

## Notes to the Accounts

For the year ended 31st March, 2002

### 1. PRINCIPAL ACCOUNTING POLICIES

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

#### (a) Basis of preparation of the accounts

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (the "HKSA"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties and other investments are stated at fair value.

During the year, the Group adopted the following new or revised Statements of Standard Accounting Practice ("SSAP") which became effective for the year:

SSAP 9 (revised):	Events after the balance sheet date
SSAP 14 (revised):	Leases
SSAP 26:	Segment reporting
SSAP 28:	Provisions, contingent liabilities and contingent assets
SSAP 29:	Intangible assets
SSAP 30:	Business combinations
SSAP 31:	Impairment of assets
SSAP 32:	Consolidated financial statements and accounting for investments in subsidiaries

The financial effect of adopting these new or revised accounting standards are set out below:

#### (i) Dividends

In accordance with the SSAP 9 (revised), the Group and the Company no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively and, as a result, the contributed surplus of the Group and the Company at 1st April, 2001 has been increased by HK\$6,640,000 (2000: HK\$11,080,000).

#### (ii) Impairment of assets

SSAP 31 requires that the carrying amount of an asset is reduced to reflect the decline in value when the recoverable amount of an asset has declined below its carrying amount. In determining the recoverable amount of assets, expected cash flows are discounted to their present values.

In carrying out the impairment assessment of the carrying amounts of assets during the year, impairment losses of HK\$75,430,000 on goodwill which was previously taken to reserves in prior years were identified.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)****(a) Basis of preparation of the accounts (Continued)***(ii) Impairment of assets (Continued)*

Out of the impairment losses of goodwill of HK\$75,430,000, impairment loss of HK\$2,377,000 occurred in the current year and accordingly it has been charged to the consolidated profit and loss account for the year ended 31st March, 2002. Impairment loss of HK\$73,053,000 occurred in the last year and, in accordance with the transitional provisions of SSAP 30 (refer note 1(c)), such impairment loss of HK\$73,053,000 has been charged to the consolidated profit and loss account for the year ended 31st March, 2001. Out of the impairment loss of HK\$73,053,000 charged to the consolidated profit and loss account in the last year, HK\$46,337,000 and HK\$26,716,000 have been adjusted against the consolidated retained profit and minority interests as at 31st March, 2001 for the Group's and the minority interests' share of the impairment loss respectively.

**(b) Consolidation**

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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) Goodwill/negative goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries and associated companies at the date of acquisition. Goodwill on acquisitions occurring on or after 1st April, 2001 is included in intangible assets and is amortised using the straight line method over its estimated useful life.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

Negative goodwill for acquisitions after 1st April, 2001 is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the consolidated profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the consolidated profit and loss account immediately.

## Notes to the Accounts

For the year ended 31st March, 2002

### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (c) Goodwill/negative goodwill (Continued)

Goodwill and negative goodwill on acquisitions that occurred prior to 1st April, 2001 was taken to reserves. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously taken to reserves has not been restated. However any impairment arising on such goodwill is accounted for in accordance with SSAP 31. In accordance with the transitional provisions of SSAP 30, where an impairment loss has arisen since the date of acquisition on goodwill previously taken to reserves, and previously there was not a policy to recognise such impairment losses, this change in accounting policy has been applied retrospectively and the impairment losses have been recognised as a prior year adjustment to opening retained profits in accordance with SSAP 2, "Net profit or loss for the period, fundamental errors and changes in accounting policies".

Where an indication of impairment exists, the carrying amount of goodwill, including goodwill previously taken to reserves, is assessed and written down immediately to its recoverable amount.

The gain or loss on the disposal of an entity represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill/negative goodwill or goodwill/negative goodwill previously taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

#### (d) Subsidiaries

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

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

#### (e) Associated companies

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

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

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

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**(f) Investments**

*(i) Investment securities*

Investment securities which are held for long term are stated at cost less any provision for impairment losses.

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

*(ii) Other investments*

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

**(g) Investment properties**

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

Investment properties held on leases with unexpired periods greater than 20 years are valued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

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

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

## Notes to the Accounts

For the year ended 31st March, 2002

### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (h) Fixed assets

Fixed assets other than investment properties (note 1(g)) are stated at cost less accumulated depreciation and impairment losses.

Depreciation of fixed assets is calculated to write off the cost of assets less accumulated impairment losses over their estimated useful lives on a straight line basis at the following annual rates:

Leasehold land	Remaining term of lease
Buildings	2%
Plant and machinery	10% to 20%
Furniture and fixtures, computer equipment, motor vehicles and yachts	10% to 30%

Assets under finance leases are depreciated using the straight line method over the shorter of their respective lease terms and their estimated useful lives.

Yacht under construction is stated at cost less accumulated impairment losses. Capitalisation of yacht construction cost is based on actual cost incurred during the year. No depreciation is provided on yacht under construction.

Major costs incurred in restoring fixed assets to their normal working condition are charged to the consolidated profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the consolidated profit and loss account.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated profit and loss account.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)****(i) Assets under leases***(i) Leases – where the Group is the lessee*

Leases of fixed assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities. The finance charges are charged to the consolidated profit and loss account over the lease periods.

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payment made under operating leases net of any incentives received from the leasing company are charged to consolidated profit and loss account on a straight line basis over the lease periods.

*(ii) Leases – where the Group is the lessor*

When the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(h) above. Revenue arising from assets leased out under operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(v) below.

**(j) Properties held for/under development**

Properties held for/under development are stated at cost less provision for impairment losses. Cost includes land cost, development and construction expenditure incurred and interest and other direct costs attributable to the development.

**(k) Properties under development for sale and properties held for sale**

Properties under development for sale and properties held for sale are included in current assets and are stated at the lower of cost and net realisable value. Costs comprise land cost, development and construction expenditure incurred and interest and other direct costs attributable to the development. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

**(l) Borrowing costs**

Borrowing costs incurred on external borrowings in connection with the financing of the acquisition or construction of properties are capitalised as part of the cost of the relevant properties until the completion of development of the relevant properties for their intended purposes. The capitalisation rate is the interest rate applicable to the loan borrowed for development of the relevant properties.

All other borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

## Notes to the Accounts

For the year ended 31st March, 2002

### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (m) Inventories

Inventories, which mainly represent watch components, bonded polyester fabrics and home finishing products, comprise raw materials, work in progress and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis or weighted average basis as appropriate, comprises material cost, direct labour cost and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

#### (n) Retirement benefit costs

The Group contributes to defined contribution retirement schemes (the “Schemes”) which are available to all eligible employees. The assets of the Schemes are held separately from those of the Group in independently administered funds. Contributions made to the Schemes are calculated based on certain percentages of the applicable payroll costs. The Group may utilise the forfeited contributions to reduce its future contributions. Contributions to the Schemes are charged to the consolidated profit and loss account as incurred.

#### (o) Deferred taxation

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

#### (p) Translation of foreign currencies

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

The accounts of subsidiaries and associated companies expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with as a movement in reserves.

#### (q) Accounts receivable

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

#### (r) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise bank balances and cash and deposits held with banks with maturity within three months from date of placement.

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**(s) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**(t) Contingent liabilities and contingent assets**

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

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that 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 accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

**(u) Segment reporting**

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, properties, investment securities, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to fixed assets and property development expenditure.

In respect of geographical segment reporting, turnover and segment results are based on the country in which the customer is located. Total assets and capital expenditure are based on where the assets are located.



## Notes to the Accounts

For the year ended 31st March, 2002

### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### (v) Revenue recognition

The Group recognises revenue on the following bases:

##### (i) Sales of properties

Sales of properties are recognised upon the completion of sale and purchase contracts. When an equitable interest in a development property is transferred to the buyer before completion of construction work and development, sales and profit are recognised with reference to the stage of completion of the development property.

##### (ii) Rental and management fee income

Rental and management fee income are recognised on a straight line basis over the period of the lease.

##### (iii) Sales of goods

Sales of goods is recognised on the transfer of risks and rewards on ownership, which generally coincides with the time when goods are delivered to the customers and title has passed.

##### (iv) Service income

Service income is recognised when the services are rendered.

##### (v) Securities trading

Gross proceeds from securities trading are recognised upon the conclusion of the contract notes.

