

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation of the accounts

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

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 33	:	Discontinuing operations
SSAP 34 (revised)	:	Employee benefits

The adoption of these new or revised accounting standards did not have material effect to the accounts for the year ended 31st December 2002 except for reclassification of comparative figures of the consolidated cash flow statement into operating, investing and financing activities and the inclusion of the consolidated statement of changes in equity.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to 31st December. Subsidiary companies are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

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

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

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

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

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Goodwill

Goodwill represents the excess of purchase consideration over the fair values of the Group's share of the net assets of subsidiary companies/business acquired at the date of acquisition.

Goodwill on acquisitions that occurred prior to 1st January 2001 was eliminated against reserves. Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight line method over its estimated useful life.

Where an indication of impairment exists, the carrying amount of goodwill, including goodwill previously eliminated against reserves, is assessed and written down immediately to its recoverable amount. Such impairment losses are recognised in the consolidated profit and loss account.

(d) Fixed assets

(i) Investment properties

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

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

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

(ii) Properties under development

Properties under development are interests in land and buildings on which construction work has not been completed. Properties under development are carried at cost or carrying amount (for fixed assets transferred from investment properties into this category for redevelopment) which includes development and construction expenditure incurred and interest and other direct costs attributable to the development less any impairment losses.

Carrying amount of assets transferred from investment properties into this category for redevelopment represents amount recorded under their original classification. Upon sale or reclassification back to investment properties, any previous revaluation reserve on the property frozen in the investment properties revaluation reserve at the time of reclassification will be transferred to the consolidated profit and loss account or unfrozen.

(iii) Other properties

Other properties are stated at cost less accumulated depreciation and impairment losses.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Fixed assets (Continued)

(iv) Other fixed assets

Other fixed assets, comprising plant and machinery, furniture and equipment, leasehold improvements, motor vehicles and yachts, are stated at cost less accumulated depreciation and impairment losses.

(v) Depreciation

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

No depreciation is provided on properties under development.

Depreciation of buildings of other properties is provided to write off the cost less accumulated impairment losses on a straight line basis over 40 years whereas leasehold land is amortised on a straight line basis over the remaining unexpired period of the lease.

Depreciation of other fixed assets is provided on a reducing balance basis at 10% to 20% per annum after charging an initial depreciation of 20% in the year of acquisition.

Major costs incurred in restoring fixed assets to their normal working condition are charged to the consolidated profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

(vi) Impairment and gain or loss on sale

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

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated profit and loss account.

(e) Investment securities

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below their carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investment will be reduced to its fair value. The impairment loss is recognised as an expense in the consolidated profit and loss account.

This impairment loss is written back to the consolidated profit and loss account when the circumstances and events that led to the write-downs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Land and buildings for resale

Land and buildings for resale are stated at the lower of cost and net realisable value. Cost comprises land cost, development expenditure, professional fees and interest capitalised. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value and are calculated on the first-in first-out basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(h) Trade debtors

Provision is made against trade debtors to the extent they are considered to be doubtful. Trade debtors in the balance sheet are stated net of such provision.

(i) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, bank deposits with maturity within three months from the date of placement and bank overdrafts.

(j) Provisions

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

(k) Revenue recognition

The Group recognises income on the following bases:

(i) Rental income

Rental income is recognised on a straight line basis over the terms of the lease agreements.

(ii) Estate agency commission and management fees

Estate agency commission and management fees are recognised on an accrual basis.

(iii) Dividend income

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

(iv) Income on sale of goods

Income on sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Revenue recognition (Continued)

(v) Income on sale of investments

Income on sale of investments is recognised when the title to the investments is passed to the purchaser.

(vi) Income on sale of properties

Income on sale of properties is recognised either upon the completion of the sale and purchase agreement or when the relevant project is completed which is determined by the issuance of occupation permit, whichever is later.

(vii) Interest income

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

(l) Retirement benefit costs

The Group's contributions to the retirement benefit scheme which is defined contribution in nature and available to all employees in Hong Kong are expensed as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

(m) Borrowing costs

Borrowing costs incurred for the financing of the development of properties that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised and included in the cost of properties under development.

Finance costs, which represent arrangement fees, legal fees and other related costs that are directly associated with the arrangement of long term bank loans, are deferred and amortised over the terms of the loans.

All other borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases.

(i) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(k) (i) above.

Direct costs incurred specifically to earn revenues from an operating lease are deferred and allocated to income over the lease term in proportion to the recognition of the lease income.

(ii) Operating lease charges

When the Group has the use of assets under operating leases, rental payments applicable to such operating leases net of any incentives received from the leasing company are charged to the consolidated profit and loss account on a straight line basis over the lease periods.

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Translation of foreign currencies

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

The balance sheets of overseas subsidiary companies expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date whilst their profit and loss accounts are translated at average exchange rates. Exchange differences arising therefrom are dealt with as a movement in reserves.

