



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

11 Investments in subsidiaries *(continued)*

Name	Place of incorporation/ establishment	Principal activities and place of operation	Particulars of issued/registered share capital	Percentage of equity interest held	
				2002	2001
<i>Held directly:</i>					
Golden Island (Management) Limited	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK\$1 each	100	100
* Marlborough Gold Limited	The British Virgin Islands	Investment holding in Hong Kong	1 ordinary share of US\$1 each	100	100
* Winning International Investments Limited	Hong Kong	Investment holding in Macau	2 ordinary shares of HK\$1 each	100	—
<i>Held indirectly:</i>					
Golden Island Bird's Nest (Chiu Chau) Restaurant Limited	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK\$100 each	100	100

* These subsidiaries are not audited by PricewaterhouseCoopers

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of 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.

12 Interests in associated companies

	Group		Company	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Share of net assets other than goodwill	—	—	—	—
Amounts due from associated companies (Note (b))	4,481,148	6,349,203	28,850	28,850
Provision for doubtful debts	(4,481,148)	(6,349,203)	(28,850)	(28,850)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

12 Interests in associated companies *(continued)*

(a) The following is the details of the associated companies at 31st March 2002:

Name	Place of incorporation	Particular of issued shares held	Interest held indirectly		Principal activities and place of operation
			2002	2001	
<i>Held indirectly:</i>					
Goldpoint Investment Limited	The British Virgin Islands	51,283 ordinary shares of US\$1 each	50%	50%	Investment holding in Hong Kong
Lok Sun Investments Limited	Hong Kong	1,000,000 ordinary shares of HK\$1 each	–	33%	Deregistered on 15th March 2002

The associated companies are not audited by PricewaterhouseCoopers.

(b) The amounts due from associated companies are unsecured, interest free and have no fixed terms of repayment.

13 Investment in convertible note

	2002 HK\$	Group 2001 HK\$
Unlisted investment, at cost	78,000,000	78,000,000
Less: provision for convertible note	(78,000,000)	(78,000,000)
	<u>–</u>	<u>–</u>

This represents a 4% convertible note (“Note”) of Opal Technologies Inc. for a principal amount of US\$10 million at par. Opal is engaged in the manufacturing, trading and distribution of organic fertilisers and its shares was traded on the NASDAQ Bulletin Board in the United States of America. The Note is unsecured, interest bearing at 4% per annum payable quarterly in arrears and due on 9th April 2003.

Pursuant to the agreement, the Note is convertible, in whole or in part, into fully paid shares of common stock of Opal (par value US\$0.001) at US\$0.20 per share (subject to adjustment) after 10th October 2000.

Trading of Opal on NASDAQ Bulletin Board has been suspended since 23rd May 2001 due to its failure to file audited accounts for the year ended 31st December 2000 with the Securities and Exchange Commission of the United States of America. The directors has made an assessment on the recoverability of the Note. A full provision on the Note has been made in prior year.

Legal action has been taken by the Group against Opal during the year. The court adjudged that Opal to pay the Group a sum of US\$10,300,000 representing the principal and interest accrued on the Note up to 7th January 2002. As at the date of approval of these accounts, Opal has made no payment since the court judgement.



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

14 Inventories

At 31st March 2002, the carrying amount of inventories that are carried at net realisable value amounted to HK\$233,844 (2001: HK\$1,493,324).

15 Accounts receivable, deposits and prepayments

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Trade receivables	744,897	953,568	–	–
Deposits, prepayments and other receivable	1,612,777	4,291,468	31,809	744,112
	<u>2,357,674</u>	<u>5,245,036</u>	<u>31,809</u>	<u>744,112</u>

The Group's general credit terms granted to customers range from 30 to 60 days.

At 31st March 2002, the ageing analysis of the trade receivables was as follows:

	Group	
	2002	2001
	HK\$	HK\$
Current	502,987	702,542
30-60 days	241,910	170,410
60-90 days	–	80,616
	<u>744,897</u>	<u>953,568</u>

16 Accounts payable and accrued charges

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Trade payables	2,080,713	2,584,621	–	–
Other payable and accruals	4,398,613	5,199,945	543,374	481,084
Deposits received	1,554,000	479,170	954,000	–
	<u>8,033,326</u>	<u>8,263,736</u>	<u>1,497,374</u>	<u>481,084</u>



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

16 Accounts payable and accrued charges *(continued)*

At 31st March 2002, the ageing analysis of the trade payables was as follows:

	2002 <i>HK\$</i>	Group 2001 <i>HK\$</i>
Current	1,440,992	1,501,270
30-60 days	513,029	956,660
Over 90 days	126,692	126,691
	<u>2,080,713</u>	<u>2,584,621</u>

17 Provision

	2002 <i>HK\$</i>	Group 2001 <i>HK\$</i>
At the beginning of the year	6,153,194	13,081,233
Movement for the year	(206,830)	3,528,617
Utilisation of provision	(221,863)	(10,456,656)
At the end of the year	<u>5,724,501</u>	<u>6,153,194</u>

The Group has provided long service payments for employees who had completed the required number of years of service under Hong Kong's Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment. Annual provisions are calculated based on the formula set out in the Ordinance and charged to the profit and loss accounts.

18 Share capital

	Ordinary shares of HK\$0.05 each No. of shares	HK\$
Authorised: At 1st April 2001 and 31st March 2002	<u>2,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid: At 1st April 2001	1,094,000,000	54,700,000
Issue of shares	1,884,000	94,200
At 31st March 2002	<u>1,095,884,000</u>	<u>54,794,200</u>

On 5th December 2001, 1,884,000 ordinary shares of HK\$0.05 each were issued at a price of HK\$0.26 per share upon exercise of share options. These shares rank *pari passu* with the existing shares.