##### (vi) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

##### (vii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

## Notes to the Accounts

For the year ended 31st March, 2002

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in property investment and development, securities investments and trading, manufacturing and sales of watch components, bonded polyester fabrics and home finishing products, and the provision of information technology services. Revenues recognised during the year are as follows:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Gross rental income and management fees		
from investment properties	108,633	116,272
Sales of properties	435,082	35,769
Sales of goods	102,885	123,038
Services income	1,148	6,348
Securities trading	23,002	60,158
Dividend income	142	171
	<u>670,892</u>	<u>341,756</u>
Other revenue		
Interest income	21,090	39,875
Dividend income from an associated company	1,853	–
Rental income from properties held for sale	735	319
	<u>23,678</u>	<u>40,194</u>
Total revenue	<u><u>694,570</u></u>	<u><u>381,950</u></u>

The Group has four main business segments:

- property development and investment
- sales of goods and services
- information technology
- securities trading

## Notes to the Accounts

For the year ended 31st March, 2002

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

The Group's business operates in three geographical areas:

Hong Kong – property development and investment, sales of goods and services, information technology and securities trading

The People's Republic of China excluding Hong Kong ("PRC")  
– property development and investment, sales of goods and services and information technology

Others – property investment and sales of goods and services

#### Primary reporting format – Business segments

	2002					
	Property investment and development <i>HK\$'000</i>	Sales of goods and services <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>Turnover</b>						
Total revenue	545,745	102,205	1,828	23,144		672,922
Inter-segment revenue	(2,030)	–	–	–		(2,030)
	<u>543,715</u>	<u>102,205</u>	<u>1,828</u>	<u>23,144</u>		<u>670,892</u>
Segment results	<u>103,085</u>	<u>1,785</u>	<u>(3,696)</u>	<u>947</u>		102,121
Other revenue					23,678	23,678
Net unallocated costs					<u>(88,470)</u>	<u>(88,470)</u>
Operating profit						37,329
Finance costs						(58,622)
Share of results of associated companies	213	4,410	(1,355)	–	–	<u>3,268</u>
Loss before taxation						(18,025)
Taxation						<u>(1,587)</u>
Loss after taxation						(19,612)
Minority interests						<u>107</u>
<b>Loss attributable to shareholders</b>						<u><u>(19,505)</u></u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

#### Primary reporting format – Business segments (Continued)

	<b>2002</b>					
	<b>Property investment and development HK\$ '000</b>	<b>Sales of goods and services HK\$ '000</b>	<b>Information technology HK\$ '000</b>	<b>Securities trading HK\$ '000</b>	<b>Corporate HK\$ '000</b>	<b>Group HK\$ '000</b>
<b>Assets</b>						
Segment assets	4,235,865	87,047	3,743	5,490	–	4,332,145
Investments in associated companies	31,524	55,778	2,329	–	–	89,631
Unallocated assets					945,026	945,026
Total assets						<u>5,366,802</u>
<b>Liabilities</b>						
Segment liabilities	1,200,171	12,297	515	206	–	1,213,189
Unallocated liabilities					263,943	263,943
Total liabilities						<u>1,477,132</u>
<b>Other information</b>						
Capital expenditure	40,035	2,541	1,292	–	23,651	67,519
Depreciation	1,625	2,415	930	46	2,823	7,839
Impairment charge	–	2,377	–	–	4,040	6,417
Revaluation deficit	25,641	–	–	–	–	25,641
Loss on deemed partial disposal of a listed subsidiary	–	–	–	–	24,616	24,616
Other non-cash expenses	1,475	1,106	1,437	–	–	4,018

## Notes to the Accounts

For the year ended 31st March, 2002

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

#### Primary reporting format – Business segments (Continued)

	<b>2001</b>					
	<b>Property investment and development <i>HK\$ '000</i></b>	<b>Sales of goods and services <i>HK\$ '000</i></b>	<b>Information technology <i>HK\$ '000</i></b>	<b>Securities trading <i>HK\$ '000</i></b>	<b>Corporate <i>HK\$ '000</i></b>	<b>Group <i>HK\$ '000</i></b>
<b>Turnover</b>						
Total revenue	155,013	119,173	10,213	60,329		344,728
Inter-segment revenue	(2,972)	–	–	–		(2,972)
	<u>152,041</u>	<u>119,173</u>	<u>10,213</u>	<u>60,329</u>		<u>341,756</u>
Segment results	<u>78,068</u>	<u>9,919</u>	<u>(108,398)</u>	<u>(31,637)</u>		(52,048)
Other revenue					40,194	40,194
Net unallocated costs					<u>(57,665)</u>	<u>(57,665)</u>
Operating loss						(69,519)
Finance costs						(97,834)
Share of results of associated companies	440	4,509	(1,881)	–	–	<u>3,068</u>
Loss before taxation						(164,285)
Taxation						<u>(5,301)</u>
Loss after taxation						(169,586)
Minority interests						<u>54,277</u>
<b>Loss attributable to shareholders</b>						<u><u>(115,309)</u></u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

#### Primary reporting format – Business segments (Continued)

	<b>2001</b>					
	<b>Property investment and development</b>	<b>Sales of goods and services</b>	<b>Information technology</b>	<b>Securities trading</b>	<b>Corporate</b>	<b>Group</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Assets</b>						
Segment assets	4,557,326	86,725	7,242	4,570	–	4,655,863
Investments in associated companies	34,561	54,680	3,683	–	–	92,924
Unallocated assets					668,442	668,442
Total assets						<u>5,417,229</u>
<b>Liabilities</b>						
Segment liabilities	1,153,998	12,407	3,313	277	–	1,169,995
Unallocated liabilities					307,354	307,354
Total liabilities						<u>1,477,349</u>
<b>Other information</b>						
Capital expenditure	189,500	2,602	3,786	–	4,592	200,480
Depreciation	2,189	2,215	2,063	168	3,401	10,036
Impairment charge	–	–	80,658	–	–	80,658
Unrealised losses on other investments	–	–	–	23,212	–	23,212
Other non-cash expenses	10,970	1,398	4,132	–	8,870	25,370

#### Secondary reporting format – Geographical segments

	<b>2002</b>			
	<b>Turnover</b>	<b>Operating profit</b>	<b>Total assets</b>	<b>Capital expenditure</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Hong Kong	572,579	22,565	3,780,131	35,848
PRC	8,231	4,039	1,256,620	8,915
Others	90,082	10,725	330,051	22,756
	<u>670,892</u>	<u>37,329</u>	<u>5,366,802</u>	<u>67,519</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

#### Secondary reporting format – Geographical segments (Continued)

	2001			
	Turnover	Operating	Total	Capital
	HK\$'000	profit/(loss)	assets	expenditure
		HK\$'000	HK\$'000	HK\$'000
Hong Kong	228,877	(77,235)	3,657,693	178,616
PRC	21,390	(5,826)	1,453,153	20,882
Others	91,489	13,542	306,383	982
	<u>341,756</u>	<u>(69,519)</u>	<u>5,417,229</u>	<u>200,480</u>

### 3. OTHER INCOME

	2002	2001
	HK\$'000	HK\$'000
Gain on disposal of the right to purchase a property	2,055	–
Gain on deemed partial disposal of a subsidiary	–	20,704
Gain on disposal of investment securities	857	–
Forfeiture of proceeds received from the warrants of a listed subsidiary upon their expiration	–	3,678
Sundry income	8,093	5,299
	<u>11,005</u>	<u>29,681</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 4. OPERATING PROFIT/(LOSS)

