

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Group are property investment and development, investment holding, securities trading, hotel operations and manufacture of boiler products.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/ CHANGE IN ACCOUNTING POLICIES

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group’s accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosures for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group’s accounting policies that have affected the amounts reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) “Events after the Balance Sheet Date”, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively. The effect of this change has been to increase shareholders’ funds of the Group and the Company at 1st April, 2000 and 31st March, 2001 by HK\$18,783,000 and HK\$19,049,000 respectively.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 “Segment Reporting”. Segment disclosures for the year ended 31st March, 2001 have been amended so that they are presented on a consistent basis.

Leases

In accordance with SSAP 14 (Revised) “Leases”, some amendments were introduced to the basis of accounting for leases, and to the disclosures specified for the Group’s leasing arrangements. These changes have not had any material effect on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required. Disclosures for the Group’s leasing arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised). Comparative amounts and disclosures have been restated in order to achieve a consistent presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

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

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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 have been eliminated on consolidation.

Goodwill

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

Goodwill arising on acquisition on or after 1st April, 2001 is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying amount of the associate or jointly controlled entity.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

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

Negative goodwill arising on acquisitions on or after 1st April, 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

Negative goodwill arising on the acquisition of an associate or a jointly controlled entity is deducted from the carrying value of that associate or jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets/as a deduction from intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

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

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

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

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Investments in jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities less any identified impairment loss. The Group's share of the post-acquisition results of jointly controlled entities is included in the consolidated income statement.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

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

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Properties under development held for long term purposes

Properties under development held for long term purposes are classified as non-current assets and are stated at cost less any impairment loss recognised. Cost comprises land costs and development costs including attributable interest and professional charges capitalised during the development period.

No depreciation is provided in respect of properties under development held for long term purposes.

Property, plant and equipment

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

Advantage has been taken of the transitional relief provided by paragraph 80 of SSAP 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants from the requirement to make regular revaluations of the Group's land and buildings and development properties which had been carried at revalued amounts prior to 30th September, 1995, and accordingly no further revaluation of land and buildings and development properties is carried out. In previous years, the revaluation increase arising on the revaluation of an asset included in land and buildings and development properties was credited to the assets revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the assets revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

No depreciation is provided in respect of land held on freehold.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (Continued)

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives from the date on which they become fully operational, using the straight-line method, at the following rates per annum:

Land in Hong Kong	Over unexpired lease term
Buildings on land in Hong Kong held under long lease	2%
Buildings on freehold land held outside Hong Kong	2%
Buildings on land outside Hong Kong held under medium-term lease (lease with 10 to 50 years to run)	Shorter of lease terms or 50 years
Plant and machinery	10–20%
Motor vehicles	20%
Furniture, fixtures and equipment	10–20%
Motor vessels	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases.

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

Hotel property comprises interests in land and buildings and its integral fixed plant which are collectively used in the operation of a hotel and are stated at their open market values on the basis of ongoing periodic professional valuations. Any increase arising on revaluation of hotel property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case, this surplus is credited to the income statement to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of hotel property is charged to the income statement to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that hotel property. On subsequent sale or retirement of a revalued hotel property, the attributable revaluation surplus is transferred to retained profits. Depreciation is provided to write off the valuation of hotel properties over the lease term.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated sales proceeds less estimated selling expenses.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

When the property under development is sold in advance of completion, profit is recognised and calculated on a percentage of completion basis when the construction has progressed beyond the preliminary stage of development. The percentage used is based on the proportion of construction cost incurred up to the balance sheet date to estimated total construction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit or loss for the period.

Other assets

Other assets represent club memberships and are stated at cost less any identified impairment loss.

Deferred compensation cost

Deferred compensation cost represents those cost paid to the consultants in respect of management service agreement provided by the consultants to the Group. These costs are recognised over the periods of the service and any unearned portion is shown as an asset in the balance sheet.

Impairment

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

On consolidation, the financial statements of subsidiaries, associates or jointly controlled entities which are denominated in currencies other than Hong Kong dollars are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Taxation

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

Leases

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Revenue recognition

When property under development is sold in advance of completion, profit is recognised and calculated on a percentage of completion basis and when construction has progressed beyond the preliminary stages of development. The percentage used is based on the proportion of construction costs incurred at the balance sheet date to estimated total construction costs. Profit recognised on this basis is limited to the amount of sales deposits received.

Sales of goods are recognised when goods are delivered and title has passed.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (Continued)

Revenue arising from hotel operations is recognised when the relevant services are provided.

Rental income arising from properties is recognised on a straight-line basis over the periods of the respective tenancies.

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

Management fee income is recognised when the relevant services are provided.

Retirement benefits scheme

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Mandatory Provident Fund Scheme.

4. TURNOVER

Turnover represents the aggregate amount of gross rental and management fee income, proceeds from sales of properties and investments, loan interest income and commitment fees received, income from hotel operations, and sales of boiler products, less returns and discounts, during the year as follows:

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Rental income and management fee income	97,895	115,745
Sale of properties	469,604	277,061
Loan interest income and commitment fees	5,221	15,463
Manufacture of boiler products	26,745	52,072
Hotel operations	41,908	42,148
Sale of shares	50,217	7,864
	<u>691,590</u>	<u>510,353</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five operating divisions – securities investment, property development and investment, hotel operations, industries, and treasury. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Securities investment	–	securities investment
Property development and investment	–	properties development, investment in properties and property rental
Hotel operations	–	hotel operation and management
Industries	–	boiler manufacturing
Treasury	–	loan financing

Segment information about these businesses is presented below.

2002

	Property development and investment HK\$'000	Securities investment HK\$'000	Hotel operations HK\$'000	Industries HK\$'000	Treasury HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	567,499	50,217	41,908	26,745	5,221	–	–	691,590
Inter-segment sales	30,112	–	–	–	–	–	(30,112)	–
Total turnover	<u>597,611</u>	<u>50,217</u>	<u>41,908</u>	<u>26,745</u>	<u>5,221</u>	<u>–</u>	<u>(30,112)</u>	<u>691,590</u>

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	<u>39,997</u>	<u>(4,290)</u>	<u>5,351</u>	<u>(17,825)</u>	<u>(7,288)</u>	<u>(2,327)</u>	<u>(1,777)</u>	11,841
Other operating income	3,122	338	1,381	1,193	27,421	2,327	–	35,782
Unrealised holding losses on investments in securities	–	(2,464)	–	–	–	–	–	(2,464)
Impairment losses recognised in respect of overseas properties and investments	(167,518)	(9,560)	–	–	–	–	–	(177,078)
Loss on profit guarantee	(18,145)	–	–	–	–	–	–	(18,145)
Share of results of a jointly controlled entity	–	–	–	–	–	3,124	–	3,124
Share of results of associates	3,186	(9,721)	–	–	256	(1,648)	–	(7,927)
Finance costs								(47,210)
Unallocated corporate expenses								<u>(5,838)</u>
Loss before taxation								(207,915)
Taxation	(3,371)	(180)	–	–	(308)	(484)	–	<u>(4,343)</u>
Loss after taxation								<u>(212,258)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (Continued)

	Property development and investment	Securities investment	Hotel operations	Industries	Treasury	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
BALANCE SHEET							
ASSETS							
Segment assets	2,975,576	33,281	536,560	37,545	255,040	190,606	4,028,608
Interests in associates	48,201	73,910	–	–	217	94,908	217,236
Interest in a jointly controlled entity	–	–	–	–	–	56,073	56,073
Taxation recoverable	6,216	–	–	–	–	–	6,216
Unallocated corporate assets	–	–	–	–	–	–	9,974
Consolidated total assets							<u>4,318,107</u>
LIABILITIES							
Segment liabilities	520,140	8,341	17,997	27,571	1,127	857	576,033
Borrowings							1,209,034
Taxation payable liabilities	31,970	–	–	–	777	5,145	37,892
Unallocated corporate liabilities	–	–	–	–	–	–	33,780
Consolidated total liabilities							<u>1,856,739</u>
OTHER INFORMATION							
Capital additions	87,829	–	316	1,858	–	12	90,015
Depreciation and amortisation	3,948	–	3,676	4,436	–	2,905	14,965
Unrealised holding loss on investments in securities	–	(2,464)	–	–	–	–	(2,464)
Impairment losses recognised in respect of overseas properties and investments	(112,582)	–	–	–	–	(64,496)	(177,078)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (Continued)

2001

	Property development and investment HK\$'000	Securities investment HK\$'000	Hotel operations HK\$'000	Industries HK\$'000	Treasury HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	392,806	7,864	42,148	52,072	15,463	-	-	510,353
Inter-segment sales	29,898	-	-	-	-	-	(29,898)	-
Total turnover	<u>422,704</u>	<u>7,864</u>	<u>42,148</u>	<u>52,072</u>	<u>15,463</u>	<u>-</u>	<u>(29,898)</u>	<u>510,353</u>

