

1 PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The Group sustained a loss attributable to shareholders of HK\$12,109,000 (2002: HK\$26,334,000) for the year ended 30th April 2003. The loss principally arose from revaluation deficits from its investment properties, impairment provision and share of loss on the investment in an associated company, and the finance costs on the secured long-term bank loan and the loans due to related companies and shareholders.

As at 30th April 2003, the Group had consolidated net current liabilities of HK\$5,295,000 before the reclassification of certain investment property with an open market value of approximately HK\$5,406,000 into property held for sale as further described below and in note 6 (2002: HK\$8,733,000). On the same date, the total assets less current liabilities of the Group was approximately HK\$107,757,000 (2002: HK\$116,177,000).

As at 30th April 2003, certain bank loan instalments were in arrears. However, the instalments were subsequently paid after year end.

Since the Group has investment properties, property held for sale, leasehold land and building and land pending development with a total open market value of approximately HK\$118,426,000 and the bank loan is secured by investment properties and leasehold land and building of HK\$33,527,000 (notes 12, 14 and 27), the Directors believe that the Group can service its loan repayment for the coming twelve months by disposing of some of its properties. Accordingly, the Group has identified and is currently seeking buyers to purchase its investment property in Penang, Malaysia, which has an open market value of approximately HK\$5,406,000 in order to meet the repayment obligations of the long-term bank loan within the next twelve months. The Directors of the Company are satisfied that it is appropriate to prepare the accounts on a going concern basis.

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). The accounts have been prepared under the historical cost convention as modified by the valuation of investment properties, leasehold land and building and certain investments in securities.

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

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

The adoption of these revised SSAPs does not have any material impact on the reported financial position or results of the Group except for the presentation of accounts.

NOTES TO THE ACCOUNTS**1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(b) Group accounting***(i) Consolidation*

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 30th April and the Group's attributable share of post-acquisition results and reserves of the associated company.

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

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

The results of operation and net assets of a subsidiary, Zhong Freight Limited ("Zhong Freight"), have not been consolidated because the Directors are of the opinion that the Company has no control over Zhong Freight as Zhong Freight is undergoing liquidation. Investment in unconsolidated subsidiaries is stated at cost less provision for any impairment in value. Income from the unconsolidated subsidiaries is accounted for to the extent of dividends declared.

(ii) Subsidiaries

Subsidiaries are those entities in which the Company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

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

(iii) Associated company

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated company for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated company.

In the Company's balance sheet the investment in an associated company are stated at cost less provision for impairment losses. The results of the associated company are accounted for by the Company on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Group accounting (continued)

(iv) Translation of foreign currencies

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

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

(c) Property held for sale

Property held for sale are stated at the lower of cost and net realisable value. Cost is determined based on purchase price or any development and construction expenditures incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. Property previously classified under investment properties with a change of intended use to property for sale are transferred to property held for sale based on the carrying value of the property on the date of transfer. Net realisable value is determined by reference to the estimated market value based on prevailing market conditions.

(d) Fixed assets

(i) Investment properties

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

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

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

(ii) Leasehold land and building

Leasehold land and building are interests in land and building other than investment properties and are stated at fair value which is determined annually by independent valuers. The valuation is on an open market basis related to individual property and separate values are not attributed to land and building. Increases in valuation are credited to the leasehold land and building revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Fixed assets (continued)

(iii) Other fixed assets

Other fixed assets, comprising furniture and fixtures and office equipment, are stated at cost less accumulated depreciation and accumulated impairment losses.

(iv) Depreciation

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

Leasehold land and building is depreciated on the straight-line basis over the remaining period of the lease while other fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses on the reducing balance basis. The principal annual rates are as follows:

Furniture and fixtures	10%
Office equipment	20%

Improvements are capitalised and depreciated over their expected useful lives to the Group.

(v) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in leasehold land and building and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties and leasehold land and building is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

(e) Land pending development

Land pending development is an investment in land for future development purposes. The investment is carried at cost, which includes development and construction expenditures incurred and interest and other direct costs attributable to the development, less provision for impairment in value, other than temporary, where considered necessary by the Directors.