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Operating profit/(loss) is stated after crediting and charging the following:		
<b>Crediting</b>		
Dividend income from listed investments	142	171
Gain on disposal of land and buildings	1,140	1,043
Gross rental income from investment properties	90,749	97,585
Reversal of write down of properties held for sale	1,687	–
Net realised and unrealised gains on other investments	990	–
	<u>          </u>	<u>          </u>
<b>Charging</b>		
Auditors' remuneration	1,621	1,566
Cost of inventories sold	78,785	97,507
Cost of properties sold		
– properties held for/under development	77,417	14,953
– properties under development for sale	35,113	–
– properties held for sale	191,596	19,585
Cost of securities trading	22,068	67,655
Depreciation		
– owned fixed assets	7,451	8,705
– leased fixed assets	388	1,331
Impairment losses of		
– fixed assets	4,040	1,926
– investment securities	–	5,679
– goodwill	2,377	73,053
Loss on disposal/write-off of other fixed assets	1,334	1,869
Loss on deemed partial disposal of a listed subsidiary	24,616	2,080
Loss on deemed partial disposal of a listed associated company	–	6,790
Loss on disposal of investment properties	370	1,705
Net realised and unrealised losses on other investments	–	30,708
Operating lease rental on land and buildings	4,340	4,170
Outgoings in respect of investment properties	29,026	27,765
Provision for amounts due from and loans to associated companies	–	982
Provision for doubtful debts	1,659	8,487
Provision for inventories	187	3,626
Provision for investment in an associated company	827	–
Provision for properties held for sale	–	7,812
Retirement benefit costs	2,243	2,413
Staff costs, including directors' emoluments	53,754	59,089
	<u>          </u>	<u>          </u>



## Notes to the Accounts

For the year ended 31st March, 2002

### 5. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on bank loans and overdrafts		
Wholly repayable within five years	44,678	42,731
Not wholly repayable within five years	15,656	68,145
Interest on loan from a financial institution wholly repayable within five years	4,869	6,666
Interest on loan from a minority shareholder wholly repayable within five years	2,469	3,572
Interest element of finance leases	264	312
Other incidental borrowing costs	3,085	–
	<hr/>	<hr/>
Total borrowing costs incurred	71,021	121,426
Less: Interest capitalised in:		
– properties held for/under development (note 12)	(7,530)	(23,592)
– properties under development for sale (note 16)	(4,869)	–
	<hr/>	<hr/>
	<u>58,622</u>	<u>97,834</u>

### 6. DIRECTORS' AND MANAGEMENT'S EMOLUMENTS

#### (a) Directors' emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

	2002 HK\$'000	2001 HK\$'000
Fees	140	153
Salaries, housing and other allowances, benefits in kind	10,067	10,315
Retirement scheme contributions	267	202
	<hr/>	<hr/>
	<u>10,474</u>	<u>10,670</u>

The emoluments paid to non-executive directors of the Company were HK\$180,000 (2001: HK\$180,000).

## Notes to the Accounts

For the year ended 31st March, 2002

### 6. DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (Continued)

#### (a) Directors' emoluments (Continued)

The emoluments of the directors are analysed as follows:

Emoluments band	Number of directors	
	2002	2001
HK\$Nil-HK\$1,000,000	5	4
HK\$1,000,001-HK\$1,500,000	–	1
HK\$1,500,001-HK\$2,000,000	1	1
HK\$2,500,001-HK\$3,000,000	1	–
HK\$3,000,001-HK\$3,500,000	–	1
HK\$3,500,001-HK\$4,000,000	1	1
	8	8
	8	8

The above analysis includes three (2001: three) individuals whose emoluments were among the five highest paid individuals in the Group.

#### (b) Management's emoluments

Details of the aggregate emoluments paid to the two (2001: two) individuals whose emoluments were among the five highest paid individuals in the Group and have not been included in the directors' emoluments above are set out below:

	2002	2001
	HK\$'000	HK\$'000
Salaries, housing and other allowances, benefits in kind	3,065	3,379
Retirement scheme contributions	155	190
	3,220	3,569
	3,220	3,569
	Number of individuals	
HK\$1,000,001-HK\$1,500,000	1	–
HK\$1,500,001-HK\$2,000,000	1	2
	1	2
	1	2

During the year, no emoluments had been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

## Notes to the Accounts

For the year ended 31st March, 2002

### 7. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Company and its subsidiaries either have no assessable profit for the year or have unutilised tax losses to set off against current year's assessable profit. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries operate.

The amount of taxation charged to the consolidated profit and loss account represents:

	2002 HK\$'000	2001 HK\$'000
Company and subsidiaries		
Hong Kong profits tax		
– Current year charge	–	–
– Over provision in prior years	–	(286)
Overseas taxation	1,317	5,529
Deferred taxation ( <i>note 27</i> )	84	(203)
	<u>1,401</u>	<u>5,040</u>
Associated companies		
Hong Kong profits tax	167	228
Overseas taxation	19	33
	<u>1,587</u>	<u>5,301</u>
Deferred tax charge/(credit) for the year has not been provided in respect of the following:		
Accelerated depreciation allowances	1,830	99
Unutilised tax losses	(24,055)	(46,242)
	<u>(22,225)</u>	<u>(46,143)</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 8. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders include a loss of the Company to the extent of HK\$309,614,000 (2001: HK\$10,981,000).

### 9. DIVIDENDS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Final, proposed, of HK 0.5 cent (2001: HK 0.5 cent) per share	<u>6,640</u>	<u>6,640</u>

- (a) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31st March, 2000 and 2001 were HK\$11,080,000 and HK\$6,640,000 respectively. Under the Group's new accounting policy as described in note 1(a)(i), these have been written back against opening contributed surplus as at 1st April, 2001 and 2002 respectively (note 24) and are now charged in the year in which they were proposed.
- (b) At a meeting held on 18th July, 2002 the directors declared a final dividend of HK 0.5 cent per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of reserves for the year ending 31st March, 2003.

### 10. LOSS PER SHARE

The calculation of loss per share is based on the Group's loss attributable to shareholders of HK\$19,505,000 (2001: HK\$115,309,000) and the weighted average number of 1,328,006,155 (2001: 1,198,417,114) ordinary shares in issue during the year.

The 2001 loss per share has been adjusted for the effect of the prior year adjustment in respect of the impairment loss on goodwill of HK\$46,337,000 (note 1(a)(ii)).

## Notes to the Accounts

For the year ended 31st March, 2002

### 11. FIXED ASSETS

#### Group

	Investment properties		Land and	Plant and machinery	Furniture	Motor vehicles	Computer equipment	Yachts and	Total
	in	outside	buildings		and			Yachts under	
	Hong Kong	Hong Kong	outside		fixtures			construction	
	Hong Kong	Hong Kong	Hong Kong						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation									
At 1st April, 2001	2,412,690	252,400	65,554	39,308	26,005	20,862	7,243	29,556	2,853,618
Translation differences	-	-	(745)	(164)	(58)	(60)	-	-	(1,027)
Additions	1,303	-	-	781	3,983	3,037	1,213	21,169	31,486
Disposals/write-off	-	(33,700)	(10,900)	-	(5,934)	(3,448)	(3,026)	-	(57,008)
Revaluation deficit	(53,143)	-	-	-	-	-	-	-	(53,143)
At 31st March, 2002	<u>2,360,850</u>	<u>218,700</u>	<u>53,909</u>	<u>39,925</u>	<u>23,996</u>	<u>20,391</u>	<u>5,430</u>	<u>50,725</u>	<u>2,773,926</u>
Accumulated depreciation and accumulated impairment losses									
At 1st April, 2001	-	-	7,722	34,112	15,523	17,067	5,205	26,736	106,365
Translation differences	-	-	(109)	(142)	(26)	(49)	-	-	(326)
Charge for the year	-	-	1,141	1,517	2,260	1,748	1,104	69	7,839
Disposals/write-off	-	-	(1,808)	-	(4,143)	(3,366)	(2,345)	-	(11,662)
Impairment losses	-	-	4,040	-	-	-	-	-	4,040
At 31st March, 2002	<u>-</u>	<u>-</u>	<u>10,986</u>	<u>35,487</u>	<u>13,614</u>	<u>15,400</u>	<u>3,964</u>	<u>26,805</u>	<u>106,256</u>
Net book value									
At 31st March, 2002	<u>2,360,850</u>	<u>218,700</u>	<u>42,923</u>	<u>4,438</u>	<u>10,382</u>	<u>4,991</u>	<u>1,466</u>	<u>23,920</u>	<u>2,667,670</u>
At 31st March, 2001	<u>2,412,690</u>	<u>252,400</u>	<u>57,832</u>	<u>5,196</u>	<u>10,482</u>	<u>3,795</u>	<u>2,038</u>	<u>2,820</u>	<u>2,747,253</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 11. FIXED ASSETS (Continued)

