

FOR THE YEAR ENDED 31ST MARCH, 2002

22. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms for its contracting business are negotiated with, and entered into under, normal commercial terms with its trade customers. Trade debtors arise from property letting business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days.

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$640,904,000 (2001: HK\$721,077,000) and their aged analysis is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within 90 days	590,357	636,065
More than 90 days and within 180 days	14,520	24,277
More than 180 days	36,027	60,735
	640,904	721,077

23. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The balances represent amounts due from (to) the subsidiaries and associates of certain substantial shareholders of the Company. The amounts are unsecured, have no fixed terms of repayment and are interest free, except for the amount due from a related company of approximately HK\$25,054,000 (2001: HK\$144,285,000) which bears interest at 3% (2001: 2%) over Hong Kong prime rate.

24. AMOUNTS DUE FROM (TO) ASSOCIATES AND AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES

The amounts are unsecured, interest free and have no fixed terms of repayment.

25. UNSECURED LOANS RECEIVABLE

The amounts are unsecured, receivable within one year and bear interest at the following rates:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
1% over Hong Kong prime rate	144,340	25,500
2% over Hong Kong prime rate	40,500	56,987
3% over Hong Kong prime rate	5,000	5,000
	189,840	87,487

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26. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK\$514,356,000 (2001: HK\$537,037,000) and their aged analysis is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within 90 days	492,249	515,432
More than 90 days and within 180 days	7,581	9,479
More than 180 days	14,526	12,126
	514,356	537,037

27. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
THE GROUP				
Amounts payable under finance leases				
due within one year	-	6,763	-	6,450
Less: Future finance charges	-	(313)	-	-
Present value of finance leases	-	6,450	-	6,450

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28. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank borrowings comprise:				
Mortgage loans	816,328	264,335	-	-
Bank loans	391,725	124,562	10,000	-
Trust receipt loans	7,037	1,490	5,743	-
Bank overdrafts	80,759	2,224	1,995	-
	1,295,849	392,611	17,738	-
Analysed as:				
Secured	1,168,053	388,897	-	-
Unsecured	127,796	3,714	17,738	-
	1,295,849	392,611	17,738	-
The bank borrowings are repayable as follows:				
Within one year or on demand	468,267	54,341	17,738	-
More than one year, but not exceeding two years	104,101	324,895	-	-
More than two years, but not exceeding five years	459,521	11,197	-	-
More than five years	263,960	2,178	-	-
	1,295,849	392,611	17,738	-
Less: Amount due within one year or on demand shown under current liabilities	(468,267)	(54,341)	(17,738)	-
Amount due after one year	827,582	338,270	-	-

29. OTHER LOAN

The amount represented a secured note payable bearing interest at 7.5% per annum and was fully repaid during the year.

30. CONVERTIBLE NOTE

The amount represented convertible redeemable note which was secured by a first mortgage on a hotel property of the Group, and a charge over the shares in certain subsidiaries of the Company, interest free during the period from its date of issue to 30th September, 2000 and thereafter bore interest at 6% per annum. No conversion rights were exercised and the amount was fully redeemed at par during the year.

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31. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Balance brought forward	42,358	216,852	-	370
Translation adjustments	-	(35,080)	-	-
On disposal of subsidiaries	-	(99,704)	-	-
Credit for the year	(6,474)	(39,710)	-	(370)
Balance carried forward	35,884	42,358	-	-

At the balance sheet date, the major components of the provision for deferred taxation liability (asset) are as follows:

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences attributable to:				
Excess of tax allowances over depreciation	28,425	35,515	-	-
Prepayments claimed for taxation purposes	4,091	2,867	-	-
Different method in recognition of contract income for accounting and taxation purposes	5,187	16,469	-	-
Unutilised tax losses	(1,819)	(12,008)	-	-
Others	-	(485)	-	-
	35,884	42,358	-	-

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31. DEFERRED TAXATION (Continued)

The major components of deferred taxation (charge) credit not recognised for the year are as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences attributable to:		
Difference between tax allowances and depreciation	(5,993)	(4,770)
Prepayments claimed for taxation purposes	226	332
Different method in recognition of contract income for accounting and taxation purposes	(3,069)	8,750
Tax losses arising	970	10,291
	(7,866)	14,603

At the balance sheet date, the major components of potential deferred taxation asset (liability) not recognised in the financial statements are as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences attributable to:		
Difference between tax allowances and depreciation	(11,299)	(5,306)
Prepayments claimed for taxation purposes	(24)	(250)
Different method in recognition of contract income for accounting and taxation purposes	(2,155)	914
Unutilised tax losses	43,834	42,864
	30,356	38,222

The net deferred taxation asset has not been recognised in the financial statements as realisation of this asset in the foreseeable future is uncertain.

