

1. Principal Activities

The principal activities of the Group are property investment and development, manufacturing and sale of watch components, bonded polyester fabrics and home finishing products, securities investments and trading, and the provision of information technology services.

2. Principal Accounting Policies

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain investments, and in conformity with accounting principles generally accepted in Hong Kong.

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

(a) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March and include the Group's attributable share of post-acquisition results and reserves of associated companies.

Results attributable to subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date on which the control is transferred to the Group or to the date that control ceases, as applicable.

All significant inter-company transactions and balances between group companies are eliminated.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

(b) Goodwill and negative goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiaries and associated companies at the effective date of acquisition. Goodwill on acquisitions that occurred on or after 1st April, 2001 is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised as income in the year of acquisition or over the weighted average useful life of the acquired non-monetary assets.

2. Principal Accounting Policies (Continued)

(b) Goodwill and negative goodwill *(Continued)*

Goodwill and negative goodwill on acquisition that occurred prior to 1st April, 2001 were taken directly to reserves.

The carrying amount of goodwill, including those previously taken directly to reserves, is reviewed annually and provision is only made where, in the opinion of the Directors, there is impairment in value other than temporary in nature.

The profit or loss on disposal of subsidiaries and associated companies is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill which remains unamortised, including those previously taken directly to reserves.

(c) Subsidiaries

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the company. In the Company's balance sheet, investments in subsidiaries are stated at or below cost. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature. The results of subsidiaries are accounted for by the Company to the extent of dividend income.

(d) Associated companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long term and significant influence is exercised in its management. Associated companies are accounted for under the equity method whereby the Group's share of the results is included in the consolidated profit and loss account and the Group's share of the net assets, together with any unamortised goodwill or negative goodwill, is included in the consolidated balance sheet.

2. Principal Accounting Policies (Continued)

(e) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and provision for significant permanent impairment in values.

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length. Investment properties are carried at open market value based on valuations by professional valuers at the balance sheet date and separate values are not attributed to land and buildings. Increases in valuation are credited to the investment properties revaluation reserve; decreases in valuation are first set off against earlier reserves on a portfolio basis and thereafter are charged to the profit and loss account. Upon the disposal of an investment property, the relevant revaluation reserve realised is transferred to the profit and loss account.

No depreciation is provided on investment properties held on leases with unexpired periods of more than twenty years. Depreciation of other fixed assets is calculated to write off the cost of the assets over their estimated useful lives or if shorter, the relevant finance lease periods, on a straight line basis at the following annual rates:

Leasehold land	Remaining term of lease
Buildings	2%
Plant and machinery	10 to 20%
Other fixed assets	10 to 30%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of assets are reviewed regularly. Where the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Profit and loss on disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit and loss account.

2. Principal Accounting Policies (Continued)

(f) Investments

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

Investments, which are acquired principally for the purpose of generating a profit from short-term fluctuation in price, are included in the balance sheet under current assets and carried at fair values. The net unrealised gains or losses arising from the changes in fair values, including exchange differences, are recognised in the profit and loss account.

Profits or losses on disposal of investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(g) Leased assets

Assets leased from third parties under agreements that transfer substantially all the risks and rewards incident to ownership of the relevant asset to the Group are classified as finance leases. At the inception of a finance lease, the fair value of the asset or, if lower, the present value of the minimum lease payments, derived by discounting them at the interest rate implicit in the lease, is capitalised as an asset. The corresponding obligations, net of finance charges, are included under long-term liabilities. Assets held under finance leases are depreciated on the basis described in note 2(e) above. Gross rentals payable in respect of finance leases are apportioned between interest charges and a reduction of the lease obligations based on the interest rates implicit in the relevant leases.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable under operating leases, net of incentives received from the lessors, are charged to the profit and loss account on a straight line basis over the periods of the respective leases.

2. Principal Accounting Policies (Continued)

(h) Properties under development

Properties under development are included under non-current assets and are stated at cost less provision. Costs include land cost, development and construction expenditure incurred and any interest and other direct costs attributable to the development.

(i) Properties held for sale

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

(j) Inventories

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

(k) Provisions

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

(l) Deferred taxation

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

2. Principal Accounting Policies (Continued)

(m) Revenue recognition

Sale of completed properties are recognised upon completion of sale and purchase contracts. Sale of properties in advance of their completion are recognised over the course of development with reference to the stage of completion of the development, computed as a proportion of construction costs incurred to estimated total construction costs. Where purchasers fail to pay the balances of the purchase price on completion, sales deposits received in advance of completion are forfeited and credited to profit and loss account. Rental income under operating leases, net of incentives given to lessees, are recognised on a straight line basis over the period of the respective leases. Sale of goods are recognised on the transfer of risks and rewards on ownership, which generally coincides with the time when goods are delivered to the customers and title has passed. Sale of securities are recognised at the conclusion of the contract notes. Service and management income is recognised when the services are rendered. Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is established.

(n) Borrowing costs

Interest and related costs on borrowings directly incurred to finance the construction or acquisition of an asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

(o) Employee benefits

The Group operates or participates in a number of defined contribution retirement schemes in the countries in which the Group operates. Contributions to these schemes are charged to the profit and loss account in the year to which the contributions relate.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave or paternity leave are not recognised until the time of leave.

