

NOTES ON THE FINANCIAL STATEMENTS

◀ 25

1. PRINCIPAL ACCOUNTING POLICIES**(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants ("HKSA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

(b) Basis of presentation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and investments in securities as explained in the principal accounting policies as set out below.

(c) Subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June each year. Intra-group balances and transactions are eliminated upon consolidation.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses (see note 1(i)).

(d) Associates

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

In the consolidated financial statements, investments in associates are accounted for under the equity method, whereby investments are initially recorded at cost and adjusted thereafter for the post acquisition changes in the Group's share of the associates' net assets, unless the associates are acquired and held exclusively with a view to subsequent disposal in the near future, in which case they are accounted for as investments in non-trading securities in accordance with note 1(f)(ii) below.

In the Company's balance sheet, investments in associates are stated at cost less impairment losses (see note 1(i)), unless the associates are acquired and held exclusively with a view to subsequent disposal in the near future, in which case, they are accounted for as investments in non-trading securities in accordance with note 1(f)(ii) below.

26 ▶ NOTES ON THE FINANCIAL STATEMENTS**1. PRINCIPAL ACCOUNTING POLICIES (continued)****(e) Revenue recognition**

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated income statement as follows:

- (i) Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable.
- (ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, so as to achieve a constant rate of return over the period from the date of purchase to the date of maturity.

(f) Investments in securities

- (i) Held-to-maturity debt securities are investments which the Group has the expressed intention and ability to hold to maturity. They are stated in the balance sheet at amortised cost less any provisions for diminution in value. The carrying amounts of held-to-maturity securities are reviewed at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be fully recovered. Provisions are made when carrying amounts are not expected to be fully recovered and are recognised as an expense in the income statement, such provisions being determined for each investment individually.
- (ii) Other non-trading investments are classified as "non-trading securities" and their valuation in the balance sheet is based on the higher of their fair value and exercise price pursuant to the Group's rights under put option agreements. Changes in valuation of non-trading securities are dealt with in the investment revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the investment revaluation reserve to the income statement.

NOTES ON THE FINANCIAL STATEMENTS

◀ 27

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(g) Investment properties**

Investment properties are stated in the balance sheet at valuation, being the higher of their open market values appraised by an independent professional valuer and their effective net realisable values pursuant to the Group's rights under put option agreements. The net surplus or deficit on revaluation is taken to investment property revaluation reserve except when a deficit arises, whereupon it is charged to the income statement, if and to the extent that it exceeds the amount held in investment property revaluation reserve immediately prior to the revaluation; and when a surplus arises, it is credited to the income statement, if and to the extent that a deficit on revaluation in respect of the portfolio of investment properties had previously been charged to the income statement. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is transferred to the income statement for the year.

No depreciation is provided in respect of investment properties with an unexpired lease term of over 20 years.

(h) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 1(i)). Accumulated depreciation is calculated on a straight line basis to write off the assets over their estimated useful lives, taken as being between 2 to 7 years.

On disposal of fixed assets, the profit or loss is determined as the difference between the net sales proceeds and the carrying amount.

(i) Impairment of assets

At each balance sheet date, both internal and external sources of information are reviewed to consider whether there is any indication that the fixed assets, investments in subsidiaries and investments in associates may be 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 carrying amount of an asset to its recoverable amount. Such impairment losses are recognised in the income statement.

(j) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments made.

(k) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(k) Deferred taxation** (continued)

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

(l) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Differences on foreign currency translation are dealt with in the income statement.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Retirement costs

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income statement when incurred.

(o) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(p) Cash equivalents

For the purpose of the cash flow statement, cash equivalents include short term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired, net of advances from banks repayable within three months from the date of the advance.

(q) Segment reporting

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

NOTES ON THE FINANCIAL STATEMENTS

29

1. PRINCIPAL ACCOUNTING POLICIES (continued)**(q) Segment reporting** (continued)

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest income and corporate expenses.

2. TURNOVER AND SEGMENTAL INFORMATION

The principal activities of the Group during the year were investments in the wireless technology sector and the property sector. Turnover represents rental income earned for the year.

Business segments

Business segment analysis is chosen as the primary reporting format as the Group's operating results during the current and previous years were principally affected by wireless technology investment and property investment activities.

