continued)

Hong Kong Profits Tax was calculated at 16% (2001: 16%) on the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Details of deferred taxation are set out in note 29.

14. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	2002 HK\$'000	2001 HK\$'000
Earnings (loss) for the purpose of calculating basic and diluted earnings per share:		
Net profit (loss) for the year	<u>13,920</u>	<u>(320,932)</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share (in thousands)	1,046,485	621,384
Effect of dilutive potential ordinary shares (in thousands):		
Share options	<u>15,021</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share (in thousands)	<u>1,061,506</u>	<u>621,384</u>

The weighted average number of shares for the purposes of basic and diluted earnings (loss) per share for the years ended 31st March, 2002 and 2001 has been adjusted for the effect of the Company's rights issue as set out in note 26.

The computation of diluted loss per share for the year ended 31st March, 2001 does not assume the exercise of the share options as their exercise would result in an increase in loss per share.

15. INVESTMENT PROPERTIES

	THE GROUP 2002 <i>HK\$'000</i>
VALUATION	
At 1st April	7,000
Additions	58,500
Increase (decrease) on revaluation	50
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At 31st March	<u>65,550</u>

The Group's investment properties were revalued at its open market value at 31st March, 2002 by Skyland Surveyors Co., an independent firm of professional property valuers, on an open market value basis. This valuation gave rise to a revaluation increase of HK\$50,000 which has been credited to the income statement.

The Group's investment properties are held for rental purpose under operating leases.

The Group's investment property amounting to HK\$58,500,000 (2001: HK\$4,400,000) has been pledged to secure general banking facilities granted to the Group.

The carrying value of the investment properties comprises:

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Properties held under long-term leases in Hong Kong	28,500	—
Properties held under medium-term leases in Hong Kong	34,200	4,400
Properties held under long-term land use rights in the People's of Republic of China ("PRC")	2,850	2,600
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	<u>65,550</u>	<u>7,000</u>

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment	Plant, machinery and moulds	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
THE GROUP				
COST				
At 1st April, 2001	25,559	36,511	6,627	68,697
Acquired on acquisition of subsidiaries	270	—	30	300
Additions	19	5	—	24
Reclassification	252	(252)	—	—
Disposals	(47)	(1,244)	—	(1,291)
Disposal of subsidiaries	(24,357)	(35,020)	(4,413)	(63,790)
At 31st March, 2002	<u>1,696</u>	<u>—</u>	<u>2,244</u>	<u>3,940</u>
DEPRECIATION				
At 1st April, 2001	10,667	22,937	3,065	36,669
Provided for the year	239	70	904	1,213
Reclassification	34	(34)	—	—
Eliminated on disposals	(15)	(316)	—	(331)
Eliminated on disposal of subsidiaries	(10,459)	(22,657)	(2,865)	(35,981)
At 31st March, 2002	<u>466</u>	<u>—</u>	<u>1,104</u>	<u>1,570</u>
NET BOOK VALUES				
At 31st March, 2002	<u>1,230</u>	<u>—</u>	<u>1,140</u>	<u>2,370</u>
At 31st March, 2001	<u>14,892</u>	<u>13,574</u>	<u>3,562</u>	<u>32,028</u>

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY			
COST			
At 1st April, 2001	1,000	248	1,248
Additions	19	5	24
	<hr/>	<hr/>	<hr/>
At 31st March, 2002	1,019	253	1,272
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1st April, 2001	43	8	51
Provided for the year	101	25	126
	<hr/>	<hr/>	<hr/>
At 31st March, 2002	144	33	177
	<hr/>	<hr/>	<hr/>
NET BOOK VALUES			
At 31st March, 2002	<u>875</u>	<u>220</u>	<u>1,095</u>
	<hr/>	<hr/>	<hr/>
At 31st March, 2001	<u>957</u>	<u>240</u>	<u>1,197</u>
	<hr/>	<hr/>	<hr/>

17. PROPERTY HELD FOR DEVELOPMENT

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
At cost, less impairment loss:		
At 1st April	4,000	—
Transferred from investment properties	—	10,730
Impairment losses recognised	—	(6,730)
	<hr/>	<hr/>
At 31st March	<u>4,000</u>	<u>4,000</u>
	<hr/>	<hr/>

The property held for development is situated in the PRC under medium-term land use rights.