- (a) Investment properties in Hong Kong were revalued on an open market value basis as at 31st March, 2002 and 2001 by Vigers Hong Kong Limited, BMI Appraisals Limited and Sallmanns (Far East) Limited, independent professional property valuers. Investment properties in Malaysia and the PRC were revalued on an open market value basis as at 31st March, 2002 and 2001 by Vigers (KL) Sdn. Bhd. and DTZ Debenham Tie Leung Limited respectively, independent professional property valuers. All other fixed assets are carried at cost.
- (b) Net book value of investment properties and land and buildings in and outside Hong Kong are analysed as follows:

	Investment properties		Land and buildings	
	2002	2001	2002	2001
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
In Hong Kong				
Held under lease of over 50 years	995,850	1,037,690	–	–
Held under lease of between 10 to 50 years	1,365,000	1,375,000	–	–
	<u>2,360,850</u>	<u>2,412,690</u>	<u>–</u>	<u>–</u>
Outside Hong Kong				
Freehold	216,300	216,300	8,920	12,960
Held under lease of over 50 years	2,400	36,100	–	9,305
Held under lease of between 10 to 50 years	–	–	34,003	35,567
	<u>218,700</u>	<u>252,400</u>	<u>42,923</u>	<u>57,832</u>
	<u><u>2,579,550</u></u>	<u><u>2,665,090</u></u>	<u><u>42,923</u></u>	<u><u>57,832</u></u>

- (c) Investment properties and land and buildings with aggregate net book value as at 31st March, 2002 of HK\$2,607,104,000 (2001: HK\$2,660,166,000) were pledged as security for loan facilities granted by banks.
- (d) At 31st March, 2002, the net book value of fixed assets held by the Group under finance leases amounted to HK\$1,264,000 (2001: HK\$2,478,000).

## Notes to the Accounts

For the year ended 31st March, 2002

### 12. PROPERTIES HELD FOR/UNDER DEVELOPMENT

	Group	
	2002	2001
	HK\$'000	HK\$'000
At cost		
At the beginning of the year	1,703,302	1,781,221
Acquisition of a property	–	95,611
Property development expenditure	28,503	66,008
Interest capitalised (note 5)	7,530	23,592
Disposals	(77,417)	(14,953)
Transfer to properties under development for sale (note 16)	(486,862)	–
Transfer to properties held for sale	–	(248,177)
	<u>1,175,056</u>	<u>1,703,302</u>
At the end of the year	1,175,056	1,703,302
Provision		
At the beginning of the year	81,109	204,630
Transfer to properties under development for sale (note 16)	(81,109)	–
Transfer to properties held for sale	–	(123,521)
	<u>–</u>	<u>(123,521)</u>
At the end of the year	–	81,109
Net book value		
At the end of the year	<u>1,175,056</u>	<u>1,622,193</u>
Representing:		
	2002	2001
	HK\$'000	HK\$'000
In Hong Kong		
Held under lease of over 50 years	–	377,213
Outside Hong Kong		
Held under lease of over 50 years	972,924	1,042,848
Held under lease of between 10 to 50 years	202,132	202,132
	<u>1,175,056</u>	<u>1,622,193</u>

Included in properties held for/under development as at 31st March, 2001 were properties amounting to HK\$377,213,000 which were pledged as securities to banks and a financial institution in respect of certain loan facilities granted to the Group.

## Notes to the Accounts

For the year ended 31st March, 2002

### 13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	891,569	891,569
Amounts receivable	<u>2,525,809</u>	<u>2,600,306</u>
	3,417,378	3,491,875
Provision	<u>(1,014,221)</u>	<u>(694,946)</u>
	2,403,157	2,796,929
Amount payable	<u>(44)</u>	<u>(46)</u>
	<u>2,403,113</u>	<u>2,796,883</u>

The amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment. Particulars of principal subsidiaries are set out in note 35 to the accounts.

### 14. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2002	2001
	HK\$'000	HK\$'000
Share of net assets	44,173	52,658
Amounts receivable ( <i>note b</i> )	77,424	72,232
Loans receivable ( <i>note b</i> )	<u>42,500</u>	<u>42,500</u>
	164,097	167,390
Provision	<u>(74,466)</u>	<u>(74,466)</u>
	<u>89,631</u>	<u>92,924</u>
Investments, at cost		
Listed shares in Hong Kong	54,196	54,196
Unlisted shares	<u>85,278</u>	<u>85,278</u>
	<u>139,474</u>	<u>139,474</u>
Market value of listed shares	<u>11,400</u>	<u>12,000</u>



## Notes to the Accounts

For the year ended 31st March, 2002

### 14. INVESTMENTS IN ASSOCIATED COMPANIES (Continued)

- (a) Particulars of principal associated companies are set out in note 36 to the accounts.
- (b) The amounts and loans receivable are unsecured, interest free and have no fixed terms of repayment.

### 15. INVESTMENT SECURITIES

	Group	
	2002	2001
	HK\$'000	HK\$'000
Non-voting redeemable preference shares, unlisted, at cost	252,900	–
Equity securities, unlisted, at cost	2,698	10,471
	<hr/>	<hr/>
	255,598	10,471
Amount due from an investee company	4,427	4,427
	<hr/>	<hr/>
	260,025	14,898
Provisions	(1,680)	(7,359)
	<hr/>	<hr/>
	258,345	7,539
	<hr/> <hr/>	<hr/> <hr/>

The preference shares were issued to a subsidiary of Chuang's China Investments Limited ("Chuang's China") (formerly known as China Cyberworld Limited), a listed subsidiary of the Company, by Midas International Holdings Limited ("Midas") (formerly known as Midas Printing Group Limited), an associated company of Chuang's China, on 14th December, 2001. In accordance with a subscription agreement entered into between Chuang's China and Midas on 29th October, 2001, Chuang's China agreed to subscribe and Midas agreed to issue 84,000,000 series A preference shares and 337,500,000 series B preference shares at a subscription price of HK\$0.6 per share. Details of the transaction are set out in note 32(a) to the accounts.

The series A and B preference shares are non-voting, redeemable and entitled to a fixed cumulative preferential dividend payable semi-annually at a rate of 2.5% per annum on the issue price of HK\$0.6 of each preference share. Each of the series A preference share is convertible into two ordinary shares in Midas of HK\$0.1 each ("Conversion Shares") at the option of the holder thereof at any time during the five-year period from the date of issue of the preference shares. The Conversion Shares shall, when issued, rank pari passu in all respects with the then ordinary shares of Midas. The series B preference shares have no option of conversion to ordinary shares of Midas. Any outstanding preference shares which have not been previously redeemed or converted on the fifth anniversary from the date of issue shall be redeemed by Midas at their outstanding amount together with any unpaid dividend in cash.

Subsequent to the balance sheet date, the subsidiary of Chuang's China had converted 12,000,000 series A preference shares into 24,000,000 ordinary shares of HK\$0.1 each in Midas. As a result of the conversion, the Group's equity interest in Midas has been increased from 9.75% to 12.81%.

## Notes to the Accounts

For the year ended 31st March, 2002

### 16. PROPERTIES UNDER DEVELOPMENT FOR SALE

	Group	
	2002	2001
	HK\$'000	HK\$'000
Cost		
At the beginning of the year	–	–
Transfer from properties held for/under development ( <i>note 12</i> )	486,862	–
Property development expenditure	21,250	–
Interest capitalised ( <i>note 5</i> )	4,869	–
Disposals	(48,218)	–
	<u>464,763</u>	<u>–</u>
At the end of the year	----- 464,763	----- –
Provision		
At the beginning of the year	–	–
Transfer from properties held for/under development ( <i>note 12</i> )	81,109	–
Disposals	(13,105)	–
	<u>68,004</u>	<u>–</u>
At the end of the year	----- 68,004	----- –
Net book value		
At the end of the year	<u>396,759</u>	<u>–</u>

Properties under development for sale are held in Hong Kong under lease of over 50 years and are pledged as security to banks and a financial institution in respect of certain loan facilities granted to the Group.

### 17. PROPERTIES HELD FOR SALE

At 31st March, 2002, the carrying amount of properties held for sale that are carried at net realisable value amounted to HK\$7,744,000 (2001: HK\$144,888,000).