Provisions for bonus entitlements due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2. Principal Accounting Policies (Continued)

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions with maturity within three months from the date of placement, net of bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

(q) Translation of foreign currencies

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

Profit and loss accounts of subsidiaries and associated companies expressed in foreign currencies are translated at the weighted average exchange rates for the year and balance sheets are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of net investments in these subsidiaries and associated companies are taken directly to reserves.

3. Turnover

	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Rental and management fees	105,169	108,633
Sale of properties	66,272	435,082
Sale of goods	111,118	102,885
Services fee	375	1,148
Securities trading	5,656	23,002
Dividend	1,060	142
	289,650	670,892
	289,650	670,892

4. Segment Information

In accordance with the Group's internal financial reporting and operating activities, the primary segment reporting is business segments and the secondary segment reporting is geographical segments. The main business segments of the Group are property development and investment, sale of goods and services, securities trading and information technology. The Group's business operates in three geographical areas of Hong Kong (property development and investment, sale of goods and services, securities trading and information technology), the Mainland (property development and investment, sale of goods and services and information technology), and other countries (property investment and sale of goods and services).

Segment assets consist primarily of fixed assets, properties, investment securities, inventories, debtors and prepayments. Segment liabilities mainly comprise creditors and accruals. Unallocated costs represent corporate expenses. Capital expenditure comprises additions to fixed assets and expenditure for properties under development.

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

Notes to the Accounts

4. Segment Information (Continued)

(a) Business segments

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Corporate and elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Year ended 31st March, 2003						
Turnover	171,899	111,020	6,716	494	(479)	289,650
Other revenues	–	–	–	–	26,944	26,944
Segment results:						
Profit/(loss) from operations	46,318	1,841	(2,915)	(4,180)	(42,192)	(1,128)
Revaluation deficit of investment properties	(176,917)	–	–	–	–	(176,917)
Provision for properties held for sale	(130,000)	–	–	–	–	(130,000)
	<u>(260,599)</u>	<u>1,841</u>	<u>(2,915)</u>	<u>(4,180)</u>	<u>(42,192)</u>	<u>(308,045)</u>
Finance costs						(37,737)
Share of results of associated companies	135	10,664	–	(204)	–	10,595
Loss before taxation						(335,187)
Taxation						(1,665)
Loss after taxation						(336,852)
Minority interests	31,765	(4,258)	166	1,905	5,486	35,064
Loss attributable to shareholders						<u>(301,788)</u>
Segment assets	3,914,916	85,567	12,717	952	–	4,014,152
Associated companies	31,440	56,633	–	2,126	–	90,199
Unallocated assets						802,087
Total assets						<u>4,906,438</u>
Segment liabilities	1,338,882	10,763	147	376	–	1,350,168
Unallocated liabilities						13,634
Total liabilities						<u>1,363,802</u>
Capital expenditure	3,580	609	–	35	21,874	26,098
Depreciation	1,522	2,296	150	319	4,048	8,335

4. Segment Information (Continued)

(a) **Business segments** (Continued)

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Corporate and elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Year ended 31st March, 2002						
Turnover	545,745	102,205	23,144	1,828	(2,030)	670,892
Other revenues	—	—	—	—	34,683	34,683
Segment results:						
Profit/(loss) from operations	121,577	3,267	891	(3,616)	(56,772)	65,347
Revaluation deficit of investment properties	(25,641)	—	—	—	—	(25,641)
Goodwill written off	—	(2,377)	—	—	—	(2,377)
	<u>95,936</u>	<u>890</u>	<u>891</u>	<u>(3,616)</u>	<u>(56,772)</u>	<u>37,329</u>
Finance costs						(58,622)
Share of results of associated companies	213	4,410	—	(1,355)	—	3,268
Loss before taxation						(18,025)
Taxation						(1,587)
Loss after taxation						(19,612)
Minority interests	(3,188)	(2,576)	98	2,447	3,326	107
Loss attributable to shareholders						<u>(19,505)</u>
Segment assets	4,236,441	87,047	5,490	3,743	—	4,332,721
Associated companies	31,524	55,778	—	2,329	—	89,631
Unallocated assets						945,066
Total assets						<u>5,367,418</u>
Segment liabilities	1,455,747	12,297	206	515	—	1,468,765
Unallocated liabilities						8,983
Total liabilities						<u>1,477,748</u>
Capital expenditure	40,035	2,541	—	1,292	23,651	67,519
Depreciation	1,625	2,415	46	930	2,823	7,839
Loss on deemed partial disposal of a listed subsidiary	—	—	—	—	24,616	24,616

Notes to the Accounts

4. Segment Information (Continued)

(b) Geographical segments

	Turnover	Operating	Total assets	Capital
	<i>HK\$'000</i>	<i>profit/(loss)</i>	<i>HK\$'000</i>	<i>expenditure</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31st March, 2003				
Hong Kong	197,644	(291,732)	3,381,050	23,508
The Mainland	2,091	(17,688)	1,226,498	2,399
Other countries	89,915	1,375	298,890	191
	<u>289,650</u>	<u>(308,045)</u>	<u>4,906,438</u>	<u>26,098</u>
Year ended 31st March, 2002				
Hong Kong	572,579	22,565	3,780,131	35,848
The Mainland	8,231	4,039	1,256,620	8,915
Other countries	90,082	10,725	330,667	22,756
	<u>670,892</u>	<u>37,329</u>	<u>5,367,418</u>	<u>67,519</u>

