(Expressed in Hong Kong dollars)

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 10 April, 1995 under the Company Act 1981 of Bermuda (as amended) as an exempted company with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 17 to the financial statements.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

In the current year, the Group adopted the following revised SSAPs issued by the Hong Kong Society of Accountants ("HKSA") which are effective for the accounting periods commencing on or after 1 January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 12 (revised)	:	Income taxes
SSAP 15 (revised)	:	Cash flow statement
SSAP 33	:	Discontinuing operations
SSAP 34	:	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs, which have had a significant effect on the financial statements, are summarised as follows:

SSAP 1 (revised) prescribed the basis for presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The main revision to this SSAP is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The consolidated statement of changes in equity for the current financial year and the comparative figures has been presented in accordance with the revised SSAP.

SSAP 11 (revised) prescribes the basis for translation of foreign currency transaction and financial statements. The revisions to this SSAP have eliminated the choice of translating the income statements of overseas subsidiaries and associates at the closing rate of that period. 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 period.

SSAP 12 (revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (revised) has no material impact on the Group's financial statements in prior years and comparative figures have not been restated.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPS") (cont'd)

SSAP 15 (revised) prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised.

SSAP 34 prescribed the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has resulted in no material change to the previously adopted accounting treatments for employee benefits. In addition, disclosures are required in respect of the Company's share option scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable SSAPs and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies followed by the Group in the preparation of the financial statements is set out below:

(a) Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties, and the marking to market of certain investments in securities.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively.

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 subsidiaries.

(c) Subsidiaries

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Subsidiaries (cont'd)

An investment in a subsidiary is consolidated into the consolidated financial statements, unless a subsidiary is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group.

Investment in subsidiaries in the Company's balance sheet is stated at cost less any impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company.

(d) Investments in joint ventures

A joint venture operates under a contractual arrangement between the Group or the Company and other parties, where the contractual arrangement establishes that the Group or the Company and one or more of the other parties share control over the economic activity of the joint venture.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method.

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor. The consolidated income statement reflects the Group's share of the post-acquisition results of the associates for the year.

Investments in associates in the Company's balance sheet is stated at cost less impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor.

(f) Investment in securities

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment in securities (cont'd)

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

(g) Fixed assets

i. *Valuation*

a) Fixed assets are carried in the balance sheets on the following bases:

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

– other fixed assets are stated at cost less accumulated depreciation and impairment losses.

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

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

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

c) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the relevant asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Fixed assets (cont'd)

ii. Depreciation

Depreciation is provided on the straight-line basis to write off the cost of each asset over its estimated useful life, and after taking into account their estimated residual value. The principal annual rates used for this purpose are as follows:

Buildings	:	30 years
Leasehold improvements	:	3 to 5 years
Furniture and fixtures	:	5 years
Motor vehicles	:	3 to 5 years

No depreciation is provided on investment properties except for those held on leases with an unexpired lease term of 20 years or less which are depreciated over the remaining term of the leases.

iii. Disposition

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

(h) Leased assets

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

i. Assets acquired under finance leases

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leased assets (cont'd)

ii. *Operating lease charges*

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(i) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

i. *Calculation of recoverable amount*

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

ii. *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Properties under development and held for resale

Properties under development are stated at specifically identified cost, including borrowing costs capitalised, aggregate cost of development, materials and supplies, wages and other direct expenses, less any impairment losses considered necessary by the directors.

Properties held for resale are stated at the lower of cost or the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

(k) Current assets and current liabilities

Current assets are expected to be realised within twelve months of the balance sheet date or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the balance sheet date or in the normal course of the Group's operating cycle.

(l) Cash equivalents

Cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Taxation (cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(n) Recognition of revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

i. Rental income from operating leases

Rental income receivable under operating leases is recognised in equal instalments over the accounting periods covered by the lease term. Lease incentives granted are recognised as an integral part of the aggregate lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

ii. Interest income and property management income

Interest income from bank deposits and loans receivable are accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable. Property management income is recognised on a time-apportioned basis.

iii. Securities trading

Sales proceeds on dealing of listed trading securities are recognised on the deal date.

