

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1st July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The adoption of the above new SSAPs does not have any material effect on the result for the year ended 31st March 2001.

(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. A subsidiary is a company in which the Company, directly or indirectly, controls the composition of the board of directors, or controls more than half of the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(b) Group accounting – continued

(i) Consolidation – continued

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

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

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

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

(ii) Associated companies

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

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

In arriving at the Group's share of results and net asset value of the associated companies, the hotel properties owned by the associated companies were valued based on their open market value. In addition, no depreciation is provided on hotel properties held on leases of more than 20 years as the directors consider that the value of the hotel properties would not materially diminish over time due to the fact that hotel properties would be maintained in a continuous state of proper repair and improvements would be made thereto from time to time.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(b) Group accounting – continued

(ii) *Associated companies – continued*

The Group's share of revaluation surplus of the hotel properties owned by associated companies is accounted for as other properties revaluation reserve in the consolidated accounts of the Group. Subsequent decreases in valuation are first set off against surplus from earlier valuations and debited to operating profit thereafter. Any subsequent increases are credited to operating profit up to the amount previously debited.

Certain associated companies have their financial year ended on 31st December which are not co-terminous with that of the Company. Accordingly, these companies have been equity accounted for based on the audited results for the nine months up to 31st December and the management accounts for the remaining period.

(c) Fixed assets

(i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their long term investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods greater than 20 years are valued annually by independent professional valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and debited to operating profit thereafter. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations of an investment property is released from the revaluation reserve to the profit and loss account.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(c) Fixed assets – continued

(ii) *Other tangible fixed assets*

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of other tangible fixed assets is calculated to write off their costs less accumulated impairment losses on a straight line basis over their estimated useful lives to the Group. The principal annual rates of depreciation are as follows:

Furniture, fixtures and equipment	10% – 20%
Motor vehicles and others	10% – 20%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account.

The gain or loss on disposal of other tangible fixed assets are the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that other tangible fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

(d) Properties held for/under development

Properties held for/under development comprise land at cost or, in the case of properties previously held by the Group for other purposes, carrying value as at the date of reclassification, and development costs including construction expenditure and attributable interest and professional charges capitalised during the development period, less incidental rental income.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(e) Goodwill/negative goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries or associated companies at the date of acquisition.

Goodwill on acquisition occurring on or after 1st April 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life.

Goodwill on acquisitions that occurred prior to 1st April 2001 was written off against reserves and has not been restated as is allowed under the transitional provision in SSAP 30. However, any impairment arising on such goodwill is accounted for in accordance with SSAP 31.

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

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

For acquisition prior to 1st April 2001, negative goodwill was taken directly to reserves on acquisition and has not been restated as is allowed by the transitional provision in SSAP 30.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(f) Investments

Long term investments are stated at cost less any provision made to the extent that the directors consider significant permanent diminution in value has taken place. The carrying amounts of these investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments should be reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

Quoted and unquoted investments held for trading purposes are carried at fair value on a portfolio basis. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of these investments are recognised in the profit and loss account. Profits or losses on disposal of these investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(g) Accounts receivable

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

(h) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost represents the acquisition cost or, in the case of properties previously held by the Group for other purposes, carrying value as at the date of reclassification. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(i) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(k) Contingent liabilities

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

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

(l) Taxation

The charge for taxation is based on the result for the year as adjusted for items which are non-assessable or disallowable. 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 accounts. The deferred tax effect of timing differences, computed under the liability method, is recognised in the accounts to the extent it is probable a liability or an asset will crystallise in the foreseeable future.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(m) Revenue recognition

Revenues from the sale of property interests and securities trading are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from pre-sale of properties are recognised by reference to the stage of completion of construction work, which is measured by reference to the proportion of construction costs incurred up to the balance sheet date to the estimated total construction costs to completion with due allowance for contingent.

Operating lease rental income is recognised on a straight line basis.

Dividend income is recognised when the right to receive payment is established.

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

(n) Retirement benefit costs

The Group participates in a master trust scheme provided by an independent Mandatory Provident Fund (“MPF”) service provider to comply with the requirements under the MPF Schemes Ordinance. Contributions paid and payable by the Group to the scheme are charged to the profit and loss account.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to be readied for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

Notes to the Accounts

For the year ended 31st March 2002

1. PRINCIPAL ACCOUNTING POLICIES – continued

(p) Segment reporting

The Group has determined that business segments be presented as the primary reporting format. No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated segment assets are attributable to markets outside Hong Kong.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property assets and exclude items such as other receivables and cash and bank balance. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to investment properties.

(q) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are taken directly to the exchange reserve.

(r) Operating leases

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

Notes to the Accounts

For the year ended 31st March 2002

2. REVENUE AND TURNOVER

The Group is principally engaged in property development and investment, securities investment and trading and investment holding. Revenues recognised during the year are as follows:

	2002 HK\$'000	Group 2001 HK\$'000
Sale of property interests	472,280	–
Pre-sale of property interests	–	591,210
Rental income	91,754	92,759
Proceeds from securities trading	48,876	2,566
Dividend income from quoted investments	2,145	253
Turnover	<u>615,055</u>	<u>686,788</u>
Interest income	12,311	5,177
Other income	5,366	6,078
Other revenues	<u>17,677</u>	<u>11,255</u>
Total revenues	<u><u>632,732</u></u>	<u><u>698,043</u></u>

(a) Primary reporting format – business segments

The Group is organised into three main business segments:

- Property rental
- Property development and investment
- Securities investment and trading

Other operations of the Group comprise investments in associated companies, whose principal activity is hotel ownership.

