

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

1. GENERAL

The Company is a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The principal activities of its subsidiaries and associates are set out in notes 13 and 14 respectively.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the following revised or new Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants:

SSAP 14 (Revised)	Leases
SSAP 26	Segment reporting

In accordance with SSAP 14 (Revised), disclosures for the Group’s finance lease and operating lease commitments have been modified so as to meet the requirements of this SSAP. Comparative figures have been restated in order to achieve a consistent presentation.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

The results of subsidiaries and associates 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its 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 losses are recognised as an expense 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.

Investments in subsidiaries

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

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates less any identified impairment loss.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

Revenue recognition

Hotel and other service income are recognised, in the period in which such services are rendered.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Sales of investments are recognised when the buyer takes legal title to the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Dividend income from investments is recognised when the Group's right to receive payment is established.

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

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 year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Property, plant and equipment

Property, plant and equipment other than hotel property are stated at cost less depreciation and any accumulated impairment losses.

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

Leasehold land	Over the term of lease
Buildings and building improvements	Over the shorter of the term of the leases, or 50 years
Furniture, fixtures and equipment	10% to 33.3%
Motor vehicles and others	10% to 33.3%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Hotel property comprises interests in land and buildings and its integral fixed plant which are collectively used in the operation of a hotel and are stated at their open market values on the basis of ongoing periodic professional valuations. Any revaluation increase arising on revaluation of hotel property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case, the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of hotel property is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that hotel property. On subsequent sale or retirement of a revalued hotel property, the attributable revaluation surplus is transferred to retained profits.

It is the Group's policy to maintain the hotel property in such condition that its residual value is not currently diminished by the passage of time and that any element of depreciation is insignificant. Therefore, no depreciation charge is recognised in respect of its hotel property. The related maintenance and repairs expenditure is charged to the income statement in the year in which it is incurred.

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

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 their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment property 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries which are denominated in currencies other than Hong Kong dollar are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

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. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five operating divisions - hotel operation, property rental, securities trading, loan financing and investment holding. Others include assets holding company and inactive companies. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2002

	Hotel operation HK\$	Property rental HK\$	Securities trading HK\$	Loan financing HK\$	Investment holding HK\$	Others HK\$	Consolidated HK\$
Turnover	10,792,289	7,631,131	1,216,688	3,491,991	556,789	-	23,688,888
Other revenue	-	-	-	79,530	-	-	79,530
Total revenue	<u>10,792,289</u>	<u>7,631,131</u>	<u>1,216,688</u>	<u>3,571,521</u>	<u>556,789</u>	<u>-</u>	<u>23,768,418</u>
Segment result	<u>(1,277,345)</u>	<u>(5,616,907)</u>	<u>(148,541)</u>	<u>2,154,390</u>	<u>(13,695,399)</u>	<u>(2,350,072)</u>	<u>(20,933,874)</u>
Finance costs							(4,910,179)
Share of results of associates	-	-	-	2,022,435	(2,979,713)	-	(957,278)
Loss before taxation							(26,801,331)
Taxation							-
Loss before minority interests							(26,801,331)
Minority interests							1,457,134
Loss for the year							<u>(25,344,197)</u>
BALANCE SHEET							
ASSETS							
Segment assets	42,244,664	40,718,749	1,959,117	995,414	361,749,715	37,148,860	484,816,519
Investment in associates	-	-	-	168,899,469	185,748,376	-	354,647,845
Consolidated total assets							<u>839,464,364</u>
LIABILITIES							
Segment liabilities	1,290,748	8,874,540	11,882	56,583	841,798	50,557,594	61,633,145
Borrowings							192,778,058
Consolidated total liabilities							<u>254,411,203</u>
OTHER INFORMATION							
Capital additions	2,571,183	1,523,769	-	-	607,432	-	4,702,384
Depreciation	80,000	3,991,078	-	-	173,774	1,460,346	5,705,198
Provision for recoverability of deposit paid	-	-	-	-	3,500,000	-	3,500,000
Revaluation decrease on investment properties	-	460,000	-	-	-	-	460,000
Revaluation decrease on hotel property	2,571,183	-	-	-	-	-	2,571,183
Unrealised loss on investments in securities	-	-	67,600	-	-	-	67,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2001

