1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading of the shares in the Company on the Stock Exchange has been suspended since 15 January 2002.

On 5 December 2002, Messrs. Cosimo Borrelli and Fan Wai Kuen, of RSM Nelson Wheeler Corporate Advisory Services Limited were appointed by the High Court of Hong Kong (the "High Court") as joint and several provisional liquidators of the Company (the "Provisional Liquidators") to, amongst other things, protect the assets of the Company and to facilitate a restructuring of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 34.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) In preparing the financial statements, the Provisional Liquidators have given careful consideration to the future liquidity of the Group in the light of the Group's net liabilities of HK$681 million (2002: HK$498 million) as at 31 March 2003.

As explained in note 33, the Company, acting through the Provisional Liquidators, entered into an agreement for the implementation of a restructuring proposal (the "Restructuring Agreement"), amongst others, with Wai Kee Holdings Limited ("Wai Kee", a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange), on 20 November 2003. The restructuring proposal includes, inter alia, a capital restructuring, debt restructuring involving schemes of arrangement and a subscription of new shares and the injection of certain assets (the "Proposed Restructuring").

As at the date of this report, completion of the Restructuring Agreement will require the fulfillments of certain conditions including the relevant approvals from the Stock Exchange, the Securities and Futures Commission as well as the Supreme Court of Bermuda are the Court of First Instance of the High Count of Hong Kong (the "Courts").

The Provisional Liquidators have prepared the financial statements on a going concern on the basis that the Restructuring Agreement will be implemented in full on completion and the restructured Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

(b) These financial statements were prepared based on the limited books and records and other latest information available to the Provisional Liquidators. The Provisional Liquidators have used their best endeavour to assess all the financial and business records of the Group. As the Provisional Liquidators did not exercise any control over the business, property and affairs of the Group prior to their appointment on 5 December 2002, they do not have the same level of knowledge of the financial affairs of the Company and the Group as the Company's directors. The key management and staff responsible for maintaining the books and records of the Group have left the Group and the Provisional Liquidators do not have all the books and records. The information available to the Provisional Liquidators is limited. As a result, the Provisional Liquidators are unable to represent that all transactions entered into by the Company and its subsidiaries prior to their appointment are reflected in the books and records and in the financial statements. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to the completeness of identification and the appropriateness of disclosure in respect of the potential claims, the commitments, the contingent liabilities and the pledge of assets in the financial statements as at 31 March 2003. In addition, the Provisional Liquidators were unable to obtain sufficient documentary information to satisfy themselves regarding the matters described below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

(i) Due to the limited books and records available to the Provisional Liquidators, there is insufficient information for the Provisional Liquidators to satisfy themselves that all the amounts included in the consolidated income statement for the year ended 31 March 2003 were free from material misstatement. As a result, the Provisional Liquidators were unable to satisfy themselves as to the reliability of the related disclosure in the financial statements.

(ii) As explained in note 10, the Provisional Liquidators are currently reviewing the validity of the claims by directors of the Company in respect of their emoluments of HK$7,216,000. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these directors' emoluments for the year ended 31 March 2003 and the corresponding amount included in the amounts due to directors of the Group and the Company as at 31 March 2003 were free from material misstatement.

(iii) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to assess whether any allowance for doubtful debt is required in respect of short-term receivables of HK$6,483,000 as at 31 March 2003. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these short-term receivables in the consolidated balance sheet as at 31 March 2003 were free from material misstatement.

(iv) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to obtain sufficient evidence to satisfy themselves as to the validity in respect of other receivables of HK$2,861,000 and HK$53,000 included in the balance sheets of the Group and the Company respectively nor to assess whether any allowance for doubtful debt is required to be made in respect of these receivables. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these receivables in the balance sheets of the Group and the Company as at 31 March 2003 were free from material misstatement.

(v) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to obtain bank statements or other documentary evidence in respect of bank balances and cash of the Group and the Company of HK$931,000 and HK$5,000 respectively as at 31 March 2003. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these bank balances and cash in the balance sheets of the Group and the Company as at 31 March 2003 were free from material misstatement.

(vi) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to obtain sufficient documentary evidence in respect of the amount of HK$141,231,000 included in the item of "bank and other borrowings" as at 31 March 2003. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these borrowings in the consolidated balance sheet as at 31 March 2003 and the related interest expenses of HK$8,188,000 for the year ended 31 March 2003 were free from material misstatement.

(vii) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to obtain sufficient documentary evidence in respect of the amount of HK$1,513,000 included in the items of "amounts due to associates" as at 31 March 2003. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these amounts due to associates in the consolidated balance sheet as at 31 March 2003 were free from material misstatement.

(viii) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to obtain sufficient documentary evidence in respect of amounts due to directors of the Group and the Company of HK$7,663,000 and HK$7,361,000 respectively. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether these amounts due to directors of the Group and the Company as at 31 March 2003 were free from material misstatement.