18. GOODWILL

	THE GROUP <i>HK\$'000</i>
COST	
Arising on acquisition of subsidiaries during the year	9,146
Impairment loss recognised	(169)
	<hr/>
At 31st March, 2002	8,977
	<hr/>
AMORTISATION	
Provided for the year and at 31st March, 2002	299
	<hr/>
NET BOOK VALUES	
At 31st March, 2002	8,678
	<hr/> <hr/>
At 31st March, 2001	—
	<hr/> <hr/>

During the year ended 31st March, 2002, the directors reviewed the carrying amount of goodwill with reference to the business operated by subsidiaries. These subsidiaries are mainly engaged in securities investment and in view of the current market condition in these subsidiaries, impairment loss of approximately HK\$169,000, being the entire goodwill relating to these subsidiaries, has been identified and recognised in the consolidated income statement.

19. INTEREST IN SUBSIDIARIES

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Investments in subsidiaries		
Unlisted shares, at cost	<u>82,252</u>	<u>82,152</u>
Receivables due from subsidiaries		
Amounts due from subsidiaries	617,208	439,607
Less: Allowance for bad debt	<u>(402,851)</u>	<u>(320,698)</u>
	<u>214,357</u>	<u>118,909</u>
Payables due to subsidiaries		
Amounts due to subsidiaries	<u>22,604</u>	<u>38,901</u>

The amount due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the year ended 31st March, 2002

19. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries at 31st March, 2002 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Ascot Limited	Hong Kong	HK\$2	—	100	Property holding
Bless Top Holdings Limited	British Virgin Islands /Hong Kong	US\$1	100	—	Investment holding
Bowick International Limited	Hong Kong /PRC	HK\$2	—	100	Property holding
Century 21	Hong Kong	HK\$3,880,000	—	82.5	Provision of estate agency services
Consecutive Profits Limited	British Virgin Islands /Hong Kong	US\$10	—	80	Investment holding
Gain Master Assets Limited	British Virgin Islands /Hong Kong	US\$1	—	100	Investment holding
Infast Limited	Hong Kong	HK\$2	—	100	Property holding
Island Town Limited	Hong Kong	HK\$2	—	100	Property holding
Mark Well Investment Limited	Hong Kong	HK\$100	—	100	Sale of securities and investment holding
New Plaza International Limited	Hong Kong	HK\$2	—	100	Property holding
Capital Strategic Investment (B.V.I.) Limited	British Virgin Islands /Hong Kong	US\$40,000	100	—	Investment holding
Ocean Information System (China) Limited	Hong Kong	HK\$2	—	100	Investment holding

19. INTEREST IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Ocean Manufacturing Limited	Hong Kong	HK\$10,000	—	100	Investment holding
Ocean Overseas Limited	British Virgin Islands /Hong Kong	US\$1	100	—	Investment holding
Return On Profits Limited	British Virgin Islands /Hong Kong	US\$1	100	—	Investment holding
Sharpower Limited	Hong Kong	HK\$2	—	100	Property holding
Topsmart Investment Limited	Hong Kong	HK\$100	—	100	Trading of other investment and investment holding
Vincci Assets Limited	British Virgin Islands /Hong Kong	US\$2	—	100	Investment holding

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

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

20. RECEIVABLES DUE FROM ASSOCIATES

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Investments in associates		
Share of net assets	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Receivables due from associates		
Amounts due from associates	—	57,508
Less: Impairment loss recognised	—	(40,341)
	<u>—</u>	<u>17,167</u>
	<u>—</u>	<u>17,167</u>

The amounts due from associates were unsecured, non-interest bearing and had no fixed repayment terms.