(p) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(q) Contingent liabilities and contingent assets

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 TURNOVER, REVENUE AND SEGMENT INFORMATION

- (a) The Group is principally engaged in the investment holding, property investment, property rental, property development, estate management and agency and distribution of golf related products. Revenues recognised during the year are as follows:

	2002	2001
	HK\$	HK\$
Turnover		
Property rental	182,701,990	183,834,131
Property sales	8,000,000	6,600,000
Property related services	10,027,818	9,558,594
Sales of golf related products	7,934,828	927,333
Others	1,170,391	1,527,619
	<u>209,835,027</u>	<u>202,447,677</u>

- (b) Operating lease arrangement

The Group leases out investment properties and land and buildings for resale under lease terms generally in the range of two to ten years.

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Not later than one year	138,505,000	160,577,000	7,837,000	8,789,000
Later than one year but not later than five years	133,752,000	207,600,000	5,863,000	12,364,000
Later than five years	6,561,000	12,420,000	—	—
	<u>278,818,000</u>	<u>380,597,000</u>	<u>13,700,000</u>	<u>21,153,000</u>

- (c) In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments as the secondary reporting format. The Group is organised into four main business segments, namely property rental, property sales, property related services and sales of golf related products, and operates in Hong Kong and North America.

There are no sales between the geographical segments.

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments

	2002					
	Property rental	Property related services	Property sales	Sales of golf related products	Others	Group
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover						
Total revenue	182,701,990	13,364,249	8,000,000	7,934,828	1,170,391	213,171,458
Inter-segment revenue	—	(3,336,431)	—	—	—	(3,336,431)
External revenue	182,701,990	10,027,818	8,000,000	7,934,828	1,170,391	209,835,027
Segment results	121,059,497	5,735,694	3,433,333	(7,669,946)	(1,329,611)	121,228,967
Unallocated income						7,416,401
Unallocated costs						(46,143,409)
Operating profit						82,501,959
Finance costs						(21,955,535)
Profit before taxation						60,546,424
Taxation						(6,417,846)
Profit after taxation						54,128,578
Minority interests						(2,631,457)
Profit attributable to shareholders						51,497,121
Segment assets	2,108,215,746	6,788,900	133,060,262	18,482,514	33,804,200	2,300,351,622
Unallocated assets						197,719,638
Total assets						2,498,071,260
Segment liabilities	393,944,397	8,151,870	5,014,574	1,479,985	57,582	408,648,408
Unallocated liabilities						153,243,850
Minority interests						79,075,459
Deferred gain						15,266,132
						656,233,849
Capital expenditure						
— segment	4,764,839	—	—	722,077	—	5,486,916
— unallocated						5,050,155
Depreciation and amortisation						
— segment	1,499,222	5,857	—	1,729,522	—	3,234,601
— unallocated						5,107,214
Net revaluation deficit charged to investment properties (taken to reserves)	135,248,471	—	—	—	—	135,248,471

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments

	2001					Group HK\$
	Property rental	Property related services	Property sales	Sales of golf related products	Others	
	HK\$	HK\$	HK\$	HK\$	HK\$	
Turnover						
Total revenue	183,834,131	13,587,407	6,600,000	927,333	1,527,619	206,476,490
Inter-segment revenue	—	(4,028,813)	—	—	—	(4,028,813)
External revenue	183,834,131	9,558,594	6,600,000	927,333	1,527,619	202,447,677
Segment results	121,290,929	5,768,412	6,163,198	(1,221,105)	(972,381)	131,029,053
Unallocated costs						(43,482,657)
Operating profit						87,546,396
Finance costs						(28,355,054)
Profit before taxation						59,191,342
Taxation						(5,831,999)
Profit after taxation						53,359,343
Minority interests						(2,847,984)
Profit attributable to shareholders						50,511,359
Segment assets	2,236,067,974	8,211,167	139,975,333	12,715,469	36,313,972	2,433,283,915
Unallocated assets						196,845,137
Total assets						2,630,129,052
Segment liabilities	346,917,085	9,414,778	4,280,319	1,049,615	59,581	361,721,378
Unallocated liabilities						199,578,320
Minority interests						84,976,257
Deferred gain						22,682,533
						668,958,488
Capital expenditure						
— segment	43,301,798	—	—	—	—	43,301,798
— unallocated						6,715,206
Depreciation and amortisation						
— segment	1,035,089	7,322	—	1,614,410	—	2,656,821
— unallocated						5,785,955
Net revaluation deficit charged to investment properties (taken to reserves)	138,546,640	—	—	—	—	138,546,640

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Secondary reporting format - geographical segments

	2002			
	Turnover	Segment results	Total assets	Capital expenditure
	HK\$	HK\$	HK\$	HK\$
Hong Kong	140,355,451	89,591,498	2,095,183,408	8,971,994
North America	69,479,575	31,637,469	402,887,852	1,565,077
	<u>209,835,026</u>	<u>121,228,967</u>	<u>2,498,071,260</u>	<u>10,537,071</u>
	2001			
	Turnover	Segment results	Total assets	Capital expenditure
	HK\$	HK\$	HK\$	HK\$
Hong Kong	139,248,397	94,869,667	2,138,277,388	46,504,920
North America	63,199,280	36,159,386	491,851,664	3,512,084
	<u>202,447,677</u>	<u>131,029,053</u>	<u>2,630,129,052</u>	<u>50,017,004</u>