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

Notes to the Accounts

For the year ended 31st March 2002

2. REVENUE AND TURNOVER – continued

(a) Primary reporting format – business segments – continued

	Property rental 2002 HK\$'000	Property development and investment 2002 HK\$'000	Securities investment and trading 2002 HK\$'000	Other operations 2002 HK\$'000	Consolidated 2002 HK\$'000
Turnover	<u>91,754</u>	<u>472,280</u>	<u>51,021</u>	<u>–</u>	<u>615,055</u>
Segment result	<u>86,646</u>	<u>(171,025)</u>	<u>(11,842)</u>	<u>–</u>	<u>(96,221)</u>
Unallocated corporate expenses (net)					<u>(52,110)</u>
					<u>(148,331)</u>
Interest income					12,311
Finance costs					(31,556)
Share of results of associated companies	–	(29,237)	–	32,281	<u>3,044</u>
Loss before taxation					<u>(164,532)</u>
Taxation					<u>(1,998)</u>
Loss after taxation					<u>(166,530)</u>
Minority interests					<u>(16,928)</u>
Loss attributable to shareholders					<u>(183,458)</u>
Segment assets	<u>1,936,777</u>	<u>484,459</u>	<u>4,350</u>	<u>–</u>	<u>2,425,586</u>
Investments in associated companies	–	50,340	–	976,925	<u>1,027,265</u>
Unallocated corporate assets					<u>853,724</u>
Consolidated total assets					<u>4,306,575</u>
Segment liabilities	<u>23,167</u>	<u>31,499</u>	<u>–</u>	<u>–</u>	<u>54,666</u>
Unallocated corporate liabilities					<u>832,855</u>
Consolidated total liabilities					<u>887,521</u>
Capital expenditure	<u>5,345</u>	<u>–</u>	<u>–</u>	<u>–</u>	

Notes to the Accounts

For the year ended 31st March 2002

2. REVENUE AND TURNOVER – continued

(a) Primary reporting format – business segments – continued

	Property rental 2001 HK\$'000	Property development and investment 2001 HK\$'000	Securities investment and trading 2001 HK\$'000	Other operations 2001 HK\$'000	Consolidated 2001 HK\$'000
Turnover	<u>92,759</u>	<u>591,210</u>	<u>2,819</u>	<u>–</u>	<u>686,788</u>
Segment result	<u>87,381</u>	<u>175,139</u>	<u>(6,085)</u>	<u>–</u>	256,435
Unallocated corporate expenses (net)					<u>(50,912)</u>
					205,523
Write down in value of listed securities					(333,670)
Interest income					5,177
Finance costs					(50,117)
Share of results of associated companies	–	(27)	–	(18,177)	<u>(18,204)</u>
Loss before taxation					(191,291)
Taxation					<u>(4,731)</u>
Loss after taxation					(196,022)
Minority interests					<u>(78,721)</u>
Loss attributable to shareholders					<u>(274,743)</u>
Segment assets	1,940,147	1,516,232	66,615	–	3,522,994
Investments in associated companies	–	77,578	–	1,134,702	1,212,280
Unallocated corporate assets					<u>102,383</u>
Consolidated total assets					<u>4,837,657</u>
Segment liabilities	28,664	52,452	–	–	81,116
Unallocated corporate liabilities					<u>929,873</u>
Consolidated total liabilities					<u>1,010,989</u>

Notes to the Accounts

For the year ended 31st March 2002

2. REVENUE AND TURNOVER – continued

- (b) No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated (loss)/profit from operations of the Group are attributable to markets outside Hong Kong.

3. (LOSS)/PROFIT FROM OPERATIONS

	2002 HK\$'000	Group 2001 HK\$'000
(Loss)/profit from operations is stated after crediting and charging the following:		
Crediting		
Gross rental income from investment properties	91,754	92,759
Less: outgoings	<u>(1,220)</u>	<u>(3,260)</u>
Net rental income from investment properties	90,534	89,499
Gain on disposal of fixed assets	<u>752</u>	<u>–</u>
Charging		
Auditors' remuneration		
– current year	993	1,072
– underprovision in previous year	<u>55</u>	<u>159</u>
	1,048	1,231
Operating leases of land and buildings	2,576	977
Depreciation of fixed assets	1,763	6,156
Bad debts written off	20,954	2,293
Staff costs	19,677	23,555
Realised and unrealised losses on quoted investments	12,952	6,338
Loss on disposal of fixed assets	<u>–</u>	<u>4,770</u>

Notes to the Accounts

For the year ended 31st March 2002

4. FINANCE COSTS

Finance costs comprise the following:

	2002 HK\$'000	Group 2001 HK\$'000
Interest on bank loans and overdrafts		
– wholly payable within five years	7,588	53,706
– not wholly payable within five years	28,059	30,304
Interest on other loans		
– wholly payable within five years	33	41
	<hr/>	<hr/>
Total borrowing costs incurred	35,680	84,051
Less: amounts capitalised in properties held for/under development (note 13)	(4,497)	(35,597)
	<hr/>	<hr/>
	31,183	48,454
Bank facilities arrangement fee	373	1,663
	<hr/>	<hr/>
	31,556	50,117
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Notes to the Accounts

For the year ended 31st March 2002

5. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2002	Group
	HK\$'000	2001
		HK\$'000
Hong Kong profits tax		
– current	–	–
Overseas taxation		
– current	–	30
– under provision in prior years	–	347
	<u>–</u>	<u>377</u>
Share of taxation attributable to associated companies	1,998	4,354
	<u>1,998</u>	<u>4,731</u>

Deferred taxation charge/(credit) for the year has not been provided in respect of the following:

	2002	Group
	HK\$'000	2001
		HK\$'000
Accelerated depreciation allowance	258	28
Other timing differences	2,547	(2,365)
	<u>2,805</u>	<u>(2,337)</u>

6. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Included in the loss attributable to shareholders is a profit of HK\$367,866,000 (2001: HK\$3,881,000) which is dealt with in the Company's own accounts.

Notes to the Accounts

For the year ended 31st March 2002

7. RETIREMENT BENEFIT COSTS

Pursuant to the MPF Schemes Ordinance which became effective on 1st December 2000, all employees of the Group in Hong Kong aged between 18 and 65 are enrolled in a MPF Scheme.

The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Contributions are made to the MPF Scheme by the employers according to the MPF Schemes Ordinance (the "MPF contribution"). The employees also contribute a corresponding amount to the MPF Scheme from 31st December 2000 if their relevant income is more than HK\$4,000 per month. The MPF contribution are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

The MPF contribution made by the Group during the year amounted to HK\$342,000 (2001: HK\$140,000) of which HK\$28,000 (2001: HK\$33,000) remains payable as at 31st March 2002.

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to shareholders of HK\$183,458,000 (2001: HK\$274,743,000) and on 1,286,482,836 shares (2001: 1,286,482,836 shares) in issue during the year.

For the year ended 31st March 2002 and 2001, diluted loss per share is not shown as the potential ordinary shares are anti-dilutive.

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Fees	120	96
Salaries, allowances and benefits in kind	7,573	9,652
MPF contribution	36	16
	<u>7,729</u>	<u>9,764</u>

Notes to the Accounts

For the year ended 31st March 2002

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS— continued

Directors' fees include HK\$24,000 (2001: HK\$36,000) paid to the independent non-executive directors.

The emoluments of the directors fell within the following bands:

Emolument bands HK\$	Number of directors	
	2002	2001
0 – 1,000,000	7	5
1,000,001 – 1,500,000	1	2
2,000,001 – 2,500,000	1	1
3,500,001 – 4,000,000	1	–
4,000,001 – 4,500,000	–	1

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of the years ended 31st March 2002 and 31st March 2001.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2001: four) directors whose emoluments are reflected in the analysis presented in note 9(a) above. The emoluments payable to the remaining two (2001: one) individuals during the year are as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Salaries and other benefits	2,189	1,527
MPF contribution	24	4
	<u>2,213</u>	<u>1,531</u>

The emoluments fell within the following bands:

Emolument bands HK\$	Number of individuals	
	2002	2001
0 – 1,000,000	1	–
1,000,001 – 1,500,000	1	–
1,500,001 – 2,000,000	–	1

Notes to the Accounts

For the year ended 31st March 2002

10. FIXED ASSETS – GROUP

	Investment properties HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles and others HK\$'000	Total HK\$'000
Cost or valuation				
At 1st April 2001	1,932,000	8,974	16,105	1,957,079
Additions	5,345	207	414	5,966
Adjustment on revaluation (note 21)	(7,845)	–	–	(7,845)
Disposals	(2,230)	(286)	(5,793)	(8,309)
Disposal of subsidiaries	–	–	(4,116)	(4,116)
At 31st March 2002	<u>1,927,270</u>	<u>8,895</u>	<u>6,610</u>	<u>1,942,775</u>
Accumulated depreciation				
At 1st April 2001	–	3,018	15,029	18,047
Charge for the year	–	1,373	390	1,763
Disposals	–	(268)	(5,587)	(5,855)
Disposal of subsidiaries	–	–	(4,116)	(4,116)
At 31st March 2002	<u>–</u>	<u>4,123</u>	<u>5,716</u>	<u>9,839</u>
Net book value				
At 31st March 2002	<u>1,927,270</u>	<u>4,772</u>	<u>894</u>	<u>1,932,936</u>
At 31st March 2001	<u>1,932,000</u>	<u>5,956</u>	<u>1,076</u>	<u>1,939,032</u>

Notes to the Accounts

For the year ended 31st March 2002

10. FIXED ASSETS – GROUP – continued

The analysis of the cost or valuation of the above assets at 31st March 2002 is as follows:

	Investment properties HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles and others HK\$'000	Total HK\$'000
At cost	–	8,895	6,610	15,505
At 2002 professional valuation	1,927,270	–	–	1,927,270
	<u>1,927,270</u>	<u>8,895</u>	<u>6,610</u>	<u>1,942,775</u>

The analysis of the cost or valuation of the above assets at 31st March 2001 is as follows:

	Investment properties HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles and others HK\$'000	Total HK\$'000
At cost	–	8,974	16,105	25,079
At 2001 professional valuation	1,932,000	–	–	1,932,000
	<u>1,932,000</u>	<u>8,974</u>	<u>16,105</u>	<u>1,957,079</u>

The Group's interests in investment properties are analysed as follows:

	2002 HK\$'000	2001 HK\$'000
In Hong Kong, held on leases of over 50 years	1,920,020	1,924,100
Outside Hong Kong, held on leases of over 50 years	7,250	7,900
	<u>1,927,270</u>	<u>1,932,000</u>

Investment properties were revalued at 31st March 2002 on the basis of their open market value by independent property valuers, DTZ Debenham Tie Leung Limited.

Notes to the Accounts

For the year ended 31st March 2002

10. FIXED ASSETS – GROUP – continued

Particulars of the Group's principal investment properties are set out on page 73.

At 31st March 2002, the carrying value of investment properties pledged as securities for banking facilities granted to the Group (note 22) amounted to HK\$1,912,300,000 (2001: HK\$1,912,800,000).

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares at cost	1	938,181
Amounts due from subsidiaries	<u>2,283,944</u>	<u>1,038,598</u>
	<u>2,283,945</u>	<u>1,976,779</u>

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Particulars of principal subsidiaries are set out in note 29 to the accounts.

STATEMENT PURSUANT TO PARAGRAPH 25 OF THE TENTH SCHEDULE OF THE COMPANIES ORDINANCE

The following subsidiary's financial year is not co-terminous with that of the Company:

	Accounting date of subsidiary	Length of accounting period of subsidiary	Reason for using different accounting date
南華投資股份有限公司	31st December	12 months	Compliance with local regulations

Notes to the Accounts

For the year ended 31st March 2002

12. INVESTMENTS IN ASSOCIATED COMPANIES

	2002	Group
	HK\$'000	2001
		HK\$'000
Share of net assets	604,261	688,887
Amounts due from associated companies	423,045	523,444
Amounts due to associated companies	(41)	(51)
	<u>1,027,265</u>	<u>1,212,280</u>

Particulars of principal associated companies are set out in note 30 to the accounts.

The amounts due from and due to associated companies are unsecured, non-interest bearing and have no fixed terms of repayment.

Information on material associated companies

The principal activity of the Group's material associated company, New Unity Holdings Ltd., through its subsidiaries, is the ownership of hotels in Hong Kong. The financial information of New Unity Holdings Ltd., whose results and financial position are material in the context of the Group's accounts, is summarised below.

The financial year ends for the principal subsidiaries of New Unity Holdings Ltd. are not co-terminous with that of the Company, and the information set out on page 51 is compiled based on information extracted from the audited consolidated accounts for the year ended 31st December 2001 and the unaudited consolidated management accounts for the three month period to 31st March 2002, adjusted to comply with the Group's accounting policies.

Notes to the Accounts

For the year ended 31st March 2002

12. INVESTMENTS IN ASSOCIATED COMPANIES – continued

	New Unity Holdings Ltd.	
	2002	2001
	HK\$'000	HK\$'000
Profit and loss account		
– Year ended 31st March		
Turnover	725,658	823,124
Profit before taxation	64,575	70,640
Profit after taxation and minority interests	60,580	66,388
	<u>30,290</u>	<u>33,194</u>
Balance sheet – As at 31st March		
Long term assets	<u>4,447,321</u>	4,668,630
Current assets	243,481	226,713
Current liabilities	<u>(190,165)</u>	<u>(319,882)</u>
Net current assets/(liabilities)	<u>53,316</u>	<u>(93,169)</u>
Long term liabilities	(2,869,416)	(2,805,025)
Minority interests	<u>(346,997)</u>	<u>(375,450)</u>
	<u>(3,216,413)</u>	<u>(3,180,475)</u>
Shareholders' funds	<u>1,284,224</u>	<u>1,394,986</u>
Net assets attributable to the Group	<u>642,112</u>	<u>697,493</u>

Notes to the Accounts

For the year ended 31st March 2002

13. PROPERTIES HELD FOR/UNDER DEVELOPMENT

	2002 HK\$'000	Group 2001 HK\$'000
Cost		
Balance brought forward	726,779	1,303,696
Additions	20,346	258,546
Disposals	<u>(506,990)</u>	<u>(463,729)</u>
	240,135	1,098,513
Transfer to properties held for sale	<u>–</u>	<u>(371,734)</u>
Balance carried forward	<u><u>240,135</u></u>	<u><u>726,779</u></u>
Held on:		
Leases of over 50 years	213,167	205,856
Leases of between 10 to 50 years	<u>26,968</u>	<u>520,923</u>
	<u><u>240,135</u></u>	<u><u>726,779</u></u>

All the properties held for/under development are situated in Hong Kong. Particulars of the Group's principal properties held for/under development are set out on pages 73 and 74.

