

# Notes to the Financial Statements

*For the year ended March 31, 2003*

## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ultimate holding company of the Company is Jumbo Wealth Limited, a limited liability company incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of the Group are property development and investment, provision of securities brokerage and margin financing services, printing and publishing services and consultancy and advisory services, sales of furniture and marine products and hotel operations.

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

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the inclusion of a statement of changes in equity, and in the adoption of the following new and revised accounting policies. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation. The adoption of these SSAPs has had no significant impact on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been made.

### Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas operations at the closing rate for the year, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

### Cash flow statements

Under SSAP 15 (Revised) "Cash Flow Statements", cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating, investing or financing cash flows (as appropriate). Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

# Notes to the Financial Statements

For the year ended March 31, 2003

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

### Employees benefits

SSAP 34 "Employee Benefits" introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any significant impact on the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### Basis of consolidation

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

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

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

### Goodwill

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

Goodwill is capitalised and amortised on a straight-line basis over its estimated economic life of not more than twenty years. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a separate intangible asset.

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Negative goodwill

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

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

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

### Investments in subsidiaries

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

### Investments in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus unamortised goodwill (less negative goodwill) arising on acquisition, less any identified impairment loss.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments in securities

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

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

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

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

### Investment properties

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

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

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

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property, plant and equipment

Property, plant and equipment, other than hotel properties and decoration work in progress, are stated at cost less depreciation and impairment losses.

Decoration work in progress is stated at cost less any impairment loss. Depreciation commences when the assets are ready for their intended use.

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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

### Hotel properties

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

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Properties under development

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

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

### Properties held for sale

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

### Intangible assets

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

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

### Other assets

Other assets, other than publishing library, are stated at cost less any impairment losses recognised.

Publishing library are stated at cost less amortisation and any impairment loss recognised. The publishing library is amortised over a period of 10 years.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Inventories

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

### Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance lease are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals are charged to the income statement on a straight line basis over the relevant lease term.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Borrowings costs**

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

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

### **Revenue recognition**

Sales of properties are recognised when unconditional sale and purchase agreements have been signed during the year and legal completion take place prior to the approval of the financial statements.

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

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

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

Revenue from sale of newspapers and other publications is recognised when the products are delivered and title has passed to distributors or dealers and the Group retains no significant obligation. Allowances for subsequent returns and exchanges are recorded in the period in which the related revenue is recognised.

Advertising income is recognised on the publication date.

Income from provision of printing services is recognised when the services are rendered.

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



# Notes to the Financial Statements

For the year ended March 31, 2003

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

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

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

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

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

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

### Taxation

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

### Foreign currencies

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

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

### Retirement benefits costs

Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due. The retirement benefits cost charged to the income statement represents contributions payable to the schemes by the Group at specified rates.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 4. TURNOVER

Turnover for the year comprises:

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Income from printing and publishing	<b>237,440</b>	—
Rental income from investment properties	<b>91,118</b>	106,827
Sales of furniture	<b>90,922</b>	111,493
Proceeds from sales of properties	<b>77,960</b>	278,562
Income from hotel operations	<b>42,014</b>	46,485
Consultancy and advisory service income	<b>40,951</b>	21,059
Sales of marine products	<b>27,591</b>	—
Interest income from margin financing and other loan receivables	<b>26,460</b>	42,448
Commission from the provision of securities and futures brokerage services and related advisory services	<b>26,073</b>	36,338
Proceeds from sale of securities held for trading purposes	<b>19</b>	8,768
	<b><u>660,548</u></b>	<b><u>651,980</u></b>

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is currently organised into eight operating divisions, namely, lease of properties, sales of properties, printing and publishing, securities brokerage services, wholesaling and retailing of furniture, hotel operations, sales of marine products, and consultancy and advisory services, in which printing and publishing and sales of marine products divisions are newly acquired during the year. These divisions are the basis on which the Group reports its primary segment information.

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment information about these business activities for the year ended March 31, 2003 is presented below.

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
INCOME STATEMENT										
Turnover										
External sales	91,118	77,960	237,440	52,533	90,922	42,014	27,591	40,951	19	660,548
Result										
Segment results	(157,966)	42,178	(52,575)	29,185	(4,599)	(7,731)	1,416	32,239	(4,242)	(122,095)
Interest income										11,305
Impairment loss recognised in respect of internet streaming rights										(180,000)
Unallocated corporate expenses										(43,714)
Loss from operations										(334,504)
Finance costs										(24,910)
Loss on disposal of associates	—	(57,612)	—	—	—	—	—	—	17,662	(39,950)
Amortisation of goodwill arising on acquisition of an associate	—	—	—	—	—	—	—	—	(3,094)	(3,094)
Share of results of associates	—	(298,540)	—	—	—	—	—	—	(11,392)	(309,932)
Loss before taxation										(712,390)
Taxation charge										(2,004)
Loss before minority interests										(714,394)

# Notes to the Financial Statements

For the year ended March 31, 2003

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Lease of properties	Sales of properties	Printing and publishing	Securities brokerage services	Wholesaling and retailing of furniture	Hotel operations	Sales of marine products	Consultancy and advisory services	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
OTHER INFORMATION										
Capital additions	10,665	254,796	114,725	1,497	14,080	40,178	96	—	3,281	439,318
Depreciation and amortisation	5,531	—	18,269	3,570	6,499	7,789	11	—	7,800	49,469
Impairment losses recognised (reversed) in income statement	33,437	(12,015)	16,324	—	—	—	—	—	181,470	219,216
Negative goodwill released	—	—	—	—	—	—	—	—	73	73
Revaluation deficit of investment properties	204,475	—	—	—	—	—	—	—	—	204,475
Allowance for doubtful debts made (written back)	1,837	—	2,094	(8,788)	—	—	(70)	43	92	(4,792)
BALANCE SHEET										
Assets										
Segment assets	1,387,049	564,918	189,944	141,003	145,444	553,643	451	689	6,198	2,989,339
Interests in associates	—	108,286	—	—	—	—	—	—	—	108,286
Unallocated corporate assets										339,548
Consolidated total assets										3,437,173
Liabilities										
Segment liabilities	(121,410)	(42,535)	(51,949)	(67,915)	(8,551)	(26,810)	(2,940)	(100,980)	—	(423,090)
Unallocated corporate liabilities										(1,005,274)
Consolidated total liabilities										(1,428,364)

