

1. GENERAL

The Company is incorporated in Bermuda 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. Its principal subsidiaries are engaged in investment holding, property development and general trading.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of HK\$150,955,000 as at 30 June 2002. The Group is dependent upon the financial support of its bankers and other lenders. In July 2002, the Group reached an agreement with its bankers for a further postponement of the repayment date for certain of its secured bank loans (including accrued interest) amounting to approximately HK\$674 million as at 30 June 2002 to April 2003. The unused facilities available to the Group as at 30 June 2002 of approximately HK\$129 million will be used to finance the completion of the development. Although the main contractor of the properties held under development terminated their contract in August 2002, a shortlist of potential new main contractors has been compiled which is currently awaiting the bankers’ approval under the terms of the loan agreement. With a new main contractor to be appointed shortly, the directors estimate that the properties held under development will be complete and available for sale or pre-sale in April 2003. Against this background, the directors consider that, with the continuing support of the Group’s bankers and other lenders, the Group will be able to complete the development and to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice (“SSAP(s)”) issued by the Hong Kong Society of Accountants. These new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosures for the previous year have been restated in order to achieve a consistent presentation. The adoption of these new and revised SSAPs has had no effect on the results for the current or prior accounting periods.

4. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June each year.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

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

Revenue recognition

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

Service fee income is recognised when services are rendered.

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

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

Property, plant and equipment

Property, plant and equipment, other than properties held under development, are stated at cost or valuation less depreciation and any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Property, plant and equipment (Cont'd)**

Depreciation is provided to write off the depreciable amount of property, plant and equipment, other than properties held under development, over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land and buildings	Over the estimated useful lives of 50 years or the period of the lease, if shorter
Leasehold improvements	Over the estimated useful lives of 10 years or the period of the lease, if shorter
Office equipment, furniture and fixtures	15% – 25%

The gain or loss arising on the 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.

Properties held under development

Properties held under development are stated at the lower of cost and net realisable value.

Capitalisation of borrowing 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 is suspended during extended periods in which active development is interrupted. Capitalisation 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 an expense in the period in which they are incurred.

Investments in subsidiaries

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

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments in securities

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

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost less any identified impairment loss.

Club debentures

Club debentures, which are held for long-term investment purposes, are stated at cost less any identified impairment loss.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to the extent 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 expense 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 using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies

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

In preparing consolidated financial statements, financial statements which are not denominated in Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. Exchange differences arising on consolidation are dealt with in the translation reserve.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the relevant lease term.

Retirement benefits scheme

The amount of the Group's contributions payable under the Group's retirement benefits scheme is charged to the income statement.

5. TURNOVER

Turnover represents the aggregate of the amounts received and receivable for goods sold, net of returns and allowances, and services rendered during the year.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two main operating divisions – general trading and property development. These divisions are the basis on which the Group reports its primary segment information. The business of the provision of agency services has been temporarily suspended since the beginning of the current year.

Segment information about these businesses is presented below:

Year 2002

(i) Income statement

	General trading <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE			
External sales	18,576	–	18,576
RESULT			
Segment result	(15,293)	(1,125)	(16,418)
Impairment loss recognised in respect of leasehold land and buildings			(16,000)
Loss from operations			(32,418)
Finance costs			(5,305)
Net loss for the year			(37,723)

(ii) Balance sheet

	General trading <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	157,447	820,254	977,701
Unallocated corporate assets			15,902
Consolidated total assets			993,603
LIABILITIES			
Segment liabilities	4,352	35,174	39,526
Unallocated corporate liabilities			951,684
Consolidated total liabilities			991,210

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

Business segments (Cont'd)

(iii) Other information

	General trading <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	138	91,189	91,327
Depreciation	5,497	–	5,497