Included in additions during the year is interest capitalised of HK\$4,497,000 (2001: HK\$35,597,000).

14. LONG TERM INVESTMENTS

	2002 HK\$'000	Group 2001 HK\$'000
Unquoted investments, at cost net of provision	<u><u>3,001</u></u>	<u><u>3,424</u></u>

Notes to the Accounts

For the year ended 31st March 2002

15. LONG TERM RECEIVABLE

Long term receivable carry interest at 1.75% above the Hong Kong dollar prime lending rate with an interest free period of 2 years from the respective dates when the amounts were drawn. Repayment will commence after the expiry of the interest free period and will be by instalments over a period of 18 years thereafter.

16. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in accounts and other receivables is an amount of HK\$105,000,000 which represents a loan to a listed company in Hong Kong. The loan is unsecured, interest bearing at 1% above the Hong Kong dollar prime lending rate and repayable in full in November 2002.

At 31st March 2002, rental receivable including related interests amounted to HK\$8,444,000 (2001: HK\$8,147,000) and the ageing analysis was as follows:

	2002	Group
	HK\$'000	2001
		HK\$'000
Current	3,348	4,120
31 – 60 days	2,461	537
61 – 90 days	1,618	539
Over 90 days	1,017	2,951
	<hr/> 8,444 <hr/>	<hr/> 8,147 <hr/>

17. PROPERTIES HELD FOR SALE

All properties held for sale are situated in Hong Kong. Particulars of the Group's properties held for sale are set out on page 74.

Notes to the Accounts

For the year ended 31st March 2002

18. OTHER INVESTMENTS

	2002	Group
	HK\$'000	2001 HK\$'000
Quoted investments, at fair value		
– Hong Kong	3,773	63,560
– Overseas	74	74
	3,847	63,634
Unquoted investments, at fair value		
– Overseas	–	1,517
	3,847	65,151

19. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in the accounts payable, deposits received and accrued charges are rental deposits, construction costs payable and accruals.

Rental deposits amounting to HK\$21,764,000 (2001: HK\$24,479,000) are repayable when the tenancy contracts lapse.

At 31st March 2002, the ageing analysis of the construction costs payable were as follows:

	2002	Group
	HK\$'000	2001 HK\$'000
Current	224	2,128
31 – 60 days	–	53
61 – 90 days	26	–
	250	2,181

Construction cost accruals, including retention money, amounted to HK\$16,576,000 (2001: HK\$48,273,000) and are payable in accordance with the terms of the construction contracts.

Notes to the Accounts

For the year ended 31st March 2002

20. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each		Value	
	2002	2001	2002 HK\$'000	2001 HK\$'000
Authorised:				
Balance brought forward and carried forward	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
Balance brought forward and carried forward	<u>1,286,482,836</u>	<u>1,286,482,836</u>	<u>128,648</u>	<u>128,648</u>

All the shares in issue rank pari passu in all respects including all rights as to dividends, voting and capital.

Under the share option scheme adopted by the Company on 8th September 1998 and expired after 7th September 2001, 79,682,000 and 24,518,000 share options were granted to certain directors of the Company and employees of the Group respectively during the year ended 31st March 2000. These share options are exercisable during the period from 21st March 2000 to 20th March 2003 and entitle the holders thereof to subscribe for ordinary shares of HK\$0.10 each of the Company at a subscription price of HK\$0.68 per share (subject to adjustment). None of these share options has been exercised, lapsed or cancelled since the date of grant and no other share options were granted during the year.

Notes to the Accounts

For the year ended 31st March 2002

21. RESERVES

Group

	Special reserve	Share premium	Capital redemption reserve	Revaluation reserve – investment properties	Revaluation reserve – properties held for/ under development	Revaluation reserve – other properties	Capital reserve	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2000	435,421	929,824	129	1,402,035	58,305	433,867	215,125	(5,358)	554,434	4,023,782
Deficit arising on revaluation	-	-	-	(102,580)	-	-	-	-	-	(102,580)
Revaluation reserve realised upon disposal of properties	-	-	-	-	(32,557)	-	-	-	-	(32,557)
Translation of accounts of a foreign subsidiary	-	-	-	-	-	-	-	(3,825)	-	(3,825)
Goodwill arising on acquisition of subsidiaries	-	-	-	-	-	-	(250)	-	-	(250)
Reserves released upon reclassification of an associated company	-	-	-	-	-	-	(138,973)	6,506	-	(132,467)
Share of post-acquisition reserve movements of an associated company	-	-	-	-	-	-	(1,749)	(9,082)	-	(10,831)
Loss for the year	-	-	-	-	-	-	-	-	(274,743)	(274,743)
At 31st March 2001	<u>435,421</u>	<u>929,824</u>	<u>129</u>	<u>1,299,455</u>	<u>25,748</u>	<u>433,867</u>	<u>74,153</u>	<u>(11,759)</u>	<u>279,691</u>	<u>3,466,529</u>
Retained by:										
Company and subsidiaries	435,421	929,824	129	1,299,455	25,748	-	(2,265)	(11,759)	101,089	2,777,642
Associated companies	-	-	-	-	-	433,867	76,418	-	178,602	688,887
	<u>435,421</u>	<u>929,824</u>	<u>129</u>	<u>1,299,455</u>	<u>25,748</u>	<u>433,867</u>	<u>74,153</u>	<u>(11,759)</u>	<u>279,691</u>	<u>3,466,529</u>