# Notes to the Financial Statements

For the year ended March 31, 2003

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

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

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

	Lease of properties HK\$'000	Sales of properties HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
OTHER INFORMATION								
Capital additions	8,440	63,921	1,516	22,633	2,455	—	2,240	101,205
Depreciation and amortisation	2,210	18	3,765	5,458	7,893	—	12,672	32,016
Impairment losses recognised in income statement	33,362	27,400	—	—	—	—	70,000	130,762
Revaluation deficit of investment properties	209,419	—	—	—	—	—	—	209,419
Allowance for doubtful debts made (written back)	<u>4,458</u>	<u>—</u>	<u>(3,026)</u>	<u>—</u>	<u>1,612</u>	<u>107</u>	<u>(1,700)</u>	<u>1,451</u>
BALANCE SHEET								
Assets								
Segment assets	1,664,412	406,850	238,368	128,933	522,285	7,361	197,625	3,165,834
Interests in associates	—	586,227	—	—	—	—	79,846	666,073
Unallocated corporate assets								<u>173,451</u>
Consolidated total assets								<u>4,005,358</u>
Liabilities								
Segment liabilities	(115,593)	(27,474)	(123,892)	(8,402)	(4,500)	(1,238)	—	(281,099)
Unallocated corporate liabilities								<u>(978,105)</u>
Consolidated total liabilities								<u>(1,259,204)</u>

# Notes to the Financial Statements

For the year ended March 31, 2003

## 6. OTHER OPERATING INCOME – NET

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
The amount for the year includes:		
Allowance for doubtful debts of margin financing and other receivables written back (made) – net	<b>4,792</b>	(1,451)
Amortisation of intangible assets	<b>(3,050)</b>	(2,545)
Amortisation of publishing library	<b>(1,451)</b>	—
Gain on winding up of subsidiaries	<b>446</b>	—
Interest income from:		
– bank deposits	<b>701</b>	526
– other receivable	<b>136</b>	254
– loans receivables from associates	<b>10,468</b>	12,536
Management fees received	<b>3,136</b>	3,398
Release of negative goodwill arising from acquisition of subsidiaries during the year	<b>73</b>	—
Unrealised holding (loss) gain on trading securities	<b>(4,192)</b>	12,602
	<b><u>(4,192)</u></b>	<b><u>12,602</u></b>

## 7. IMPAIRMENT LOSSES

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Impairment losses (recognised) reversed in respect of:		
Internet streaming rights	<b>(180,000)</b>	(70,000)
Motor vehicle registration marks	<b>(1,470)</b>	—
Properties held for sale (note)	<b>12,015</b>	(3,646)
Properties under development	<b>(33,437)</b>	(57,116)
Publishing library (note 22)	<b>(16,324)</b>	—
	<b><u>(219,216)</u></b>	<b><u>(130,762)</u></b>

Note: The amount for the current year represents the reversal of impairment loss of properties held for sale which was previously recognised in the income statement in previous years when those properties were in construction stage. The amount of reversal was made by the directors with reference to professional valuations prepared, on an open market value basis.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 8. LOSS FROM OPERATIONS

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Loss from operations has been arrived at after charging:		
Auditors' remuneration	<b>1,395</b>	1,632
Depreciation	<b>41,874</b>	28,893
Loss on disposal of investment properties	<b>120</b>	—
Loss on disposal of property, plant and equipment	<b>2,743</b>	1,435
Loss on disposal of trading securities - net	<b>50</b>	—
Operating lease rentals in respect of:		
– rented premises	<b>19,800</b>	21,315
– equipment	<b>912</b>	1,392
Staff costs, including directors' remuneration and retirement benefit scheme contributions (note 9)	<b>198,932</b>	114,091
and after crediting:		
Dividend income from listed securities	—	164
Gain on disposal of trading securities – net	—	3,441
Gross rental income less outgoings of approximately HK\$8,280,000 (2002: HK\$7,643,000)	<b>82,838</b>	99,184



# Notes to the Financial Statements

For the year ended March 31, 2003

## 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (i) Directors' emoluments

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Directors' fees		
Executive	<b>700</b>	685
Independent non-executive	<b>100</b>	69
	<b>800</b>	754
Other emoluments		
Executive		
Salaries and benefits	<b>5,929</b>	8,036
Retirement benefit scheme contributions	<b>316</b>	440
Total amount paid or payable to directors	<b>7,045</b>	9,230
Rent-free accommodation provided to an executive director, based on estimated rental value	<b>—</b>	4,020
Total directors' emoluments	<b>7,045</b>	13,250

The emoluments of the directors fall within the following bands:

	<b>Number of directors</b>	
	<b>2003</b>	2002
Nil to HK\$1,000,000	<b>6</b>	3
HK\$1,500,001 to HK\$2,000,000	<b>2</b>	2
HK\$2,000,001 to HK\$2,500,000	<b>1</b>	1
HK\$2,500,001 to HK\$3,000,000	<b>—</b>	—
HK\$3,000,001 to HK\$3,500,000	<b>—</b>	1
HK\$3,500,001 to HK\$4,000,000	<b>—</b>	—
HK\$4,000,001 to HK\$4,500,000	<b>—</b>	1
	<b>9</b>	8

# Notes to the Financial Statements

For the year ended March 31, 2003

## 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

### (ii) Employees' emoluments:

Of the five individuals with the highest emoluments in the Group in 2003, three (2002: five) were directors of the Company whose emoluments are set out above. The emoluments of the remaining two highest paid individuals in 2003 (2002: nil) is as follows:

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>3,913</b>	—
Retirement benefit scheme contributions	<b>142</b>	—
	<b>4,055</b>	—

The emoluments of the individuals fall within the following bands:

	<b>Number of employees</b>	
	<b>2003</b>	2002
HK\$1,000,001 to HK\$1,500,000	<b>1</b>	—
HK\$2,500,001 to HK\$3,000,000	<b>1</b>	—
	<b>2</b>	—

