Notes to the Financial Statements

For the year ended 31 March 2003

1. COMPANY ORGANISATION AND OPERATIONS

The Company was 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 Company is an investment holding company. Its subsidiaries are principally engaged in hotel operations, trading of electronic products related materials, property investments and strategic investments.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Group in the light of its net current liabilities of approximately HK$104 million at 31 March 2003. After taking into account the expected cash flows for the ensuing year and the financial support agreed to be provided by a major shareholder, the directors have arrived at the opinion that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice ("SSAP") and Interpretations issued by the Hong Kong Society of Accountants ("HKSA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of measurement

The measurement basis used in the preparation of the financial statements is historical cost as modified by revaluation of investment and hotel properties as explained in the accounting polices set out below.

(c) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

An investment in a subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

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.

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries *(Continued)*

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 3(i)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

(d) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of acquisitions of subsidiaries, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 3(i)).

Negative goodwill arising on acquisition of subsidiaries represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

In respect of any negative goodwill not yet recognised in the consolidated income statement, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill.

On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement is included in the calculation of the profit or loss on disposal.

(e) Other investments in securities

The Group's policies for investments in securities other than investments in subsidiaries are as follows:

(i) Investments held on a continuing basis for an identified long-term purpose are classified as "investment securities". Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Other investments in securities *(Continued)*

(ii) Provisions against the carrying value of investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(iii) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(f) Property, plant and equipment

(i) Property, plant and equipment are carried in the balance sheet on the following bases:

– investment and hotel properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;

– other property, plant and equipment are stated at cost less accumulated depreciation (see note 3(h)) and impairment losses (see note 3(i)).

(ii) Changes arising on the revaluation of investment and hotel properties are generally dealt with in reserves. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of that same asset, or, solely in the case of investment and hotel properties, immediately prior to the revaluation; and

– when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of that same asset, or, solely in the case of investment and hotel properties, had previously been charged to the income statement.

(iii) Major expenditures on modifications and betterments of property, plant and equipment which will result in future economic benefit are capitalised, while expenditures on repairs and maintenance are expensed when incurred.

(iv) Gains or losses arising from the retirement or disposal of an asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment or hotel property, the related portion of surplus or deficit previously taken to the investment and hotel properties revaluation reserve is also transferred to the income statement for the year. For all other property, plant and equipment, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Leased assets

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets in equal annual amounts over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 3(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(i). Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

(h) Amortisation and depreciation

(i) No depreciation is provided on investment and hotel properties with an unexpired lease term of over 20 years.

(ii) Depreciation is calculated to write off the cost or valuation of other property, plant and equipment over their estimated useful lives as follows:

- leasehold improvements are depreciated on a straight–line basis over the remaining unexpired terms of the leases;

- other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	4 to 5 years
Motor vehicles and others	3 to 5 years

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) 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);
– investments in subsidiaries; and
– positive goodwill

If any such indication exists, the asset's recoverable amount is estimated. For goodwill that is amortised over 20 years from initial recognition the recoverable amount is estimated at each balance sheet date. 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. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

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.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Inventories *(Continued)*

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(l) Employee benefits

(i) 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.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and central pension fund scheme organised by the relevant local government authority in the PRC are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(m) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) 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.

(o) Revenue recognition

Revenue is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is recognised in the income statement as follows:

(i) *Revenue from hotel operations*
Revenue from hotel operations is recognised when the relevant services are provided.

(ii) *Sales of goods*
Revenue is recognised when goods are delivered at the customers' premises which is taken to the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue is stated after deduction of any trade discounts and goods return.

(iii) *Interest income*
Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and at the interest rate applicable.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results of foreign subsidiaries denominated in foreign currencies are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

Notes to the Financial Statements

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(s) 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 system, the Group has chosen business segment information as the primarily reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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.

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.

Notes to the Financial Statements

For the year ended 31 March 2003

4. CHANGES IN ACCOUNTING POLICIES

The effects of the adoption of the applicable new or revised SSAPs issued by the HKSA on the results and financial position of the Company and the Group are as follows:

(i) SSAP 1 (Revised) " Presentation of financial statements"

The consolidated statement of recognised gains and losses is replaced by the consolidated statement of changes in equity.

(ii) SSAP 11 (Revised) "Foreign currency translation"

In prior years, the results of subsidiaries which are not denominated in Hong Kong dollars were translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. With effect from 1 January 2002, in order to comply with SSAP 11 (revised) issued by the HKSA, the Group translates the results of these subsidiaries at the average exchange rate for the year. The effect of this change in accounting policy is not material and, therefore, the opening balances have not been restated.

(iii) SSAP 15 (Revised) "Cash flow statements"

A revised classification of activities from which cash flows are derived has been made. As a result, cash flow during the year has been reclassified by operating, investing and financing activities.