3 OPERATING PROFIT

	2002	2001
	HK\$	HK\$
Operating profit is stated after crediting and charging the following:		
Crediting		
Gross rental income from		
— investment properties	163,098,297	164,426,497
— land and buildings for resale	19,603,693	19,407,634
Dividend income from listed investments	1,170,389	1,072,550
Interest income	682,985	2,107,115
Gain on disposal of investment properties, including realisation on investment properties revaluation reserve	—	6,163,198
Realisation of deferred gain (note 20)	7,416,401	—
Charging		
Amortisation of goodwill	1,614,410	1,614,410
Auditors' remuneration	1,972,067	2,004,836
Cost of goods sold	5,143,442	425,246
Cost of land and building for resale sold	4,566,667	—
Depreciation	6,727,405	6,828,366
Loss on disposal of other fixed assets	508,495	140,674
Outgoings in respect of		
— investment properties	29,109,142	27,319,120
— land and buildings for resale	3,682,683	3,807,005
Operating lease rental for land and buildings	1,430,240	1,713,671
Provision for doubtful debts	2,537,632	2,636,490
Staff costs (note 4)	33,397,105	27,024,107

4 STAFF COSTS

	2002	2001
	HK\$	HK\$
Salaries (excluding directors' emoluments)	32,607,079	26,343,792
Retirement benefit costs (note)	790,026	680,315
	<u>33,397,105</u>	<u>27,024,107</u>

Note:

With effect from 1st December 2000, the Group has set up the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is defined contribution in nature, for all the eligible employees of the Group in Hong Kong. The contributions from the employees and employer are made to the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group and managed by an independent administrator.

5 FINANCE COSTS

	2002	2001
	HK\$	HK\$
Interest expense		
— bank loans and overdrafts wholly repayable within five years	19,486,663	22,168,464
— bank loans not wholly repayable within five years	2,941,697	6,144,520
Other incidental borrowing costs	615,327	872,139
	<u>23,043,687</u>	<u>29,185,123</u>
Amount capitalised in properties under development	(1,088,152)	(830,069)
	<u>21,955,535</u>	<u>28,355,054</u>

6 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Company during the year are as follows:

	2002	2001
	HK\$	HK\$
Fees	321,400	321,400
Salaries, housing and other allowances, benefits in kind	15,918,920	15,561,703
Bonuses	2,079,372	2,079,372
Contributions to the MPF Scheme	60,000	60,000
	<u>18,379,692</u>	<u>18,022,475</u>

6 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

Emoluments band	Number of directors	
	2002	2001
HK\$ Nil - HK\$1,000,000	6	6
HK\$1,000,001 - HK\$1,500,000	1	1
HK\$1,500,001 - HK\$2,000,000	1	1
HK\$2,500,001 - HK\$3,000,000	1	1
HK\$10,000,001 - HK\$10,500,000	1	1
	10	10
	10	10

The fees paid by the Group to the independent non-executive directors for the year amounted to HK\$212,000 (2001: HK\$212,000).

The above analysis includes four (2001: three) individuals whose emoluments were among the five highest paid individuals in the Group.

Senior management's emoluments

Details of the aggregate emoluments payable to the other one (2001: two) individual whose emoluments were among the five highest in the Group and which have not been included in directors' emoluments above are as follows:

	2002	2001
	HK\$	HK\$
Salaries, housing and other allowances, benefits in kind	3,293,870	5,750,860
Bonuses	452,870	553,820
Contributions to the MPF Scheme	12,000	24,000
	3,758,740	6,328,680

Emoluments band	Number of individuals	
	2002	2001
HK\$2,000,001 - HK\$2,500,000	—	1
HK\$3,500,001 - HK\$4,000,000	1	—
HK\$4,000,001 - HK\$4,500,000	—	1
	1	2
	1	2

During the year, no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

7 TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year. No overseas taxation has been provided as there is no estimated taxable profit for the overseas subsidiary companies for the year (2001: HK\$Nil).

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

	2002	2001
	HK\$	HK\$
Hong Kong profits tax	6,418,174	6,171,759
Over provision in prior years	(328)	(339,760)
	<u>6,417,846</u>	<u>5,831,999</u>

A subsidiary company has been enquired by the Inland Revenue Department in Hong Kong concerning the taxability of profits arising from its sale of certain properties in 1997. The potential additional tax liability is estimated to be approximately HK\$29.8 million. The directors consider that the profit arising from sales of these properties is capital in nature and not subject to profits tax. Hence, no provision for this potential liability has been made in the accounts.

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Deferred taxation for the year has not been (credited)/charged in respect of the following:				
<i>Hong Kong:</i>				
Accelerated depreciation allowances	1,770,000	1,939,000	104,000	56,000
Tax losses	(997,000)	(1,611,000)	(1,216,000)	(1,128,000)
	<u>773,000</u>	<u>328,000</u>	<u>(1,112,000)</u>	<u>(1,072,000)</u>
<i>Overseas:</i>				
Accelerated depreciation allowances	520,000	414,000	—	—
Tax losses	(2,699,000)	416,000	—	—
	<u>(2,179,000)</u>	<u>830,000</u>	<u>—</u>	<u>—</u>

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$63,169,967 (2001: HK\$33,712,424).