Notes to the Accounts

For the year ended 31st March 2002

21. RESERVES – continued

Group – continued

	Special reserve HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Revaluation reserve – investment properties HK\$'000	Revaluation reserve – properties held for/ under development HK\$'000	Revaluation reserve – other properties HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April 2001	435,421	929,824	129	1,299,455	25,748	433,867	74,153	(11,759)	279,691	3,466,529
Deficit arising on revaluation (note 10)	-	-	-	(7,845)	-	-	-	-	-	(7,845)
Revaluation reserves realised upon disposal of properties	-	-	-	(1,321)	(9,849)	-	-	-	-	(11,170)
Translation of accounts of a foreign subsidiary	-	-	-	-	-	-	-	(3,800)	-	(3,800)
Reserve released upon disposal of a subsidiary	978	-	-	-	-	-	-	-	-	978
Share of post-acquisition reserve movements of associated companies	-	-	-	-	-	(85,672)	-	-	-	(85,672)
Transfer of reserves	(436,399)	-	-	-	-	-	(4,161)	-	440,560	-
Loss for the year	-	-	-	-	-	-	-	-	(183,458)	(183,458)
At 31st March 2002	-	929,824	129	1,290,289	15,899	348,195	69,992	(15,559)	536,793	3,175,562
Retained by:										
Company and subsidiaries	-	929,824	129	1,290,289	15,899	-	(6,426)	(15,559)	357,145	2,571,301
Associated companies	-	-	-	-	-	348,195	76,418	-	179,648	604,261
	-	929,824	129	1,290,289	15,899	348,195	69,992	(15,559)	536,793	3,175,562

Notes to the Accounts

For the year ended 31st March 2002

21. RESERVES – continued

Company

	Special reserve HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April 2000	795,885	929,824	129	58,066	1,783,904
Profit for the year	–	–	–	3,881	3,881
At 31st March 2001	795,885	929,824	129	61,947	1,787,785
Transfer of reserves	(795,885)	–	–	795,885	–
Profit for the year	–	–	–	367,866	367,866
At 31st March 2002	–	929,824	129	1,225,698	2,155,651

The special reserve arose from the scheme of arrangement which became effective on 12th May 1992 and is distributable under the Companies Act 1981 of Bermuda.

As at 31st March 2002, the reserves of the Company available for distribution amounted to HK\$1,225,698,000 (2001: HK\$857,832,000).

22. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Secured bank overdrafts	–	14,875	–	–
Secured bank loans				
– current portion	44,851	354,939	–	–
– long term portion	771,394	483,268	–	–
Unsecured bank loans				
– current portion	–	60,000	–	60,000
	816,245	913,082	–	60,000

Notes to the Accounts

For the year ended 31st March 2002

22. BANK LOANS AND OVERDRAFTS – continued

The analysis of the above is as follows:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank loans and overdrafts				
Wholly repayable within five years	81,936	379,131	–	60,000
Not wholly repayable within five years	734,309	533,951	–	–
	816,245	913,082	–	60,000
Current portion	44,851	429,814	–	60,000
	771,394	483,268	–	–

At 31st March 2002, the Group's bank loans and overdrafts were repayable as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
On demand or within one year	44,851	429,814
More than one year but not exceeding two years	49,877	54,752
More than two years but not exceeding five years	275,798	206,734
Over five years	445,719	221,782
	816,245	913,082

The above bank loans and overdrafts were secured by first charges on certain investment properties of the Group, other specified assets of the Group and corporate guarantee from the Company.

Notes to the Accounts

For the year ended 31st March 2002

23. DEFERRED TAXATION

The potential deferred tax (asset)/liability not provided for in the accounts amounted to:

	2002	Group
	HK\$'000	2001
		HK\$'000
Accelerated depreciation allowances	454	196
Tax losses	(14,146)	(16,693)
	(13,692)	(16,497)

No recognition for deferred taxation has been made in the accounts as it is uncertain that the deferred tax asset will crystallise in the foreseeable future.

The revaluation of investment properties does not constitute a timing difference for deferred taxation purposes as realisation of the revaluation surplus would not result in a taxation liability.

Notes to the Accounts

For the year ended 31st March 2002

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to net cash inflow from operating activities

	Group	
	2002	2001
	HK\$'000	HK\$'000
Loss before taxation	(164,532)	(191,291)
Share of results of associated companies	(3,044)	18,204
Loss on disposal of interests in subsidiaries	211,755	27
Write down in value of listed securities	–	333,670
Revaluation reserve realised upon disposal of properties	(17,907)	(59,195)
Interest income	(12,311)	(5,177)
Interest expenses	31,183	48,454
Dividends received from quoted investments	(2,145)	(253)
Unclaimed dividends forfeited	(278)	(276)
Write back of provision for permanent diminution in value of long term investments	(1,035)	–
Depreciation of fixed assets	1,763	6,156
(Gain)/loss on disposal of fixed assets	(752)	4,770
Decrease in properties held for/under development	–	835,463
Increase in long term receivable	(6,774)	–
Decrease/(increase) in accounts and other receivables, deposits and prepayments	309,452	(469,907)
Decrease/(increase) in properties held for sale	142,193	(371,734)
Decrease in unquoted investment	1,517	121
Decrease in accounts payable, deposits received and accrued charges	(36,328)	(6,586)
Net cash inflow from operating activities	<u>452,757</u>	<u>142,446</u>