(ix) Due to the limited books and records available to the Provisional Liquidators, the Provisional Liquidators were unable to determine the appropriate amount to be transferred from the asset revaluation reserve account to deficit account as a result of the realisation of asset revaluation reserve upon disposal of the properties held by associates during the year ended 31 March 2002. Accordingly, the Provisional Liquidators were unable to satisfy themselves as to whether the asset revaluation reserve of HK$223,734,000 as at 31 March 2003 and 2002; and the deficit of HK$1,133,264,000 and HK$949,539,000 as at 31 March 2003 and 2002 respectively in the consolidated balance sheet were free from material misstatement.

(x) Due to the limited books and records available to the Provisional Liquidators, the following disclosures have not been made in the financial statements:

— Details of deferred taxation disclosures as required by Statement of Standard Accounting Practice ("SSAP") 12 "Accounting for deferred tax" issued by Hong Kong Society of Accountants;

— The carrying amount of land and buildings had the land and buildings are carried at cost less accumulated depreciation as required by SSAP 17 "Property, plant and equipment;

— Details of related party disclosures as required by SSAP 20 "Related party disclosures";

— Details of the retirement benefits scheme as required by SSAP 34 "Employee benefits"; and

— Details of analysis of pledge of assets, contingencies and commitments as required by the Hong Kong Companies Ordinance.

3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted, for the first time, a number of new and revised SSAPs. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and an inclusion of a statement of changes in equity, and in the adoption of the following new and revised accounting policies but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign Currencies

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

Cash Flow Statements

Under SSAP 15 (Revised) "Cash Flow Statements", cash flows are classified under three headings — operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating and financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amount present for cash and cash equivalents have been amended to exclude short-term bank and other borrowings that are financing in nature. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date. The re-definition of cash and cash equivalents has resulted in a restatement of the comparative amounts shown in the cash flow statement.

Employee Benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of properties.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

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

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

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

Goodwill

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

Goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves and will be charged to the consolidated income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired.

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

Negative goodwill

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

Negative goodwill arising on acquisitions prior to 1 April 2001 continues to be held in reserves and will be credited to consolidated income statement at the time of disposal of the relevant subsidiary or associate.

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

Turnover

Turnover represents rental income received and receivable during the year.

Revenue recognition

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

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment losses.

Interests in associates

The consolidated income statement includes the Group's share of post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment losses.

Investment properties

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

Investment properties are stated at their open market value based on independent professional valuations at each balance sheet date. No depreciation or amortisation is provided for investment properties with an unexpired term, including the renewable period, of more than twenty years.

Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged, respectively, to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance of the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

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

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less depreciation and amortisation and accumulated impairment losses.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of valuation less any subsequent accumulated depreciation and amortisation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and building is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of such assets is charged to the income statement to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that particular asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to deficit.

Depreciation and amortisation are provided to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the terms of the relevant leases
Buildings	Over the shorter of the terms of the relevant leases or 50 years
Furniture, machinery and equipment	4% to 25%
Motor vehicles	20% to 25%

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

Impairment

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

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

Assets held under finance leases

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

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

Taxation

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

Foreign currencies

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

In preparing consolidated financial statements, the assets and liabilities of subsidiaries and associates which are denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the subsidiaries or associates are disposed of.

Retirement benefit scheme

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's defined contribution retirement scheme and Mandatory Provident Fund Scheme ("MPF").

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

5. SEGMENTAL INFORMATION

The sole principal activity of the Group for two years ended 31 March 2003 and 2002 is the hiring of motor vehicles in Hong Kong and accordingly, no analyses of business and geographical segment is presented.

6. OTHER OPERATING INCOME

Included in other operating income for the year ended 31 March 2002 was other interest income of HK$36,000.

7. OTHER OPERATING EXPENSES

	2003	2002
	HK$'000	*HK$'000*
Other operating expenses include the following items:		
Allowances for bad and doubtful debts	**—**	1,109
Deficit arising on revaluation of investment properties	**—**	6,222
Deficit arising on revaluation of land and buildings	**—**	16
Loss on disposal of investment properties	**1,100**	2,154
Net realised and unrealised holding losses on other investments	**—**	337
Investment properties in the People's Republic of China (the "PRC") written off	**147,800**	—

8. LOSS FROM OPERATIONS

	2003	2002
	HK$'000	*HK$'000*
Loss from operations has been arrived at after charging:		
Auditors' remuneration:		
Current year	**—**	336
Overprovision in prior years	**—**	(544)
Depreciation and amortisation:		
Owned assets	**560**	1,352
Assets held under finance leases	**372**	240
Loss on disposal of property, plant and equipment	**678**	990
Minimum lease payment for premises under operating leases	**98**	—
Staff costs:		
Directors' remuneration	**7,216**	72
Contributions to retirement benefit scheme and MPF	**28**	(18)
Other staff costs	**725**	607
	7,969	661
and after crediting:		
Rental income received and receivable under operating leases in respect of:		
Motor vehicles from outsiders	**2,544**	3,369
Motor vehicles from associates	**—**	68

Auditors' remuneration for the current year is borne by Wai Kee pursuant to the Restructuring Agreement.

