1. BASIS OF PREPARATION

a) PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are securities trading and property investment.

b) GROUP FINANCIAL STATEMENTS

The Group financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2003. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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 represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated income statement.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with Statements of Standard Accounting Practice ("SSAP") and Interpretations issued by the Hong Kong Society of Accountants (the "HKSA") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties and investments in securities. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

In the current year, the Group has adopted, for the first time, the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1 April 2002:

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

The adoption of these standards has resulted in a change in the format of presentation of the consolidated cash flow statement and the statements of changes in equity, but has not had any significant impact on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

a) REVENUE RECOGNITION

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

ii) Dividend income is recognised when the shareholders' rights to receive payment is established.

iii) Operating lease rental income is recognised on a straight-line basis over the period of the respective leases.

iv) Gains and losses on investments from securities trading, on the trade date basis, is calculated on the average cost basis.

b) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary of the date of acquisition.

Goodwill on acquisition occurring on or after 1 April 2001 is included in intangible assets and is amortized using the straight-line method over its estimated useful life.

Goodwill on acquisitions that occurred prior to 1 April 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the income statement.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisition which occurred prior to 1 April 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

c) PROPERTY, PLANT AND EQUIPMENT

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

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of property, plant and equipment other than investment properties is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

d) 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 with rental income being negotiated at arm's length.

Investment properties are stated in the balance sheet at their open market value on the basis of period end valuation carried out annually by persons holding a recognised professional qualification in valuing properties and having recent post-qualification experience in valuing properties in the location and in the category of the properties concerned. Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining periods of the leases.

Changes in the value of investment properties is treated as movements in an investment property revaluation reserve, unless the total of this reserve is insufficient to cover a deficit on a portfolio basis, in which case the amount by which the deficit exceeds the total amount in the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged. Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

e) ASSETS UNDER LEASES

i) Finance leases

Leases that substantially transfer to the Group all the rewards and risks of ownership of assets are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals.

Payments to the lessor are treated as consisting of capital and interest elements. Finance charges are debited to the income statement over the periods of the leases so as to produce an approximately constant periodic rate of charge on the remaining balances of the obligation for each accounting period.

Assets held under finance leases are depreciated over the shorter of the lease terms and their estimated useful lives on the same basis as owned assets. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(g).

ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental receivables/payables under such operating leases are accounted for in the income statement on a straight-line basis over the periods of the respective lease.

f) DEPRECIATION

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	25% or over the lease term, if shorter
Furniture and equipment	25%

No depreciation is provided on investment properties with an unexpired lease term of over 20 years.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

g) IMPAIRMENT OF ASSETS

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts); and

– investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

h) SUBSIDIARIES

A subsidiary is a company in which the Group or the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Group or the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

h) SUBSIDIARIES (Continued)

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

i) INVESTMENTS IN SECURITIES

Security is a bond or share or other negotiable instrument evidencing debts or ownership which is distinguished between equity and debt securities, is classified as held-to-maturity securities, trade and non-trade securities.

Debt securities intended to be held-to-maturity are stated at amortised cost, less provision for impairment losses. Investments in other than held-to-maturity securities are accounted for using the alternative treatment and are stated at fair values. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the year. For securities not held for trading purposes, unrealised gains and losses are dealt with in investment revaluation reserve, until the securities are disposed of or are determined to be impaired, at which time the cumulative gains or losses are included in net profit or loss for the year.

Gain or loss on disposal of investments in securities, representing the difference between the net sale proceeds and the carrying amount of the securities, together with any surplus/deficit transferred from the investment revaluation reserve, is recognised in the income statement in the period in which the disposal occurs.

All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.

j) RELATED PARTIES

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

k) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfil the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

l) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

m) DEFERRED TAXATION

Deferred taxation is accounted for under the liability method in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability or asset is expected with reasonable probability to crystallise in the foreseeable future. Deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

n) TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during the year 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 income statement.

