



During the year ended 31 March 2002, full provisions were made in the financial statements to write down the loans advanced to the above officers. The amounts have remained unchanged since then.

DISCLOSURE OF MATERIAL LOANS TO ASSOCIATES

As at 30 September 2002, certain financial assistance provided by the Group to its associates amounted to approximately HK\$93 million, the details of which are as follows:

Name of the associates	Nature of financial assistance	Percentage of interest	Outstanding balance as at 30 September 2002
			HK\$'000
Walden Investment Limited ("Walden")	Loan	50%	73,277
Richness Hill Company Limited ("Richness Hill")	Loan	50%	2,281
Group Empire Limited ("Group Empire")	Loan	50%	17,788
			<hr/>
Total			<u>93,346</u>

The abovenamed associates are collectively referred as "Associates".

Walden and Richness Hill together hold 100% interest in Group Empire, an investment holding company of the property development project in Causeway Bay, Hong Kong ("Project"). The loans of HK\$73.2 million to Walden and HK\$2.2 million to Richness Hill by the Group were subsequently loaned to Group Empire for investment into the Project. The said financial assistance was funded by internal resources and/or bank borrowings and the loans were secured, interest free and repayable on demand. On 1 December 2000, the Project was sold to an independent third party as defined under the Listing Rules at a consideration of approximately HK\$52 million by public auction. The sale proceeds were fully applied by the mortgagee bank to repay the mortgage loan.

As at 30 September 2002, the aggregate financial assistance to the Associates by the Group amounted to HK\$93.3 million. As a full provision has been made against these loans, there is no additional adverse impact to the Group after the disposal of the Project as set out above.



Proforma Combined Balance Sheet of the associates as at 31 December 2001

	<i>HK\$'000</i>
Property held for further development	3,000
Current assets	
Trade and other receivables	16
Cash at bank	608
	<u>624</u>
Current liabilities	
Bank loans and overdraft	30,100
Trade and other payables	19,329
Amounts due to group companies	190,090
	<u>239,519</u>

Net Current liabilities	<u>(238,895)</u>
Net liabilities	<u><u>(235,895)</u></u>
Share capital	@
Accumulated losses	<u>(235,895)</u>
	<u><u>(235,895)</u></u>

@ denotes HK\$170.