5. Other Revenues

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest	10,459	21,090
Dividend from preference shares (<i>note 19</i>)	5,879	1,853
Exchange gain	1,114	1,036
Gain on disposal of the right to purchase a property	–	2,055
Gain on disposal of investment securities	–	857
Sundries	9,492	7,792
	<u>26,944</u>	<u>34,683</u>

6. Operating (Loss)/Profit

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating (loss)/profit is stated after crediting:		
Dividend income		
Listed	160	142
Unlisted	6,779	1,853
Gain on disposal of investment securities	–	857
Gain on disposal of land and buildings	–	1,140
Gross rental income from investment properties	86,402	90,749
Write back of provision for properties held for sale	–	1,687
Net realised and unrealised gains on other investments	–	990
	<u> </u>	<u> </u>
and after charging:		
Cost of properties and inventories sold	154,904	382,911
Depreciation		
Owned fixed assets	8,047	7,451
Leased fixed assets	288	388
Goodwill written off	–	2,377
Loss on disposal/write-off of fixed assets	1,504	5,374
Loss on disposal of associated companies/a listed subsidiary	207	24,616
Loss on disposal of investment properties	–	370
Net realised and unrealised losses on other investments	3,900	–
Operating lease rental on land and buildings	5,087	4,340
Outgoings in respect of investment properties	26,026	29,026
Provision for doubtful debts	2,046	1,659
Provision for inventories	1,275	187
Staff costs, including directors' emoluments		
Wages and salaries	47,427	53,754
Retirement benefit costs	2,341	2,243
Auditors' remuneration	1,637	1,621
	<u> </u>	<u> </u>

7. Employee Retirement Benefits

Pursuant to the relevant regulations of the governments in Singapore, Malaysia and the Mainland, the subsidiaries of the Group in these countries participate in respective government retirement benefit schemes whereby the subsidiaries are required to contribute to the schemes to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the requirements in the respective countries. The governments of the respective countries are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

The subsidiaries in Hong Kong operate defined contribution schemes for all employees. Contributions to the schemes are calculated based on certain percentages of the applicable payroll costs or pre-determined fixed sums. The assets of the schemes are held separately from those of the subsidiaries in independently administered funds. Contributions of one of the schemes can be reduced by contributions forfeited by those employees who leave that scheme prior to vesting fully in those contributions.

The retirement benefit costs represent the contributions paid and payable by the Group to the schemes as mentioned above. Contributions totaling HK\$248,000 (2002: HK\$221,000) are payable to the schemes as at 31st March, 2003 and are included in creditors and accruals. Forfeited contributions totaling HK\$221,000 were utilised in 2002 and no forfeited contributions are available to reduce the Group's future contributions.

8. Finance Costs

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense		
Bank loans wholly repayable within five years	31,150	44,678
Bank loans not wholly repayable within five years	9,146	15,656
Other loan wholly repayable within five years	1,793	4,869
Loan from a minority shareholder (<i>note 28</i>)	–	2,469
Finance lease obligations wholly payable within five years	75	264
Financing charges	369	3,085
	<hr/>	<hr/>
	42,533	71,021
Capitalised as costs of properties	(4,796)	(12,399)
	<hr/>	<hr/>
	<u>37,737</u>	<u>58,622</u>

9. Share of Results of Associated Companies

The Group's share of results for the year includes the amortisation of negative goodwill in respect of an associated company amounting to HK\$1,033,000 (2002: nil).

Notes to the Accounts

10. Directors' and Management Emoluments

(a) Directors' emoluments

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	150	140
Salaries, housing and allowances, benefits in kind	9,600	10,067
Retirement scheme contributions	381	267
	<u>10,131</u>	<u>10,474</u>

The emoluments paid to non-executive Directors amounted to HK\$180,000 (2002: HK\$180,000). Emoluments of the individual Directors fall within the following bands:

Emoluments bands	Number of Directors	
	2003	2002
Nil – HK\$1,000,000	3	5
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,500,001 – HK\$4,000,000	–	1
HK\$4,000,001 – HK\$4,500,000	1	–
	<u>7</u>	<u>8</u>

10. Directors' and Management Emoluments (Continued)

(b) Management emoluments

The five highest paid individuals in the Group include three (2002: three) Directors. Details of the aggregate emoluments paid to the two (2002: two) individuals, whose emoluments were the highest in the Group and are not Directors, are set out below:

	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Salaries, housing and allowances, benefits in kind	3,091	3,065
Retirement scheme contributions	191	155
	3,282	3,220
	3,282	3,220

The emoluments of these individuals fall within the following bands:

Emoluments bands	Number of individuals	
	2003	2002
HK\$1,500,001 – HK\$2,000,000	2	2
	2	2

During the year, the Group did not pay to the Directors or the five highest paid individuals any inducement to join or upon joining the Group, or as compensation for loss of office. No Directors waived or agreed to waive any emoluments during the year.

Notes to the Accounts

11. Taxation

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Company and subsidiaries		
Current (overseas)	1,304	1,317
Deferred (<i>note 32</i>)	(92)	84
	<u>1,212</u>	<u>1,401</u>
Associated companies		
Current (Hong Kong)	453	167
Current (overseas)	–	19
	<u>1,665</u>	<u>1,587</u>

Provision for Hong Kong profits tax has been made at the rate of 16% (2002: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the companies operate.