The balance sheet of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

n) TRANSLATION OF FOREIGN CURRENCIES (Continued)

In prior years, the profit and loss of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of foreign enterprises in prior years has not been restated as the effect of this change is not material to the current and prior years.

o) RETIREMENT COSTS

The Group operates a defined contribution Mandatory Provident Fund Exempted ORSO retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. When an employee leaves the Scheme prior to his/her interests in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

p) EMPLOYEE BENEFITS

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

q) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

q) SEGMENT REPORTING (Continued)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

3. TURNOVER

The Company is an investment holding company. The principal activities of the Group are securities trading and property investment.

Turnover represents the net results from securities trading and gross rental income received and receivable from investment properties during the year. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2003	2002
	HK$'000	HK$'000
Results from securities trading	**(339)**	(39,253)
Gross rental from investment properties	**6,856**	7,105
	6,517	(32,148)

4. OTHER REVENUE

	2003	2002
	HK$'000	HK$'000
Dividend income from listed securities	**3**	670
Interest income	**545**	659
Unrealised holding gains on listed securities	**–**	19
Other income	**407**	157
	955	1,505

5. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after crediting and charging the following:

	2003 HK$'000	2002 HK$'000
Crediting		
Rental income net of outgoings of HK$558,000 (2002: HK$841,000)	**6,298**	6,264
Net exchange gain	**–**	16
Charging		
Auditors' remuneration		
– Current year	**289**	877
– Underprovision in prior years	**31**	–
	320	877
Bad debts written off	**163**	–
Depreciation		
– owned assets	**195**	409
– asset held under a finance lease	**13**	14
Loss on disposals of property, plant and equipment	**747**	1
Net exchange loss	**1,327**	–
Operating leases rental in respect of rented premises	**715**	931
Staff costs including retirement costs of HK$74,000 (2002: HK$23,000)	**3,131**	2,941
Unrealised holding losses on listed securities	**368**	–

6. FINANCE COSTS

	2003 HK$'000	2002 HK$'000
Interest on bank loans and overdrafts		
– wholly repayable within five years	**48**	4,296
– wholly repayable after five years	**1,921**	–
Interest on a finance lease	**4**	4
Others	**14**	–
	1,987	4,300

7. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Group has no assessable profits for the year (2002: nil). Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Tax credit for the year represented	**2003** **HK$'000**	2002 HK$'000
Group:		
Overprovision in the prior period	**–**	578

At the balance sheet date, there was no material unprovided deferred tax liabilities. Deferred tax assets arising from tax losses has not been recognised as it is uncertain that such asset will be crystallised in the foreseeable future.

The revaluation of the Group's investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

8. DIRECTORS' REMUNERATION

Remuneration of the Company's directors disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2003	2002
	HK$'000	HK$'000
Fees		
– Executive directors	**34**	25
– Independent non-executive directors	**108**	100
Other emoluments		
Salaries and other benefits-in-kind		
– Executive directors	**441**	429
– Independent non-executive directors	**–**	–
Retirement benefit costs		
– Executive directors	**18**	20
– Independent non-executive directors	**–**	–
Severance payments		
– Executive directors	**330**	–
– Independent non-executive directors	**–**	–
	931	574

The remuneration of each of the directors was below HK$1,000,000 for the years ended 31 March 2003 and 2002.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group. None of the directors waived any emoluments during the year.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2002: one) is a director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2002: four) individuals are as follows:

	2003	2002
	HK$'000	HK$'000
Salaries and other emoluments	**1,233**	1,421
Retirement scheme contributions	**51**	40
Severance payments	**529**	–
	1,813	1,461

The remuneration of each of these individuals was below HK$1,000,000 for the years ended 31 March 2003 and 2002.

During the year, no emoluments were paid by the Group to the five individuals with the highest emoluments as an inducement to join or upon joining the Group.

10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated loss attributable to shareholders includes a loss of approximately HK$546,000 (2002: HK$45,101,000) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2003 (2002: HK$Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to shareholders for the year of HK$546,000 (2002: HK$45,101,000) and the weighted average of 129,852,418 ordinary (2002: 108,659,267 ordinary) shares in issue during the year.