During the year, the Group acquired approximately 48% interest in Premium Land and the interest in Premium Land was subsequently diluted to approximately 40% as a result of placement of new shares by Premium Land. The Group subsequently disposed of all the interest in Premium Land and did not hold any interest in Premium Land thereafter.

21. INVESTMENTS IN SECURITIES

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other investments		
Equity securities		
Listed	10,587	25,925
Unlisted	1,221	2,550
	<u>11,808</u>	<u>28,475</u>
Debt securities		
Listed	172,975	—
Unlisted	35,717	—
	<u>208,692</u>	<u>—</u>
Club debenture	1,850	1,288
	<u>1,850</u>	<u>1,288</u>
Total and reported as:		
Listed		
Hong Kong	739	25,923
Elsewhere	182,823	2
Unlisted	38,788	3,838
	<u>222,350</u>	<u>29,763</u>
Classified under		
Current	220,500	28,475
Non-current	1,850	1,288
	<u>222,350</u>	<u>29,763</u>
Market value of listed securities	183,562	25,925
	<u>183,562</u>	<u>25,925</u>

22. INVENTORIES

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Raw materials	—	5,543
Work in progress	—	1,075
Finished goods	—	26,092
	<hr/>	<hr/>
	—	32,710
	<hr/> <hr/>	<hr/> <hr/>

At 31st March, 2001, included above are finished goods of approximately HK\$20,120,000 carried at their net realisable value.

23. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with credit period normally ranging from 30 days to 90 days. The aged analysis of the trade receivables at 31st March, 2002 is as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	981	14,729
31 - 60 days	475	1,059
61 - 90 days	39	9,794
Over 90 days	696	3,523
	<hr/>	<hr/>
	2,191	29,105
Other receivables	1,628	9,756
	<hr/>	<hr/>
	3,819	38,861
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31st March, 2002

24. TRADE AND OTHER PAYABLES

Included in trade and other payable are trade payables with the following aged analysis:

	2002 HK\$'000	2001 HK\$'000
0 - 30 days	893	21,017
31 - 60 days	400	1,621
61 - 90 days	149	2,498
Over 90 days	60	5,999
	<u>1,502</u>	<u>31,135</u>
Other payables	2,670	18,263
	<u>4,172</u>	<u>49,398</u>

25. BANK BORROWINGS

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Bank loans	28,990	17,600
Bank overdraft	630	4
	<u>29,620</u>	<u>17,604</u>
Repayable as follows:		
Within one year	2,190	17,604
Between one to two years	1,560	—
Between two to five years	6,552	—
Over five years	19,318	—
	<u>29,620</u>	17,604
Less: Amount due within one year included under current liabilities	<u>(2,190)</u>	<u>(17,604)</u>
Amount due after one year	<u>27,430</u>	<u>—</u>

Of the bank borrowings of the Group, HK\$28,990,000 (2001: HK\$17,600,000) are secured by investment properties of HK\$58,500,000 (2001: HK\$4,400,000) and bank deposits of HK\$5,000,000 (2001: HK\$8,131,000).

26.SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st April, 2000	500,000,000	50,000
Increase in authorised share capital	1,300,000,000	130,000
	<u>1,800,000,000</u>	<u>180,000</u>
At 31st March, 2001 and 31st March, 2002	<u>1,800,000,000</u>	<u>180,000</u>
Issued and fully paid:		
At 1st April, 2000	327,361,200	32,736
Issue of shares	483,500,000	48,350
	<u>810,861,200</u>	<u>81,086</u>
At 31st March, 2001	810,861,200	81,086
Issue of shares (<i>note a</i>)	31,000,000	3,100
Rights issue of shares (<i>note b</i>)	420,930,600	42,093
Exercise of share options (<i>note c</i>)	21,000,000	2,100
	<u>1,283,791,800</u>	<u>128,379</u>
At 31st March, 2002	<u>1,283,791,800</u>	<u>128,379</u>

During the year ended 31st March, 2002, the movements in the share capital are as follows:

- (a) The Company issued 31,000,000 ordinary shares of HK\$0.10 each at HK\$0.25 per share to satisfy part of consideration for the acquisition of approximately 66% interest in Century 21. These shares were issued under the general mandate granted to the directors on 13th June, 2001 and the issue price of HK\$0.25 per share represented the closing price of the Company's shares on 8th August, 2001.
- (b) Pursuant to a resolution passed at a board of directors' meeting of the Company held on 20th August, 2001, 420,930,600 new shares of HK\$0.10, each were issued by way of rights issue ("Rights Issue"), at an issue price of HK\$0.15 per share, to the shareholders in the proportion of one rights share for every two shares held. The net proceeds of the Rights Issue of approximately HK\$63,309,000 was used on general working capital and for future strategic investment purposes.

26.SHARE CAPITAL (Continued)

- (c) During the year, the Company issued and allotted 21,000,000 shares of HK\$0.10 each in the Company for cash at HK\$0.168 per share as a result of the exercise of share options.

All of the shares issued during the year rank pari passu with the existing shares in issue in all respects.

27.SHARE OPTIONS

At 31st March, 2002, the options to subscribe for shares outstanding under the Company's share option schemes are as follow:

Exercisable period	Exercise price*	Outstanding at 31.3.2002*
17.9.2001 to 16.9.2002	0.2267	33,525,000
11.12.2001 to 30.11.2002	0.2533	7,500,000
30.8.2001 to 12.6.2011	0.168	105,150,000
		<u>146,175,000</u>

- * The number of outstanding share options were adjusted as a result of Rights Issue. The exercise price was also adjusted from their initial exercise price of HK\$0.34, HK\$0.38 and HK\$0.252 to HK\$0.2267, HK\$0.2533 and HK\$0.168 respectively.

Notes to the Financial Statements

For the year ended 31st March, 2002

28. RESERVES

	Share premium HK\$'000	Goodwill on consolidation HK\$'000	Exchange reserve HK\$'000	Accumulated profits (losses) HK\$'000 (As restated)	Total HK\$'000
THE GROUP					
At 1st April, 2000	193,134	1,195	(2,478)	143,982	335,833
Net premium on issue of shares	246,667	—	—	—	246,667
Arising on acquisition of interest in subsidiaries	—	(144,644)	—	—	(144,644)
Realised on disposal of subsidiaries	—	—	2,398	—	2,398
Impairment loss recognised in respect of goodwill (note)	—	144,644	—	—	144,644
Loss for the year	—	—	—	(320,932)	(320,932)
	<u>439,801</u>	<u>1,195</u>	<u>(80)</u>	<u>(176,950)</u>	<u>263,966</u>
At 31st March, 2001	439,801	1,195	(80)	(176,950)	263,966
Net premium on issue of shares	25,022	—	—	—	25,022
Realised on disposal of subsidiaries	—	(1,195)	80	—	(1,115)
Profit for the year	—	—	—	13,920	13,920
	<u>464,823</u>	<u>—</u>	<u>—</u>	<u>(163,030)</u>	<u>301,793</u>
At 31st March, 2002	464,823	—	—	(163,030)	301,793
Attributable to:					
The Company and its subsidiaries	464,823	—	—	(163,030)	301,793
Associates	—	—	—	—	—
	<u>464,823</u>	<u>—</u>	<u>—</u>	<u>(163,030)</u>	<u>301,793</u>
At 31st March, 2002	464,823	—	—	(163,030)	301,793
The Company and its subsidiaries	439,801	1,195	(80)	(166,544)	274,372
Associates	—	—	—	(10,406)	(10,406)
	<u>439,801</u>	<u>1,195</u>	<u>(80)</u>	<u>(176,950)</u>	<u>263,966</u>
At 31st March, 2001	439,801	1,195	(80)	(176,950)	263,966

Note: During the year ended 31st March, 2001, the directors of the Company reviewed the carrying amount of goodwill with reference to the business operated by those subsidiaries. Those subsidiaries are mainly engaged in the provision of e-commerce related services and in view of the current economic condition, full amount of impairment loss of HK\$144,644,000 has been identified and recognised in the consolidated income statement.