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Investments in securities

(i) Investment securities

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

The carrying amounts of individual investment are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the consolidated profit and loss account. The impairment loss is written back to the consolidated profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(ii) Other investments

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the consolidated profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the consolidated profit and loss account as they arise.

(g) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

(i) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

Provision for bonus is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Pension obligations

The Group's contributions to the Hong Kong Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution retirement scheme, are expensed as incurred. The assets of the scheme are held separately from those of the Group in independently administered funds.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) Deferred taxation

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

(k) Contingent liabilities and contingent assets

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

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

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

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

(l) Revenue recognition

(i) Rental income

Rental income is recognised based on a straight-line basis over the terms of the rental contracts.

(ii) Interest income

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the rates applicable.

(iii) Dividend income

Dividend income from other investments is recognised when the right to receive payment is established.

2 TURNOVER

The Group is principally engaged in property letting and investment holding. Revenue recognised during the year is as follows:

	2003 HK\$'000	2002 HK\$'000
Turnover		
Rental income	<u>1,943</u>	<u>2,315</u>

NOTES TO THE ACCOUNTS

3 SEGMENT INFORMATION

Business segments

The Group conducts the majority of its business activities in three segments, namely property letting, property held for sale and investing holding. There are no sales or other transactions among the business segments. An analysis of the Group's performance by business segment is as follows:

	Property letting		Property held for sale		Investment holding		Consolidated total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	1,943	2,315	–	–	–	–	1,943	2,315
Segment results	(5,521)	(9,002)	–	–	2,686	(13,730)	(2,835)	(22,732)
Finance costs, net							(4,207)	(3,811)
Share of (loss)/profit of an associated company							(5,108)	203
Taxation							–	3
Minority interests							41	3
Loss attributable to shareholders							(12,109)	(26,334)
ASSETS								
Segment assets	31,667	42,304	5,406	–	66,207	67,803	103,280	110,107
Investment in an associated company	–	–	–	–	4,222	11,845	4,222	11,845
Unallocated corporate assets							7,009	8,073
Consolidated total assets							114,511	130,025
LIABILITIES								
Segment liabilities	577	571	–	–	–	–	577	571
Unallocated corporate liabilities							59,440	62,598
Consolidated total liabilities							60,017	63,169
OTHER INFORMATION								
Capital expenditures (including land refurbishment charges)							1,004	1,332
Depreciation of unallocated corporate assets							206	251
Net non-cash expenses other than depreciation	5,594	4,363	–	–	3,709	13,730	9,303	18,093

NOTES TO THE ACCOUNTS

3 SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's revenue is mainly derived from customers located in Hong Kong and Malaysia, while the Group's business assets are located predominantly in Hong Kong, the People's Republic of China (the "PRC") and Singapore. There are no sales between the geographical segments. An analysis of the Group's external revenue by location of customers and an analysis of the Group's asset by location of assets are as follows:

	Hong Kong		Malaysia		Other places		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	1,457	1,835	468	480	18	–	1,943	2,315
Segment results	(6,473)	(6,622)	(1,047)	(9,965)	4,685	(6,145)	(2,835)	(22,732)

	Hong Kong		The PRC		Singapore		Other places		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	36,894	43,317	67,635	66,654	4,222	11,845	5,760	8,209	114,511	130,025
Capital expenditures (including land refurbishment charges)	9	7	995	1,325	–	–	–	–	1,004	1,332

4 DEBTORS, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade debtors	90	58	90	58
Other debtors	–	561	–	561
Prepayments and deposits	441	502	348	412
	531	1,121	438	1,031

NOTES TO THE ACCOUNTS

4 DEBTORS, PREPAYMENTS AND DEPOSITS (CONTINUED)

The Group and the Company grant credit period of 15 days to the trade debtors. As at 30th April 2003, the aging analysis of the trade debtors is as follows:

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Overdue by:				
31 – 90 days	84	52	84	52
91 – 180 days	6	6	6	6
	90	58	90	58

5 OTHER INVESTMENTS

	Group and Company	
	2003 HK\$'000	2002 HK\$'000
Unlisted overseas	11,204	11,204
Less: Write-down in value of unlisted overseas investment	(11,204)	(11,204)
	–	–
Listed overseas, at market value	212	2,804
	212	2,804
Quoted market value of listed overseas investments	212	2,804

Unlisted overseas investment represents the Company's 8.2% equity investment in a private limited company. This investment has not generated any returns to the Group and to the best of the knowledge of the Directors, the investee company has not generated any substantive revenue and has an accumulated loss. On the basis of the above, the Directors are of the view that it would be unlikely that the Group would be able to generate any meaningful cashflow from this investment and has therefore written off the carrying value of the investment.