Diluted loss per share amounts for the year ended 31 March 2003 and the year ended 31 March 2002 have not been calculated because no diluting events existed during the year.

13. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

(a) the securities trading segment invests in equity securities listed on global stock markets; and

(b) the property investment segment invests in residential units and office space for their rental income potential.

Group

	Securities trading		**Property investment**		**Consolidated**	
	2003	2002	**2003**	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**(339)**	(39,253)	**6,856**	7,105	**6,517**	(32,148)
Dividend income from listed securities	**3**	670	**–**	–	**3**	670
Gain on disposals of investment properties	**–**	–	**15,399**	–	**15,399**	–
Unrealised holding (losses)/gains on listed securities	**(368)**	19	**–**	–	**(368)**	19
Allocated expenses	**(36)**	(392)	**(1,520)**	(2,039)	**(1,556)**	(2,431)
Segment results	**(740)**	(38,956)	**20,735**	5,066	**19,995**	(33,890)
Interest income					**545**	659
Other income					**407**	157
Unallocated expenses					**(19,506)**	(8,305)
Profit/(loss) from operations					**1,441**	(41,379)
Finance costs					**(1,987)**	(4,300)
Loss from ordinary activities before taxation					**(546)**	(45,679)
Taxation					**–**	578
Loss attributable to shareholders					**(546)**	(45,101)

13. SEGMENT REPORTING (Continued)

Group

	Securities trading		Property investment		Eliminations		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**1,712**	2,059	**124,401**	200,555	**–**	–	**126,113**	202,614
Unallocated assets							**5,077**	21,323
Total assets							**131,190**	223,937
Segment liabilities	**3**	165,191	**60,579**	22,245	**–**	(35,328)	**60,582**	152,108
Unallocated liabilities							**639**	719
Total liabilities							**61,221**	152,827
Other segment information:								
Depreciation	**–**	–	**208**	423	**–**	–	**208**	423
Deficit on revaluation	**–**	–	**45,537**	24,254	**–**	–	**45,537**	24,254
Impairment loss	**–**	–	**1,059**	–	**–**	–	**1,059**	–

Geographical segments

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the stock markets and customers, and assets are attributed to the segments based on the location of the assets.

13. SEGMENT REPORTING (Continued)

The following table presents revenue, results and certain asset information for the Group's geographical segments.

Group

	USA		Hong Kong		United Kingdom		Corporate and others		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**–**	(34,844)	**6,517**	2,696	**–**	–	**–**	–	**6,517**	(32,148)
Segment results	**–**	(31,211)	**(11,013)**	(13,497)	**10,467**	(393)	**–**	–	**(546)**	(45,101)
Other segment information:										
Segment assets	**1,352**	19,175	**129,802**	165,296	**36**	23,821	**–**	15,645	**131,190**	223,937

14. PROPERTY, PLANT AND EQUIPMENT

	Investment properties	Other assets	Total
	HK$'000	HK$'000	HK$'000
Cost or valuation			
At 1/4/2002	195,808	4,153	199,961
Disposals	(25,308)	(4,153)	(29,461)
Revaluation deficit	(45,537)	–	(45,537)
Impairment loss	(1,059)	–	(1,059)
At 31/3/2003	**123,904**	**–**	**123,904**
Accumulated depreciation			
At 1/4/2002	–	3,113	3,113
Charge for the year	–	208	208
Disposals	–	(3,321)	(3,321)
At 31/3/2003	**–**	**–**	**–**
Net book value			
At 31/3/2003	**123,904**	**–**	**123,904**
At 31/3/2002	195,808	1,040	196,848

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of the cost or valuation at 31 March 2003 of the above assets is as follows:

	Investment properties HK$'000	Other assets HK$'000	Total HK$'000
At cost	–	–	–
At 2003 professional valuation	123,904	–	123,904
	123,904	–	123,904

Notes:

(a) The Group's interests in investment properties at their net book value are analysed as follows:

	2003 HK$'000	2002 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	**85,598**	115,100
Leases of between 10 to 50 years	**38,306**	61,300
Outside Hong Kong, held on		
Leases of over 50 years	**–**	19,408
	123,904	195,808

(b) Investment properties were revalued at 31 March 2003 on the basis of their open market value by FPD Savills (Hong Kong) Limited. The deficit on revaluation of approximately HK$45,537,000 (2002: HK$24,254,000) has been charged to the investment properties revaluation reserve.