### 18. INVENTORIES

	Group	
	2002	2001
	HK\$'000	HK\$'000
Raw materials	3,957	4,274
Work in progress	1,671	1,340
Finished goods	16,799	14,493
	<u>22,427</u>	<u>20,107</u>
	----- 22,427	----- 20,107

At 31st March, 2002, the carrying amount of inventories that are carried at net realisable value amounted to HK\$218,000 (2001: HK\$419,000).

## Notes to the Accounts

For the year ended 31st March, 2002

### 19. TRADE RECEIVABLES

The Group's credit terms on credit sales mainly ranged from 30 days to 90 days.

At 31st March, 2002, the age analysis of the trade receivables of the Group was as follows:

	Group	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
0 – 30 days	12,419	16,384
31 – 60 days	8,555	6,597
61 – 90 days	2,813	3,825
Over 90 days	14,657	12,176
	<u>38,444</u>	<u>38,982</u>

### 20. OTHER INVESTMENTS

	Group	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Equity securities, at market value		
Listed in Hong Kong	2,299	3,540
Listed outside Hong Kong	429	948
	<u>2,728</u>	<u>4,488</u>

### 21. TRADE PAYABLES

At 31st March, 2002, the age analysis of the trade payables of the Group was as follows:

	Group	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
0 – 30 days	15,747	8,565
31 – 60 days	1,974	1,221
Over 60 days	4,486	14,022
	<u>22,207</u>	<u>23,808</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 22. PROVISIONS

	<b>Group</b> <i>HK\$'000</i>
At the beginning of the year	–
Provided during the year	74,840
Less: Unused amount reversed	(10,608)
Amount utilised	(9,988)
	<hr/>
At the end of the year	54,244
	<hr/> <hr/>
Analysis of total provisions	
Non-current	30,994
Current	23,250
	<hr/>
	54,244
	<hr/> <hr/>

The provisions above represent management's best estimate of the Group's liabilities in relation to the undertakings in respect of the disposal of properties by Chuang's China and its subsidiaries (together the "Chuang's China Group") to Midas pursuant to the Acquisition Agreement as set out in note 32(a) to the accounts.

Chuang's China Group has given an undertaking in favour of Midas that in the event the annual rental income of certain of the investment properties acquired by Midas for each of the two years after the date of completion of the Acquisition Agreement, i.e. 14th December, 2001, shall be less than HK\$3,880,000, Chuang's China Group will indemnify Midas for an amount of the shortfall on a dollar for dollar basis. In addition, Chuang's China Group has undertaken in favour of Midas to bear 51% share of the construction costs up to the completion of the construction works of the property under development sold to Midas under the Acquisition Agreement. Chuang's China Group has also executed a deed of indemnity dated 14th December, 2001 in favour of Midas pursuant to which Chuang's China Group agreed to bear that portion of the PRC land appreciation and enterprise income taxes, that may arise upon subsequent disposal of the properties by Midas, attributable to the excess of the consideration to be paid by Midas under the Acquisition Agreement over the carrying value of the properties immediately before the completion of the Acquisition Agreement.

As at 31st March, 2002, the provisions for the undertakings in respect of rental income, construction cost and PRC tax liability amounted to HK\$1,940,000, HK\$21,310,000 and HK\$30,994,000 respectively.

### 23. SHARE CAPITAL

	<b>2002</b> <i>HK\$'000</i>	<b>2001</b> <i>HK\$'000</i>
<i>Authorised:</i>		
2,500,000,000 ordinary shares of HK\$0.25 each	625,000	625,000
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
1,328,006,155 ordinary shares of HK\$0.25 each	332,002	332,002
	<hr/>	<hr/>

## Notes to the Accounts

For the year ended 31st March, 2002

### 24. RESERVES

	Share premium <i>HKS'000</i>	Contributed surplus <i>HKS'000</i>	Capital reserve <i>HKS'000</i>	Statutory reserve <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Investment properties revaluation reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>	Total <i>HKS'000</i>
<b>Group</b>									
At 1st April, 2000, as previously reported	636,102	26,871	531,462	1,498	4,462	-	(107,845)	1,739,092	2,831,642
Effect of adoption of SSAP 9 (revised) (note 1(a)(i))	-	11,080	-	-	-	-	-	-	11,080
At 1st April, 2000, as restated	636,102	37,951	531,462	1,498	4,462	-	(107,845)	1,739,092	2,842,722
Premium on issue of shares	1,100	-	-	-	-	-	-	-	1,100
Share issue expenses	(955)	-	-	-	-	-	-	-	(955)
Goodwill on acquisition of a subsidiary	-	-	(56)	-	-	-	-	-	(56)
Realised on deemed partial disposal of an associated company	-	-	2,287	-	-	-	-	-	2,287
Realised on deemed partial disposal of a subsidiary	-	-	(1,287)	-	-	-	-	-	(1,287)
Impairment of goodwill	-	-	46,337	-	-	-	-	-	46,337
Realisation of goodwill of an associated company	-	-	341	-	-	-	-	-	341
Revaluation surplus	-	-	-	-	-	29,352	-	-	29,352
Translation differences	-	-	-	-	-	-	(4,558)	-	(4,558)
Loss for the year	-	-	-	-	-	-	-	(115,309)	(115,309)
Transfer between reserves	-	-	-	553	-	-	-	(553)	-
2000 final dividend paid	-	(11,080)	-	-	-	-	-	-	(11,080)
At 31st March, 2001	<u>636,247</u>	<u>26,871</u>	<u>579,084</u>	<u>2,051</u>	<u>4,462</u>	<u>29,352</u>	<u>(112,403)</u>	<u>1,623,230</u>	<u>2,788,894</u>
Representing:									
Reserves	636,247	20,231	579,084	2,051	4,462	29,352	(112,403)	1,623,230	2,782,254
2001 final dividend proposed (note 9)	-	6,640	-	-	-	-	-	-	6,640
	<u>636,247</u>	<u>26,871</u>	<u>579,084</u>	<u>2,051</u>	<u>4,462</u>	<u>29,352</u>	<u>(112,403)</u>	<u>1,623,230</u>	<u>2,788,894</u>
Retained by:									
Company and subsidiaries	636,247	26,871	578,743	2,051	4,462	29,352	(112,403)	1,623,172	2,788,495
Associated companies	-	-	341	-	-	-	-	58	399
	<u>636,247</u>	<u>26,871</u>	<u>579,084</u>	<u>2,051</u>	<u>4,462</u>	<u>29,352</u>	<u>(112,403)</u>	<u>1,623,230</u>	<u>2,788,894</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 24. RESERVES (Continued)

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Investment properties revaluation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Group</b>									
At 1st April, 2001, as previously reported	636,247	20,231	532,747	2,051	4,462	29,352	(112,403)	1,669,567	2,782,254
Effect of adoption of:									
– SSAP 9 (revised) (note 1(a)(i))	–	6,640	–	–	–	–	–	–	6,640
– SSAP 30 (note 1(a)(ii))	–	–	46,337	–	–	–	–	(46,337)	–
At 1st April, 2001, as restated	636,247	26,871	579,084	2,051	4,462	29,352	(112,403)	1,623,230	2,788,894
Realised on disposal of properties	–	–	–	–	–	(1,850)	679	–	(1,171)
Realised on deemed partial disposal of a subsidiary	–	–	(30,929)	–	–	–	–	–	(30,929)
Realisation of reserve of an associated company	–	–	(28)	–	–	–	–	–	(28)
Impairment of goodwill	–	–	2,377	–	–	–	–	–	2,377
Revaluation deficit	–	–	–	–	–	(27,502)	–	–	(27,502)
Translation differences	–	–	–	–	–	–	(767)	–	(767)
Loss for the year	–	–	–	–	–	–	–	(19,505)	(19,505)
Transfer between reserves	–	–	–	11	–	–	–	(11)	–
2001 final dividend paid	–	(6,640)	–	–	–	–	–	–	(6,640)
At 31st March, 2002	<u>636,247</u>	<u>20,231</u>	<u>550,504</u>	<u>2,062</u>	<u>4,462</u>	<u>–</u>	<u>(112,491)</u>	<u>1,603,714</u>	<u>2,704,729</u>
Representing:									
Reserves	636,247	13,591	550,504	2,062	4,462	–	(112,491)	1,603,714	2,698,089
2002 final dividend proposed (note 9)	–	6,640	–	–	–	–	–	–	6,640
	<u>636,247</u>	<u>20,231</u>	<u>550,504</u>	<u>2,062</u>	<u>4,462</u>	<u>–</u>	<u>(112,491)</u>	<u>1,603,714</u>	<u>2,704,729</u>
Retained by:									
Company and subsidiaries	636,247	20,231	550,163	2,062	4,462	–	(112,491)	1,602,176	2,702,850
Associated companies	–	–	341	–	–	–	–	1,538	1,879
	<u>636,247</u>	<u>20,231</u>	<u>550,504</u>	<u>2,062</u>	<u>4,462</u>	<u>–</u>	<u>(112,491)</u>	<u>1,603,714</u>	<u>2,704,729</u>

Statutory reserve represents enterprise expansion fund and general reserve fund set aside by a subsidiary in accordance with the relevant laws and regulations in the PRC.