9. FINANCE COSTS

	2003	2002
	HK$'000	*HK$'000*
Interest payable on:		
Bank and other borrowings wholly repayable within five years	**23,580**	69,695
Amounts due to associates	**126**	419
Obligations under finance leases	**17**	36
	23,723	70,150

10. DIRECTORS' REMUNERATION

Particulars of the emoluments of the directors are as follows:

	2003	2002
	HK$'000	*HK$'000*
Fees:		
Executive directors	**16**	48
Non-executive director	**—**	12
Independent non-executive directors	**—**	12
	16	72
Other emoluments:		
Salaries and other benefits	**7,200**	—
Contributions to retirement benefit scheme and MPF	**—**	—
	7,200	—
	7,216	72

The emoluments of the directors are within the following bands:

	Number of Directors	
	2003	2002
Nil to HK$1,000,000	**5**	8
HK$3,500,001 to HK$4,000,000	**2**	—

The above disclosures in respect of directors' emoluments are based on the information available together with the Notices of Claim received by the Provisional Liquidators from the directors of the Company. The Provisional Liquidators are currently reviewing the validity of the claims.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with highest paid in the Group, two (2002: Nil) are directors of the Company whose emoluments are set out in note 10 above. The emoluments of the remaining three (2002: five) individuals are as follows:

	2003	2002
	HK$'000	*HK$'000*
Salaries and other benefits	**725**	570
Contributions to retirement benefit scheme and MPF	**28**	19
	753	589

The emoluments of the above employees are within the band of Nil to HK$1,000,000.

During the years ended 31 March 2003 and 2002, no emoluments were paid by the Group to the five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss of office.

12. TAXATION

The amount represents an underprovision of Hong Kong Profits Tax in respect of prior years. No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries did not have any estimated assessable profits for both years.

13. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK$183,725,000 (2002: HK$222,307,000) and on 508,339,764 (2002: 508,339,764) shares in issue during the year.

14. INVESTMENT PROPERTIES

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
At beginning of the year	**150,900**	195,340
Disposals	**(3,100)**	(26,940)
Deficit on revaluation	**—**	(17,500)
Written off	**(147,800)**	—
At end of the year	**—**	150,900

The carrying value of the Group's investment properties at the balance sheet date comprises:

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Held in the other regions of the PRC under:		
Long lease	**—**	141,000
Medium-term lease	**—**	6,800
Held in Hong Kong under:		
Long lease	**—**	3,100
	—	150,900

The Group's investment properties situated in the PRC were revalued as at 31 March 2002 by Chesterton Petty Limited, international property consultants, on an open market existing use basis amounting to HK$147,800,000. According to the Company's annual report for the year ended 31 March 2002, the Group was in the process of obtaining Certificate for Housing Ownership of these properties.

Since their appointment, the Provisional Liquidators have appointed PRC legal advisors to ascertain the status in respect of the Group's titles to the investment properties. The PRC legal advisors indicate that the Group does not have legal titles to the investment properties. As a result, the Provisional Liquidators have written off the Group's investment properties during the year ended 31 March 2003.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Furniture, machinery and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
THE GROUP				
COST OR VALUATION				
At 1 April 2002	6,340	33,117	7,270	46,727
Additions	—	28	—	28
Disposals	(1,440)	—	(2,597)	(4,037)
At 31 March 2003	4,900	33,145	4,673	42,718
Comprising:				
At cost	—	33,145	4,673	37,818
At valuation — 2001	4,900	—	—	4,900
	4,900	33,145	4,673	42,718
DEPRECIATION AND AMORTISATION				
At 1 April 2002	—	33,077	5,330	38,407
Provided for the year	21	24	887	932
Eliminated on disposals	(21)	—	(2,270)	(2,291)
At 31 March 2003	—	33,101	3,947	37,048
NET BOOK VALUES				
At 31 March 2003	4,900	44	726	5,670
At 31 March 2002	6,340	40	1,940	8,320

The Group's land and buildings are situated in Hong Kong and are held on medium-term lease.

The Group's land and buildings were revalued as at 23 March 2001 by Chesterton Petty Limited, international property consultants, on an open market existing use basis amounting to HK$4,900,000. The fair value of these properties as at 31 March 2002 were valued by the directors of the Company, which were not significant different from the valuation as at 23 March 2001.

The Group's land and buildings had been foreclosed by a secured creditor on 27 July 2001. Accordingly, no valuation was performed as at 31 March 2003.

