

Notes to Financial Statements

31 December 2002

1. CORPORATE INFORMATION

During the year, the Group was involved in the following principal activities:

- the manufacture and sale of watches and telecommunications products
- the distribution of petroleum products
- property investment
- property development
- strategic investments, rental of properties and finance

In the opinion of the directors, the ultimate holding company is U.S. Concord (Holding) Limited, which is incorporated in Hong Kong.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE (“SSAPs”)

The following new and revised SSAPs are effective for the first time for the current year’s financial statements:

- SSAP 1 (Revised): “Presentation of financial statements”
- SSAP 11 (Revised): “Foreign currency translation”
- SSAP 15 (Revised): “Cash flow statements”
- SSAP 34: “Employee benefits”

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

SSAP 1 prescribes the basis for the presentation of financial statements and sets out guidelines for their structure and minimum requirements for the content thereof. The principal impact of the revision of this SSAP is that a consolidated statement of changes in equity is now presented on pages 26 of the financial statements in place of the consolidated statement of recognised gains and losses that was previously required and in place of the Group’s reserves note.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE (“SSAPs”) (continued)

SSAP 11 prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are now translated into Hong Kong dollars at the weighted average exchange rates for the year, whereas previously they were translated at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.

SSAP 15 prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the year are now translated to Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date, and the definition of cash equivalents for the purpose of the consolidated cash flow statement has been revised.

SSAP 34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereof. The adoption of this SSAP has had no material effect on the prior year financial statement. In addition, disclosures are now required in respect of the Company's share option scheme, as detailed in note 37 to the financial statements. These share option scheme disclosures are similar to the Listing Rules disclosures previously included in the Report of the Directors, which are now included in the notes to the financial statements as a consequence of the SSAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of properties under development to be held for investment purposes upon completion, investment properties and short term investments, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

A subsidiary is a company, other than a jointly-controlled entity, in which the Group, directly or indirectly, controls more than half of its voting power or issued share capital, or controls the composition of its board of directors.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill or negative goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are treated as long term assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the balance sheet as an asset and amortised on the straight-line basis over its estimated useful life. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

SSAP 30 "Business combinations" was first adopted in the year 2001. Prior to that date, goodwill arising on acquisitions was eliminated against reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted such goodwill, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the SSAP 30 goodwill accounting policy above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

On disposal of subsidiaries and associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries and associates represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis as follows:

- on investment properties: over 20 years on a straight line basis.
- on properties under development
held for sale/properties held for sale: in accordance with the accounting policy "Profit on sale of properties under development".
- on properties under development
to be held for investment purposes: no amortisation of negative goodwill until transferred to investment properties.

The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Negative goodwill (continued)

In the case of associates, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

SSAP 30 "Business combinations" was adopted as at 1 January 2001. Prior to that date, negative goodwill arising on acquisitions was credited to the capital reserve in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted such negative goodwill to remain credited to the capital reserve. Negative goodwill on acquisitions subsequent to 1 January 2001 is treated according to the SSAP 30 negative goodwill accounting policy above.

On disposal of subsidiaries or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the profit and loss account and any relevant reserves as appropriate. Any attributable negative goodwill previously credited to the capital reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

Related parties

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

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms or 50 years, whichever is shorter
Leasehold buildings	2.5% – 5%
Plant, machinery and moulds	20% – 50%
Furniture, fixtures and office equipment	10% – 50%
Motor vehicles	10% – 35%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account, is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year, except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the then carrying amount over the remaining term of the lease.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the amount of such excess deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

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

Properties under development

Properties under development held for sale are stated at cost, plus, in the case of pre-sold properties or portions thereof, any attributable profits received on contracted sales, less any provisions for foreseeable losses deemed necessary by the directors. Cost includes the cost of land, construction, financing and other related expenses.

Properties under development to be held for investment purposes upon completion are stated at valuation. Movements in the values of these properties under development are dealt with in the properties under development revaluation reserve, unless the reserve for each such property is insufficient to cover a deficit on a portfolio basis, in which case the amount by which the deficit exceeds the amount in the properties under development revaluation reserve is charged to the profit and loss account.

Properties under development held for sale in respect of which occupation permits are expected to be granted within one year from the balance sheet date are included as property held for sale in current assets at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to prevailing market prices on an individual property basis.

Profit on sale of properties under development

When properties under development have been pre-sold, the total estimated profit is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the accounting date as compared to the estimated total construction costs to completion, limited to non-refundable cash deposits received. No profit is recognised until the construction work has progressed to the stage where the eventual completion of the project, and the estimated profit thereon, can be determined with a reasonable degree of certainty.

The profit or loss arising from the outright sale of an interest in an entire development prior to completion is recognised when a binding contract becomes unconditional.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and unsecured loans receivable

Mortgages and unsecured loans receivable are carried at amounts advanced less principal repayments received and any provisions deemed necessary by the directors.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate adopted is based on the respective weighted average costs of the related borrowings.

All other borrowing costs are expensed in the period in which they are incurred.

Long term investments

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis for strategic business reasons and are stated at cost less any provisions for impairment in value, other than those considered to be temporary in nature, which are considered necessary by the directors, on an individual basis.

Short term investments

Short term investments are investments in equity securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. Unlisted short term investments are stated at their fair values, as determined by the directors, on an individual basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account in the period in which they arise.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

- (a) from the sale of goods and properties held for sale, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods or properties sold;
- (b) from the sale of properties under development, on the percentage of completion basis as explained under “Profit on sale of properties under development”;
- (c) from the rendering of services, based on the stage of completion of the transaction, provided that this and the costs incurred, as well as the estimated costs to completion, can be measured reliably. The stage of completion of a transaction associated with the rendering of services is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction;
- (d) rental income, on a time proportion basis over the lease terms; and
- (e) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (f) dividend income, when the shareholders’ right to receive payment has been established.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Prior to the adoption of SSAP 34 during the year, as explained in note 2 to the financial statements, the Group did not accrue for paid annual leave carried forward at the balance sheet date. This change in accounting policy has no material effect to the prior year financial statements.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This Mainland China subsidiary is required to contribute 22.5% of their payroll costs to the central pension scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company's additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the capital and reserves section of in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars using the net investment method. The profit and loss account of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average exchange rate for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Prior to the adoption of the revised SSAPs 11 and 15 during the year, as explained in note 2 to the financial statements, the profit and loss accounts of overseas subsidiaries and associates, and the cash flows of overseas subsidiaries were translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The adoption of the revised SSAP 11 has no material effect on the financial statements. The adoption of the revised SSAP 15 has no material effect on the amounts of the previously-reported cash flows of the prior year.

