

Notes to the Financial Statements

For the year ended 31st March, 2002

1. GENERAL

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

The Company is an investment holding company. The principal activities of the Group are property development and investment, securities trading and provision of securities brokerage and margin financing services and advisory services, sale of furniture and hotel operations.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

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

The adoption of these new and revised standards has resulted in the following changes to the Group’s accounting policies that have affected the amounts reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) “Events after the balance sheet date”, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of equity on the face of the balance sheet. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment which is set out in note 4.

Notes to the Financial Statements

For the year ended 31st March, 2002

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(continued)*

Goodwill

During the year, the Group has adopted SSAP 30 "Business combinations" and has elected to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, the amount of such goodwill (negative goodwill) has been remeasured in accordance with the requirements of SSAP 30. Accumulated amortisation and impairment losses in respect of goodwill between the date of acquisition of the relevant subsidiary or associate and the date of adoption of SSAP 30 have been recognised retrospectively. Negative goodwill which would have been recognised as income between the date of acquisition of the relevant subsidiary or associate and the date of adoption of SSAP 30 has been recognised retrospectively. The effect of these adjustments is summarised in note 4. Following the restatement, goodwill is presented as an asset in the balance sheet and negative goodwill is presented as a deduction from assets. Goodwill is amortised over its estimated economic life of not more than twenty years. Negative goodwill will be released to income based on an analysis of the circumstances from which the balance is resulted.

Segment reporting

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

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

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or up to the effective dates of acquisition or disposal, respectively.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill

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

Goodwill is capitalised and amortised on a straight-line basis over its estimated economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition. Negative goodwill is presented as a deduction from assets and is released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Negative goodwill *(continued)*

Negative goodwill arising on acquisition of an associate is deducted from the carrying value of that associate. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

Investments in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the premium/less any discount on acquisition in so far as it has not already been written off/amortized/released to income, less any identified impairment loss.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred plus the premium/less any discount on acquisition in so far as it has not already been written off/amortised/released to income, less any identified impairment loss.

Investments in securities

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

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in securities *(continued)*

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in reserves, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

Investment properties

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

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

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

No depreciation is provided on investment properties except where unexpired terms of the relevant leases are 20 years or less.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

Depreciation is provided to write off the cost of the assets, other than hotel properties, over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the unexpired terms of the relevant leases
Buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Leasehold improvements	10 – 20%
Others	10 – 33 $\frac{1}{3}$ %

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

Hotel properties

Hotel properties represent interests in land and buildings and their integral fixed plant and machinery which are used collectively for hotel operations and which are stated at cost or carrying value at the time when the properties were reclassified from investment properties.

Depreciation is provided to write off the carrying value of leasehold land over the unexpired term of the lease. No depreciation is provided in respect of hotel buildings erected on leasehold land with an unexpired term of more than 20 years. It is the Group's policy to maintain the hotel buildings (including integral plant and machinery) in such condition that their value is not diminished by the passage of time. Accordingly, the directors consider that the lives of these assets and their residual values are such that any depreciation would be insignificant. The related maintenance and repairs expenditure is charged to the income statement when incurred. All hotel buildings erected on leasehold land with an unexpired term of less than 20 years are depreciated over their estimated useful lives or the term of the relevant lease, whichever is shorter.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties under development

Properties under development are stated at cost, less any identified impairment loss. Cost comprises the cost of acquisition of the properties under development together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development.

Properties under development which are sold in advance of completion or are due for completion within one year from the balance sheet date and with the intention for sale when completed are included in the balance sheet as current assets. All other properties under development are included in the balance sheet as non-current assets.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost, which comprises direct purchase cost or expenditure incurred for the construction and, where applicable, other incidental expenses that have been incurred in bringing the properties to their present location and condition, is calculated using the weighted average method. Net realisable value represents the actual or estimated selling price in the ordinary course of business less all related selling and marketing costs.

Intangible assets

The trading rights held in the Stock Exchange and Hong Kong Futures Exchange Limited (the "Futures Exchange") are stated at cost less amortisation and accumulated impairment losses, and are amortised on a straight line basis over a period of 10 years.

Internet streaming rights for songs recordings and movies are stated at cost less accumulated amortisation and impairment losses. The assets are amortised based on the income generated from the assets over its estimated economic life of 7 years.

Other assets

Other assets are stated at cost less any identified impairment loss.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

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

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

Inventories

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

Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Revenue recognition

Sales of properties are recognised when unconditional sale and purchase agreements have been signed and title has passed.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

When properties under development are sold in advance of completion, income is recognised over the course of the development only when income can be anticipated with reasonable certainty and is computed as a proportion of the total estimated income to completion or the sale deposits received from the pre-sale, whichever is the lower; the proportion used being that of the construction costs incurred at the balance sheet date to estimated total construction costs.

Rental income from properties under operating leases is recognised on a straight line basis over the period of the relevant leases.

Sales of furniture are recognised when goods are delivered and title has passed.

Service income is recognised when the consultancy and advisory services are rendered.

Commission and brokerage and advisory service income is recognised when the service is rendered, the revenue can be reliably estimated and it is probable that the revenue will be received.

Sales of investments in securities are recognised when the related bought and sold note is executed.

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

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

Income arising from the hotel operations is recognised when the services are rendered.

Notes to the Financial Statements

For the year ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating leases

Rental expenses under operating leases are charged to the income statement on a straight line basis over the period of the relevant leases.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expenses are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

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

On consolidation, the financial statements of overseas operations are translated at the rates ruling on the balance sheet date. Exchange differences arising on translation are dealt with in the translation reserve.

Notes to the Financial Statements

For the year ended 31st March, 2002

4. PRIOR PERIOD ADJUSTMENTS

The financial effect of the adoption of the new and revised accounting policies described in note 2 is summarised below:

	THE GROUP				THE COMPANY	
	Accumulated profits HK\$'000	Dividend reserve HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000	Dividend reserve HK\$'000
Balance at 1st April, 2000						
As originally stated	675,450	—	8,637	—	684,087	—
Derecognition of liability for final dividend of year 2000	—	24,172	—	—	24,172	24,172
Restatement as an asset of goodwill held in reserves with retrospective recognition of accumulated amortisation	(46,327)	—	55,092	—	8,765	—
Restatement of negative goodwill held in reserves with retrospective release to income	58,570	—	(63,625)	—	(5,055)	—
Reclassification of reserves	—	—	(104)	104	—	—
As restated	<u>687,693</u>	<u>24,172</u>	<u>—</u>	<u>104</u>	<u>711,969</u>	<u>24,172</u>
Balance at 1st April, 2001						
As originally stated	746,648	—	25,738	—	772,386	—
Derecognition of liability for final dividend of year 2001	—	15,540	—	—	15,540	15,540
Restatement as an asset of goodwill held in reserves with retrospective recognition of accumulated amortisation	(32,627)	—	38,815	—	6,188	—
Restatement of negative goodwill held in reserves with retrospective release to income	61,747	—	(64,263)	—	(2,516)	—
Reclassification of reserves	—	—	(290)	290	—	—
As restated	<u>775,768</u>	<u>15,540</u>	<u>—</u>	<u>290</u>	<u>791,598</u>	<u>15,540</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

4. PRIOR PERIOD ADJUSTMENTS (continued)

The effect of these changes in accounting policies on the results for the current and prior periods is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Realisation of goodwill arising on acquisition of an associate	(578)	(823)
Adjustment to goodwill realised upon disposal of an associate	—	17,039
Adjustment on share of result of an associate	—	661
	<u>(578)</u>	<u>16,877</u>

5. TURNOVER

Turnover for the year comprises:

	2002 HK\$'000	2001 HK\$'000
Proceeds from sales of properties	278,562	76,697
Sales of furniture	111,493	138,195
Rental income from investment properties	106,827	110,392
Income from hotel operations	46,485	66,303
Interest income from margin financing and other loan receivables	42,448	54,826
Commission from the provision of securities and futures brokerage services and related advisory services	36,338	61,303
Consultancy and advisory service income	21,059	20,736
Proceeds from sale of securities held for trading purposes	8,768	7,369
	<u>651,980</u>	<u>535,821</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is currently organised into seven operating divisions, namely, lease of properties, sales of properties, securities brokerage services, wholesaling and retailing of furniture, hotel operations, licence of internet streaming rights and consultancy and advisory services. These divisions are the basis on which the Group reports its primary segment information.