At 31st March 2002 there were 38,456,000 options outstanding. Details of options are set out in Directors' Report, under Share Options.



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

19 Reserves

	Group						Total HK\$
	Share premium HK\$	Contribution surplus HK\$	Investment properties revaluation reserve HK\$	Other properties revaluation reserve HK\$	Exchange difference HK\$	Accumulated losses HK\$	
At 1st April 2000	292,970,216	28,784,000	1,413,120	103,863,640	529,522	(237,041,760)	190,518,738
Transfers	–	–	37,312,617	(37,312,617)	–	–	–
Net (deficit)/surplus on revaluation	–	–	(5,654,000)	3,463,400	–	–	(2,190,600)
Reserve realised upon disposal	–	–	–	(1,227,180)	–	–	(1,227,180)
Loss for the year	–	–	–	–	–	(83,248,608)	(83,248,608)
At 31st March 2001	<u>292,970,216</u>	<u>28,784,000</u>	<u>33,071,737</u>	<u>68,787,243</u>	<u>529,522</u>	<u>(320,290,368)</u>	<u>103,852,350</u>
At 1st April 2001	292,970,216	28,784,000	33,071,737	68,787,243	529,522	(320,290,368)	103,852,350
Premium on issue of shares	395,640	–	–	–	–	–	395,640
Transfers	–	–	9,271,436	(9,271,436)	–	–	–
Deficit on revaluation	–	–	(14,000,000)	(2,350,000)	–	–	(16,350,000)
Reserve realised upon disposal	–	–	186,880	–	–	–	186,880
Loss for the year	–	–	–	–	–	(3,198,029)	(3,198,029)
At 31st March 2002	<u>293,365,856</u>	<u>28,784,000</u>	<u>28,530,053</u>	<u>57,165,807</u>	<u>529,522</u>	<u>(323,488,397)</u>	<u>84,886,841</u>

	Company					Total HK\$
	Share premium HK\$	Contribution surplus HK\$	Investment properties revaluation reserve HK\$	Other properties revaluation reserve HK\$	Accumulated losses HK\$	
At 1st April 2000	292,970,216	28,784,000	–	8,145,036	(161,094,964)	168,804,288
Surplus on revaluation	–	–	–	1,126,400	–	1,126,400
Loss for the year	–	–	–	–	(77,027,716)	(77,027,716)
At 31st March 2001	<u>292,970,216</u>	<u>28,784,000</u>	<u>–</u>	<u>9,271,436</u>	<u>(238,122,680)</u>	<u>92,902,972</u>
At 1st April 2001	292,970,216	28,784,000	–	9,271,436	(238,122,680)	92,902,972
Premium on issue of shares	395,640	–	–	–	–	395,640
Transfers	–	–	9,271,436	(9,271,436)	–	–
Deficit on revaluation	–	–	(1,000,000)	–	–	(1,000,000)
Loss for the year	–	–	–	–	(15,310,641)	(15,310,641)
At 31st March 2002	<u>293,365,856</u>	<u>28,784,000</u>	<u>8,271,436</u>	<u>–</u>	<u>(253,433,321)</u>	<u>76,987,971</u>

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date of which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders provided that the Company is able to meet its obligations after the distribution and the realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

20 Notes to the consolidated cash flow statement

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

	2002 <i>HK\$</i>	2001 <i>HK\$</i>
Operating loss	(1,710,448)	(3,504,262)
Provision for doubtful debts	–	91,442
Interest income	(163,094)	(3,749,190)
Deficit on revaluation of other properties	173,600	–
Loss on disposal of investment properties and other fixed assets	239,748	822,052
Fixed assets written off	568,381	653,226
Depreciation	1,872,223	4,451,557
Decrease in inventories	1,581,502	929,443
Decrease in accounts receivable, deposits and prepayments	2,887,362	1,127,647
Decrease in accounts payable and accrued charges	(659,103)	(19,435,476)
Net cash inflow/(outflow) from operating activities	<u>4,790,171</u>	<u>(18,613,561)</u>

(b) Analysis of changes in financing during the year

	Share capital including premium		Bank loans	
	2002 <i>HK\$</i>	2001 <i>HK\$</i>	2002 <i>HK\$</i>	2001 <i>HK\$</i>
At 1st April	347,670,216	347,670,216	17,722,500	29,418,600
Issue of shares upon exercise of options	489,840	–	–	–
Cash outflow from financing	–	–	(17,722,500)	(11,696,100)
At 31st March	<u>348,160,056</u>	<u>347,670,216</u>	<u>–</u>	<u>17,722,500</u>

21 Commitments

(a) Capital commitments

At 31st March 2002, the Group had the following capital commitments contracted but not provided for in respect of:

	2002 <i>HK\$</i>	Group 2001 <i>HK\$</i>
Renovation cost	<u>–</u>	<u>87,950</u>



Notes to the Accounts *(continued)*

For the year ended 31st March 2002

20 Notes to the consolidated cash flow statement *(continued)*

(b) Commitments under operating leases

At 31st March 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2002 <i>HK\$</i>	Group As restated 2001 <i>HK\$</i>
Not later than one year	140,000	2,532,662
Later than one year and not later than five years	280,000	2,479,200
	<u>420,000</u>	<u>5,011,862</u>

(c) Operating lease rental receivables

At 31st March 2002, the Group's future aggregate minimum rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	2002 <i>HK\$</i>	Group 2001 <i>HK\$</i>
Not later than one year	4,455,000	850,000
Later than one year and not later than five years	16,256,000	–
Later than five years	1,242,000	–
	<u>21,953,000</u>	<u>850,000</u>

22 Ultimate holding company

The directors regard World Possession Assets Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

23 Approval of accounts

The accounts were approved by the board of directors on 16th July, 2002.