6 PROPERTY HELD FOR SALE

As at 30th April 2003, the Group and the Company changed the intended use of its property in Penang, Malaysia from being an investment property to a property held for sale. Accordingly, the carrying value of the said property as at 30th April 2003, having been revalued on an open market value basis by an independent registered valuer, was transferred to property held for sale under current assets in the consolidated balance sheet and the balance sheet of the Company respectively.

NOTES TO THE ACCOUNTS

7 INVESTMENT SECURITIES

	Group and Company	
	2003 HK\$'000	2002 HK\$'000
Club debenture, at cost	<u>295</u>	<u>295</u>

The Directors are of the opinion that the underlying value of the investment securities was not less than its carrying value as at 30th April 2003.

8 INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

	Group and Company	
	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	<u>22,792</u>	22,792
Less: Accumulated impairment losses	<u>(22,792)</u>	<u>(22,792)</u>
	<u>—</u>	<u>—</u>

As at 30th April 2003, particulars of the non-consolidated subsidiaries of the Group are as follows:

Name	Place of incorporation/ operations	Particulars of paid up issued ordinary share capital	Percentage of issued ordinary share capital held		Principal activities
			Directly	Indirectly	
Zhong Freight Limited ("Zhong Freight")	Hong Kong	HK\$1,000,000	55%	—	Dormant
C & C Freight International (Beijing) Limited ("C & C Freight")	PRC	RMB3,750,000	—	27.5%*	Dormant

* 50% directly held by Zhong Freight

In June 1995, the Company commenced a creditors' voluntary liquidation of its 55% owned subsidiary, Zhong Freight, a Company incorporated in Hong Kong. The Directors are of the opinion that the Company has no control over Zhong Freight (including its 50% owned subsidiary, C & C Freight) and accordingly the accounts of Zhong Freight have not been consolidated as at 30th April 2003.

NOTES TO THE ACCOUNTS

9 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the Company's balance sheet comprises:

	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	2,105	2,105
Amounts due from subsidiaries	79,792	79,791
Amounts due to subsidiaries	(1,681)	(1,692)
	80,216	80,204
<i>Less: Provisions</i>	(20,000)	(17,000)
	60,216	63,204

Amounts due from/to subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. The Company's Directors are of the opinion that the underlying value of the subsidiaries was not less than the Company's carrying value of the subsidiaries as at 30th April 2003.

The particulars of the subsidiaries of the Group are as follows as at 30th April 2003:

Name	Place of incorporation/ operations	Issued and paid up ordinary share capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Hopemore Development Limited	Hong Kong	HK\$100	100%	–	Property holding and management
Panluck Limited	Hong Kong	HK\$100,000	100%	–	Investment holding
Mallia Limited	Hong Kong	HK\$2	100%	–	Dormant
Berjaya U-Luck Investments Limited	Hong Kong	HK\$10,000	51%	–	Dormant
Shanghai Berjaya-Huitong Real Estate Development Co. Ltd.	PRC	US\$8,407,432	–	82%*	Property holding
Wing Hung Kee Commodities Limited	Hong Kong	HK\$2,000,000	100%	–	Dormant
Zhong Freight Limited **	Hong Kong	HK\$1,000,000	55%	–	Dormant
C & C Freight International (Beijing) Limited **	PRC	RMB3,750,000	–	27.5%	Dormant

NOTES TO THE ACCOUNTS

9 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

* Shanghai Berjaya-Huitong Real Estate Development Co. Ltd. ("Berjaya-Huitong") is a contractual joint venture established in the PRC. Under the joint venture agreement, the Group is required to contribute 100% of the registered capital of Berjaya-Huitong but would be entitled to only 82% of the profit of Berjaya-Huitong. In view of the profit sharing arrangement, Berjaya-Huitong is regarded as 82% owned by the Group. Berjaya-Huitong has not had any material operations since 12th May 1995 (date of incorporation) other than the acquisition of a land use right in the PRC (note 13).