At 31 March 2003, the net book value of the property, plant and equipment of the Group includes an amount of HK$233,000 (2002: HK$605,000) in respect of assets held under finance leases.

At 31 March 2003, the Group's motor vehicles are held for rental purposes under operating leases.

16. LONG-TERM DEPOSITS

	THE GROUP AND THE COMPANY	
	2003	2002
	HK$'000	*HK$'000*
Deposits for acquisition of:		
— an investment property	**15,495**	15,495
— an investment project	**38,728**	38,728
— a property development project	**158,830**	158,830
	213,053	213,053
Less: Allowances	**(213,053)**	(213,053)
	—	—

At 31 March 2002, the deposits represent the full amount of consideration paid for the acquisition of an investment property and a property development project under an agreement (the "Agreement") entered into with China Merchants Bank ("CMB") and certain third parties (the "Third Parties") in December 1998 and for an investment project under a separate agreement also in December 1998. The investment property, the property development project and the investment project are all situated in the PRC. However, the directors of the Company have objected to the validity of the Agreement in respect of the investment property and the property development project. The Company was seeking legal advice on further appropriate course of action.

As provided in the Agreement in respect of the investment project, the Group may agree with the Third Parties on the manner of the Group's investment in the project or on a repayment schedule of the amount paid. However, the Group was unable to reach any agreement with the Third Parties up to the date of this report.

Against these background, the directors of the Company have considered it is appropriate to make full provision in respect of the deposits in the financial statements for the year ended 31 March 2000.

As explained in note 32, there is no progress in relation to the proceeding between the Company and CMB after the date of appointment of Provisional Liquidators on 5 December 2002 up to the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2003	2002
	HK$'000	*HK$'000*
Unlisted shares, at cost	**482,322**	482,322
Amounts due from subsidiaries	**607,691**	590,092
	1,090,013	1,072,414
Less: Impairment loss recognised	**(1,090,013)**	(1,072,414)
	—	—

Particulars of the Company's principal subsidiaries as at 31 March 2003 are set out in note 34.

During the year ended 31 March 2002, the directors had reviewed and examined the operations of the subsidiaries and were of the opinion that the carrying amount of the Company's interests in subsidiaries was not recoverable. Accordingly, an impairment loss had been recognised in respect of the Company's interests in subsidiaries.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinions of the Provisional Liquidators, the amounts will not be repayable within twelve months from the balance sheet date and are therefore shown as non-current.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Share of net assets	**—**	—
Interests in associates represent:		
Listed shares in Hong Kong		
— Share of net assets	**—**	—
— Market value at 31st March	**—**	—

At 31 March 2003, the Group held 27.55% equity interest in Seapower Resources International Limited ("SRI"), a principal associate of the Group, which is principally engaged in cold storage warehousing, logistic management and property investment.

Pursuant to the Orders of the Court of First Instance of the High Court dated 31 December 2001, provisional liquidators were appointed to SRI ("SRI Provisional Liquidators") with effect from 31 December 2001.

On 14 May 2003, SRI has entered into a conditional restructuring agreement, amongst others, with an investor, regarding a restructuring proposal for SRI (the "SRI Restructuring Proposal"). The SRI Restructuring Proposal involves, amongst other things, the capital restructuring, debt restructuring and the subscription of new shares and warrants by the investor. Upon completion of the SRI Restructuring Proposal, the Group's equity interest in SRI is estimated to be diluted from 27.55% to 0.53%.

On 5 December 2003, the SRI New Restructuring Proposal was completed and the SRI Provisional Liquidators have been released and discharged as joint and several provisional liquidators of SRI in accordance with the orders of the High Court.

Extracts from the consolidated operating results and financial position of SRI for the years ended 31 March 2003 and 2002, which are based on its audited financial statements (note) below, are as follows:

Results for the year ended 31 March 2003 and 2002:

	2003	2002
	HK$'000	*HK$'000*
Turnover	**16,881**	165,272
Loss from operations	**(4,902)**	(1,394,221)
Finance costs	**(45,948)**	(91,046)
Loss before taxation	**(50,850)**	(1,485,267)
Loss after taxation and minority interests	**(47,650)**	(1,516,491)
Loss before taxation attributable to the Group	**(13,984)**	(410,530)

Financial position as at 31 March 2003 and 2002:

	2003	2002
	HK$'000	*HK$'000*
Non-current assets	**20,298**	39,368
Current assets	**23,100**	44,165
Current liabilities	**(1,346,979)**	(1,335,062)
Minority interests	**(509)**	(509)
Non-current liabilities	**—**	(217)
Net liabilities	**(1,304,090)**	(1,252,255)
Net liabilities attributable to the Group	**(358,625)**	(344,370)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

The auditors' reports of SRI for the years ended 31 March 2003 and 2002 are qualified in respect of limitations in scope, arising from the audit of the financial statements of SRI:

(a) For the year ended 31 March 2001 in relation to:

(i) the validity of disposal of a former subsidiary which resulted in a recorded loss on disposal of HK$3 million;

(ii) the appropriateness of a full allowance of HK$27 million being made against the outstanding receivable; and

(iii) the valuation of property under development of HK$54 million.