(o) Employee benefits

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

ii. Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the state-managed retirement benefits schemes for the employees of the Group's overseas entities are recognised as an expense in the income statement as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Employee benefits (cont'd)

iii. When the Group grants employees options to acquire shares of the Company at nil consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.

iv. Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(p) Borrowing costs

Borrowing costs are interests and other costs incurred in connection with the borrowing of funds. All borrowing costs are charged to the income statement in the year in which the costs are incurred.

(q) Foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. All gains and losses on translation of foreign currencies are dealt with in the income statement.

On consolidation, the balance sheet items of overseas subsidiaries, and associates are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date whilst the income and expense items are translated at the average rates for that period. The resulting translation differences are dealt with in the exchange reserve.

(r) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) 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 financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they 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 events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(t) Related parties

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

(u) Related party transactions

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(v) Segment reporting

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Segment reporting (cont'd)

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

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

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

(w) Early Adoption of SSAP

The revised Statement of Standard Accounting Practice No. 12 (revised) will come into effect for financial statements relating to periods beginning on or after 1 January 2003. As permitted and encouraged by the SSAP, these financial statements, though relating to a period prior to the effective date specified for the adoption of the SSAP, have been prepared in compliance with the requirements for this SSAP.

4. TURNOVER

Turnover represents securities trading, rental income and interest income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2002 *$'000*	2001 *$'000*
Securities trading	–	49,142
Rental income	7,452	11,114
Interest income	2,173	6,452
	9,625	66,708

5. OTHER INCOME, NET

	Note	2002 $'000	2001 $'000
Compensation income	(a)	–	53,743
Loss on disposal of investment properties		(2,046)	(3,318)
Gain on disposal of properties held for resale		–	1,000
Loss on disposal of fixed assets		(154)	–
Gain on disposal of interest in associate		6,603	–
Gain on disposal of subsidiaries		2,345	
Loss on disposal of property management business		–	(1,008)
Other interest income from deposit refunded		285	900
(Deficit)/Surplus on revaluation of investment properties		(4,750)	3,514
Sundry income		232	–
		2,515	54,831

Note:

a) Compensation income represents compensation from joint venture partner in respect of the valuation of the land contributed to the joint venture.

6. FINANCE COSTS

	2002 $'000	2001 $'000
Interest on bank advances and other borrowings repayable within 5 years	3,162	1,176
Finance charges on obligations under finance lease	63	92
Other borrowing costs	–	2,922
	3,225	4,190

7. (LOSS)/PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	2002 *$'000*	2001 *$'000*
Auditors' remuneration	600	627
Staff costs (including Directors' remuneration):		
– Wages and salaries	4,951	5,114
– Retirement benefits contributions	152	173
Exchange loss	28	321
Depreciation of fixed assets	1,510	1,360
Operating lease rentals in respect of land and buildings	1,049	1,480
Loss on disposal of fixed assets	154	–
Impairment loss on goodwill included in capital reserve in respect of the disposal of property management business	–	59,998

8. TAXATION

a) Taxation in the consolidated income statement represents:

	2002 *$'000*	2001 *$'000*
Current tax – Provision for Hong Kong		
Tax for the year	420	1,090
Underprovision in respect of prior years	–	185
Total current tax for Hong Kong	420	1,275
Current tax – Outside Hong Kong		
Tax for the year	–	811
Total taxation for the year	420	2,086

No provision for deferred tax liabilities has been made as the Group and the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements (2001: Nil).