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	<u>60,618</u>	<u>5,418</u>	<u>(7,607)</u>	<u>(10,360)</u>	<u>(8,840)</u>	<u>(305)</u>	<u>(3,539)</u>	35,385
Other operating income	16,150	-	-	1,043	8,696	306	-	26,195
Unrealised holding losses on investments in securities	(13,482)	-	-	-	-	-	-	(13,482)
Profit on disposal of subsidiaries	-	-	-	-	-	-	-	18,637
Warrant reserve released on expiration of warrants	-	-	-	-	-	-	-	24,768
Share of results of a jointly controlled entity	-	-	-	-	-	4,975	-	4,975
Share of results of associates	(2,947)	(11,221)	-	-	27,086	7,374	-	20,292
Finance costs	-	-	-	-	-	-	-	(50,807)
Unallocated corporate expenses	-	-	-	-	-	-	-	<u>(8,846)</u>
Profit before taxation								57,117
Taxation	(9,119)	(103)	-	-	(2,588)	(593)	-	<u>(12,403)</u>
Profit after taxation								<u>44,714</u>

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For the Year Ended 31st March, 2002

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (Continued)

	Property development and investment	Securities investment	Hotel operations	Industries	Treasury	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
BALANCE SHEET							
ASSETS							
Segment assets	2,800,535	21,221	326,364	49,164	273,285	85,494	3,556,063
Interests in associates	274,430	52,794	–	–	148,187	87,408	562,819
Interest in jointly controlled entity	–	–	–	–	–	63,060	63,060
Taxation recoverable	4,487	–	–	15	–	–	4,502
Unallocated corporate assets	–	–	–	–	–	–	5,622
Consolidated total assets							<u>4,192,066</u>
LIABILITIES							
Segment liabilities	483,394	22	23,421	27,845	77,554	8,395	620,631
Borrowings	–	–	–	–	–	–	1,011,542
Taxation payable	39,080	–	–	–	1,430	5,145	45,655
Unallocated corporate liabilities	–	–	–	–	–	–	35,560
Consolidated total liabilities							<u>1,713,388</u>
OTHER INFORMATION							
Capital additions	98,749	–	265	24	–	–	99,038
Depreciation and amortisation	7,330	–	5,226	3,317	–	3,003	18,876
Unrealised holding loss on investments in securities	–	13,482	–	–	–	–	13,482

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For the Year Ended 31st March, 2002

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

A geographical analysis of the Group's turnover and contribution to (loss) profit before taxation, by location of market, is as follows:

	Sales revenue by geographical market		Contribution to (loss) profit before taxation	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
By geographical				
Hong Kong	84,350	80,029	(14,134)	(1,849)
Other regions in the Peoples' Republic of China ("PRC")	104,525	241,704	(112,519)	(8,746)
Malaysia	307,815	119,945	49,306	44,589
United States of America	1,384	13,054	(650)	(10,273)
Australia	188,137	49,778	(83,316)	44,023
Singapore	5,379	5,843	(677)	(1,202)
Others	—	—	(45,925)	(9,425)
	691,590	510,353	(207,915)	57,117

The following is an analysis of the carrying amount of segment assets and capital additions by geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	1,852,717	1,569,855	47,250	55,787
Other regions in PRC	485,184	620,990	3,536	23,992
Malaysia	1,070,855	587,933	2,491	9,513
United States of America	221,212	221,422	—	192
Australia	237,352	344,628	36,095	8,149
Singapore	119,689	128,249	—	—
Others	41,599	82,986	643	1,405
	4,028,608	3,556,063	90,015	99,038

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6. OTHER OPERATING EXPENSES

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Included in other operating expenses is:		
Loss on termination of a development project	8,698	–
Allowance for recoverability of advances to associates	<u>2,981</u>	<u>12,109</u>

7. IMPAIRMENT LOSSES RECOGNISED IN RESPECT OF OVERSEAS PROPERTIES AND INVESTMENT

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Impairment loss recognised on properties under development for sale	79,660	–
Impairment loss recognised on property under development	33,932	–
Impairment loss recognised on investment in associate	53,925	–
Impairment loss recognised on deposit for acquisition of an investment	<u>9,561</u>	<u>–</u>
	<u>177,078</u>	<u>–</u>

During the year, the directors have assessed the net realisable value of overseas properties and the recoverable amount of the deposit for acquisition of an investment, as it is unlikely that the acquisition can be completed and the deposit is not expected to be refunded. As a result, an impairment loss of HK\$113,592,000 and HK\$9,561,000 respectively have been recognised.

In addition, the directors have also assessed the recoverable amount of the investment in an associate. As the associate incurs continuing operating loss and is not able to generate positive cash flows in the future. Impairment loss of HK\$53,925,000 has been recognised.

8. LOSS ON PROFIT GUARANTEE

The Group had entered into an agreement with the underwriters for the purpose of the listing of its subsidiary, New China Homes, Ltd. (“NCH”) on NASDAQ stock market in the United States of America. Pursuant to the agreement, the Group has agreed that 25% of NCH shares held by the Group will be cancelled if the net income of NCH is less than US\$10 million in the first year and another 25% of NCH shares held by the Group will be cancelled if the net income of NCH is less than US\$20 million in the second year after listing on NASDAQ. Since the profit guarantee could not be met during the two years, totaling 50% of the NCH shares held by the Group has been cancelled during the year which has resulted in a loss of HK\$18,145,000.

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9. FINANCE COSTS

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	31,325	52,632
– not wholly repayable within five years	5,988	193
Other loans		
– wholly repayable within five years	20,378	11,828
Finance leases	48	106
Other finance costs	2,141	2,347
	<hr/>	<hr/>
Total borrowing costs	59,880	67,106
Less: amounts capitalised	(3,937)	(14,435)
Less: amounts included in cost of sale	(8,733)	(1,864)
	<hr/>	<hr/>
	47,210	50,807

10. (LOSS) PROFIT BEFORE TAXATION

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	2,602	2,135
Depreciation of		
– owned assets	9,705	13,422
– assets held under finance leases	177	398
	<hr/>	<hr/>
	9,882	13,820
Staff costs including directors' remuneration	31,790	23,021
Minimum lease payment in respect of operating lease charges		
– land and buildings	–	1,119
– motor vehicles	217	217
Allowance for bad and doubtful debts	11,456	12,169
Retirement benefits scheme contributions, net of forfeited contributions/pension costs	574	198
Net foreign exchange losses	7,724	1,810
Amortisation of deferred compensation cost	2,178	2,151
Amortisation of interest in a jointly controlled entity	2,905	2,905
Profit on disposal of property, plant and equipment	(4,252)	(70)
Profit on disposal of investment properties	(392)	–
Net rental income	(66,564)	(64,236)
Bank interest income	(1,408)	(8,475)
	<hr/>	<hr/>
	(1,408)	(8,475)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

11. DIRECTORS' AND TOP FIVE EMPLOYEES' EMOLUMENTS

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Directors' fees	275	277
Other emoluments		
Salaries and other benefits	5,731	7,715
Retirement benefits scheme contributions	39	12
	<hr/>	<hr/>
Total emoluments	<u>6,045</u>	<u>8,004</u>

The amounts disclosed above include directors' fees of HK\$50,000 (2001: HK\$50,000) and other emoluments of HK\$Nil (2001: HK\$280,440) payable to independent non-executive directors.

The emoluments of the directors were within the following bands:

	<u>2002</u> No. of directors	<u>2001</u> No. of directors
Nil to HK\$1,000,000	10	9
HK\$1,000,001 to HK\$1,500,000	–	3
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	–
	<hr/>	<hr/>

Of the five individuals with the highest emoluments in the Group, two (2001: all) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2001: nil) individuals in this year were as follows:

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Salaries and other benefits	1,430	–
Retirement benefit scheme contributions	36	–
	<hr/>	<hr/>
	<u>1,466</u>	<u>–</u>

Their emoluments were within the following bands:

	<u>2002</u> No. of employees	<u>2001</u> No. of employees
Nil to HK\$1,000,000	3	–
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

12. TAXATION

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
The (credit) charges comprise:		
Profits for the year:		
Hong Kong	1,697	2,759
Other regions in the PRC	579	5,834
Other jurisdictions	6,208	2,221
	<u>8,484</u>	<u>10,814</u>
Prior years		
Hong Kong	(492)	5
Other regions in the PRC	15	–
Other jurisdictions	–	278
	<u>(477)</u>	<u>283</u>
Deferred taxation		
Other regions in the PRC (Note 37)	(5,173)	(251)
Taxation attributable to the Company and its subsidiaries	2,834	10,846
Share of taxation attributable to associates	1,509	1,557
	<u>4,343</u>	<u>12,403</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit of each individual company, after making adjustments for taxation purposes and after deducting any available tax relief for losses brought forward. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Details of the deferred taxation are set out in note 37.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

13. DIVIDENDS

During the year, scrip dividend alternatives were offered in respect of the 2001 and 2000 final dividends. These scrip dividend alternatives were accepted by the majority of shareholders, as follows:

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Dividends:		
Cash	11,995	12,131
Share alternative	<u>7,054</u>	<u>6,652</u>
	<u><u>19,049</u></u>	<u><u>18,783</u></u>

The final dividend of 2 cents (2001: 2 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

14. (LOSS) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net loss for the year of HK\$204,130,000 (2001: net profit of HK\$47,912,000) and on the weighted average number of 958,823,000 (2001: 944,724,000) ordinary shares in issue during the year.