(b) For the years ended 31 March 2003 and 2002 in relation to:

(i) the appropriateness of full provision of HK$53.1 million on property under development and the written off of related translation reserve of HK$6.9 million to income statement for the year ended 31 March 2002;

(ii) the appropriates of full allowance of HK$27 million being made against during the year ended 31 March 2002 against the outstanding receivable;

(iii) the completeness, accuracy and valuation of certain margin and other loans receivable of HK$240 million and the appropriateness of the full provision being made in previous years;

(iv) the existence, ownership and valuation of interests in an associate of HK$53 million and the appropriateness of the full provision being made in previous years; and

(v) the validity and valuation of deposits paid for investments in two companies of HK$34.5 million and the appropriateness of the full provision being made in previous years.

19. SHORT-TERM RECEIVABLES

The Group

As explained in note 32(a), CMB was granted an injunction by the court restricting the Group from dealing with the sales proceeds balance of HK$24,120,000 arising from disposal of a property. At the balance sheet date, an amount HK$6,483,000 (2002: HK$6,483,000) after deducting the mortgage outstanding and related expenses was put under the custody of the High Court.

20. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers.

Included in trade and other receivables are trade receivable (net of allowance for bad and doubtful debts) with the aged analysis as follows:

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Trade receivables		
0 — 30 days	**102**	145
31 — 60 days	**46**	99
More than 60 days	**75**	36
	223	280
Other receivables	**2,861**	—
	3,084	280

21. AMOUNTS DUE FROM ASSOCIATES

	THE GROUP		
	Balance at 31.3.2003	**Balance at 31.3.2002**	**Maximum amount outstanding during the year**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from associates	**31**	—	31

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

22. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable with aged analysis as follows:

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Trade payables		
31 — 60 days	**—**	13
More than 60 days	**—**	13
	—	26
Other payables	**129,056**	116,352
	129,056	116,378

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For the year ended 31 March 2003

23. AMOUNTS DUE TO ASSOCIATES

Particulars of the amounts due to associates are as follows:

		THE GROUP		THE COMPANY	
	Nature	**2003**	2002	**2003**	2002
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest bearing	Secured *(note)*	**1,655**	1,655	**—**	—
	Unsecured	**4,465**	4,465	**4,465**	4,465
Interest free	Unsecured	**4,164**	3,716	**936**	813
		10,284	9,836	**5,401**	5,278

Note: The loans bear interest at prevailing market rate and are secured by collateral of certain of the Group's investment in an associate.

The amounts due to associates have no fixed terms of repayment.

24. AMOUNTS DUE TO SUBSIDIARIES

The Company

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

25. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		**Present value of minimum lease payments**	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases due within one year	**137**	359	**123**	328
Less: Future finance charges	**(14)**	(31)	**—**	—
Present value of lease obligations due for settlement within one year	**123**	328	**123**	328

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is about 3 years. For the year ended 31 March 2003, the average effective borrowing rate was at prime rate plus 0.5% (2002: prime rate plus 0.5%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

26. BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank and other borrowings comprise:				
Bank loans	**354,260**	354,260	**354,260**	354,260
Bank overdrafts	**53,833**	53,228	**53,833**	35,941
Other borrowings	**141,231**	131,320	**—**	—
	549,324	538,808	**408,093**	390,201
Analysed as:				
Secured	**272,544**	262,028	**113,748**	113,421
Unsecured	**276,780**	276,780	**294,345**	276,780
	549,324	538,808	**408,093**	390,201

The Group's and the Company's borrowings were not repaid in accordance with the repayment schedules set by the bank and other borrowers and, consequently, the outstanding amounts were due for immediate repayment.

27. SHARE CAPITAL

	Number of shares	**Value**
		HK$'000
Authorised:		
At 1 April 2001, ordinary shares of HK$0.10 each	800,000,000	80,000
Adjustment of nominal value of shares	7,200,000,000	—
At 31 March 2002 and 2003, ordinary shares of HK$0.01 each	8,000,000,000	80,000
Issued and fully paid:		
At 1 April 2001, ordinary shares of HK$0.10 each	508,339,764	50,834
Capital reduction	—	(45,751)
At 31 March 2002 and 2003, ordinary shares of HK$0.01 each	508,339,764	5,083

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

28. SHARE OPTIONS

The share options granted by the Company to the directors and eligible employees of the Group to subscribe for shares in the Company under the share option scheme of the Company was adopted on 30 September 1999. The options were granted on 22 November 1999 at a consideration of HK$1 for each grantee and can be exercised at any time during the period of four and a half years, commencing six months after their respective dates of acceptance at an exercise price of HK$0.23 per share, subject to adjustment.