(iv) SSAP 34 "Employee benefits"

This SSAP 34 prescribes the accounting and disclosure requirements for employee benefits. This has had no major impact on the financial statements.

5. TURNOVER

Turnover represents sales value of electronic products related materials to customers and revenue from hotel operations. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2003	2002
	HK$	*HK$*
Sales of electronic products related materials	**8,945,354**	–
Revenue from hotel operations	**18,147,893**	–
	27,093,247	–

Notes to the Financial Statements

For the year ended 31 March 2003

6. OTHER REVENUE AND OTHER NET INCOME

	2003 HK$	2002 HK$
Other revenue		
Interest income from banks	**101,403**	230,909
Rental income	**–**	30,000
Compensation received	**2,700,000**	–
Others	**652**	305,390
	2,802,055	566,299
Other net income		
Gain on disposal of investment properties	**11,416,282**	–
	14,218,337	566,299

7. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting) the following items:

	2003 HK$	2002 HK$
Cost of inventories sold and services provided	**16,350,839**	–
Staff costs (including directors' remuneration)		
– contributions to defined contribution plan	**141,095**	94,736
– other staff salaries, wages and other benefits	**10,118,017**	3,090,900
Total staff costs	**10,259,112**	3,185,636
Auditors' remuneration		
– current year	**280,841**	203,000
– (over)/under – provision in prior years	**(20,300)**	175,270
Depreciation of property, plant and equipment		
– owned assets	**4,121,722**	202,683
– an asset held under a finance lease	**43,800**	–
Loss on disposal of property, plant and equipment	**44,339**	–
Amortisation of positive goodwill	**1,689,394**	213,758
Operating lease rentals in respect of rented premises	**1,049,534**	1,061,140
Provision for doubtful debts	**43,132**	–
Bad debts written off	**8,763**	–
Provision for permanent diminution in value of investment securities	**70,315,760**	20,000,000

Notes to the Financial Statements

For the year ended 31 March 2003

8. NON-OPERATING INCOME, NET

	2003 HK$	2002 HK$
Gain on dissolution/disposal of subsidiaries *(see note 31(c))*	**6,837,771**	4,495,188
Deficits on revaluation of hotel properties	**(4,902,497)**	–
	1,935,274	4,495,188

9. FINANCE COSTS

	2003 HK$	2002 HK$
Interest on bank borrowings wholly repayable within five years	**7**	155,755
Interest on promissory note	**3,069,000**	–
Interest on convertible note	**1,226,000**	–
Finance charges on obligations under a finance lease	**9,038**	4,033
Interest payable to Inland Revenue Department	**–**	4,090,113
Total finance costs	**4,304,045**	4,249,901

10. TAXATION

Taxation in the consolidated income statement represents:

	2003 HK$	2002 HK$
Hong Kong profits tax		
– current year	**–**	–
– over–provision in prior years	**–**	88,683
	–	88,683

No provision for Hong Kong profits tax has been made in the financial statements as the Group has no estimated assessable profits derived in Hong Kong for the year.

Tax on the profits of a subsidiary operating in the People's Republic of China ("PRC") is calculated at the rate prevailing in the PRC based on the existing legislation, practices and interpretations thereof. This subsidiary has no estimated assessable profits subject to tax in the PRC for the year.

Notes to the Financial Statements

For the year ended 31 March 2003

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2003	2002
	HK$	*HK$*
Fees	**216,000**	300,000
Salaries and other emoluments	**1,656,919**	374,500
Retirement scheme contributions	**25,030**	12,000
	1,897,949	686,500

The remuneration of the directors is within the following band:

	Number of directors	
	2003	2002
HK$Nil – HK$1,000,000	**12**	7

Included in the directors' remuneration were fees of HK$216,000 (2002: HK$300,000) paid to the two (2002: three) independent non-executive directors during the year. The above number of directors also include the directors who were resigned during the year.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2002: one) are directors whose emoluments have been disclosed in note 11. The aggregate of the emoluments in respect of the other three (2002: four) individuals are as follows:

	2003	2002
	HK$	*HK$*
Salaries and other emoluments	**2,448,978**	1,172,863
Retirement scheme contributions	**41,000**	39,000
	2,489,978	1,211,863

The emoluments of the three (2002: four) individuals with the highest emoluments are within HK$Nil – HK$1,000,000 band.

13. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated loss attributable to shareholders includes a net loss of HK$80,754,739 (2002: HK$21,885,536) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 March 2003

14. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the year is based on the loss attributable to shareholders of HK$71,218,615 (2002: HK$26,356,094) and the weighted average of 1,061,627,920 shares (2002: 855,361,039 shares) in issue during the year.