No diluted (loss) earnings per share have been presented because the exercise prices of the Company's share options were higher than the average market prices of share for both 2002 and 2001.

15. INVESTMENT PROPERTIES

	THE GROUP HK\$'000
VALUATION	
At 1st April, 2001	1,170,470
Exchange adjustments	8,632
Transfer to properties under development for sale	(142,481)
Additions	3,286
Disposals	(1,179)
Revaluation decrease	<u>(16,551)</u>
At 31st March, 2002	<u><u>1,022,177</u></u>

All of the Group's investment properties are rented out under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

15. INVESTMENT PROPERTIES (continued)

The carrying amount of investment properties comprises:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Land in Hong Kong:		
Long lease	422,100	613,377
Medium-term lease	457,037	277,037
Land outside Hong Kong:		
Freehold	38,347	168,558
Long lease	104,693	111,498
	<u>1,022,177</u>	<u>1,170,470</u>

Investment properties were revalued respectively by independent professional valuers in the relevant countries, namely DTZ Debenham Tie Leung in Hong Kong, CB Richard Ellis in Australia and Premas International Ltd. in Singapore, on an open market basis at 31st March, 2002. The valuation give rise to revaluation decrease of HK\$16,551,000 has been debited to the investment properties revaluation reserve.

The gross rental income from investment properties for the year ended 31st March, 2002 amounted to HK\$88,698,000 (2001: HK\$86,914,000). The property held has committed tenants for the next two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2002	2001
	HK\$'000	HK\$'000
Within one year	45,730	73,707
In the second to fifth year inclusive	36,710	65,816
Over five years	668	2,959
	<u>83,108</u>	<u>142,482</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Hotel properties	Other assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
COST OR VALUATION				
At 1st April, 2001	64,837	430,702	65,041	560,580
Exchange adjustments	747	(348)	238	637
Additions	1,065	190	2,260	3,515
Disposals	(9,480)	–	(7,327)	(16,807)
Revaluation increase	–	270,052	–	270,052
	<u>57,169</u>	<u>700,596</u>	<u>60,212</u>	<u>817,977</u>
At 31st March, 2002	<u>57,169</u>	<u>700,596</u>	<u>60,212</u>	<u>817,977</u>
Comprising:				
At cost	57,169	–	60,212	117,381
At 2002 professional valuation	–	520,000	–	520,000
At 2002 Directors' valuation	–	180,596	–	180,596
	<u>57,169</u>	<u>700,596</u>	<u>60,212</u>	<u>817,977</u>
DEPRECIATION				
At 1st April, 2001	5,002	42,294	37,194	84,490
Exchange adjustments	15	(15)	145	145
Provided for the year	2,013	2,606	5,263	9,882
Eliminated on disposals	(3,395)	–	(4,929)	(8,324)
Eliminated on revaluation	–	(5,529)	–	(5,529)
	<u>3,635</u>	<u>39,356</u>	<u>37,673</u>	<u>80,664</u>
At 31st March, 2002	<u>3,635</u>	<u>39,356</u>	<u>37,673</u>	<u>80,664</u>
NET BOOK VALUES				
At 31st March, 2002	<u>53,534</u>	<u>661,240</u>	<u>22,539</u>	<u>737,313</u>
At 31st March, 2001	<u>59,835</u>	<u>388,408</u>	<u>27,847</u>	<u>476,090</u>

One of the hotel properties was closed down during the year for renovation, therefore, no external revaluation has been performed. In the opinion of the directors, the carrying value of this hotel property represent the fair value at 31st March, 2002.

Other hotel properties were revalued by independent professional valuers in the relevant countries namely DTZ Debenham Tie Leung in Hong Kong and Michael & Co in Malaysia on an open market basis at 31st March, 2002. The revaluation gave rise to revaluation increase of HK\$275,581,000 which has been credited to the asset valuation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of properties shown above comprises:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Land in Hong Kong:		
Long lease	13,906	13,707
Medium-term lease	110,000	100,000
Land outside Hong Kong:		
Freehold	553,295	292,298
Medium-term lease	37,573	42,238
	<u>714,774</u>	<u>448,243</u>

Other assets with an aggregate net book value of HK\$483,000 (2001: HK\$1,301,000) were held under finance leases.

If the hotel properties had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation of HK\$385,802,000 (2001: HK\$388,408,000).

17. PROPERTIES UNDER DEVELOPMENT

	THE GROUP HK\$'000
COST	
At 1st April, 2001	461,438
Exchange adjustments	3,481
Additions	86,732
On acquisition of a subsidiary	288,976
Transferred to properties under development for sales	(153,754)
Impairment loss recognised	(33,932)
	<u>652,941</u>
At 31st March, 2002	<u>652,941</u>

During the year, the directors have assessed the recoverable amount of the properties under development project, one of them is not able to generate positive cashflows to the Group in the future. An impairment loss of HK\$33,932,000 has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

17. PROPERTIES UNDER DEVELOPMENT (continued)

The net book value of properties shown above comprises:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Land in Hong Kong:		
Long lease	56,094	182,605
Medium-term lease	208,396	113,682
Land outside Hong Kong:		
Freehold	314,995	60,152
Medium-term lease	73,456	104,999
	<u>652,941</u>	<u>461,438</u>

Included in development properties is interest capitalised of approximately HK\$46,196,000 (2001: HK\$42,259,000).

18. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	1,210,284	1,210,284
Advances thereto	876,864	729,281
	<u>2,087,148</u>	<u>1,939,565</u>

The advances are unsecured, interest free and the directors confirmed that the amounts are not repayable within one year and accordingly is shown as non-current assets.

Details of the Company's principal subsidiaries at 31st March, 2002 are set out in note 50.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

19. INTERESTS IN ASSOCIATES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets other than goodwill	284,255	575,913
Discount arising on acquisition of associates	(13,094)	(13,094)
Impairment loss recognised	(53,925)	–
	<u>217,236</u>	<u>562,819</u>
Market value		
Hong Kong listed investments	<u>31,804</u>	<u>24,320</u>

During the year, the directors have assessed the recoverable amount of the investment in an associate, as the associate incurs continuing operating loss and is not able to generate positive cashflows in the future. Impairment loss of HK\$53,925,000 has been recognised.

Details of the Group's principal associates at 31st March, 2002 are set out in note 51.

The following details have been extracted from the audited financial statements of the Group's significant associates.

As Far East Technology International Limited ("Far East Technology") is listed on the Stock Exchange, only published financial information for the year ended 31st December, 2001 is disclosed in the following table.