	Hotel operation HK\$	Property rental HK\$	Securities trading HK\$	Loan financing HK\$	Investment holding HK\$	Others HK\$	Consolidated HK\$
Turnover	9,637,584	9,761,790	2,697,888	5,272,247	324,646	9,135	27,703,290
Segment result	1,770,137	(4,984,609)	(2,172,271)	3,894,281	(8,283,223)	(2,196,569)	(11,972,254)
Finance costs							(3,998,746)
Share of results of associates	-	-	-	(16,703)	(3,383,910)	-	(3,400,613)
Loss before taxation							(19,371,613)
Taxation							-
Loss before minority interests							(19,371,613)
Minority interests							1,030,769
Loss for the year							18,340,844
BALANCE SHEET							
ASSETS							
Segment assets	42,002,951	43,467,791	2,410,797	995,765	240,330,122	42,200,265	371,407,691
Investment in associates	-	-	-	166,531,266	187,261,632	-	353,792,898
Consolidated total assets							725,200,589
LIABILITIES							
Segment liabilities	954,630	8,828,646	55,738	10,002	744,453	50,519,280	61,112,749
Borrowings							53,832,925
Consolidated total liabilities							114,945,674
OTHER INFORMATION							
Capital additions	1,580,330	576,641	-	-	1,480	-	2,158,451
Depreciation	80,000	4,008,254	-	-	210,902	1,533,656	5,832,812
Revaluation decrease on investment properties	-	1,000,000	-	-	-	-	1,000,000
Revaluation decrease on hotel property	157,781	-	-	-	-	-	157,781
Unrealised loss on investments in securities	-	-	980,200	-	-	-	980,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market		Contribution to loss from operations	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Hong Kong	16,057,757	17,941,500	(15,867,120)	(8,077,728)
PRC	<u>7,631,131</u>	<u>9,761,790</u>	<u>(5,066,754)</u>	<u>(3,894,526)</u>
	<u>23,688,888</u>	<u>27,703,290</u>	<u>(20,933,874)</u>	<u>(11,972,254)</u>

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

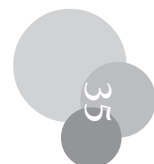
	Carrying amount of segment assets		Additions to property, plant and equipment	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Hong Kong	803,049,786	686,485,713	3,178,615	1,581,809
PRC	<u>36,414,578</u>	<u>38,714,876</u>	<u>1,523,769</u>	<u>576,642</u>
	<u>839,464,364</u>	<u>725,200,589</u>	<u>4,702,384</u>	<u>2,158,451</u>

NOTES TO THE FINANCIAL STATEMENTS

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5. LOSS FROM OPERATIONS

	2002	2001
	HK\$	HK\$
Loss from operations has been arrived at after charging:		
Allowance for doubtful debts	88,850	119,279
Auditors' remuneration		
Current year	484,505	422,850
Underprovision in prior years	55,000	180,000
Depreciation		
Buildings and building improvements	4,636,100	4,740,043
Furniture, fixtures, equipment, motor vehicles and others		
Owned assets	979,149	1,050,320
Leased assets	89,949	42,449
	5,705,198	5,832,812
Exchange loss	–	13,844
Loss on disposal of property, plant and equipment	202,767	11,057
Operating lease rentals on land and buildings	4,452,628	4,209,289
Staff costs including directors' remuneration		
Salaries and other benefits	11,263,413	10,681,780
Provident fund contributions	174,167	95,302
	11,437,580	10,777,082
Unrealised loss on investments in securities	67,600	980,200
and after crediting:		
Gross rents from service apartments	7,631,131	9,761,790
Less: Outgoings	(8,385,448)	(8,971,574)
	(754,317)	790,216
Dividend income from listed investments	67,739	77,156



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

6. FINANCE COSTS

	2002 HK\$	2001 HK\$
Interest on borrowings wholly repayable within five years:		
Bank loans and overdrafts	4,407,264	3,139,300
Obligations under finance leases	41,770	25,011
Interest on mortgage loans not wholly repayable within five years	<u>461,145</u>	<u>834,435</u>
	<u>4,910,179</u>	<u>3,998,746</u>

7. DIRECTORS' EMOLUMENTS

	2002 HK\$	2001 HK\$
Fees:		
Executive directors	50,000	50,000
Non-executive directors	80,000	80,000
Independent non-executive directors	20,000	20,000
Other emoluments, salaries, provident fund contributions and other benefits:		
Executive directors	2,914,321	2,259,476
Non-executive directors	<u>764,197</u>	<u>724,984</u>
Total emoluments	<u>3,828,518</u>	<u>3,134,460</u>

The emoluments of the directors are within the following bands:

	Number of directors	
	2002	2001
Nil to HK\$1,000,000	13	13
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,500,001 to HK\$3,000,000	<u>1</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

8. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2001: three) are directors of the Company whose emoluments are disclosed in note 7. The emoluments of the remaining two (2001: two) employees are as follows:

	2002 HK\$	2001 HK\$
Salaries and other emoluments	<u>608,560</u>	<u>790,333</u>

9. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries incurred tax losses for the year.