The Company did not have any significant unprovided deferred taxation as at the balance sheet date.

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32. SHARE CAPITAL

	Number of shares	Value HK\$'000
Ordinary shares of HK\$0.10 each:		
Authorised:		
At 1st April, 2000, 31st March, 2001 and 31st March, 2002	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2000	980,115,103	98,011
Issue of new shares pursuant to scrip dividend scheme	12,373,289	1,238
At 31st March, 2001	992,488,392	99,249
Issue of new shares pursuant to scrip dividend scheme	44,256,532	4,426
At 31st March, 2002	1,036,744,924	103,675

Pursuant to the scrip dividend schemes which were announced by the Company on 14th July, 2001 and 17th December, 2001, the Company issued 32,113,356 and 12,143,176 new shares of HK\$0.10 each in the Company to shareholders who elected to receive scrip dividends in respect of the final dividend for the year ended 31st March, 2001 and the interim dividend for the year ended 31st March, 2002, respectively. The scrip shares did not rank for the final dividend for the year ended 31st March, 2001 and the interim dividend for the year ended 31st March, 2002, respectively.

33. WARRANTS

	Number of shares upon subscription	Aggregate subscription amount HK\$'000
2003 Warrants		
Warrants at a subscription price of HK\$0.40 each:		
Bonus issue of warrants during the year and balance in issue at 31st March, 2002	204,920,349	81,968

During the year, a bonus issue of 204,920,349 2003 Warrants was made to shareholders whose names appeared on the register of members on 8th February, 2002 on the basis of one warrant for every five shares of the Company then held. The 2003 Warrants conferring rights to the holders thereof to subscribe for up to HK\$81,968,140 in cash for shares of HK\$0.10 each in the Company at an initial subscription price of HK\$0.40 per share, subject to adjustment, at any time from 1st March, 2002 up to and including 29th August, 2003.

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34. SHARE OPTIONS

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

Date of grant	Exercise price per share HK\$	Number of shares to be issued upon exercise of the share options
18th December, 1998	0.6048	38,349,206
17th December, 1999	0.5552	16,100,000
		54,449,206

The above outstanding options can be exercised at any time during a period of three years commencing on the expiry of six months after the date of acceptance of the options.

No share options were granted or exercised during the year.

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35. RESERVES

	Share premium	Special reserve	Capital reserve	Translation reserve	Goodwill reserve	Accumulated profits (losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP							
At 1st April, 2000							
As originally stated	221,338	124,933	3,126,941	(159,048)	(841,501)	350,194	2,822,857
Prior period adjustments (note 2)	-	-	-	-	841,501	(424,953)	416,548
As restated	221,338	124,933	3,126,941	(159,048)	-	(74,759)	3,239,405
Exchange differences arising from translation of overseas operations	-	-	-	(119,529)	-	-	(119,529)
Issue of shares under scrip dividend scheme	(1,238)	-	-	-	-	-	(1,238)
Credit arising on scrip dividends (note 11)	-	-	-	-	-	4,560	4,560
Share issue expenses	(293)	-	-	-	-	-	(293)
Realised on disposal and dilution of interests in subsidiaries	-	-	-	86,841	-	-	86,841
Loss for the year	-	-	-	-	-	(454,440)	(454,440)
Dividends paid (note 11)	-	-	-	-	-	(19,653)	(19,653)
At 31st March, 2001	219,807	124,933	3,126,941	(191,736)	-	(544,292)	2,735,653
Exchange differences arising from translation of overseas operations	-	-	-	79,793	-	-	79,793
Issue of shares under scrip dividend scheme	(4,426)	-	-	-	-	-	(4,426)
Credit arising on scrip dividends (note 11)	-	-	-	-	-	8,708	8,708
Share issue expenses	(535)	-	-	-	-	-	(535)
Realised on dilution of interests in associates	-	-	-	21,630	-	-	21,630
Profit for the year	-	-	-	-	-	70,703	70,703
Dividends paid (note 11)	-	-	-	-	-	(20,171)	(20,171)
At 31st March, 2002	214,846	124,933	3,126,941	(90,313)	-	(485,052)	2,891,355

The accumulated losses of the Group include accumulated profits of approximately HK\$42,331,000 (2001: HK\$20,061,000) and HK\$2,827,000 (2001: HK\$280,000) retained by the associates and jointly controlled entities of the Group, respectively.