Deferred tax charge/(credit) for the year has not been provided in respect of the following:

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accelerated depreciation allowances	870	1,830
Unutilised taxation losses	(40,475)	(24,055)
	<u>(39,605)</u>	<u>(22,225)</u>

12. Loss Attributable to Shareholders

Loss attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of HK\$398,555,000 (2002: HK\$309,614,000).

13. Dividend

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final (2002: 0.5 HK cent per share)	<u>–</u>	<u>6,640</u>

The Board of Directors does not declare a final dividend for the year ended 31st March, 2003.

14. Loss Per Share

The calculation of loss per share is based on the loss attributable to shareholders of HK\$301,788,000 (2002: HK\$19,505,000) and 1,328,006,155 shares in issue during the year.

Notes to the Accounts

15. Fixed Assets

Group

	Investment properties	Land and buildings	Plant and machinery	Other fixed assets	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost or valuation					
At 31st March, 2002	2,579,550	53,909	39,925	100,542	2,773,926
Change in exchange rates	(808)	1,709	377	294	1,572
Additions	–	–	610	25,480	26,090
Disposals/write-offs	–	–	(2,387)	(10,868)	(13,255)
Revaluation deficit	(176,917)	–	–	–	(176,917)
	<u>2,401,825</u>	<u>55,618</u>	<u>38,525</u>	<u>115,448</u>	<u>2,611,416</u>
At 31st March, 2003	2,401,825	55,618	38,525	115,448	2,611,416
Accumulated depreciation					
At 31st March, 2002	–	10,986	35,487	59,783	106,256
Change in exchange rates	–	290	336	160	786
Charge for the year	–	967	1,241	6,127	8,335
Disposals/write-offs	–	–	(2,327)	(7,850)	(10,177)
	<u>–</u>	<u>12,243</u>	<u>34,737</u>	<u>58,220</u>	<u>105,200</u>
At 31st March, 2003	–	12,243	34,737	58,220	105,200
Net book value					
At 31st March, 2003	<u>2,401,825</u>	<u>43,375</u>	<u>3,788</u>	<u>57,228</u>	<u>2,506,216</u>
At 31st March, 2002	<u>2,579,550</u>	<u>42,923</u>	<u>4,438</u>	<u>40,759</u>	<u>2,667,670</u>

15. Fixed Assets (Continued)

- (a) Investment properties and land and buildings are held under the following terms:

	Investment properties		Land and buildings	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
In Hong Kong				
Long term leases	903,090	995,850	–	–
Medium term leases	1,287,000	1,365,000	–	–
	<u>2,190,090</u>	<u>2,360,850</u>	–	–
Outside Hong Kong				
Freehold	209,335	216,300	8,920	8,920
Long term leases	2,400	2,400	–	–
Medium term leases	–	–	34,455	34,003
	<u>211,735</u>	<u>218,700</u>	<u>43,375</u>	<u>42,923</u>
	<u>2,401,825</u>	<u>2,579,550</u>	<u>43,375</u>	<u>42,923</u>

- (b) Investment properties in Hong Kong were revalued at 31st March, 2003 on an open market value basis by either Vigers Hong Kong Limited or BMI Appraisals Limited, independent professional property valuers. Investment properties in Malaysia and the Mainland were revalued by Vigers (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively. All other fixed assets are carried at cost.
- (c) Other fixed assets comprise furniture and fixtures, computer equipment, motor vehicles and yachts.
- (d) Investment properties and land and buildings with aggregate net book value of HK\$2,430,091,000 (2002: HK\$2,607,104,000) were pledged as securities for loan facilities.
- (e) The net book value of fixed assets held under finance leases amounted to HK\$510,000 (2002: HK\$1,264,000).

Notes to the Accounts

16. Properties under Development

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
At the beginning of the year	1,175,056	1,622,193
Property development expenditure	8	28,503
Interest capitalised	–	7,530
Disposals	–	(77,417)
Transfer to properties held for sale	–	(405,753)
	<u>1,175,064</u>	<u>1,175,056</u>
At the end of the year	<u>1,175,064</u>	<u>1,175,056</u>
The properties are held outside Hong Kong as follows:		
Long term leases	972,932	972,924
Medium term leases	202,132	202,132
	<u>1,175,064</u>	<u>1,175,056</u>

17. Subsidiaries

	Company	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Unlisted shares, at cost	891,569	891,569
Amounts receivable	2,600,039	2,525,809
Amount payable	(42)	(44)
Provision	(1,416,326)	(1,014,221)
	<u>2,075,240</u>	<u>2,403,113</u>

The amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment. Particulars of principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 38 to the accounts.

18. Associated Companies

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	66,365	44,173
Negative goodwill	(9,293)	–
Loans and amounts receivable	33,127	45,458
	<u>90,199</u>	<u>89,631</u>
Investments, at cost		
Listed shares in Hong Kong	61,396	54,196
Unlisted shares	85,278	85,278
	<u>146,674</u>	<u>139,474</u>
Market value of listed shares	<u>36,960</u>	<u>11,400</u>

The loans and amounts receivable are unsecured, interest free and have no fixed terms of repayment except for an amount of HK\$750,000 (2002: nil) which is interest bearing at prevailing market rates and repayable within three years from date of advance. Particulars of principal associated companies which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 39 to the accounts.