Details of the unprovided deferred taxation for the current year are set out in note 30.

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$25,344,197 (2001: HK\$18,340,844) and on the 488,842,675 (2001: 488,842,675) shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share has been presented because the exercise prices of the outstanding share options of the Company were greater than the average market price of shares for each of the two years ended 31 March, 2001 and 2002.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

11. INVESTMENT PROPERTIES

	THE GROUP
	HK\$
VALUATION	
At 1st April, 2001	4,720,000
Revaluation decrease	<u>(460,000)</u>
At 31st March, 2002	<u>4,260,000</u>

The investment properties of the Group are located in Hong Kong and held under medium-term lease.

All investment properties of the Group were revalued at 31st March, 2002 by AA Property Services Limited, an independent firm of professional valuers, on an open market value basis. The revaluation decrease amounting to HK\$460,000 has been charged to the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

12. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and building improvements in Hong Kong HK\$	Leasehold land and buildings in PRC HK\$	Hotel property in Hong Kong HK\$	Furniture, fixtures, equipment, motor vehicles and others HK\$	Total HK\$
THE GROUP					
COST OR VALUATION					
At 1st April, 2001	68,783,540	77,489,866	40,338,778	11,029,373	197,641,557
Exchange adjustments	-	294,765	-	62,557	357,322
Additions	-	1,411,549	2,571,183	719,652	4,702,384
Disposals	-	-	-	(1,181,350)	(1,181,350)
Revaluation decrease	-	-	(2,571,183)	-	(2,571,183)
	<u>68,783,540</u>	<u>79,196,180</u>	<u>40,338,778</u>	<u>10,630,232</u>	<u>198,948,730</u>
At 31st March, 2002	<u>68,783,540</u>	<u>79,196,180</u>	<u>40,338,778</u>	<u>10,630,232</u>	<u>198,948,730</u>
Comprising:					
At cost	68,783,540	79,196,180	-	10,630,232	158,609,952
At valuation 2002	-	-	40,338,778	-	40,338,778
	<u>68,783,540</u>	<u>79,196,180</u>	<u>40,338,778</u>	<u>10,630,232</u>	<u>198,948,730</u>
DEPRECIATION					
At 1st April, 2001	8,930,404	12,720,936	-	4,187,343	25,838,683
Exchange adjustments	-	54,196	-	19,832	74,028
Charge for the year	1,424,674	3,211,426	-	1,069,098	5,705,198
Eliminated on disposals	-	-	-	(850,583)	(850,583)
	<u>10,355,078</u>	<u>15,986,558</u>	<u>-</u>	<u>4,425,690</u>	<u>30,767,326</u>
At 31st March, 2002	<u>10,355,078</u>	<u>15,986,558</u>	<u>-</u>	<u>4,425,690</u>	<u>30,767,326</u>
NET BOOK VALUES					
At 31st March, 2002	<u>58,428,462</u>	<u>63,209,622</u>	<u>40,338,778</u>	<u>6,204,542</u>	<u>168,181,404</u>
At 31st March, 2001	<u>59,853,136</u>	<u>64,768,930</u>	<u>40,338,778</u>	<u>6,842,030</u>	<u>171,802,874</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

12. PROPERTY, PLANT AND EQUIPMENT (continued)

All the properties located in PRC and Hong Kong are held under medium-term lease.

A major portion of the leasehold land and buildings in Hong Kong is registered in the name of a company controlled by Mr. Deacon Te-ken Chiu and his family (“The Chiu Family”) as trustee for the Group.

Certain assets included under “Furniture, fixtures, equipment, motor vehicles and others” are registered in the name of a third party as trustee for the Group.

Hotel property in Hong Kong was valued at 31st March, 2002 as an ongoing hotel operation by capitalisation of net operating profits and business goodwill on an open market value basis by A A Property Services Limited, an independent firm of professional valuers. The revaluation decrease amounting to HK\$2,571,183 has been charged to consolidated income statement.

If the hotel property had not been revalued, it would have been included in these financial statements at historical cost of HK\$45,025,021 (2001: HK\$42,453,838).



	Furniture, fixtures, equipment, motor vehicles and others HK\$
THE COMPANY	
COST	
At 1st April, 2001	2,729,241
Additions	607,432
Disposals	<u>(1,181,350)</u>
At 31st March, 2002	<u>2,155,323</u>
DEPRECIATION	
At 1st April, 2001	1,768,692
Charge for the year	173,774
Eliminated on disposals	<u>(850,583)</u>
At 31st March, 2002	<u>1,091,883</u>
NET BOOK VALUES	
At 31st March, 2002	<u>1,063,440</u>
At 31st March, 2001	<u>960,549</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of the Group's and the Company's furniture, fixtures, equipment, motor vehicles and others includes an amount of HK\$858,558 (2001: HK\$378,507) in respect of assets held under finance leases.

