



新亞 New Asia

置業 Realty and

信託 Trust

有限公司 Company, Limited

二零零一／二零零二年 2001/2002

年報 annual report

2001/2002

Directors and Corporate Information	2
Chairman’s Statement	3
Disclosure of Further Corporate Information	6
Report of the Directors	14
Consolidated Profit and Loss Account	18
Consolidated Statement of Recognised Gains and Losses	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Cash Flow Statement	22
Notes to the Accounts	24
Principal Subsidiaries and Associates	51
Report of the Auditors	53
Schedule of Principal Properties	54
Five-year Financial Summary	56

Board of Directors

G. W. J. Li (*Chairman*)

C. C. Haung

K. H. Leung

T. Y. Ng

C. L. Pan, *JP*

Secretary

W. W. S. Chan, *F.C.I.S.*

General Managers

Wheelock Properties Limited

Registered Office

23rd Floor, Wheelock House

20 Pedder Street

Hong Kong

Registrars

Tengis Limited

4th Floor, Hutchison House

10 Harcourt Road, Central

Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Auditors

KPMG

RESULTS

For the year ended 31 March 2002, Group profit attributable to Shareholders amounted to HK\$86.3 million. Earnings per share were 4.2 cents. Turnover during the year amounted to HK\$3,330.2 million.

An interim dividend of 2.0 cents per share was paid by the Company in January 2002 in respect of the year ended 31 March 2002. Your Directors have recommended the payment of a final dividend of 5.0 cents per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting. The total dividend distribution for the year will be 7.0 cents per share.

The Group's investment properties were revalued as at 31 March 2002 and the Group's investments in securities were also stated at fair value. The consolidated net asset value per share of the Company as at 31 March 2002 was HK\$5.55 compared to HK\$5.93 for the preceding year.

BUSINESS REVIEW & PROSPECTS

For the most part of the financial year under review, the operating environment was fairly difficult due mainly to the global economic downturn. However, the impressive US GDP growth announced for first quarter this year as well as improving Hong Kong exports in the recent one to two months prompted the general market expectation of a sizeable recovery in the second half of 2002. Latest moves adopted by several leading financial institutions in revising upwards their respective 2002 Hong Kong GDP projections have also added further credibility to such an expectation.

PROPERTY ACTIVITIES

Company's own interests

In November 2001, Sorrento Phase I, a joint-venture project above the MTR's Kowloon Station comprising 1,272 units in three towers, was launched with an initial target to sell 600 units. The excellent response exceeded all expectations and total sales reached 926 units or 73 per cent of total Phase I units. Sales proceeds generated during the financial year under review amounted to HK\$4.2 billion.

Sorrento is equally owned by a five-member consortium comprising the Group, Wheelock, Realty Development, Wharf and Harbour Centre Development. The total area for the entire development with 2,126 units under two phases is 2.5 million square feet. Completion of Phase II, two towers consisting of 854 units, is expected by early 2004. The soft-launch or pre-sale may start as early as the fourth quarter of 2002.

Bellagio, the Sham Tseng site on the western shore of the New Territories, is a joint-venture development equally owned by the Group, Wheelock and Wharf. With 2.8 million square feet in GFA, it is being developed into 3,354 units in eight towers under four phases.

Bellagio directly faces the beautiful Tsing Ma bridge – the world's longest double-deck suspension bridge – and has a waterfront location. Ideally located, it takes only 15 minutes to get to Central, 20 minutes to the Hong Kong International Airport, and 20 minutes to the Hong Kong-China border. Construction work for all four phases is progressing according to schedule. Completion of Phase I, covering 840 units in two towers, is scheduled for late 2002 and the pre-sale launch is planned for the second half of 2002.

Realty Development Corporation group

During the year under review, the group continued its sales of various property projects, including mainly The Primrose, The Astrid, Forest Hill and My Loft.