(c) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to four years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals. The gross amount of investment properties held for use in operating leases at the balance sheet date amounted to approximately HK$123,904,000 (2002: HK$195,808,000).

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2003 HK$'000	2002 HK$'000
Within 1 year	**3,156**	6,814
After 1 year but within 5 years	**1,192**	5,105
	4,348	11,919

(d) At 31 March 2003, the carrying amount of an other asset amounted to HK$nil (2002: HK$24,000) held by the Group under a finance lease. The corresponding obligation has been repaid in full during the year.

15. INVESTMENTS IN SUBSIDIARIES

	2003	2002
	HK$'000	HK$'000
Investments at cost:		
Unlisted shares	**298,005**	298,005
Impairment loss	**(283,179)**	(230,485)
	14,826	67,520

The following is a list of the subsidiaries at 31 March 2003:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Directly	Indirectly	
Cosmopolitan Properties and Securities Limited	Hong Kong	HK$1,000	100%	–	Securities trading and property investment
Supernational Limited	Hong Kong	HK$6,815,230	–	100%	Inactive
Village Properties Limited	Hong Kong	HK$20	–	100%	Property investment
Furada Limited *	Channel Islands	GBP12	–	100%	Property investment
Honour Wise Investments Limited	British Virgin Islands	US$1	–	100%	Property investment

* Not audited by Charles Chan, Ip & Fung CPA Ltd. The financial statements of Furada Limited reflect total net assets and total turnover constituting approximately 0.1% and nil respectively of the related consolidated totals.

16. INVESTMENTS IN SECURITIES

Under alternative treatment:

	2003 HK$'000	2002 HK$'000
Held-to-maturity debt securities, at cost		
Unlisted	**360**	360
Trade securities, at fair value		
Listed		
– Hong Kong	–	100
– Outside Hong Kong	**1,343**	1,926
	1,343	2,026
	1,703	2,386
Market value of listed investments	**1,343**	2,026

17. AMOUNT DUE FROM A RELATED COMPANY

Name	Connected parties	Balance at end of year HK$'000	Balance at beginning of year HK$'000	Maximum outstanding balance during the year 2003 HK$'000	 2002 HK$'000
Consumers' Credit Collections Services Limited	Mr. Eric Edward Hotung Mr. Ho Shu Wah	–	720	**833**	978

Mr. Eric Edward Hotung, a director of the Company, and Mr. Ho Shu Wah, an alternate director to Mr. Eric Edward Hotung, resigned as directors on 5 March 2003.

The amount is unsecured, bears interest at 12% per annum and repayable on demand. At 31 March 2003 and 31 March 2002, there was no outstanding overdue interests and provision has not been made for the amount due.

18. TRADE RECEIVABLES

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**463**	293	**–**	10

All of the trade receivables are expected to be recovered within one year. Included in trade receivables are trade debtors (net of specific allowances for bad and doubtful debts) with the following ageing analysis:

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	HK$'000	**HK$'000**	HK$'000
0 – 60 days	**380**	254	**–**	–
61 – 90 days	**74**	6	**–**	–
Over 90 days	**9**	33	**–**	10
	463	293	**–**	10

Sale proceeds from securities trading are receivable in accordance with the settlement terms of the respective stock market practices, and rental income from investment properties is normally receivable in advance each month during the term of tenancy. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

19. AMOUNT DUE FROM/(TO) A SUBSIDIARY

The amounts are interest free, unsecured and repayable on demand.