	Year ended 30 June					
	Wireless technology investment		Property investment		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	-	-	11,954	36,059	11,954	36,059
Segment results	(19,478)	(9,463)	8,655	29,297	(10,823)	19,834
Interest income					50,486	101,946
Unallocated administrative expenses net of other income					(18,788)	(15,108)
Profit from operations					20,875	106,672
Loss on disposal of subsidiaries	-	-	(40,297)	-	(40,297)	-
Impairment losses on investments in securities	(26,266)	-	-	-	(26,266)	-
Deficit on revaluation of investment properties	-	-	-	(81,447)	-	(81,447)
Taxation	-	-	(564)	(2,253)	(564)	(2,253)
(Loss)/profit attributable to shareholders					(46,252)	22,972

30 ► NOTES ON THE FINANCIAL STATEMENTS

2. TURNOVER AND SEGMENTAL INFORMATION (continued)

Negative segment results for the wireless technology investment sector, which did not generate any revenue, are attributable to direct operating expenses including remuneration of investment staff.

	Wireless technology investment		As at 30 June Property investment		Consolidated	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	101,684	89,227	-	656,865	101,684	746,092
Unallocated assets					2,252,172	1,675,393
Total assets					2,353,856	2,421,485
Segment liabilities	-	-	-	(19,971)	-	(19,971)
Unallocated liabilities					(4,072)	(5,478)
Total liabilities					(4,072)	(25,449)
Capital expenditure incurred during the year	79,672	48,278	-	-		

Geographical segments

No geographical analysis is provided as all property investment activities were carried out in Hong Kong, whereas the wireless technology investment segment did not generate any revenue during the current and prior financial year.

3. OTHER REVENUE AND NET (EXPENSES)/INCOME

	2002	2001
	HK\$'000	HK\$'000
Other revenue		
Interest income	50,486	101,946
Sundry income	337	67
	50,823	102,013
Other net (expenses)/income		
Net foreign exchange (loss)/gain	(1,660)	806

NOTES ON THE FINANCIAL STATEMENTS

◀ 31

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

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

	2002	2001
	HK\$'000	HK\$'000
Staff costs (including retirement scheme contributions of HK\$183,000 (2001: HK\$75,000))	18,990	11,685
Depreciation	1,195	868
Impairment losses on fixed assets	763	–
Loss on disposal of fixed assets	436	–
Operating lease charges – office rental	2,443	1,880
Auditors' remuneration	416	410
Loss on disposal of subsidiaries (see note 5)	40,297	–
Impairment losses on investments in securities (see note 6)	26,266	–
Deficit on revaluation of investment properties	–	81,447
Rental income from investment properties less direct outgoings of HK\$603,000 (2001: HK\$1,429,000)	(11,351)	(34,630)

5. LOSS ON DISPOSAL OF SUBSIDIARIES

Pursuant to a resolution passed at an extraordinary general meeting held on 17 November 2001, the Company exercised its rights under the put option agreements entered into with Guoco Group Limited ("Guoco") whereby the Company was conferred rights to dispose of its interest in each of three wholly subsidiaries, Supreme Goal Investments Limited, W.C.H. Limited and Wanchai Property Investment Limited, owning the Group's investment properties, for consideration of HK\$286,740,000, HK\$181,488,000 and HK\$138,517,000 respectively.

A loss of HK\$40,297,000, attributable to the difference between the total consideration received of HK\$606,745,000 and the net book values of the property-owning subsidiaries, net of transaction costs, was incurred upon completion of exercise of the put options.

6. IMPAIRMENT LOSSES ON INVESTMENTS IN SECURITIES

Impairment losses on investments in securities represent write down of the Company's equity interest in technology companies and convertible debt advanced to a technology company due to impairment of the investments.

7. TAXATION

Taxation in the consolidated income statement represents provision for Hong Kong profits tax, calculated at 16% of the estimated assessable profits for the year.

No provision for deferred taxation has been made as the Company and the Group had net deferred tax assets, which comprise principally the tax effect of the future benefit of the accumulated tax losses carried forward, the future realisation of which is uncertain.

8. DIRECTORS' EMOLUMENTS

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

	2002 HK\$'000	2001 HK\$'000
Fees	1,235	1,258
Salaries and benefits in kind	461	2,302
	1,696	3,560

Benefits in kind includes the value of share options granted to certain directors under the Company's Share Option Scheme as approved by the shareholders on 23 October 2001. On 20 June 2002, an unconditional cash offer was made by Global Town Limited (name subsequently changed to New Nongkai Global Investments Limited) to all option holders to surrender and cancel their shares options under the Share Option Scheme for a consideration of HK\$0.07 for each option. As all the option holders have indicated to the Board that they intended to accept the option offer rather than exercise their options, the share options are valued at the offer price of HK\$0.07 for each option.