The Group's turnover and contribution to (loss) profit before taxation have been derived from activities, all of which are substantially carried out in Hong Kong. In addition, the substantial portion of the Group's assets are located in Hong Kong.

Segment information about these business activities for the year ended 31st March, 2002 is presented below.

	Lease of properties	Sales of properties	Securities brokerage services	Wholesaling and retailing of furniture	Hotel operations	Licence of internet streaming rights	Consultancy and advisory services	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
INCOME STATEMENT									
Turnover									
External sales	<u>106,827</u>	<u>278,562</u>	<u>78,786</u>	<u>111,493</u>	<u>46,485</u>	<u>—</u>	<u>21,059</u>	<u>8,768</u>	<u>651,980</u>
Result									
Segment results	<u>(143,529)</u>	<u>12,556</u>	<u>39,622</u>	<u>2,098</u>	<u>(5,092)</u>	<u>(70,000)</u>	<u>12,084</u>	<u>16,042</u>	<u>(136,219)</u>
Interest income									13,316
Unallocated corporate expenses									<u>(66,382)</u>
Loss from operations									(189,285)
Finance costs									(49,564)
Realisation of goodwill arising on acquisition of an associate									(578)
Share of results of associates	—	(13,903)	—	—	—	—	—	(42,014)	<u>(55,917)</u>
Loss before taxation									(295,344)
Taxation credit									<u>30,921</u>
Loss before minority interests									<u>(264,423)</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Lease of properties	Sales of properties	Wholesaling Securities brokerage services	and retailing of furniture	Hotel operations	Licence of internet streaming rights	Consultancy and advisory services	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
OTHER INFORMATION									
Capital additions	8,440	63,921	1,516	22,633	2,455	—	—	2,240	101,205
Depreciation and amortisation	2,210	18	3,765	5,458	7,893	—	—	12,672	32,016
Impairment losses recognised in income statement	33,362	27,400	—	—	—	70,000	—	—	130,762
Revaluation deficit of investment properties	209,419	—	—	—	—	—	—	—	209,419
Allowance for doubtful debts	4,603	—	1,354	—	1,612	—	—	—	7,569
BALANCE SHEET									
Assets									
Segment assets	1,664,412	406,850	238,368	128,933	522,285	180,000	7,361	17,625	3,165,834
Interests in associates	—	586,227	—	—	—	—	—	79,846	666,073
Unallocated corporate assets									173,451
Consolidated total assets									4,005,358
Liabilities									
Segment liabilities	(115,593)	(27,474)	(123,892)	(8,402)	(4,500)	—	(1,238)	—	(281,099)
Unallocated corporate liabilities									(978,105)
Consolidated total liabilities									(1,259,204)
Minority interests									35,217
									(1,223,987)

Notes to the Financial Statements

For the year ended 31st March, 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment information about these business activities for the year ended 31st March, 2001 is presented below.

	Lease of properties HK\$'000	Sales of properties HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel operations HK\$'000	Licence of internet streaming rights HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
INCOME STATEMENT									
Turnover									
External sales	<u>110,392</u>	<u>76,697</u>	<u>116,129</u>	<u>138,195</u>	<u>66,303</u>	<u>—</u>	<u>20,736</u>	<u>7,369</u>	<u>535,821</u>
Result									
Segment results	<u>96,263</u>	<u>(6,249)</u>	<u>130,137</u>	<u>12,691</u>	<u>235</u>	<u>—</u>	<u>9,900</u>	<u>(212)</u>	<u>242,765</u>
Interest income									22,623
Unallocated corporate expenses									<u>(76,528)</u>
Profit from operations									188,860
Finance costs									(104,800)
Loss on disposal of an associate									(4,550)
Allowance for doubtful recovery of amount due from an associate									(8,143)
Realisation of goodwill arising on acquisition of an associate									(823)
Share of results of associates	—	25,380	—	—	—	—	—	(20,473)	<u>4,907</u>
Profit before taxation									75,451
Taxation credit									<u>8,714</u>
Profit before minority interests									<u><u>84,165</u></u>

Notes to the Financial Statements

For the year ended 31st March, 2002

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Lease of properties	Sales of properties	Wholesaling Securities brokerage services	and retailing of furniture	Hotel operations	Licence of internet streaming rights	Consultancy and advisory services	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
OTHER INFORMATION									
Capital additions	100,468	154,854	488	753	20,584	—	—	2,905	280,052
Depreciation and amortisation	1,542	180	4,058	3,376	7,852	—	—	12,300	29,308
Impairment losses recognised in income statement	16,825	29,484	—	—	—	—	—	—	46,309
Allowance for doubtful debts	—	—	6,279	—	—	—	—	—	6,279
	<u>—</u>	<u>—</u>	<u>6,279</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,279</u>
BALANCE SHEET									
Assets									
Segment assets	1,894,882	627,162	233,995	124,038	530,547	250,000	16,149	5,252	3,682,025
Interests in associates	—	639,168	—	—	—	—	—	89,981	729,149
Unallocated corporate assets									310,833
Consolidated total assets									<u>4,722,007</u>
Liabilities									
Segment liabilities	(118,286)	(31,932)	(111,518)	(11,264)	(12,458)	—	(13,812)	—	(299,270)
Unallocated corporate liabilities									(1,316,345)
Consolidated total liabilities									(1,615,615)
Minority interests									20,135
									<u>(1,595,480)</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

7. OTHER OPERATING INCOME

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
The amount for the year includes:		
Interest income from:		
– bank and other deposits	526	1,893
– loans receivable	12,790	20,730
Unrealised gain on revaluation of trading securities	12,602	—
Write back of allowance for doubtful debts of margin financing and other receivables	6,118	23,595
Management fees received	3,398	7,702
Gain on disposal of non-trading securities	—	52,449
	<u> </u>	<u> </u>

8. IMPAIRMENT LOSS OF PROPERTIES AND OTHER ASSETS RECOGNISED

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Impairment loss recognised in respect of:		
Properties held for sale	(3,646)	(9,035)
Properties under development	(57,116)	(37,274)
Internet streaming rights	(70,000)	—
	<u> </u>	<u> </u>
	<u>(130,762)</u>	<u>(46,309)</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