** Non-consolidated subsidiaries (note 8).

10 INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Unlisted investment, at cost	8,200	8,200	8,200	8,200
Accumulated share of net (losses)/profits less distribution	(1,463)	3,645	–	–
	6,737	11,845	8,200	8,200
Less: Accumulated impairment losses	(2,515)	–	(4,000)	(3,000)
	4,222	11,845	4,200	5,200

- (a) The Company's Directors are of the opinion that the share of underlying value of the associated company was not less than the Group's and the Company's carrying value of the associated company as at 30th April 2003.
- (b) The particulars of the associated company are as follows as at 30th April 2003:

Name	Form of business structure	Country of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest directly held	Principal activity
Greenland Timber Industries (Pte.) Ltd.	Limited company	Singapore	S\$8,500,000	20%	Investment holding

- (c) The financial period end date of the associated company is 31st December of each year which is not coterminous with that of the Group. Adjustments have been made to incorporate the financial results of the associated company between the financial period end date of the associated company and the Group.

11 RELATED PARTY TRANSACTIONS

- (a) The amounts due from shareholders are unsecured, non-interest bearing and not repayable within the next twelve months.
- (b) The amount due to a related company was unsecured, non-interest bearing and had no fixed repayment terms.
- (c) On 1st May 2001, the Company entered into a loan agreement with its major shareholder, Berjaya Group (Cayman) Limited ("Berjaya Cayman"). The agreement provides that Berjaya Cayman will continue to provide loans and/or other financial support to the Company (so long as Berjaya Cayman remains as the controlling shareholder of the Company as defined in the Listing Rules of The Stock Exchange of Hong Kong Limited) for its operations through advancing loans from its related and affiliated companies to the Company (under the same terms and conditions as the existing loans and advances). In addition, pursuant to the loan agreement, commencing on 1st May 2001, the Company's outstanding loans from related companies and shareholders bear interest at Hong Kong Dollar prime lending rate of The Hongkong and Shanghai Banking Corporation Limited plus 3% (2002: Hong Kong Dollar prime lending rate of The Hongkong and Shanghai Banking Corporation Limited plus 3%). The loans are not secured and Berjaya Cayman and its related and affiliated companies have confirmed that they will not call the loans within the next twelve months from 30th April 2003.

During the year, interest expenses on the loans from related companies and shareholders of the Group amounted to approximately HK\$426,000 (2002: HK\$210,000) and HK\$2,575,000 (2002: HK\$2,196,000) respectively (note 21).

NOTES TO THE ACCOUNTS

12 FIXED ASSETS

	Group			Total HK\$'000
	Investment properties HK\$'000	Leasehold land and building HK\$'000	Furniture and fixtures and office equipment HK\$'000	
Cost or valuation				
At 1st May 2002	39,991	6,600	1,587	48,178
Additions	–	–	9	9
Transferred to property held for sale (<i>note 6</i>)	(5,406)	–	–	(5,406)
Deficit on revaluation	(4,165)	(1,000)	–	(5,165)
At 30th April 2003	30,420	5,600	1,596	37,616
Accumulated depreciation				
At 1st May 2002	–	–	965	965
Charge for the year	–	132	74	206
Deficit on revaluation	–	(132)	–	(132)
At 30th April 2003	–	–	1,039	1,039
Net book value				
At 30th April 2003	30,420	5,600	557	36,577
At 30th April 2002	39,991	6,600	622	47,213
The analysis of the cost or valuation at 30th April 2003 of the above assets is as follows:				
At cost	–	–	1,596	1,596
At valuation – 2003	30,420	5,600	–	36,020
	30,420	5,600	1,596	37,616
The analysis of the cost or valuation at 30th April 2002 of the above assets is as follows:				
At cost	–	–	1,587	1,587
At valuation – 2002	39,991	6,600	–	46,591
	39,991	6,600	1,587	48,178