Included in the above are the following emoluments paid to independent non-executive directors:

	2002 HK\$'000	2001 HK\$'000
Fees	312	322
Benefits in kind	301	–
	613	322

The number of directors whose remuneration falls within the following bands is:

	2002	2001
HK\$ Nil – HK\$1,000,000	17	9
HK\$2,000,001 – HK\$2,500,000	–	1
	17	10

NOTES ON THE FINANCIAL STATEMENTS

◀ 33

9. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments, none of them is a director of the Company (2001: one was a director whose emoluments are disclosed in note 8 above). The aggregate of the emoluments in respect of the five (2001: four) individuals is as follows:

	The Group	
	2002 HK\$'000	2001 HK\$'000
Salaries and benefits in kind	12,121	6,067
Retirement scheme contributions	82	28
Bonuses paid	5,954	–
	18,157	6,095

The emoluments of the five (2001: four) individuals with the highest emoluments are within the following bands:

	2002	2001
HK\$ Nil – HK\$1,000,000	–	1
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	3	1
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$4,500,001 – HK\$5,000,000	1	–
HK\$8,000,001 – HK\$8,500,000	1	–
	5	4

10. LOSS FOR THE YEAR

The Group's loss for the year includes a loss of HK\$46,252,000 (2001: profit of HK\$22,972,000) which has been dealt with in the financial statements of the Company.

NOTES ON THE FINANCIAL STATEMENTS

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders of HK\$46,252,000 (2001: profit of HK\$22,972,000) and on a weighted average number of 3,051,438,765 shares (2001: 3,051,438,725 shares) in issue during the year.

(b) Diluted (loss)/earnings per share

The potential issue of ordinary shares in connection with the Company's share options would not give rise to an increase in loss per share (2001: decrease in earnings per share) and therefore had no dilutive effect on the calculation of the diluted (loss)/earnings per share.

12. NON-TRADING SECURITIES

	The Group		The Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Unlisted equity securities	99,734	48,278	–	48,278
Unlisted debt securities	1,950	–	–	–
Club debenture	2,000	2,000	2,000	2,000
	103,684	50,278	2,000	50,278

Unlisted equity and debt securities represent the Group's equity interests in five technology companies and convertible debt advanced to one of them. Pursuant to the terms of a put option agreement entered into between the Company and Investor Investment imGO Limited ("Investor imGO"), a former substantial shareholder of the Company, dated 3 May 2002, the Company has the right to dispose of all the technology investments held by the Group to Investor imGO for a consideration equal to the aggregate net book values of the investments of US\$13,037,500 plus reimbursement of certain agreed related expenses. The put option may be exercised at any time from 14 September 2002 to 13 June 2003.

Included in the unlisted equity securities is the Group's interest in a technology company, China Greens Limited, which is incorporated in the Cayman Islands, acquired during the year, in which the Group has a 50% interest in the issued preference shares thereof (being 27.6% of total issued share capital) at 30 June 2002. This investment has been accounted for as non-trading security rather than as an associate using the equity method of accounting, as the investment was acquired and held exclusively with a view to its subsequent disposal in the near future.

Valuation of the unlisted equity and debt securities is based on the higher of their aggregate fair values and the exercise price under the put option agreement.

NOTES ON THE FINANCIAL STATEMENTS

◀ 35

13. FIXED ASSETS

	Fixtures, furniture and equipment
	HK\$'000
The Group and the Company	
Cost	
At 1 July 2001	5,189
Additions	131
Disposals	(2,429)
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At 30 June 2002	2,891
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Accumulated depreciation	
At 1 July 2001	1,525
Charge for the year	1,195
Impairment losses	763
Written back on disposals	(1,323)
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At 30 June 2002	2,160
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Net book value	
At 30 June 2002	731
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At 30 June 2001	3,664
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14. INTEREST IN SUBSIDIARIES

	The Company	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	–	827,000
Amounts due from subsidiaries	105,295	666,113
Less: Impairment losses	(814)	(740,628)
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	104,481	752,485
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NOTES ON THE FINANCIAL STATEMENTS