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35. RESERVES (Continued)

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE COMPANY					
At 1st April, 2000					
As originally stated	221,338	3,126,941	155,846	78,026	3,582,151
Prior period adjustments (note 2)	-	-	-	9,801	9,801
As restated	221,338	3,126,941	155,846	87,827	3,591,952
Issue of shares under scrip dividend scheme	(1,238)	-	-	-	(1,238)
Credit arising on scrip dividends (note 11)	-	-	-	4,560	4,560
Share issue expenses	(293)	-	-	-	(293)
Profit for the year	-	-	-	736	736
Dividends paid (note 11)	-	-	-	(19,653)	(19,653)
At 31st March, 2001	219,807	3,126,941	155,846	73,470	3,576,064
Issue of shares under scrip dividend scheme	(4,426)	-	-	-	(4,426)
Credit arising on scrip dividends (note 11)	-	-	-	8,708	8,708
Share issue expenses	(535)	-	-	-	(535)
Transfer	-	-	(155,846)	155,846	-
Loss for the year	-	-	-	(177,542)	(177,542)
Dividends paid (note 11)	-	-	-	(20,171)	(20,171)
At 31st March, 2002	214,846	3,126,941	-	40,311	3,382,098

The special reserve of the Group represents the difference between the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The capital reserve of the Group and the Company represents the credit arising from the cancellation of share premium and the paid up share capital upon the capital reorganisation.

The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company and the nominal amount of the Company's share capital issued as consideration for the acquisition. During the year, the contributed surplus was transferred to accumulated profits for future distribution.

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35. RESERVES (Continued)

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Pursuant to the letter of undertaking entered into between the Company and a bank, the Company cannot reduce or distribute or use the capital reserve account, including the transfer to the contributed surplus account, so long as any sums remain outstanding under a loan agreement, over which the Company has given a guarantee in favour of the bank, entered into between certain subsidiaries of the Company and the bank.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at the balance sheet date were as follows:

	2002 HK\$'000	2001 HK\$'000 (As restated)
Contributed surplus	–	155,846
Accumulated profits	40,311	73,470
	40,311	229,316

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

	2002 HK\$'000	2001 HK\$'000 (As restated)
Profit (loss) before taxation	125,243	(313,144)
Share of results of associates	(103,901)	(14,969)
Share of results of jointly controlled entities	(8,559)	(293)
Loss on disposal and dilution of interests in subsidiaries and an associate	6,688	289,190
Impairment loss on investment securities	2,462	-
Deficit arising on revaluation of investment properties	31,130	13,000
Write back of impairment loss on properties under development held for resale	(8,829)	-
Write back of impairment loss on hotel properties	(45,000)	-
Write back of allowance for loans receivable	(23,829)	-
Allowance for amount due from an associate receivable after one year	-	20,000
Interest expenses	38,301	211,650
Interest income	(38,312)	(137,996)
Amortisation of goodwill	2,305	29,346
Depreciation and amortisation of property, plant and equipment	78,932	347,575
Dividends from investments in listed securities	-	(2,987)
Dividends from investments in unlisted securities	-	(24)
Net realised and unrealised holding loss on listed other investments	1,760	18,728
Loss on disposal of unlisted short term investments	22,000	-
(Gain) loss on disposal of listed other investments	(4,795)	155,771
Gain on disposal of unlisted investment securities	-	(21,354)
Amortisation of redemption premium of debt securities	-	(6,396)
Loss on disposal of property, plant and equipment	8,768	2,269
Increase in properties under development held for resale	(39,635)	(28,948)
Decrease in properties held for resale	130,904	-
(Increase) decrease in amounts due from (to) customers for contract works, net of attributable interest expenses and depreciation and amortisation	(186,070)	887,457
Decrease (increase) in debtors, deposits and prepayments	65,539	(654,557)
Increase in amounts due from related companies	(8,792)	(249)
Decrease in amounts due from associates	2,277	7,274
Decrease in creditors and accrued expenses	(119,879)	(153,300)
Decrease in bills payable	-	(1,118)
Decrease in amounts due to related companies	(115)	(1,882)
(Decrease) increase in amounts due to associates	(1,682)	5,121
Increase in amounts due to jointly controlled entities	79,194	-
Net cash inflow from operating activities	6,105	650,164