19. Investment Securities

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted preference shares, at cost	195,700	252,900
Unlisted equity shares, at cost	2,698	2,698
Loans receivable	9,602	4,427
	<u>208,000</u>	<u>260,025</u>
Provision	(1,680)	(1,680)
	<u>206,320</u>	<u>258,345</u>

19. Investment Securities (Continued)

The unlisted preference shares represent 72,000,000 (2002: 84,000,000) series A preference shares and 254,166,667 (2002: 337,500,000) series B preference shares of HK\$0.01 each, which were issued on 14th December, 2001, by Midas International Holdings Limited (“Midas”), an associated company, at an issue price of HK\$0.60 per share. These shares are held by Chuang’s China Investments Limited (“Chuang’s China”) and its subsidiaries (together “Chuang’s China Group”). Chuang’s China is a listed subsidiary of the Group.

The preference shares are non-voting, redeemable and carry fixed cumulative preferential dividend payable semi-annually at a rate of 2.5% per annum on the issue price of HK\$0.60 per share. Each of the series A preference share is convertible into two ordinary shares of HK\$0.10 each in Midas at the option of the holder at any time during the five-year period from the date of issue. The series B preference shares do not have the right to convert into ordinary shares of Midas and are redeemable at the issue price of HK\$0.60 per share at the option of Midas at any time during the five-year period from the date of issue. Any outstanding preference shares, which have not been previously redeemed or converted on the fifth anniversary from the date of issue, shall be redeemed by Midas in cash at the issue price of HK\$0.60 per share together with any unpaid dividend.

During the year, 12,000,000 series A preference shares were converted into 24,000,000 ordinary shares of HK\$0.10 each in Midas, increasing the equity interest of Chuang’s China Group in Midas from 16.4% to 21.6%, and 83,333,333 series B preference shares were redeemed in cash at the issue price of HK\$0.60 each.

On 22nd May, 2003, Chuang’s China Group entered into an agreement (the “Concession Agreement”) with Midas. Pursuant to the Concession Agreement, the remaining 72,000,000 series A preference shares will be converted into 144,000,000 ordinary shares of HK\$0.10 each in Midas, thereby increasing the equity interest of Chuang’s China Group in Midas from 21.5% to 42.7%, Midas will redeem 6,666,667 series B preference shares at an aggregate redemption price of HK\$1.00, and Chuang’s China Group will waive its entitlement of the dividend payable on the series A preference shares from January to June 2003. In addition, Midas shall declare a conditional special dividend of 1.2 HK cents per ordinary share payable to the existing shareholders. All the conditions to the Concession Agreement have subsequently been fulfilled and the foregoing transactions were completed on 4th July, 2003.

20. Properties Held for Sale

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Properties under development	210,217	396,759
Completed properties	73,843	32,486
	<u>284,060</u>	<u>429,245</u>

Completed properties amounting to HK\$50,613,000 (2002: HK\$7,744,000) are carried at net realisable value. Properties under development are held under long term leases in Hong Kong and are pledged as security for bank loan facilities of the Group. Completed properties amounting to HK\$43,013,000 (2002: nil) are also pledged as securities for certain loan facilities granted to the Group.

21. Inventories

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Raw materials	4,110	3,957
Work in progress	1,233	1,671
Finished goods	10,280	16,799
	<u>15,623</u>	<u>22,427</u>

Notes to the Accounts

22. Debtors and Prepayments

	Group		Company	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Trade debtors	30,050	38,444	–	–
Other debtors	19,817	14,788	469	632
Utility and other deposits	8,733	9,343	139	139
Prepayments	1,431	2,259	–	–
	<u>60,031</u>	<u>64,834</u>	<u>608</u>	<u>771</u>

Rental and management fee are made on open account terms and payable in advance. Credit terms of the Group's sales of goods mainly range from 30 days to 90 days. The aging analysis of the Group's trade debtors is as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Below 30 days	12,008	12,419
31 to 60 days	4,054	8,555
61 to 90 days	1,879	2,813
Over 90 days	12,109	14,657
	<u>30,050</u>	<u>38,444</u>

23. Other Investments

	Group	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Equity securities, at market value		
Listed in Hong Kong	12,691	2,299
Listed outside Hong Kong	–	429
	<u>12,691</u>	<u>2,728</u>

24. Cash and Bank Balances

Cash and bank balances of the Group include HK\$12,703,000 (2002: HK\$16,514,000) which are restricted and can only be used for the payments of development costs of certain development properties, and repayment of loans on these properties.

25. Creditors and Accruals

	Group		Company	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	17,102	22,207	–	–
Other creditors	24,594	45,129	–	–
Tenant and other deposits	35,254	37,921	–	–
Accrued expenses	20,687	20,659	2,519	2,613
	<u>97,637</u>	<u>125,916</u>	<u>2,519</u>	<u>2,613</u>

The aging analysis of the Group's trade creditors is as follows:

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	6,381	15,747
31 to 60 days	1,654	1,974
Over 60 days	9,067	4,486
	<u>17,102</u>	<u>22,207</u>

26. Share Capital

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
2,500,000,000 shares of HK\$0.25 each	<u>625,000</u>	<u>625,000</u>
<i>Issued and fully paid:</i>		
1,328,006,155 shares of HK\$0.25 each	<u>332,002</u>	<u>332,002</u>