9. (LOSS) PROFIT FROM OPERATIONS

	2002	2001
	HK\$'000	HK\$'000
(Loss) profit from operations has been arrived at after charging:		
Amortisation of intangible assets	2,545	2,545
Auditors' remuneration	1,632	2,278
Depreciation	28,893	25,940
Loss on disposal of trading securities – net	—	996
Loss on disposal of property, plant and equipment	1,435	—
Operating lease rentals in respect of:		
– rented premises	21,315	21,429
– equipment	1,392	1,960
Staff costs, including directors' remuneration (<i>note (i)</i>) and retirement benefit scheme contributions (<i>note (ii)</i>)	114,091	133,923
and after crediting:		
Dividend income from listed securities	164	165
Gain on disposal of trading securities - net	3,441	—
Gross rental income less outgoings of approximately HK\$7,643,000 (2001: HK\$10,176,000)	99,184	100,216
	<u>99,184</u>	<u>100,216</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

9. (LOSS) PROFIT FROM OPERATIONS (continued)

(i) Information regarding directors' and employees' emoluments

	2002 HK\$'000	2001 HK\$'000
Directors' emoluments:		
Directors' fees		
Executive	685	567
Independent non-executive	69	242
	<u>754</u>	<u>809</u>
Other emoluments		
Executive		
Salaries and benefits	8,036	9,546
Contributions to retirement benefit scheme	440	303
	<u>9,230</u>	<u>10,658</u>
Total amount paid or payable to directors	9,230	10,658
Rent-free accommodation provided to an executive director, based on estimated rental value	4,020	4,020
	<u>4,020</u>	<u>4,020</u>
Total directors' emoluments	<u><u>13,250</u></u>	<u><u>14,678</u></u>

The emoluments of the directors fall within the following bands:

	Number of directors	
	2002	2001
Nil to HK\$1,000,000	3	6
HK\$1,500,001 to HK\$2,000,000	2	2
HK\$2,000,001 to HK\$2,500,000	1	—
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,000,001 to HK\$3,500,000	1	—
HK\$3,500,001 to HK\$4,000,000	—	1
HK\$4,000,001 to HK\$4,500,000	1	1
	<u>8</u>	<u>11</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

9. (LOSS) PROFIT FROM OPERATIONS *(continued)*

(i) Information regarding directors' and employees' emoluments *(continued)*

Employees' emoluments:

Of the five individuals with the highest emoluments in the Group in year 2002, five (2001: four) were directors of the Company whose emoluments are set out above. The emoluments of the remaining one highest paid individual in 2001 is as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Salaries and other benefits	—	1,163
Contributions to retirement benefit scheme	—	58
	<u>—</u>	<u>1,221</u>
	<u><u>—</u></u>	<u><u>1,221</u></u>

The emoluments of the individual fall within the following band:

	Number of employees	
	2002	2001
HK\$1,000,001 to HK\$1,500,000	—	1
	<u>—</u>	<u>1</u>

(ii) Retirement benefit scheme contributions

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Retirement benefit scheme contributions to the Group's defined contribution schemes	3,168	2,019
Less: Forfeited contributions	(1,970)	(197)
	<u>1,198</u>	<u>1,822</u>
Contributions to mandatory provident fund scheme ("MPF Scheme")	1,677	592
	<u>1,677</u>	<u>592</u>
Amount charged to income statement	2,875	2,414
	<u><u>2,875</u></u>	<u><u>2,414</u></u>

Notes to the Financial Statements

For the year ended 31st March, 2002

9. (LOSS) PROFIT FROM OPERATIONS *(continued)*

(ii) Retirement benefit scheme contributions *(continued)*

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and the MPF Scheme established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after December 2000 are required to join the MPF Scheme.

The retirement benefit 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 ORSO Scheme 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, forfeited contributions of approximately HK\$390,000 (2001: Nil), which arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in the future years.

Notes to the Financial Statements

For the year ended 31st March, 2002

10. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on:		
– bank borrowings wholly repayable within five years	(47,755)	(90,286)
– other borrowings wholly repayable within five years	(6,045)	(23,503)
	<u>(53,800)</u>	<u>(113,789)</u>
Less: Amount capitalised in properties under development	2,456	6,094
	<u>(51,344)</u>	<u>(107,695)</u>
Total borrowing costs	(51,344)	(107,695)
Bank charges	(1,317)	(2,510)
	<u>(52,661)</u>	<u>(110,205)</u>
Amount charged to income statement	(52,661)	(110,205)
Less: Amount included in direct operating expenses	3,097	5,405
	<u>(49,564)</u>	<u>(104,800)</u>

11. SHARE OF RESULTS OF ASSOCIATES

	2002 HK\$'000	2001 HK\$'000
Share of results of associates includes the following charges:		
Impairment loss (recognised) reversed in respect of properties under development and other assets	(19,367)	1,420
	<u>(19,367)</u>	<u>1,420</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

12. TAXATION CREDIT

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
The credit comprises:		
Hong Kong Profits Tax calculated at 16% (2001: 16%) of the estimated assessable profit		
– current year	(10,032)	(10,752)
– overprovision in prior years	41,357	20,883
	31,325	10,131
Deferred taxation (note 36)	37	89
Share of net taxation charge of associates	(441)	(1,506)
	30,921	8,714

The reversal of overprovision in prior years during the year related to the finalisation of tax charges in prior years.

Details of deferred taxation provided and significant potential deferred taxation asset not recognised are set out in note 36.

Notes to the Financial Statements

For the year ended 31st March, 2002

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the Group's consolidated loss attributable to shareholders of approximately HK\$255,158,000 (2001: restated profit of HK\$86,755,000) and on 863,293,521 (2001: weighted average of 719,289,066) shares in issue.

The adjustment to comparative basic earnings per share, arising from the changes in accounting policies shown in note 2, is as follows:

	<i>HK cents</i>
Reconciliation of 2001 basic earnings per share:	
Reported figure before adjustment	9.7
Adjustment arising from adoption of new and revised SSAPs	2.4
	<hr/>
Restated	<u>12.1</u>

No disclosure of diluted (loss) earnings per share was presented for both years as there were no dilutive potential ordinary shares in issue in either year.

14. DIVIDENDS

	2002 HK\$'000	2001 <i>HK\$'000</i>
Interim, paid – Nil (2001: 0.8 cent per share)	—	6,906
Final, proposed – Nil (2001: 1.8 cents per share)	—	15,540
	<hr/>	<hr/>
	<u>—</u>	<u>22,446</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

15. INVESTMENT PROPERTIES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
VALUATION		
At the beginning of the year	1,693,925	1,912,129
Additions	—	94,266
Transferred from properties under development	—	20,086
Transferred from (to) leasehold land and buildings	6,614	(63,125)
Transferred to properties under development	—	(273,264)
Transferred to properties held for sale	(16,000)	(2,500)
(Deficit) surplus arising on revaluation	(209,419)	6,333
	<u>1,475,120</u>	<u>1,693,925</u>
At the end of the year	<u>1,475,120</u>	<u>1,693,925</u>

The net book value of investment properties at the balance sheet date comprises:

	2002	2001
	HK\$'000	HK\$'000
Situated in Hong Kong:		
– long leases	364,950	447,500
– medium-term leases	1,110,170	1,246,425
	<u>1,475,120</u>	<u>1,693,925</u>

The investment properties were valued at 31st March, 2002 by Mr. Tse Wai Chuen ("Mr. Tse"), FRICS, FHKIS, a director of the Company, on an open market value basis. Except for some of the investment properties were vacant as at 31st March, 2002, the investment properties are held for rental under operating leases.

Details of the investment properties are set out on pages 88 to 91.