20. BORROWINGS

	Interest-bearing	
	2003	2002
	HK$'000	HK$'000
Bank overdrafts, secured	**–**	29,460
Bank loans, secured	**58,972**	4,258
	58,972	33,718

The terms of repayment of the borrowings are analysed as follows:

Within one year	**3,873**	29,809
One to two years	**5,096**	371
Two to five years	**18,039**	1,259
Over 5 years	**31,964**	2,279
	58,972	33,718
Less: Amount due within one year included in current liabilities	**(3,873)**	(29,809)
Amount due after one year	**55,099**	3,909

At 31 March 2003, the borrowings were secured by investment properties situated in Hong Kong which had an aggregate carrying value at the balance sheet date of approximately HK$115,669,000 (2002: HK$54,700,000) and corporate guarantee executed by the Company.

21. OBLIGATION UNDER A FINANCE LEASE

Analysis of the capital element under a finance lease is as follows:

	2003	2002
	HK$'000	HK$'000
Repayable within one year	**–**	17
Current portion of obligation under a finance lease	**–**	(17)
	–	–

22. AMOUNT DUE TO A DIRECTOR

The amount is unsecured and interest free and repayable after 25 May 2003 except an amount of HK$30,000,000 was repaid by a bank loan obtained on 4 April 2002.

23. ISSUED CAPITAL

	2003 Number of shares	**2003** Amount HK$'000	2002 Number of shares	2002 Amount HK$'000
Authorised (ordinary shares of HK$0.1 each)				
At the beginning of the year	**200,000,000**	**20,000**	200,000,000	20,000
Increase of authorised share capital	**300,000,000**	**30,000**	–	–
At the end of the year	**500,000,000**	**50,000**	200,000,000	20,000
Issued and fully paid (ordinary shares of HK$0.1 each)				
At the beginning of the year	**108,659,267**	**10,866**	108,659,267	10,866
Placement of shares	**185,500,000**	**18,550**	–	–
At the end of the year	**294,159,267**	**29,416**	108,659,267	10,866

In March 2003, the authorised share capital of the Company was increased from HK$20,000,000 to HK$50,000,000 by the creation of an additional 300,000,000 new shares.

In May 2002 and March 2003, the Company placed and issued 9,000,000 and 176,500,000 (2002: nil) new ordinary shares of HK$0.1 each at a price of HK$0.58 and HK$0.31 respectively.

24. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Analysis of changes in financing during the year

	Issued capital (including premium) HK$'000	**Obligation under a finance lease** HK$'000	**Bank loans** HK$'000	**Amount due to a director** HK$'000
At 1/4/2001	10,866	36	4,567	115,572
Net cash outflow from financing	–	(19)	(309)	–
At 31/3/2002 and at 1/4/2002	10,866	17	4,258	115,572
New loans raised	–	–	60,000	–
Repayment during the year	–	(17)	(5,286)	(115,572)
Issue of shares upon placement of shares	59,935	–	–	–
Expenses incurred in connection with issue of shares	(3,675)	–	–	–
At 31/3/2003	**67,126**	**–**	**58,972**	**–**

25. RELATED PARTY TRANSACTIONS

During the year, the Group had the following related party transactions which were carried out in the normal course of its business:

Name of related parties	Nature of related party relationship	Nature of transactions	Amount (received)/paid 2003 HK$'000	2002 HK$'000	Note
Mr. Eric Edward Hotung	Director	Rental income	**(221)**	(347)	(a)
Consumers' Credit Collections Services Limited ("CCCSL")	Related company	Management fee	**100**	120	(b)
		Interest income	**(69)**	–	(c)

Notes:

(a) During the year, the Group let properties to Mr. Eric Edward Hotung, a director and substantial shareholder of the Company for the purpose of storing his own personal effects. The rental was calculated by reference to the prevailing open market rentals. He resigned as a director on 5 March 2003.