13. INTERESTS IN SUBSIDIARIES

	2002 HK\$	2001 HK\$
Unlisted shares, at cost	89,209,236	89,209,236
Amounts due from subsidiaries	372,692,420	366,911,784
Less: Impairment loss recognised	<u>(45,919,494)</u>	<u>(45,919,494)</u>
	<u>415,982,162</u>	<u>410,201,526</u>

The amounts due from subsidiaries are unsecured and in the opinion of director, the amount will not be demanded for repayment within the next twelve months. Accordingly, the amount is classified as non-current asset. The amounts bear interest at the following rates per annum:

	2002 HK\$	2001 HK\$
Hong Kong Prime Rate minus 4%	44,871,743	36,218,813
Hong Kong Prime Rate minus 1%	127,788,800	121,734,604
Hong Kong Prime Rate plus 1%	520,275	–
7%	8,366,188	–
9%	–	8,373,050
Non-interest bearing	<u>191,145,414</u>	<u>200,585,317</u>
	<u>372,692,420</u>	<u>366,911,784</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

13. INTERESTS IN SUBSIDIARIES (continued)

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

Name of subsidiary	Issued ordinary share capital		Effective percentage of issued ordinary share capital		Principal activities
	Number of shares	Par value per share	Directly held	Indirectly held	
Alabama Investment Company Limited	900	HK\$10	97.8	–	Hotel operation
Cankon Properties Limited	2	HK\$1	100	–	Property investment
Far East Communication Technology Limited	2	HK\$1	100	–	Inactive
Faubert Investment Limited	2	HK\$1	100	–	Property investment
Garmelo Secretarial Limited	2	HK\$1	100	–	Provision of company secretarial services to group companies
Happiways Construction Limited	2	HK\$10	100	–	Inactive
Lai Chi Kok Amusement Park Company, Limited	2,520,000	HK\$10	100	–	Property holding
Long Challenge Limited	10,000	HK\$1	100	–	Investment holding and property investment
Neochem Development Limited	100	HK\$1	100	–	Inactive
Rex Entertainment Limited	1,000	HK\$100	100	–	Property holding
Ricci Hall Investment Limited	1	US\$1	100	–	Inactive

NOTES TO THE FINANCIAL STATEMENTS

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13. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Issued ordinary share capital		Effective percentage of issued ordinary share capital		Principal activities
	Number of shares	Par value per share	Directly held	Indirectly held	
Sintex Holdings Limited	1	US\$1	100	–	Investment holding
Chartersend Limited	2	HK\$1	–	100	Property investment
Jones Town Limited	2	HK\$1	–	100	Property investment
Oneyon Limited	2	HK\$1	–	100	Investment holding
Timing Mark Development Limited	2	HK\$1	–	100	Inactive
Yuk Sue Investment Limited	2	HK\$1	–	100	Securities trading and investment
Tradeland Investments Limited	250,000	HK\$1	–	75	Investment holding
Beijing Hai Lian Property Management Co., Ltd	–	RMB25,115,180#	–	67.5	Property investment and service apartments operation

Registered capital

All these subsidiaries are incorporated and operate in Hong Kong except Ricci Hall Investment Limited and Sintex Holdings Limited which are incorporated in the British Virgin Islands and operate in Hong Kong whereas Beijing Hai Lian Property Management Co., Ltd is registered and operates in PRC.

None of the subsidiaries had any debt securities outstanding at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

14. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Unlisted shares, at cost	–	–	212,578,509	212,578,509
Share of net assets	187,680,004	187,170,824	–	–
Less: Impairment loss recognised	–	–	(27,109,224)	(27,109,224)
Elimination of interest charged by Group	<u>(30,099,268)</u>	<u>(20,696,126)</u>	<u>–</u>	<u>–</u>
	157,580,736	166,474,698	185,469,285	185,469,285
Loan to an associate	<u>197,067,109</u>	<u>187,318,200</u>	<u>–</u>	<u>–</u>
	<u>354,647,845</u>	<u>353,792,898</u>	<u>185,469,285</u>	<u>185,469,285</u>

The loan to an associate is unsecured, bears interest at Hong Kong Prime Rate and will not be demanded for repayment within the next twelve months. Accordingly, the amount is classified as non – current asset.