Notes to the Financial Statements

For the year ended 31st March, 2002

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Hotel properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP					
COST OR VALUATION					
At 1st April, 2001	237,626	523,202	68,675	116,760	946,263
Additions	—	—	26,447	10,837	37,284
Transferred to investment properties	(6,800)	—	—	—	(6,800)
Disposals	—	—	(1,633)	(7,846)	(9,479)
At 31st March, 2002	<u>230,826</u>	<u>523,202</u>	<u>93,489</u>	<u>119,751</u>	<u>967,268</u>
Comprising:					
At cost	111,151	88,202	93,489	119,751	412,593
At deemed cost	<u>119,675</u>	<u>435,000</u>	<u>—</u>	<u>—</u>	<u>554,675</u>
	<u>230,826</u>	<u>523,202</u>	<u>93,489</u>	<u>119,751</u>	<u>967,268</u>
DEPRECIATION					
At 1st April, 2001	16,969	21,935	31,715	97,360	167,979
Provided for the year	4,837	4,387	8,092	11,577	28,893
Transferred to investment properties	(186)	—	—	—	(186)
Eliminated on disposals	—	—	(1,177)	(6,057)	(7,234)
At 31st March, 2002	<u>21,620</u>	<u>26,322</u>	<u>38,630</u>	<u>102,880</u>	<u>189,452</u>
NET BOOK VALUES					
At 31st March, 2002	<u>209,206</u>	<u>496,880</u>	<u>54,859</u>	<u>16,871</u>	<u>777,816</u>
At 31st March, 2001	<u>220,657</u>	<u>501,267</u>	<u>36,960</u>	<u>19,400</u>	<u>778,284</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The net book value of properties shown above comprises:

	Leasehold land and buildings		Hotel properties	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Situated in Hong Kong:				
– long leases	95,111	103,926	496,880	501,267
– medium-term leases	114,095	116,731	—	—
	209,206	220,657	496,880	501,267

Certain hotel properties were transferred from investment properties in 1997 based on valuation as at 31st March, 1996 by Mr. Tse, on an open market value basis.

Certain leasehold land and buildings were transferred from investment properties in 2000 and 2001 based on valuation as at 31st March, 1999 by Mr. Tse and valuation as at 31st March, 2000 by Chesterton Petty Limited, a professional valuer, respectively, on an open market value basis.

Notes to the Financial Statements

For the year ended 31st March, 2002

17. PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
At the beginning of the year	483,848	477,471
Additions	63,921	160,325
Transferred from investment properties	—	273,264
Transferred to investment properties upon completion	—	(20,086)
Transferred to properties held for sale upon completion	(78,658)	(369,852)
Less: Impairment loss recognised	(57,116)	(37,274)
	<u>411,995</u>	<u>483,848</u>
At the end of the year	<u><u>411,995</u></u>	<u><u>483,848</u></u>

The properties under development at the balance sheet date comprise:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Situated in Hong Kong:		
– long leases	238,095	251,057
– medium-term leases	173,900	232,791
	<u>411,995</u>	<u>483,848</u>
Shown in the balance sheet as:		
Non-current assets	156,900	413,057
Current assets	255,095	70,791
	<u>411,995</u>	<u>483,848</u>

The carrying amounts of certain properties under development were reduced by an amount of approximately HK\$57,116,000 to their net recoverable amount estimated by Mr. Tse on an open market value basis.

Notes to the Financial Statements

For the year ended 31st March, 2002

17. PROPERTIES UNDER DEVELOPMENT *(continued)*

Interest capitalised by the Group during the year in respect of properties under development amounted to approximately HK\$2,456,000 (2001: HK\$6,094,000) at a capitalisation rate of 4.3% (2001: 8.0%).

Included in the properties under development at the balance sheet date is net interest capitalised of approximately HK\$4,538,000 (2001: HK\$2,082,000).

Details of the properties under development are set out on page 92.

18. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares	<u>893,236</u>	<u>893,236</u>

Included in the balance is the cost of unlisted shares of Emperor Investment Limited ("EIL") amounting to approximately HK\$893,234,000 (2001: HK\$893,234,000) which represents the underlying net assets of EIL and its subsidiaries at 17th December, 1991, the date on which the group reorganisation became effective and the Company became the ultimate holding company of the Group, after adjusting for dividend received of HK\$4,555,000 from EIL which was treated as a reduction in the cost of the Company's investment. The other subsidiaries held directly by the Company are stated at cost.

Particulars of the principal subsidiaries of the Company as at 31st March, 2002 are set out in note 47.

19. AMOUNTS DUE FROM SUBSIDIARIES

THE COMPANY

The amounts are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Company in the next twelve months. Accordingly, the amounts are shown as non-current assets.

Notes to the Financial Statements

For the year ended 31st March, 2002

20. INTERESTS IN ASSOCIATES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	469,696	535,802
Unamortised goodwill arising from acquisition	3,094	3,672
	<u>472,790</u>	<u>539,474</u>
Market value of those shares listed on the Stock Exchange as at March 31	<u>55,016</u>	<u>78,039</u>

Particulars of the associates of the Group as at 31st March, 2002 are set out in note 48.

	Goodwill HK\$'000	Negative goodwill HK\$'000	Total HK\$'000
THE GROUP			
Cost			
At 31st March, 2001 and 31st March, 2002	20,333	(7,549)	12,784
Amortisation/Realisation to income			
At 1st April, 2001	14,145	(5,033)	9,112
Realised for the year	3,094	(2,516)	578
At 31st March, 2002	17,239	(7,549)	9,690
Net book value			
At 31st March, 2002	<u>3,094</u>	<u>—</u>	<u>3,094</u>
At 31st March, 2001	<u>6,188</u>	<u>(2,516)</u>	<u>3,672</u>

Goodwill (negative goodwill) is amortised (released to income) over 3 years.

Notes to the Financial Statements

For the year ended 31st March, 2002

20. INTERESTS IN ASSOCIATES (continued)

The financial information in respect of the Group's significant associate which has been extracted from the audited financial statements for the year ended 31st March, 2002 of Emperor (China Concept) Investments Limited ("ECC") is as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i> <i>(restated)</i>
Income statement		
Turnover	<u>46,792</u>	<u>38,728</u>
(Loss) profit for the year	<u>(32,954)</u>	<u>32,621</u>
(Loss) profit attributable to the Group	<u>(16,184)</u>	<u>16,020</u>
Balance sheet		
Non-current assets	1,027,461	1,140,147
Current assets	97,772	120,826
Current liabilities	(27,053)	(12,755)
Non-current liabilities	(261,024)	(377,280)
Minority interests	27,825	27,762
Net assets	<u>864,981</u>	<u>898,700</u>
Share of net assets	<u>424,792</u>	<u>441,352</u>

The auditors' report on the consolidated financial statements of ECC for the year ended 31st March, 2002 is qualified as a result of the auditors having been unable to obtain any financial information in respect of ECC's unconsolidated subsidiaries such that they were unable to assess the appropriateness of the allowance of approximately HK\$90,388,000 made in respect of the amounts due from those unconsolidated subsidiaries of approximately HK\$770,771,000 included in its consolidated balance sheet as at 31st March, 2002. Any adjustments found to be necessary may affect the net assets of ECC as at 31st March, 2002 and its loss for the year then ended.

Notes to the Financial Statements

For the year ended 31st March, 2002

21. AMOUNTS DUE FROM ASSOCIATES

THE GROUP

The amounts are unsecured and have no fixed terms of repayment. The amounts bear interest at the prevailing market rate. In the opinion of the directors, no demand for repayment will be made by the Group in the next twelve months. Accordingly, the amounts are shown as non-current assets.