14. INTEREST IN SUBSIDIARIES (continued)

Details of principal subsidiaries as at 30 June 2002 are as follows:

Name	Place of incorporation/ operation	Issued and paid up ordinary share capital	% of ordinary share capital held by the Group	Principal activity
imGO NDC Ventures Ltd.	Labuan/Korea	1 share of US\$1	100%	Investment holding
imGO Green Army Investments Limited	British Virgin Islands /Greater China	1 share of US\$1	100%	Investment holding
imGO IP Infusion Investments Limited	British Virgin Islands/USA	1 share of US\$1	100%	Investment holding
imGO InfoTalk Investments Limited	British Virgin Islands /Hong Kong	1 share of US\$1	100%	Investment holding
imGO iSilk Investments Limited	British Virgin Islands /Hong Kong	1 share of US\$1	100%	Investment holding
Profitex Investments Limited	Hong Kong /Hong Kong	2 shares of HK\$1 each	100%	Management services

15. DEBTORS AND PREPAYMENTS

	The Group		The Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Interest receivable	2,293	39,775	2,293	39,616
Deposits, prepayments and other receivables	4,594	2,790	1,297	1,246
Purchase consideration of a new investment deposited into an escrow account	—	40,949	—	—
	6,887	83,514	3,590	40,862

Included in deposits, prepayments and other receivables of the Group are amounts of HK\$2,578,000 (2001: HK\$1,520,000) which are expected to be recovered after more than one year. Deposits, prepayments and other receivables of the Company are recoverable within one year (2001: HK\$530,000 was expected to be recovered after more than one year).

NOTES ON THE FINANCIAL STATEMENTS

◀ 37

16. CREDITORS AND ACCRUALS

	The Group		The Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Trade creditors	1,549	795	1,097	433
Accrued expenses and other payables	2,523	5,062	2,475	4,991
Rental deposits and rental received in advance	–	8,339	–	–
	4,072	14,196	3,572	5,424

All trade creditors are due within one month.

17. SHARE CAPITAL

	2002		2001	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.50 each	40,000,000	20,000,000	40,000,000	20,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.50 each				
At 1 July	3,051,439	1,525,720	3,051,437	1,525,719
Exercise of warrants	–	–	2	1
At 30 June	3,051,439	1,525,720	3,051,439	1,525,720

The Company adopted a Share Option Scheme that was approved by the shareholders on 23 October 2001. A total of 55,500,000 options to subscribe for the Company's shares at a subscription price of HK\$0.75 each were granted during the year to certain directors and the chief executive pursuant to the Share Option Scheme. On 20 June 2002, an unconditional cash offer was made by Global Town Limited (name subsequently changed to New Nongkai Global Investments Limited) to all option holders to surrender and cancel their share options under the Share Option Scheme for a consideration of HK\$0.07 for each option. All the option holders have accepted the cash offer and 50,600,000 options were cancelled before 30 June 2002 and the remaining 4,900,000 options were cancelled in July 2002.

On 13 June 2002, the option agreements dated 29 May 2000 entered into by the Company with each of its direct or indirect shareholders, Investor (Guernsey) Limited, Investor (Guernsey) II Limited, Ericsson Holding International B.V. and Trumpington Limited, conferring on them the rights to subscribe for in aggregate up to a maximum amount of HK\$210,661,502 in new shares of the Company at the adjusted subscription price of HK\$0.86 per share, were terminated and all of the options granted thereunder were cancelled for a nominal consideration of US\$1 pursuant to the termination agreements entered into by the Company with the above parties on 3 May 2002.

38 ► NOTES ON THE FINANCIAL STATEMENTS

18. RESERVES

	The Group		The Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
(a) Share premium				
At 1 July	1,830,548	1,830,546	1,830,548	1,830,546
Share premium, net of expenses on shares issued during the year	-	2	-	2
At 30 June	1,830,548	1,830,548	1,830,548	1,830,548
(b) General reserve				
At 1 July and 30 June	5,542	5,542	5,542	5,542
(c) Accumulated losses				
At 1 July	(979,074)	(1,002,046)	(979,074)	(1,002,046)
(Loss)/profit for the year	(46,252)	22,972	(46,252)	22,972
At 30 June	(1,025,326)	(979,074)	(1,025,326)	(979,074)
(d) Investment revaluation reserve				
At 1 July	1,500	1,500	1,500	1,500
Revaluation deficit	(7,799)	-	(7,799)	-
Impairment loss	7,799	-	7,799	-
At 30 June	1,500	1,500	1,500	1,500
(e) Capital contribution reserve				
At 1 July and 30 June	11,800	11,800	11,800	11,800
Total reserves	824,064	870,316	824,064	870,316

The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance. The general reserve, investment revaluation reserve and capital contribution reserve have been set up and will be dealt with in accordance with the Group's accounting policies and accounting principles generally accepted in Hong Kong.