(b) Diluted loss per share

Diluted loss per share for the year is not presented because the exercise of the potential shares outstanding during the year ended 31 March 2003 has an anti-dilutive effect on the calculation of diluted loss per share for the year. There was no dilutive potential shares in existence during the year ended 31 March 2002.

15. SEGMENT REPORTING

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 in making operating and financial decisions.

Business segments

The Group comprises the following main business segments:

Continuing operations

Strategic investments : The investments in investment securities, which engage in (i) design and integration of automation and control system, (ii) design, development and distribution of hi-tech consumer electronic products and (iii) manufacture and distribution of electronic products related materials, to generate dividend income and gain from appreciation in the investment value in the long term.

Property investments : The leasing of office premises and shopping arcades to generate rental income.

Hotel operations : Leasing of lodging spaces, provision of food and beverage at restaurant outlets, leasing of retail outlets and operating of other minor departments such as spa, telephone, guest transportation and laundry within the hotel premises.

Trading business : Trading of electronic products related materials.

Discontinued operations

Toys business : The manufacture and sale of toys products.

Notes to the Financial Statements

For the year ended 31 March 2003

15. SEGMENT REPORTING *(Continued)*

Business segments *(Continued)*

	Continuing operations								Discontinued operation					
	Strategic investments		Property investments		Hotel operations		Trading business		Toys business		Inter-segment elimination		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Revenue from external customers	–	–	–	–	18,440,427	–	8,945,354	–	–	–	(292,534)	–	27,093,247	–
Segment results	(70,414,430)	(20,005,760)	14,090,917	(284,418)	(1,130,497)	–	(799,352)	–	(192,866)	1,302,642	–	–	(58,446,228)	(18,987,536)
Unallocated operating expenses													(10,438,560)	(7,702,528)
Loss from operations													(68,884,788)	(26,690,064)
Gain on dissolution/disposal of subsidiaries													6,837,771	4,495,188
Deficits on revaluation of hotel properties													(4,902,497)	–
Finance costs													(4,304,045)	(4,249,901)
Taxation													–	88,683
Minority interest													34,944	–
Loss attributable to shareholders													(71,218,615)	(26,356,094)
Depreciation and amortisation for the year	–	–	–	213,758	5,667,229	–	–	–	–	–				
Deficits on revaluation of hotel properties	–	–	–	–	4,902,497	–	–	–	–	–				
Provision for diminution in value of investment securities	70,315,760	20,000,000	–	–	–	–	–	–	–	–				
Segment assets	175,590,020	245,944,780	78,561,442	141,012,462	331,004,490	–	13,269,307	–	–	42,344,473	(9,633,372)	(35,776,025)	588,791,887	393,525,690
Unallocated assets													2,421,249	2,686,515
Total assets													591,213,136	396,212,205
Segment liabilities	269,061,534	269,040,864	380,242,228	129,647,883	341,227,324	–	7,272,935	–	–	85,088,903	(945,661,698)	(466,272,144)	52,142,323	17,505,506
Unallocated liabilities													287,979,506	45,335,551
Total liabilities													340,121,829	62,841,057
Minority interests													–	34,944
													340,121,829	62,876,001
Capital expenditure incurred during the year	39,000	90,000,000	–	97,783,000	316,475,558	–	–	–	–	–				

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	2003	2002
	HK$	*HK$*
Revenue from external customers		
PRC (including Hong Kong)	**24,848,102**	–
India	**1,134,703**	–
Korea	**1,110,442**	–
	27,093,247	–

All segment assets and capital expenditures are in the PRC (including Hong Kong).

Notes to the Financial Statements

For the year ended 31 March 2003

16. PROPERTY, PLANT AND EQUIPMENT

(a) The movements in property, plant and equipment

	The Group							The Company
	Investment properties	Hotel properties	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles and others	Total	Motor vehicles
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost or valuation								
At 1/4/2002	141,010,000	–	583,061	–	1,156,302	–	142,749,363	–
Additions								
– through acquisition of subsidiary	–	251,476,293	–	31,908,686	24,526,347	5,491,089	313,402,415	–
– others	–	–	–	5,626	359,932	438,000	803,558	438,000
Disposals	(60,110,000)	(496,285)	(462,098)	(1,617)	(743,227)	(2,696)	(61,815,923)	–
Deficits on revaluation	(4,900,000)	(4,902,497)	–	–	–	–	(9,802,497)	–
At 31/3/2003	**76,000,000**	**246,077,511**	**120,963**	**31,912,695**	**25,299,354**	**5,926,393**	**385,336,916**	**438,000**
Representing:								
Cost	–	–	120,963	31,912,695	25,299,354	5,926,393	63,259,405	438,000
Valuation – 2003	76,000,000	246,077,511	–	–	–	–	322,077,511	–
At 31/3/2003	**76,000,000**	**246,077,511**	**120,963**	**31,912,695**	**25,299,354**	**5,926,393**	**385,336,916**	**438,000**
Aggregate amortisation and depreciation								
At 1/4/2002	–	–	583,061	–	812,601	–	1,395,662	–
Through acquisition of a subsidiary	–	–	–	10,031,158	14,595,883	3,631,831	28,258,872	43,800
Charge for the year	–	–	–	1,621,076	1,982,099	562,347	4,165,522	–
Written back on disposals	–	–	(462,098)	(570)	(699,235)	(1,987)	(1,163,890)	–
At 31/3/2003	–	–	120,963	11,651,664	16,691,348	4,192,191	32,656,166	43,800
Net book value								
31/3/2003	**76,000,000**	**246,077,511**	**–**	**20,261,031**	**8,608,006**	**1,734,202**	**352,680,750**	**394,200**
31/3/2002	141,010,000	–	–	–	343,701	–	141,353,701	–