## Notes to the Accounts

For the year ended 31st March, 2002

### 24. RESERVES (Continued)

	Share premium <i>HK\$ '000</i>	Contributed surplus <i>HK\$ '000</i>	Capital redemption reserve <i>HK\$ '000</i>	Retained profits <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
<b>Company</b>					
At 1st April, 2000, as previously reported	636,102	422,370	4,462	1,732,712	2,795,646
Effect of adoption of SSAP 9 (revised) (note 1(a)(i))	–	11,080	–	–	11,080
At 1st April, 2000, as restated	636,102	433,450	4,462	1,732,712	2,806,726
Premium on issue of shares	1,100	–	–	–	1,100
Share issue expenses	(955)	–	–	–	(955)
Loss for the year	–	–	–	(10,981)	(10,981)
2000 final dividend paid	–	(11,080)	–	–	(11,080)
At 31st March, 2001	<u>636,247</u>	<u>422,370</u>	<u>4,462</u>	<u>1,721,731</u>	<u>2,784,810</u>
Representing:					
Reserves	636,247	415,730	4,462	1,721,731	2,778,170
2001 final dividend proposed (note 9)	–	6,640	–	–	6,640
	<u>636,247</u>	<u>422,370</u>	<u>4,462</u>	<u>1,721,731</u>	<u>2,784,810</u>
At 1st April, 2001 as previously reported	636,247	415,730	4,462	1,721,731	2,778,170
Effect of adoption of SSAP 9 (revised) (note 1(a)(i))	–	6,640	–	–	6,640
At 1st April, 2001, as restated	636,247	422,370	4,462	1,721,731	2,784,810
Loss for the year	–	–	–	(309,614)	(309,614)
2001 final dividend paid	–	(6,640)	–	–	(6,640)
At 31st March, 2002	<u>636,247</u>	<u>415,730</u>	<u>4,462</u>	<u>1,412,117</u>	<u>2,468,556</u>
Representing:					
Reserves	636,247	409,090	4,462	1,412,117	2,461,916
2002 final dividend proposed (note 9)	–	6,640	–	–	6,640
	<u>636,247</u>	<u>415,730</u>	<u>4,462</u>	<u>1,412,117</u>	<u>2,468,556</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 24. RESERVES (Continued)

The contributed surplus which arose as a result of a group reorganisation in 1991 is distributable to shareholders under the Companies Act 1981 of Bermuda. However, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, 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.

Distributable reserves of the Company as at 31st March, 2002 amounted to HK\$1,827,847,000 (2001: HK\$2,144,101,000).

### 25. MINORITY INTERESTS

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity interests		
Third parties	820,248	756,518
Related party	<u>(1,670)</u>	<u>(1,579)</u>
	----- 818,578	----- 754,939
Amounts due to minority shareholders		
Third parties	35,936	62,245
Related party	<u>1,800</u>	<u>1,800</u>
	----- 37,736	----- 64,045
Amount due from a minority shareholder	<u>(3,375)</u>	----- -
	<u>852,939</u>	<u>818,984</u>

The related party is a company owned and controlled by two of the directors of the Company.

The amounts due to minority shareholders are unsecured and have no fixed terms of repayment. Amount due from a minority shareholder is interest bearing at prime rate plus 3.5% per annum. Amounts due to minority shareholders are interest free except for an amount due to a minority shareholder as at 31st March, 2001 of HK\$30,500,000 which carried interest at 1% per month and were repayable after 3 years from date of advance or 31st December, 2002, whichever was later.



## Notes to the Accounts

For the year ended 31st March, 2002

### 26. LONG TERM LIABILITIES

	Group	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans – secured		
Wholly repayable within five years	878,260	486,792
Not wholly repayable within five years	359,060	770,623
	<u>1,237,320</u>	<u>1,257,415</u>
Loan from a financial institution – secured		
Wholly repayable within five years	65,000	72,325
Obligation under finance leases		
Wholly repayable within five years	848	2,717
	<u>1,303,168</u>	<u>1,332,457</u>
Amount due within one year included under current liabilities	(77,293)	(261,979)
	<u>1,225,875</u>	<u>1,070,478</u>

The maturity of the Group's long term liabilities is as follows:

	Bank loans		Loan from a financial institution	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	77,029	187,773	–	72,325
In the second year	190,389	145,068	65,000	–
In the third to fifth year inclusive	680,190	394,932	–	–
After the fifth year	289,712	529,642	–	–
	<u>1,237,320</u>	<u>1,257,415</u>	<u>65,000</u>	<u>72,325</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 26. LONG TERM LIABILITIES (Continued)

At 31st March, 2002, the Group's finance lease liabilities were repayable as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	338	2,145
In the second year	338	336
In the third to fifth year inclusive	<u>330</u>	<u>650</u>
	1,006	3,131
Future finance charges on finance leases	<u>(158)</u>	<u>(414)</u>
Present value of finance lease liabilities	<u><u>848</u></u>	<u><u>2,717</u></u>

The present value of finance lease liabilities is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	264	1,881
In the second year	279	261
In the third to fifth year inclusive	<u>305</u>	<u>575</u>
	<u><u>848</u></u>	<u><u>2,717</u></u>

At the balance sheet date, the Group's loan facilities were secured by certain investment properties, land and buildings, properties held for/under development, properties under development for sale and properties held for sale. HK\$1,014,297,000 (2001: HK\$925,101,000) out of the total loan amounts was also secured by assignment of property rental income of the Group.

Loan from a financial institution is guaranteed by the minority shareholder of a subsidiary in respect of its share of the equity interest in the subsidiary and the guarantee amounted to HK\$19,500,000 (2001: HK\$21,697,000).

## Notes to the Accounts

For the year ended 31st March, 2002

### 27. DEFERRED TAXATION

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	918	1,170
Translation differences	(16)	(49)
Transfer from/(to) profit and loss account ( <i>note 7</i> )	84	(203)
	<u>986</u>	<u>918</u>
At the end of the year	<u>986</u>	<u>918</u>
Provided in the accounts in respect of accelerated depreciation allowances	<u>986</u>	<u>918</u>

The potential deferred tax assets as at 31st March, 2002 for which no provision has been made in the accounts, on the basis that there is no reasonable certainty of crystallisation in the foreseeable future, amount to:

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accelerated depreciation allowances	1,711	(119)
Unutilised tax losses	(166,265)	(142,210)
	<u>(164,554)</u>	<u>(142,329)</u>

As at 31st March, 2002, unutilised tax losses of HK\$100,917,000 (2001: HK\$94,983,000) have not yet been agreed by the relevant tax authorities.

Deferred tax on the revaluation surplus and deficit of the investment properties in Hong Kong has not been quantified as this does not constitute a timing difference for deferred taxation purpose.

Realisation of the surplus on revaluation of the Group's properties in the PRC and Malaysia would give rise to a taxation liability in the PRC and Malaysia. No provision has been made in the accounts for this liability as these properties are held for the long term and the directors have no intention to dispose of these properties in the foreseeable future.

Certain properties held for/under development ("PUD") included in the consolidated accounts have their fair values higher than the carrying values in the books of the respective subsidiaries. The present intention of the Group is to fully develop such PUD. The estimated potential income tax liabilities upon the disposal of such PUD at completion is approximately HK\$143 million (2001: HK\$152 million), net of minority interests. No provision for such income tax liabilities has been made as the Group currently has no plan to dispose of such PUD after their completion.