9 DIVIDENDS

	2002	2001
	HK\$	HK\$
Interim, paid, of HK6 cents (2001: HK9 cents) per ordinary share	17,260,181	25,890,271
Final, proposed, of HK5 cents (2001: HK7 cents) per ordinary share	14,383,484	20,136,877
	<u>31,643,665</u>	<u>46,027,148</u>

Note:

At a meeting held on 28th March 2003 the directors declared a final dividend of HK5 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in the accounts, but will be reflected as an appropriation of retained profits for the year ending 31st December 2003.

10 EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of HK\$51,497,121 (2001: HK\$50,511,359) and the 287,669,676 (2001: 287,669,676) ordinary shares in issue during the year.

11 GOODWILL

	2002	2001
	HK\$	HK\$
Cost		
At 1st January	8,072,049	—
Additions	—	8,072,049
At 31st December	<u>8,072,049</u>	<u>8,072,049</u>
Accumulated amortisation		
At 1st January	1,614,410	—
Charge for the year	1,614,410	1,614,410
At 31st December	<u>3,228,820</u>	<u>1,614,410</u>
Net book value		
At 31st December	<u>4,843,229</u>	<u>6,457,639</u>

Note:

Goodwill represented the excess of purchase consideration in respect of the acquisition of the business and related assets of digital video equipment and software tools for golf teaching from a third party of HK\$9,605,162 over its net assets acquired of HK\$1,533,113 in 2001. The goodwill was amortised using the straight line method over its estimated useful life of five years.

12 FIXED ASSETS

Group

	Leasehold land and buildings in Hong Kong			Overseas freehold land and buildings		Total
	Investment properties	Properties under development	Other properties	Investment properties	Other fixed assets	
	HK\$	HK\$	HK\$	HK\$	HK\$	
Cost or valuation						
At 1st January 2002	1,620,870,000	243,382,946	95,067,160	432,900,000	56,636,194	2,448,856,300
Additions	542,546	1,582,984	1,413,500	245,925	6,752,116	10,537,071
Disposals	—	—	—	—	(4,264,695)	(4,264,695)
Revaluation deficit	(45,302,546)	—	—	(89,945,925)	—	(135,248,471)
At 31st December 2002	1,576,110,000	244,965,930	96,480,660	343,200,000	59,123,615	2,319,880,205
Accumulated depreciation						
At 1st January 2002	—	—	15,229,557	—	36,730,033	51,959,590
Charge for the year	—	—	2,297,844	—	4,429,561	6,727,405
Disposals	—	—	—	—	(2,516,838)	(2,516,838)
At 31st December 2002	—	—	17,527,401	—	38,642,756	56,170,157
Net book value						
At 31st December 2002	1,576,110,000	244,965,930	78,953,259	343,200,000	20,480,859	2,263,710,048
At 31st December 2001	1,620,870,000	243,382,946	79,837,603	432,900,000	19,906,161	2,396,896,710
The analysis of the cost or valuation as at 31st December 2002 of the above assets is as follows:						
At cost	—	154,965,930	96,480,660	—	59,123,615	310,570,205
At professional valuation 1998 (note)	—	90,000,000	—	—	—	90,000,000
At professional valuation 2002	1,576,110,000	—	—	343,200,000	—	1,919,310,000
	1,576,110,000	244,965,930	96,480,660	343,200,000	59,123,615	2,319,880,205
The analysis of the cost or valuation as at 31st December 2001 of the above assets is as follows:						
At cost	—	153,382,946	95,067,160	—	56,636,194	305,086,300
At professional valuation 1998 (note)	—	90,000,000	—	—	—	90,000,000
At professional valuation 2001	1,620,870,000	—	—	432,900,000	—	2,053,770,000
	1,620,870,000	243,382,946	95,067,160	432,900,000	56,636,194	2,448,856,300

Note:

Properties under development of carrying amount of HK\$90,000,000 as at 31st December 2002 (2001: HK\$90,000,000) were transferred from investment properties in 1999. The carrying amount represented the valuation of the properties as at 31st December 1998.

12 FIXED ASSETS (Continued)

Company

	Leasehold land and buildings in Hong Kong		Total
	Investment properties	Other fixed assets	
	HK\$	HK\$	
Cost or valuation			
At 1st January 2002	126,000,000	7,488,692	133,488,692
Additions	—	907,729	907,729
Disposals	—	(50,037)	(50,037)
	<u>126,000,000</u>	<u>8,346,384</u>	<u>134,346,384</u>
At 31st December 2002	126,000,000	8,346,384	134,346,384
Accumulated depreciation			
At 1st January 2002	—	4,509,051	4,509,051
Charge for the year	—	526,952	526,952
Disposals	—	(23,450)	(23,450)
	<u>—</u>	<u>5,012,553</u>	<u>5,012,553</u>
At 31st December 2002	—	5,012,553	5,012,553
Net book value			
At 31st December 2002	<u>126,000,000</u>	<u>3,333,831</u>	<u>129,333,831</u>
At 31st December 2001	<u>126,000,000</u>	<u>2,979,641</u>	<u>128,979,641</u>
The analysis of the cost or valuation as at 31st December 2002 of the above assets is as follows:			
At cost	—	8,346,384	8,346,384
At professional valuation 2002	126,000,000	—	126,000,000
	<u>126,000,000</u>	<u>8,346,384</u>	<u>134,346,384</u>
The analysis of the cost or valuation as at 31st December 2001 of the above assets is as follows:			
At cost	—	7,488,692	7,488,692
At professional valuation 2001	126,000,000	—	126,000,000
	<u>126,000,000</u>	<u>7,488,692</u>	<u>133,488,692</u>