NOTES TO THE ACCOUNTS

12 FIXED ASSETS (CONTINUED)

	Investment properties HK\$'000	Company Furniture and fixtures and office equipment HK\$'000	Total HK\$'000
Cost or valuation			
At 1st May 2002	39,991	1,287	41,278
Additions	–	9	9
Transferred to property held for sale (<i>note 6</i>)	(5,406)	–	(5,406)
Deficit on revaluation	(4,165)	–	(4,165)
At 30th April 2003	30,420	1,296	31,716
Accumulated depreciation			
At 1st May 2002	–	855	855
Charge for the year	–	54	54
At 30th April 2003	–	909	909
Net book value			
At 30th April 2003	30,420	387	30,807
At 30th April 2002	39,991	432	40,423
The analysis of the cost or valuation at 30th April 2003 of the above assets is as follows:			
At cost	–	1,296	1,296
At valuation – 2003	30,420	–	30,420
At 30th April 2003	30,420	1,296	31,716
The analysis of the cost or valuation at 30th April 2002 of the above assets is as follows:			
At cost	–	1,287	1,287
At valuation – 2002	39,991	–	39,991
At 30th April 2002	39,991	1,287	41,278

NOTES TO THE ACCOUNTS

12 FIXED ASSETS (CONTINUED)

The net book values of investment properties of the Group and of the Company and the leasehold land and building of the Group are analysed as follows:

	Investment properties		Leasehold land and building	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In Hong Kong, held on:				
Leases of over 50 years	28,787	32,938	5,600	6,600
Outside Hong Kong, held on:				
Freehold	–	5,406	–	–
Leases of over 50 years	1,633	1,647	–	–
	30,420	39,991	5,600	6,600

The investment properties of the Group and of the Company and the leasehold land and building of the Group were revalued at 30th April 2003 on the basis of their open market value by Chesterton Petty Limited and Jones Lang Wootton, independent registered valuers, employed by the Group.

As a result of the revaluations,

- (a) a revaluation deficit of HK\$4,165,000 for the investment properties of the Group and of the Company was charged to the consolidated profit and loss account and the profit and loss account of the Company respectively.
- (b) a revaluation deficit of HK\$868,000 for the leasehold land and building of the Group was charged to the consolidated profit and loss account.

The carrying amount of the leasehold land and building would have been approximately HK\$5,863,000 (2002: HK\$6,017,000) had they been stated at cost less accumulated depreciation.

As at 30th April 2003, certain investment properties and leasehold land and building with a net book value of approximately HK\$33,527,000 (2002: HK\$38,638,000) were pledged as securities for the Group's banking facilities (notes 1(a), 14 and 27).

NOTES TO THE ACCOUNTS

13 LAND PENDING DEVELOPMENT

Land pending development represents the cost, which includes development and construction expenditures incurred, of a land use right purchased in 1996 for a piece of land located in the Pudong area in Shanghai, the PRC. The land use right has a term of 50 years expiring in 2044. The Directors intend to hold the land use right for future property development purposes.

	Group	
	2003	2002
	HK\$'000	HK\$'000
At 1st May	65,000	67,280
Land refurbishment charges	<u>995</u>	<u>1,325</u>
	65,995	68,605
Impairment loss	<u>—</u>	<u>(3,605)</u>
At 30th April	<u>65,995</u>	<u>65,000</u>

Given that the Group has not commenced development activities on this piece of land and will not do so until it is of the opinion that the market conditions are appropriate to commence such activities, it has engaged Chesterton Petty Limited, independent registered valuers, to undertake a valuation, on an open market basis, on this land pending development to determine the best estimate of the recoverable amount of this property under the present condition. Based on the valuation report prepared by Chesterton Petty Limited, the estimated market value of this land pending development on 30th April 2003 was HK\$77,000,000 (2002: HK\$65,000,000).