The pre-sale for Palm Cove commenced in March 2002. The amount of interests gathered throughout Easter Holidays was extremely encouraging. Out of the total 260 units, 155 units or 60 per cent have already been sold. This residential development located along Castle Peak Road has a total GFA of 243,600 square feet and completion is expected by mid-2003.

The King's Park development is owned by a five-member consortium comprising the group, New World Development, Sino Land, Chinese Estates and Manhattan Garments. This residential site located in Homantin is being developed into eight towers consisting of 700 units with a total GFA of 904,200 square feet. Demolition works have completed and foundation works are now in progress. Pre-sale is now targeted to take place during the fourth quarter of 2002.

Marco Polo Developments group

The physical hand-over of units to purchasers marked the successful completion of the Ardmore Park project. The Certificate of Statutory Completion was obtained in October 2001. Stage billings representing 93 per cent of the total sales price of total units sold had been billed and fully collected as of the end of the financial year under review. Another 5 per cent of the sales proceeds held by stakeholders had been substantially received by the group in May 2002. Legal completion for this project is expected to be in the second half of 2002 when the balance 2 per cent stage billings will be billed.

The former Marco Polo Hotel site is being redeveloped into a freehold, luxury high-rise condominium complex with 488,200 square feet in GFA, known as "Grange Residences". Main construction work is now in progress and scheduled to be substantially completed by second half of 2003. The exact timing of the launch date will be announced in due course.

Ardmore View is currently leased out at an average occupancy of 90 per cent. This residential redevelopment with a total GFA of 92,200 square feet will proceed when market conditions improve.

Wheelock Place had achieved an average occupancy of 94 per cent at satisfactory rental during the financial year under review.

OUTLOOK

Hong Kong is exceptionally strong in the service industry which now contributes 86 per cent of Hong Kong's GDP. Yet, this sector accounts for only 33 per cent of GDP in China, and we see that as an opportunity. We believe Hong Kong is in the right place, at the right time, with the right neighbour. China's WTO membership is a new milestone for Hong Kong, presenting unprecedented positive opportunities and challenges. With its sizeable landbank, mainly represented by its 33 per cent interest in Bellagio, 35 per cent effective interest in Sorrento and 15 per cent effective interest in the King's Park development, the Group is well-placed to take advantage of the gradual recovery of the economy.

In Singapore, the lifting of some of the anti-speculative measures by the Authorities and the deferment of the 10 per cent deposits have triggered some activities in the residential property market. However, any significant price increase is still unlikely to happen in the near term. On the investment property side, the current weak office and retail rental markets would probably prevail with the exception of the Orchard Road area due to limited supply in this micro-market.

Gonzaga W. J. Li

Chairman

Hong Kong, 10 June 2002

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”):

(A) COMMENTARY ON ANNUAL RESULTS

(I) Review of 2001/2002 Results and Segmental Performance

Group profit attributable to Shareholders for the year ended 31 March 2002 amounted to HK\$86.3 million, a decrease of HK\$156.2 million or 64.4% as compared with HK\$242.5 million for the previous year. Earnings per share were 4.2 cents (2001–11.7 cents).

The Group’s turnover for the year was HK\$3,330.2 million, 72.3% higher than HK\$1,932.7 million for 2000/2001, which was principally due to higher property sales revenue recognised by the Marco Polo Developments group (“MPDL”) in respect of its sales of Ardmore Park units in Singapore.

The Group’s operating profit before borrowing costs and provision for impairment in value of properties increased slightly by 3.0% to HK\$1,344.0 million from HK\$1,304.3 million despite the higher property sales contribution from MPDL. MPDL’s favourable results were offset mainly by the absence of profit from disposal of non-trading securities in the current year as reported by the Realty Development Corporation group (“RDC”). MPDL’s profit was mainly derived from recognition of a proportion of pre-sale profit from Ardmore Park of which 33% was recognised in 2001/2002 against 15.7% in the preceding year. The Certificate of Statutory Completion of Ardmore Park was obtained on 18 October 2001 and stage billings accumulating to 93% of the total sales price of the sold units have been billed and fully received.