Notes to the Financial Statements

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16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(b) The analysis of the net book value of the Group's properties is as follows:

	The Group	
	2003	2002
	HK$	*HK$*
Investment properties held outside Hong Kong on medium-term leases	**76,000,000**	141,010,000
Hotel properties held outside Hong Kong on long-term leases	**246,077,511**	–
	322,077,511	141,010,000

(c) Investment and hotel properties of the Group situated in the PRC were revalued at 31 March 2003 by an independent firm of surveyors, Chung, Chan & Associates, on an open market value basis. The revaluation deficits of HK$4,900,000 in respect of investment properties and HK$4,902,497 in respect of hotel properties have been transferred to the investment properties revaluation reserve (note 29) and charged to the consolidated income statement respectively.

(d) The Group leases a motor vehicle under a finance lease expiring in 3 years. At the end of the lease term the Group has the option to purchase the motor vehicle at a price deemed to be a bargain purchase option.

The net book value of the motor vehicle held under the finance lease of the Group and the Company as at 31 March 2003 was HK$394,200 (2002: Nil).

(e) Subsequent to the balance sheet date, all investment properties have been disposed of. Details of the disposal were disclosed in note 35(b).

17. GOODWILL

	Positive goodwill	
	2003	2002
	HK$	*HK$*
Cost		
Addition arising on acquisition of a subsidiary and at 31 March	**33,787,878**	213,758
Accumulated amortisation		
Amortisation for the year and at 31 March	**(1,689,394)**	(213,758)
Carrying amount		
At 31 March	**32,098,484**	–

Positive goodwill is recognised as expense on a straight-line basis over twenty years. The amortisation of positive goodwill for the year is included in "Other operating expenses" in the consolidated income statement.

Notes to the Financial Statements

For the year ended 31 March 2003

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2003	2002
	HK$	*HK$*
Unlisted shares, at cost	**802**	802

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary shares.

			Proportion of ownership interest			
Name	**Country of incorporation**	**Particulars of issued and paid-up capital**	**Group's effective interest**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
Goldwiz Management Limited	Hong Kong	2 shares of HK$1 each	100%	100%	–	Provision for management services for inter-group companies
Goldwiz Technology Limited	British Virgin Islands	1 share of US$1	100%	100%	–	Investment holding
Goldwiz Communication Limited	British Virgin Islands	1 share of US$1	100%	100%	–	Investment holding
Ever First Enterprises Limited	British Virgin Islands	100 shares of US$1 each	100%	–	100%	Investment holding
Goldwiz Trading Limited (formerly known as Hong Kong Toy Centre (B.V.I.) Limited)	British Virgin Islands	100 shares of US$1 each	100%	100%	–	Investment holding
Goldwiz Huarui (H.K.) Limited	Hong Kong	1,000 shares HK$1 each	100%	–	100%	Trading of electronic products related materials
Goldwiz Property Limited	Hong Kong	2 shares of HK$1 each	100%	100%	–	Property investments
Pacific Peace Investments Limited	British Virgin Islands	100 shares of US$1 each	100%	–	100%	Property investments
Risdon Limited	British Virgin Islands	1 share of US$1	100%	–	100%	Investment holding
Harbour Plaza Kunming Co., Ltd.* 昆明海逸酒店有限公司	PRC	RMB140,772,056	100%	–	100%	Hotel ownership and operations

* *Harbour Plaza Kunming Co., Ltd. is a wholly-owned foreign enterprise established in the PRC.*

Notes to the Financial Statements

For the year ended 31 March 2003

19. OTHER FINANCIAL ASSETS

	The Group		The Company	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Investment securities				
Listed equity securities in Hong Kong, at cost	**86,866,000**	86,866,000	**–**	–
Unlisted equity securities, at cost	**176,733,089**	176,694,089	**39,000**	–
Loan to the investee company	**2,305,911**	2,305,911	**–**	–
	265,905,000	265,866,000	**39,000**	–
Less: Provision for permanent diminution in value	**(90,315,760)**	(20,000,000)	**–**	–
	175,589,240	245,866,000	**39,000**	–
Market value of listed equity securities	**53,168,640**	53,168,640		

(a) The directors are of the opinion that the Group holds the above investments on a continuing basis with strategic reasons.