Notes to the Financial Statements

For the year ended 31st March, 2002

28. RESERVES (Continued)

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
THE COMPANY				
At 1st April, 2000	193,134	62,352	43,980	299,466
Net premium on issue of shares	246,667	—	—	246,667
Loss for the year	—	—	(281,809)	(281,809)
At 31st March, 2001	439,801	62,352	(237,829)	264,324
Net premium on issue of shares	25,022	—	—	25,022
Loss for the year	—	—	(66,477)	(66,477)
At 31st March, 2002	<u>464,823</u>	<u>62,352</u>	<u>(304,306)</u>	<u>222,869</u>

At 31st March, 2002 and 31st March, 2001, the Company had no reserves available for distribution to shareholders.

29. DEFERRED TAXATION

THE GROUP

At the balance sheet date, the major components of the deferred taxation assets (liabilities) provided and unprovided in the financial statements are as follows:

	Provided		Unprovided	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences attributable to:				
Difference between depreciation allowances claimed for tax purposes and depreciation charged in the financial statements	—	(2,500)	6	(946)
Unutilised tax losses	—	—	1,259	7,160
Other timing differences	—	—	—	(72)
	<u>—</u>	<u>(2,500)</u>	<u>1,265</u>	<u>6,142</u>

The unprovided deferred taxation asset is not recognised because it is uncertain whether the tax benefit will be realised in the foreseeable future.

29.DEFERRED TAXATION (Continued)

The amount of unprovided deferred tax charge (credit) of the Group for the year are as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Tax effect of timing differences attributable to:		
Difference between depreciation allowances claimed for tax purposes and depreciation charged in the financial statements	(338)	143
Tax loss utilised (incurred)	455	(7,160)
Other timing difference	—	72
	<u>117</u>	<u>(6,945)</u>

The Company had no significant unprovided deferred taxation for the year or at the balance sheet date.

30. RECONCILIATION OF PROFIT (LOSS) BEFORE TAXATION TO NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES

	2002 HK\$'000	2001 HK\$'000
Profit (loss) before taxation	13,738	(322,408)
Share of results of associates	9,738	1,019
Dividend income	(193)	(4,724)
Interest income	(7,608)	(6,882)
Interest expenses	423	6,323
Rental income	(286)	(286)
Depreciation of property, plant and equipment	1,213	24,823
Gain on disposal of investments properties	—	(1,100)
Loss (gain) on disposal of property, plant and equipment	560	(1,282)
Net gain on disposal of interests in subsidiaries	(45,860)	(2,061)
Net (gain) loss on disposal/dilution of interests in associates	(1,582)	32,629
Loss on disposal of investments in securities	—	568
Revaluation (increase) decrease of investment properties	(50)	3,200
Amortisation and impairment loss of goodwill arising from acquisition of subsidiaries	468	—
Impairment loss recognised in respect of property held for development	—	6,730
Impairment loss recognised in respect of goodwill	—	144,644
Impairment loss recognised in respect of receivables due from associates	—	49,880
Impairment loss recognised in respect of property held for sale	—	1,351
Impairment loss recognised in respect of inventories	—	2,200
Allowance for bad and doubtful debts	113	1,000
Unrealised loss on investments in securities	5,593	21,030
Increase in investments in securities	(198,268)	—
Decrease in inventories	19,772	51,580
Decrease in trade and other receivables	3,355	168,035
Increase (decrease) in trade and other payables	5,754	(83,963)
Decrease in property held for sale	4,000	—
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	(189,120)	92,306