Included in operating profit was other net loss of HK\$33.3 million compared with a profit of HK\$289.5 million for the previous year, which mainly related to the disposal of non-trading securities.

Borrowing costs charged to the profit and loss account for the year were HK\$156.1 million, a substantial decrease from HK\$284.9 million incurred in the previous year as a result of interest rate cuts and the reduction in the Group’s net debt, which was mainly attributable to the abovementioned stage collection of Ardmore Park’s sale proceeds.

Provision for impairment in value of properties for the year under review was HK\$373.7 million which included a provision of HK\$155.9 million made by MPDL in respect of the Ardmore View project and a provision of HK\$217.8 million as reported by RDC for its development projects in Tuen Mun and Kwai Chung and certain land reserved for development. A provision of HK\$338.7 million for 2000/2001 was made by RDC for its development projects as mentioned above.

Share of losses of associates was HK\$353.9 million compared to HK\$202.4 million for the previous year, both mainly resulting from the Group’s share of provision for impairment in value of the Bellagio project made by an associate.

The taxation charge for 2001/2002 was HK\$250.4 million, as compared with HK\$113.2 million for 2000/2001. Higher taxation charges were recorded mainly due to increased sales revenue recognised by MPDL.

Minority interests were HK\$123.6 million compared to HK\$122.6 million in the previous year.

(II) Liquidity and Financial Resources

- (a) At 31 March 2002, the Group's shareholders' funds totalled HK\$11,483.4 million or HK\$5.55 per share, decreased from HK\$12,274.4 million or HK\$5.93 per share at 31 March 2001 which was mainly due to the downward revaluation of Group's investment properties and long-term investments.
- (b) At 31 March 2002, the Group's total net debts amounted to HK\$850.5 million (2001–HK\$3,192.7 million), representing total debts of HK\$3,830.8 million less deposits and cash of HK\$2,980.3 million. Accordingly, the Group's net debts represented 5.1% of its total assets as compared to 13.2% at 31 March 2001. The reduction in the Group's net debts was mainly due to substantial sale proceeds from sales of Ardmore Park units received by MPDL during the year under review.

The debt maturity profile of the Group at 31 March 2002 is analysed as follows:

	2002 HK\$ Million	2001 HK\$ Million
Repayable within 1 year	501.8	287.3
Repayable after 1 year, but within 2 years	1,800.0	1,255.9
Repayable after 2 years, but within 5 years	576.0	2,518.0
Repayable after 5 years	953.0	–
	3,830.8	4,061.2

- (c) The following assets of the Group have been pledged for securing bank loan facilities:

	2002 HK\$ Million	2001 HK\$ Million
Investment properties	2,857.5	3,859.6
Long-term investments	2,339.8	2,400.9
Properties under development for sale	1,734.2	–
	6,931.5	6,260.5

Some of the pledges relating to long-term investments and properties under development for sale as included above representing a total amount of HK\$924.4 million have been discharged subsequent to 31 March 2002.

- (d) To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars except that the borrowings for financing Singapore assets are denominated in Singapore dollars. The Group has no significant exposure to foreign exchange fluctuation.
- (e) At 31 March 2002, the Group maintained a portfolio of long-term investments of HK\$4,467.8 million which primarily comprises blue chip securities with a market value of HK\$4,405.8 million (2001–HK\$4,655.9 million). The investment revaluation deficit at 31 March 2002 was HK\$120.0 million, while there was a surplus of HK\$334.0 million at 31 March 2001. The performance of the investment portfolio is basically in line with the general market trend of the stock markets.
- (f) During the financial year, high liquidity was sustained in the banking market. The Group arranged a total of HK\$2.8 billion committed banking facilities, to refinance its loan facilities with a substantial reduction in interest costs and on more favourable terms such as longer maturities, more lenient covenants and the inclusion of revolving condition. In addition, Salisburgh Company Limited, in which the Group has a one-third interest, also completed a project finance facility of HK\$3.8 billion to finance the development of the Bellagio project.