8. TAXATION (cont'd)

b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Group			
	2002 $'000		2001 $'000	
(Loss)/Profit before taxation	(9,200)		47,387	
Tax at the domestic income tax rate of 16% (2001:16%)	(1,472)	(16%)	7,582	16%
PRC tax	–	–	811	1.7%
Tax effect of expenses that are not deductible in determining taxable profit	2,209	24%	4,226	8.9%
Tax effect of income that is not taxable in determining taxable profit	(2,096)	(22.8%)	(5,755)	(12.1%)
Tax effect of unrecoginised tax losses	1,937	21.1%	376	0.8%
Tax effect of prior year's tax losses utilized this year	–	–	(265)	(0.6%)
Tax effect of unrecognised deferred tax assets in respect of tax losses	(758)	(8.2%)	(5,278)	(11.1%)
Under/Over provision in prior years				
– Overstatement of profit tax in prior years	526	5.7%	464	1%
– Understatement of profit tax in prior years	74	0.8%	(75)	(0.2%)
Taxation charge for the year	420	4.6%	2,086	4.4%

The Group has not recognised deferred tax assets in respect of losses due to the unpredictability of the future profit streams. The tax losses do not expire under current tax legislation.

9. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

Business segment information has been chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. Summary details of the business segments are as follows:

(a) Property leasing	:	The leasing of residential apartments, commercial premises and car parks
(b) Interest income	:	The placing of funds with banks and lending of funds to independent third parties
(c) Securities trading	:	The trading of listed securities

9. SEGMENT INFORMATION (cont'd)

Business segments

	Continuing operations								Discounted operation			
	Property leasing		Interest income		Securities trading		Unallocated		Property management		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Segment revenue:												
Turnover	7,452	11,114	2,173	6,452	–	49,142	–	–	–	–	9,625	66,708
Segment results	6,814	16,078	2,173	6,452	–	(2,252)	–	–	–	(1,008)	8,987	19,270
Other income, net											2,515	54,831
Administrative expenses											(17,477)	(22,519)
(Loss)/Profit from operating activities											(5,975)	51,582
Finance costs											(3,225)	(4,190)
Share of results of associate											–	(5)
Taxation											(420)	(2,086)
(Loss)/Profit before minority interest											(9,620)	45,301
Minority interest											817	(7,197)
(Loss)/Profit attributable to shareholders											(8,803)	38,104
Depreciation for the year	–	–	–	–	–	–	1,510	1,360	–	–	1,510	1,360
Segment assets	114,056	141,640	22,515	33,462	–	–	610,420	386,152	–	39,990	746,991	601,244
Segment liabilities	6,589	4,545	–	–	–	2,345	89,744	84,124	–	500	96,333	91,514
Capital expenditure incurred during the year	–	–	–	–	–	–	117,528	48,717	–	–	117,528	48,717

9. SEGMENT INFORMATION (cont'd)

Geographical segments

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

	Hong Kong		Rest of the PRC	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Turnover	**9,625**	63,307	**–**	3,401
(Loss)/Profit from operations	**(124)**	(5,205)	**(5,851)**	56,787
Segment assets	**230,302**	217,092	**516,689**	384,152
Capital expenditure incurred during the year	**22,905**	2,940	**94,623**	45,777

10. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company for the year ended 31 December 2002 was HK$3,387,000 (2001: loss of HK$7,994,000).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK$8,803,000 (2001: Profit of HK$38,104,000) and the weighted average of 2,509,532,340 (2001: 2,161,888,721) ordinary share in issue during the year.

There were no potential dilutive shares in existence for the two years ended 31 December 2002 and, accordingly, no diluted loss per shares has been presented.

12. DIRECTORS' REMUNERATION

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

	2002 *$'000*	2001 *$'000*
Fees	–	–
Salaries and other emoluments	2,957	1,950
Bonuses	–	–
Retirement scheme contributions	25	23
	2,982	1,973

Included in the directors' remuneration were other emoluments of HK$245,000 (2001: HK$180,000) paid to the independent non-executive directors during the year.

The number of directors whose remuneration falls within the following designated bands is set out below:

	Number of Directors	
	2002	2001
HK$Nil – HK$1,000,000	6	9
HK$1,000,001 – HK$1,500,000	1	1
	7	10

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2001: Nil).