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4. SEGMENT INFORMATION

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

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

- a) the property segment engages in the development of commercial/residential properties and investment in commercial properties for their rental potential;
- b) the consumer products segment engages in the distribution of petroleum products, the manufacture and sale of watches and telecommunications products; and
- c) the corporate segment and "others" segment comprises, principally, the Group's management services, strategic investments, treasury functions and other administrative services.

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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4. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group

	Property		Consumer products		Corporate and Others		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	909,707	254,175	14,051	21,307	–	–	–	–	923,758	275,482
Intersegment sales	–	–	–	71	–	–	–	(71)	–	–
Other revenue	33,236	18,781	1,863	15,780	31,519	22,192	(47,531)	(20,933)	19,087	35,820
Total	942,943	272,956	15,914	37,158	31,519	22,192	(47,531)	(21,004)	942,845	311,302
Segment results	208,656	146,683	(11,597)	13,038	(71,384)	(28,236)	10,208	–	135,883	102,522
Interest income									9,622	18,624
Dividend income									3,404	–
Profit from operating activities									148,909	121,146
Finance costs									(47,967)	(22,024)
Share of profits and losses of:										
Associates	46,456	10,898	5,435	4,817	–	–	–	–	51,891	15,715
Profit before tax									152,833	114,837
Tax									(62,985)	(3,466)
Profit before minority interests									89,848	111,371
Minority interests									(8,822)	9,285
Net profit from ordinary activities attributable to shareholders									81,026	120,656

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4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Property		Consumer products		Corporate and Others		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	11,414,869	8,373,445	184,023	200,135	67,952	204,773	(1,200)	–	11,665,644	8,778,353
Interests in associates	1,399,776	1,329,352	144,926	51,647	20,828	23,624	–	–	1,565,530	1,404,623
Total assets									13,231,174	10,182,976
Segment liabilities	4,880,711	3,611,904	20,242	19,948	244,208	450,947	–	–	5,145,161	4,082,799
Total liabilities									5,145,161	4,082,799
Other segment information:										
Depreciation and amortisation	5,356	3,511	1,169	1,388	809	1,383	–	–	7,334	6,282
Impairment losses recognised in the profit and loss account	–	–	–	–	–	1,283	–	–	–	1,283
									7,334	7,565
Capital expenditure	19,375	2,932	189	184	1,249	156	–	–	20,813	3,272

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4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue, and certain asset and expenditure information for the Group's geographical segments.

Group

	Hong Kong		Mainland China		Corporate and Others		Eliminations		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	7,894	7,893	915,864	267,589	–	–	–	–	923,758	275,482
Segment results:	(9,091)	(29,496)	216,358	160,254	(71,384)	(28,236)	–	–	135,883	102,522
Other segment information:										
Segment assets	2,025,026	2,078,895	9,572,666	6,494,685	67,952	204,773	–	–	11,665,644	8,778,353
Capital expenditure	19,375	3,116	189	–	1,249	156	–	–	20,813	3,272

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5. TURNOVER, REVENUE AND GAINS

Turnover represents the net invoiced value of goods or properties sold and services rendered during the year, and gross rental income, but excludes intra-group transactions.

An analysis of turnover, other revenue and gains is as follows:

	<i>Notes</i>	Group	
		2002 HK\$'000	2001 HK\$'000
Turnover			
Sale of goods		14,051	19,427
Rendering of services		2,484	3,774
Sale of properties		878,847	224,163
Gross rental income		28,376	28,118
		923,758	275,482
Other revenue			
Interest income		9,622	18,624
Management fee income		600	650
Others		8,865	22,884
		19,087	42,158
Gains			
Negative goodwill recognised	17	11,260	12,286
		11,260	12,286
Other revenue and gains		30,347	54,444
		954,105	329,926

Notes to Financial Statements

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6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after crediting:

	2002 HK\$'000	2001 HK\$'000
Interest income from:		
Bank deposits	4,889	9,031
Others	4,733	9,593
	9,622	18,624
Gross rental income	28,376	28,118
Less: Outgoings	(754)	(838)
Net rental income	27,622	27,280
Gain on disposal of subsidiaries	–	95,008
Negative goodwill recognised as income during the year*	11,260	12,286

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6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES (continued)

	2002 HK\$'000	2001 HK\$'000
The Group's profit from operating activities is arrived at after charging:		
Cost of inventories sold	9,366	10,654
Cost of services provided	886	745
Cost of properties sold (excluding negative goodwill realised)	689,071	94,084
Reversal of overprovision for construction costs included in cost of sales	–	(40,028)
Depreciation	7,507	6,282
Less: Amount capitalised	(173)	(272)
Net depreciation	7,334	6,010
Goodwill:		
Impairment arising during the year	–	1,283
Exchange losses	1,411	231
Less: Amount capitalised	(5)	(5)
Net exchange losses	1,406	226
Auditors' remuneration		
Current year	4,096	3,000
Prior year underprovision	131	550
	4,227	3,550
Staff costs: (including directors' remuneration (note 8))		
Wages and salaries	44,089	30,570
Defined contribution pension scheme**	345	495
Other benefits	902	754
	45,336	31,819
Less: Amount capitalised	(38,385)	(26,201)
Total staff costs	6,951	5,618
Minimum lease payments under operating leases on land and buildings	2,311	4,003
Less: Amount capitalised	(331)	(2,719)
Net minimum lease payments under operating lease on land and buildings	1,980	1,284
Loss on disposal of fixed assets	–	127
Provision for impairment in fair values of short term listed investments	129	66
Provision for impairment in value of long term investments	31,398	22,747
Provision for bad and doubtful debts	–	64,768
Amortisation of issuing costs for bank loans	12,576	12,114
Loss: Amount capitalised	(12,430)	–
	146	12,114

Notes to Financial Statements

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6. PROFIT FROM OPERATING ACTIVITIES (continued)

- * The movements in negative goodwill recognised in the profit and loss account for the year are included on the face of the profit and loss account within:

	2002 HK\$'000	2001 HK\$'000
Cost of properties sold	75,599	30,430
Other revenue and gains	11,260	12,286
	86,859	42,716

- ** As at 31 December 2002, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2001: Nil).