# Notes to the Financial Statements

For the year ended March 31, 2003

## 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

### (iii) Retirement benefit scheme contributions

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Retirement benefit scheme contributions to the Group's defined contribution scheme	<b>2,737</b>	3,168
Less: Forfeited contributions	<b>(418)</b>	(1,970)
	<b>2,319</b>	1,198
Contributions to mandatory provident fund scheme ("MPF Scheme")	<b>4,984</b>	1,677
Amount charged to income statement	<b>7,303</b>	2,875

The Group participates in both a defined contribution scheme which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and the MPF Scheme established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after December 1, 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, forfeited contributions of approximately HK\$908,000 (2002: HK\$390,000), which arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in future years.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 10. FINANCE COSTS

	2003 HK\$'000	2002 HK\$'000
Interest on:		
– bank borrowings wholly repayable within five years	(27,500)	(47,755)
– other borrowings wholly repayable within five years	(1,238)	(6,045)
	<b>(28,738)</b>	(53,800)
Less: Amount capitalised in properties under development	<b>3,758</b>	2,456
	<b>(24,980)</b>	(51,344)
Interest on finance leases	(19)	—
Total borrowing costs	<b>(24,999)</b>	(51,344)
Bank charges	<b>(1,000)</b>	(1,317)
Amount charged to income statement	<b>(25,999)</b>	(52,661)
Less: Amount included in direct operating expenses	<b>1,089</b>	3,097
	<b>(24,910)</b>	(49,564)

## 11. TAXATION (CHARGE) CREDIT

	2003 HK\$'000	2002 HK\$'000
The (charge) credit comprises:		
Hong Kong Profits Tax calculated at 16% (2002: 16%) of the estimated assessable profit		
– current year	(6,523)	(10,032)
– overprovision in prior years	<b>4,524</b>	41,357
	<b>(1,999)</b>	31,325
Deferred taxation (note 36)	<b>267</b>	37
Share of net taxation charge of associates	<b>(272)</b>	(441)
	<b>(2,004)</b>	30,921

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 12. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's consolidated loss attributable to shareholders of approximately HK\$705,870,000 (2002: HK\$255,158,000) and on 86,329,352 ordinary shares (2002: 86,329,352 ordinary shares) in issue during the year, after adjusted for the 10 to 1 share consolidation effective on March 31, 2003.

No disclosure of diluted loss per share has been presented as there were no dilutive potential ordinary shares in issue in either year.

## 13. INVESTMENT PROPERTIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
VALUATION		
At the beginning of the year	<b>1,475,120</b>	1,693,925
Transferred from leasehold land and buildings	<b>9,900</b>	6,614
Transferred to leasehold land and buildings	<b>(54,300)</b>	—
Transferred to properties held for sale	—	(16,000)
Disposals	<b>(1,800)</b>	—
Deficit arising on revaluation	<b>(204,475)</b>	(209,419)
At the end of the year	<b><u>1,224,445</u></b>	<u>1,475,120</u>

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

	2003 HK\$'000	2002 HK\$'000
Situated in Hong Kong:		
– long leases	<b>279,800</b>	364,950
– medium-term leases	<b>944,645</b>	1,110,170
	<b><u>1,224,445</u></b>	<u>1,475,120</u>

The investment properties were valued at March 31, 2003 by Chesterton Petty Limited, a firm of international property consultants, on an open market value basis. All the investment properties are held for rental under operating leases.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Hotel properties HK\$'000	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Decoration work in progress HK\$'000	Others HK\$'000	Total HK\$'000
THE GROUP							
COST OR DEEMED COST							
At April 1, 2002	230,826	523,202	93,489	—	—	119,751	967,268
Additions	—	—	15,360	844	4,208	3,994	24,406
Acquired on acquisition of subsidiaries	29,642	—	8,533	63,008	—	20,389	121,572
Transferred from investment properties	54,300	—	—	—	—	—	54,300
Transferred to investment properties	(10,800)	—	—	—	—	—	(10,800)
Disposals	—	—	(3,676)	(1,400)	—	(20,131)	(25,207)
<b>At March 31, 2003</b>	<b>303,968</b>	<b>523,202</b>	<b>113,706</b>	<b>62,452</b>	<b>4,208</b>	<b>124,003</b>	<b>1,131,539</b>
Comprising:							
At cost	86,793	88,202	113,706	62,452	4,208	124,003	479,364
At deemed cost	217,175	435,000	—	—	—	—	652,175
	303,968	523,202	113,706	62,452	4,208	124,003	1,131,539
DEPRECIATION							
At April 1, 2002	21,620	26,322	38,630	—	—	102,880	189,452
Provided for the year	6,215	4,387	11,249	11,292	—	8,731	41,874
Transferred to investment properties	(900)	—	—	—	—	—	(900)
Eliminated on disposals	—	—	(2,035)	(311)	—	(17,572)	(19,918)
<b>At March 31, 2003</b>	<b>26,935</b>	<b>30,709</b>	<b>47,844</b>	<b>10,981</b>	<b>—</b>	<b>94,039</b>	<b>210,508</b>
NET BOOK VALUES							
<b>At March 31, 2003</b>	<b>277,033</b>	<b>492,493</b>	<b>65,862</b>	<b>51,471</b>	<b>4,208</b>	<b>29,964</b>	<b>921,031</b>
At March 31, 2002	209,206	496,880	54,859	—	—	16,871	777,816

# Notes to the Financial Statements

For the year ended March 31, 2003

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of properties shown above comprises:

	Leasehold land and buildings		Hotel properties	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Situated in Hong Kong:				
– long leases	<b>152,342</b>	95,111	<b>492,493</b>	496,880
– medium-term leases	<b>101,560</b>	114,095	—	—
Situated in the PRC under medium-term leases	<b>23,131</b>	—	—	—
	<b><u>277,033</u></b>	<u>209,206</u>	<b><u>492,493</u></b>	<u>496,880</u>

Certain hotel properties were transferred from investment properties in 1997 based on valuation as at March 31, 1996 carried out by Mr. Tse Wai Chuen, FRICS, FHKIS, ("Mr. Tse"), a former director of the Company, on an open market value basis.

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

Leasehold land and buildings transferred from investment properties in the current year are based on valuation as at March 31, 2002 carried out by Mr. Tse on an open market value basis.