14 LONG-TERM BANK LOAN – SECURED

The maturity of the secured long-term bank loan of the Group and the Company is as follows:

	2003	2002
	HK\$'000	HK\$'000
Within one year	2,308	1,718
More than one year but not exceeding two years	2,005	1,854
More than two years but not exceeding five years	<u>6,998</u>	<u>6,487</u>
Total within five years	11,311	10,059
More than five years	<u>4,128</u>	<u>6,658</u>
	15,439	16,717
Current portion included under current liabilities	<u>(2,308)</u>	<u>(1,718)</u>
	<u>13,131</u>	<u>14,999</u>

NOTES TO THE ACCOUNTS

14 LONG-TERM BANK LOAN – SECURED (CONTINUED)

As at 30th April 2003, the long-term bank loan was secured by certain of the investment properties and leasehold land and building of the Group located in Hong Kong (notes 12 and 27).

15 CREDITORS AND ACCRUED LIABILITIES

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Trade creditors	–	–	–	–
Other creditors	12	7,413	12	24
Accrued liabilities	856	452	781	387
	868	7,865	793	411

The balances with other creditors are not secured, interest-free and have no fixed repayment terms.

16 ADVANCES FROM MINORITY SHAREHOLDERS OF A SUBSIDIARY, NET

	2003 HK\$'000	2002 HK\$'000
Advances from minority shareholders	11,000	11,000
Less: Accumulated losses attributable to minority shareholders	(8,862)	(8,821)
	2,138	2,179

Advances from minority shareholders of a subsidiary are unsecured, non-interest bearing and are not repayable within the next twelve months.

17 SHARE CAPITAL

	2003 HK\$'000	2002 HK\$'000
<i>Authorised:</i>		
1,250,000,000 (2002: 1,250,000,000) ordinary shares of HK\$0.2 (2002: HK\$0.2) each	250,000	250,000
<i>Issued and fully paid:</i>		
591,047,975 (2002: 591,047,975) ordinary shares of HK\$0.2 (2002: HK\$0.2) each	118,210	118,210

NOTES TO THE ACCOUNTS

18 RESERVES

	Property revaluation reserves					Total HK\$'000
	Share premium	Investment properties	Leasehold land and building	Exchange translation reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
THE GROUP						
At 1st May 2001	12,282	29	589	756	(38,058)	(24,402)
Loss for the year	–	–	–	–	(26,334)	(26,334)
Deficit on revaluation	–	(29)	(589)	–	–	(618)
At 1st May 2002	12,282	–	–	756	(64,392)	(51,354)
Loss for the year	–	–	–	–	(12,109)	(12,109)
Realisation of reserve	–	–	–	(253)	–	(253)
At 30th April 2003	12,282	–	–	503	(76,501)	(63,716)

	Property revaluation reserves				Total HK\$'000
	Share premium	Investment properties	Leasehold land and building	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
THE COMPANY					
At 1st May 2001	12,282	29	–	(31,123)	(18,812)
Loss for the year	–	–	–	(34,671)	(34,671)
Deficit on revaluation	–	(29)	–	–	(29)
At 1st May 2002	12,282	–	–	(65,794)	(53,512)
Loss for the year	–	–	–	(14,583)	(14,583)
At 30th April 2003	12,282	–	–	(80,377)	(68,095)

- (a) At 30th April 2003, the Company had no reserve available for distribution.
- (b) Included in accumulated losses of the Group is an accumulated losses of HK\$1,463,000 (2002: retained profits of HK\$3,645,000), being accumulated losses attributable to the associated company.
- (c) The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance.
- (d) The property revaluation reserves and exchange translation reserve have been established and will be dealt with in accordance with the accounting policies adopted for the revaluation of investment properties and leasehold land and building held for own use and foreign currency translation.

NOTES TO THE ACCOUNTS

19 OPERATING LOSS

Operating loss is stated after charging the following:

	2003 HK\$'000	2002 HK\$'000
Auditors' remuneration	280	290
Depreciation of fixed assets	206	251
Staff costs (including Directors' emoluments)		
– salaries and other allowances	849	1,287
– pension scheme contributions (net of forfeited contribution)	46	75
	<u> </u>	<u> </u>

20 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments payable to Directors of the Company during the year are as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
Executive Directors		
Fees	24	24
Salaries and allowances	562	569
Bonuses	54	27
Pension scheme contributions	38	46
	<u> </u>	<u> </u>
Total	<u>678</u>	<u>666</u>

During the year, all (2002: all) of the Directors received emoluments within the range of HK\$Nil to HK\$1,000,000.