7. FINANCE COSTS

	Group	
	2002 HK\$'000	2001 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	157,270	61,660
Interest on other loans wholly repayable within five years	55,730	85,446
Total interest	213,000	147,106
Less: Interest capitalised	(165,033)	(125,082)
	47,967	22,024

Notes to Financial Statements

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8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Fees:		
Executive directors	–	–
Independent non-executive directors	310	440
	310	440
Executive directors:		
Salaries, allowances and benefits in kind*	20,703	10,651
	21,013	11,091

* Included 29,184,000 ordinary shares issued to two directors as part of the employment compensation package and valued at approximately HK\$11,528,000. Further details of the issue of shares are set out in the Company's circular dated 16 July 2002.

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2002	2001
Nil – HK\$1,000,000	7	6
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$4,500,001 – HK\$5,000,000	–	1
HK\$8,500,001 – HK\$9,000,000	1	–
HK\$9,500,001 – HK\$10,000,000	1	–
	10	9

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no share options (2001: 6,600,000 share options) were granted to the directors in respect of their services to the Group. No value in respect of the share options granted in the year 2001 has been charged to the profit and loss account, or is otherwise included in the above directors' remunerations.

Notes to Financial Statements

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included three (2001: four) directors, details of whose remuneration are set out in note 8 above. The details of the remuneration of the two (2001: one) non-director, highest paid employees are set out below:

	Group	
	2002 HK\$'000	2001 HK\$'000
Salaries, allowances and benefits in kind	2,414	1,449
Performance related bonuses	45	400
	2,459	1,849

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2002	2001
Nil – HK\$1,000,000	1	–
HK\$1,500,001 – HK\$2,000,000	1	1
	2	1

During the year, no share options (2001: 500,000 share options) were granted to the two (2001: one) non-director, highest paid employees in respect of their services to the Company. No value in respect of the share options granted in the year 2001 has been charged to the profit and loss account, or is otherwise included in the above non-directors, highest paid employees' remunerations.

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10. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2002 HK\$'000	2001 HK\$'000
Provision for profits tax in respect of the operating profit of the Company and its subsidiaries for the year		
Hong Kong		
Provision for the year	740	2,988
Overprovision in prior years	(2,758)	(23,875)
	(2,018)	(20,887)
Elsewhere		
Provision for the year	279	–
Deferred tax (<i>Note 32</i>)	53,147	21,001
	53,426	21,001
	51,408	114
Share of tax attributable to:		
Associates:		
Hong Kong	644	247
Elsewhere	10,933	3,105
	11,577	3,352
Tax charge for the year	62,985	3,466

There was no unprovided deferred tax liabilities in respect of the year (2001: Nil).

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

The net profit from ordinary activities attributable to shareholders for the year ended 31 December 2002 dealt with in the financial statements of the Company is HK\$49,759,000 (2001: Net loss of HK\$3,341,826,000).

12. DIVIDENDS

The directors do not recommend the payment of any dividend for the year (2001: Nil).

13. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on:

	2002 HK\$'000	2001 HK\$'000
Earnings:		
Net profit attributable to shareholders, used in the basic and diluted earnings per share calculations	81,026	120,656

	Number of shares	
	2002	2001
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,224,102,707	2,964,349,399
Weighted average number of ordinary shares assumed issued at no consideration on deemed exercise of all share options outstanding during the year	137,448	183,762
Weighted average number of ordinary shares used in diluted earnings per share calculation	3,224,240,155	2,964,533,161

Notes to Financial Statements

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14. FIXED ASSETS

Group

	Leasehold land and buildings <i>HK\$'000</i>	Plant, machinery and moulds <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:					
At beginning of year	97,374	28,755	11,143	5,880	143,152
Additions	–	189	476	1,620	2,285
Acquisition of subsidiaries	13,732	5	1,548	3,214	18,499
Disposals	(6,515)	(2,840)	(201)	(398)	(9,954)
At 31 December 2002	104,591	26,109	12,966	10,316	153,982
Accumulated depreciation:					
At beginning of year	13,844	20,659	5,590	3,436	43,529
Provided during the year	2,767	985	1,805	1,777	7,334
Disposals	(517)	(2,305)	(80)	(300)	(3,202)
At 31 December 2002	16,094	19,339	7,315	4,913	47,661
Net book value:					
At 31 December 2002	88,497	6,770	5,651	5,403	106,321
At 31 December 2001	83,530	8,096	5,553	2,444	99,623

Notes to Financial Statements

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14. FIXED ASSETS (continued)

The cost of the Group's leasehold land and buildings included above are held under the following lease terms:

	Group	
	2002 HK\$'000	2001 HK\$'000
Hong Kong:		
Long term leases	11,727	12,227
Medium term leases	34,264	33,764
	45,991	45,991
Mainland China:		
Medium term leases	58,600	51,383
	104,591	97,374

At 31 December 2002, the Group's leasehold land and buildings situated in Hong Kong with a net book value of HK\$29,202,000 (2001: HK\$29,863,000) were pledged to secure general banking facilities granted to the Group.

Company

	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:			
At beginning of year	3,841	4,194	8,035
Additions	44	1,205	1,249
At 31 December 2002	3,885	5,399	9,284
Accumulated depreciation:			
At beginning of year	3,389	3,575	6,964
Provided during the year	244	895	1,139
At 31 December 2002	3,633	4,470	8,103
Net book value:			
At 31 December 2002	252	929	1,181
At 31 December 2001	452	619	1,071

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15. INVESTMENT PROPERTIES

	Group	
	2002 HK\$'000	2001 HK\$'000
At beginning of year	1,646,500	1,075,271
Additions, at cost	–	16,777
Transferred from properties held for sale	–	89,491
Transferred from properties under development, at valuation (<i>note 16</i>)	90,322	368,131
Transferred to fixed assets	–	(500)
Disposals, at valuation	–	(131,777)
Surplus/(deficit) on revaluation	(32,000)	229,107
At end of year	1,704,822	1,646,500

The Group's investment properties at valuation are held under the following lease terms:

	2002 HK\$'000	2001 HK\$'000
People's Republic of China:		
Hong Kong (long term leases)	76,500	79,500
Mainland China (medium term leases)	1,628,322	1,567,000
	1,704,822	1,646,500

The Group's investment properties were revalued individually on 31 December 2002 by Vigers Hong Kong Limited, an independent professionally qualified valuer, at an aggregate open market value of HK\$1,704,822,000 based on their existing use. The investment properties are leased to third parties under operating leases, further details of which are included in note 39 to the financial statements.