22. INTANGIBLE ASSETS

	THE GROUP			Total HK\$'000
	7 trading rights at the Stock Exchange HK\$'000	2 trading rights at the Futures Exchange HK\$'000	Internet streaming rights HK\$'000	
Balance at 1st April, 2000	22,003	899	—	22,902
Additions arising on acquisition of subsidiaries	—	—	250,000	250,000
Amortisation for the year	(2,445)	(100)	—	(2,545)
Balance at 31st March, 2001	19,558	799	250,000	270,357
Amortisation for the year	(2,445)	(100)	—	(2,545)
Impairment loss recognised in the year	—	—	(70,000)	(70,000)
Balance at 31st March, 2002	17,113	699	180,000	197,812

The carrying amount of internet streaming rights was reduced by an amount of approximately HK\$70,000,000 to its net recoverable amount estimated by the directors, by reference to the fair market value of the asset as at 31st March, 2002 estimated by an independent professional valuer based on the projected future net income generated from the asset at a discount rate of 25%.

No amortisation was charged for the internet streaming right, in the year as the assets did not generate any income during the year.

Notes to the Financial Statements

For the year ended 31st March, 2002

23. INVESTMENTS IN SECURITIES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Non-trading securities shown under non-current assets:		
Shares listed in Hong Kong, at market value	1,171	—
Other unlisted securities	—	50
	<u>1,171</u>	<u>50</u>
Trading securities shown under current assets:		
Shares and warrants listed in Hong Kong, at market value	<u>16,455</u>	<u>5,252</u>

24. OTHER ASSETS

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Club debentures	635	635
Membership costs	3,363	3,363
Deposits	4,750	4,850
	<u>8,748</u>	<u>8,848</u>

In the opinion of the directors, the carrying values of other assets are at least equal to their costs.

Notes to the Financial Statements

For the year ended 31st March, 2002

25. INVENTORIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Furniture	22,304	27,771
Catering goods	1,815	1,944
	<u>24,119</u>	<u>29,715</u>

The cost of inventories recognised as an expense during the year amounted to approximately HK\$61,667,000 (2001: HK\$76,069,000).

At the balance sheet date, inventories amounted to approximately HK\$5,766,000 (2001: HK\$6,210,000) were carried at net realisable value.

26. PROPERTIES HELD FOR SALE

THE GROUP

At 31st March, 2002, the properties of approximately HK\$75,800,000 (2001: HK\$41,500,000) were carried at net realisable value and comprised:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Situated in Hong Kong:		
– long leases	74,600	249,132
– medium-term leases	1,200	41,500
	<u>75,800</u>	<u>290,632</u>

The cost of properties recognised as an expense during the year amounted to approximately HK\$227,185,000 (2001: HK\$43,731,000).

Notes to the Financial Statements

For the year ended 31st March, 2002

27. DEBTORS, DEPOSITS AND PREPAYMENTS

THE GROUP

In general, the Group does not grant credit to the majority of its customers. Loans to share margin clients are secured by clients' pledged securities and are repayable on demand. No aged analysis is disclosed in respect of loans to share margin clients as in the opinion of the directors, the aged analysis does not give relevant information in view of the nature of the business of share margin financing.

An aged analysis of trade debtors at the balance sheet date is set out as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	142,763	73,523
31 – 90 days	3,973	10,159
91 – 180 days	1,907	4,073
Over 180 days	6,836	16,189
	<hr/>	<hr/>
Loans to share margin clients	155,479	103,944
Other receivables, deposits and prepayments	86,773	142,609
	<hr/>	<hr/>
	13,830	20,351
	<hr/>	<hr/>
	256,082	266,904
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31st March, 2002

28. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

THE GROUP

An aged analysis of trade payables at the balance sheet date is set out as follows:

	2002 HK\$'000	2001 HK\$'000
0 – 90 days	87,237	81,467
91 – 180 days	149	—
Over 180 days	2,242	16,233
	<hr/>	<hr/>
	89,628	97,700
Other payables, deposits and accruals	56,825	57,593
	<hr/>	<hr/>
	146,453	155,293
	<hr/> <hr/>	<hr/> <hr/>

29. AMOUNTS DUE TO A SHAREHOLDER/RELATED PARTIES

THE GROUP

The amounts are unsecured, bear interest at prevailing market rates and are repayable on demand.

Amounts due to related parties were fully settled during the year.

30. SECURED BANK BORROWINGS - DUE WITHIN ONE YEAR

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Bank loans – amount due within one year (<i>note 35</i>)	448,739	489,556
Bank overdrafts	97,880	357,756
Trust receipts and import loans	9,466	14,836
	<hr/>	<hr/>
	556,085	862,148
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31st March, 2002

31. SHARE CAPITAL

	Number of shares of HK\$1 each	Value HK\$'000
<i>Authorised:</i>		
At 1st April, 2000	1,500,000,000	1,500,000
Increase on 17th July, 2000 (<i>Note (a)</i>)	3,500,000,000	3,500,000
	<u>5,000,000,000</u>	<u>5,000,000</u>
<i>Issued and fully paid:</i>		
At 1st April, 2000	431,646,761	431,647
Issue of shares by way of rights issue (<i>Note (b)</i>)	215,823,380	215,823
Bonus issue of shares by capitalisation of contributed surplus (<i>Note (b)</i>)	215,823,380	215,823
	<u>863,293,521</u>	<u>863,293</u>
At 31st March, 2001 and 31st March, 2002	<u>863,293,521</u>	<u>863,293</u>

Notes:

- (a) Resolutions were passed at the special general meeting held on 17th July, 2000 to increase the authorised share capital of the Company from HK\$1,500,000,000 to HK\$5,000,000,000 by the creation of additional 3,500,000,000 shares.
- (b) On 7th August, 2000, 215,823,380 new shares of the Company were issued and allotted to the shareholders by way of rights issue, for cash at HK\$1 per share. On the same date, 215,823,380 new bonus shares of the Company were issued to the shareholders in the proportion of one bonus share for every rights share taken up, by way of capitalisation of the contributed surplus of the Company. The shares issued rank pari passu in all respects with the then existing shares of the Company.

The net proceeds of the shares issued were applied as the working capital of the Group.