2003

	Number of share options		
	Outstanding at 1st April 2002	**Lapsed during the year**	**Outstanding at 31st March 2003**
Directors	34,000,000	(34,000,000)	—
Employees and others	15,360,000	(15,360,000)	—
	49,360,000	(49,360,000)	—

2002

	Number of share options		
	Outstanding at 1st April 2001	**Lapsed during the year**	**Outstanding at 31st March 2002**
Directors	34,000,000	—	34,000,000
Employees and others	16,580,000	(1,220,000)	15,360,000
	50,580,000	(1,220,000)	49,360,000

Due to the financial difficulties of the Group, the employment contracts of the directors and certain employees were terminated and accordingly have ceased to be eligible employees under the share option scheme. The outstanding options previously granted to the eligible employees were not exercised and thus lapsed in accordance with the share option scheme.

29. RESERVES

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Contributed surplus *HK$'000*	Deficit *HK$'000*	Total *HK$'000*
THE COMPANY					
At 1 April 2001	414,978	115	419,212	(1,302,812)	(468,507)
Effect of capital reduction	(414,978)	—	—	460,729	45,751
Net loss for the year	—	—	—	(95,410)	(95,410)
At 31 March 2002 and 1 April 2002	—	115	419,212	(937,493)	(518,166)
Net loss for the year	—	—	—	(40,569)	(40,569)
At 31 March 2003	—	115	419,212	(978,062)	(558,735)

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal amount of Company's share capital issued for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus account, if:

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

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

There were no reserves available for distribution to the shareholders of the Company as at 31 March 2003 and 2002.

30. MAJOR NON-CASH TRANSACTIONS

(a) During the year, investment properties of the Group amounting to HK$3,100,000 (2002: HK$26,940,000) were seized and disposed by certain financial creditors and the sale proceeds amounting to HK$2,000,000 (2002: HK$24,786,000) were applied to reduce the associated bank and other borrowings of the Group.

(b) During the year ended 31 March 2002, the Group entered into financial lease arrangement in respect of assets with a total capital value at the inception of the leases of HK$486,000.

(c) During the year ended 31 March 2002, the sale proceeds on partial disposal of the Group's interest in an associate of HK$10,409,000 were applied to reduce the associated bank and other borrowings of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

31. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group's commitment for future minimum lease payments under non-cancellable operating leases which fall due within one year is HK$24,000 (2002: nil).

The Company did not have any significant operating lease commitments at the balance sheet date.

32. LITIGATION

(a) In December, 1998, the Company entered into the Agreement with CMB and the Third Parties. Under the terms of the Agreement, a loan of US$22.5 million from CMB to the Third Parties was to be assumed by the Group in consideration for the transfer of certain debts owed to the Third Parties, certain shares, properties and land use rights in the PRC. In early 2000, the directors of the Company challenged the validity of the Agreement and since then, the Group has withheld all the repayments to CMB. On 20 July 2000, CMB issued a writ of summons against the Group, claiming immediate repayment of all amounts due from the Group including interest and costs pursuant to the Agreement and a separate loan agreement. The directors of the Company filed a counterclaim against CMB and the Third Parties.

On 28 December 2000, CMB was granted an injunction by the court restricting, among other things, the following:

(i) The Group from dealing with the balance of HK$24,120,000 arising from the disposal of a property save for effecting payment for the discharge of the outstanding mortgage and related expenses without the approval of the High Court (after discharge of the mortgage and payment of costs and expenses, a such of HK$6,482,500 was paid into court on 5 January 2001 pursuant to the order); and

(ii) a subsidiary of the Company, Seapower Consortium Company Limited, from disposing or dealing with or diminishing the value of its assets up to the value of US$10 million (2002: US$10 million).

On 15 June 2001, the High Court of Hong Kong dismissed CMB's application for summary judgment against the Group. As at the date of the appointment of the Provisional Liquidators, the total amount of outstanding principal and interest due to CMB (including the amount in dispute) was approximately HK$462 million.

(b) On 20 December 2001, Peregrine Brokerage Limited ("Peregrine") obtained judgment against a subsidiary of the Company for the sum of approximately HK$109 million plus interest thereon, being the amount due and payable under the facilities granted pursuant to a margin agreement dated 4 September 1997 entered into between Peregrine and the subsidiary. There were no other corporate guarantees by other members of the Group. The margin facilities were secured by 159,315,000 shares of SRI (before the capital restructuring of SRI). The judgment remains unpaid as at the date of this report and continues to accrue interest at the rate prescribed from time to time by the High Court.