(III) Contingent Liabilities

- (a) Guarantees given by the Group in respect of banking facilities available to associates amounted to HK\$2,459.2 million (2001–HK\$1,936.1 million) of which HK\$552.8 million (2001–HK\$311.7 million) had been drawn at the balance sheet date.
- (b) The Company, a non wholly-owned subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms under an agreement for the development of the Sorrento (Kowloon Station Package II) project.

(IV) Employees

The Group has approximately 60 employees. Employees are remunerated according to nature of the job and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group also sponsors external training programmes that are complementary to certain job functions. Total staff costs for the year ended 31 March 2002 amounted to HK\$50.6 million.

(B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS**(I) Directors**

Gonzaga W. J. LI, Chairman (Age: 73)

Mr. Li was appointed Chairman and a Director of the Company in 1997. He is also the senior deputy chairman of Wheelock and Company Limited (“Wheelock”) which is deemed under the Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”) to have an interest in the share capital of the Company discloseable to the Company under the provisions of Part II of the SDI Ordinance. Furthermore, he is the senior deputy chairman of The Wharf (Holdings) Limited (“Wharf”), the chairman of Harbour Centre Development Limited (“HC DL”) and Marco Polo Developments Limited (“MPDL”) in Singapore and a director of Joyce Boutique Holdings Limited (“Joyce”).

C. C. HAUNG, Director (Age: 79)

Mr. Haung was appointed a Director of the Company on 3 June 2002. He was formerly a Director of the Company during the years 1994 and 1995 and had been the chairman of The World-Wide Investment Company Limited from 1989 to 1991. He is now the chairman of the advisory board of The World-Wide Investment Company Limited and a director/member of certain charitable institutions.

K. H. LEUNG, Director (Age: 57)

Mr. Leung has been a Director of the Company since 1990. He is also the finance director of Wheelock and a director of Wharf. Furthermore, he is a director of Myers Investments Limited and Wheelock Properties Limited (“Wheelock Properties”), which, as well as Wheelock, are each deemed under the SDI Ordinance to have an interest in the share capital of the Company discloseable to the Company under the provisions of Part II of the SDI Ordinance.

T. Y. NG, Director (Age: 54)

Mr. Ng has been a Director of the Company since 1998. He is also a director of Wheelock, Wharf, HC DL, Joyce, Realty Development Corporation Limited and MPDL. Furthermore, he is a director of Wheelock Properties, which, as well as Wheelock, are each deemed under the SDI Ordinance to have an interest in the share capital of the Company discloseable to the Company under the provisions of Part II of the SDI Ordinance.

C. L. PAN, JP, Director (Age: 85)

Mr. Pan has been a Director of the Company since 1985. He is also a director of HC DL.

(II) Senior Managers

During the financial year, the senior management responsibilities of the Group were vested with the General Managers of the Company, namely, Wheelock Properties (as referred to in the Report of the Directors under the section headed “Management Contracts” on page 17), and none of the employees of the Group are regarded as Senior Managers.

(C) PENSION SCHEME

During the financial year, no pension scheme was operated by the Group. The retirement benefit schemes in which the Group’s employees participated were the Central Provident Fund in Singapore and schemes operated by subsidiaries of Wharf.

The total employers’ pension cost in respect of the above schemes for the year ended 31 March 2002 amounted to HK\$2.5 million, of which HK\$2.0 million was charged to the profit and loss account.

(D) MAJOR CUSTOMERS & SUPPLIERS

For the financial year ended 31 March 2002:

- (a) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group’s five largest suppliers represented 71% of the Group’s total purchases;
- (b) the amount of purchases attributable to the Group’s largest supplier represented 36% of the Group’s total purchases;
- (c) none of the Directors of the Company or their associates holds, nor does any shareholder owning (to the knowledge of the Directors) more than 5% of the Company’s equity capital hold, any interests in any of the Group’s five largest suppliers; and
- (d) the aggregate amount of turnover attributable to the Group’s five largest customers represented less than 30% of the Group’s total turnover.