Notes to the Accounts

For the year ended 31st March 2002

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT – continued

(b) Disposal of subsidiaries

	2002 HK\$'000	Group 2001 HK\$'000
Fixed assets	–	29,427
Properties held for/under development	506,990	–
Long term investments	423	–
Accounts and receivables, deposits and prepayments	3,134	–
Accounts payable, deposits received and accrued charges	(22)	–
	<hr/>	<hr/>
Net assets disposed of	510,525	29,427
Goodwill	978	–
Loss on disposal	(211,755)	(27)
	<hr/>	<hr/>
Consideration	<u>299,748</u>	<u>29,400</u>
Satisfied by:		
Cash	291,748	29,400
Accounts receivable	8,000	–
	<hr/>	<hr/>
	<u>299,748</u>	<u>29,400</u>

Notes to the Accounts

For the year ended 31st March 2002

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT – continued

(c) Analysis of changes in financing during the year

	Share capital and premium HK\$'000	Bank loans HK\$'000	Minority interests HK\$'000	Bank deposits pledged for banking facilities HK\$'000	Total HK\$'000
At 1st April 2000	1,058,472	910,539	152,953	56,225	2,178,189
Bank loans raised	–	112,248	–	–	112,248
Repayment of bank loans	–	(124,580)	–	–	(124,580)
Contributions from minority shareholders	–	–	26,414	–	26,414
Interest due to minority shareholders *	–	–	41	–	41
Revaluation reserve attributable to minority shareholders realised upon disposal of properties *	–	–	(26,638)	–	(26,638)
Decrease in bank deposits pledged	–	–	–	(56,225)	(56,225)
Profit for the year attributable to minority shareholders *	–	–	78,721	–	78,721
At 31st March 2001	1,058,472	898,207	231,491	–	2,188,170
Bank loans raised	–	248,000	–	–	248,000
Repayment of bank loans	–	(329,962)	–	–	(329,962)
Repayment of loans from minority shareholders	–	–	(125,550)	–	(125,550)
Interest due to minority shareholders *	–	–	33	–	33
Revaluation reserve attributable to minority shareholders realised upon disposal of properties *	–	–	(8,058)	–	(8,058)
Profit for the year attributable to minority shareholders *	–	–	16,928	–	16,928
At 31st March 2002	1,058,472	816,245	114,844	–	1,989,561

* representing non cash transactions.

Notes to the Accounts

For the year ended 31st March 2002

25. CONTINGENT LIABILITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees given to banks in respect of banking facilities granted to associated companies	-	492,300	-	492,300
Guarantees given to banks in respect of banking facilities granted to subsidiaries	-	-	287,245	783,003

26. COMMITMENTS

(a) Capital commitments for fixed assets, properties held for/under development and long term investments

	Group	
	2002 HK\$'000	2001 HK\$'000
Contracted but not provided	20,223	10,148

(b) Operating leases

(i) At 31st March 2002, the Group has future aggregate minimum lease payments payable under non-cancellable operating leases as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Land and buildings		
Not later than one year	2,576	2,576
Later than one year and not later than five years	1,174	3,750
	3,750	6,326

Notes to the Accounts

For the year ended 31st March 2002

26. COMMITMENTS – continued

(b) Operating leases – continued

- (ii) At 31st March 2002, the Group has future aggregate minimum lease payments receivable under non-cancellable operating leases as follows:

	2002 HK\$'000	Group 2001 HK\$'000
Land and buildings		
Not later than one year	65,378	68,341
Later than one year and not later than five years	84,576	37,690
Later than five years	7,245	–
	<u>157,199</u>	<u>106,031</u>

27. RELATED PARTY TRANSACTION

During the year, the Group disposed of its entire interest in a subsidiary to its associated company for a total consideration of approximately HK\$300 million, which is arrived at after arm's length negotiations. The associated company is 20% owned by the Group and the remaining 80% interest owned equally by one of the Company's substantial shareholders and a company controlled by that substantial shareholder.

The Group realised a net loss of approximately HK\$211 million on this transaction. In accordance with the sale and purchase agreement, the consideration of the transaction is subject to an upward adjustment of up to HK\$200 million and the Group's interest in the associated company could be increased from 20% to 25% if certain conditions are fulfilled in future. Such amount is not accounted for in the current year profit and loss account as the fulfilment of the relevant conditions is not certain.