	Bermuda			
	Far East Technology		Investment Limited	
	31.12.2001	31.12.2000	31.3.2002	31.3.2001
	Audited	Audited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Results for the year				
Turnover	<u>147,197</u>	<u>181,935</u>	<u>21,397</u>	<u>22,374</u>
(Loss) profit from ordinary activities before taxation	<u>(58,188)</u>	<u>(97,236)</u>	<u>19,380</u>	<u>20,151</u>
(Loss) profit from ordinary activities before taxation attributable to the group	<u>(16,409)</u>	<u>(27,421)</u>	<u>4,845</u>	<u>5,038</u>
Financial position				
Non-current assets	651,375	591,654	300,001	320,001
Current assets	76,144	270,240	2,381	2,597
Current liabilities	(332,414)	(377,681)	(5,597)	(5,745)
Non-current liabilities	(33,256)	(37,649)	–	–
Minority interests	(50,578)	(58,358)	–	–
Net assets	<u>311,271</u>	<u>388,206</u>	<u>296,785</u>	<u>316,853</u>
Net assets attributable to the Group	<u>87,778</u>	<u>109,474</u>	<u>74,196</u>	<u>79,213</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

20. INTEREST IN A JOINTLY CONTROLLED ENTITY

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets less amortization	63,279	63,060
Amount due to a jointly controlled entity	(7,206)	—
	56,073	63,060

<u>Name of entity</u>	<u>Form of business structure</u>	<u>Country of registration</u>	<u>Principal place of operations</u>	<u>Capital contribution</u>	<u>Nature of business</u>
Shangqiu Yongyuan Development Company Limited 商丘永遠公路有限公司	Incorporated	PRC	PRC	68%	Construction and operation of highway

Under a joint venture agreement, the Group has an interest of 68% in Shangqiu Yongyuan Development Company Limited which is based on capital contribution from the Group, an equity joint venture company in the PRC with a term of 21 years commencing from 31st July, 1997. Upon the completion of the construction work, the Group is entitled to 85% of the profits earned until it has recovered dividends to an amount equivalent to all its contribution. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until it has effectively recovered dividends equivalent to all its contribution for the agreed valuation of the relevant highway. Thereafter, the Group's entitlement to share of profits is then in proportion to its contribution. At the end of the 21 years, the joint venture will be dissolved and the Group's interest in the joint venture will be surrendered to the PRC party for no consideration. Therefore a HK\$2,905,000 investment cost of interest in a jointly controlled entity was amortised and the Group's share result of the joint venture project during the year is HK\$3,124,000 (2001: HK\$4,975,000).

The amount due to a jointly controlled entity is unsecured, non-interest bearing and has no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

21. INVESTMENTS IN SECURITIES

THE GROUP

	Trading securities		Other securities		Total	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Equity securities						
Listed	35,639	16,542	16,604	21,136	52,243	37,678
Unlisted	69,545	68,528	–	2,813	69,545	71,341
	<u>105,184</u>	<u>85,070</u>	<u>16,604</u>	<u>23,949</u>	<u>121,788</u>	<u>109,019</u>
Listed						
Hong Kong	35,639	16,542	16,457	20,853	52,096	37,395
Overseas	–	–	147	283	147	283
Unlisted	69,545	68,528	–	2,813	69,545	71,341
	<u>105,184</u>	<u>85,070</u>	<u>16,604</u>	<u>23,949</u>	<u>121,788</u>	<u>109,019</u>
Market value of listed securities	<u>35,639</u>	<u>16,542</u>	<u>16,604</u>	<u>21,136</u>	<u>52,243</u>	<u>37,678</u>
Carrying amount analysed for reporting purposes as:						
Current	34,859	–	75	211	34,934	211
Non-current	70,325	85,070	16,529	23,738	86,854	108,808
	<u>105,184</u>	<u>85,070</u>	<u>16,604</u>	<u>23,949</u>	<u>121,788</u>	<u>109,019</u>

22. AMOUNTS DUE FROM INVESTEE COMPANIES

The amounts are unsecured and non-interest bearing. In the opinion of the directors, no repayment will be demanded within the next twelve months. Accordingly, the amounts are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

23. LOANS RECEIVABLE

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Long-term loans receivable bear interest at commercial rate		
– secured	259,461	243,664
– unsecured	293	9,509
	<u>259,754</u>	<u>253,173</u>
Less: Amount due within one year shown as current assets	(411)	(367)
	<u><u>259,343</u></u>	<u><u>252,806</u></u>

24. AMOUNTS DUE FROM ASSOCIATES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Interest free advances to associates (net of allowance)	66,465	55,966
Interest bearing advances to associates (net of allowance)	9,824	60,784
	<u>76,289</u>	<u>116,750</u>
Less: Amount due within one year shown as current assets	(19,700)	(55,705)
	<u><u>56,589</u></u>	<u><u>61,045</u></u>

The advances are unsecured. The interest bearing advances bear interest at prevailing market rates.

25. PROPERTIES UNDER DEVELOPMENT FOR SALE

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
At cost	508,670	525,829
Transfer from investment properties	142,481	–
Transfer from properties under development	153,754	48,144
Transfer to properties under development	–	(70,932)
Impairment loss recognised	(79,660)	–
	<u>725,245</u>	<u>503,041</u>

During the year, the directors have assessed the net realisable value of the properties under development for sale and an impairment loss of HK\$79,660,000 was recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

26. DEBTORS, DEPOSITS AND PREPAYMENTS

The debtors, deposits and prepayments include trade debtors of HK\$70,693,000 (2001: HK\$75,725,000). The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of trade debtors at the balance sheet date.

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
0-60 days	29,236	43,236
61-91 days	2,144	3,977
> 90 days	39,313	28,512
	<u>70,693</u>	<u>75,725</u>

27. INVENTORIES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Raw materials	2,997	7,115
Work in progress	3,019	5,899
Finished goods	1,126	3,657
	<u>7,142</u>	<u>16,671</u>

The cost of inventories recognised as an expense during the year was HK\$20,663,000 (2001: HK\$51,915,000).

Included above are work-in progress of HK\$3,019,000 (2001: finished goods of HK\$2,556,000) which are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

28. CREDITORS AND ACCRUALS

The creditors and accruals include trade creditors of HK\$96,259,000 (2001: HK\$83,223,000).

The following is an aged analysis of trade creditors at the balance sheet date:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
0–60 days	63,422	71,864
61–91 days	2,708	1,329
> 90 days	30,129	10,030
	<u>96,259</u>	<u>83,223</u>

29. OBLIGATIONS UNDER FINANCE LEASES

THE GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Amounts payable under finance leases				
Within one year	245	278	201	230
In the second to fifth year inclusive	357	602	308	509
	<u>602</u>	<u>880</u>	<u>509</u>	<u>739</u>
Less: future finance charges	(93)	(141)	–	–
Present value of lease obligations	<u>509</u>	<u>739</u>	<u>509</u>	<u>739</u>
Less: Amount due within 1 year (shown under current liabilities)			(201)	(230)
			<u>308</u>	<u>509</u>

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4 years. For the year ended 31st March, 2002, the average effective borrowing rate was 5.15%. Interest rates are fixed at the contract date and the assets were pledged to lessors. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

30. BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank overdrafts	23,336	54,406	–	–
Bank loans	752,497	590,573	–	–
Mortgage loans	324,998	365,824	31,400	–
Other loans	108,000	–	108,000	–
	<u>1,208,831</u>	<u>1,010,803</u>	<u>139,400</u>	<u>–</u>
Secured	1,085,755	997,654	31,400	–
Unsecured	123,076	13,149	108,000	–
	<u>1,208,831</u>	<u>1,010,803</u>	<u>139,400</u>	<u>–</u>

Other loans are unsecured, bear interest at 5% per annum and repayable in May, 2005.

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
The maturity of the above loans and overdrafts is as follows:				
On demand or within one year	413,469	353,885	4,800	–
More than one year, but not exceeding two years	105,607	72,196	4,800	–
More than two years, but not exceeding five years	495,420	348,288	129,800	–
More than five years	194,335	236,434	–	–
	<u>1,208,831</u>	<u>1,010,803</u>	<u>139,400</u>	<u>–</u>
Less: Amount due within one year shown under current liabilities	(413,469)	(353,885)	(4,800)	–
	<u>795,362</u>	<u>656,918</u>	<u>134,600</u>	<u>–</u>

Details of the assets of the Group pledged to secure bank and other borrowings are set out in note 43.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

31. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest bearing and has no fixed repayment term.

32. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, non-interest bearing and have no fixed repayment term. Certain directors have beneficial interest in these companies.

33. AMOUNTS DUE TO ASSOCIATES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Amounts due to associates, interest bearing	–	179,898
Amounts due to associates, interest free	24,097	93,867
	24,097	273,765
Less: Amount due within one year shown under current liability	(24,097)	(28,317)
	–	245,448

The advances are unsecured. The interest bearing amounts due to associates bear interest at prevailing market rates.

34. SHARE CAPITAL

	Number of shares		Share capital	
	2002	2001	2002 HK\$'000	2001 HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	1,500,000,000	1,500,000,000	150,000	150,000
Issued and fully paid:				
At beginning of year	952,451,881	939,147,635	95,245	93,915
Issued pursuant to scrip dividend scheme for 2001 and 2000 final dividend	15,297,994	13,304,246	1,530	1,330
At end of year	967,749,875	952,451,881	96,775	95,245

On 28th September, 2001, the Company issued and allotted a total of 15,297,994 shares of HK\$0.1 each in the Company at par to the shareholder who elected to receive shares in the Company for the 2001 final dividends pursuant to the scrip dividend scheme announced by the Company on 18th July, 2001. These shares rank pari passu in all respects with other shares in issue.