There were no distributable reserves of the Company at 30 June 2002 calculated under Section 79B of the Hong Kong Companies Ordinance (2001: HK\$ Nil).

NOTES ON THE FINANCIAL STATEMENTS

◀ 39

19. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**(a) Reconciliation of profit from operations to net cash inflow/(outflow) from operating activities**

	2002	2001
	HK\$'000	HK\$'000
Profit from operations	20,875	106,672
Depreciation	1,195	868
Loss on disposal of fixed assets	436	–
Impairment losses on fixed assets	763	–
Interest income	(50,486)	(101,946)
Net exchange loss/(gain)	1,660	(806)
Decrease/(increase) in debtors and prepayments	37,242	(41,069)
(Decrease)/increase in creditors and accruals	(1,227)	4,091
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Net cash inflow/(outflow) from operating activities	10,458	(32,190)

(b) Disposal of subsidiaries

	2002	2001
	HK\$'000	HK\$'000
Net assets disposed of		
Investment properties	622,553	–
Interest in jointly controlled entities	–	131,074
Debtors and prepayments	1,951	8
Cash and bank balances	40,115	–
Creditors and accruals	(8,897)	(10)
Amount due to an affiliated company	–	(18,560)
Taxation	(383)	(5)
Minority interest	(9,000)	–
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	646,339	112,507
Loss on disposal of subsidiaries	(40,297)	–
	<hr/>	<hr/>
Cash consideration received net of transaction costs	606,042	112,507
Cash and bank balances of subsidiaries disposed of	(40,115)	–
	<hr/>	<hr/>
Net proceeds from disposal of subsidiaries	565,927	112,507

20. STAFF RETIREMENT SCHEME

Mandatory contributions to a master trust Mandatory Provident Fund scheme operated by a subsidiary of Guoco, are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK\$20,000 and the Group's contributions are charged to the income statement when incurred.

40 ► NOTES ON THE FINANCIAL STATEMENTS

21. COMMITMENTS

The Group had no capital commitments outstanding at 30 June 2002. At 30 June 2001, the Company entered into an agreement with one of the investee technology companies to invest a further US\$5.1 million conditional upon the investee meeting certain operational and financial milestones which the Company could waive at its discretion.

At 30 June 2002, the total future minimum lease payments under non-cancellable operating leases in respect of the office units of the Group and the Company are payable as follows:

	The Group		The Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Within 1 year	7,042	2,379	1,189	2,379
After 1 year but within 2 years	13,373	1,189	–	1,189
	20,415	3,568	1,189	3,568

22. MATERIAL RELATED PARTY TRANSACTIONS

Certain subsidiaries of the Group entered into tenancy agreements with affiliated companies on an arm's length basis with reference to the market rental. Total related rental income from these affiliated companies during the year amounted to HK\$7,977,000 (2001: HK\$22,342,000).

An affiliated company was appointed as manager of the investment properties owned by certain subsidiaries of the Group under property management agreements with the Company for provision of building management, estate management, financial management and periodic reports to the Company. Total management fees for the year amounted to HK\$1,551,000 (2001: HK\$3,960,000).

Banking services including, inter alia, cheque clearing, account services in a variety of currencies, nominee and custodian services, are provided by an affiliated company, in the ordinary course of business and on normal commercial terms, to the Company and its subsidiaries. Total bank interest income from the affiliated company during the year amounted to HK\$20,762,000 (2001: HK\$58,712,000).

As disclosed in note 5, the Company exercised the options granted by a substantial shareholder of the Company to sell its entire interest in certain wholly-owned subsidiaries during the year.

As described in note 12, the Company entered into a put option agreement with a former substantial shareholder of the Company to dispose of all the Group's interests in technology investments.

During the year, the Company invested US\$3 million in a technology company in which a director of the Company has a minority equity interest.

23. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 30 June 2002 to be Global Town Limited (name subsequently changed to New Nongkai Global Investments Limited) which is incorporated in the British Virgin Islands.