(b) The loan is unsecured, non-interest bearing and has no fixed terms of repayment.

(c) The underlying value of investment securities is, in the opinion of the Company's directors, not less than the carrying amount as at 31 March 2003.

Notes to the Financial Statements

For the year ended 31 March 2003

19. OTHER FINANCIAL ASSETS *(Continued)*

(d) At 31 March 2003, the carrying amount of investment securities which exceeded 10% of total assets of the Company are as follows:

Name	Place of incorporation	Particulars of issued or registered capital	Proportion of ownership interest held indirectly by the Company	Principal activities
Techwayson Holdings Limited *(note i)* 德維森控股有限公司*	Cayman Islands	350,000,000 shares of HK$0.10 each	17.66%	Investment holding
德維森實業(深圳)有限公司 Techwayson Industrial Limited* ("Techwayson Industrial") *(note ii)*	PRC	HK$10,000,000	17.66%	Research, design, integration and supply of automation and control systems
Smart Idea Enterprises Limited *(note iii)* 明策企業有限公司*	British Virgin Islands	1,000 shares of US$1 each	23%	Investment holding
科維電氣(深圳)有限公司 Goldwiz Electric (Shenzhen) Limited* ("Goldwiz Electric Shenzhen") *(note iii)*	PRC	HK$10,000,000	23%	Design, development and distribution of hi-tech consumer products
Goldwiz Electric Trading Limited ("Goldwiz Electric Trading") *(note iii)*	Hong Kong	10,000 shares of HK$1 each	23%	Trading of hi-tech consumer products
銅陵華瑞電子材料有限公司 Tongling Huarui Electronic Materials Co., Ltd.* ("Tongling Huarui") *(note iv)*	PRC	US$12,450,000	33.36%	Manufacture and distribution of electronic products related materials

Notes:

(i) On 29 January 2003, Techwayson Holdings Limited ("THL") withdrew the listing of its shares on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and on the same date, its shares were listed on the Main Board of the Stock Exchange by way of introduction.

(ii) Techwayson Industrial is a wholly-owned subsidiary of THL and a foreign enterprise established in the PRC.

(iii) Goldwiz Electric Shenzhen (formerly known as 阿爾波地實業(深圳)有限公司 Albordy Industrial Limited) is a wholly-owned foreign enterprise established in the PRC. Goldwiz Electric Shenzhen and Goldwiz Electric Trading (formerly known as Albordy Trading Limited) are wholly-owned subsidiaries of Smart Idea Enterprises Limited. Subsequent to the balance sheet date, Smart Idea Enterprises Limited has become a wholly-owned subsidiary of the Company since 1 May 2003.

Notes to the Financial Statements

For the year ended 31 March 2003

19. OTHER FINANCIAL ASSETS *(Continued)*

Notes: (Continued)

(iv) Tongling Huarui is a sino-foreign equity joint venture established in the PRC.

(v) The company whose name with "*" is for identification purpose only.

20. INVENTORIES

	The Group	
	2003	2002
	HK$	*HK$*
Food and beverage and others, at cost	**4,264,666**	–

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Trade debtors	**6,825,229**	–	**–**	–
Bills receivables	**1,119,174**	–	**–**	–
Deposits, prepayments and other receivables	**2,091,316**	561,979	**265,621**	63,395
	10,035,719	561,979	**265,621**	63,395

All of the trade and other receivables are expected to be recovered within one year.

Included in trade and other receivables are trade debtors and bills receivable (net of specific allowances for bad and doubtful debts) with the following ageing analysis:

	The Group		The Company	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Within 1 month	**5,582,500**	–	**–**	–
1 to 3 months	**1,861,642**	–	**–**	–
More than 3 months but less than 12 months	**500,261**	–	**–**	–
	7,944,403	–	**–**	–

Debts are due within 3 months from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

Notes to the Financial Statements

For the year ended 31 March 2003

22. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Deposits with banks	**–**	6,371,940	**–**	–
Cash at bank and on hand	**16,544,277**	2,058,585	**984,616**	1,606,568
Cash and cash equivalents in the balance sheet	**16,544,277**	8,430,525	**984,616**	1,606,568
Less: Deposits with banks pledged	**–**	(6,371,940)		
Cash and cash equivalents in the consolidated cash flow statement	**16,544,277**	2,058,585		