Year 2001

(i) Income statement

	General trading <i>HK\$'000</i>	Provision of agency services <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Discontinued restaurant operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	<u>–</u>	<u>2,193</u>	<u>–</u>	<u>–</u>	<u>2,193</u>
RESULT					
Segment result	4,733	(13,295)	–	2,878	(5,684)
Impairment loss recognised in respect of leasehold land and buildings					<u>(50,000)</u>
Loss from operations					(55,684)
Finance costs					<u>(73,310)</u>
Net loss for the year					<u>(128,994)</u>

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

(ii) Balance sheet

	General trading <i>HK\$'000</i>	Provision of agency services <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Discontinued restaurant operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	176,866	1,399	729,247	120	907,632
Unallocated corporate assets					<u>16,514</u>
Consolidated total assets					<u><u>924,146</u></u>
LIABILITIES					
Segment liabilities	4,132	–	19,417	–	23,549
Unallocated corporate liabilities					<u>860,481</u>
Consolidated total liabilities					<u><u>884,030</u></u>

(iii) Other information

	General trading <i>HK\$'000</i>	Provision of agency services <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Discontinued restaurant operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	28	–	10,801	–	10,829
Depreciation	6,178	–	–	–	6,178

Geographical segments

More than 90% of the Group's turnover for the year ended 30 June 2002 and 2001 were attributable to operations carried out in Hong Kong.

Almost all of the Group's assets are located in Hong Kong.

7. LOSS FROM OPERATIONS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Directors' remuneration (<i>note 9</i>)	220	146
Other staff costs, including retirement benefits scheme contributions	1,537	2,582
Total staff costs	1,757	2,728
Allowance for obsolete inventories	–	3,127
Auditors' remuneration	270	300
Depreciation	5,497	6,178
Minimum lease payments in respect of rented premises under operating leases	–	136
and after crediting:		
Gain on disposal of investment securities	250	–
Interest income	5	6

8. FINANCE COSTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings:		
– wholly repayable within five years	33,453	75,873
– not wholly repayable within five years	5,305	–
	38,758	75,873
Less: Amount capitalised in respect of properties held under development	(33,453)	(2,563)
	5,305	73,310

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of the directors and the five highest paid individuals are as follows:

(a) Directors' emoluments

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' fees:		
Executive	-	-
Non-executive	-	-
Independent non-executive	-	-
	<u> </u>	<u> </u>
	-	-
Other emoluments to executive directors:		
Salaries and other benefits	220	146
	<u> </u>	<u> </u>
	220	146
	<u> </u>	<u> </u>

The emoluments of each of the directors were less than HK\$1,000,000.

(b) Employees' emoluments

The five highest paid individuals of the Group included one (2001: nil) executive director, details of whose emoluments are set out in note (a) above. The emoluments of the remaining four (2001: five) individuals are as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other benefits	741	1,243
Retirement benefits scheme contributions	33	14
	<u> </u>	<u> </u>
	774	1,257
	<u> </u>	<u> </u>

The emoluments of each of these employees were less than HK\$1,000,000.

10. DISCONTINUED OPERATIONS

In December 1999, the Group ceased its restaurant operations. The turnover and profit from operations in respect of the discontinued operations, accounted for up to the date of discontinuance, were as follows:

	2002 HK\$'000	2001 HK\$'000
Discontinued restaurant operations:		
Turnover	—	—
Profit from operations (<i>note</i>)	—	2,878

Note: The amount in 2001 represented reversal of overprovision of closure costs for the restaurant operations.

11. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries had no assessable profit for both years.

No provision for deferred taxation has been made in the financial statements as there were no significant timing differences arising during the year or at the balance sheet date.

No provision for deferred taxation has been made for the surplus arising in previous years on the revaluation of certain of the Company's existing properties as the profit arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation surplus does not constitute a timing difference for tax purposes.

12. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK\$37,723,000 (2001: HK\$128,994,000) and on 528,271,615 (2001: 528,271,615) ordinary shares in issue during the year.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Office equipment, furniture and fixtures <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP				
COST OR VALUATION				
At 1 July 2001	249,500	14,832	10,540	274,872
Additions	—	—	138	138
At 30 June 2002	<u>249,500</u>	<u>14,832</u>	<u>10,678</u>	<u>275,010</u>
Comprising:				
At cost	211,500	14,832	10,678	237,010
At valuation – 1997 *	<u>38,000</u>	—	—	<u>38,000</u>
	<u>249,500</u>	<u>14,832</u>	<u>10,678</u>	<u>275,010</u>
DEPRECIATION AND IMPAIRMENT				
At 1 July 2001	73,534	13,347	10,286	97,167
Provided for the year	4,327	1,056	114	5,497
Impairment loss recognised in income statement	<u>16,000</u>	—	—	<u>16,000</u>
At 30 June 2002	<u>93,861</u>	<u>14,403</u>	<u>10,400</u>	<u>118,664</u>
NET BOOK VALUES				
At 30 June 2002	<u>155,639</u>	<u>429</u>	<u>278</u>	<u>156,346</u>
At 30 June 2001	<u>175,966</u>	<u>1,485</u>	<u>254</u>	<u>177,705</u>

* The amount represents the carrying amount at the date when the leasehold land and buildings were transferred from investment properties when the use of the relevant properties were changed.

During the year, the Group reviewed the carrying amounts of leasehold land and buildings and identified that the estimated recoverable amounts of the leasehold land and buildings are less than their carrying amounts. Accordingly, the carrying amounts are reduced to their recoverable amounts as at 30 June 2002 which represent their net selling prices.

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The leasehold land and buildings of the Group are situated in Hong Kong and are held under long leases. They were pledged to a bank to secure the credit facilities granted to the Group.

The Company did not have any property, plant and equipment at the balance sheet date.

14. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	160,811	160,811
Amounts due from subsidiaries	798,474	800,805
	959,285	961,616
Less: Allowance for amounts due from subsidiaries	(421,405)	(387,405)
	537,880	574,211

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of the directors of the Company, repayment will not be made by the subsidiaries within the twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current.

Particulars of the Company's principal subsidiaries as at 30 June 2002 are set out in note 31.

None of the subsidiaries had any debt securities outstanding as at 30 June 2002 or at any time during the year.

15. INVESTMENT SECURITIES

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments, at cost	23,353	60,049	–	35,776
Less: Impairment loss recognised	(14,275)	(50,971)	–	(35,776)
	<u>9,078</u>	<u>9,078</u>	<u>–</u>	<u>–</u>

At 30 June 2002, the Group held 40% (2001: 40%) of the registered capital of Harbin Zheng Hua Real Estate Developing Company Limited (“Zheng Hua”), a company which is established in the People’s Republic of China and is engaged in property development. The investment in Zheng Hua is not classified as an associate as, in the opinion of the directors of the Company, the Group is not able to exercise significant influence over its financial and operating policy decisions.

During the year, the Company disposed of the entire 17.7% of the issued share capital of SPA International Limited, a company which is incorporated in the British Virgin Islands and is engaged in investment holding.

16. CLUB DEBENTURE

	THE GROUP
	2002 & 2001
	<i>HK\$'000</i>
Club debenture, at cost	8,000
Less: Impairment loss recognised	<u>(1,900)</u>
	<u>6,100</u>

17. PROPERTIES HELD UNDER DEVELOPMENT

THE GROUP

The properties held under development are situated in Hong Kong and are held under long leases. They were pledged to a bank to secure the credit facilities granted to the Group.

At 30 June 2002, interest capitalised in respect of properties held under development amounted to HK\$43,242,000 (2001: HK\$9,789,000).

The directors of the Company estimate that the property development will be complete and ready for sale or pre-sale around April 2003.

18. AMOUNT DUE TO A DIRECTOR OF SUBSIDIARIES

THE GROUP

The amount is unsecured, non-interest bearing and repayable on demand.