(c) As disclosed in the Annual Report for the financial year ended 31 March 2002, in July 2000, the Group commenced a lawsuit at High People's Court, Hubei Province, the PRC against Huangshi Kangsai Group Co., Ltd. ("Huangshi Kangsai") claiming for an amount of HK$23 million pursuant to an undertaking given by Huangshi Kangsai. On 6 September 2000, the High People's Court, Hubei Province, the PRC granted an order in favour of the Group to freeze the assets of Huangshi Kangsai for such value as equivalent to approximately HK$30 million. Due to the limited books and records available to the Provisional Liquidators, there is insufficient information for the Provisional Liquidators to determine the status of this litigation at this stage and accordingly, no amount has been accounted for in the financial statements.

(d) As disclosed in the Annual Report for the financial year ended 31 March 2002, in July 2000, the Group commenced proceedings against New Era Group (H.K.) Limited ("New Era") and Cross Union Development Limited ("Cross Union") at Middle People's Court, Shenzhen, the PRC claiming for the amount of US$800,000 (equivalent to approximately HK$6.2 million) and interests of US$100,000 (equivalent to approximately HK$780,000) thereon, being deposit paid by the Group for the acquisition of the entire issued share capital of an associate of New Era in respect of an agreement dated 3 April 1995, as supplemented by a supplemental agreement dated 19 May 1995. The amounts have been fully provided for in the accounts in previous years. Due to limited books and records available to the Provisional Liquidators, there is insufficient information for the Provisional Liquidators to determine the status of this litigation at this stage.

Pursuant to section 186 of the Hong Kong Companies Ordinance and section 167(4) of the Companies Act 1981 of Bermuda, upon the appointment of Provisional Liquidators to the Company, no action or proceeding shall be proceeded with or commenced against the Company except by leave of the Courts. As at the date of this report, no party has sought leave of the Courts to continue any of the following actions involving the Company. Accordingly, there is no progress in relation to the proceedings between the Company and CMB as noted in (a) above. There is also no progress in relation to the proceedings between the Group and Huangshi Kangsai, the proceedings between the Group and Peregrine and the proceedings between the Group and New Eva as noted in (b), (c) and (d) above respectively. The liabilities and contingent liabilities, if any, arising from the actions above will be dealt with under the proposed schemes of arrangement as referred in note 33(b).

Other than the above, based on the books and records available to the Provisional Liquidators, the Group and the Company did not have any significant outstanding claims, counterclaims and threatened litigations with other parties as at 31 March 2003.

33. POST BALANCE SHEET EVENT

On 20 November 2003, the Company, acting through the Provisional Liquidators, entered into the Restructuring Agreement, amongst others, with Wai Kee.

The following transactions of the Restructuring Agreement are proposed:

(a) The capital restructuring ("Capital Restructuring")

The existing authorised share capital of the Company is HK$80,000,000 divided into 8,000,000,000 ordinary shares, of which 508,339,764 ordinary shares are issued and credited as fully paid up. Under the Proposed Restructuring, the Company's share capital will be reorganised as follows:

(i) the issued share capital of approximately HK$5,083,000 will be reduced by approximately HK$3,813,000 to approximately HK$1,270,000 by cancelling the paid-up capital to the extent of HK$0.0075 on each of the 508,339,764 issued shares of HK$0.01 each so that each of such issued shares shall be treated as one fully paid share of HK$0.0025. The credit of approximately HK$3,813,000 arising from the capital reduction will be applied to eliminate an equivalent amount of the Company's deficit;

(ii) every four issued shares reduced pursuant to (i) above will be consolidated into one new share of HK$0.01. Accordingly, 508,339,764 issued shares of HK$0.0025 will be consolidated into 127,084,941 issued new shares of HK$0.01 each; and

(iii) the unissued share capital of approximately HK$74,917,000 in the authorised share capital of HK$80,000,000 of the Company be cancelled and diminished resulting in an authorised and issued share capital of approximately HK$1,270,000;

(iv) the authorised share capital of the Company will be increased from approximately HK$1,270,000 to HK$200,000,000 divided into ordinary shares of HK$170,000,000 and preference shares of HK$30,000,000, including 6,314,084,941 issued new shares and 10,685,915,059 unissued new shares and 3,000,000,000 issued preference shares upon completion.

(b) The debt restructuring

Pursuant to the proposed schemes of arrangement under section 99 of the Companies Act 1981 of Bermuda and section 166 of the Hong Kong Companies Ordinance between the Company and creditors to whom the Company owes a claim other than the preferential creditors of the Company and Wai Kee ("Creditors") to be approved by or imposed by the Courts, with or without any modification (the "Schemes"), in consideration of the Creditors' discharging and waiving all their claims against the Company, the Schemes' administrators will receive the following with an estimated value of HK$24 million for distribution to the Creditors:

(i) HK$22 million in cash from the proceeds of subscription as described in note 33(c) to be paid by Wai Kee upon completion;

(ii) 200,000,000 new ordinary shares of HK$0.01 each (representing approximately 3.2% of the issued share capital of the Company upon completion of the Restructuring Agreement and subscription of new shares by Wai Kee but before the distribution and conversion of the Company's preference shares); and

(iii) the granting of put option by Wai Kee to the Creditors and/or the Schemes' administrators to sell all or part of the 200,000,000 new ordinary shares to Wai Kee at a price of HK$0.01 per new share exercisable within 90 days after the expiry of two years following completion. The put option is exercisable by the Creditors at their sole discretion.