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Trade creditors	**8,063,957**	–	**–**	–
Deposits received	**25,100,000**	3,270,000	**–**	–
Accruals and other payables	**24,351,708**	5,381,853	**4,845,451**	403,970
	57,515,665	8,651,853	**4,845,451**	403,970

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis:

	The Group		The Company	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Due within 1 month or on demand	**3,914,261**	–	**–**	–
Due after 1 month but within 3 months	**3,551,421**	–	**–**	–
Due after 3 months but within 6 months	**598,275**	–	**–**	–
	8,063,957	–	**–**	–

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For the year ended 31 March 2003

24. OBLIGATIONS UNDER A FINANCE LEASE

At 31 March 2003, the Group and the Company had obligations under the finance lease repayable as follows:

	The Group and the Company					
	2003			2002		
	Present value of the minimum lease payments	**Interest expense relating to future periods**	**Total minimum lease payments**	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments
	HK$	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*
Within 1 year	**108,944**	**21,352**	**130,296**	–	–	–
After 1 year but within 2 years	**118,156**	**12,140**	**130,296**	–	–	–
After 2 years but within 5 years	**84,270**	**2,594**	**86,864**			
	202,426	**14,734**	**217,160**	–	–	–
	311,370	**36,086**	**347,456**	–	–	–

25. PROMISSORY NOTE, SECURED

	The Group and the Company	
	2003	2002
	HK$	*HK$*
The note was repayable as follows:		
Within 1 year	**77,500,000**	–
After 1 year but within 2 years	**38,750,000**	–
	116,250,000	–

The non-transferable promissory note (the "Promissory Note") is secured by (i) a share mortgage over all the issued shares in Risdon Limited, a wholly-owned subsidiary of the Company, together with the shareholder's loan due from Risdon Limited and (ii) a mortgage over 100% of Risdon Limited's equity interest in Harbour Plaza Kuming Co., Ltd. (the "Hotel Company"), a wholly-owned subsidiary of the Company. The Promissory Note bears interest at Hong Kong Interbank Offering Rate ("HIBOR") plus 2% and is repayable in three equal instalments each following the expiry of the eight-month, sixteen-month and twenty-four month period after 24 July 2002. The Promissory Note is due to Hutchison International Limited.

Notes to the Financial Statements

For the year ended 31 March 2003

26. CONVERTIBLE NOTE, SECURED

	The Group and the Company Principal amount *HK$*
Additions and at 31 March 2003	155,000,000

The convertible note (the "Note") was issued on 8 November 2002 and will be expired on the date being the second anniversary of the date of issue of the Note. The noteholder has the right to convert in whole or any part of the principal amount outstanding under the Note into shares of the Company at an initial conversion price of HK$0.76 per share (subject to adjustment). The Note is secured by (i) a share mortgage over all the issued shares in Risdon Limited, a wholly-owned subsidiary of the Company, together with the shareholder's loan due from Risdon Limited and (ii) a mortgage over 100% of Risdon Limited's equity interest in the Hotel Company. The Note bears interest at 2 per cent per annum until the repayment of all obligations of the Company in full under the Note. The Note is due to Hutchison International Limited.

27. DUE TO A MAJOR SHAREHOLDER

The amount due to the major shareholder is unsecured and bears interest at 3% per annum over the prime rate quoted by Standard Chartered Bank before 1 June 2001 and thereafter at 2% per annum over the Hong Kong prime rate. Subsequent to the balance sheet date, the major shareholder has agreed to waive charging the interest against the Company for the year. The major shareholder has also agreed not to demand the Group for repayment until it is financially capable to do so.

28. ISSUED CAPITAL

	The Group and the Company			
	2003		2002	
	No. of shares	***HK$***	No. of shares	*HK$*
Authorised:				
Ordinary shares of $0.10 each	**5,000,000,000**	**500,000,000**	5,000,000,000	500,000,000
Issued and fully paid:				
At 1 April	**1,061,627,920**	**106,162,792**	609,157,333	60,915,733
New shares issued	**–**	**–**	452,470,587	45,247,059
At 31 March	**1,061,627,920**	**106,162,792**	1,061,627,920	106,162,792

The following changes in the share capital of the Company took place during the years ended 31 March 2003 and 2002:

(a) On 23 April 2001 and 13 July 2001, the Company issued 100,000,000 shares of HK$0.1 each and 78,000,000 shares of HK$0.1 each respectively at an issue price of HK$0.5 per share as the total consideration for the acquisition of 23% effective interest in 科維電氣(深圳)有限公司 Goldwiz Electric (Shenzhen) Limited (formerly known as 阿爾波地實業(深圳)有限公司 Albordy Industrial Limited). Those shares rank pari passu in all respect with the then existing shares.