Notes to the Financial Statements

For the year ended 31st March, 2002

32. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Investment property revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Total HK\$'000
THE GROUP											
Balance at 1st April, 2000											
As originally stated	1,133,259	8,637	5,061	142	212,978	3,624	—	675,450	389,802	—	2,428,953
Prior period adjustments (see note 4)	—	(8,533)	—	—	—	—	—	12,243	—	24,172	27,882
Reclassification of reserves	—	(104)	—	—	—	—	104	—	—	—	—
As restated	1,133,259	—	5,061	142	212,978	3,624	104	687,693	389,802	24,172	2,456,835
Bonus issue of shares	—	—	—	—	—	—	—	—	(215,823)	—	(215,823)
Expenses incurred upon issue of shares	—	—	—	—	—	—	—	—	(2,505)	—	(2,505)
Revaluation reserve realised upon disposal of properties	—	—	—	—	(28,254)	—	—	—	—	—	(28,254)
Depreciation attributable to revaluation surplus	—	—	—	—	(1,320)	—	—	1,320	—	—	—
Revaluation deficit realised upon disposal of investments in securities	—	—	—	—	—	(3,624)	—	—	—	—	(3,624)
Share of reserves of associates	—	—	884	(142)	—	—	186	—	—	—	928
Profit attributable to shareholders	—	—	—	—	—	—	—	86,755	—	—	86,755
Dividends declared	—	—	—	—	—	—	—	—	(22,446)	22,446	—
Dividends paid	—	—	—	—	—	—	—	—	—	(31,078)	(31,078)
Balance at 31st March, 2001	1,133,259	—	5,945	—	183,404	—	290	775,768	149,028	15,540	2,263,234
Revaluation reserve realised upon disposal of properties (see note (ii))	—	—	—	—	(74,602)	—	—	—	—	—	(74,602)
Depreciation attributable to revaluation surplus	—	—	—	—	(1,320)	—	—	1,320	—	—	—
Surplus arising on revaluation of investments in securities	—	—	—	—	—	521	—	—	—	—	521
Share of reserves of associates	—	—	(89)	—	—	—	(288)	—	—	—	(377)
Loss attributable to shareholders	—	—	—	—	—	—	—	(255,158)	—	—	(255,158)
Dividends paid	—	—	—	—	—	—	—	—	—	(15,540)	(15,540)
Balance at 31st March, 2002	1,133,259	—	5,856	—	107,482	521	2	521,930	149,028	—	1,918,078

Notes:

- (i) The accumulated profits of the Group include a loss of approximately HK\$58,377,000 (2001: profit of HK\$7,351,000) retained by the associates of the Group.
- (ii) The revaluation reserve amounted to approximately HK\$74,602,000 (2001: HK\$28,254,000) arose from the revaluation of certain investment properties in previous years and was grouped into the asset revaluation reserve at the time when the properties were put into redevelopment. Such reserve has been credited to the income statement in the year upon the disposal of the redeveloped properties.

Notes to the Financial Statements

For the year ended 31st March, 2002

32. RESERVES (continued)

	Share premium HK\$'000	Accumulated profits HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Total HK\$'000
THE COMPANY					
Balance at 1st April, 2000					
As originally stated	1,133,259	(124,820)	518,510	—	1,526,949
Prior period adjustments (see note 4)	—	—	—	24,172	24,172
As restated	1,133,259	(124,820)	518,510	24,172	1,551,121
Bonus issue of shares	—	—	(215,823)	—	(215,823)
Expenses incurred upon issue of shares	—	—	(2,505)	—	(2,505)
Loss for the year	—	(51)	—	—	(51)
Dividends declared	—	—	(22,446)	22,446	—
Dividends paid	—	—	—	(31,078)	(31,078)
Balance at 31st March, 2001	1,133,259	(124,871)	277,736	15,540	1,301,664
Profit for the year	—	273,543	—	—	273,543
Dividends paid	—	—	—	(15,540)	(15,540)
Balance at 31st March, 2002	1,133,259	148,672	277,736	—	1,559,667

The contributed surplus of the Group represents the difference between the aggregate of 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, as reduced by the dividends paid and bonus issues by way of capitalisation of contributed surplus.

The contributed surplus of the Company represents the difference between the consolidated net assets of the Company's subsidiaries and the nominal value of the Company's shares issued pursuant to the group reorganisation effective in December 1991, less subsequent dividends paid and bonus issues by way of capitalisation of contributed surplus.

Notes to the Financial Statements

For the year ended 31st March, 2002

32. RESERVES (continued)

Under the company law in Bermuda, the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) 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.

In the opinion of the directors, the Company's reserves available for distribution to shareholders are as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Contributed surplus	277,736	277,736
Accumulated profits (losses)	148,672	(124,871)
	<hr/> 426,408 <hr/>	<hr/> 152,865 <hr/>

33. AMOUNTS DUE TO SUBSIDIARIES

THE COMPANY

The amounts are unsecured, interest-free and have no fixed terms of repayment. No demand for repayment from subsidiaries will be made in the next twelve months. Accordingly, the amounts are shown as non-current liabilities.

34. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

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

The amounts advanced to the subsidiaries by the respective minority shareholders are considered as part of their contributions, together with paid up capital, made to finance the operations of these subsidiaries. The minority shareholders have therefore agreed that these advances can be used to make good their respective share of the losses incurred by these subsidiaries to the extent of the amounts advanced to them, if requested by the Group to do so. Accordingly, these advances are shown as non-current liabilities.

Notes to the Financial Statements

For the year ended 31st March, 2002

35. SECURED BANK BORROWINGS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
The repayment schedule for bank loans is as follows:		
Within one year or on demand	448,739	489,556
Between one to two years	164,536	113,835
Between two to five years	190,308	52,570
Over five years	50,018	7,125
	853,601	663,086
Less: Amount due within one year included under current liabilities (<i>note 30</i>)	(448,739)	(489,556)
Amount due after one year	404,862	173,530

The loans carry interest at prevailing market rates and are secured by certain of the Group's assets. The carrying values of these assets at the balance sheet date were as follows:

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	1,466,220	1,665,675
Leasehold land and buildings	209,121	213,860
Hotel properties	496,880	501,267
Properties under development	255,095	299,848
Properties held for sale	74,600	289,132
Bank deposits	1,708	1,885
	2,503,624	2,971,667

Notes to the Financial Statements

For the year ended 31st March, 2002

36. DEFERRED TAXATION

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Balance at the beginning of the year	275	364
Movement for the year (note 12)	(37)	(89)
Balance at the end of the year	<u>238</u>	<u>275</u>

At the balance sheet date, the major components of the net deferred taxation liability provided for in the financial statements are analysed as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect on timing differences in respect of:		
Excess of depreciation allowance over depreciation charged in the financial statements	<u>238</u>	<u>275</u>

The major components of the net deferred taxation credit provided for in the financial statements for the year are analysed as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect on timing differences in respect of:		
Excess of depreciation charged in the financial statements over depreciation allowance	<u>(37)</u>	<u>(89)</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

36. DEFERRED TAXATION (continued)

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

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Excess of depreciation allowance over depreciation charged in the financial statements	(866)	(13,020)	—	—
Unutilised tax losses carried forward	<u>121,538</u>	<u>87,136</u>	<u>134</u>	<u>877</u>
Net potential deferred taxation asset	<u><u>120,672</u></u>	<u><u>74,116</u></u>	<u><u>134</u></u>	<u><u>877</u></u>

The major components of the net potential deferred taxation credit not recognised in the financial statements during the year are analysed as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Excess of depreciation allowance over depreciation charged in the financial statements	12,154	(1,893)
Tax losses	<u>34,402</u>	<u>3,608</u>
Net potential deferred taxation credit	<u><u>46,556</u></u>	<u><u>1,715</u></u>

The net potential deferred taxation asset has not been recognised in the financial statements as it is not certain that the benefit will be crystallised in the foreseeable future.

The surplus or deficit arising from revaluation of the Group's leasehold and investment properties and non-trading securities does not constitute a timing difference for taxation purposes as any profits or losses realised on disposal of such properties and investments would not be subject to taxation.