Notes to the Financial Statements

For the year ended 31st March, 2002

31. DISPOSAL OF SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000
Net assets disposed of:		
Property, plant and equipment	27,809	94,321
Investments in securities	1,288	—
Inventories	12,938	12,998
Trade and other receivables	35,380	19,308
Taxation recoverable	247	343
Bank balances and cash	12,531	6,984
Trade and other payables	(53,611)	(68,554)
Taxation payable	—	(524)
Deferred taxation	(2,500)	(944)
Obligations under finance leases	—	(8,891)
Minority interest	(1,265)	—
	<u>32,817</u>	<u>55,041</u>
Exchange reserve realised	80	2,398
Goodwill previously credited to reserves	(1,195)	—
	<u>31,702</u>	<u>57,439</u>
Gain on disposal of subsidiaries	<u>45,860</u>	<u>2,061</u>
	<u><u>77,562</u></u>	<u><u>59,500</u></u>
Satisfied by:		
Cash	<u>77,562</u>	<u>59,500</u>
Analysis of the net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:		
Cash consideration received	77,562	59,500
Bank balances and cash disposed of	(12,531)	(6,984)
Net inflow of cash and cash equivalents	<u><u>65,031</u></u>	<u><u>52,516</u></u>

Notes to the Financial Statements

For the year ended 31st March, 2002

31. DISPOSAL OF SUBSIDIARIES (Continued)

The subsidiaries disposed of during 2002 did not make any significant contribution to the results of the Group during the year.

The subsidiaries disposed of during 2001 contributed HK\$3,609,000 to the Group's net operating cash outflow, paid HK\$1,650,000 in respect of investing activities and paid HK\$4,509,000 in respect of financing activities.

32. PURCHASE OF SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000
Net assets acquired:		
Property, plant and equipment	300	1,263
Investments in securities	1,200	2,550
Trade and other receivables	3,806	2,600
Taxation recoverable	229	—
Bank balances and cash	174	10
Trade and other payables	(2,631)	(4,343)
Bank overdraft	—	(177)
Minority interests	(662)	—
	<u>2,416</u>	<u>1,903</u>
Goodwill arising on acquisition	9,146	144,644
	<u>11,562</u>	<u>146,547</u>
Satisfied by:		
Issue of shares	7,750	144,000
Cash	3,812	2,547
	<u>11,562</u>	<u>146,547</u>

32. PURCHASE OF SUBSIDIARIES *(Continued)*

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Analysis of the net cash outflow of cash and cash equivalents in connection with the purchase of subsidiaries:		
Cash consideration paid	3,812	2,547
Bank balances and cash acquired	(174)	(10)
Bank overdraft	—	177
	<hr/>	<hr/>
Net cash outflow of cash and cash equivalents in connection with the purchase of subsidiaries	<u>3,638</u>	<u>2,714</u>

The subsidiaries acquired during 2002 contributed approximately HK\$216,000 to the Group's turnover and approximately HK\$684,000 to the Group's loss from operations for the period between the date of acquisition and the balance sheet date.

The subsidiaries acquired during 2001 contributed approximately HK\$9,101,000 to the Group's turnover and approximately HK\$32,236,000 to the Group's loss from operations for the period between the date of acquisition and 31st March, 2001.

Notes to the Financial Statements

For the year ended 31st March, 2002

33. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium <i>HK\$'000</i>	Bank borrowings <i>HK\$'000</i>	Obligations under finance leases <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>
Balance at 31st March, 2000	225,870	8,829	23,603	3,001
Proceeds on issue of new shares	160,750	—	—	—
Expenses of issue of shares	(9,733)	—	—	—
Issue of shares for acquisition of a subsidiary	144,000	—	—	—
New borrowings raised	—	17,600	—	—
Repayments	—	(8,829)	(14,712)	—
Disposal of subsidiaries	—	—	(8,891)	—
Loss attributable to minority shareholders	—	—	—	(1,767)
Contributions from minority shareholders	—	—	—	31
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st March, 2001	520,887	17,600	—	1,265
Proceeds on issue of new shares	66,667	—	—	—
Expenses of issue of shares	(2,102)	—	—	—
Issue of shares for acquisition of a subsidiary	7,750	—	—	—
New borrowings raised	—	29,250	—	—
Repayments	—	(17,860)	—	—
Disposal of subsidiaries	—	—	—	(1,265)
Loss attributable to minority shareholders	—	—	—	(558)
Acquisition of subsidiaries	—	—	—	662
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st March, 2002	<u>593,202</u>	<u>28,990</u>	<u>—</u>	<u>104</u>

For the year ended 31st March, 2002

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31st March, 2002, the major non-cash transactions are as follows:

- (a) Purchase of a subsidiary of HK\$7,750,000 was satisfied by the issue of shares as part of the consideration.