12 FIXED ASSETS (Continued)

- (a) Certain of the Group's investment properties with an aggregate net book value of HK\$1,536,526,000 (2001: HK\$1,648,243,000) have been pledged to financial institutions to secure credit facilities for the Group totalling HK\$675,528,000 (2001: HK\$678,086,000) of which HK\$496,800,000 (2001: HK\$495,112,000) were utilised as at 31st December 2002.
- (b) The investment properties in Hong Kong of the Group and the Company were valued on an open market basis at 31st December 2002 by A A Property Services Limited, an independent professional property valuer.
- (c) The Group's overseas investment properties were valued on an open market basis at 31st December 2002 by Mr David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company.
- (d) The interests in investment properties, properties under development and other properties at their net book values are analysed as follows:

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
In Hong Kong, held on:				
Leases of over 50 years	312,500,000	322,500,000	11,000,000	11,000,000
Leases of between 10 and 50 years	1,587,529,189	1,621,590,549	115,000,000	115,000,000
Outside Hong Kong, held on:				
Freehold	343,200,000	432,900,000	—	—
	<u>2,243,229,189</u>	<u>2,376,990,549</u>	<u>126,000,000</u>	<u>126,000,000</u>

13 SUBSIDIARY COMPANIES

	2002	2001
	HK\$	HK\$
Unlisted shares, at cost less provision of HK\$71,359,056 (2001: HK\$70,326,003)	57,642,717	58,675,768
Amounts due by subsidiary companies less provision of HK\$187,986,868 (2001: HK\$181,306,573)	685,597,609	684,020,239
Amounts due to subsidiary companies	743,240,326 (18,992,970)	742,696,007 (44,288,157)
	<u>724,247,356</u>	<u>698,407,850</u>

Details of principal subsidiary companies as at 31st December 2002, which, in the directors' opinion, materially affect the results and/or assets of the Group, are set out in note 28.

14 INVESTMENT SECURITIES

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Equity securities, at cost				
Listed in Hong Kong	18,541,399	18,420,371	12,649	12,649
Listed overseas	2,443,631	2,556,577	71,632	71,632
	20,985,030	20,976,948	84,281	84,281
Less: Provision	(61,570)	(61,570)	(9,312)	(9,312)
	20,923,460	20,915,378	74,969	74,969
Unlisted (note)	12,000,000	12,000,000	—	—
	32,923,460	32,915,378	74,969	74,969
Market value of listed investments at 31st December	25,099,886	32,825,940	185,804	241,654

Note:

Unlisted investment represents a 12% equity interest in The Yangtze Ventures Limited which is principally engaged in the investments of biochemical and high technology industries.

15 DEBTORS AND PREPAYMENTS

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Trade debtors (note)	13,403,811	6,284,145	—	—
Prepayments and deposits	14,268,386	13,788,262	1,002,416	775,345
Other debtor, net of provision	—	2,500,000	—	—
	27,672,197	22,572,407	1,002,416	775,345

Note:

Trade debtors represent rental and management fee receivables and receivables on sales of golf related products. Sales are made on open account terms and the Group normally does not grant credit periods to trade debtors.

At 31st December 2002, the ageing analysis of the trade debtors was as follows:

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Current	11,750,274	5,095,859	—	—
31-60 days	700,950	1,030,354	—	—
61-90 days	669,244	—	—	—
Over 90 days	283,343	157,932	—	—
	13,403,811	6,284,145	—	—

16 BANK BALANCES AND CASH

The balances of the Group include bank balances of HK\$7,408,413 (2001: HK\$7,939,059) which are held in trust in respect of buildings managed by the Group on behalf of third parties.

17 CREDITORS AND ACCRUALS

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Trade creditors (note)	2,842,938	3,132,879	435,792	744,286
Other creditors	20,537,760	21,218,589	2,452,485	2,250,629
Accruals	8,707,753	9,810,887	6,548,471	6,527,718
	<u>32,088,451</u>	<u>34,162,355</u>	<u>9,436,748</u>	<u>9,522,633</u>

Note:

At 31st December 2002, the ageing analysis of the trade creditors was as follows:

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Current	1,500,921	2,039,183	416,962	560,138
31-60 days	105,042	549,971	18,010	175,017
61-90 days	—	4,410	—	4,410
Over 90 days	1,236,975	539,315	820	4,721
	<u>2,842,938</u>	<u>3,132,879</u>	<u>435,792</u>	<u>744,286</u>

18 SHORT TERM BANK LOANS AND BANK OVERDRAFTS - SECURED

The short term bank loans and bank overdrafts of the Group and the Company of approximately HK\$62,443,000 (2001: HK\$101,316,000) and HK\$5,115,000 (2001: HK\$4,251,000) respectively are secured by certain investment properties (note 12) and the rental income thereon.