Notes to the Financial Statements

For the year ended 31 March 2003

28. ISSUED CAPITAL *(Continued)*

(b) On 17 August 2001, the Company issued a total of 98,000,000 shares of HK$0.1 each at an issue price of HK$1.00 per share as a consideration for the acquisition of 100% interest in Pacific Peace Investments Limited the entire asset of which is the holding of investment properties in the PRC. Those shares rank pari passu in all respect with the then existing shares.

(c) On 18 January 2002, the Company issued a total of 176,470,587 shares of HK$0.10 each at an issue price of HK$0.51 per share as a consideration for the acquisition of a 100% interest in Ever First Enterprises Limited the entire asset of which is the investment in 銅陵華瑞電子材料有限公司 Tongling Huarui Electronic Materials Company Limited, a sino-foreign joint venture enterprise established in the PRC. Those shares rank pari passu in all respects with the then existing shares.

(d) There was no changes in the Company's authorised, issued and fully paid share capital during the year ended 31 March 2003.

Notes to the Financial Statements

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29. RESERVES

	Share Premium HK$	Capital redemption reserve HK$	Contributed surplus (note (a)) HK$	Investment properties revaluation reserve (note (b)) HK$	Accumulated losses HK$	Total HK$
The Group						
At 1 April 2002	205,117,925	68,600	–	–	(194,886,254)	10,300,271
Revaluation surplus	–	–	–	11,677,000	–	11,677,000
Premium arising from issue of shares, net of expenses	231,552,235	–	–	–	–	231,552,235
Net loss for the year	–	–	–	–	(26,356,094)	(26,356,094)
At 31 March 2002 and at 1 April 2002	436,670,160	68,600	–	11,677,000	(221,242,348)	227,173,412
Revaluation deficits	–	–	–	(4,900,000)	–	(4,900,000)
Transfer to the income statement on disposal of investment properties	–	–	–	(6,126,282)	–	(6,126,282)
Net loss for the year	–	–	–	–	(71,218,615)	(71,218,615)
At 31 March 2003	**436,670,160**	**68,600**	**–**	**650,718**	**(292,460,963)**	**144,928,515**
The Company						
At 1 April 2002	205,117,925	68,600	61,323,953	–	(256,509,987)	10,000,491
Premium arising from issue of shares, net of expenses	231,552,235	–	–	–	–	231,552,235
Net loss for the year	–	–	–	–	(21,885,536)	(21,885,536)
At 31 March 2002 and at 1 April 2002	436,670,160	68,600	61,323,953	–	(278,395,523)	219,667,190
Net loss for the year	–	–	–	–	(80,754,739)	(80,754,739)
At 31 March 2003	**436,670,160**	**68,600**	**61,323,953**	**–**	**(359,150,262)**	**138,912,451**

Notes to the Financial Statements

For the year ended 31 March 2003

29. RESERVES *(Continued)*

(a) The excess value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation scheme in 1990 over the nominal value of new shares of the Company issued in exchange is credited to the contributed surplus account.

Under the company law in Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(b) The revaluation reserve has been set up and dealt with in accordance with the accounting policies adopted for revaluation of investment properties.

30. DEFERRED TAXATION

No provision for deferred taxation has been made in the financial statements as the effect of all the timing differences is immaterial.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of a subsidiary

On 9 November 2002, the Group acquired 100% interest in Risdon Limited for HK$316,110,000 satisfied in cash of HK$44,860,000, promissory note of HK$116,250,000 and convertible note of HK$155,000,000.

	2003	2002
	HK$	*HK$*
Net assets acquired		
Property, plant and equipment	**285,143,543**	97,783,000
Investments in securities	**–**	90,000,000
Goodwill	**1,121,576**	–
Inventories	**4,336,988**	–
Debtors, bills receivables, deposits and prepayments	**3,525,411**	–
Cash at bank and on hand	**17,901,765**	3,242
Creditors and accrued charges	**(28,585,585)**	–
Net identifiable assets and liabilities	**283,443,698**	187,786,242
Positive goodwill arising on consolidation	**32,666,302**	213,758
Total consideration	**316,110,000**	188,000,000
Satisfied by:		
Cash consideration	**44,860,000**	–
Promissory note	**116,250,000**	–
Convertible note	**155,000,000**	–
Shares allotted	**–**	188,000,000
	316,110,000	188,000,000

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31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Analysis of the net (outflow)/inflow of cash and cash equivalents in respect of the purchase of a subsidiary

	2003	2002
	HK$	*HK$*
Cash consideration	**(44,860,000)**	–
Cash of the subsidiary acquired	**17,901,765**	3,242
Net cash (outflow)/inflow of cash and cash equivalents in respect of the purchase of a subsidiary	**(26,958,235)**	3,242

(c) Dissolution/disposal of subsidiaries

	2003	2002
	HK$	*HK$*
Net assets disposed of:		
Non-current assets	**–**	14,000,002
Cash at bank and on hand	**–**	–
Other current assets	**14,865**	2,555,133
Current liabilities	**(6,852,636)**	(4,918,705)
	(6,837,771)	11,636,430
Gain on dissolution/disposal of subsidiaries	**6,837,771**	4,495,188
Total consideration	**–**	16,131,618
Satisfied by cash received	**–**	16,131,618

During the year, no consideration was received by the Group as these subsidiaries were disposed of by dissolution.