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2001: two) directors, details of whose remuneration are set out in Note 12 above. Details of the remuneration of the remaining two (2002: three) highest paid, non-director employees are as follows:

	2002 *$'000*	2001 *$'000*
Salaries and other benefits	3,246	813
Bonus	–	–
Mandatory provident fund contributions	26	29
	3,272	842

Their remuneration fell within the HK$ Nil to HK$ 1,000,000.

14. EMPLOYEE BENEFITS

(a) Retirement benefits scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the scheme vest immediately.

The employees of the Company's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represent for the entire pension obligations payable to retired employees.

There is no forfeited contribution which could be utilised to reduce the level of the contribution by the Group and therefore there was no such balance as at 31 December 2002.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong, Singapore and the PRC. In the opinion of the Directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2002 in respect of the retirement of its employees.

(b) Equity compensation benefits

The share option scheme adopted by the Group has been expired on 23 December 2000, as at 31 December 2002 and up to the date of this report, the Group does not adopt any new share option scheme.

15. FIXED ASSETS

a) Group

	Investment properties $'000	Building $'000	Properties under development $'000	Leasehold improvements $'000	Furniture & fixture and motor vehicles $'000	Total $'000
At Cost or valuation:						
At 1 January 2002	140,800	2,645	–	1,577	5,789	150,811
Exchange adjustment	–	(5)	–	(2)	–	(7)
Additions	–	22,206	94,623	–	699	117,528
Disposals	(34,530)	(2,640)	–	(1,112)	(703)	(38,985)
Deficit on revaluation	(4,750)	–	–	–	–	(4,750)
At 31 December 2002	**101,520**	**22,206**	**94,623**	**463**	**5,785**	**224,597**
Representing:						
Cost	–	22,206	94,623	463	5,785	123,077
Valuation – 2002	101,520	–	–	–	–	101,520
Depreciation and Impairment losses:						
At 1 January 2002	–	95	–	473	1,534	2,102
Charge for the year	–	655	–	228	627	1,510
Written back on disposal	–	(133)	–	(560)	(694)	(1,387)
At 31 December 2002	**–**	**617**	**–**	**141**	**1,467**	**2,225**
Net book value:						
At 31 December 2002	**101,520**	**21,589**	**94,623**	**322**	**4,318**	**222,372**
At 31 December 2001	140,800	2,550	–	1,104	4,255	148,709

15. FIXED ASSETS (cont'd)

b) Company

	Leasehold improvements $'000	Furniture & fixture and motor vehicles $'000	Total $'000
At Cost:			
At 1 January 2002	795	1,565	2,360
Additions	–	61	61
Disposal	(795)	(704)	(1,499)
At 31 December 2002	**–**	**922**	**922**
Aggregate depreciation:			
At 1 January 2002	421	891	1,312
Charge for the year	119	194	313
Written back on disposal	(540)	(699)	(1,239)
At 31 December 2002	**–**	**386**	**386**
Net book value:			
At 31 December 2002	**–**	**536**	**536**
At 31 December 2001	374	674	1,048

c) The analysis of net book value of properties is as follows:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
In Hong Kong				
Under medium-term leases	**123,109**	106,270	–	–
Outside Hong Kong				
Under long leases	–	37,080	–	–
	123,109	143,350	–	–

15. FIXED ASSETS (cont'd)

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

	Group		Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Within 1 year	**5,139**	7,106	**–**	–
After 1 year but within 5 years	**8,532**	2,873	**–**	–
	13,671	9,979	**–**	–

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals. As at 31 December 2002, the Group's investment properties held for use in operating leases were HK$99,325,000 (2001: HK$123,440,000).

e) Movements investment properties revaluation deficit/(surplus) comprise of the follows:

	Group		Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Accumulated deficit/(surplus) at 1 January 2002/2001	**29,898**	32,446	**–**	(456)
Deficit/(surplus) on revaluation or the year	**4,750**	(3,514)	**–**	–
Reversal of (deficit)/surplus on revaluation upon disposal	**(764)**	966	**–**	456
Accumulated deficit at 31 December 2002/2001	**33,884**	29,898	**–**	–

f) Investment properties of the Group were revalued at 31 December 2002 by an independent firm of surveyors, Norton Appraisals who have among their staff Associates of the Hong Kong Institute of Surveyors, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

g) Certain investment properties are pledged for the bank facilities granted to the Group (Note 26).

h) The net book value of furniture and fixtures and motor vehicles held under finance lease of the Group was HK$26,583 as at 31 December 2002 (2001: HK$1,336,860).

16. INTEREST IN JOINT VENTURE

In 2001, the Group entered into an agreement with an independent third party to jointly develop a property project in the PRC. Pursuant to the agreement, the Group would contribute a piece of land and would take up the costs of preliminary stage of the property construction and the joint venture party would take up all remaining costs of property construction. Profits from the sales of the property will be shared between the Group and the joint venture party on a 30:70 basis. The property project had not been completed by the end of 2002.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002	2001
	$'000	*$'000*
Unlisted shares, at cost	**510,824**	265,671
Less: Provision of investment in subsidiaries	**(53,506)**	(53,506)
	457,318	212,165

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(Expressed in Hong Kong dollars)

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Particulars of the principal subsidiaries of the Company are as follows:

Name of company	Place of Incorporation/ Establishment and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BOCMT Real Estate Holdings Limited	Hong Kong	Ordinary HK$246,153,900	100%	–	Investment holding
Express Century Limited	Hong Kong	Ordinary HK$2	–	100%	Property investment
Great Luck Property Limited	Hong Kong	Ordinary HK$2	–	100%	Property investment
Master Venture Limited	Hong Kong	Ordinary HK$2	–	100%	Property investment
Sherwell Property Corp.	British Virgin Islands	Ordinary US$200	–	100%	Investment holding
Silver Place Limited	Hong Kong	Ordinary HK$2	–	100%	Investment holding
Sun Man Tai International (B.V.I.) Limited	British Virgin Islands	Ordinary HK$274,051	100%	–	Investment holding
Talent Ocean Limited	Hong Kong	Ordinary HK$2	–	100%	Property investment
Wan Tai China Telecom Ltd.	Hong Kong	Ordinary HK$2	–	100%	Property investment
Xian BOCMT Estate Company Limited#	The People's Republic of China	Registered capital	–	85%	Property development

\# The company is a sino-foreign investment enterprise established in the PRC and the English name is translated from its corresponding Chinese registered name.

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

18. INTERESTS IN AN ASSOCIATE

	Group		Company	
	2002	2001	2002	2001
	$'000	*$'000*	*$'000*	*$'000*
Unlisted shares, at cost	–	–	1	5
Share of net assets	–	–	–	–
	–	–	1	5
Amounts due from associate	605	30,412	605	30,412
	605	30,412	606	30,417

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the associate are as follows:

Name of company	Business structure	Place of establishment/ registration and operation	Percentage of equity interest attributable to the Group	Class of shares	Principal activities
Joy Route Limited	Corporate	British Virgin Islands	50%	Ordinary US$100	Investment holding

19. OTHER INVESTMENTS

	Group	
	2002	2001
	$'000	*$'000*
Investment securities:		
Unlisted shares, at cost	216,467	–

20. ACCOUNT RECEIVABLES

Included in trade receivables are debts which are normally due within 30 days from the date of billing. The ageing analysis included as follows:

	Group	
	2002	2001
	$'000	*$'000*
0 – 30 days	**306**	674

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments, deposit and other receivables of the Group are expected to be recovered within one year except for utility deposits of HK$153,000 (2001: HK$174,000).