(E) DISCLOSURE UNDER PRACTICE NOTE 19

In relation to the provision of financial assistance by the Company and/or its subsidiaries to certain associates of the Company, namely, Diamond Hill Development Holdings Limited (“DHDHL”), Hopfield Holdings Limited (“Hopfield”) and Grace Sign Limited (“Grace Sign”) and/or their respective wholly-owned subsidiaries (together, the “Borrowers”), all of which were as previously disclosed in the Company’s interim report for the six months period ended 30 September 2001, obligations in relation to the aforesaid financial assistance by the Group continued to exist as at 31 March 2002.

Set out below is a proforma combined balance sheet of the Borrowers as at 31 May 2002 (being the latest practicable date for determining the relevant figures) required to be disclosed under Practice Note 19 of the Listing Rules:

Proforma Combined Balance Sheet of Borrowers

as at 31 May 2002

	HK\$ Million
Properties under development	16,316.2
Stakeholders' deposits	1,066.4
Deposits from sale of properties	(3,233.3)
Other net current liabilities	(181.2)
Bank loans	(1,612.0)
	<hr/> 12,356.1
Shareholders' loans	(14,128.1)
	<hr/> (1,772.0)
	<hr/>

Financial assistance given by the Group is made up as follows:

	Loan advances HK\$ Million	Guaranteed Bank Facilities		Total HK\$ Million
		Amount drawn HK\$ Million	Not yet drawn HK\$ Million	
The Company and/or its wholly-owned subsidiary(ies)	3,613.0	64.5	1,313.3	4,990.8
Realty Development Corporation Limited and/or its wholly-owned subsidiary(ies) (72% owned by the Group)	1,215.5	322.4	422.9	1,960.8
	<hr/> 4,828.5	<hr/> 386.9	<hr/> 1,736.2	<hr/> 6,951.6
	<hr/>	<hr/>	<hr/>	<hr/>

Note: The Group's attributable interests in DHDHL, Hopfield and Grace Sign were 33%, 35% and 15% respectively as at 31 May 2002.

Terms of the Financial Assistance:*Funding for DHDHL*

Loan in the amount of HK\$2,683.5 million made to DHDHL bears interest at such rate as may be agreed from time to time among DHDHL's shareholders. At present, that loan is interest-free (also applicable to all the loans made to DHDHL by all other DHDHL's shareholders). The loan is not repayable for so long as any borrowings under the abovementioned guaranteed bank facilities remain outstanding, except under certain circumstances as permitted under the relevant agreement for those bank facilities. No security is provided to the Group for the loan.

The Group's *pro rata* share of its financial obligation in respect of the bank facilities available to DHDHL amounted to HK\$1,133.3 million. Such bank facilities are obtained upon normal commercial terms and at interest rates prevailing in the lending market. No security is provided to the Group by DHDHL against the issue of the relevant guarantee by the Group.

Funding for Hopfield

Loans in the amount of HK\$1,859.0 million made to Hopfield bear interest at such rate as may be agreed from time to time among all Hopfield's shareholders, with reference to interest rates prevailing in the lending market, currently being fixed at 3.5% per annum (also applicable to all the loans made to Hopfield by all other Hopfield's shareholders). The loans are not repayable for so long as any borrowings under the abovementioned guaranteed bank facilities remain outstanding, except under certain circumstances as permitted under the relevant agreement for those bank facilities. No security is provided to the Group for the loans.

The Group's *pro rata* share of its financial obligation in respect of the bank facilities available to Hopfield amounted to HK\$489.0 million of which HK\$129.0 million has been drawn. Such bank facilities are obtained upon normal commercial terms and at interest rates prevailing in the lending market. No security is provided to the Group by Hopfield against the issue of the relevant guarantee by the Group.