19 LONG TERM BANK LOANS - SECURED

	Group	
	2002	2001
	HK\$	HK\$
Bank loans		
- wholly repayable within five years	339,857,479	288,796,137
- not wholly repayable within five years	94,500,000	105,000,000
	<u>434,357,479</u>	<u>393,796,137</u>
Amounts due within one year included under current liabilities	(29,276,800)	(29,058,400)
	<u>405,080,679</u>	<u>364,737,737</u>
The maturity of the Group's long term bank loans is as follows:		
- within one year	29,276,800	29,058,400
- in the second year	213,580,679	29,276,800
- in the third to fifth years inclusive	161,500,000	290,960,937
- after the fifth year	30,000,000	44,500,000
	<u>434,357,479</u>	<u>393,796,137</u>

The Group's long term bank loans are secured by certain properties (note 12) and the rental income thereon.

20 DEFERRED GAIN

In 1997, the Group entered into certain transactions with related companies which were owned by Mr. William Ma Ching Wai, a director of the Company, for the purpose of utilising of the tax losses brought forward from prior years of the subsidiary companies of the Company in the United States (the "US"). Under such transactions, tax losses of approximately US\$12 million (equivalent of approximately HK\$98 million) of the subsidiary companies were utilised and the relevant tax returns were submitted to the tax authorities in the US in 1999 and 2000.

The estimated net cash benefit to the Group of the aforesaid transactions of approximately HK\$22.7 million has been included as a deferred gain in the consolidated balance sheet. During the year, approximately HK\$7.4 million (2001: HK\$Nil) of the deferred gain was recognised as income of the Group based on the extent of realisation of the net cash benefit accrued to the Group for the year ended 31st December 2002.

21 SHARE CAPITAL

	2002	2001
	HK\$	HK\$
Authorised:		
400,000,000 ordinary shares of HK\$1 each	400,000,000	400,000,000
Issued and fully paid:		
287,669,676 ordinary shares of HK\$1 each	287,669,676	287,669,676

22 RESERVES

	Investment properties revaluation reserve	Share premium	Exchange reserve	Retained profits	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
<i>Group</i>					
At 1st January 2002	1,030,826,088	129,651,602	6,939,169	506,084,029	1,673,500,888
Net deficit on revaluation of investment properties less minority interests' share	(133,433,216)	—	—	—	(133,433,216)
Profit for the year	—	—	—	51,497,121	51,497,121
Dividends	—	—	—	(37,397,058)	(37,397,058)
At 31st December 2002	897,392,872	129,651,602	6,939,169	520,184,092	1,554,167,735
Representing:					
Reserves	897,392,872	129,651,602	6,939,169	505,800,608	1,539,784,251
2002 final dividend proposed (note 9)	—	—	—	14,383,484	14,383,484
	897,392,872	129,651,602	6,939,169	520,184,092	1,554,167,735

22 RESERVES (Continued)

	Investment properties revaluation reserve	Share premium	Exchange reserve	Retained profits	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
<i>Group</i>					
At 1st January 2001, as previously reported	1,174,682,826	129,651,602	6,940,665	481,462,941	1,792,738,034
Effect of adopting SSAP 9 (revised)	—	—	—	23,013,574	23,013,574
At 1st January 2001, as restated	1,174,682,826	129,651,602	6,940,665	504,476,515	1,815,751,608
Exchange translation differences	—	—	(1,496)	—	(1,496)
Net deficit on revaluation of investment properties less minority interests' share	(138,293,540)	—	—	—	(138,293,540)
Realisation of revaluation reserve on sale of investment property	(5,563,198)	—	—	—	(5,563,198)
Profit for the year	—	—	—	50,511,359	50,511,359
Dividends	—	—	—	(48,903,845)	(48,903,845)
At 31st December 2001	<u>1,030,826,088</u>	<u>129,651,602</u>	<u>6,939,169</u>	<u>506,084,029</u>	<u>1,673,500,888</u>
Representing:					
Reserves	1,030,826,088	129,651,602	6,939,169	485,947,152	1,653,364,011
2001 final dividend proposed (note 9)	—	—	—	20,136,877	20,136,877
	<u>1,030,826,088</u>	<u>129,651,602</u>	<u>6,939,169</u>	<u>506,084,029</u>	<u>1,673,500,888</u>

22 RESERVES (Continued)

	Investment properties revaluation reserve	Share premium	Retained profits	Total
	HK\$	HK\$	HK\$	HK\$
<i>Company</i>				
At 1st January 2002	117,200,942	129,651,602	279,177,736	526,030,280
Profit for the year	—	—	63,169,967	63,169,967
Dividends	—	—	(37,397,058)	(37,397,058)
	<u>117,200,942</u>	<u>129,651,602</u>	<u>304,950,645</u>	<u>551,803,189</u>
At 31st December 2002	<u>117,200,942</u>	<u>129,651,602</u>	<u>304,950,645</u>	<u>551,803,189</u>
<i>Representing:</i>				
Reserves	117,200,942	129,651,602	290,567,161	537,419,705
2002 final dividend proposed (note 9)	—	—	14,383,484	14,383,484
	<u>117,200,942</u>	<u>129,651,602</u>	<u>304,950,645</u>	<u>551,803,189</u>
At 1st January 2001, as previously reported	118,200,942	129,651,602	308,361,341	556,213,885
Effects of adopting SSAP 9 (revised)	—	—	(13,992,184)	(13,992,184)
	<u>118,200,942</u>	<u>129,651,602</u>	<u>294,369,157</u>	<u>542,221,701</u>
At 1st January 2001, as restated	118,200,942	129,651,602	294,369,157	542,221,701
Deficit on revaluation of investment properties	(1,000,000)	—	—	(1,000,000)
Profit for the year	—	—	33,712,424	33,712,424
Dividends	—	—	(48,903,845)	(48,903,845)
	<u>117,200,942</u>	<u>129,651,602</u>	<u>279,177,736</u>	<u>526,030,280</u>
At 31st December 2001	<u>117,200,942</u>	<u>129,651,602</u>	<u>279,177,736</u>	<u>526,030,280</u>
<i>Representing:</i>				
Reserves	117,200,942	129,651,602	259,040,859	505,893,403
2001 final dividend proposed (note 9)	—	—	20,136,877	20,136,877
	<u>117,200,942</u>	<u>129,651,602</u>	<u>279,177,736</u>	<u>526,030,280</u>