22. INVESTMENT DEPOSITS

		Group		Company	
		2002	2001	**2002**	2001
	Notes	***$'000***	*$'000*	***$'000***	*$'000*
Deposits for property investment	*(a)*	**58,720**	117,821	**58,720**	58,721
Deposits held by agents	*(b)*	**112,316**	96,087	**–**	39,420
Deposits for joint ventures	*(c)*	**–**	18,870	**–**	–
		171,036	232,778	**58,720**	98,141

Notes:

(a) During the year, the Group paid investment deposits to an independent third party totaling HK$58,720,000 for properties which are being developed. Certain units of the respective properties will be transferred to the Group upon completion of the construction. The properties are scheduled to be completed in 2003.

(b) Deposits totaling HK$112,316,000 are held by agents appointed by the Group, who are engaged to search for the PRC properties and projects and make investments after having obtained the Group's prior approval.

(c) At 31 December 2001, deposits of HK$18,870,000 was made to purchase an equity interest in a company which will establish a cooperative joint venture in the PRC. The deposit was refunded to the Group during the year as certain terms and conditions of a joint venture agreement were not fulfilled.

23. LOAN RECEIVABLES

The amounts are unsecured, interest-bearing at rates ranging from 6% to 7% per annum and repayable within one year.

24. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The amount due from a fellow subsidiary is unsecured, interest free and repayable on demand.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*
Deposits with banks	**360**	343	**–**	–
Cash at bank	**37,911**	634	**196**	209
Cash in hand	**22**	45,254	**2**	15
Cash and cash equivalents in the balance sheet	**38,293**	46,231	**198**	224
Bank overdraft	**(10,044)**	(14,930)		
Cash and cash equivalents in the cash flow statement	**28,249**	31,301		

26. BANK LOANS AND OVERDRAFTS

At 31 December 2002, the secured bank loans and overdrafts are repayable as follows:

	Group		Company	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Within 1 year or on demand	15,181	18,205	–	–
After 1 year but within 2 years	4,983	3,422	–	–
After 2 years but within 5 years	20,615	11,209	–	–
After 5 years	32,985	29,518	–	–
	58,583	44,149	–	–
	73,764	62,354	–	–

The bank loans and overdrafts are secured on certain investment properties of the Group with an aggregate carrying value totaling HK$101,520,000 as at 31 December 2002 (2001: HK$106,270,000), together with the right to receive rentals thereon. Such banking overdraft facilities, amounting to HK$10,000,000 (2001: HK$15,000,000), were utilised to the extent of HK$10,043,552 (2001: HK$14,929,659) at 31 December 2002.

The directors are of the opinion that such overdraw would not have material adverse effect on the availability of the credit facilities in future.

27. OBLIGATIONS UNDER FINANCE LEASE

At 31 December 2002, the Group had obligations under finance lease repayable as follows:

Group

	2002		2001	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	$'000	$'000	$'000	$'000
Payable				
Within 1 year	18	17	701	638
Future finance charges on finance leases	(1)	–	(63)	638
	17	17	638	638

28. ACCOUNTS PAYABLES

The ageing analysis of trade payable is set out as follows:

	Group	
	2002	2001
	$'000	*$'000*
Due within 1 month or on demand	**178**	101

29. OTHER PAYABLES AND ACCURED EXPENSES

Other payables and accrued expenses of the Group are expected to be settled within one year except for rental deposits received of HK$1,031,000 (2001: HK$2,077,000)

30. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and has no fixed terms of repayment.

31. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

32. AMOUNT DUE TO MINORITY SHAREHOLDERS

The amount due to minority shareholder is unsecured, interest-free and has no fixed terms of repayment.