At 31 December 2002, certain of the Group's investment properties in Hong Kong and Mainland China with a carrying value of HK\$76,500,000 (2001: HK\$79,500,000) and HK\$1,298,000,000 (2001: HK\$1,327,000,000) were pledged to secure banking facilities granted to the Group (note 29).

Further particulars of the Group's investment properties are set out on page 89.

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16. PROPERTIES UNDER DEVELOPMENT

	<i>Notes</i>	Group	
		2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Properties under development held for investment purposes upon completion, at valuation:			
At beginning of year		4,633,626	3,494,881
Additions, at cost		295,355	184,869
Surplus on revaluation		1,754,285	473,764
Transferred from properties under development held for sale		–	848,243
Transferred to investment properties, at valuation	15	(90,322)	(368,131)
		6,592,944	4,633,626
Properties under development held for sale, at cost:			
At beginning of year		1,667,290	1,896,985
Additions		306,786	858,136
Acquisition of subsidiaries		235,493	–
Transferred to properties under development held for investment purposes upon completion		–	(848,243)
Transferred to properties held for sale, net		–	(239,588)
		2,209,569	1,667,290
At end of year		8,802,513	6,300,916

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16. PROPERTIES UNDER DEVELOPMENT (continued)

The Group's properties under development are held under medium term leases as follows:

	2002 HK\$'000	2001 HK\$'000
Properties under development held for investment purposes upon completion, at valuation:		
Hong Kong	775,658	627,188
Elsewhere	5,817,286	4,006,438
	6,592,944	4,633,626
Properties under development held for sale, at cost:		
Hong Kong	712,734	710,819
Elsewhere	1,496,835	956,471
	2,209,569	1,667,290
	8,802,513	6,300,916

The Group's properties under development held for investment purposes upon completion were revalued individually on 31 December 2002 by Vigers Hong Kong Limited, an independent professionally qualified valuer, at an aggregate open market value of HK\$6,592,944,000 based on their existing condition.

At 31 December 2002, certain of the Group's properties under development were pledged to secure banking facilities granted to the Group (note 29).

Further particulars of the Group's properties under development are set out on page 92 to 94.

Notes to Financial Statements

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17. GOODWILL AND NEGATIVE GOODWILL

SSAP 30 was first adopted in the year 2001, as detailed in note 2 to the financial statements. The movements of the goodwill and negative goodwill recognised in the balance sheet, arising from the acquisition of subsidiaries, are as follows:

	Group	
	Goodwill	Negative goodwill
	HK\$'000	HK\$'000
Cost:		
At beginning of year	1,283	(1,565,356)
Acquisition of subsidiaries	85,107	(51,913)
At 31 December 2002	86,390	(1,617,269)
Accumulated amortisation and impairment/(recognition as income):		
At beginning of year	1,283	(64,786)
Amortisation provided/(recognised as income) during the year	–	(11,260)
Released to cost of properties sold	–	(75,599)
At 31 December 2002	1,283	(151,645)
Net book value:		
At 31 December 2002	85,107	(1,465,624)
At 31 December 2001	–	(1,500,570)

As detailed in note 3 to the financial statements, on the adoption of SSAP 30 the Group applied the transitional provision of SSAP 30 that permitted goodwill and negative goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against reserves or credited to the capital reserve, respectively.

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17. GOODWILL AND NEGATIVE GOODWILL (continued)

Due to the first time adoption of SSAP 31 in 2001, the Group has adopted a policy to assess goodwill eliminated against reserves for impairment. As a result, the Group has recognised an impairment of part of the goodwill previously eliminated against reserves of HK\$1,248,829,000. This change of accounting policy has been accounted for retrospectively as a prior year adjustment in accordance with the transitional provisions of SSAP 30. Because this goodwill was previously eliminated against the capital reserve (see note 34), this prior year adjustment has resulted in an increase in the capital reserve by HK\$1,248,829,000 and a decrease of the same amount in the retained profits previously reported as at 31 December 2000.

The amounts of goodwill and negative goodwill remaining in reserves as at 31 December 2002, arising from the acquisition of subsidiaries, are HK\$44,127,000 and HK\$773,516,000, respectively, as at 1 January and 31 December 2002. The amount of remaining goodwill is stated at its cost.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	59,476	24,372
Loan to a subsidiary	45,458	45,458
Amounts due from subsidiaries	12,467,319	12,502,554
Amounts due to subsidiaries	(1,392,095)	(1,004,621)
	11,180,158	11,567,763
Less: Provision for impairment	(6,509,162)	(6,509,162)
	4,670,996	5,058,601

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Further particulars of the Company's principal subsidiaries as at 31 December 2002 are set out in note 44 to the financial statements.

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19. INTERESTS IN ASSOCIATES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	–	–	1	1
Share of net assets	520,718	450,020	–	–
Negative goodwill on acquisition	(28,118)	(58,461)	–	–
	492,600	391,559	1	1
Amounts due from associates	1,076,460	1,032,219	84,233	36,227
Amounts due to associates	(3,530)	(19,155)	–	(51,859)
	1,565,530	1,404,623	84,234	(15,631)

SSAP 30 was first time adopted in the year 2001, as detailed in note 2 to the financial statements. The movement of the negative goodwill recognised in the balance sheet, arising from the acquisition of associates, are as follows:

	Group HK\$'000
Cost:	
At beginning of year and at 31 December 2002	(62,421)
Accumulated amortisation and impairment/(recognition as income):	
At beginning of year	3,960
Recognised as income during the year included in the share of profits and losses of associates	30,343
At 31 December 2002	34,303
Net book value:	
At 31 December 2002	(28,118)
At 31 December 2001	(58,461)

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19. INTERESTS IN ASSOCIATES (continued)

Due to the first time adoption of SSAP 31 in the year 2001, the Group has adopted a policy to assess goodwill eliminated against reserves for impairment. As a result, the Group has recognised an impairment of part of the goodwill previously eliminated against reserves and included in the interests in associates of HK\$1,949,909,000 and HK\$3,704,000, respectively. This change of accounting policy has been accounted for retrospectively as a prior year adjustment in accordance with the transitional provisions of SSAP 30. Because this goodwill was previously eliminated against the capital reserve or included in the interests in associates, this prior year adjustment has resulted in an increase in the capital reserve by HK\$1,949,909,000 and a decrease of HK\$3,704,000 and HK\$1,953,613,000 in interests in associates and retained profits, respectively, as previously reported as at 31 December 2000.