During the year, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

35. SHARE PREMIUM AND RESERVES

	Capital		Investment			Investment		Warrant reserve	Retained profits	Total	
	Share redemption premium	reserve	Other revaluation reserve	Assets properties		Special reserve	Exchange revaluation reserve				
				revaluation reserve	revaluation reserve						
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
THE GROUP											
At 1st April, 2000											
– as previously reported	647,806	253	169,352	169	182,888	869,357	(163,908)	(38,277)	24,768	650,122	2,342,530
– prior year adjustment (note 2)	–	–	–	–	–	–	–	–	–	18,783	18,783
	<u>647,806</u>	<u>253</u>	<u>169,352</u>	<u>169</u>	<u>182,888</u>	<u>869,357</u>	<u>(163,908)</u>	<u>(38,277)</u>	<u>24,768</u>	<u>668,905</u>	<u>2,361,313</u>
– as restated	647,806	253	169,352	169	182,888	869,357	(163,908)	(38,277)	24,768	668,905	2,361,313
Credit arising on scrip dividend	5,322	–	–	–	–	–	–	–	–	–	5,322
Revaluation decrease in the year	–	–	–	–	(21,143)	–	–	(17,796)	–	–	(38,939)
Net profit for the year	–	–	–	–	–	–	–	–	–	47,912	47,912
2000 final dividends paid	–	–	–	–	–	–	–	–	–	(18,783)	(18,783)
Share of associate's reserves movement during the year	–	–	–	–	10,064	–	(26,634)	–	–	–	(16,570)
Exchange difference on translation of overseas operations	–	–	–	–	–	–	2,125	–	–	–	2,125
Released on expiry of warrants	–	–	–	–	–	–	–	–	(24,768)	–	(24,768)
	<u>653,128</u>	<u>253</u>	<u>169,352</u>	<u>169</u>	<u>171,809</u>	<u>869,357</u>	<u>(188,417)</u>	<u>(56,073)</u>	<u>–</u>	<u>698,034</u>	<u>2,317,612</u>
At 31st March, 2001	653,128	253	169,352	169	171,809	869,357	(188,417)	(56,073)	–	698,034	2,317,612
Credit arising on scrip dividend	5,524	–	–	–	–	–	–	–	–	–	5,524
Revaluation increase (decrease) during the year	–	–	–	275,581	(16,551)	–	–	(4,532)	–	–	254,498
Net loss for the year	–	–	–	–	–	–	–	–	–	(204,130)	(204,130)
2001 final dividends paid	–	–	–	–	–	–	–	–	–	(19,049)	(19,049)
Realised on disposal of assets	–	–	–	–	–	–	20,523	–	–	–	20,523
Share of associate's reserves movement during the year	–	–	–	–	(87,442)	–	(1,512)	–	–	–	(88,954)
Exchange difference on translation of overseas operations	–	–	–	–	–	–	13,585	–	–	–	13,585
	<u>658,652</u>	<u>253</u>	<u>169,352</u>	<u>275,750</u>	<u>67,816</u>	<u>869,357</u>	<u>(155,821)</u>	<u>(60,605)</u>	<u>–</u>	<u>474,855</u>	<u>2,299,609</u>
At 31st March, 2002	658,652	253	169,352	275,750	67,816	869,357	(155,821)	(60,605)	–	474,855	2,299,609

The special reserve of the Group represented 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 1991.

The other reserve of the Group represented share premium attributable to subsidiaries pursuant to the Group reorganisation in 1991.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

35. SHARE PREMIUM AND RESERVES (continued)

The retained profits of the Group include HK\$80,282,000 (2001: HK\$89,718,000) retained by associates of the Group and HK\$8,099,000 (2001: HK\$4,975,000) retained by a jointly controlled entities.

	Redemption reserve HK\$'000	Share premium HK\$'000	Distributable reserve HK\$'000	Warrant reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE COMPANY						
At 1st April, 2000						
– as previously reported	253	647,806	1,165,620	24,768	782	1,839,229
– prior year adjustment (note 2)	–	–	–	–	18,783	18,783
– as restated	253	647,806	1,165,620	24,768	19,565	1,858,012
Credit arising on scrip dividend	–	5,323	–	–	–	5,323
Released on expiration of warrants	–	–	–	(24,768)	–	(24,768)
Net profit for the year	–	–	–	–	23,106	23,106
2000 final dividends paid	–	–	–	–	(18,783)	(18,783)
At 31st March, 2001	253	653,129	1,165,620	–	23,888	1,842,890
Credit arising on scrip dividend	–	5,523	–	–	–	5,523
Net profit for the year	–	–	–	–	19,894	19,894
2001 final dividends paid	–	–	–	–	(19,049)	(19,049)
At 31st March, 2002	253	658,652	1,165,620	–	24,733	1,849,258

The distributable reserve of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company pursuant to the group reorganisation in 1991. Under the Companies Law (Revised) of the Cayman Islands, the distributable reserve is available for distribution to shareholders.

In the opinion of the Directors, the Company's reserves available for distribution were as follows:

	2002 HK\$'000	2001 HK\$'000
Distributable reserve	1,165,620	1,165,620
Retained profits	24,733	23,888
	1,190,353	1,189,508

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

36. AMOUNT DUE FROM (TO) A MINORITY SHAREHOLDER

The amount due from (to) a minority shareholder is unsecured, non-interest bearing and will not be demanded for repayment within the next twelve months. Accordingly, the amount is classified as non-current assets (liabilities).

37. DEFERRED TAXATION

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Balance at beginning of year	5,063	4,613
Exchange difference	110	701
Credit for the year (note 12)	(5,173)	(251)
Transferred from taxation payable	19,687	–
	<u>19,687</u>	<u>–</u>
Balance at end of year	<u>19,687</u>	<u>5,063</u>

In the previous years, a subsidiary has pre-sold a real estate development project and has accrued the full amount of provisional foreign enterprises income tax on deemed profits arising from the pre-sales pursuant to the relevant tax regulations. During the year, this subsidiary has reached an agreement with the relevant tax authority that the subsidiary shall be liable for profit tax based on its actual profit. Accordingly, the taxation payable arising from the deemed profit tax in the previous years was reclassified to deferred taxation.

At the balance sheet date, the major components of deferred taxation liabilities (assets), provided and unprovided, are as follows:

	Provided		Unprovided	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
THE GROUP				
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	–	–	3,527	729
Tax effect of taxation losses	–	–	(66,786)	(46,111)
Others	19,687	5,063	–	–
	<u>19,687</u>	<u>5,063</u>	<u>(63,259)</u>	<u>(45,382)</u>

A deferred tax asset in respect of tax losses available to set off future profits has not been recognised in the financial statements as it is not certain that the tax losses will be utilised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

37. DEFERRED TAXATION (continued)

The amount of unprovided deferred tax liabilities (assets) for the year is as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Tax effect of timing differences because of:		
Difference between tax allowances and depreciation	2,798	373
Tax losses (arising) utilised	(20,675)	60
	<u>(17,877)</u>	<u>433</u>

The Company did not have any material unprovided deferred taxation at the balance sheet date.

Deferred tax has not been provided on the revaluation surplus arising on the revaluation of properties as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

38. RECONCILIATION OF (LOSS) PROFIT BEFORE TAXATION TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
(Loss) profit before taxation	(207,915)	57,117
Share of results of associates	7,927	(20,292)
Share of results of a jointly controlled entity	(3,124)	(4,975)
Depreciation	9,882	13,820
Interest income	(1,408)	(8,475)
Interest expenses	55,943	52,671
Allowance for advances to associates	2,981	12,109
Loss on profit guarantee in respect of a subsidiary	18,145	–
Impairment losses recognised in respect of overseas properties and investment	177,078	–
Unrealised holding losses on investments in securities	2,464	13,482
Amortisation of interest in a jointly controlled entity	2,905	2,905
Amortisation of deferred compensation cost	2,178	2,151
Warrant reserve released on warrant expired during the year	–	(24,768)
Profit on disposal of subsidiaries	–	(18,637)
Profit on disposal of properties and other fixed assets	(4,252)	(70)
Profit on disposal of investment properties	(392)	–
Increase (decrease) in amounts due to related companies	9,495	(1,411)
Decrease (increase) in completed properties for sale	54,873	(57,499)
Decrease (increase) in properties under development for sale	116,185	(48,383)
Decrease in amounts due from associates	36,005	6,653
Decrease in amounts due to associates	(4,220)	(110,234)
Increase in amount due to a jointly controlled entity	7,206	–
Decrease in debtors, deposits and prepayments	161,932	65,145
Increase in loans receivable	(44)	–
Decrease in investments in securities	(18,873)	–
Decrease in inventories	9,529	13,802
Decrease in customers' deposits received	(2,191)	(14,120)
Increase (decrease) in creditors and accruals	39,314	(28,348)
Effect on foreign exchange	27,757	9,594
	<hr/>	<hr/>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	499,380	(87,763)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