33. SHARE CAPITAL

	2002		2001	
	Number of shares '000	Amount $'000	Number of shares '000	Amount $'000
Authorised:				
Ordinary shares at HK$0.01 each	5,000,000	50,000	5,000,000	50,000
Issued and fully paid:				
At 1 January 2002/2001	2,303,297	23,033	1,969,417	19,694
Issue of new shares	460,572	4,606	333,880	3,339
At 31 December 2002/2001	2,763,869	27,639	2,303,297	23,033

Details of issue of new shares

	Number of shares '000	Issued price per share	Aggregate amount received $'000
2001			
20 February 2001	53,880	0.74	39,871
19 June 2001	80,000	0.21	16,800
27 June 2001	200,000	0.21	42,000
	333,880		98,671
2002			
11 July 2002	228,972	0.30	68,691
1 August 2002	231,600	0.30	69,480
	460,572		138,171

During the two years ended 31 December 2002, the Company placed a number of new ordinary shares to independent subscribers and contractors of property development projects on the respective date at the respective share issue price. The new ordinary shares rank pari passu in all material aspects with the existing issued shares of the Company.

34. RESERVES

Group

	Share premium $'000	Contributed surplus $'000	Capital reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2001	193,739	31,350	(60,892)	(3,994)	118,247	278,450
Exchange differences on translation of foreign subsidiaries	–	–	–	(559)	–	(559)
Issue of new share	95,332	–	–	–	–	95,332
Impairment loss on goodwill included in capital reserve	–	–	59,998	–	–	59,998
Profit for the year	–	–	–	–	38,104	38,104
At 31 December 2001	289,071	31,350	(894)	(4,553)	156,351	471,325
At 1 January 2002	**289,071**	**31,350**	**(894)**	**(4,553)**	**156,351**	**471,325**
Exchange differences on translation of foreign subsidiaries	**–**	**–**	**–**	**293**	**–**	**293**
Issue of new shares	**133,565**	**–**	**–**	**–**	**–**	**133,565**
Loss for the year	**–**	**–**	**–**	**–**	**(8,803)**	**(8,803)**
At 31 December 2002	**422,636**	**31,350**	**(894)**	**(4,260)**	**147,548**	**596,380**

Company

	Share premium $'000	Contributed surplus $'000	Revaluation reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2001	193,739	115,615	456	(14,897)	294,913
Issue of new shares	95,332	–	–	–	95,332
Reversal of surplus on Revaluation upon disposal	–	–	(456)	–	(456)
Loss for the year	–	–	–	(7,994)	(7,994)
At 31 December 2001	289,071	115,615	–	(22,891)	381,795
At 1 January 2002	**289,071**	**115,615**	**–**	**(22,891)**	**381,795**
Issue of new shares	**133,565**	**–**	**–**	**–**	**133,565**
Reversal of surplus on Revaluation upon disposal	**–**	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**3,387**	**3,387**
At 31 December 2002	**422,636**	**115,615**	**–**	**(19,504)**	**518,747**

34. RESERVES (cont'd)

The contributed surplus represents the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation in 1995.

According to the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus.

35. DISPOSAL OF SUBSIDIARIES

	2002 *$'000*	2001 *$'000*
Net assets/(liabilities) disposal of:		
Fixed assets	5	–
Cash and bank balances	2,182	–
Prepayments, deposits and other receivables	62,600	–
Amounts due to related companies	(357)	–
Profit tax payable	(2,345)	–
Exchange reserve	62	–
Exchange difference	(26)	–
	62,121	–
Gain/(loss) on disposal of subsidiaries	2,345	–
	64,466	–
Satisfied by:		
Other investment	64,466	–
Analysis of net outflow of cash and cash equivalents in connection with the disposal of subsidiaries		
Cash and bank balances disposed of	2,182	–

The subsidiaries disposed of during the year did not have any significant effect on the Group's cash flows for the year ended 31 December 2002.

36. MATERIAL RELATED PARTY TRANSACTIONS

(a) In December 1999, a subsidiary of the Company entered into a property management contract with Shanghai Taigu Apartment Service & Management Company Limited ("Taigu"), a fellow subsidiary of the Company, for a term of two years commencing 1 January 2000. Pursuant to the contract, the Group appointed Taigu as its agent in Shanghai, the PRC, for the leasing of the Group's investment properties in Shanghai. In this connection, a service fee of RMB8,000 (equivalent to HK$7,500) per month is payable to Taigu. During the year, the contract had been expired on 31 December 2001 and the Company did not renewed the property management contract with Taigu. As such, the Group did not pay any service fees to Taigu for the year ended 31 December 2002 (2001: HK$90,000).