The amount of goodwill remaining in reserves, arising from the acquisition of associates, is HK\$93,260,000 as at 1 January and 31 December 2002.

The balances with associates, except for Concord Oil (Hong Kong) Limited, are unsecured, interest-free and have no fixed terms of repayment.

The balance with Concord Oil (Hong Kong) Limited, is unsecured, bear interest at prevailing market interest rates and has no fixed terms of repayment.

Further particulars of the Group's principal associates as at 31 December 2002 are set out in note 45 to the financial statements.

20. MORTGAGES AND UNSECURED LOANS RECEIVABLE

	Group	
	2002 HK\$'000	2001 HK\$'000
Mortgages receivable	24,525	38,531
Unsecured loans receivable	39,671	46,902
	64,196	85,433
Portion classified as current assets	(18,762)	(16,887)
Long term portion	45,434	68,546

The mortgages are secured by second fixed legal charges on properties located in Hong Kong, bear interest at commercial rates and have various terms to maturity.

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21. INVESTMENTS

Long term investments

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
At cost:				
Hong Kong listed equity investments	358,308	358,308	109,588	109,588
Provision for impairment	(354,320)	(322,921)	(108,001)	(90,139)
	3,988	35,387	1,587	19,449
At fair value:				
Unlisted equity investments	915	915	915	915
Investments in the Mainland				
China ventures	44,662	44,662	12,661	12,661
Guaranteed fund	–	3,851	–	3,851
	45,577	49,428	13,576	17,427
	49,565	84,815	15,163	36,876
Market value of listed equity investments	3,988	7,420	1,587	3,033

An amount of HK\$32,000,000 (2001: HK\$32,000,000) of the Group's investments in the Mainland China ventures at the balance sheet date represents the Group's 50% interest in EMEI Concord Cement Co. Ltd., which is engaged in the manufacture of cement. This investment has not been accounted for using the equity method of accounting because the Group does not have significant influence over the operations of EMEI Concord Cement Co. Ltd.

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21. INVESTMENTS (continued)

Short term investments

	Group	
	2002 HK\$'000	2001 HK\$'000
Listed equity investments, at market value:		
Hong Kong	158	287
Unlisted equity investments, at fair value	10,000	10,000
Other investments, at fair value	28,596	57,182
	38,754	67,469

22. INVENTORIES

	Group	
	2002 HK\$'000	2001 HK\$'000
Raw materials	2,839	5,388
Work in progress	1,211	1,115
Finished goods	4,678	8,834
	8,728	15,337

The carrying amount of inventories carried at net realisable value included in the above balance was HK\$7,579,000 (2001: HK\$7,127,000) as at the balance sheet date.

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23. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well established customers, where the terms are extended to 90 days or more. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and its credit control teams serve to minimise credit risk. Overdue balances are reviewed regularly by management.

An aged analysis of the trade receivables as at the balance sheet date, net of provisions, is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within 3 months	158,777	34,529
Between 4 to 6 months	31,789	1,423
Between 7 to 12 months	17,374	3,506
Over 1 year	65,037	135,697
	272,977	175,155

24. OTHER RECEIVABLES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Other debtors, deposits and prepayments	551,817	463,984	14,343	24,300

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25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Cash and bank balances	518,215	238,258	178	193
Time deposits	238,355	313,324	–	–
	756,570	551,582	178	193
Less: Pledged time deposits: – for bank loans	(299,186)	(313,324)	–	–
Cash and cash equivalents	457,384	238,258	178	193

Certain of the bank balances amounting to HK\$9,622,078 (2001: HK\$180,446,095) are deposited with Concord Bank Limited, a related company of the Group.

26. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within 3 months	159,252	110,121
Between 4 to 6 months	15,571	–
Between 7 to 12 months	6,095	8,819
Over 1 year	15,118	1,191
	196,036	120,131

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27. OTHER PAYABLES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Other payables and accruals	227,606	255,669	30,078	40,796
Amount due to a related company	–	4,671	–	4,671
	227,606	260,340	30,078	45,467

The amount due to a related company is unsecured, interest-free and is repayable on demand.

28. INTEREST-BEARING LOANS, OVERDRAFTS AND OTHER BORROWINGS

		Group		Company	
	Note	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank overdrafts:					
Secured		78,760	97,128	–	–
Unsecured		41,773	41,693	41,772	41,652
	29	120,533	138,821	41,772	41,652
Current portion of					
Bank loans		1,993,696	1,094,298	31,380	209,145
Other loans		36,309	–	36,309	–
	29	2,150,538	1,233,119	109,461	250,797

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29. INTEREST-BEARING BANK AND OTHER LOANS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bank overdrafts:				
Secured	78,760	97,128	—	—
Unsecured	41,773	41,693	41,772	41,652
	120,533	138,821	41,772	41,652
Bank loans:				
Secured	2,900,164	1,376,255	—	—
Unsecured	567,798	996,654	31,380	209,145
	3,467,962	2,372,909	31,380	209,145
Loans from related companies				
Unsecured	90,000	347,500	90,000	347,500
Other loans				
Secured	—	—	—	—
Unsecured	815,556	370,172	815,556	370,172
	815,556	370,172	815,556	370,172
	4,494,051	3,229,402	978,708	968,469
Bank overdrafts repayable within one year or on demand (note 28)	120,533	138,821	41,772	41,652
Bank loans repayable:				
Within one year (note 28)	1,993,696	1,094,298	31,380	209,145
In the second year	740,604	1,247,861	—	—
In the third to fifth years, inclusive	733,662	28,000	—	—
Over five years	—	2,750	—	—
	3,467,962	2,372,909	31,380	209,145
Loan from related companies repayable:				
Within one year	—	—	—	—
In the second year	90,000	347,500	90,000	347,500
	90,000	347,500	90,000	347,500
Other loans repayable:				
Within one year or on demand (note 28)	36,309	—	36,309	—
In the second year	779,247	370,172	779,247	370,172
	815,556	370,172	815,556	370,172
	4,494,051	3,229,402	978,708	968,469
Portion classified as current liabilities	(2,150,538)	(1,233,119)	(109,461)	(250,797)
Long term portion	2,343,513	1,996,283	869,247	717,672

29. INTEREST-BEARING BANK AND OTHER LOANS (continued)

The Group's bank loans and overdrafts bear interest at prevailing market rates.

Certain of the bank overdraft and bank loan balances amounting to HK\$1,380,000 (2001: HK\$79,145,000) were obtained from Concord Bank Limited, a related company of the Group.