23 DEFERRED TAXATION

No provision for deferred taxation has been made in the accounts in respect of revaluation of investment properties in Hong Kong as the revaluation surplus arising therefrom does not constitute a timing difference for taxation purposes since any profit on sale would not, in the opinion of the directors, be subject to taxation.

Realisation of the surplus on revaluation of the Group's investment properties in the US would give rise to a taxation liability in the US. No provision has been made in the accounts for this liability as these properties are held for the long term and the directors have no intention to dispose of these properties in the foreseeable future.

Deferred taxation in respect of timing differences has not been recognised in the accounts on the basis that there is no reasonable certainty of crystallisation in the foreseeable future.

An analysis of unprovided deferred tax liability/(asset) is as follows:

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
<i>Hong Kong:</i>				
Accelerated depreciation allowances	34,436,000	32,666,000	574,000	470,000
Tax losses	(13,134,000)	(12,137,000)	(5,637,000)	(4,421,000)
	<u>21,302,000</u>	<u>20,529,000</u>	<u>(5,063,000)</u>	<u>(3,951,000)</u>
<i>Overseas:</i>				
Accelerated depreciation allowances	21,042,000	20,522,000	—	—
Tax losses	(79,719,000)	(77,020,000)	—	—
	<u>(58,677,000)</u>	<u>(56,498,000)</u>	<u>—</u>	<u>—</u>

As at 31st December 2002, the Group's overseas subsidiary companies had tax losses carried forward for Federal and State income tax purposes of the US of HK\$242,000,000 (2001: HK\$234,000,000) and HK\$53,000,000 (2001: HK\$51,000,000) respectively. These tax losses have already excluded an amount of approximately US\$12 million (approximately HK\$98 million) which relates to the transactions as disclosed in note 20. The remaining tax losses are available to reduce future taxable income, if any. However their deferred tax effect of HK\$79,719,000 (2001: HK\$77,020,000) has not been accounted for as the losses would not, in the opinion of the directors, be utilised in the foreseeable future.

24 CONTINGENT LIABILITIES

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Guarantees to bankers for credit facilities granted to subsidiary companies	—	—	345,272,000	336,775,000
Other guarantees	1,181,000	1,181,000	1,181,000	1,181,000
	<u>1,181,000</u>	<u>1,181,000</u>	<u>346,453,000</u>	<u>337,956,000</u>

25 COMMITMENTS

(a) Capital commitments

As at 31st December 2002, the Group had capital commitments for properties under development and other fixed assets as follows:

	Group	
	2002	2001
	HK\$	HK\$
Contracted but not provided for		
- properties under development	16,046,000	5,603,000
- other fixed assets	—	2,241,000
	<u>16,046,000</u>	<u>7,844,000</u>

(b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Land and buildings				
Not later than one year	1,975,000	862,000	889,000	862,000
Later than one year but not later than five years	4,313,000	965,000	982,000	965,000
	<u>6,288,000</u>	<u>1,827,000</u>	<u>1,871,000</u>	<u>1,827,000</u>

26 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow generated from operations

	2002	2001
	HK\$	HK\$
Operating profit	82,501,959	87,546,396
Realisation of deferred gain	(7,416,401)	—
Amortisation of goodwill	1,614,410	1,614,410
Depreciation	6,727,405	6,828,366
Gain on disposal of investment properties	—	(6,163,198)
Loss on disposal of other fixed assets	508,495	140,674
Interest and dividend income	(1,853,374)	(3,179,665)
Operating profit before working capital changes	82,082,494	86,786,983
Decrease/(increase) in land and buildings for resale	3,064,459	(1,027,342)
Increase in inventories	(7,491,718)	(1,138,143)
Increase in debtors and prepayments	(5,099,790)	(7,683,055)
Decrease in rental and other deposits	(113,359)	(923,069)
Decrease in creditors and accruals	(1,406,191)	(4,642,413)
Effect of foreign exchange rate changes	—	(1,496)
Net cash inflow generated from operations	<u>71,035,895</u>	<u>71,371,465</u>

(b) Purchase of business

	2002	2001
	HK\$	HK\$
Net assets acquired		
Inventories	—	1,533,113
Goodwill	—	8,072,049
	<u>—</u>	<u>9,605,162</u>
Satisfied by cash	<u>—</u>	<u>9,605,162</u>