39. PURCHASE OF SUBSIDIARIES

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Net asset acquired		
Investment properties	–	66,077
Property, plant and equipment	–	100,877
Properties under development	288,976	–
Debtors, deposits and prepayments	135,925	2,529
Inventories	–	60
Bank balance and cash	1,776	92
Creditors and accruals	(22,295)	(1,064)
Bank loans	–	(110,000)
Amounts due to former shareholders	(208,313)	(271,016)
	196,069	(212,445)
Assignment of amounts due to former shareholders	208,313	271,016
	404,382	58,571
Satisfied by:		
Cash consideration	225,343	58,571
Carrying value of associates	179,039	–
	404,382	58,571
Net cash outflow arising on acquisition:		
Cash consideration	225,343	58,571
Bank balance and cash acquired	(1,776)	(92)
Net cash outflow of cash and cash equivalents in respect of the purchase of subsidiaries	223,567	58,479

The subsidiaries acquired during the year did not have any material impact on the Group's cash flow or results for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

40. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Warrant reserve HK\$'000	Bank and other borrowings HK\$'000	Obligations under finance leases HK\$'000	Minority interests HK\$'000	Amount due to a minority shareholder HK\$'000	Amount due to associates HK\$'000	Amount due to a director HK\$'000
Balance at 1st April, 2000	24,768	664,603	658	71,445	19,760	175,756	-
Net cash inflow (outflow) from financing	-	205,819	(553)	-	-	69,692	31,100
Share of loss for the year	-	-	-	(3,198)	-	-	-
Dividend paid to minority shareholders	-	-	-	(170)	-	-	-
Acquisition of subsidiary	-	110,000	-	-	-	-	-
Released upon expiry of warrants	(24,768)	-	-	-	-	-	-
Inception of finance leases contracts	-	-	634	-	-	-	-
Effect of foreign exchange rate changes	-	(24,025)	-	(2,256)	-	-	-
Balance at 31st March, 2001	-	956,397	739	65,821	19,760	245,448	31,100
Net cash inflow (outflow) from financing	-	222,065	(230)	-	-	(245,448)	(242)
Share of loss for the year	-	-	-	(8,128)	-	-	-
Loss on for profit guarantee	-	-	-	7,405	-	-	-
Effect of foreign exchange rate changes	-	7,033	-	(114)	51	-	-
Balance at 31st March, 2002	-	1,185,495	509	64,984	19,811	-	30,858

41. DISPOSAL OF SUBSIDIARIES

	2002 HK\$'000	2001 HK\$'000
NET ASSETS DISPOSED OF		
Debtors, deposits and prepayments	-	91,256
Creditors and accruals	(5)	(801)
Interest in associate	1,012	-
Amount due to a holding company	(1,114)	-
	(107)	90,455
Profit on disposal	-	18,637
Assignment of amounts due to a holding company	1,114	-
Total consideration	1,007	109,092
Satisfied by:		
Cash consideration	1,007	-
Receipt of investment in associate	-	109,092
	1,007	109,092

The subsidiary disposed of during the year did not have any material impact on the Group's cash flow or results for the year.

42. NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$Nil (2001: HK\$634,000).

43. PLEDGE OF ASSETS

- (a) The Group's properties and bank deposits with an aggregate net book value of approximately HK\$1,702 million (2001: HK\$1,652 million) together with properties of associates and third parties were mortgaged or pledged to the Group's bankers and loan creditors to secure banking and loan facilities granted to the Group and its associates to the extent of approximately HK\$1,390 million and HK\$5 million (2001: HK\$1,328 million and HK\$101 million) respectively.
- (b) The Group's listed investments of approximately HK\$38 million (2001: Nil) were pledged to the Group's financial institutions to secure margin trading facilities granted to the Group in respect of securities transactions to the extent of approximately HK\$15 million (2001: HK\$Nil), of which HK\$8 million (2001: HK\$Nil) were utilised.
- (c) The Group has entered into agreements with certain banks in respect of mortgage loans provided to house buyers of property project in the PRC. In accordance with those agreements, the Company deposits either 10% of the consideration of the properties sold and financed under the mortgage loans or between 10% and 20% of the amount of financing provided as a guarantee for settlement of the mortgage installments. Should mortgagors fail to pay mortgage installments, the bank can draw down the deposits up to the amount of mortgage installments not paid during the period from the mortgage drawdown to the date of releasing such guarantees. The guarantees will be released when property title deeds are passed to the banks as security for the respective mortgage loans. At the balance sheet date, deposit of approximately HK\$698,000 (2001: HK\$4,499,000) was placed with banks to guarantee the above agreements.

44. CAPITAL COMMITMENTS

- (a) At the balance sheet date, the Group had capital expenditure contracted for but not provided in the financial statements on property development expenditure of approximately HK\$260 million (2001: HK\$191 million); and
- (b) At the balance sheet date, the Group had capital expenditure authorised but not yet contracted for additional expenditure on a property development project in Shanghai of approximately HK\$217 million (2001: HK\$211 million).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

45. LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Land and buildings:		
– within one year	354	79
– in the second to fifth year inclusive	–	331
	<u>354</u>	<u>410</u>
Motor vehicles:		
– within one year	217	217
– in the second to fifth year inclusive	235	452
	<u>452</u>	<u>669</u>

Leases are negotiated for an average term of two years and rentals are fixed over the period.

At 31st March, 2002, the Company had no commitments under non-cancellable operating leases.

46. CONTINGENT LIABILITIES

(a) At the balance sheet date, contingent liabilities of the Group and of the Company were as follows:

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees issued to secure banking and other facilities made available to				
– subsidiaries	–	–	1,168,226	1,074,142
– third parties	11,000	11,000	11,000	11,000
– an investee company	44,793	44,275	44,793	44,275
	<u>44,793</u>	<u>44,275</u>	<u>44,793</u>	<u>44,275</u>

(b) The Group has given guarantee in respect of mortgage loans provided to the home buyers of a property project in PRC. At March 31, 2002, the total amount of mortgages outstanding which are subject to these guarantees was HK\$26,639,000 (2001: HK\$73,008,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

46. CONTINGENT LIABILITIES (continued)

- (c) The Group has given rental guarantee to a third party for the properties situated in Australia. At March 31, 2002, the total amount of these guarantees was HK\$10.6 million (2001: HK\$20 million).
- (d) The Inland Revenue Department has raised additional estimated assessments against the Group for the year of assessment 1995/96, requesting total tax payment of HK\$2.8 million. Regarding this tax dispute, the potential tax liability to the group is amounting to HK\$11 million of 1995/96 to 2000/2001. The Group intends to contest the case vigorously. While the outcome of this dispute cannot at present be estimated with certainty, the directors are of the opinion that the outcome of this case would not have a material impact on the financial position of the Group.
- (e) During the year, the Company was sued by a contractor working for it to develop Phase III of Chingchu California Gardens. The contractor alleges that the Company owes it approximately HK\$14 million for work performed. Of this amount, approximately HK\$3.8 million related to work encompassed by the construction contract which has not been paid by the Company, which has been recorded as a liability in the accompanying financial statement as of 31st March, 2002. The remaining HK\$10 million relates to additional construction work performed has not been provided in the financial statement. However, the Company filed a counter-claim seeking approximately RMB10.6 million from the contractor, asserting that it failed to comply with certain specifications of the construction contract and sought damages for the contractor's delay in completing the project. Both the contractor's claim and the Company's counter-claim are pending in a PRC court, which is expected to be heard by the end of the calendar year 2002. In the meantime, the PRC court has ordered that certain assets amounted to HK\$1.7 million of the Company be frozen. The ultimate outcome of these matters is uncertain.

47. POST BALANCE SHEET EVENTS

- (a) Subsequent to the balance sheet date, the Group entered into a conditional agreement with an independent third party for the disposal of the Group's investment securities at a consideration of HK\$18 million. This transaction had been completed on 17th May, 2002.
- (b) Subsequent to the balance sheet date, the Group entered into agreement for the disposal of two properties at an aggregate consideration of approximately HK\$148 million.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

48. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following significant transactions with related parties:

(a) Directors and their associates

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Interest expenses (note (i) below)	<u>1,088</u>	<u>1,296</u>

(i) This transaction has been entered into on terms agreed by the parties concerned with reference to prevailing market rates.