The net book value of the Group's property, plant and equipment includes an amount of approximately HK\$345,000 (2002: HK\$Nil) in respect of assets held under finance leases.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 15. PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
At the beginning of the year	<b>411,995</b>	483,848
Additions	<b>200,633</b>	63,921
Acquired on acquisition of subsidiaries	<b>63,900</b>	—
Transferred to properties held for sale upon completion	<b>(445,991)</b>	(78,658)
Less: Impairment loss recognised	<b>(33,437)</b>	(57,116)
	<hr/>	<hr/>
At the end of the year	<b><u>197,100</u></b>	<b><u>411,995</u></b>

The properties under development at the balance sheet date comprise:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Situated in Hong Kong:		
– long leases	<b>132,000</b>	238,095
– medium-term leases	<b>1,200</b>	173,900
Situated in the PRC and held under land use rights for:		
– terms not less than 50 years	<b>3,000</b>	—
– terms expiring within 50 years	<b>60,900</b>	—
	<hr/>	<hr/>
	<b><u>197,100</u></b>	<b><u>411,995</u></b>
Shown in the balance sheet as:		
Non-current assets	<b>197,100</b>	156,900
Current assets	<b>—</b>	255,095
	<hr/>	<hr/>
	<b><u>197,100</u></b>	<b><u>411,995</u></b>



# Notes to the Financial Statements

For the year ended March 31, 2003

## 15. PROPERTIES UNDER DEVELOPMENT (continued)

The carrying amounts of certain properties under development were reduced by an amount of approximately HK\$33,437,000 (2002: HK\$57,116,000) to their net recoverable amount estimated by the Company's directors, with reference to professional valuations prepared on an open market value basis.

Included in the properties under development at the balance sheet date is net interest capitalised of approximately HK\$4,527,000 (2002: HK\$4,538,000). Interest capitalised by the Group during the year in respect of properties under development amounted to approximately HK\$3,758,000 (2002: HK\$2,456,000) at a capitalisation rate of 3.4% (2002: 4.3%) per annum.

## 16. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2003 HK\$'000	2002 HK\$'000
Unlisted shares	<b>893,236</b>	893,236

Included in the balance is the cost of unlisted shares of Emperor Investment Limited ("EIL") amounting to approximately HK\$893,234,000 (2002: HK\$893,234,000) which represents the underlying net assets of EIL and its subsidiaries at December 17, 1991, the date on which the group reorganisation became effective and the Company became the holding company of the Group, after adjusting for dividend received of HK\$4,555,000 from EIL which was treated as a reduction in the cost of the Company's investment. The other subsidiaries held directly by the Company are stated at cost.

Particulars of the principal subsidiaries of the Company as at March 31, 2003 are set out in note 43.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 17. AMOUNTS DUE FROM SUBSIDIARIES THE COMPANY

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

## 18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	<b>82,227</b>	469,696
Unamortised goodwill arising from acquisition	<b>—</b>	3,094
	<b><u>82,227</u></b>	<b><u>472,790</u></b>
Market value of those shares listed on the Stock Exchange as at March 31	<b><u>2,729</u></b>	<b><u>55,016</u></b>

Particulars of the principal associates of the Group as at March 31, 2003 are set out in note 44.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 18. INTERESTS IN ASSOCIATES (continued)

	Goodwill HK\$'000	Negative goodwill HK\$'000	Total HK\$'000
<b>THE GROUP</b>			
COST			
At April 1, 2002	20,333	(7,549)	12,784
Disposals	(20,333)	—	(20,333)
<b>At March 31, 2003</b>	<b>—</b>	<b>(7,549)</b>	<b>(7,549)</b>
AMORTISATION/REALISATION TO INCOME			
At April 1, 2002	17,239	(7,549)	9,690
Provided for the year	3,094	—	3,094
Eliminated upon disposal	(20,333)	—	(20,333)
<b>At March 31, 2003</b>	<b>—</b>	<b>(7,549)</b>	<b>(7,549)</b>
NET BOOK VALUE			
<b>At March 31, 2003</b>	<b>—</b>	<b>—</b>	<b>—</b>
At March 31, 2002	3,094	—	3,094

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 18. INTERESTS IN ASSOCIATES (continued)

The financial information in respect of the Group's significant associate which has been extracted from the audited financial statements for the year ended March 31, 2003 of Emperor (China Concept) Investments Limited ("ECC") is as follows:

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
<b>Income statement</b>		
Turnover	<b><u>31,439</u></b>	<u>46,792</u>
Loss for the year (note)	<b><u>(598,266)</u></b>	<u>(32,954)</u>
Loss attributable to the Group	<b><u>(299,116)</u></b>	<u>(16,184)</u>

Note: Loss for the year ended March 31, 2003 includes an allowance for doubtful recovery of amount due from an unconsolidated subsidiary of approximately HK\$627,168,000.

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
<b>Balance sheet</b>		
Non-current assets	<b>267,086</b>	1,027,461
Current assets	<b>35,814</b>	97,772
Current liabilities	<b>(2,356)</b>	(27,053)
Non-current liabilities	<b>(45,260)</b>	(261,024)
Minority interests	<b>7,031</b>	27,825
Net assets	<b><u>262,315</u></b>	<u>864,981</u>
Share of net assets	<b><u>81,291</u></b>	<u>424,792</u>

# Notes to the Financial Statements

For the year ended March 31, 2003

## 19. AMOUNTS DUE FROM ASSOCIATES THE GROUP

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

## 20. INTANGIBLE ASSETS

	<b>THE GROUP</b>				
	<b>7 trading rights at the Stock Exchange HK\$'000</b>	<b>2 trading rights at the Futures Exchange HK\$'000</b>	<b>Copyright, trademarks and intellectual rights HK\$'000</b>	<b>Internet streaming rights HK\$'000</b>	<b>Total HK\$'000</b>
Balance at April 1, 2001	19,558	799	—	250,000	270,357
Amortisation for the year	(2,445)	(100)	—	—	(2,545)
Impairment loss recognised in the year	—	—	—	(70,000)	(70,000)
Balance at March 31, 2002 and April 1, 2002	17,113	699	—	180,000	197,812
Acquired on acquisition of subsidiaries	—	—	6,947	—	6,947
Amortisation for the year	(2,445)	(100)	(505)	—	(3,050)
Impairment loss recognised in the year	—	—	—	(180,000)	(180,000)
<b>Balance at March 31, 2003</b>	<b>14,668</b>	<b>599</b>	<b>6,442</b>	<b>—</b>	<b>21,709</b>