Particulars regarding the associates at 31st March, 2002 are as follows:

Name of associate	Effective percentage of issued share capital held by the Group		Place of incorporation/ operation	Principal activities
	Non-cumulative 5% preference shares	Ordinary shares		
Bolan Holdings N.V.	45	45	Netherlands Antilles/ Australia	Investment holding, operation of hotel and amusement park
Central More Limited	–	50	Hong Kong	Property development
Star River Investment Limited	–	50	Hong Kong	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

14. INTERESTS IN ASSOCIATES (continued)

In order to avoid unreasonable delay in the production of the Group's consolidated financial statements, the financial statements of all the associates which are prepared to 31st December are used.

The following details have been extracted from the audited financial statements of the Group's principal associates.

	2001 HK\$	2000 HK\$
Operating results:		
Turnover	<u>8,415,404</u>	<u>8,665,792</u>
Loss from ordinary activities before taxation	<u>2,576,713</u>	<u>7,541,951</u>
Loss from ordinary activities before taxation attributable to the Group	<u>957,278</u>	<u>3,394,988</u>
Financial position:		
Non-current assets	678,262,793	499,819,843
Current assets	2,254,755,265	1,292,728,276
Current liabilities	(2,434,006,581)	(1,119,321,470)
Non-current liabilities	<u>(57,418,951)</u>	<u>(232,316,206)</u>
Net assets	<u>441,592,526</u>	<u>440,910,443</u>
Net assets attributable to the Group	<u>187,702,272</u>	<u>175,983,338</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

15. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
THE GROUP						
Equity securities:						
Listed – Hong Kong	-	-	1,949,240	2,404,739	1,949,240	2,404,739
Unlisted – Hong Kong	-	-	1,030,524	-	1,030,524	-
Unlisted – overseas	180,411,545	180,411,545	-	-	180,411,545	180,411,545
	<u>180,411,545</u>	<u>180,411,545</u>	<u>2,979,764</u>	<u>2,404,739</u>	<u>183,391,309</u>	<u>182,816,284</u>
Market values						
of listed securities	-	-	1,949,240	2,404,739	1,949,240	2,404,739
	<u>-</u>	<u>-</u>	<u>1,949,240</u>	<u>2,404,739</u>	<u>1,949,240</u>	<u>2,404,739</u>
Carrying amount analysed for reporting purposes as:						
Current	-	-	1,357,364	714,739	1,357,364	714,739
Non – current	180,411,545	180,411,545	1,622,400	1,690,000	182,033,945	182,101,545
	<u>180,411,545</u>	<u>180,411,545</u>	<u>2,979,764</u>	<u>2,404,739</u>	<u>183,391,309</u>	<u>182,816,284</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

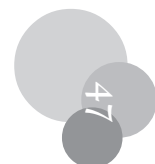
15. INVESTMENTS IN SECURITIES (continued)

	Investment securities		Other investments		Total	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
THE COMPANY						
Non-current equity securities:						
Unlisted – overseas	157,026,351	157,026,351	-	-	157,026,351	157,026,351
Current equity securities:						
Unlisted – Hong Kong	-	-	1,030,524	-	1,030,524	-

Particulars regarding the non-current investments in securities are as follows:

Name of company	Effective percentage of issued ordinary share capital held by the Group	Place of incorporation	Principal activities
Warwick Holdings S.A.	16.09	Luxemburg	Investment holding, hotel investment and operation
Far East Consortium International Limited	0.35	Cayman Islands (Listed in Hong Kong)	Investment holding and property investment

The Group's interest in a former overseas associate, Warwick Holdings S.A., was reclassified as investments securities, held for long-term purposes in early January 1988 after the Group disposed part of its interest therein and the Group was no longer in a position to exercise significant influence over the investee. The investment is stated at its carrying value at the date of reclassification, which comprises its cost of acquisition plus the Group's share of its post-acquisition profits accounted for using the equity method up to that date, as reduced by any impairment loss.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

15. INVESTMENTS IN SECURITIES (continued)

The Chiu Family together with the related trusts are controlling shareholders of Warwick Holdings S.A. and Far East Consortium International Limited.

16. DEPOSIT FOR ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

During the year, the directors have assessed the recoverability of the deposit for acquisition of additional interests in a subsidiary. As the directors consider it will not be completed in the near future, an allowance of HK\$3,500,000 has been provided.

17. INVENTORIES

	THE GROUP	
	2002 HK\$	2001 HK\$
Food and beverage and other consumable stocks	<u>467,856</u>	<u>480,154</u>

18. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group generally allows an average credit period of not more than 30 days to its customers.