(b) On 31 December 2001, China Wan Tai Group Limited, the ultimate holding company, provided an irrevocable guarantee to the Group in respect of certain investment deposits and amount due from fellow subsidiary of HK$96,087,000 and HK$11,652,000, respectively whereby China Wan Tai Group Limited agreed to reimburse any loss suffered by the Group, in the event that the Group is unable to recover the amounts from relevant parties on or before the agreed dates. As at 31 December 2002, the investment deposits and amount due from fellow subsidiary were HK$30,000,000 and HK$3,222,000 respectively.

37. OPERATING LEASE ARRANGEMENTS

At 31 December 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follow:

	Group		Company	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Within 1 year	–	994	–	994
After 1 year but within 5 years	–	–	–	–
	–	994	–	994

38. CAPITAL COMMITMENTS

At 31 December 2002, the Group had the following commitments which were not provided for in the consolidated balance sheet:

	Group	
	2002	2001
	$'000	*$'000*
Contracted for in respect of property development project in the PRC	**–**	186,581
Authorised and contracted for in respect of capital contribution to a PRC company	**19,500**	–
	19,500	186,581

The capital commitments of HK$186,581,000 represent future capital expenditure in respect of the purchase of a piece of land, in the PRC for property development. During the year, the agreement had been terminated.

Saved as disclosed above, as at 31 December 2002, the Group did not have any significant capital commitments.

39. SUBSEQUENT EVENTS

a) On 23 December 2002, a sale and purchase agreement was entered into between the Company and Guidance Properties Limited ("Guidance Properties") pursuant to which the Company disposed to Guidance Properties 29,538,468 shares of HK$1.00 each in, representing 12 percentage equity interest in, BOCMT Real Estates Holdings Limited for a consideration of HK$80,000,000 ("share sale transaction"). Though the ownership of such shares had passed to Guidance Properties by 31 December 2002, no consideration had yet been paid. And a share guarantee agreement, which the aforesaid shares were the subject, was entered into by Guidance Properties in favour of the Company guaranteeing the recoverability of part of the consideration.

   Subsequent to year-end and before the approval of these financial statements, the aforementioned agreement has been rescinded and the ownership of respective shares has been passed back to the Company. After considering the substance of the above transactions, the share sale transaction has not been recognised in these financial statements.

b) On 24 January 2003, the Company announced the placing of 250,000,000 new shares of the Company at the subscription price of HK$0.13 per share. The proceeds from placing of new shares has been remitted to the Company's subsidiary as working capital for the Group's Xian property development project and as the working capital for operating activities in Hong Kong.

39. SUBSEQUENT EVENTS (cont'd)

c) On 17 February 2003, the Company announced the placing of 300,000,000 new shares of the Company at the subscription price of HK$0.14 per share. The proceeds from placing of new shares has been used as general working capital of the Company.

d) On 3 December 2003, a subsidiary of the Company entered into a sale and purchase agreement with an independent third party for additional acquisition of 3.5% interests in a PRC company of which the Group held 3.625% interests in 2002 for a consideration of HK$62,000,000.

e) On 5 December 2003, a subsidiary of the Company entered into a sale and purchase agreement with an independent third party for additional acquisition of 3.5% interests in a PRC company of which the Group held 10% interests in 2002 for a consideration of HK$30,000,000.

40. COMPARATIVE FIGURES

As further explained in note 2 to the financial statements, due to the adoption of certain revised SSAPs, the presentation of certain items and balance in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative figures have been reclassified to conform to the current year's presentation.

41. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 31 December 2002 to be China Wan Tai Group Limited, a company incorporated in Hong Kong with limited liability.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 April 2004.