Notes to the Accounts

27. Reserves

	Capital			Capital reserve	Statutory reserve	Investment properties		Retained profit	Total
	Share premium	redemption reserve	Contributed surplus			revaluation reserve	Exchange reserve		
	HK\$'000	HK\$'000	HK\$'000			HK\$'000	HK\$'000		
Group									
At 31st March, 2001	636,247	4,462	20,231	579,084	2,051	29,352	(112,403)	1,623,230	2,782,254
Change in exchange rates	-	-	-	-	-	-	(767)	-	(767)
Realised on deemed disposal of a subsidiary	-	-	-	(30,929)	-	-	-	-	(30,929)
Realised on disposal of an associated company	-	-	-	(28)	-	-	-	-	(28)
Realised on disposal of investment properties	-	-	-	-	-	(1,850)	679	-	(1,171)
Goodwill written off	-	-	-	2,377	-	-	-	-	2,377
Revaluation deficit	-	-	-	-	-	(27,502)	-	-	(27,502)
Loss for the year	-	-	-	-	-	-	-	(19,505)	(19,505)
Transfer	-	-	-	-	11	-	-	(11)	-
Proposed final dividend	-	-	(6,640)	-	-	-	-	-	(6,640)
At 31st March, 2002	636,247	4,462	13,591	550,504	2,062	-	(112,491)	1,603,714	2,698,089
Change in exchange rates	-	-	-	-	-	-	1,682	-	1,682
Realised on disposal of an associated company	-	-	-	9	-	-	-	-	9
Loss for the year	-	-	-	-	-	-	-	(301,788)	(301,788)
Transfer	-	-	-	-	5	-	-	(5)	-
At 31st March, 2003	<u>636,247</u>	<u>4,462</u>	<u>13,591</u>	<u>550,513</u>	<u>2,067</u>	<u>-</u>	<u>(110,809)</u>	<u>1,301,921</u>	<u>2,397,992</u>
Retained by:									
Company and subsidiaries	636,247	4,462	13,591	550,163	2,067	-	(110,809)	1,295,495	2,391,216
Associated companies	-	-	-	350	-	-	-	6,426	6,776
	<u>636,247</u>	<u>4,462</u>	<u>13,591</u>	<u>550,513</u>	<u>2,067</u>	<u>-</u>	<u>(110,809)</u>	<u>1,301,921</u>	<u>2,397,992</u>

Statutory reserve represents enterprise expansion fund and general reserve fund set aside by subsidiaries in accordance with the relevant laws and regulations in the Mainland.

27. Reserves (Continued)

	Capital				
	Share premium	redemption reserve	Contributed surplus	Retained profit	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Company					
At 31st March, 2001	636,247	4,462	415,730	1,721,731	2,778,170
Loss for the year	–	–	–	(309,614)	(309,614)
Proposed final dividend	–	–	(6,640)	–	(6,640)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2002	636,247	4,462	409,090	1,412,117	2,461,916
Loss for the year	–	–	–	(398,555)	(398,555)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2003	<u>636,247</u>	<u>4,462</u>	<u>409,090</u>	<u>1,013,562</u>	<u>2,063,361</u>

Under the Companies Act 1981 of Bermuda and the bye-laws of the Company, the contributed surplus which arose as a result of a group reorganisation in 1991 is also distributable to shareholders. Total distributable reserves of the Company amounted to HK\$1,422,652,000 (2002: HK\$1,827,847,000) as at 31st March, 2003.

Notes to the Accounts

28. Minority Interests

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Equity interests		
Third parties	780,514	820,248
Related party	—	(1,670)
	<u>780,514</u>	<u>818,578</u>
	-----	-----
Loans payable		
Third parties	40,226	35,936
Related party	—	1,800
	<u>40,226</u>	<u>37,736</u>
	-----	-----
Amount receivable	<u>(8,098)</u>	<u>(3,375)</u>
	-----	-----
	<u>812,642</u>	<u>852,939</u>
	-----	-----

The loans payable are unsecured, have no fixed repayment terms and are interest free except for a loan which carried interest at prevailing market rate in last year. The amount receivable is unsecured, has no fixed repayment terms and carries interest at prevailing market rates. The related party is owned and controlled by two Directors.

29. Long-term Liabilities

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Secured bank loans		
Wholly repayable within five years	972,257	878,260
Not wholly repayable within five years	218,055	359,060
	1,190,312	1,237,320
Other secured loan wholly repayable within five years	26,226	65,000
Obligations under finance leases wholly payable within five years	583	848
	1,217,121	1,303,168
Current portion included in current liabilities	(135,188)	(77,293)
	1,081,933	1,225,875

The loans are secured by certain investment properties, land and buildings and properties held for sale, of which HK\$971,054,000 (2002: HK\$1,014,297,000) are also secured by the assignment of rental income. The other loan is also secured by a guarantee from the minority shareholder of a subsidiary amounting to HK\$7,868,000 (2002: HK\$19,500,000). The bank and other loans are repayable in the following periods:

	Bank loans		Other loan	
	2003	2002	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Within one year	108,684	77,029	26,226	–
In the second year	149,698	190,389	–	65,000
In the third to fifth year inclusive	779,450	680,190	–	–
After the fifth year	152,480	289,712	–	–
	1,190,312	1,237,320	26,226	65,000

Notes to the Accounts

29. Long-term Liabilities (Continued)

The Group's finance lease obligations are payable in the following periods:

	Present value		Minimum payments	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	338	338	278	264
In the second year	194	338	173	279
In the third to fifth year inclusive	136	330	132	305
	<u>668</u>	<u>1,006</u>	<u>583</u>	<u>848</u>

30. Other Non-current Liabilities

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provisions (<i>note 31</i>)	30,994	30,994
Deferred taxation (<i>note 32</i>)	935	986
	<u>31,929</u>	<u>31,980</u>