The loan from related company, Gain Time Holding Limited, is unsecured and bear interest at prevailing market rates. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of Gain Time Holdings Limited.

30. AMOUNT DUE TO A RELATED COMPANY

The amounts due to a related company, Concord Oil Group Limited, is unsecured, interest-free and is not repayable within twelve months from the date of approval of these financial statements. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of Concord Oil Group Limited.

31. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company is unsecured, interest-free and is not repayable within twelve months from the date of approval of these financial statements.

32. DEFERRED TAX

	Group	
	2002 HK\$'000	2001 HK\$'000
Balance at beginning of year	51,903	30,902
Charge for the year, net (note 10)	53,147	21,001
Reclassification	(10,408)	–
	94,642	51,903

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33. ISSUED CAPITAL

	Group and Company Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
Authorised:		
Balance at beginning and end of the year	6,000,000,000	600,000
Issued and fully paid:		
Balance at beginning of year	3,218,585,732	321,858
Issued during the year	29,184,000	2,919
Balance at end of year	3,247,769,732	324,777

In October 2002, the Company allotted 29,184,000 ordinary shares of par value of HK\$0.10 each to the directors Messrs Kwan Kai Cheong and Zhang Liping, as part of the employment compensation packages to them which were valued at approximately HK\$11,528,000.

Further details of the above issue of shares are set out in the Company's circular dated 16 July 2002.

Share options

The Company operates a share option scheme (the "Scheme"), further details of which are set out in note 37 to the financial statements.

At the beginning of the year, there were 23,866,000 share options outstanding under the Scheme, which entitled the holders to subscribe for shares of the Company at any time during periods ranging from 19 October 1999 to 21 August 2005. The subscription prices payable upon the exercise of these options range from HK\$0.51 to HK\$1.09, subject to adjustment.

A total of 2,000,000 share options with an exercise price of HK\$1.09 lapsed and were cancelled during the year.

At the balance sheet date, the Company had 21,866,000 share options outstanding under the Scheme, with exercise periods ranging from 1 June 2000 to 21 August 2005 and exercise prices ranging from HK\$0.51 to HK\$0.86. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 21,866,000 additional shares of HK\$0.10 each and proceeds of approximately HK\$16,354,900.

34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 26 of the financial statements.

The revised SSAP 11 was adopted during the year, as explained in note 2 and under the heading "Foreign currencies" in note 3 to the financial statements. As a result, the profit and loss accounts of overseas subsidiaries, and associates are now translated into Hong Kong dollars at the weighted average exchange rates for the year, rather than at the exchange rates ruling at the balance sheet date, as was previously the case. This change in accounting policy has no material effect to the prior year financial statements.

Pursuant to the relevant laws and regulations for Sino-foreign, joint venture enterprises, a portion of the profits of the Group's jointly-controlled entities which are registered in the People's Republic of China has been transferred to reserve funds which are restricted as to use.

Certain amounts of goodwill and negative goodwill arising on the acquisition of subsidiaries and associates, in prior years remain eliminated against and credited to the capital reserve, respectively, as explained in notes 17 and 19 to the financial statements.

(b) Company

	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2001	2,158,390	1,312,946	7,905	3,059,987	6,539,228
Issue of shares	262,278	—	—	—	262,278
Loss for the year	—	—	—	(3,341,826)	(3,341,826)
At 31 December 2001 and 1 January 2002	2,420,668	1,312,946	7,905	(281,839)	3,459,680
Issue of shares	8,609	—	—	—	8,609
Loss for the year	—	—	—	(49,759)	(49,759)
At 31 December 2002	2,429,277	1,312,946	7,905	(331,598)	3,418,530

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35. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries in the year 2002:

	2002 HK\$'000
Net assets acquired:	
Fixed assets	18,499
Properties under development	235,493
Properties held for sale	521,401
Trade receivables	1,077
Other receivables	250,693
Trade payables	(70,243)
Tax payables	(26,707)
Other payables	(115,140)
Bank loans	(435,806)
Minority interests	(132,853)
Expenses for acquisition of subsidiary	6,897
	253,311
Goodwill on acquisition	85,107
Negative goodwill on acquisition	(51,570)
	286,848
Satisfied by:	
Cash	286,848
An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:	
Cash consideration	(287,005)
Cash and bank balances acquired	157
	286,848

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35. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Partial acquisition of subsidiaries:

	2002 HK\$'000	2001 HK\$'000
Net assets acquired:		
Loan to a shareholder	–	31,233
Minority interests	343	(133)
Goodwill on acquisition	–	31,100
Negative goodwill on acquisition	(343)	1,283
	–	32,383
Satisfied by:		
Cash consideration	–	32,383
An analysis of the net outflow of cash and cash equivalents in respect of the partial acquisition of subsidiaries is as follows:		
Cash consideration	–	(32,383)
Cash and bank balances acquired	–	–
Net outflow of cash and cash equivalents in respect of the partial acquisition of subsidiaries	–	(32,383)

The subsidiaries acquired made no significant contribution to the Group in respect of the turnover and contribution to the consolidated profit after tax and before minority interests for the year.

Notes to Financial Statements

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35. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Disposal of subsidiaries in the year 2001:

	2001 HK\$'000
Net assets disposed of:	
Investment properties	131,777
Other receivables	1,613
Cash and bank balances	406
Other payables	(6,343)
Exchange fluctuation reserve	(4,321)
Revaluation reserves	(54,505)
Minority interests	(189)
Negative goodwill	(22,070)
	46,368
Gain on disposal of subsidiaries	95,008
	141,376
Satisfied by:	
Cash consideration	141,376
An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries during the year ended is as follows:	
Cash consideration	141,376
Cash and bank balances disposed	(406)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	140,970

The subsidiaries disposed of in the prior year made no significant contribution to the Group in respect of cash flows, turnover and contribution to the consideration to the consolidated profit after tax and before minority interests for the year.

36. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, during the year, the Group had transactions with the following related parties:

	Note	2002 HK\$'000	2001 HK\$'000
Various income and expenses			
Interest paid to Fine Tower Associates Limited	(a)	8,214	20,525
Interest paid to Gain Time Holdings Limited	(b)	19,228	23,751
Management fees receivable from China Medical Science Limited	(c)	600	650
Advertising fee paid to Concord Oil (HK) Limited	(d)	–	1,400
Interest payable to Concord Oil (HK) Limited	(e)	–	2,900
Interest income from Concord Bank	(f)	–	739
Interest payable to Concord Bank	(g)	4,856	2,076
Bank charges payable to Concord Bank	(h)	80	603

- (a) The interest paid relates to a long term loan of HK\$224 million (2001: HK\$224 million) borrowed from Fine Tower Associates Limited, a related company. This loan was fully repaid in 2002. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of the related company. The interest is charged based on the prevailing market interest rates.
- (b) The interest paid relates to a loan of HK\$90 million (2001: HK\$123.5 million) borrowed from Gain Time Holdings Limited, a related company. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of the related company. The interest is charged at a rate of 18% per annum.
- (c) The management fee income relates to the use of a certain portion of the Company's premises located at 14th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong by China Medical Science Limited, a related company. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of the related company. The management fee was charged at HK\$50,000 per month.
- (d) The advertising fees paid relate to a fixed charge of HK\$1.4 million from Concord Oil (Hong Kong) Limited, an associate, for promoting the Company's brand image.
- (e) The interest paid relates to the current account with Concord Oil (Hong Kong) Limited, an associate. The interest is charged based on the prevailing market interest rates.
- (f) The interest income was generated from the amounts held by a related Company, which is a bank. The interest rates on the bank accounts are similar to those given to other customers of the bank.

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36. RELATED PARTY TRANSACTIONS (continued)

- (g) The interest was derived from loans granted by a related company which is a bank. The interest rate is similar to that charged to other customers of the bank.
- (h) Bank charges was paid to related company, which is a bank, on normal trading transactions. The charges are similar to those charged to other customers of the bank.

37. SHARE OPTION SCHEME

SSAP 34 was adopted during the year, as explained in note 2 and under the heading “Employee benefits” in note 3 to the financial statements. As a result, the following detailed disclosure relating to the Company’s share option scheme are now included in the notes to the financial statements. In the prior year, these disclosures were included in the Report of the Directors, as their disclosure is also a requirement of the Listing Rules.

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include any employees, including executive directors of the Company or any of its subsidiaries other than joint venture companies registered in the People’s Republic of China. The Scheme became effective on 28 February 1997 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. At 31 December 2002, the number of shares issuable under share options granted under the Scheme was 21,866,000, which represented approximately 0.67% of the Company’s shares in issue as at that date.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and in any event such period of time shall not exceed a period of 3 years commencing on the expiry of 1 year after the date of acceptance of the offer and expiring on the last day of such period, or 28 February 2007, whichever is the earlier.

The exercise price of the share options is determinable by the directors, but shall be the higher of (i) a price being not less than 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the offer; and (ii) the nominal value of the share.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

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37. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

Name or category of participant	Number of share options					Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$
	At 1 January 2002	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2002			
Directors								
Wong Sai Wa	1,000,000	—	—	(1,000,000)	—	19-10-1998	19-10-1999 to 18-10-2002	1.09
	50,000	—	—	—	50,000	05-06-1999	05-06-2000 to 04-06-2003	0.74
	5,000,000	—	—	—	5,000,000	27-08-2000	27-08-2001 to 26-08-2004	0.86
	2,000,000	—	—	—	2,000,000	22-08-2001	22-08-2002 to 21-08-2005	0.51
	8,050,000	—	—	(1,000,000)	7,050,000			

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31 December 2002

37. SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$
	At 1 January 2002	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2002			
Directors								
Kwan Kai Cheong	1,000,000	–	–	(1,000,000)	–	19-10-1998	19-10-1999 to 18-10-2002	1.09
	16,000	–	–	–	16,000	01-06-1999	01-06-2000 to 31-05-2003	0.74
	5,000,000	–	–	–	5,000,000	24-08-2000	24-08-2001 to 23-08-2004	0.86
	2,000,000	–	–	–	2,000,000	22-08-2001	22-08-2002 to 21-08-2005	0.51
	8,016,000	–	–	(1,000,000)	7,016,000			
Wong Siu Man	50,000	–	–	–	50,000	07-06-1999	07-06-2000 to 06-06-2003	0.74
	1,000,000	–	–	–	1,000,000	27-08-2000	27-08-2001 to 26-08-2004	0.86
	560,000	–	–	–	560,000	22-08-2001	22-08-2002 to 21-08-2005	0.51
	1,610,000	–	–	–	1,610,000			

Notes to Financial Statements

31 December 2002

37. SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$
	At 1 January 2002	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2002			
Directors								
Zhang Liping	1,500,000	–	–	–	1,500,000	28-02-2001	28-02-2002 to 27-02-2005	0.68
Tam Wing Tak	1,000,000	–	–	–	1,000,000	27-08-2000	27-08-2001 to 26-08-2004	0.86
	540,000	–	–	–	540,000	22-08-2001	22-08-2002 to 21-08-2005	0.51
	1,540,000	–	–	–	1,540,000			
Other employees								
In aggregate	322,000	–	–	–	322,000	05-06-1999	05-06-2000 to 04-06-2003	0.74
	1,850,000	–	–	–	1,850,000	27-08-2000	27-08-2001 to 26-08-2004	0.86
	978,000	–	–	–	978,000	22-08-2001	22-08-2002 to 21-08-2005	0.51
	3,150,000	–	–	–	3,150,000			
	23,866,000	–	–	(2,000,000)	21,866,000			

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to Financial Statements

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37. SHARE OPTION SCHEME (continued)

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure category.

Summary details of the Company's share option scheme are also set out in note 33 to the financial statements.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date are deleted from the register of outstanding options.

The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the year to the directors and employees because the value of share options calculated using theoretical models are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

38. CAPITAL COMMITMENTS

	Group	
	2002 HK\$'000	2001 HK\$'000
Authorised and contracted for	513,462	514,574
Authorised, but not contracted for	112,900	70,200
	626,362	584,774

The Company had no significant capital commitment as at 31 December 2002 (2001: Nil).

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 8 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2002, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	15,619	22,461
In the second to fifth years, inclusive	24,761	45,237
After five years	4,816	13,901
	45,196	81,599

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for 3 years.

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

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	2,448	1,161
In the second to fifth years, inclusive	3,875	—
	6,323	1,161

The Company had no operating lease arrangements as at 31 December 2002 (2001: Nil).

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40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following commitments at the balance sheet date:

Commitments under sub-contracting fees payable to Chinese joint venture parties:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	660	660
In the second to fifth years, inclusive	–	660
	660	1,320

The Company had no commitments as at 31 December 2002 (2001: Nil).