During the year ended 31st March, 2001, the major non-cash transactions are as follows:

- (a) Investments in securities of HK\$6,600,000 was the consideration for disposal of certain investment properties.
- (b) Purchase of a subsidiary of HK\$144,000,000 was satisfied by the issue of shares in the Company.

35. COMMITMENTS

As at 31st March, 2001, the Group entered into a funding agreement to make contributions of approximately HK\$37,800,000 in respect of the property redevelopment project of an associate according to its profit-sharing ratio. The commitments was released following the disposal of the associate during the year.

As at 31st March, 2002, the Group and the Company has no significant commitments.

36. OPERATING LEASE COMMITMENTS

The Group has made approximately HK\$1,607,000 (2001: HK\$16,734,000) minimum lease payments under operating leases during the year in respect of office premises and vessels.

THE GROUP AS LESSEE

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	1,414	8,848
In the second to fifth years inclusive	—	17,186
	<u>1,414</u>	<u>26,034</u>

Lease are negotiated for an average term of two to three years and rentals are fixed for an average of two to three years.

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

THE GROUP AS LESSOR

Property rental income earned during the year was HK\$297,000 (2001: HK\$1,600,000). Certain of the properties have committed tenants for next three to four years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	2,610	—
In the second to fifth years inclusive	3,990	—
	<u>6,600</u>	<u>—</u>

The Company did not have any lease contract.

For the year ended 31st March, 2002

37. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Corporate guarantee given by the Company for banking facilities granted to subsidiaries	—	—	29,625	199,980
Other guarantees issued to associates	41,850	72,250	—	72,250
	<u>41,850</u>	<u>72,250</u>	<u>29,625</u>	<u>272,230</u>

Subsequent to the balance sheet date, all the other guarantees issued to associate were released.

38. PLEDGE OF ASSETS

At 31st March, 2002, the following assets were pledged to secure banking facilities granted to the Group:

- (a) Investment properties with a carrying value of HK\$58,500,000 (2001: HK\$4,400,000).
- (b) Bank deposits of HK\$5,000,000 (2001: HK\$8,131,000).

39. RETIREMENT BENEFIT SCHEME

With effect from 1st December, 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The retirement benefit scheme contributions relating to the MPF Scheme charged to the income statement represent contributions payable to the scheme by the Group at rates specified in the rules of the schemes.

40. RELATED PARTY TRANSACTIONS

During the year, the Group received management fee income of HK\$950,000 and HK\$900,000 from Raffles Town & Country Club Limited and Premium Land (Hong Kong) Limited respectively, both are wholly-owned subsidiaries of a former associate of the Group.

The transactions were carried out at terms determined and agreed between the relevant parties.

41. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to the balance sheet date:

- (a) Inbest Limited, a wholly-owned subsidiary of the Group entered into agreement to subscribe for convertible bond with principal amount of HK\$50,000,000 issued by Ananda Wing On (Travel) Holdings Limited ("Ananda Wing On"), a company listed on the Hong Kong Stock Exchange.
- (b) Prime Modern Limited, a wholly-owned subsidiary of the Group, entered into agreement to subscribe for convertible bond with principal amount of HK\$10,000,000 issued by China City Natural Gas Holdings Limited (formerly known as Hikari Tsushin International Limited), a company listed on the Hong Kong Stock Exchange.
- (c) Multi Tasks Investment Limited, a wholly-owned subsidiary of the Group, entered into agreement to acquire approximately 8.27% interest in unlisted investments at consideration of approximately HK\$5,000,000.
- (d) Topsmart Investment Limited, a wholly-owned subsidiary of the Group, entered into agreement to subscribe convertible bond with principal amount of HK\$4,000,000 issued by 401 Holdings Limited, a company listed on the Hong Kong Stock Exchange.