No Directors waived the right to receive emoluments during the year.

(b) Five highest paid individuals' emoluments

Of the five highest paid individuals in the Group, three (2002: one) is a director of the Group whose emoluments are shown in (a) above. The emoluments payable to the remaining two (2002: four) individuals during the year are as follows:

	2003 HK\$'000	2002 HK\$'000
Salaries and allowances	209	492
Pension scheme contributions	8	29
	<u> </u>	<u> </u>
	<u>217</u>	<u>521</u>

NOTES TO THE ACCOUNTS

20 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)**(b) Five highest paid individuals' emoluments (continued)**

During the year, two (2002: four) of the five highest paid individuals (excluding the Directors of the Group) received emoluments within the range of HK\$Nil to HK\$1,000,000.

21 FINANCE COSTS, NET

	2003 HK\$'000	2002 HK\$'000
Interest expense on:		
Bank loan repayable within five years	884	885
Bank loan repayable after five years	322	586
Loans from related companies (<i>note 11</i>)	426	210
Loans from shareholders (<i>note 11</i>)	2,575	2,196
	<u>4,207</u>	3,877
Interest income	–	(66)
	<u>4,207</u>	<u>3,811</u>

22 TAXATION

	2003 HK\$'000	2002 HK\$'000
Hong Kong profits tax	–	–
Overseas taxation	–	–
Share of taxation of an associated company	–	(3)
	<u>–</u>	<u>(3)</u>

As at 30th April 2003, the Group had an estimated accumulated tax loss of approximately HK\$30,224,000 (2002: HK\$34,044,000). This estimated accumulated tax loss may be carried forward indefinitely to be offset against future taxable Hong Kong profits, subject to the agreement by the Inland Revenue Department.

NOTES TO THE ACCOUNTS

22 TAXATION (CONTINUED)

The potential net deferred tax asset which has not been recognised in the consolidated accounts is analysed as follows:

	2003 HK\$'000	2002 HK\$'000
Accelerated depreciation allowances	73	63
Estimated accumulated tax losses	<u>(4,836)</u>	<u>(5,447)</u>
	<u>(4,763)</u>	<u>(5,384)</u>

23 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated net loss attributable to shareholders includes a loss of approximately HK\$11,583,000 (2002: HK\$19,671,000) dealt with in the accounts of the Company.

24 LOSS PER SHARE

The calculation of loss per share is based on the consolidated loss attributable to shareholders for the year of approximately HK\$12,109,000 (2002: HK\$26,334,000) and the weighted average of 591,047,975 (2002: 591,047,975) ordinary shares in issue throughout the year ended 30th April 2003.

At 30th April 2003 and 2002, there were no dilutive financial instruments outstanding and therefore, the diluted loss per share for both years is the same as the basic loss per share.

25 ADDITIONAL FINANCIAL INFORMATION ON BALANCE SHEET

As at 30th April 2003, the net current liabilities of the Group amounted to approximately HK\$5,295,000 before the inclusion of approximately HK\$5,406,000 property held for sale (2002: HK\$8,733,000). After the inclusion of the property held for sale of approximately HK\$5,406,000 as described in note 1(a) and in note 6, the net current assets of the Group amounted to approximately HK\$111,000. On the same date, the total assets less current liabilities of the Group was approximately HK\$107,757,000 (2002: HK\$116,177,000).