No provision for deferred taxation has been made for profits retained in overseas subsidiaries as no material taxes will arise on the remittance of the overseas retained profits.

## Notes to the Accounts

For the year ended 31st March, 2002

### 28. CONTINGENT LIABILITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees for bank loans, loan from a financial institution and overdrafts of subsidiaries	–	–	1,295,930	1,305,292
Guarantees for the due and punctual payment by the Group of the amounts due to the business partner and supplier	–	7,000	–	–
Guarantees for mortgage loans made by a bank to purchasers of properties sold by the Group	3,732	2,098	–	–
	<u>3,732</u>	<u>9,098</u>	<u>1,295,930</u>	<u>1,305,292</u>

### 29. CAPITAL COMMITMENTS

	Group	
	2002 HK\$'000	2001 HK\$'000
Contracted but not provided for		
Property development expenditure	47,322	58,633
Acquisition of fixed assets	10,420	–
Acquisition of property	–	15,898
	<u>57,742</u>	<u>74,531</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 30. COMMITMENTS UNDER OPERATING LEASES

**(a) Operating lease rental payable**

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Not later than one year	3,810	3,554
Later than one year but not later than five years	19,312	2,480
Later than five years	294	–
	<u>23,416</u>	<u>6,034</u>

**(b) Operating lease rental receivable**

The future aggregate minimum lease income under non-cancellable operating leases in respect of properties is receivable as follows:

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties		
Not later than one year	60,410	61,493
Later than one year but not later than five years	46,317	32,142
	<u>106,727</u>	<u>93,635</u>
Properties held for sale		
Not later than one year	306	391
Later than one year but not later than five years	–	306
	<u>306</u>	<u>697</u>
	<u>107,033</u>	<u>94,332</u>

## Notes to the Accounts

For the year ended 31st March, 2002

### 31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### (a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit/(loss)	37,329	(69,519)
Interest income	(21,090)	(39,875)
Dividend income from listed investments	(142)	(171)
Dividend income from an associated company	(1,853)	–
Depreciation	7,839	10,036
Forfeiture of proceeds received from the warrants of a listed subsidiary upon its expiration	–	(3,678)
Deficit/(surplus) arising on revaluation of investment properties	25,641	(7,532)
Loss on deemed partial disposal of		
– a listed subsidiary	24,616	2,080
– a listed associated company	–	6,790
Loss on disposal/write off of other fixed assets	1,334	1,869
Loss on disposal of investment properties	370	1,705
Gain on deemed partial disposal of a subsidiary	–	(20,704)
Gain on disposal of land and buildings	(1,140)	(1,043)
Gain on disposal of properties held for sale and properties under development	(47,250)	–
Gain on disposal of investment securities	(857)	–
Provision for amounts due from and loans to associated companies	–	982
Provision for properties held for sale	–	7,812
Provision for investment in an associated company	827	–
Impairment losses of		
– fixed assets	4,040	1,926
– goodwill	2,377	73,053
– investment securities	–	5,679
Decrease in properties held for sale	131,253	18,710
Decrease in properties under development for sale	13,863	–
(Increase)/decrease in inventories	(3,219)	4,176
Decrease in other investments	1,760	1,992
(Increase)/decrease in trade receivables, deposits and prepayments	(12,126)	49,484
Decrease in provisions	(7,860)	–
(Decrease)/increase in trade payables, deposits and accruals	(19,711)	11,305
Exchange differences	(732)	(3,405)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>135,269</u>	<u>51,672</u>

## Notes to the Accounts

For the year ended 31st March, 2002

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

#### (b) Analysis of changes in financing

	Share capital (including premium) <i>HK\$'000</i>	Bank loans and loan from a financial institution <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Obligations under finance leases <i>HK\$'000</i>
Balance at 1st April, 2000	913,104	1,360,178	830,284	792
Transfer from other payables	–	–	–	3,725
Net cash inflow/(outflow) from financing	55,145	(30,438)	48,620	(2,239)
Dividends paid to minority shareholders	–	–	(11,699)	–
Share of loss	–	–	(54,277)	–
Share of reserves	–	–	6,056	–
Inception of finance leases	–	–	–	439
	<u>968,249</u>	<u>1,329,740</u>	<u>818,984</u>	<u>2,717</u>
Balance at 31st March, 2001	<u>968,249</u>	<u>1,329,740</u>	<u>818,984</u>	<u>2,717</u>
Balance at 1st April, 2001	968,249	1,329,740	818,984	2,717
Net cash (outflow)/inflow from financing	–	(27,420)	33,936	(1,869)
Dividends paid to minority shareholders	–	–	(4,163)	–
Disposal of properties	–	–	(48,086)	–
Share of loss	–	–	(107)	–
Share of reserves	–	–	52,375	–
	<u>968,249</u>	<u>1,302,320</u>	<u>852,939</u>	<u>848</u>
Balance at 31st March, 2002	<u>968,249</u>	<u>1,302,320</u>	<u>852,939</u>	<u>848</u>

#### (c) Major non-cash transactions

On 14th December, 2001, Chuang's China Group disposed of the company that held certain properties to Midas for a consideration of HK\$252,900,000. On the same date, Chuang's China Group agreed to subscribe for the preference shares in Midas amounting to HK\$252,900,000. Further details of the disposals and the preference shares issued have been described in notes 15 and 32(a) to the accounts.

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

**(d) Purchase of a subsidiary**

	<b>2002</b>	<b>2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets acquired		
Amount due to immediate holding company	<u>          —</u>	<u>      (17,710)</u>
Satisfied by		
Waive of amount due to immediate holding company	<u>          —</u>	<u>      (17,710)</u>

The subsidiary purchased in last year did not contribute significant cash flows to the Group.

**32. RELATED PARTY TRANSACTIONS**

In addition to those related party transactions disclosed elsewhere in the accounts, the following related party transactions took place during the year:

- (a) Pursuant to an agreement (“Acquisition Agreement”) entered into between Chuang’s China Group and Midas on 29th October, 2001, Midas agreed to acquire the entire issued share capital of, and the shareholder’s loan to, AsianWisdom.Com Limited (“AsianWisdom.Com”), a then subsidiary of Chuang’s China Group for an aggregate consideration of HK\$252,900,000. On the same date, Chuang’s China Group also entered into a subscription agreement (“Subscription Agreement”) with Midas pursuant to which the proceeds under the Acquisition Agreement had been utilised by Chuang’s China Group to subscribe for the preference shares issued by Midas at an issue price of HK\$0.60 each. The completion of the Acquisition Agreement and Subscription Agreement took place on 14th December, 2001.

Prior to the completion of the Acquisition Agreement, AsianWisdom.Com was a wholly owned subsidiary of Chuang’s China Group and had not carried on business since the date of its incorporation except for the acquisition of certain properties from other fellow subsidiaries.

Through the completion of the Acquisition Agreement, Midas leased certain properties to a wholly owned subsidiary of Chuang’s China Group at an aggregate annual rental of approximately HK\$1,067,000 which is based on market rate of similar properties. The lease agreement is for a duration of 2 years expiring on 31st March, 2003 with an option to renew for an additional term of 2 years. Rent paid by the subsidiary of Chuang’s China Group under this agreement for the year was approximately HK\$316,000.

- (b) The Group made advances which are unsecured, interest free and have no fixed terms of repayment to Artiful Limited (“Artiful”), a 70% owned subsidiary, for working capital purposes. The total amount of such advances outstanding as at 31st March, 2002 was HK\$70,167,000 and such advances were provided in proportion to the Group’s equity interest in the subsidiary.



## Notes to the Accounts

For the year ended 31st March, 2002

### 32. RELATED PARTY TRANSACTIONS (Continued)

- (c) The Group made advances which are unsecured, interest free and have no fixed terms of repayment to Sam Fo Holiday Sdn. Bhd., a 99.95% owned subsidiary, for working capital purposes. The total amount of such advances outstanding as at 31st March, 2002 was HK\$2,508,000.
- (d) As announced on 12th May, 1999, the Company and one of its wholly owned subsidiaries had on 10th May, 1999 entered into an agreement with Chuang's China and one of its wholly owned subsidiaries for the disposal of their interests in companies that own the Chuang's Tower.