Notes to the Financial Statements

For the year ended 31st March, 2002

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

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i> <i>(restated)</i>
(Loss) profit before taxation	(295,344)	75,451
Interest income	(13,316)	(22,623)
Interest expenses	51,344	107,695
Dividend income from investments in securities	(164)	(165)
Depreciation and amortisation	32,016	29,308
Share of results of associates	55,917	(4,907)
Loss on disposal of property, plant and equipment	1,435	—
Loss on disposal of an associate	—	4,550
Gain on disposal of non-trading securities	—	(52,449)
Unrealised gain on revaluation of trading securities	(12,602)	—
Revaluation reserve realised upon disposal of properties	(74,602)	(28,254)
Deficit (surplus) on revaluation of investment properties	209,419	(6,333)
Impairment loss in respect of properties under development	57,116	37,274
Impairment loss in respect of properties held for sale	3,646	9,035
Impairment loss in respect of internet streaming rights	70,000	—
Write back of allowance for doubtful debts of margin financing and other receivables	(6,118)	(23,595)
Allowance for doubtful debts of margin financing and other receivables	7,569	6,279
Allowance for doubtful recovery for amount due from an associate	—	8,143
Decrease in inventories	5,596	203
Decrease in properties held for sale	305,844	74,485
(Increase) decrease in debtors, deposits and prepayments	(8,911)	150,962
Decrease (increase) in other securities held for trading purposes	1,399	(4,755)
Decrease in creditors, customers' deposits and accrued charges	(8,840)	(140,431)
Net cash inflow from operating activities	381,404	219,873

Notes to the Financial Statements

For the year ended 31st March, 2002

38. PURCHASE OF SUBSIDIARIES

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Net assets of the subsidiaries acquired:		
Intangible assets	<u>—</u>	<u>250,000</u>
Satisfied by:		
Cash consideration	<u>—</u>	<u>250,000</u>
Analysis of the net outflow of cash and cash equivalents in connection with the purchase of subsidiaries:		
Cash consideration paid	<u>—</u>	<u>(250,000)</u>

The cash flows and results contributed by the subsidiaries acquired during 2001 were not significant.

Notes to the Financial Statements

For the year ended 31st March, 2002

39. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium HK\$'000	Bank loans HK\$'000	Trust receipts and import loans HK\$'000	Minority interests HK\$'000	Amounts due to minority shareholders of subsidiaries HK\$'000	Amount due to a shareholder HK\$'000	Amount due to related parties HK\$'000	Amount due to a former director HK\$'000
Balance at 1st April, 2000	1,564,906	583,591	17,404	(17,545)	93,685	256,525	34,736	9,150
Rights issue of shares	215,823	—	—	—	—	—	—	—
Bonus issue of shares	215,823	—	—	—	—	—	—	—
Reclassified during the year	—	—	—	—	—	—	9,150	(9,150)
Interest accrued	—	—	—	—	—	13,970	2,689	—
Raised during the year	—	175,710	59,512	—	345	596,956	41,681	—
Repayment during the year	—	(96,215)	(62,080)	—	—	(642,335)	(29,724)	—
Share of results by minority shareholders	—	—	—	(2,590)	—	—	—	—
Balance at 31st March, 2001	1,996,552	663,086	14,836	(20,135)	94,030	225,116	58,532	—
Dividend payable	—	—	—	(5,817)	—	—	—	—
Raised during the year	—	498,738	45,891	—	1,004	478,408	—	—
Repayment during the year	—	(308,223)	(51,261)	—	—	(650,588)	(58,532)	—
Share of results by minority shareholders	—	—	—	(9,265)	—	—	—	—
Balance at 31st March, 2002	1,996,552	853,601	9,466	(35,217)	95,034	52,936	—	—

40. MAJOR NON-CASH TRANSACTION

In 2001, the Company issued 215,823,380 bonus shares to its shareholders by way of capitalisation of the contributed surplus of the Company.

41. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2002 HK\$'000	2001 HK\$'000
Bank balances and cash	91,983	154,805
Bank overdrafts	(97,880)	(357,756)
	(5,897)	(202,951)

Notes to the Financial Statements

For the year ended 31st March, 2002

42. COMMITMENTS

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Authorised but not contracted for in respect of property investment and development projects	291	2,216
Contracted for but not provided in the financial statements, net of deposits paid, in respect of property investment and development projects	<u>216,087</u>	<u>72,667</u>
	<u>216,378</u>	<u>74,883</u>

The Company had no significant commitments at the balance sheet date.

43. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Within one year	11,897	12,380
In the second to fifth year inclusive	<u>14,087</u>	<u>1,369</u>
	<u>25,984</u>	<u>13,749</u>

Leases are negotiated for terms ranged from 1 to 3 years.

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

Notes to the Financial Statements

For the year ended 31st March, 2002

43. OPERATING LEASE COMMITMENTS (continued)

The Group as lessor

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

	2002 HK\$'000	2001 HK\$'000
Within one year	69,610	81,371
In the second to fifth year inclusive	38,940	55,114
	<u>108,550</u>	<u>136,485</u>

There are committed tenants for the tenancy ranging from 1 to 5 years.

44. CONTINGENT LIABILITIES

	2002		2001	
	Guarantees given HK\$'000	Amount utilised HK\$'000	Guarantees given HK\$'000	Amount utilised HK\$'000
THE GROUP				
Guarantees given to banks in respect of credit facilities utilised by associates	<u>121,002</u>	<u>36,428</u>	<u>132,402</u>	<u>61,436</u>
THE COMPANY				
Guarantees given to banks in respect of credit facilities utilised by:				
Subsidiaries	1,779,461	949,470	1,683,488	1,007,378
Associates	<u>121,002</u>	<u>36,428</u>	<u>132,402</u>	<u>61,436</u>
	<u>1,900,463</u>	<u>985,898</u>	<u>1,815,890</u>	<u>1,068,814</u>

Notes to the Financial Statements

For the year ended 31st March, 2002

45. RELATED PARTY TRANSACTIONS

During the year, the Group had the following significant transactions with related parties:

	2002	2001
	HK\$'000	HK\$'000
Rental received from related companies (<i>note ii</i>)	9,314	10,149
Rental received from associates (<i>note ii</i>)	6,369	6,252
Advertising expense paid to an associate (<i>note ii</i>)	395	1,178
Interest paid to a shareholder (<i>note iii</i>)	6,005	13,970
Interest paid to related companies (<i>note iii</i>)	40	2,734
Interest paid to an associate (<i>note iii</i>)	—	6,799
Interest received from associates (<i>note iii</i>)	12,536	19,686
Management fee received from associates (<i>note iv</i>)	1,970	1,830
Management fee received from related companies (<i>note iv</i>)	1,340	2,876
Professional and service fees received from related companies (<i>note ii</i>)	5,556	5,613
Professional and service fees received from associates (<i>note ii</i>)	934	609
Underwriting commission received from a related party (<i>note ii</i>)	490	1,692
	<u>490</u>	<u>1,692</u>

In addition, the Group had the following significant transactions with related parties in 2001:

- (a) On 28th September, 2000, the Group acquired from a wholly owned subsidiary of Emperor Technology Venture Limited ("ETV") the entire equity interests of Amazing Growth Profits Limited and its subsidiaries (hereinafter collectively referred to as the "Amazing Growth Group") which hold the internet streaming rights of songs recordings and movies and the shareholder's loan outstanding from the Amazing Growth Group to ETV at a total consideration of HK\$250 million.
- (b) On the same date, the Group acquired from another wholly owned subsidiary of ETV of 50% equity interest in the share capital of eDaily Group Limited and its subsidiaries (hereinafter collectively referred to as the "eDaily Group") and 50% of shareholder's loan outstanding from the eDaily Group to ETV at a cash consideration amounted to approximately HK\$2.2 million.