28. ULTIMATE HOLDING COMPANY

The directors regard United Goal Development Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

Notes to the Accounts

For the year ended 31st March 2002

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The principal subsidiaries of the Company as at 31st March 2002 are set out below:

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Percentage holding		Principal activities
			2002	2001	
<i>Shares held directly:</i>					
Asean Resources Limited	Hong Kong	5,000 ordinary shares of HK\$0.2 each	100	100	Investment holding
<i>Shares held indirectly:</i>					
15691 Yukon Inc.	Canada	1 common share of C\$1	100	100	Investment holding
Asean Resources Finance Limited	Hong Kong	100,000 ordinary shares of HK\$1,000 each	100	100	Provision of financial services
Billion Venture Limited	Hong Kong	100 ordinary shares of HK\$1 each	100	100	Property investment
Broadtrade Investments Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property investment
Champion Worldwide Development Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property investment
Chesta Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property investment
Cityroy (IOM) Limited	Isle of Man	2 ordinary shares of GBP 1 each	100	100	Yacht investment

Notes to the Accounts

For the year ended 31st March 2002

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Percentage holding		Principal activities
			2002	2001	
<i>Shares held indirectly: – continued</i>					
Cityroy Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Investment holding
Cityscope Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property development
Conington Limited	British Virgin Islands	1 ordinary share of US\$1	100	100	Securities dealing
Fitmond Limited	British Virgin Islands	1 ordinary share of US\$1	100	100	Investment holding
Golden Union Development Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property investment
Goldyne Holdings Limited	British Virgin Islands	1 ordinary share of US\$1	100	100	Investment holding
Grands Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Holding of club debenture
Grandwoods Limited	British Virgin Islands	1 ordinary share of US\$1	100	100	Renting property
Hin Kei Investment Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100	100	Property development
Lipro Prosper Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property investment

Notes to the Accounts

For the year ended 31st March 2002

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Percentage holding		Principal activities
			2002	2001	
<i>Shares held indirectly: – continued</i>					
南華投資股份有限公司	Taiwan	1,000,000 ordinary shares of NT\$100 each	100	100	Investment holding in Taiwan
Regal Trophy Limited	British Virgin Islands	20 ordinary shares of US\$1 each	55	55	Investment holding
Starward Limited	British Virgin Islands	1 ordinary share of US\$1	100	100	Investment holding
Sunshine Tower Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	100	Property investment
United Prosper Limited	Hong Kong	2 ordinary shares of HK\$1 each	55	–	Provision of loan to property purchasers
Verywell Services Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Provision of management services
Winning Hong Kong Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Investment holding
Winsworld Properties Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100	100	Property investment
Wisdom Profit Investments Limited	British Virgin Islands	1 ordinary share of US\$1	100	–	Investment holding

Notes to the Accounts

For the year ended 31st March 2002

29. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Percentage holding		Principal activities
			2002	2001	
<i>Shares held indirectly: – continued</i>					
Wise Step International Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	–	Operation of car park
Wiseson Investments Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	100	Property investment
Wonderlite Investments Limited	British Virgin Islands	1 ordinary share of US\$1	100	100	Securities dealing
World Glory Properties Limited	Hong Kong	2 ordinary shares of HK\$1 each	55	55	Property development

Except 南華投資股份有限公司, all the above subsidiaries operate in Hong Kong and are audited by PricewaterhouseCoopers, Hong Kong. The net assets of subsidiary not audited by PricewaterhouseCoopers, Hong Kong amounted to approximately 0.1% of the Group's net assets.

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.

Notes to the Accounts

For the year ended 31st March 2002

30. PARTICULARS OF PRINCIPAL ASSOCIATED COMPANIES

The principal associated companies of the Company as at 31st March 2002 are set out below:

Name of associated company	Place of incorporation	Particulars of issued share capital	Percentage holding		Principal activities
			2002	2001	
<i>Shares held indirectly:</i>					
Broad Reach Company Limited	Hong Kong	100 ordinary shares of HK\$1 each	50	50	Property development
Chishore Enterprise Inc.	British Virgin Islands	100 ordinary shares of US\$1 each	31	31	Investment holding
Ferguson Hotel Holdings Limited	Hong Kong	27,500,000 ordinary shares of HK\$10 each	47.7	47.7	Investment holding
Gold Return Resources Ltd.	British Virgin Islands	10 ordinary shares of US\$1 each	20	20	Investment holding
Hotel Nikko Hong Kong Limited	Hong Kong	2 ordinary shares of HK\$1 each	47.7	47.7	Hotel ownership
New Unity Holdings Ltd.	British Virgin Islands	2 ordinary shares of US\$1 each	50	50	Investment holding
Queensway Hotel Holdings Limited	Hong Kong	100,000 ordinary shares of HK\$10 each	24.8	24.8	Investment holding

Notes to the Accounts

For the year ended 31st March 2002

30. PARTICULARS OF PRINCIPAL ASSOCIATED COMPANIES – continued

Name of associated company	Place of incorporation	Particulars of issued share capital	Percentage holding		Principal activities
			2002	2001	
<i>Shares held indirectly: – continued</i>					
Queensway Hotel Limited	Hong Kong	100,000 ordinary shares of HK\$10 each	24.8	24.8	Hotel ownership
Wise Come Development Limited	Hong Kong	30 ordinary shares of HK\$1 each	20	–	Investment holding

All the above associated companies operate principally in Hong Kong and are audited by PricewaterhouseCoopers, Hong Kong.

The above table includes the associated companies 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 associated companies would, in the opinion of the directors, result in particulars of excessive length.

31. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 17th July 2002.