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37. ACQUISITION OF SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000
Net assets acquired:		
Property, plant and equipment	-	69,250
Amounts due from (to) customers for contract works – net	-	21,465
Debtors, deposits and prepayments	-	137,246
Bank balances and cash	-	10,845
Creditors and accrued expenses	-	(108,552)
Taxation payable	-	(100)
Bank loans	-	(287)
Minority interests	-	(1,312)
	-	128,555
Goodwill arising on acquisition of subsidiaries	-	158,378
	-	286,933
Satisfied by:		
Cash paid	-	138,479
Issue of shares in a subsidiary to minority shareholders	-	138,191
Consideration payable	-	10,263
	-	286,933

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2002 HK\$'000	2001 HK\$'000
Cash consideration	-	(138,479)
Bank balances and cash acquired	-	10,845
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	-	(127,634)

The subsidiaries acquired during the year ended 31st March, 2001 contributed approximately HK\$179,547,000 to the Group's turnover and a profit of approximately HK\$10,148,000 to the Group's profit from operations and did not make a significant impact on the Group's cash flows for that year.

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38. DISPOSAL AND DILUTION OF INTERESTS IN SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000 (As restated)
Net assets disposed of:		
Property, plant and equipment	-	1,828,524
Goodwill	-	441,516
Interests in associates	-	38,500
Amounts due from (to) customers for contract works – net	-	(26,384)
Debtors, deposits and prepayments	-	1,738,764
Amounts due from associates	-	126,448
Short term bank deposits, bank balances and cash	-	103,385
Creditors and accrued expenses	-	(600,855)
Taxation payable	-	(45,010)
Obligations under finance leases	-	(134,654)
Bank loans	-	(933,129)
Other loans	-	(576,394)
Convertible notes	-	(133,980)
Deferred taxation	-	(99,704)
Minority interests	-	(722,910)
	-	1,004,117
Translation reserve realised	-	86,841
Loss on disposal and dilution of interests in subsidiaries	-	(289,190)
Interests in associates	-	(633,009)
	-	168,759
Satisfied by:		
Cash received	-	47,378
Unlisted debt securities	-	100,000
Amounts due from associates	-	21,381
	-	168,759

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38. DISPOSAL AND DILUTION OF INTERESTS IN SUBSIDIARIES (Continued)

Analysis of net outflow of cash and cash equivalents in connection with the disposal and dilution of interests in subsidiaries:

	2002 HK\$'000	2001 HK\$'000
Cash consideration received	–	47,378
Short term bank deposits, bank balances and cash disposed of	–	(103,385)
Net outflow of cash and cash equivalents in connection with the disposal and dilution of interests in subsidiaries	–	(56,007)

The subsidiaries disposed of during the year ended 31st March, 2001 contributed approximately HK\$61,818,000 to the Group's net operating cash flows, paid approximately HK\$148,387,000 in respect of the net returns on investments and servicing of finance, paid approximately HK\$50,573,000 for taxation, paid approximately HK\$298,718,000 for investing activities and raised approximately HK\$466,380,000 in respect of financing activities. The subsidiaries disposed of contributed approximately HK\$220,880,000 to the Group's profit from operations for that year.