31. Provisions

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
At the beginning of the year	54,244	–
Provided during the year	12,358	64,232
Amount utilised	(29,570)	(9,988)
	<u>37,032</u>	<u>54,244</u>
At the end of the year	<u>37,032</u>	<u>54,244</u>
Representing:		
Payable after more than twelve months	30,994	30,994
Payable within twelve months included under other creditors	6,038	23,250
	<u>37,032</u>	<u>54,244</u>

Pursuant to an agreement dated 29th October, 2001, Chuang's China Group disposed of certain properties in the Mainland to Midas, under which Chuang's China would indemnify Midas for the shortfall of annual rental income from certain of those properties amounting to HK\$3,880,000 for each of the two years after 14th December, 2001 and would also be responsible for 51% of the construction costs for certain of those properties during the period from 14th December, 2001 to completion of the construction. In addition, Chuang's China also executed a deed of indemnity dated 14th December, 2001 in favour of Midas, pursuant to which Chuang's China would indemnify Midas the portion of land appreciation and enterprise income taxes in the Mainland, that may arise upon subsequent disposal of the properties by Midas, attributable to the excess of the consideration paid by Midas over the carrying value of the properties. The provisions represent the Group's estimated liabilities under the above undertakings and indemnities to Midas.

Notes to the Accounts

32. Deferred Taxation

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
At the beginning of the year	986	918
Change in exchange rates	41	(16)
(Credited)/charged to profit and loss account (<i>note 11</i>)	(92)	84
	<u>935</u>	<u>986</u>
At the end of the year	<u>935</u>	<u>986</u>

Deferred taxation has been provided in respect of accelerated depreciation allowances. Potential deferred taxation assets, mainly comprising unutilised taxation losses, amounting to approximately HK\$211 million (2002: HK\$171 million) have not been provided for in the accounts due to the uncertainty as to their future utilisation. Potential deferred taxation liabilities, mainly arising from the realisation of the properties under development and investment properties in the Mainland and Malaysia at their respective carrying values, amounting to approximately HK\$209 million (2002: HK\$209 million) have not been provided in the accounts since there is no current intention or plan to dispose of these properties.

33. Commitments

(a) Capital commitments

	Group	
	2003	2002
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Contracted but not provided for		
Property development expenditure	52,238	47,322
Fixed assets	1,438	10,420
	<u>53,676</u>	<u>57,742</u>
Authorised but not contracted for	–	–
	<u>53,676</u>	<u>57,742</u>

33. Commitments (Continued)

(b) Operating lease rental payable

The future aggregate minimum lease rental expense under non-cancellable operating leases in respect of land and buildings is payable in the following periods:

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	5,025	3,810
Two to five years	15,124	19,312
After five years	270	294
	20,419	23,416
	20,419	23,416

Of the above operating lease commitment payable, HK\$2,134,000 (2002: HK\$1,067,000) is payable to an associated company.

(c) Operating lease rental receivable

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of properties is receivable in the following periods:

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties		
Within one year	67,869	60,410
Two to five years	42,816	46,317
	110,685	106,727
	110,685	106,727
Properties held for sale		
Within one year	269	306
Two to five years	51	–
	320	306
	320	306
	111,005	107,033

Notes to the Accounts

34. Contingent Liabilities

	Group		Company	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Guarantees for bank loans, other loan and overdrafts of subsidiaries	–	–	1,115,438	1,295,930
Guarantees for mortgage bank loans to purchasers of properties of the Group	<u>3,052</u>	<u>3,732</u>	<u>–</u>	<u>–</u>
	<u>3,052</u>	<u>3,732</u>	<u>1,115,438</u>	<u>1,295,930</u>

In May 1999, a wholly owned subsidiary disposed of an investment property to a 59.4% owned subsidiary, Chuang's China. The Company continues to provide a guarantee for the mortgage bank loan of the investment property amounting to HK\$250,000,000 (2002: HK\$255,000,000) after the disposal. In return, Chuang's China has provided a counter-indemnity to the Company against all losses and liabilities which the Company may incur under the guarantee.

35. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating (loss)/profit to cash (used in)/generated from operations

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating (loss)/profit	(308,045)	37,329
Interest income	(10,459)	(21,090)
Dividend income	(6,939)	(1,995)
Depreciation	8,335	7,839
Revaluation deficit of investment properties	176,917	25,641
Provision for properties held for sale	130,000	–
Loss on disposal of a subsidiary and associated companies	207	24,616
Loss on disposal/write-off of fixed assets	1,504	4,604
Gain on disposal of properties under development	–	(47,250)
Gain on disposal of investment securities	–	(857)
Goodwill written off	–	2,377
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(8,480)	31,214
Decrease in properties held for sale	19,981	145,116
Decrease/(increase) in inventories	6,770	(3,219)
(Increase)/decrease in other investments	(9,963)	1,760
Decrease in debtors and prepayments	4,412	4,387
Decrease in creditors and accruals	(31,505)	(27,571)
Change in exchange rates	1,449	(732)
	<hr/>	<hr/>
Cash (used in)/generated from operations	<u>(17,336)</u>	<u>150,955</u>