41. CONTINGENT LIABILITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	–	–	2,264,568	821,449
Associates	6,600	13,267	6,600	13,267
Third party	41,825	–	41,825	–
	48,425	13,267	2,312,993	834,716
Guarantees of purchases granted to:				
Associates	–	12,943	–	12,943
	48,425	26,210	2,312,993	847,659

42. POST BALANCE SHEET EVENTS

The Group has no post balance sheet event for the year.

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43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 April 2003.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2002	2001	
Incorporated and operating in Hong Kong				
Concord Tempo Limited*	HK\$2	100%	100%	Procurement of watch components and related services
Duralite Communications Limited*	HK\$1,000,000	60%	60%	Sale of tele- communications components
Elite-Splendid Enterprises Limited*	HK\$2	100%	100%	Property development
Active Development Limited*	HK\$2	100%	100%	Provision of management services
Get Luck Development Limited*	HK\$2	100%	100%	Property development
Superforce Resources Limited*	HK\$2	100%	100%	Provision of mortgage loans
Smile Beauty Investments Limited*	HK\$2	100%	100%	Sale of properties
Top Asia Holdings Limited*	HK\$100	100%	100%	Investment holding

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44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2002	2001	
Incorporated and operating in the Cayman Islands				
Concord Land Development Company Limited*	HK\$125,988,660	100%	100%	Investment holding
Incorporated and operating in the British Virgin Islands				
Daily Rich Limited*	US\$50,000	100%	100%	Investment holding
Vivid Capital Investments Limited*	US\$50,000	70%	70%	Investment holding
Concord Telecommunications Holding Limited*	US\$10	60%	60%	Provision of mobile telecommunications services
Camstar Capital Limited	US\$1	100%	100%	Investment holding
China Rich Worldwide Limited*	US\$45,001	100%	100%	Investment holding
China View Group Limited*	US\$1,000	100%	100%	Investment holding
New Telecom Technology Limited*	US\$1	60%	60%	Sale of telecommunications products
Qualiwell Investment Limited*	US\$2	100%	100%	Property investment
Star Host Limited*	US\$1	100%	100%	Property holding
King Host Limited*	US\$1	100%	100%	Property development

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44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2002	2001	
Incorporated and operating in the British Virgin Islands (continued)				
Mass Ocean International Limited*	US\$1	100%	100%	Property development
Corps Development Limited* (formerly known as Mayson Development Limited)	US\$10	90%	90%	Property development
Gross Map Enterprises Limited*	US\$1	100%	100%	Property development
Top Link Company Limited*	US\$50,000	53½%	53½%	Property development
Ramsford Development Limited	US\$1	100%	100%	Investment holding
Clever Gold Limited	US\$1	100%	100%	Corporate finance
Smart Unicom Limited	US\$1	100%	100%	Corporate finance
Chains Way Limited	US\$1	100%	100%	Investment holding
Beauty Rich Enterprises Limited*	US\$1	100%	100%	Property holding
Claude Associates Limited*	US\$1	100%	100%	Investment holding
Concord Property Development Limited*	US\$50,000	100%	100%	Investment holding
Canary World Limited	US\$1	100%	100%	Corporate Finance
City Islands Limited*	US\$1	100%	100%	Investment holding
Flash Trend Investments Limited*	US\$1	100%	100%	Investment holding

Notes to Financial Statements

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44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2002	2001	
Registered and operating in the Mainland China				
Shanghai Jinan-Concord Real Estate Co., Limited*	US\$48,000,000	92%	92%	Property development
Suzhou Concord Real Estate Company Limited*	US\$5,000,000	55%	55%	Property holding
Shunba Development (Zhuhai) Limited*	HK\$7,000,000	60%	60%	Manufacture and sale of telecommunications products
Sichuan Concord Electronic Industry Company Limited*	HK\$4,270,000	60%	60%	Manufacture and sale of telecommunications products
Shanghai Min Xin Concord Property Development Co., Ltd.*	RMB150,000,000	98.79%	98.67%	Property development
Beijing Leimeng-Concord Department Store*	RMB4,000,000	100%	100%	Department store
Winsan (Shanghai) Industrial Co., Ltd.*	RMB341,010,182	50.11%	—	Property development and Development of urban infrastructure facilities and ancillary services
運盛 (上海) 房產建設有限公司*	US\$15,000,000	50.11%	—	Property development
蘇州集盛房產建設有限公司*	US\$8,000,000	50.11%	—	Property development

* Indirect subsidiary

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Companies registered in the Mainland China operate for a finite period of time as specified in the joint venture agreements. These periods may be extended upon mutual agreement of the joint venture partners and in accordance with the relevant PRC laws. The first and the last expiry dates of the terms of these subsidiaries fall in the years 2000 and 2069, respectively.

Except for Shanghai Jinan-Concord Real Estate Co. Ltd., Suzhou Concord Real Estate Company Ltd., Shanghai Min Xin Concord Property Development Co. Ltd., Winsan Shanghai, Industrial Co., Ltd. 運盛(上海)房產建設有限公司 and 蘇州集盛房產建設有限公司, all subsidiaries registered and operating in the Mainland China are subject to sub-contracting arrangements under which the Group is entitled to receive all of the profits and is required to bear all of the losses of these companies in return for the payment of pre-agreed annual fees to the fellow joint venture partners. The percentage of equity interest attributable to the Group reflects the Group's interests after taking into account the sub-contracting arrangements.

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

45. PARTICULARS OF PRINCIPAL ASSOCIATES

Name	Business structure	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2002	2001	
Tempo Electronic Industrial Company Limited	Corporate	Mainland China	50%	50%	Manufacture of quartz watches
Concord Oil Limited	Corporate	British Virgin Islands	33%	33%	Distribution of petroleum products
Rachada Concord Co., Ltd.	Corporate	Thailand	35%	35%	Property development
Guangzhou Sifang Concord Real Estate Company Limited	Corporate	Mainland China	30%	30%	Property development
Concord Properties (Shenyang) Limited	Corporate	Mainland China	30%	30%	Property development
Zhuhai Micro-Net Works, Inc	Corporate	Mainland China	30%	30%	Manufacture of electronic products

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45. PARTICULARS OF PRINCIPAL ASSOCIATES (continued)

Companies registered in the Mainland China operate for a finite period of time as specified in the joint venture agreements. These periods may be extended upon mutual agreement of the joint venture partners and in accordance with the relevant PRC laws. The first and the last expiry dates of the terms of these associates fall in the years 2008 and 2025, respectively.

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