19. SECURED BANK LOANS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
The bank loans comprise:		
HK\$ term loan	606,964	573,500
US\$ term loan	78,000	78,000
Instalment loan	18,942	–
	703,906	651,500
Less: Amount due within one year shown under current liabilities	(685,730)	(651,500)
Amount due after one year	18,176	–

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
The bank loans are repayable as follows:		
Within one year or on demand	685,730	651,500
Between one to two years	787	–
Between two to five years	2,488	–
After five years	14,901	–
	703,906	651,500

The bank loans are secured by the Group's properties and bear interest at prevailing market rates.

The term loans were originally repayable by April 2002. In May 2002 and July 2002, the Group reached an agreement with the bankers for the re-scheduling of the repayment date of the US\$ term loan to May 2003 and that of the HK\$ term loan to April 2003.

The instalment loan is repayable over a period of twenty years to September 2021.

20. OTHER LOANS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other loans from:		
– related companies (<i>notes a and b</i>)	124,033	113,196
– non-related companies (<i>note b</i>)	34,597	–
	<u>158,630</u>	<u>113,196</u>

Notes:

- (a) The loans are owed to companies in which certain directors of subsidiaries have controlling interests. Mr. Law Fong, a director of the Company, is also a director of one of the lenders.
- (b) The loans are unsecured, non-interest bearing and repayable on demand.

21. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.50 each		
Authorised:		
At 1 July 2000, 30 June 2001 and 30 June 2002	<u>1,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 July 2000, 30 June 2001 and 30 June 2002	<u>528,271,615</u>	<u>264,136</u>

There were no changes in the authorised, issued and fully paid share capital of the Company in either year.

22. RESERVES

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP							
Balance at 1 July 2000	279,617	132,176	422,318	-	(3,088)	(926,049)	(95,026)
Net loss for the year	-	-	-	-	-	(128,994)	(128,994)
Balance at 30 June 2001	279,617	132,176	422,318	-	(3,088)	(1,055,043)	(224,020)
Net loss for the year	-	-	-	-	-	(37,723)	(37,723)
Balance at 30 June 2002	<u>279,617</u>	<u>132,176</u>	<u>422,318</u>	<u>-</u>	<u>(3,088)</u>	<u>(1,092,766)</u>	<u>(261,743)</u>
THE COMPANY							
Balance at 1 July 2000	279,617	132,176	-	16,410	-	(596,140)	(167,937)
Net loss for the year	-	-	-	-	-	(56,318)	(56,318)
Balance at 30 June 2001	279,617	132,176	-	16,410	-	(652,458)	(224,255)
Net loss for the year	-	-	-	-	-	(35,922)	(35,922)
Balance at 30 June 2002	<u>279,617</u>	<u>132,176</u>	<u>-</u>	<u>16,410</u>	<u>-</u>	<u>(688,380)</u>	<u>(260,177)</u>

The contributed surplus represents the surplus arising on the acquisition of subsidiaries.

The investment property revaluation reserve represents the balance of the surplus arising in previous years on revaluation of certain of the Group's existing properties which were formerly held for investment purposes.

The capital reserve represents the revaluation of an investment property of a subsidiary prior to the formation of the Group.

22. RESERVES (Cont'd)

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

- (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 its 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 of the Company, the Company had no reserves available for distribution to shareholders as at 30 June 2002 and 30 June 2001.

23. RECONCILIATION OF NET LOSS FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Net loss for the year	(37,723)	(128,994)
Impairment loss recognised in respect of leasehold land and buildings	16,000	50,000
Reversal of allowance for bad and doubtful debts	–	(7,860)
Gain on disposal of investment securities	(250)	–
Allowance for obsolete inventories	–	3,127
Interest expense	5,305	73,310
Interest income	(5)	(6)
Depreciation	5,497	6,178
Increase in properties held under development	(57,736)	–
Decrease in other receivables, deposits and prepayments	974	8,773
Increase (decrease) in other payables	15,977	(5,151)
	<u>51,961</u>	<u>(623)</u>
Net cash outflow from operating activities	<u>(51,961)</u>	<u>(623)</u>

24. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Secured bank loans	Amount due to a director of subsidiaries	Other loans
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 July 2000	682,700	42,186	–
Non-cash transaction (<i>note</i>)	–	(42,186)	42,186
Repayment of bank loans	(31,200)	–	–
Net cash inflow from financing	<u>–</u>	<u>–</u>	<u>71,010</u>
Balance at 30 June 2001	651,500	–	113,196
New bank loans raised	52,964	–	–
Repayment of bank loans	(558)	–	–
Net cash inflow from financing	<u>–</u>	<u>10,500</u>	<u>45,434</u>
Balance at 30 June 2002	<u><u>703,906</u></u>	<u><u>10,500</u></u>	<u><u>158,630</u></u>

Note: The balance of the amount due to a director of subsidiaries was transferred to a company controlled by that individual during the year ended 30 June 2001.

25. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank balances and cash	755	154
Bank overdrafts	<u>(10,842)</u>	<u>(399)</u>
	<u><u>(10,087)</u></u>	<u><u>(245)</u></u>

26. CAPITAL COMMITMENTS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure relating to properties held under development contracted for but not provided in the financial statements	<u><u>143,623</u></u>	<u><u>186,763</u></u>

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

27. CONTINGENT LIABILITIES

	THE COMPANY	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantee given to banks in respect of credit facilities granted to subsidiaries	<u>875,900</u>	<u>875,900</u>

28. PLEDGE OF ASSETS

At the balance sheet date, the following assets of the Group were pledged to secure credit facilities granted to the Group:

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties held under development	819,903	728,714
Leasehold land and buildings	<u>155,639</u>	<u>175,966</u>
	<u>975,542</u>	<u>904,680</u>

The issued ordinary shares of a wholly-owned subsidiary of the Company, Holyrood Limited, were also pledged to a bank to secure credit facilities granted to the Group.

29. RETIREMENT BENEFITS SCHEME

With effect from 1 December 2000, the Group joined the mandatory provident fund scheme (the "MPF Scheme") for all the eligible employees of the Group in Hong Kong.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HK\$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries up to a maximum of HK\$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contribution upon their retirement at the age of 65, death or total incapacity.

The aggregate employer's contributions during the year ended 30 June 2002 dealt with in the income statement of the Group amounted to HK\$59,000 (2001: HK\$25,000).

30. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

- (a) During the year, the Group made purchases amounting to HK\$18,462,000 (2001: nil) from a company in which certain directors of subsidiaries have controlling interests. The transactions amounts were determined on a cost plus basis.
- (b) Details of the amount due to a director of subsidiaries and the other loans are set out in notes 18 and 20 respectively.
- (c) A director of subsidiaries has provided a personal guarantee in respect of the Group's payment obligation of an amount of approximately HK\$15.9 million (2001: HK\$17.9 million) owed to the main contractor of the Group's property development project.

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 30 June 2002 are as follows:

Name of subsidiary	Place of incorporation	Nominal value of issued and paid up share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			Directly	Indirectly	
Banhart Company Limited	Hong Kong	Ordinary HK\$9,998	-	100%	Property holding
		Non-voting deferred* HK\$2			
Bowen Hill Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Holyrood Limited	Hong Kong	Ordinary HK\$999,998	99.9%	0.1%	Property development
		Non-voting deferred* HK\$2			

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation	Nominal value of issued and paid up share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			Directly	Indirectly	
Homjade Trading Ltd.	British Virgin Islands	US\$1	100%	–	General trading
Magetta Company Limited	Hong Kong	Ordinary HK\$2	100%	–	Property holding
Paladin Trading Ltd.	British Virgin Islands	US\$1	100%	–	Investment holding
Petersham Limited	Hong Kong	Ordinary HK\$2	–	100%	Property management
Six Gain Investments Limited	Hong Kong	Ordinary HK\$2	100%	–	Investment holding

* The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or to vote at any general meetings of the company or to participate in any distribution on winding up.

All the above subsidiaries operate in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or constituted a substantial portion of the assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.