(b) Associates

	<u>2002</u> HK\$'000	<u>2001</u> HK\$'000
Dividend income	(13,646)	(4,320)
Interest income	(12,058)	(17,641)
Interest expenses	4,910	5,327
Building management fee expenses	<u>2,101</u>	<u>1,214</u>

These transactions have been entered into on terms agreed by parties concerned with reference to prevailing market rates for interest expenses and income and floor areas for building management.

Details of the balances with related parties as at the balance sheet date are set out in notes 24, 31, 32 and 33.

49. RETIREMENT BENEFITS SCHEME

In December, 2000, the Group joined the Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the income statement as they become payable in accordance with the rules of the Scheme. When an employee leaves the Scheme, the mandatory contributions are fully vested with the employee.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of direct subsidiary	Number of shares	Par value per share	Class of shares held	Issued share capital		Principal activities	Place of incorporation/ operation
				Proportion of nominal value of issued capital/ registered capital held by the Group			
Far East Consortium (B.V.I.) Limited	50,000	US\$1	Ordinary	100		Investment holdings	British Virgin Islands

Name of indirect subsidiary	Number of Shares	Par value per share/ registered capital	Class of shares held	Issued share capital		Principal activities
				Proportion of nominal value of issued capital/ registered capital held by the Group		
404577 Alberta Ltd.	2	Nil	Class A	100		Property investment
413643 Alberta Ltd.	100	Nil	Class A	100		Property investment
Accessway Profits Limited	1	US\$1	Ordinary	100		Investment holdings
Action Fulfilled Assets Limited	1	US\$1	Ordinary	100		Investment holdings
Aik Land Limited	2	HK\$1	Ordinary	100		Share investment
Amphion Investment Limited	2	HK\$1	Ordinary	100		Investment holdings
Aniwell Company Limited	10,000	HK\$1	Ordinary	100		Hotel operation
Annick Investment Limited	2	HK\$1	Ordinary	100		Property investment
Arvel Company Limited	10,000	HK\$1	Ordinary	100		Property investment
Bournemouth Estates Limited *	2	HK\$10	Ordinary	100		Property development
Bradney Proprietary Ltd	2	HK\$1	Ordinary	100		Investment holdings
Capital Fortune Investment Limited	10,000	HK\$1	Ordinary	100		Property Investment
Cathay General Inc.	1	Nil	Common	100		Investment holdings and share investment
Charter Joy Limited	2	HK\$1	Ordinary	100		Property development
Charter National International Ltd	2	HK\$1	Ordinary	100		Property development
Cheong Sing Property Development Limited	500	HK\$100	Ordinary	100		Property development
China Web Incorporated	1	US\$1	Ordinary	100		Investment holdings
Ching Chu Property Management (Shanghai) Company Limited	N/A	US\$9,000,000	N/A	100		Property management
Chun Wah Holdings Limited	200	HK\$1	Ordinary	100		Property development

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
		Par value per share/ registered capital	Class of shares held		
Coventry Investments Inc.	10	Nil	Common	100	Investment holdings
Detheridge Estates Limited	2	HK\$1	Ordinary	100	Property development
Dorsett Hotel Management Services Limited	2	HK\$1	Ordinary	100	Hotel management
Dorsett Hotels & Resorts (H.K.) Limited	1,000,000	HK\$1	Ordinary	100	Investment holdings
Dorsett Regency Hotel (M) Sdn. Bhd.	5,000,000	M\$1	Ordinary	100	Hotel investment and operation
Dunball Limited	2	HK\$1	Ordinary	100	Property investment
Dunjoy Limited	2	HK\$1	Ordinary	100	Investment holdings
Dynahome Development Sdn. Bhd.	1,255,000	M\$1	Ordinary	100	Investment holdings
E-Cash Ventures Limited	1	US\$1	Ordinary	100	Investment holdings
Elliott Investment Corporation	2	Nil	Ordinary	100	Investment holdings and share investment
Esmart Management Limited	2	HK\$1	Ordinary	100	Hotel management
Ever Liberty (M) Sdn. Bhd.	2	M\$1	Ordinary	100	Property investment
Everkent Development Ltd.	2	HK\$1	Ordinary	100	Property development
Evershine Management Limited	2	HK\$1	Ordinary	100	Security Management
Far East Consortium China Infrastructure Company Limited	2	HK\$1	Ordinary	100	Investment holdings
Far East Consortium China Investments Limited	6,000	HK\$100	Ordinary	100	Property development and trading
Far East Consortium China Land Corporation Limited	1,000	HK\$100	Ordinary	100	Property development
Far East Consortium Holdings (Australia) Pty Limited	12 235	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holdings
Far East Consortium Limited	830,650,000	HK\$1	Ordinary	100	Investment holdings and property investment

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For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
		Par value per share/ registered capital	Class of shares held		
Far East Consortium Machinery Limited	2	HK\$1	Ordinary	100	Investment holdings
Far East Consortium (Malaysia) Limited	2	HK\$1	Ordinary	100	Investment holdings
Far East Consortium (Netherlands Antilles) N.V.	6,000	US\$1	Ordinary	100	Investment holdings
Far East Consortium Properties Pty Limited	12 225	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holdings and property investment
Far East Consortium Property & Marketing Service Pty Limited	1	A\$1	Ordinary	100	Property development
Far East Real Estate and Agency (H.K.) Limited	60,000	HK\$100	Ordinary	100	Investment holdings and loan financing
Far East Rockman Hotels (Australia) Pty Limited	12 375	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holdings
Far East Rockman Investments Pty Limited	12 125	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holdings
FEC Development (Malaysia) Sdn. Bhd.	2	M\$1	Ordinary	100	Investment holdings
FEC Financing Solutions Pty Ltd.	1	A\$1	Ordinary	100	Investment holdings
FEC Properties Limited	1	US\$1	Ordinary	100	Property investment
FEC Property Services Pty Ltd.	1	A\$1	Ordinary	100	Loan financing
FEC Strategic Investments (Netherlands) B.V.	120,000	DFL1	Ordinary	100	Investment holdings
Focus Venue Sdn. Bhd.	90	M\$1	Ordinary	90	Property investment
Fortune Plus (M) Sdn. Bhd.	935,000	M\$1	Ordinary	100	Property investment
FECFW 1 Pty Ltd.	1	A\$1	Ordinary	100	Investment holdings
FECFW 2 Pty Ltd.	1	A\$1	Ordinary	100	Investment holdings
Garden Resort Development Limited.	100	HK\$1	Ordinary	100	Property development
Grandco Investment Limited	1	US\$1	Ordinary	100	Property investment
Grandtune Investments Limited	1	US\$1	Ordinary	100	Property Investment
Guangzhou Pegasus Boiler Manufacture Company Limited	N/A	HK\$50,000,000	N/A	51	Operation of boiler factory

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
		Par value per share/ registered capital	Class of shares held		
Hamsher International Ltd.	29,805,065	US\$1	Ordinary	100	Hotel investment and operation
Hayworth Holdings Limited	100	£1	Ordinary	100	Investment holdings
Henrik Investment Limited	2	HK\$1	Ordinary	100	Property investment
Hero Housing Limited	880	HK\$1,000	Ordinary	100	Property investment
Karunmas Ehsan Sdn. Bhd.	250,000	M\$1	Ordinary	51	Property development
Kuala Lumpur Land Holdings Limited	100	£1	Ordinary	100	Investment holdings
Madison Lighters and Watches Company Limited	4	HK\$1	Ordinary	100	Investment holdings
Mayland Victory Sdn. Bhd.	2,340,000	M\$1	Ordinary	100	Land development
New China Homes, Ltd.	12,700,000	US\$1	Common	70.9	Investment holdings
New Time Plaza Development Limited	1,000	HK\$1	Ordinary	100	Investment holdings
New Union Investments (China) Limited	300	HK\$1	Ordinary	100	Investment holdings
N.T. Horizon Realty (Jordan) Limited	2	HK\$100	Ordinary	100	Property investment
Ocean Leader Development Limited	2	HK\$1	Ordinary	100	Property development
Oi Tak Enterprises Limited	1,000,000	HK\$1	Ordinary	75	Investment holdings
Pacific Boulevard Hotel (M) Sdn. Bhd.	2,000,000	M\$1	Ordinary	100	Property development
Pansy Development Limited	2	HK\$1	Ordinary	100	Property investment
Peacock Management Services Limited	2	HK\$1	Ordinary	100	Administration services
Polyland Development Limited	2	HK\$1	Ordinary	100	Property investment
Ready Town Limited	2	HK\$1	Ordinary	100	Property and share investment
Redleaf Properties Limited	20,000	US\$1	Ordinary	100	Investment holdings
Rich Diamond Holdings Limited	10	US\$1	Ordinary	70	Investment holdings
Ridon Investment Limited	2	HK\$1	Ordinary	100	Investment holdings and share investment