At March 31, 2003, the Group has assessed the value of the internet streaming rights by reference to the market conditions, business environment and estimation of future return generated from that intangible asset and had identified an impairment loss of HK\$180,000,000 which was charged to the income statement for the year.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 21. INVESTMENTS IN SECURITIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Non-trading securities shown under non-current assets:		
Shares listed in Hong Kong, at market value	<u>890</u>	<u>1,171</u>
Trading securities shown under current assets:		
Shares and warrants listed in Hong Kong, at market value	<u>5,307</u>	<u>16,455</u>

## 22. OTHER ASSETS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Club debentures and membership, at cost	4,444	3,998
Deposits	4,846	4,750
Publishing library, at cost less impairment loss	<u>2,170</u>	<u>—</u>
	<u>11,460</u>	<u>8,748</u>

The publishing library mainly comprises past issues of Eastweek Magazine and Oriental Sunday Magazine and the related published and non-published negatives, prints and articles as well as reference books and materials, which were acquired as a result from acquisition of subsidiaries. Amortisation of approximately HK\$1,451,000 and impairment loss of approximately HK\$16,324,000 were charged to the consolidated income statement for the year. The impairment loss was recognised as a result of an assessment of the value of the publishing library by the Group by reference to the estimated selling price and replacement cost of those assets.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 23. INVENTORIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Furniture	32,784	22,304
Newsprint papers	1,935	—
Catering goods	1,590	1,815
Others	105	—
	<u>36,414</u>	<u>24,119</u>

The cost of inventories recognised as an expense during the year amounted to approximately HK\$98,187,000 (2002: HK\$61,667,000).

At the balance sheet date, inventories of furniture amounting to approximately HK\$4,025,000 (2002: HK\$5,766,000) were carried at net realisable value.

## 24. PROPERTIES HELD FOR SALE

At March 31, 2003, the properties held for sale comprise:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Situated in Hong Kong:		
– long leases	110,985	74,600
– medium-term leases	345,000	1,200
Situated in the PRC and held under land use rights with terms expiring within 50 years	19,480	—
	<u>475,465</u>	<u>75,800</u>

At March 31, 2003, properties of approximately HK\$364,480,000 (2002: HK\$75,800,000) were carried at net realisable value.

The cost of properties recognised as an expense during the year amounted to approximately HK\$75,800,000 (2002: HK\$227,185,000).

# Notes to the Financial Statements

For the year ended March 31, 2003

## 25. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group allows credit periods ranging from 30 days to 180 days to its customers in its trading business and printing and publishing business.

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

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

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>104,029</b>	142,763
31 – 90 days	<b>19,844</b>	3,973
91 – 180 days	<b>11,499</b>	1,907
Over 180 days	<b>9,240</b>	6,836
	<hr/>	<hr/>
	<b>144,612</b>	155,479
Loans to share margin clients	<b>57,683</b>	86,773
Other receivables, deposits and prepayments	<b>31,526</b>	13,830
	<hr/>	<hr/>
	<b>233,821</b>	256,082
	<hr/> <hr/>	<hr/> <hr/>



# Notes to the Financial Statements

For the year ended March 31, 2003

## 26. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
0 – 90 days	117,026	87,237
91 – 180 days	1,400	149
Over 180 days	6,737	2,242
	<hr/>	<hr/>
	125,163	89,628
Other payables, customers' deposits and accrued charges	192,576	56,825
	<hr/>	<hr/>
	<b>317,739</b>	146,453
	<hr/> <hr/>	<hr/> <hr/>

## 27. AMOUNT DUE TO A SHAREHOLDER THE GROUP

The amount is unsecured, bears interest at prevailing market rate and is repayable on demand.

## 28. SECURED BANK BORROWINGS – DUE WITHIN ONE YEAR

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Bank loans - amount due within one year	638,765	448,739
Bank overdrafts	33,119	97,880
Trust receipts and import loans	11,235	9,466
	<hr/>	<hr/>
	<b>683,119</b>	556,085
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Financial Statements

For the year ended March 31, 2003

## 29. OBLIGATIONS UNDER FINANCE LEASES

	<b>THE GROUP</b>			
	<b>Minimum</b>		<b>Present value of minimum</b>	
	<b>lease payments</b>		<b>lease payments</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Amounts payable under finance leases:				
Within one year	<b>118</b>	—	<b>89</b>	—
In the second to fifth year inclusive	<b>312</b>	—	<b>233</b>	—
	<b>430</b>	—	<b>322</b>	—
Less: Future finance charges	<b>(108)</b>	—	<b>—</b>	—
Present value of lease obligations	<b>322</b>	—	<b>322</b>	—
Less: Amount due for settlement within one year			<b>(89)</b>	—
Amount due for settlement after one year			<b>233</b>	—

The lease terms range from 2 to 5 years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 30.SHARE CAPITAL

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Authorised:		
50,000,000,000 shares of HK\$0.10 each (notes (a) and (b))	<b>5,000,000</b>	—
5,000,000,000 shares of HK\$1.00 each	<u>—</u>	<u>5,000,000</u>
	<b><u>5,000,000</u></b>	<b><u>5,000,000</u></b>
	<b>Number</b> <b>of shares</b>	<b>Nominal</b> <b>value</b> HK\$'000
Issued and fully paid:		
At April 1, 2001 and March 31, 2002	863,293,521	863,293
Reduction of share capital (note (a))	—	(854,660)
Consolidation of shares (note (b))	<u>(776,964,169)</u>	<u>—</u>
<b>At March 31, 2003</b>	<b><u>86,329,352</u></b>	<b><u>8,633</u></b>

Notes:

- (a) On March 28, 2003, a resolution was passed at the special general meeting of the Company pursuant to which the paid up capital of the issued shares in the Company was reduced from HK\$1.00 to HK\$0.01 each by the cancellation of HK\$0.99 paid up capital on each issued share, ("Capital Reduction") effective from March 31, 2003. Upon the Capital Reduction taking effect, each unissued share was subdivided into 100 shares of HK\$0.01 each ("Share Subdivision"). The new shares rank pari passu with the then existing shares in all aspects.
- (b) Upon the Capital Reduction and Share Subdivision mentioned in Note (a) taking effect, every 10 shares of HK\$0.01 each in the issued and unissued share capital of the Company were consolidated into one share of HK\$0.10 each effective from March 31, 2003.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 31. SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on December 17, 2001 for the primary purpose of providing incentives to the participants. Under the Scheme, the directors of the Company might grant options to employees of the Company or its subsidiaries, including directors of any of such companies, to subscribe for shares in the Company. The subscription price would not be less than 80% of the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of offer of the option or the nominal value of the Company's shares, whichever is higher. The maximum number of shares in respect of which options might be granted under the Scheme might not exceed 10% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 25% of the total number of shares for which options may be granted. An option might be exercised at any time within ten years from the date of issue of the relevant options.

No options were granted since the adoption of the Scheme.

## 32. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000
<b>THE COMPANY</b>					
Balance at April 1, 2001	1,133,259	277,736	15,540	(124,871)	1,301,664
Profit for the year	—	—	—	273,543	273,543
Dividend paid	—	—	(15,540)	—	(15,540)
Balance at March 31, 2002 and April 1, 2002	1,133,259	277,736	—	148,672	1,559,667
Loss for the year	—	—	—	(399,187)	(399,187)
Transfer as a result of Capital Reduction	—	854,660	—	—	854,660
<b>Balance at March 31, 2003</b>	<b>1,133,259</b>	<b>1,132,396</b>	<b>—</b>	<b>(250,515)</b>	<b>2,015,140</b>

# Notes to the Financial Statements

For the year ended March 31, 2003

## 32. RESERVES (continued)

The contributed surplus of the Company represents the aggregate of the difference between the consolidated net assets of the Company's subsidiaries and the nominal value of the Company's shares issued pursuant to the group reorganisation effective in December 1991, less subsequent dividends paid and bonus issues by way of capitalisation of contributed surplus, and the surplus arising on reduction of share capital effective in March 2003.

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

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

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

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Contributed surplus	<b>1,132,396</b>	277,736
Accumulated (losses) profits	<b>(250,515)</b>	148,672
	<b><u>881,881</u></b>	<u>426,408</u>

# Notes to the Financial Statements

For the year ended March 31, 2003

## **32. RESERVES** (continued)

### **THE GROUP**

The contributed surplus of the Group represents the aggregate of the difference between the sum of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition, as reduced by the dividends paid and bonus issues by way of capitalisation of contributed surplus, and the surplus arising on reduction of share capital effective in March 2003.

## **33. AMOUNT DUE TO A SUBSIDIARY**

### **THE COMPANY**

The amount was unsecured and interest-free.

## **34. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES**

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

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 35. SECURED BANK BORROWINGS

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
The repayment schedule for bank borrowings is as follows:		
Within one year or on demand	<b>683,119</b>	556,085
Between one to two years	<b>55,926</b>	164,536
Between two to five years	<b>192,583</b>	190,308
Over five years	<b>25,725</b>	50,018
	<b>957,353</b>	960,947
Less: Amount due within one year included under current liabilities (note 28)	<b>(683,119)</b>	(556,085)
Amount due after one year	<b>274,234</b>	404,862

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

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Investment properties	<b>1,217,845</b>	1,466,220
Leasehold land and buildings	<b>253,819</b>	209,121
Hotel properties	<b>492,493</b>	496,880
Properties under development	—	255,095
Properties held for sale	<b>455,985</b>	74,600
Bank deposits	<b>5,303</b>	1,708
	<b>2,425,445</b>	2,503,624

# Notes to the Financial Statements

For the year ended March 31, 2003

## 36. DEFERRED TAXATION

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Balance at the beginning of the year	238	275
Arisen from acquisition of a subsidiary	29	—
Credit for the year (note 11)	(267)	(37)
	<hr/>	<hr/>
Balance at the end of the year	<u>—</u>	<u>238</u>

At the balance sheet date, the deferred taxation liability provided for in the financial statements is attributable to the tax effect on timing differences in respect of excess of depreciation allowance over depreciation charged in the financial statements.

The deferred taxation credit provided for in the financial statements for the year is attributable to the tax effect on timing differences in respect of excess of depreciation charged in the financial statements over depreciation allowance.

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

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Excess of depreciation allowance over depreciation charged in the financial statements	(9,425)	(866)
Unutilised tax losses carried forward	234,705	121,538
	<hr/>	<hr/>
Net potential deferred taxation asset	<u>225,280</u>	<u>120,672</u>



# Notes to the Financial Statements

For the year ended March 31, 2003

## 36. DEFERRED TAXATION (continued)

Of the potential deferred taxation asset mentioned above, the tax effect of tax losses amounting to approximately HK\$81,440,000 (2002: HK\$49,022,000) has not yet been agreed with the Hong Kong Inland Revenue Department.

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

	<b>THE GROUP</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
(Excess) shortfall of depreciation allowance over depreciation charged in the financial statements	<b>(226)</b>	12,154
Tax losses	<b>6,078</b>	34,402
Net potential deferred taxation credit	<b>5,852</b>	46,556

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

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

The Company has no significant unprovided deferred taxation arising during the year or at the balance sheet date.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 37.ACQUISITION OF SUBSIDIARIES

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Net assets of the subsidiaries acquired:		
Property, plant and equipment	<b>121,572</b>	—
Properties under development	<b>63,900</b>	—
Amount due from an associate	<b>190</b>	—
Intangible assets	<b>6,947</b>	—
Publishing library	<b>19,945</b>	—
Other assets	<b>1,915</b>	—
Inventories	<b>2,182</b>	—
Properties held for sale	<b>19,480</b>	—
Debtors, deposits and prepayments	<b>78,985</b>	—
Bank and cash balances	<b>48,054</b>	—
Creditors and accrued charges	<b>(98,926)</b>	—
Amounts due to a related party	<b>(1,534)</b>	—
Amounts due to minority shareholders	<b>(11,376)</b>	—
Bank loans	<b>(43,000)</b>	—
Trust receipt loans	<b>(3,968)</b>	—
Taxation payable	<b>(3,190)</b>	—
Obligations under finance leases	<b>(385)</b>	—
Bank overdrafts	<b>(1,345)</b>	—
Deferred taxation	<b>(29)</b>	—
Minority interests	<b>6,705</b>	—
	<b>206,122</b>	—
Negative goodwill	<b>(73)</b>	—
Total cash consideration	<b>206,049</b>	—
Analysis of net cash outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:		
Cash consideration	<b>(206,049)</b>	—
Bank and cash balances acquired	<b>48,054</b>	—
Bank overdrafts acquired	<b>(1,345)</b>	—
	<b>(159,340)</b>	—