The following is an aged analysis of trade debtors at the balance sheet date:

	THE GROUP	
	2002 HK\$	2001 HK\$
0 – 30 days	253,774	209,683
31 – 60 days	103,553	141,073
Over 60 days	<u>156,317</u>	<u>241,737</u>
	513,644	592,493
Other deposits and prepayments	<u>2,969,650</u>	<u>3,063,692</u>
	<u>3,483,294</u>	<u>3,656,185</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

19. CREDITORS, ACCRUALS AND OTHER PAYABLES

The following is an aged analysis of trade creditors at the balance sheet date:

	THE GROUP	
	2002	2001
	HK\$	HK\$
0 – 30 days	365,111	334,482
31 – 60 days	601,460	500,924
Over 60 days	1,364,244	1,284,860
	<hr/>	<hr/>
	2,330,815	2,120,266
Accruals and other payables	4,062,596	3,273,521
	<hr/>	<hr/>
	6,393,411	5,393,787
	<hr/>	<hr/>

20. AMOUNT DUE TO AN ASSOCIATE

Amount due to an associate was unsecured, non-interest bearing and has been fully repaid in April 2002.

21. AMOUNTS DUE TO DIRECTORS

Amounts due to directors of the Group and the Company are unsecured, non-interest bearing and have no fixed repayment terms.

22. AMOUNT DUE TO A MINORITY SHAREHOLDER

Amount due to a minority shareholder is unsecured, non-interest bearing and has no fixed repayment term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

23. SECURED BANK LOANS

	THE GROUP		THE COMPANY	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
The secured bank loans are repayable as follows:				
Within 1 year	58,481,128	584,066	57,602,743	–
More than 1 year but not exceeding 2 years	73,440,040	622,608	72,534,887	–
More than 2 years but not exceeding 5 years	56,285,203	41,566,506	53,398,516	40,000,000
Over 5 years	4,059,512	6,695,673	–	–
	<u>192,265,883</u>	<u>49,468,853</u>	<u>183,536,146</u>	<u>40,000,000</u>
Less: Amount due within one year shown under current liabilities	(58,481,128)	(584,066)	(57,602,743)	–
	<u>133,784,755</u>	<u>48,884,787</u>	<u>125,933,403</u>	<u>40,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

24. OBLIGATIONS UNDER FINANCE LEASES THE GROUP AND THE COMPANY

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Amounts payable under finance leases:				
Within one year	225,040	112,463	197,460	95,456
In the second to fifth year inclusive	365,792	178,068	314,715	167,508
	<u>590,832</u>	<u>290,531</u>	<u>512,175</u>	<u>262,964</u>
Less: Future finance charges	78,657	27,567		
	<u>512,175</u>	<u>262,964</u>		
Present value of lease obligations				
Less: Amount due within one year shown under current liabilities			197,460	95,456
			<u>314,715</u>	<u>167,508</u>

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 4 to 5 years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

25. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured and non-interest bearing. The amounts will not be demanded for repayment within the next twelve months. Accordingly, the amounts are classified as non-current liabilities.

26. SHARE CAPITAL

	Authorised 2002 & 2001 HK\$	Issued and fully paid 2002 & 2001 HK\$
Ordinary shares of HK\$1 each	<u>750,000,000</u>	<u>488,842,675</u>

There was no movement in share capital of the Company for each of the two years ended 31st March, 2002.

27. RESERVES

	Share premium HK\$	Capital reserve HK\$	Capital redemption reserve HK\$	Deficit HK\$	Total HK\$
THE GROUP					
At 1st April, 2000	92,805,386	21,223,231	28,990,000	(9,355,257)	133,663,360
Net loss for the year	-	-	-	(18,340,844)	(18,340,844)
Share of exchange adjustments of an associate	-	-	-	3,171,818	3,171,818
Exchange adjustments	-	-	-	4,239	4,239
	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(9,355,257)</u>	<u>133,663,360</u>
At 31st March, 2001	92,805,386	21,223,231	28,990,000	(24,520,044)	118,498,573
Net loss for the year	-	-	-	(25,344,197)	(25,344,197)
Share of exchange adjustments of an associate	-	-	-	1,466,458	1,466,458
Exchange adjustments	-	-	-	89,855	89,855
	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(25,344,197)</u>	<u>118,498,573</u>
At 31st March, 2002	<u>92,805,386</u>	<u>21,223,231</u>	<u>28,990,000</u>	<u>(48,307,928)</u>	<u>94,710,689</u>

The capital reserve represents the portion of profit on disposal in 1982 of the Group's assets to an associate, which is deferred to the extent of the Group's attributable interests therein. The amounts deferred will be recognised as the Group's profit only when the Group's equity interest in the associate is decreased or the assets are sold to third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

27. RESERVES (continued)

Included in the above is Group's share of post-acquisition reserves of its associates, as follows:

	Share premium HK\$	Capital reserve HK\$	Capital redemption reserve HK\$	Deficit HK\$	Total HK\$
At 1st April, 2000	-	-	-	(25,178,893)	(25,178,893)
Share of losses for the year	-	-	-	(3,400,613)	(3,400,613)
Exchange adjustments	-	-	-	3,171,818	3,171,818
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2001	-	-	-	(25,407,688)	(25,407,688)
Share of losses for the year	-	-	-	(957,278)	(957,278)
Exchange adjustments	-	-	-	1,466,458	1,466,458
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2002	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Share premium HK\$	Capital reserve HK\$	Capital redemption reserve HK\$	Deficit HK\$	Total HK\$
THE COMPANY					
At 1st April, 2000	92,805,386	21,223,231	28,990,000	(5,511,822)	137,506,795
Net loss for the year	-	-	-	(19,379,853)	(19,379,853)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2001	92,805,386	21,223,231	28,990,000	(24,891,675)	118,126,942
Net loss for the year	-	-	-	(16,114,155)	(16,114,155)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2002	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company does not have any reserve available for distribution to shareholders as at 31st March, 2001 and 2002.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

28. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002 HK\$	2001 HK\$
Loss before taxation	(26,801,331)	(19,371,613)
Share of results of associates	957,278	3,400,613
Interest expenses	4,910,179	3,998,746
Depreciation	5,705,198	5,832,812
Unrealised loss on investments in securities	67,600	980,200
Increase in interest receivable	(345,767)	(5,188,618)
Decrease (increase) arising on revaluation of hotel property	2,571,183	(157,781)
Decrease arising on revaluation of investment properties	460,000	1,000,000
Loss on disposal of property, plant and equipment	202,767	11,057
Provision for recoverability of deposit paid	3,500,000	–
Decrease (increase) in inventories	12,298	(121,205)
Decrease in debtors, deposits and prepayments	172,891	36,041
Decrease in current accounts with related companies, net	177,007	1,098,740
(Increase) decrease in investment in securities	(642,625)	1,408,457
Increase in creditors, accruals and other payables	999,624	562,749
Decrease in deposits received	(1,057,688)	(40,112)
Increase in amounts due to directors	30,000	30,000
	<u> </u>	<u> </u>
Net cash outflow from operating activities	<u>(9,081,386)</u>	<u>(6,519,914)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

29. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Secured bank loans HK\$	Amount due to a minority shareholder HK\$	Obligations under finance leases HK\$
At 1st April, 2000	49,932,664	3,484,986	350,417
Net cash inflow (outflow) from financing	–	515,518	(87,453)
Repayment of bank loans	(463,811)	–	–
	49,468,853	4,000,504	262,964
At 31st March, 2001	49,468,853	4,000,504	262,964
Net cash inflow (outflow) from financing	–	548,951	(220,789)
New bank loans raised	145,000,000	–	–
Repayment of bank loans	(2,202,970)	–	–
Inception of new finance leases	–	–	470,000
	192,265,883	4,549,455	512,175
At 31st March, 2002	192,265,883	4,549,455	512,175

30. UNPROVIDED DEFERRED TAXATION

At the balance sheet date, the major components of the unprovided deferred tax (liabilities) assets are as follows:

	THE GROUP		THE COMPANY	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Excess of tax allowances over depreciation	(962,020)	(697,546)	(65,028)	(104,480)
Unutilised tax losses	7,358,802	6,969,079	2,717,515	2,192,948
	6,396,782	6,271,533	2,652,487	2,088,468
	6,396,782	6,271,533	2,652,487	2,088,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

30. UNPROVIDED DEFERRED TAXATION (continued)

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

	THE GROUP		THE COMPANY	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Tax effect of timing difference because of:				
Excess (shortfall) of tax allowances over depreciation	264,474	432,041	(39,452)	10,576
Tax loss utilised (arising)	(389,723)	137,129	(524,567)	528,576
	<u>(125,249)</u>	<u>569,170</u>	<u>(564,019)</u>	<u>539,152</u>

The net deferred tax asset has not been recognised in the financial statements as it is not certain that the asset will be realised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

31. RELATED PARTY TRANSACTIONS

(a) At the balance sheet date, the outstanding balances due from (to) companies controlled by the directors are as follows:

Name of company	Name of directors related	THE GROUP			THE COMPANY		
		2002	2001	Maximum balance outstanding during the year	2002	2001	Maximum balance outstanding during the year
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Far East Theatres Management Ltd.	Deacon Te-ken Chiu	567,871	745,369	745,369	567,871	745,369	745,369
	Chiu Ju Ching-lan						
	Dick Tat-sang Chiu						
	David Tat-cheong Chiu						
Far East Technology International Limited	Deacon Te-ken Chiu	804,431	804,431	804,431	420,716	420,716	420,716
	David Tat-cheong Chiu						
	Margaret Chiu						
	Dennis Tat-shing Chiu						
	Daniel Tat-jung Chiu						
	Derek Chiu, Desmond Chiu Duncan Chiu						
		1,372,302	1,549,800		988,587	1,166,085	
Great Eastern Advertising & Publishing Co., Ltd	Derek Chiu	(32,250)	(32,741)		(32,250)	(32,741)	
	Janny Lin-chun Leung						
		(32,250)	(32,741)		(32,250)	(32,741)	
		1,340,052	1,517,059		956,337	1,133,344	

All the above balances are unsecured, non-interest bearing and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

31. RELATED PARTY TRANSACTIONS (continued)

(b) As at 31st March, 2002 the Group advanced a total of approximately HK\$197 million (2001: approximately HK\$187 million) to an associate, Central More Limited. The balance due includes an amount in respect of land transferred of approximately HK\$136 million (2001: HK\$136 million) and accumulated interest charged thereon of HK\$61 million (2001: HK\$51 million). The balance bears interest at the Hong Kong Prime Rate, is unsecured and has no fixed repayment term.

32. PLEDGE OF ASSETS

THE GROUP

At the balance sheet date, the Group had bank loans and overdraft facilities amounting to HK\$199,265,883 (2001: HK\$71,468,853), of which HK\$192,265,883 (2001: HK\$53,569,961) were utilised. These facilities were secured by legal mortgages over the Group's properties and deposits with an aggregate net book value of HK\$57,449,788 (2001: HK\$58,362,430) and HK\$2,136,010 (2001: HK\$2,283,911) respectively. A floating charge is applied on all assets, properties and undertakings both present and future including the uncalled capital of the Company.

THE COMPANY

At the balance sheet date, the Company pledged its bank deposit amounting to HK\$2,017,372 (2001: HK\$2,283,911) to secure banking facilities granted to the Company.

33. CONTINGENT LIABILITIES

At the balance sheet date, there were contingent liabilities not provided for in the financial statements in respect of:

	THE GROUP	
	2002	2001
	HK\$	HK\$
Letters of guarantee issued to secure banking facilities granted to associates	—	425,000,000
	<u> </u>	<u> </u>

The amount of facilities utilised by the associate as at 31st March, 2002 amounted to HK\$Nil (2001: HK\$104 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

34. LONG SERVICE PAYMENTS

At the balance sheet date, the Group had a number of employees who had completed the required number of years of service under the Hong Kong Employment Ordinance (“the Ordinance”) to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment meets the circumstances which are specified in the Ordinance.

Had the employment of all eligible employees been terminated on 31st March, 2002 under the circumstances specified by the Ordinance, the maximum potential exposure would have been approximately HK\$2,291,000 (2001: HK\$2,282,000). No provision has been made in the financial statements in respect of such long service payments.

35. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

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

	THE GROUP	
	2002	2001
	HK\$	HK\$
Within one year	4,651,671	3,989,645
In the second to fifth year inclusive	17,955,596	17,140,187
Over five years	104,901,979	108,657,944
	<u>127,509,246</u>	<u>129,787,776</u>

Operating lease payments represent rentals payable by the Group for certain of its properties. Leases are negotiated for an average term of 22 years and rental are fixed for an average of 22 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

35. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

The Group as lessor

The rental income earned from service apartments during the year was HK\$7,631,131 (2001: HK\$9,761,790).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of the rented premises which fall due as follows:

	THE GROUP	
	2002 HK\$	2001 HK\$
Within one year	1,687,000	3,459,000
In the second to fifth year inclusive	67,000	–
	<u>1,754,000</u>	<u>3,459,000</u>

(b) Capital commitments

At the balance sheet date, the Group had contracted expenditure not provided for in the financial statements in respect of the following:

	THE GROUP	
	2002 HK\$	2001 HK\$
Acquisition of property, plant and equipment	2,357,436	–
Leasehold improvement expenditures	–	1,024,034
	<u>2,357,436</u>	<u>1,024,034</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

35. COMMITMENTS (continued)

(c) Other commitments

At the balance sheet date, the Group had contracted with an independent consultancy company for the project of Kau Wah Keng Old Village, Lai Chi Kok, Kowloon and the outstanding commitment for procurement fees amounted to HK\$28,000,000 (2001: HK\$28,000,000).

36. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the Scheme are held separately from those of the Group, in funds under control of trustees.