Notes to the Accounts

35. Notes to the Consolidated Cash Flow Statement (Continued)

(b) Analysis of changes in financing

	Share capital (including premium) <i>HK\$'000</i>	Bank and other loans <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Obligations under finance leases <i>HK\$'000</i>
At 31st March, 2001	968,249	1,329,740	818,984	2,717
Disposal of subsidiaries	–	–	(48,086)	–
Partial disposal of a subsidiary	–	–	52,375	–
Share of loss	–	–	(107)	–
Dividends paid to minority interests	–	–	(4,163)	–
Net cash (outflow)/inflow from financing	–	(27,420)	33,936	(1,869)
At 31st March, 2002	968,249	1,302,320	852,939	848
Change in exchange rates	–	(168)	507	(2)
Share of loss	–	–	(35,064)	–
Dividends paid to minority interests	–	–	(5,309)	–
Net cash outflow from financing	–	(85,614)	(431)	(263)
At 31st March, 2003	968,249	1,216,538	812,642	583

36. Post Balance Sheet Event

On 4th July, 2003 Chuang's China converted the remaining 72,000,000 series A preference shares into 144,000,000 ordinary shares of HK\$0.10 each in Midas and Midas redeemed 6,666,667 series B preference shares at an aggregate redemption price of HK\$1.00 under the Concession Agreement. Details of the Concession Agreement are given in note 19 above. The increase in equity interest in Midas gives rise to a negative goodwill of approximately HK\$50 million.

37. Approval of Accounts

The accounts were approved by the Board of Directors on 15th July, 2003.

38. Principal Subsidiaries

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
Artifful Limited	Hong Kong	100 shares of HK\$1 each	70.0	70.0	Property investment
Φ# Chuang's China Investments Limited	Bermuda/ Hong Kong	1,024,439,690 shares of HK\$0.05 each	59.4	59.4	Investment holding
# China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Investment holding
# Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.4	59.4	Investment holding
# Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	59.4	59.4	Securities trading and investment holding
# Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK\$0.05 each	59.4	59.4	Investment holding
# Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	59.4	59.4	Investment holding
* Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	100.0	100.0	Investment holding

Notes to the Accounts

38. Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
Chuang's Corporate Services Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100.0	100.0	Money lending
# Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	59.4	59.4	Property development and investment
# Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Investment holding
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100.0	100.0	Investment holding, finance and securities trading
# Chuang's Information Technology Limited	Hong Kong	100 shares of HK\$1 each	59.4	59.4	Investment holding
* Chuang's International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100.0	100.0	Investment holding
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100.0	100.0	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property agency services

38. Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
Cityprop Company Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
# Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.4	59.4	Investment holding
# Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	59.4	59.4	Investment holding
# Dragon Rich Investments Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Property investment
Easy Success Enterprises Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Equity King Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Fanus Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	100.0	100.0	Investment holding
General Nominees Limited	Hong Kong	500 shares of HK\$10 each	100.0	100.0	Nominee and secretarial services
# Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.4	59.4	Investment holding

Notes to the Accounts

38. Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	The Mainland	RMB60,000,000	50.5	50.5	Property development and investment
# Internet PRO Limited	Hong Kong	15,686,340 shares of HK\$0.1 each	33.2	33.2	e-commerce solution provider
# iPro Technology Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	59.4	59.4	Investment holding
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
# Koledo Company Limited	Hong Kong	4 shares of HK\$100 each	59.4	59.4	Property investment
Malview Sdn. Bhd.	Malaysia	5,000,000 shares of M\$1 each	100.0	100.0	Property investment
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Meloberg Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
# On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Property development and investment

38. Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
* Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Rapid Grow Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
# Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Property development and investment
# Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Property development and investment
# Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of S\$100 each	88.2	88.2	Manufacture and sale of bonded polyester fabrics and home finishing products
# Success Gain Investment Limited	Hong Kong	2 shares of HK\$1 each	59.4	59.4	Property development and investment
Uniworld Property Management Limited (formerly Uniworld Property Consultants Limited)	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property management

Notes to the Accounts

38. Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares of no par value	100.0	100.0	Investment holding
# Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	59.4	59.4	Manufacture and sale of watch components
Yuen Sang International Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development
# Yuen Sang Watch and Clock Limited	Hong Kong	500,000 shares of HK\$1 each	59.4	59.4	Investment holding

Φ Listed in Hong Kong

* Subsidiaries directly held by the Company

Subsidiaries not audited by PricewaterhouseCoopers

39. Principal Associated Companies

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
Chuang's FPD Property Management Limited	Hong Kong	1,000 shares of HK\$1 each	50.0	50.0	Property management
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	30.0	30.0	Property development
# Fujian Sunshine Education Information Company Limited	The Mainland	RMB7,000,000	28.5	28.5	Educational information system network development
Φ*# Midas International Holdings Limited (formerly Midas Printing Group Limited)	Cayman Islands/ Hong Kong	390,290,068 ordinary shares of HK\$0.10 each	12.8	9.8	Books printing, paper products printing and property investments
		72,000,000 series A preference shares of HK\$0.01 each	59.4	59.4	
		254,166,667 series B preference shares of HK\$0.01 each	59.4	59.4	
# Shanghai Yuen Sang Watch and Clock Limited	The Mainland	US\$700,000	29.7	29.7	Manufacture, assembling and sale of watches and clocks

Notes to the Accounts

39. Principal Associated Companies (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2003	2002	
# Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	14.8	14.8	Auction services
# Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	50.0	50.0	Property management

Φ Listed in Hong Kong

* Equity accounted for based on audited accounts for the year ended 31st December, 2002.

Associated companies not audited by PricewaterhouseCoopers