# Notes to the Financial Statements

For the year ended March 31, 2003

## 37. ACQUISITION OF SUBSIDIARIES (continued)

The subsidiaries acquired during the year contributed approximately HK\$265,031,000 to the Group's turnover, and added approximately HK\$51,002,000 to the Group's loss from operations.

The subsidiaries acquired during the year used approximately HK\$22,535,000 in operations and approximately HK\$895,000 in investing activities and generated approximately HK\$31,983,000 from financing activities.

## 38. MAJOR NON-CASH TRANSACTION

During the year, the Company reduced its issued share capital by approximately HK\$854,660,000 and the amount reduced was transferred to the contributed surplus.

## 39. COMMITMENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Authorised but not contracted for in respect of property investment and development projects	<b>324,439</b>	291
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	<b>147,467</b>	216,087
– acquisition of property, plant and equipment	<b>6,014</b>	—
	<b>477,920</b>	216,378

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 40. OPERATING LEASE COMMITMENTS

### The Group as lessee

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

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Within one year	<b>12,032</b>	11,897
In the second to fifth year inclusive	<b>6,840</b>	14,087
	<b><u>18,872</u></b>	<u>25,984</u>

Leases are negotiated for terms ranging from 1 to 3 years and the minimum rentals are pre-determined and fixed. The operating lease rentals of certain retail outlets are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

### The Group as lessor

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

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Within one year	<b>72,202</b>	69,610
In the second to fifth year inclusive	<b>57,845</b>	38,940
	<b><u>130,047</u></b>	<u>108,550</u>

The properties held have committed tenants for the tenancy ranging from 1 to 5 years and the rentals are pre-determined and fixed.

The Company had no significant operating lease commitments either as lessee or lessor at the balance sheet date.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 41. CONTINGENT LIABILITIES

	2003		2002	
	Guarantees given HK\$'000	Amount utilised HK\$'000	Guarantees given HK\$'000	Amount utilised HK\$'000
<b>THE GROUP</b>				
Guarantees given to banks in respect of credit facilities utilised by:				
Associates	—	—	121,002	36,428
Third parties	<b>64,500</b>	<b>22,562</b>	—	—
	<b>64,500</b>	<b>22,562</b>	121,002	36,428
Guarantees given to banks in respect of mortgage loans granted to the purchasers of properties sold in PRC	<b>17,503</b>	<b>17,503</b>	—	—
	<b>82,003</b>	<b>40,065</b>	121,002	36,428

Bank deposits amounting to HK\$42,400,000 (2002: HK\$nil) have been pledged to a bank to secure a bank loan facility granted to a third party. Bank loan facility of HK\$42,400,000 (2002: HK\$nil) was utilised as at March 31, 2003.

	2003		2002	
	Guarantees given HK\$'000	Amount utilised HK\$'000	Guarantees given HK\$'000	Amount utilised HK\$'000
<b>THE COMPANY</b>				
Guarantees given to banks in respect of credit facilities utilised by:				
Subsidiaries	<b>1,518,320</b>	<b>963,646</b>	1,779,461	949,470
Associates	—	—	121,002	36,428
Third parties	<b>64,500</b>	<b>22,562</b>	—	—
	<b>1,582,820</b>	<b>986,208</b>	1,900,463	985,898

# Notes to the Financial Statements

For the year ended March 31, 2003

## 41. CONTINGENT LIABILITIES (continued)

Certain subsidiaries of the Company were involved in legal proceedings or claims against them in the ordinary course of their business activities. In the opinion of the directors of the Company, resolution of such litigation and claims will not have a material adverse effect on the Group's financial position and accordingly no provision for any potential liability in the Group's financial statements is considered necessary.

## 42. RELATED PARTY TRANSACTIONS

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

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Rental received from related companies (note ii)	<b>8,185</b>	9,314
Rental received from associates (note ii)	<b>2,110</b>	6,369
Advertising income received from related companies (note ii)	<b>1,308</b>	—
Interest paid to a shareholder (note iii)	<b>1,234</b>	6,005
Interest paid to related companies (note iii)	<b>—</b>	40
Interest received from associates (note iii)	<b>10,468</b>	12,536
Management fee received from associates (note iv)	<b>1,030</b>	1,970
Management fee received from related companies (note iv)	<b>1,446</b>	1,340
Professional and service fees received from related companies (note ii)	<b>2,770</b>	5,556
Professional and service fees received from associates (note ii)	<b>46</b>	934
Underwriting commission received from a related party (note ii)	<b>—</b>	490
	<b>—————</b>	<b>—————</b>

In addition, the Group had the following significant transactions with related parties during the year:

- (a) On April 1, 2002, the Group entered into a contract with Mr. Yeung Sau Shing, Albert, a substantial shareholder of the Company, under which a quarter was provided in return for his management consultancy services rendered to the Group.

# Notes to the Financial Statements

For the year ended March 31, 2003

## 42. RELATED PARTY TRANSACTIONS (continued)

- (b) On July 22, 2002, the Group acquired the entire interests of Island Gold Developments Limited and its subsidiaries ("Island Gold Group") from Matsunichi Communication Holdings Limited (formerly known as Emperor Technology Venture Limited) ("ETV"), a former associate, at a cash consideration of HK\$78,183,000, which was equivalent to the face value of the shareholder's loan after netting off the consolidated net liabilities of the Island Gold Group as at that date.
  
- (c) On March 29, 2003, the Group acquired the entire interests of Lacework Profits Limited and its subsidiaries ("Lacework Group"), together with the amount due from the Lacework Group to ECC and its subsidiaries as at that date, from a wholly owned subsidiary of ECC at a cash consideration of HK\$126,637,000.