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
		Par value per share/ registered capital	Class of shares held		
Roseville Enterprises Limited	6,000	HK\$100	Ordinary	100	Property investment
Royal Domain Plaza Pty. Ltd.	2	A\$1	Ordinary	100	Property investment
Royal Domain Towers Pty. Limited	2	A\$1	Ordinary	100	Property investment
Ruby Way Limited	2	HK\$1	Ordinary	100	Property investment
Scarborough Development Limited	2	HK\$1	Ordinary	100	Property investment
Shanghai Chingchu Property Development Company Limited	N/A	US\$9,000,000	N/A	98.2	Developing, selling and leasing properties
Sheen Profit Industries Ltd	2	HK\$1	Ordinary	100	Property development
Shelborn Enterprises, Inc.	10	US\$1	Ordinary	100	Investment holdings
Singford Holdings Limited	1	US\$1	Ordinary	100	Share investment
Sovereign Land Company Limited	2	HK\$100	Ordinary	100	Property investment
Star Bridge Development Limited	2	HK\$1	Ordinary	100	Property investment
Stoneline Sdn. Bhd.	100	M\$1	Ordinary	100	Investment holdings
Teampearl Company Ltd	5,001	HK\$1	Class A	100	Property development
	4,999		Class B	100	
Tomarta Sdn. Bhd.	1,000,000	M\$1	Ordinary	100	Property trading
Top Trend Developments Limited	2	US\$1	Ordinary	100	Property development
Turbulent Limited	2	HK\$10	Ordinary	100	Investment holdings
Upperace Development Limited	1,000,000	HK\$1	Ordinary	100	Investment holdings
Victoria Land Pty. Ltd.	12	HK\$1	Ordinary	100	Management services
Vicco Development Limited	2	HK\$1	Ordinary	100	Investment holdings
Vico Overseas Inc.	4	US\$1	Ordinary	75	Property investment
Virgobee Limited	2	HK\$1	Ordinary	100	Property investment
Waldorf Development Pte Limited	2	S\$1	Ordinary	100	Property investment
Waldorf Holdings Pte Limited	1,000,000	S\$1	Ordinary	100	Property investment
Wonder China Investments Limited	1	US\$1	Ordinary	100	Investment holdings

None of the subsidiaries had issued any debt securities at the end of the year.

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For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All the above indirect subsidiaries are incorporated and are operating in Hong Kong except the followings:

Name of indirect subsidiary	Place of incorporation	Place of operation
404577 Alberta Ltd.	Canada	Canada
413643 Alberta Ltd.	Canada	Canada
Accessway Profits Limited	British Virgin Islands	Hong Kong
Action Fulfilled Assets Limited	British Virgin Islands	Hong Kong
Bradney Proprietary Ltd.	Australia	Australia
Cathay General Inc.	Republic of Liberia	Hong Kong
China Web Incorporated	Cayman Islands	Hong Kong
Ching Chu Property Management (Shanghai) Company Limited	The PRC	The PRC
Coventry Investments Inc.	Republic of Liberia	Republic of Liberia
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
Dynahome Development Sdn. Bhd.	Malaysia	Malaysia
E-Cash Ventures Limited	British Virgin Islands	Hong Kong
Elliott Investment Corporation	Panama	Hong Kong
Ever Liberty (M) Sdn. Bhd.	Malaysia	Malaysia
Far East Consortium Holdings (Australia) Pty Limited	Australia	Australia
Far East Consortium (Netherlands Antilles) N.V.	Netherlands Antilles	Netherlands Antilles
Far East Consortium Properties Pty Limited	Australia	Australia
Far East Consortium Property & Marketing Service Pty Limited	Australia	Australia
Far East Rockman Hotels (Australia) Pty Limited	Australia	Australia
Far East Rockman Investments Pty Limited	Australia	Australia
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	Malaysia
FEC Financing Solutions Pty Ltd.	Australia	Australia
FEC Properties Limited	British Virgin Islands	Hong Kong
FEC Property Services Pty Ltd.	Australia	Australia
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	The Netherlands
Focus Venue Sdn. Bhd.	Australia	Australia
Fortune Plus (M) Sdn. Bhd.	Malaysia	Malaysia
FECFW 1 Pty Ltd.	Australia	Australia
FECFW 2 Pty Ltd.	Australia	Australia
Grandco Investment Limited	British Virgin Islands	The U.S.A.
Guangzhou Pegasus Boiler Manufacture Company Limited	The PRC	The PRC

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Place of incorporation	Place of operation
Hamsher International Ltd.	British Virgin Islands	The U.S.A.
Hayworth Holdings Limited	Channel Islands	Malaysia
Karunmas Ehsan Sdn. Bhd.	Malaysia	Malaysia
Kuala Lumpur Land Holdings Limited	Channel Islands	Malaysia
Mayland Victory Sdn. Bhd.	Malaysia	Malaysia
New China Homes, Ltd.	Cayman Islands	The PRC
Pacific Boulevard Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
Redleaf Properties Limited	British Virgin Islands	Malaysia
Rich Diamond Holdings Limited	British Virgin Islands	The Philippines
Royal Domain Plaza Pty. Ltd.	Australia	Australia
Royal Domain Towers Pty. Limited	Australia	Australia
Shanghai Chingchu Property Development Company Limited	The PRC	The PRC
Shelborn Enterprises, Inc.	British Virgin Islands	The U.S.A.
Singford Holdings Limited	British Virgin Islands	Hong Kong
Stoneline Sdn. Bhd.	Malaysia	Malaysia
Tomarta Sdn. Bhd.	Malaysia	Malaysia
Top Trend Developments Limited	British Virgin Islands	China
Victoria Land Pty. Ltd.	Australia	Australia
Vico Overseas Inc.	British Virgin Islands	Malaysia
Waldorf Development Pte Limited	Singapore	Singapore
Waldorf Holdings Pte Limited	Singapore	Singapore
Wonder China Investments Limited	British Virgin Islands	The PRC

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For the Year Ended 31st March, 2002

51. PARTICULARS OF PRINCIPAL ASSOCIATES

Name of indirect associate	Class of shares held	Issued share capital	
		Proportion of nominal value of issued capital/registered capital held by the Group	Principal activities
Alicegate Pty. Ltd. (formerly known as Rockman's Regency Towers Pty. Ltd.)	Ordinary	49	Investment holdings
Bermuda Investment Limited	Ordinary	25	Property investment
Far East Technology International Limited	Ordinary	28.2	Investment holdings, share and property investments
Flinders Wharf management Pty. Ltd.	Ordinary	50	Property management
Gold Coin (Hong Kong) Limited	Ordinary	26	Investment holdings
Gold Coin Feedmill (China) Limited*	Ordinary	26	Operation of feedmill factory
Guangdong Xin Shi Dai Real Estate Limited	N/A	45	Property development
Kanic Property Management Limited	Ordinary	50	Building management
Libran Star (M) Sdn. Bhd.	Ordinary	50	Property development
Liuzhou Universe Compressor Company Limited	N/A	25.24	Operation of compressor factory
Naples Investments Limited	Ordinary	35	Investment holdings
Northleisure Proprietary Limited	Ordinary	50	Investment holdings
Northrock Investments Proprietary Limited	Ordinary	49.09	Loan financing
	Cumulative redeemable preference	49.98	
Peacock Estates Limited	Ordinary	25	Property investment
Philippine Dream Company, Inc.	Ordinary	25.2	Hotel operation
Regency Hotels Proprietary Limited	Ordinary	49	Investment holdings
Young Heung International (BVI) Ltd	Ordinary	20	Manufacturing of steel products

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2002

51. PARTICULARS OF PRINCIPAL ASSOCIATES (continued)

All the above associates are incorporated and are operating in Hong Kong except the followings:

Name of indirect associate	Place of incorporation	Place of operation
Alicegate Pty. Ltd. (formerly known as Rockman's Regency Towers Pty. Ltd.)	Australia	Australia
Flinders Wharf Management Pty. Ltd.	Australia	Australia
Gold Coin Feedmill (China) Limited	The PRC	The PRC
Guangdong Xin Shi Dai Real Estate Limited	The PRC	The PRC
Libran Star (M) Sdn. Bhd.	Malaysia	Malaysia
Liuzhou Universe Compressor Company Limited	The PRC	The PRC
Naples Investments Limited	British Virgin Islands	The Philippine
Northleisure Proprietary Limited	Australia	Australia
Northrock Investments Proprietary Limited	Australia	Australia
Philippine Dream Company, Inc.	The Philippines	The Philippines
Regency Hotels Proprietary Limited	Australia	Australia
Young Heung International (BVI) Ltd	British Virgin Islands	The PRC