Notes to the Financial Statements

For the year ended 31st March, 2002

45. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (i) Certain directors and substantial shareholders of the Company have beneficial interests in the related companies.
- (ii) These transactions were carried out after negotiations between the Group and the related parties and on basis of estimated market value as determined by the directors of the Company.
- (iii) The interest received or paid by the Group is calculated by reference to the principal outstanding and the prevailing market interest rates.
- (iv) The management fee is charged by reference to the actual cost incurred.

46. POST BALANCE SHEET EVENTS

The following significant events took place subsequent to the balance sheet date:

On 10th June, 2002, the Company entered into an agreement (the “Island Gold Agreement”) with ETV to which the Company agreed to acquire the entire issued share capital of Island Gold Developments Limited and its subsidiaries (the “Island Gold Group”) at a cash consideration which represented the loan outstanding from the Island Gold Group to ETV and its subsidiaries other than the Island Gold Group after netting off the net liabilities of the Island Gold Group at the date of completion.

On the same day, the Group entered into a conditional agreement (the “Sale and Purchase Agreement”) with Jade Forest Limited (“Jade Forest”), an unrelated party, to dispose of the entire issued share capital of Goldstream Limited (“Goldstream”) and the shareholder’s loan outstanding from Goldstream to the Group at a cash consideration of approximately HK\$51.5 million. Goldstream held 205,905,721 shares in ETV as at 31st March, 2002. The Sale and Purchase Agreement is conditional upon, among other matters, the Island Gold Agreement becoming unconditional. Upon completion, the Group will no longer hold any equity interest in ETV.

The above two agreements have not yet been completed at the date of approval of these financial statements.

Notes to the Financial Statements

For the year ended 31st March, 2002

47. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital*	Group's attributable equity interest %	Principal activities
Directly held				
Emperor Investment Limited	Hong Kong	1,000	100.00	Investment holding and securities trading
Star Point Limited	British Virgin Islands	US\$1	100.00	Investment holding
Indirectly held				
A-Hing Limited	Hong Kong	2	100.00	Property investment
Active Pace Investment Limited	Hong Kong	100	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	100.00	Property holding
Amazing Growth Profits Limited	British Virgin Islands	US\$1	100.00	Investment holding
Amazing Wave Investment Limited	Hong Kong	10,000	50.002	Property investment and dormant at year end
Blooming World Investment Limited	Hong Kong	2	100.00	Property investment
Bo Shing Real Estate Limited	Hong Kong	1,002	100.00	Investment holding and property investment
Board Pace Investment Limited	Hong Kong	100	100.00	Property investment

Notes to the Financial Statements

For the year ended 31st March, 2002

47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital*	Group's attributable equity interest %	Principal activities
Indirectly held (continued)				
Chance Yield Development Limited	Hong Kong	2	100.00	Property investment
Circle World Limited	Hong Kong	1,000	90.10	Property development
Civilink Investment Limited	Hong Kong	2	100.00	Property investment
Corpfair Trading Limited	Hong Kong	100	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	100.00	Property development
Darling Land Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for movies
Diamond King Limited	Hong Kong	2	100.00	Property development
Distinct Rich Limited	Hong Kong	1,002	100.00	Investment holding and property investment
EIL Property Management Limited	Hong Kong	100	100.00	Provision of property management services
East Star Holding Limited	Liberia	US\$1	100.00	Provision of agency services
Emperor Capital Limited	Hong Kong	5,000,000	100.00	Investment advisor
Emperor Finance Limited	Hong Kong	100	100.00	Provision of money lending services

Notes to the Financial Statements

For the year ended 31st March, 2002

47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital*	Group's attributable equity interest %	Principal activities
Indirectly held (continued)				
Emperor Futures Limited	Hong Kong	10,000,000	100.00	Provision of commodities brokerage services
Emperor Hotel Limited	Hong Kong	2	100.00	Hotel operations
Emperor Investment (Management) Limited	Hong Kong	100	100.00	Provision of management services
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	100.00	Provision of property agency services
Emperor Securities Limited	Hong Kong	70,000,000	100.00	Provision of securities brokerage services
Emperor Securities Nominees Limited	Hong Kong	2	100.00	Provision of nominee services
Frontgoal Development Limited	Hong Kong	2	100.00	Property investment
Gallan Limited	Hong Kong	2	100.00	Property investment
Glorious Twelfth Holdings Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for songs
Gold Pleasure Investment Limited	Hong Kong	2	100.00	Property development
Gold Shine Investment Limited	Hong Kong	2	70.00	Property investment
Golden Pegasus Investment Limited	Hong Kong	100,000	100.00	Property holding

Notes to the Financial Statements

For the year ended 31st March, 2002

47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital*	Group's attributable equity interest %	Principal activities
Indirectly held (continued)				
Goldstream Group Limited	British Virgin Islands	US\$1	100.00	Investment holding
Harvest-In Investment Limited	Hong Kong	2	100.00	Property investment
Headwise Investment Limited	Hong Kong	2	100.00	Property investment
Jade Palace Properties Limited	Hong Kong	10,000	100.00	Property investment
Levin Group Limited	British Virgin Islands	US\$75	93.33	Investment holding
Luen Fat Shing Company Limited	Hong Kong	1,800,000	100.00	Property investment
Mark Pleasure Investment Limited	Hong Kong	2	100.00	Property holding
Marvellous Pacific Limited	Hong Kong	100	100.00	Property investment
Planwing Limited	Hong Kong	2	100.00	Property development
Pleasure View Investment Limited	Hong Kong	2	100.00	Property investment
Prestige Gold Investment Limited	Hong Kong	100	100.00	Property holding
Prosper Gold Investment Limited	Hong Kong	100	100.00	Investment holding
Receivable Agents Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for movies
Record Breakers Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for songs
Rich Gallant Investment Limited	Hong Kong	2	100.00	Property investment
Richorse Limited	Hong Kong	2	100.00	Property development and dormant at year end

Notes to the Financial Statements

For the year ended 31st March, 2002

47. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital*	Group's attributable equity interest %	Principal activities
Indirectly held (continued)				
Roseley Limited	Hong Kong	10	100.00	Property investment
Sellwell Inc.	British Virgin Islands/ Hong Kong	US\$100	100.00	Property investment
Sharp View Investment Limited	Hong Kong	2	100.00	Property investment
South Mark Investment Limited	Hong Kong	2	100.00	Property investment
Ulferts of Sweden (Far East) Limited	Hong Kong	350,000	100.00	Wholesaling and retailing of furniture
Very Sound Investments Limited	Hong Kong	10,000,000	100.00	Property investment
Worthy Strong Investment Limited	Hong Kong	100	100.00	Investment holding
Ying Wong Property Limited	Hong Kong	100	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	100.00	Property investment

* All amounts are in Hong Kong dollars except stated otherwise.

All subsidiaries, except for those companies incorporated overseas, carry on their businesses in Hong Kong unless stated otherwise.

None of the subsidiaries had issued any debt securities at 31st March, 2002.

The above table lists 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 Financial Statements

For the year ended 31st March, 2002

48. ASSOCIATES

Particulars of the Group's principal associates as at 31st March, 2002, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group	Principal activities
Brightwing Development Limited	Hong Kong	50.00%	Property development
ECC	Bermuda	49.11%	Property development and investment
ETV	Hong Kong	34.94%	Marine products and apparel trading, printing and publishing

The above table lists the associates of the Group 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 associates would, in the opinion of the directors, result in particulars of excessive length.