NOTES TO THE ACCOUNTS

26 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before tax and minority interests to net cash outflow from operating activities:

	2003 HK\$'000	2002 HK\$'000
Loss before tax and minority interests	(12,150)	(26,340)
Share of loss/(profit) of an associated company	5,108	(203)
Write-down in value of other unlisted investments	–	11,204
Unrealised loss/(gain) on other listed investments	246	(1,079)
Realised loss on other listed investments	948	–
Revaluation deficit on investment properties and leasehold land and building	5,033	4,363
Impairment loss on land pending development	–	3,605
Impairment loss on investment in an associated company	2,515	–
Write-back of creditors and other liabilities	(7,389)	–
Write-off of mortgage loan receivable	561	–
Realisation of exchange translation reserve	(253)	–
Write-off of amount due from related companies	–	2,547
Loss on disposal of fixed assets	–	25
Dividend income from other investments	–	(28)
Depreciation of fixed assets	206	251
Interest expense on bank loan	1,206	1,471
Interest expense on loans from related companies	426	210
Interest expense on loans from shareholders	2,575	2,196
Interest income	–	(66)
Loss before working capital changes	(968)	(1,844)
Decrease in debtors, prepayments and deposits	29	1
Increase in amounts due from related companies	–	(2)
Increase in amount due from a shareholder	–	(140)
Increase/(decrease) in creditors and accrued liabilities	117	(606)
Increase in amount due to a related company	–	1,288
Increase /(decrease) in rental deposits received	6	(88)
Net cash outflow from operating activities	(816)	(1,391)

NOTES TO THE ACCOUNTS

26 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Analysis of changes in financing during the year is as follows:

	Long-term bank loan – secured HK\$'000	Loans from related companies HK\$'000	Loans from shareholders HK\$'000	Total HK\$'000
At 1st May 2001	18,253	12,587	14,181	45,021
Repayment of long-term bank loan – secured	(1,536)	–	–	(1,536)
Increase in loans from related companies	–	7,000	–	7,000
Repayment of loan from shareholders	–	–	(1,625)	(1,625)
Assignment of loan from a related company to loan from a shareholder	–	(17,001)	17,001	–
At 1st May 2002	16,717	2,586	29,557	48,860
Repayment of long-term bank loan – secured	(1,278)	–	–	(1,278)
Increase in loans from related companies	–	1,201	–	1,201
Reclassification from amount due to a related company	–	1,288	–	1,288
Increase in loans from shareholders	–	–	956	956
Capitalisation of interest payable to related companies and shareholders	–	210	2,196	2,406
At 30th April 2003	15,439	5,285	32,709	53,433

(c) Major non-cash transaction

As at 30th April 2003, an investment property in Penang, Malaysia amounted to HK\$5,406,000 was transferred to property held for sale as described in note 6.

27 BANKING FACILITIES AND PLEDGE OF ASSETS

At 30th April 2003, the Group and the Company had available banking facilities of approximately HK\$15,439,000 (2002: HK\$16,717,000), secured by certain of the investment properties and leasehold land and building of the Group located in Hong Kong with a net book value of approximately HK\$33,527,000 (2002: HK\$38,638,000) (note 14). Banking facilities were fully utilised at 30th April 2003 and 2002.

NOTES TO THE ACCOUNTS

28 CAPITAL COMMITMENT

Pursuant to the contractual joint venture agreement dated 19th April 1995 for the organisation of Berjaya-Huitong, the Group agreed to contribute capital of US\$10,000,000 (equivalent to approximately HK\$77,300,000) in total to the said contractual joint venture on or before 12th May 1997. Although the Group has yet to make the remaining capital contribution of US\$1,592,568 (equivalent to approximately HK\$12,300,000) (2002: HK\$12,300,000) at 30th April 2003 to fulfill its commitment under the contractual joint venture agreement, in the opinion of the Directors, no consequential exposures or liabilities are envisaged.

Berjaya-Huitong has contracted a builder to draft an industrial and commercial complex plan on its leasehold land in Pudong area of Shanghai. The contracted commitment not provided for in the accounts at 30th April 2003 is approximately HK\$3,950,000 (2002: HK\$3,950,000).

29 OPERATING LEASE RECEIVABLES

As at 30th April, the Group had future aggregate minimum rental income in respect of investment properties under non-cancellable operating leases as follows:

	2003	2002
	HK\$'000	HK\$'000
Not later than one year	1,632	1,458
Later than one year and not later than five years	390	657
	2,022	2,115

30 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 13th August 2003.