(d) Analysis of the net inflow of cash and cash equivalents in respect of dissolution/disposal of subsidiaries

	2003	2002
	HK$	*HK$*
Cash received	**–**	16,131,618
Cash at bank and on hand disposed of	**–**	–
Net inflow of cash and cash equivalents in respect of the dissolution/disposal of subsidiaries	**–**	16,131,618

(e) Non-cash transactions

During the year, the Group entered into a finance lease arrangement in respect of a motor vehicle with a total capital value at the inception of the lease of HK$438,000.

Notes to the Financial Statements

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32. RETIREMENT BENEFITS SCHEMES

Hong Kong

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF scheme vest immediately.

PRC, other than Hong Kong

The Company's subsidiary established in the PRC participates in the central pension fund scheme organised by the relevant local government authority in the PRC. This subsidiary is required to make contributions to the retirement scheme at a certain percentage of the basic salaries of its employees.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong and other part of the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 March 2003 in respect of the retirement of its employees.

33. COMMITMENTS

(a) Operating lease commitments

At 31 March 2003, the total future minimum lease payments in respect of office premises under non-cancellable operating leases are payable as follows:

	The Group		**The Company**	
	2003	2002	**2003**	2002
	HK$	*HK$*	***HK$***	*HK$*
Within one year	**603,540**	1,157,447	**603,540**	1,036,640
After 1 year but within 5 years	**–**	601,540	**–**	601,540
	603,540	1,758,987	**603,540**	1,638,180

(b) Other commitments

At 31 March 2003, the Group and the Company had a commitment under a loan contract to contribute RMB4,500,000 (approximately HK$4,230,000) as a shareholder's loan to Better Management Industrial Company Limited, in which the Company has a 10% interest.

34. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Company repaid approximately HK$33.2 million to Open Mission Assets Limited, the major shareholder of the Company. To show its continuous financial support, Open Mission Assets Limited has agreed to waive interest of approximately HK$3.28 million accruing on the shareholder's loan due by the Company for the year.

Notes to the Financial Statements

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35. POST BALANCE SHEET EVENTS

(a) At the balance sheet date, Goldwiz Communication Limited ("Goldwiz Communication"), a wholly-owned subsidiary of the Company, held 23% equity interest in Smart Idea Enterprises Limited ("Smart Idea"). Subsequent to the balance sheet date, Goldwiz Communication further acquired 77% equity interest in Smart Idea including the shareholders' loan of approximately HK$7.7 million at a total consideration of HK$10 million from two independent third parties. The consideration was made by reference to the consolidated net asset value of Smart Idea as at 31 March 2003. The transaction was completed on 1 May 2003.

Smart Idea is a holding company of Albordy Industrial Limited and Albordy Trading Limited. Albordy Industrial Limited and Albordy Trading Limited subsequently changed their names to Goldwiz Electric (Shenzhen) Limited ("GE Shenzhen") and Goldwiz Electric Trading Limited ("GE Trading") respectively. GE Shenzhen is engaged in the design, development, production and distribution of hi-tech electronic consumer products. GE Trading is the trading arm of GE Shenzhen.

Upon completion of the said transaction, Smart Idea, GE Shenzhen and GE Trading became the wholly-owned subsidiaries of the Company.

(b) Subsequent to the balance sheet date on 31 July 2003, the disposal of the 7 shop units located at 3/F of the CTS Centre, Guangzhou by the Group was completed. To meet with the requirement of the SSAP, the Group has carried out a revaluation of these investment properties at 31 March 2003 and that revaluation deficits of HK$4,900,000 was charged to the investment properties revaluation reserve for the year. However, with the completion of the said disposal, a profit of approximately HK$1.6 million will be realized and credited to the consolidated income statement in the year ending 31 March 2004.

36. COMPARATIVE FIGURES

The presentation and classification of items in the consolidated cash flow statement have been changed due to the adoption of the requirements of SSAP 15 (revised 2001) "Cash flow statements". As a result, certain advances from banks have been excluded from the definition of cash equivalents, cash flow items from taxation, returns on investments and servicing of finance have been classified into operating, investing and financing activities respectively and a detailed breakdown of cash flows from operating activities have been included on the face of the consolidated cash flow statement. Comparative figures have been reclassified to conform with the current year's presentation.