(iv) any cash held by the Company as at the date of completion of the Restructuring Agreement and the subscription agreement.

(c) The subscription ("Subscription")

Immediately after the implementation of the Capital Restructuring, Wai Kee shall subscribe and the Company shall allot and issue 5,987,000,000 new ordinary shares at HK$0.01 each and 3,000,000,000 new preference shares of HK$0.01 each in accordance to the terms of the Restructuring Agreement and the subscription agreement.

The total consideration for the subscription of new shares payable by Wai Kee is HK$89.87 million, which will be satisfied as follows:

- HK$29.87 million in cash; and
- HK$60 million by way of the injection of assets as described in note 33(e) by Wai Kee into the Company.

The aggregate cash proceeds from the subscription of new shares of HK$29.87 million will be applied as follows:

- HK$22 million for the cash payment to the Creditors under the Schemes; and
- the balance of HK$7.87 million for the settlement of the restructuring costs and expenses to be incurred in relation to the implementation of the Proposed Restructuring.

(d) Group reorganisation

Pursuant to the Proposed Restructuring, all the subsidiaries of the Company other than Trinity Rent-A-Car Limited ("Trinity") will be transferred to the Provisional Liquidators or Schemes' administrators (or their nominees) at a nominal consideration of HK$1. The shares of the subsidiaries other than Trinity shall be held on trust for the Creditors.

Wai Kee has also been provided with an option (the "Trinity Option"), exercisable at its sole discretion before completion of the Restructuring Agreement and subscription of new shares by Wai Kee, to transfer the entire issued share capital of Trinity to the Provisional Liquidators or the Schemes' administrators (or their nominees) on trust for the Creditors at the nominal value of HK$1. The Trinity Option is to allow time for Wai Kee to finalise their future plans for restructuring of the Group.

(e) Injection of assets

Pursuant to the restructuring proposal dated 11 August 2003, entered into among the Provisional Liquidators, Wai Kee and RSM Nelson Wheeler Corporate Advisory Services Limited, Wai Kee will inject certain companies (the "Injected Assets"), into the Company for a total consideration of HK$60 million. The principal activities of the Injected Assets are the undertaking of civil construction projects mainly for the public sector in Hong Kong, the PRC and Taiwan.

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Further details of the above were set out in the announcement jointly made by the Company and Wai Kee dated 18 December 2003.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of issued share capital held by the Company/ subsidiaries %	Percentage of issued share capital attributable to the Group %	Principal activities
China Rich Investments Limited *(note 1)*	British Virgin Islands ("BVI")/ PRC	US$100 ordinary shares	100	100	Property holding
Felcasa International Limited	BVI	US$1 ordinary share	100	100	Investment holding
Fordit Limited	Hong Kong	HK$100 ordinary shares	100	100	Investment holding
		HK$2 deferred shares *(note 3)*			
Pan's Motors Limited	Hong Kong	HK$50,000 ordinary shares	100	100	Property holding
		HK$500,000 deferred shares *(note 3)*			
Seapower Consortium Company Limited	Hong Kong	HK$1,000 ordinary shares	100	100	Investment holding
Seapower International (B.V.I.) Limited	BVI	HK$1,000 ordinary shares	100*	100	Investment holding
Seapower International Investments Limited *(note 2)*	BVI/PRC	US$1 ordinary share	100	100	Property holding
Seapower Trading Company Limited	Hong Kong	HK$5,000,000 ordinary shares	100	100	Property holding
Sparkcom Limited	Hong Kong	HK$2 ordinary shares	100	100	Investment holding
Sun Shine Express Limited	Hong Kong	HK$400,000 ordinary shares	100	100	Vehicles trading

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of issued share capital held by the Company/ subsidiaries %	Percentage of issued share capital attributable to the Group %	Principal activities
Tak Sum Development Limited	Hong Kong	HK$20 ordinary shares	100	100	Property holding
Treasure Victory Properties Limited	Hong Kong	HK$2 ordinary shares	100	100	Property holding
Trinity Rent-A-Car Limited	Hong Kong	HK$13,000,000 ordinary shares	100	100	Car rental
Wing Cheong Loong Company Limited	Hong Kong	HK$2 ordinary shares	100	100	Money lending

Notes:

1. China Rich Investments Limited was struck off by the BVI Government Register with effect from 1 November 2002.

2. Seapower International Investments Limited was struck off by the BVI Government Register with effect from 1 May 2003.

3. The deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

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