Notes:

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at March 31, 2003, are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Directly held</b>				
Emperor Investment Limited	Hong Kong	1,000	100.00	Investment holding and securities trading
Island Gold Developments Limited	British Virgin Islands	US\$1	100.00	Investment holding
<b>Indirectly held</b>				
A-Hing Limited	Hong Kong	2	100.00	Property investment
Active Pace Investment Limited	Hong Kong	100	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	100.00	Property holding
Amazing Growth Profits Limited	British Virgin Islands	US\$1	100.00	Investment holding
Blooming World Investment Limited	Hong Kong	2	100.00	Property investment
Bo Shing Real Estate Limited	Hong Kong	1,002	100.00	Investment holding and property investment
Board Pace Investment Limited	Hong Kong	100	100.00	Property investment
Chance Yield Development Limited	Hong Kong	2	100.00	Property investment



# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Chongqing Emperor Property Development Company Limited	PRC (note a)	39,000,000	90.00	Property development
Circle World Limited	Hong Kong	1,000	90.10	Property development
Civilink Investment Limited	Hong Kong	2	100.00	Property holding
Corpfair Trading Limited	Hong Kong	100	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	100.00	Property development
Darling Land Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for movies
Diamond Faith Company Limited	Hong Kong/PRC	2	100.00	Glass eel trading
Diamond King Limited	Hong Kong	2	100.00	Property development
Distinct Rich Limited	Hong Kong	1,002	100.00	Investment holding and property holding
EIL Property Management Limited	Hong Kong	100	100.00	Provision of property management services
Economic Digest Publications Limited	Hong Kong	800,000	100.00	Magazine publishing
Emperor Capital Limited	Hong Kong	5,000,000	100.00	Investment adviser

# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Emperor Finance Limited	Hong Kong	100	100.00	Provision of money lending services
Emperor Futures Limited	Hong Kong	10,000,000	100.00	Provision of commodities brokerage services
Emperor Hotel Limited	Hong Kong	2	100.00	Hotel operations
Emperor Investment (Management) Limited	Hong Kong	100	100.00	Provision of management services
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	100.00	Provision of property agency services
Emperor Securities Limited	Hong Kong	70,000,000	100.00	Provision of securities brokerage services
Emperor Securities Nominees Limited	Hong Kong	2	100.00	Provision of nominee services
Emperor (Xiamen) Real Estate Investments Limited	PRC (note b)	US\$5,000,000	95.00	Property development
Fisherton Holdings Limited	Hong Kong	2	100.00	Investment holding

# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Frontgoal Development Limited	Hong Kong	2	100.00	Property holding
Gallan Limited	Hong Kong	2	100.00	Property investment
Glorious Twelfth Holdings Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for songs
Gold Pleasure Investment Limited	Hong Kong	2	100.00	Property development
Gold Shine Investment Limited	Hong Kong	2	70.00	Property investment
Golden Pegasus Investment Limited	Hong Kong	100,000	100.00	Property holding
Headwise Investment Limited	Hong Kong	2	100.00	Property investment
Hong Kong Daily News, Limited	Hong Kong	100,000	100.00	Newspaper publishing
Hong Kong Daily Offset Printing Company Limited	Hong Kong	2	100.00	Provision of printing services
Jade Palace Properties Limited	Hong Kong	10,000	100.00	Property investment
Levin Group Limited	British Virgin Islands	US\$75	93.33	Investment holding
Luen Fat Shing Company Limited	Hong Kong	1,800,000	100.00	Property investment

# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Mark Pleasure Investment Limited	Hong Kong	2	100.00	Property holding
Marvellous Pacific Limited	Hong Kong	100	100.00	Property investment
Planwing Limited	Hong Kong	2	100.00	Property development
Pleasure View Investment Limited	Hong Kong	2	100.00	Property investment
Prestige Gold Investment Limited	Hong Kong	100	100.00	Property holding
Receivable Agents Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for movies
Record Breakers Limited	British Virgin Islands	US\$1	100.00	Holding internet streaming rights for songs
Rich Gallant Investment Limited	Hong Kong	2	100.00	Property investment
Roseley Limited	Hong Kong	10	100.00	Property investment
Sellwell Inc.	British Virgin Islands/ Hong Kong	US\$100	100.00	Property investment
Sharp View Investment Limited	Hong Kong	2	100.00	Property holding

# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Smart Ideal Limited	Hong Kong	100	75.00	Magazine publishing
South Mark Investment Limited	Hong Kong	2	100.00	Property investment
Time Year Limited	Hong Kong	2	100.00	Holding copyright, trademarks, intellectual rights and publishing library
Ulferts of Sweden (Far East) Limited	Hong Kong	350,000	100.00	Wholesaling and retailing of furniture
Very Sound Investments Limited	Hong Kong	10,000,000	100.00	Property investment
Wide Connection Limited	Hong Kong	2	100.00	Magazine publishing
World Sources Limited	Hong Kong	2	100.00	Magazine publishing
Worthy Strong Investment Limited	Hong Kong	100	100.00	Investment holding
Xinhui Emperor Property Development Company Limited	PRC (note b)	24,000,000	100.00	Property development
Xinhui Yuhu Recreation Village Company Limited	PRC (note b)	US\$4,000,000	100.00	Management of a holiday resort

# Notes to the Financial Statements

For the year ended March 31, 2003

## 43. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest %	Principal activities
<b>Indirectly held</b> (continued)				
Ying Wong Property Limited	Hong Kong	100	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	100.00	Property investment

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

Notes:

- (a) A Sino-foreign corporative joint venture established in the PRC.
- (b) A wholly foreign owned enterprise established in the PRC.

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

None of the subsidiaries had issued any debt securities at March 31, 2003.

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 44. ASSOCIATES

Particulars of the Group's principal associates as at March 31, 2003, are as follows:

<b>Name of associate</b>	<b>Place of incorporation</b>	<b>Effective proportion of issued share capital held by the Group</b>	<b>Principal activities</b>
Brightwing Development Limited	Hong Kong	50.00%	Property development
ECC	Bermuda	30.99%	Property development and investment

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