(b) The management fee expense was paid to CCCSL for providing management services for the Group's investment properties. The management fee was charged at a monthly fixed amount as mutually agreed between the parties, with reference to the time and costs incurred by the related company. The service agreement had been terminated since February 2003.

(c) Interest income was received from CCCSL at 12% per annum on the outstanding balance.

26. CONTINGENT LIABILITIES

	Group		Company	
	2003 HK$'000	2002 HK$'000	**2003 HK$'000**	2002 HK$'000
Guarantees given to banks for facilities granted to subsidiaries	**–**	–	**71,963**	61,963

At 31 March 2003, the guarantees given to banks in connection with facilities granted to subsidiaries by the Company were utilised to the extent of approximately HK$58.9 million (2002: HK$33.7 million).

27. COMMITMENT UNDER OPERATING LEASES

At 31 March 2003, the Group had commitments for future minimum lease under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2003	2002
	HK$'000	HK$'000
Within one year	**–**	739
In the second to fifth year inclusive	**–**	1,602
	–	2,341

28. CHARGES ON ASSETS

The investment properties of the Group with carrying amount of approximately HK$115,669,000 (2002: HK$54,700,000) have been pledged to banks to secure banking facilities granted to the Group.

29. POST BALANCE SHEET EVENTS

a) On 26 March 2003, the Company entered into a subscription agreement with an independent party that the Company agreed to subscribe 115,230,210 shares of the independent party at HK$0.06 each amounting to HK$6,913,813 payable by the issue of consideration shares of 23,840,733 shares at HK$0.29 each.

The consideration shares represented approximately 8.1% of the Company's then existing issued share capital and approximately 7.5% of the issued share capital of the Company as enlarged by the consideration shares. The subscription was completed on 29 April 2003.

The directors consider that the subscription will enable the Company to broaden its shareholders' base and its investment portfolio.

b) On 8 April 2003, the Company entered into a subscription agreement with an independent party that the independent party agreed to subscribe a HK$8,747,780 convertible note (the "Note") of the Company. The Company shall repay the principal amount outstanding under the Note to the independent party without interest on the first anniversary of the date of issue of the Note. The independent party will have the right to convert the whole or part of the principal amount of the Note in shares. The price at which each share shall be issued upon conversion shall be at HK$0.25. The subscription was completed on 19 May 2003.

Upon full conversion of the Note at HK$0.25, a total of 34,991,120 shares will be issued representing approximately 11.9% of the existing issued share capital of the Company and approximately 9.91% of the enlarged issued share capital of the Company immediately following completion of the previous subscription agreement as stated in note 29(a) and full conversion of the Note.

29. POST BALANCE SHEET EVENTS (Continued)

c) Subsequent to the balance sheet date, the Group disposed of its investment properties with carrying value of approximately HK$18,201,000 at a consideration of approximately HK$18,470,000.

30. LITIGATION

A letter date 9 January 2003 has been sent to Eric Edward Hotung, C.B.E., a previous director and a substantial shareholder of the Company, from a former legal adviser (the "Previous Lawyer") alleging that there was an unpaid bill amounting to approximately HK$1.1 million in relation to professional services rendered more than 5 years ago and which were extended to Cosmopolitan Properties and Securities Limited, a wholly-owned subsidiary of the Company. According to the records of Eric Edward Hotung, C.B.E., all professional fees claimed by the Previous Lawyer has been settled and the alleged claim is unsubstantiated. Save as disclosed above, no member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the directors to be pending or threatened by or against the Company or any of its subsidiaries.

31. LONG SERVICE PAYMENTS

At 31 March 2003, the Group had no employee who had completed the required number of years of service under the Hong Kong Employment Ordinance to be eligible for long service payments on termination of their employment.

32. ULTIMATE PARENT ENTERPRISE

The directors regard Gold Capital Investments Limited, a company incorporated in the British Virgin Islands, as the ultimate parent enterprise.

33. COMPARATIVE FIGURES

With a review of financial statements' presentation, certain items in the financial statements were reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, comparative figures have been reclassified to conform with the current year's presentation.