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39. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium	Convertible bonds	Bank borrowings with more than three months of maturity when raised	Obligations under finance leases	Minority interests	Other loans	Convertible notes	Amount due to a jointly controlled entity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2000	319,349	1,066,214	850,013	238,440	733,195	715,975	616,425	-
Translation adjustments	-	-	(89,930)	(41,150)	-	(139,581)	(32,445)	-
Share issue expenses	(293)	-	-	-	-	-	-	-
Repurchase and redemption of the convertible bonds	-	(1,076,451)	-	-	-	-	-	-
Amortisation of deferred expenditure on convertible bonds	-	4,409	-	-	-	-	-	-
Amortisation of premium payable upon final redemption of the convertible bonds	-	5,828	-	-	-	-	-	-
New loans raised	-	-	900,594	-	-	-	-	-
Repayments	-	-	(337,448)	(56,186)	(95,100)	-	-	-
Issue of shares in a subsidiary to minority shareholders upon acquisition of a subsidiary	-	-	-	-	138,191	-	-	-
On acquisition of subsidiaries	-	-	287	-	1,312	-	-	-
On disposal and dilution of interests in subsidiaries	-	-	(933,129)	(134,654)	(722,910)	(576,394)	(133,980)	-
Contributions from minority shareholders	-	-	-	-	746	-	-	-
Minority share of goodwill of subsidiaries	-	-	-	-	(73,520)	-	-	-
Minority share of results for the year	-	-	-	-	91,343	-	-	-
Dividends paid to minority shareholders	-	-	-	-	(58,095)	-	-	-
Additions to investment securities	-	-	-	-	-	321,760	-	-
Advances	-	-	-	-	-	-	-	13,390
At 31st March, 2001	319,056	-	390,387	6,450	15,162	321,760	450,000	13,390
Share issue expenses	(535)	-	-	-	-	-	-	-
New loans raised	-	-	888,882	-	-	-	-	-
Repayments	-	-	(64,179)	(6,450)	(2,953)	(321,760)	(450,000)	(890)
Minority share of results for the year	-	-	-	-	6,605	-	-	-
Dividends paid to minority shareholders	-	-	-	-	(3,150)	-	-	-
At 31st March, 2002	318,521	-	1,215,090	-	15,664	-	-	12,500

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40. MAJOR NON-CASH TRANSACTIONS

During the year, the Group issued additional shares as scrip dividends as set out in note 32.

For the year ended 31st March, 2001, in addition to the non-cash consideration involved in the acquisition, and the disposal and dilution of interests in subsidiaries set out in notes 37 and 38, respectively, and the issue of additional shares as scrip dividends, the Group also had the following major non-cash transactions:

- (a) Issue of loan note of HK\$321,760,000 as part of the consideration for the acquisition of certain investment securities; and
- (b) Receipt of scrip dividends of HK\$110,000 from investments in listed securities.

41. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are separately held in funds under the control of trustees.

The cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there were no material forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

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

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

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42. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Outstanding performance bonds in respect of construction contracts	607,447	598,556	-	-
Guarantees given to banks and financial institutions in respect of general banking facilities granted to:				
Subsidiaries	-	-	1,886,345	1,337,858
Associates	84,717	84,206	84,717	84,206
A jointly controlled entity	8,360	4,180	8,360	4,180
	700,524	686,942	1,979,422	1,426,244

At the balance sheet date, the Group had a number of employees who have completed the required number of years of service under the 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 and long service payments been paid under the Ordinance, the amount payable would have been approximately HK\$52,072,000 (2001: HK\$45,724,000). An amount of approximately HK\$29,279,000 (2001: HK\$22,220,000) will be offset by the Group's retirement benefit scheme and no provision has been made for the remaining balance in the financial statements.

In addition to the above, the Group has received claims for damages and injuries relating to its construction business. No provision has been made for these claims as they are either covered by insurance or will be indemnified by other parties.

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43. OPERATING LEASE ARRANGEMENTS

(a) The Group as a lessee:

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

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	2,409	4,020
In the second to fifth year inclusive	908	2,532
After five years	476	257
	3,793	6,809

Leases are negotiated and monthly rentals are fixed for an average term of two years.

(b) The Group as a lessor:

At the balance sheet date, the Group had contracted with tenants for future minimum lease payments which fall due as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	28,808	23,916
In the second to fifth year inclusive	9,025	15,570
	37,833	39,486

The properties held have committed tenants for the next two years.

The Company did not have any significant operating lease arrangements as at the balance sheet date.

44. COMMITMENTS

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment	-	3,003

The Company did not have any significant capital commitments as at the balance sheet date.

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45. PLEDGE OF ASSETS

At 31st March, 2002, certain of the Group's properties, investment securities and debtors with an aggregate value of approximately HK\$1,553,970,000 (2001: HK\$2,489,008,000) and its benefits under certain construction contracts, have been pledged to banks, financial institutions and lenders to secure general credit facilities granted to the Group. Facilities amounting to approximately HK\$1,168,053,000 (2001: HK\$1,160,657,000) were utilised as at 31st March, 2002.

46. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into the following transactions with certain related parties:

Class of related party	Nature of transactions	2002	2001
		HK\$'000	HK\$'000
Associates of the Group	Construction works charged by the Group	177,418	163,625
	Purchase of concrete products by the Group	145	15
	Subcontracting fees charged to the Group	57,192	79
	Interest income charged by the Group	4,975	5,359
	Loan commitment fee charged by the Group	236	–
	Rentals and related building management fee charged by the Group	3,667	1,466
	Service fees charged to the Group	493	–
	Purchase of equipment	832	–
Jointly controlled entities of the Group	Construction works charges by the Group	11,257	–
	Project management fees charged by the Group	6,125	–
	Subcontracting fees charged to the Group	350,683	–
	Service fees charged by the Group	342	–
Subsidiaries of ITC Corporation Limited ("ITC")	Rentals and related building management fee charged by the Group	247	348
	Purchase of building materials and related installation works by the Group	882	266
Associates of ITC	Rentals and related building management fee charged by the Group	8,049	1,023
	Interest income charged by the Group	7,221	18,178
Subsidiaries of Premium Land Limited ("Premium Land")	Rentals and related building management fee charged by the Group	–	2,316

ITC is a substantial shareholder of the Company. Premium Land was a substantial shareholder of the Company prior to 19th January, 2001.

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46. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The above transactions were carried out on the following bases:

- (a) Construction works and subcontracting fees were charged at market price or, where no market price was available, at terms determined and agreed by both parties.
- (b) Purchase of equipment, concrete products and building materials were carried out in accordance with the negotiated prices.
- (c) Interest was charged by reference to the principal outstanding and at the interest rate determined and agreed by both parties.
- (d) Building management fee, service fee, project management fee and loan commitment fee were charged at the pre-agreed rates.
- (e) Rentals were charged at the pre-agreed fixed monthly amounts.

Details of the balance with associates, jointly controlled entities and related companies at the balance sheet date are set out in notes 17, 18, 23 and 24.

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(a) Particulars of the Company's principal subsidiaries as at 31st March, 2002 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company */ subsidiaries %	attributable to the Group %	
Calisan Developments Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Corless Limited	British Virgin Islands	US\$2 ordinary shares	100	100	Investment holding
Cycle Company Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property investment and holding
		HK\$2 non-voting deferred shares (note (i) below)	–	–	
DH Holdings Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Full Winners Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property sale and holding
Gunnell Properties Limited	British Virgin Islands	US\$1 ordinary share	100	100	Property investment and holding
Hamker Concrete Products Limited	Hong Kong	HK\$5,000,000 ordinary shares	70	70	Manufacturing and trading of concrete products
Hanfull Enterprises Limited	British Virgin Islands	US\$1 ordinary share	100	100	Securities investment
Hey Wealth Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property holding

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company */ subsidiaries %	attributable to the Group %	
Nation Cheer Investment Limited	Hong Kong	HK\$1,200,000 ordinary shares	100	100	Securities investment and trading
Paul Y. – CREC Engineering Co., Limited	Hong Kong	HK\$10 ordinary shares	70	70	Civil engineering
Paul Y. – CREC Joint Venture	Hong Kong	– (note (ii) below)	70	70	Civil engineering
Paul Y. – ITC (E & M) Contractors Limited	Hong Kong	HK\$20,000,000 ordinary shares	99.9998	99.9998	Provision of electrical, mechanical and building services
Paul Y. – ITC Construction Group Limited	Hong Kong	HK\$2 ordinary shares	100	100	Investment holding
		HK\$1,000,000 non-voting deferred shares (note (iii) below)	–	–	
Paul Y. – ITC Construction Limited	Hong Kong	HK\$102,000,000 ordinary shares	100	100	Building construction
Paul Y. – ITC Construction & Engineering Co. Limited	Hong Kong	HK\$42,000,000 ordinary shares	100	100	Building construction and specialist works
Paul Y. – ITC General Contractors Limited	Hong Kong	HK\$36,000,000 ordinary shares	100	100	Civil engineering and building construction
Paul Y. – ITC Interior Contractors Limited	Hong Kong	HK\$2 ordinary shares	100	100	Interior decoration works

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company [*] / subsidiaries %	attributable to the Group %	
Paul Y. – ITC Investments Group Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Paul Y. – ITC Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	Management services
Paul Y. – ITC Plant Hire Limited	Hong Kong	HK\$2 ordinary shares	100	100	Hire of motor vehicles and plant and machinery
Paul Y. Building Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property management services
Paul Y. Construction Company, Limited	Hong Kong	HK\$2 ordinary shares	100	100	Civil engineering, building construction and investment holding
		HK\$50,000,000 non-voting preferred shares (note (iv) below)	–	–	
Paul Y. Foundation Holdings Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Paul Y. Foundation Limited	Hong Kong	HK\$10,000,000 ordinary shares	100	100	Civil engineering and foundation works
Paul Y. Properties Group Limited	British Virgin Islands	US\$1 ordinary share	100*	100	Investment holding