26 NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

(c) Analysis of changes in financing during the year

	Short term and long term bank loans	Minority interests
	HK\$	HK\$
Balance at 1st January 2001	429,457,200	84,900,793
Net cash inflow/(outflow) from financing	61,338,937	(2,519,420)
Minority interests' share of profit for the year	—	2,847,984
Minority interests' share of deficit on revaluation of investment properties	—	(253,100)
Balance at 31st December 2001	<u>490,796,137</u>	<u>84,976,257</u>
Balance at 1st January 2002	490,796,137	84,976,257
Net cash outflow from financing	(438,658)	(6,717,000)
Minority interests' share of profit for the year	—	2,631,457
Minority interests' share of deficit on revaluation of investment properties	—	(1,815,255)
Balance at 31st December 2002	<u>490,357,479</u>	<u>79,075,459</u>

27 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 28th March 2003.

28 PRINCIPAL SUBSIDIARY COMPANIES

At 31st December 2002 and 2001, the Company had the following principal subsidiary companies. Montgomery Lands, Incorporated, Central Financial Management Company Inc., GYB Properties, Inc., MLI Business Management, Inc., and Montgomery Golf Corporation are incorporated and operate in the US. All other subsidiary companies below are incorporated and operate in Hong Kong.

Name	Percentage of issued capital held		Ordinary share capital		Principal activities
	By company	By subsidiary company	Number	Par value per share	
Ballington Limited	100	—	10,000	HK\$1	e
Cambella Limited	100	—	1,000	HK\$1	a
Central Financial Management Company Inc	—	100	10,000	US\$1	d
Chi Ho Investment Company Limited	100	—	100	HK\$100	a b g
Chi Ning Investment Company Limited	100	—	421,290	HK\$1	e
Etrema Company Limited	100	—	1,000	HK\$1	b
Fung Chau Investment Company Limited	100	—	1,070,030	HK\$1	a g
Golden Ocean Corporation Limited	100	—	531,510	HK\$1	a
GYB Properties, Inc. ("GYB") (note b)	—	80	750,000	US\$0.01	e
Iowa Enterprises Limited	100	—	2	HK\$100	a
Kam Cheung Investment Company Limited	75	—	1,200,000	HK\$1	a e
Kam Chung Industrial Company Limited	100	—	1,149,430	HK\$1	a g
Kam Hang Company Limited	95	—	5,000	HK\$100	a
Kam Yiu Company Limited	100	—	73,000	HK\$1	a
Lee Sang On Investment Company, Limited	100	—	915,960	HK\$1	a
MLI Business Management, Inc	—	100	1,000	US\$1	h
Montgomery Enterprises Limited	100	—	1,190,840	HK\$1	a e g
Montgomery Golf Corporation	—	100	500,000	No par value	i
Montgomery Lands, Incorporated	—	100	20,000	US\$1	a
On Ah Enterprises Limited	65	—	100,000	HK\$1	a
Pentacontinental Land Investment Company Limited	53.6	—	2,000,000	HK\$1	a e
Satvision Limited	100	—	1,000	HK\$1	a
Tai Fung Investment Company Limited	65	—	1,400,000	HK\$1	a e
Tai Land Finance Company Limited	100	—	100,000	HK\$1	c
Tai Sang Cold Storage and Godown Company Limited	58	—	5,600,000	HK\$1	e
Tai Sang Estate Agency Limited	100	—	100,000	HK\$1	d e

28 PRINCIPAL SUBSIDIARY COMPANIES (Continued)

Name	Percentage of issued capital held		Ordinary share capital		Principal activities
	By company	By subsidiary company	Number	Par value per share	
TSE (Floral Villas) Limited	—	100	100	HK\$1	d
TSE (Kam Yuen Mansion) Limited	—	100	1,000	HK\$1	d
TSL Construction and Engineering Limited	100	—	2	HK\$1	a
Welldicker Industrial Limited	100	—	2	HK\$1	e
Xin Kuok Investments Limited	100	—	2	HK\$1	f

Principal activities:

- | | |
|----------------------------------|--|
| a = property rental | f = motor vehicle rental |
| b = property development | g = property resale |
| c = finance | h = management service |
| d = estate management and agency | i = distribution of golf digital video equipment and training software |
| e = investment holding | |

- (a) The above list gives particulars of the principal subsidiary companies, which in the opinion of the directors, materially affect the results and/or assets of the Group.
- (b) On 8th April 1999, the board of directors and shareholders of GYB approved the Plan of Complete Liquidation (the "Plan") of GYB. The Plan provides for the complete liquidation and dissolution of GYB along with its wholly owned subsidiary companies, Yerba Buena Properties, Inc. and Goldman Investments Incorporated.

An amount of US\$8,450,000 (equivalent of HK\$65,910,000) was paid to the minority shareholder of GYB ("Minority Shareholder"), companies owned by Mr. William Ma Ching Wai, a director of the Company, as interim liquidation distribution in 1999. During the year, another payment of US\$550,000 (HK\$4,290,000) was paid to the Minority Shareholder before the completion of the Plan and distribution of the remaining assets of GYB.