After the completion of the disposal of its interests in Chuang's Tower, the Company continues to provide the corporate guarantee to secure the repayment of a mortgage bank loan in the principal amount of HK\$255 million as at 31st March, 2002 owed by the holding company of Chuang's Tower. In return, the Company receives a counter-indemnity from Chuang's China under which Chuang's China undertakes to indemnify the Company against all losses and liabilities which the Company may incur under the guarantee as from completion.

- (e) Chuang's China Group made the following advances to certain of its non-wholly owned subsidiaries for working capital purposes:
  - (i) advances to Chengdu Chuang's Centre Development Company Limited, a 51% owned subsidiary of Chuang's China Group, which amounted to HK\$32,485,000 during the year. On 14th December, 2001, Chuang's China Group disposed of its entire 51% interest in the subsidiary pursuant to the Acquisition Agreement as mentioned in note 32(a) above;
  - (ii) advances to Guangzhou Panyu Chuang's Real Estate Development Company Limited, a 85% owned subsidiary of Chuang's China Group, which amounted to HK\$9,638,000 as at 31st March, 2002. The advances are unsecured, interest free and have no fixed terms of repayment; and
  - (iii) advances to Edenbiz Limited, a company owned as to 60% by Chuang's China Group. The remaining 40% interests of Edenbiz Limited are owned by two directors of the Company. Such advances amounted to HK\$2,365,000 as at 31st March, 2002 and were provided in proportion to Chuang's China Group's equity interest in the subsidiary. The advances are unsecured, interest free and have no fixed terms of repayment.
- (f) During the year, the Group has granted loans to Fantasy Development Limited ("Fantasy") for the purpose of financing Artiful, a company in which the Group and Fantasy hold 70% and 30% of its issued share capital respectively. The purpose of the loans was to allow Fantasy to on-lend such amounts to Artiful to meet the financing requirements for the development of a property project in Hong Kong. The parties agreed that the loans would bear interest at prevailing market interest rates and that Fantasy would repay the loans from the sales proceeds of the property. As at 31st March, 2002, the total amount of the loans plus interest outstanding was HK\$3,375,000. The sole shareholder of Fantasy is also a director of Artiful. Details of the transaction were announced by the Company on 16th July, 2002.

## Notes to the Accounts

For the year ended 31st March, 2002

### 33. COMPARATIVE FIGURES

The comparative figures of the commitments under operating leases and the present value of obligations under finance leases as set out in notes 30 and 26 to the accounts respectively have been presented or restated, as appropriate, as a result of the adoption of SSAP 14 (revised), "Leases".

The comparative figures of the Group's retained profits as at 31st March, 2001 have been restated as a result of the prior year adjustments in respect of the impairment of goodwill (note 1(a)(ii)).

As disclosed in note 1(a)(i) and note 9 to the accounts, the proposed final dividend previously recorded as a liability as at 31st March, 2001 has been reversed to contributed surplus of the Group and the Company and is credited in the year in which it was proposed as a result of the adoption of SSAP 9 (revised), "Events after the balance sheet date".

### 34. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 18th July, 2002.

### 35. PRINCIPAL SUBSIDIARIES

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the following list contains only the subsidiaries which principally affect the results and/or assets of the Group during the year.

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
# Amersham Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100%	100%	Investment holding
Artifful Limited	Hong Kong	100 shares of HK\$1 each	70%	70%	Property development
† # Chuang's China Investments Limited (formerly China Cyberworld Limited)	Bermuda/ Hong Kong	1,024,439,690 shares of HK\$0.05 each	59.36%	62.97%	Investment holding
# China Cyberworld Limited (formerly China Cyberworld (2000) Limited)	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Investment holding

## Notes to the Accounts

For the year ended 31st March, 2002

### 35. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
# Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 shares of US\$1	59.36%	62.97%	Investment holding
# Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	59.36%	62.97%	Securities trading and investment holding
# Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK\$0.05 each	59.36%	62.97%	Investment holding
# Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	59.36%	62.97%	Investment holding
* Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	100%	100%	Investment holding
Chuang's Corporate Services Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property development
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100%	100%	Money lender
# Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	59.36%	62.97%	Property development and investment
# Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Investment holding
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100%	100%	Investment holding, finance, securities trading
# Chuang's Information Technology Limited	Hong Kong	100 shares of HK\$1 each	59.36%	62.97%	Investment holding

## Notes to the Accounts

For the year ended 31st March, 2002

### 35. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
*# Chuang's International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100%	100%	Investment holding
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100%	100%	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Provision of property management and agency services
Cityprop Company Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment
# Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.36%	62.97%	Investment holding
# Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	59.36%	62.97%	Investment holding
# Dragon Rich Investments Limited	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Property investment
Easy Success Enterprises Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment
Equity King Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment
# Fanus Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	100%	100%	Investment holding
General Nominees Limited	Hong Kong	500 shares of HK\$10 each	100%	100%	Nominee and secretarial services

## Notes to the Accounts

For the year ended 31st March, 2002

### 35. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
# Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.36%	62.97%	Investment holding
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB60,000,000	50.46%	53.52%	Property development and investment
# Internet PRO Limited	Hong Kong	15,686,340 shares of HK\$0.1 each	33.24%	35.26%	e-commerce solution provider
# iPro Technology Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.36%	62.97%	Investment holding
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	100%	100%	Property investment and securities trading
# Koledo Company Limited	Hong Kong	4 shares of HK\$100 each	59.36%	62.97%	Property investment
Malview Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1 each	100%	100%	Property investment
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment
Meloberg Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment
# On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Property development and investment
*# Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100%	100%	Investment holding

## Notes to the Accounts

For the year ended 31st March, 2002

### 35. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
Rapid Grow Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment
# Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Property development and investment
# Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Property development and investment
# Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of SGD100 each	88.20%	88.20%	Manufacture and sale of bonded polyester fabrics and home finishing products
# Success Gain Investment Limited	Hong Kong	2 shares of HK\$1 each	59.36%	62.97%	Property development and investment
# Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares without par value	100%	100%	Investment holding
# Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	59.36%	62.97%	Manufacture and sale of watch components
Yuen Sang International Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property development
# Yuen Sang Watch and Clock Limited	Hong Kong	500,000 shares of HK\$1 each	59.36%	62.97%	Investment holding

\* Subsidiaries directly held by the Company

† Listed in Hong Kong

# These companies are not audited by PricewaterhouseCoopers

## Notes to the Accounts

For the year ended 31st March, 2002

### 36. PRINCIPAL ASSOCIATED COMPANIES

The directors are of the opinion that a complete list of the particulars of all associated companies would be of excessive length and therefore the following list contains only the associated companies which principally affect the results and/or assets of the Group during the year.

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
Chuang's FPD Property Management Limited	Hong Kong	1,000 shares of HK\$1 each	50%	50%	Property management
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	30%	30%	Property development
# Fujian Sunshine Education Information Company Limited	PRC	RMB7,000,000	28.49%	30.22%	Educational information system network development
* † #Midas International Holdings Limited (formerly Midas Printing Group Limited)	Cayman Islands/ Hong Kong	365,290,068 ordinary shares of HK\$0.10 each	9.75%	10.35%	Commercial, magazine, book, packaging printing and property development and investment
		84,000,000 series A preference shares of HK\$0.01 each	N/A	–	
		337,500,000 series B preference shares of HK\$0.01 each	N/A	–	
# Shanghai Yuen Sang Watch and Clock Limited	PRC	US\$700,000	29.68%	31.49%	Manufacture of electronic watches
# Shine Faith Limited	British Virgin Islands/ Hong Kong	400 shares of US\$1 each	25%	25%	Investment holding

## Notes to the Accounts

For the year ended 31st March, 2002

### 36. PRINCIPAL ASSOCIATED COMPANIES (Continued)

Name	Place of incorporation/ establishment and operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2002	2001	
# Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	14.84%	15.74%	Auction services
# Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	50%	50%	Property management

\* This company is equity accounted for by the Group based on its audited accounts for the year ended 31st December, 2001.

† Listed in Hong Kong

# These companies are not audited by PricewaterhouseCoopers