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company * / subsidiaries %	attributable to the Group %	
Paul Y. Tunnel Engineering Co. Limited	Hong Kong	HK\$2 ordinary shares	100	100	Civil engineering
Rosedale Hotel Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	Hotel management
Rosedale Park Limited	Hong Kong	HK\$2 ordinary shares	100	100	Hotel operation
Tai Shan Paul Y. Construction Co., Ltd.	PRC	US\$5,005,340 registered capital	100	100	Civil engineering and building construction
Trend Cheer Limited	Hong Kong	HK\$2 ordinary shares	100	100	Investment holding
Unicon Concrete Products (HK) Limited	Hong Kong	HK\$12,000,002 ordinary shares	100	100	Manufacturing and trading of concrete products
Unistress Concrete Products (H.K.) Limited	Hong Kong	HK\$200 ordinary shares	100	100	Manufacturing and trading of concrete products
		HK\$1,000,000 non-voting deferred shares (note (iii) below)	100	100	
Unistress Group Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding

All of the above subsidiaries operate in Hong Kong except Hamker Concrete Products Limited and Tai Shan Paul Y. Construction Co., Ltd. which operate in the PRC.

All of the above subsidiaries are private limited companies except Paul Y. – CREC Joint Venture which is an unincorporated business.

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Notes:

- (i) The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividends unless the net profits of the company available for dividend exceed HK\$100,000,000,000,000 in which case they should be entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year and are, on winding up, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (ii) No capital has been contributed by the joint venture partners of the joint venture.
- (iii) The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividends for any financial year and are, on winding up or otherwise, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (iv) The holders of the non-voting preferred shares are not entitled to vote, are not entitled to any dividends unless the net profits of the company available for dividend exceed HK\$100,000,000,000 in which case they should be entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year and are, on winding up, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$10,000,000,000 has been distributed to the holders of the ordinary shares of the company.

(b) Particulars of the Company's principal associates as at 31st March, 2002 are as follows:

Name of associate	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/registered capital attributable to the Group %	Principal activities
Bongear Elevator (HK) Limited	Hong Kong	HK\$57,500,000 ordinary shares	45.0	Elevators and escalators installation and maintenance
Downer EDI Limited ("Downer")	Australia	A\$478,496,924 ordinary shares	36.9	Investment holding
Hang Pak Engineering Limited	Hong Kong	HK\$100,000 ordinary shares	50.0	Elevators and escalators maintenance
Icfox International Limited	Cayman Islands	US\$11 ordinary shares	27.3	E-construction business
Paul Y. – CREC Construction Co., Limited	Hong Kong	HK\$100 ordinary shares	50.0	Civil engineering

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of associate	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/registered capital attributable to the Group %	Principal activities
Paul Y. – SELI Joint Venture	Hong Kong	– (note below)	50.0	Civil engineering
Ting Kau Contractors Joint Venture (“TKCJV”)	Hong Kong	– (note below)	18.2	Civil engineering
Zhujiang Kwan On Concrete Products Co., Ltd.	PRC	RMB6,320,000 registered capital	50.0	Manufacturing and trading of concrete products

All of the above associates are private limited companies except (i) the joint ventures which are unincorporated businesses and (ii) Downer which is listed in Australia.

All of the above associates are held by the Company indirectly.

Note: No capital has been contributed by the joint venture partners of these joint ventures, although the Group has contributed working capital amounting to approximately HK\$44,693,000 to TKCJV.

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

(c) Particulars of the Company’s jointly controlled entities as at 31st March, 2002 are as follows:

Name of jointly controlled entity	Place of incorporation	Issued and fully paid share capital	Percentage of issued share capital attributable to the Group %	Principal activities
DL & PY JV Limited	Hong Kong	HK\$2 ordinary shares	50	Civil engineering
Paul Y. – Penta-Ocean Joint Venture	Hong Kong	– (note below)	50	Civil engineering

Note: No capital has been contributed by the joint venture partners, although the Group has contributed working capital amounting to HK\$5,000,000 to this joint venture.