Funding for Grace Sign

Loan in the amount of HK\$286.0 million made to Grace Sign bears interest at such rate as may from time to time be agreed among Grace Sign's shareholders. At present, the interest rate of the loan have yet to be agreed by the shareholders of Grace Sign. Repayment of the loan will be subject to, *inter alia*, all borrowings under the abovementioned guaranteed bank facilities having been fully repaid, except under certain circumstances as permitted under the relevant agreement for those bank facilities. No security is provided to the Group for the loan.

The Group's *pro rata* share of its financial obligation in respect of the bank facilities available to Grace Sign amounted to HK\$500.8 million of which HK\$257.9 million has been drawn. Such banking facilities are obtained upon normal commercial terms and at interest rates prevailing in the lending market. No security is provided to the Group by Grace Sign against the issue of the relevant guarantee by the Group.

(F) DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to paragraph 8.10 of the Listing Rules of the Stock Exchange.

Three Directors of the Company, namely, Messrs. G. W. J. Li, K. H. Leung and T. Y. Ng, being also directors of the Company's parent company, namely, Wheelock and/or certain subsidiaries of Wheelock, are considered as having an interest in Wheelock under paragraph 8.10 of the Listing Rules.

The ownership of commercial premises by Wheelock group for rental purposes is considered as competing with the commercial premises owned by the Group for letting. Since the Group's commercial premises are not in close proximity to those owned by the Wheelock group and the customers and tenants for the Group's properties are somewhat different from those for the properties owned by the Wheelock group, the Group considers that its interest regarding the business of owning and letting of commercial premises is adequately safeguarded.

For safeguarding the interests of the Group, the independent non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's property leasing business is and continues to be run on the basis that it is independent of, and at arm's length from, that of the Wheelock group.

(G) CONNECTED TRANSACTION

There existed during the financial year a tenancy agreement between a non wholly-owned subsidiary of the Company as the landlord and a wholly-owned subsidiary of Wheelock as the tenant in respect of certain retail premises known as Shops C1 & C2 at Ground Floor, Wheelock House, with a total lettable area of 3,313 square feet for a term of three years from 1 July 2000 to 30 June 2003 at a monthly rental of HK\$532,610.

Since the Company is a 74%-owned subsidiary of Wheelock, the tenancy agreement constitutes an on-going connected transaction for the Company. Details of this connected transaction were previously disclosed in a press announcement dated 20 July 2000.

The annual rent, exclusive of rates, air-conditioning charges and management fees received or receivable by the abovementioned landlord under the tenancy agreement during the year ended 31 March 2002 represented more than 0.03% but less than 3% of the latest audited consolidated net tangible asset value of the Group.

(H) COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the financial year the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange.

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2002.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on page 51.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 31 and 32.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2002 are set out on page 51.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 March 2002 are set out in the Consolidated Profit and Loss Account on page 18.

Appropriations of profits and movements in reserves during the financial year are set out in Note 21 to the Accounts on pages 44 to 46.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is given on page 56.

DIVIDENDS

An interim dividend of 2.0 cents per share was paid on 25 January 2002. The Directors now recommend the payment of a final dividend of 5.0 cents per share in respect of the financial year ended 31 March 2002, payable on 18 September 2002 to Shareholders on record as at 29 August 2002. This recommendation has been disclosed in the Accounts.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 11 to the Accounts on page 38.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 March 2002, all being repayable on demand or within a period not exceeding one year, are set out in Note 18 to the Accounts on page 43. Those which would fall due for repayment after a period of one year are set out in Note 22 to the Accounts on page 47.

INTEREST CAPITALISED

No interest was capitalised by the Group during the financial year.

DONATIONS

The Group made donations during the financial year totalling HK\$0.8 million.

DIRECTORS

The Directors of the Company during the financial year were Messrs. G. W. J. Li, K. H. Leung, T. Y. Ng, C. L. Pan and J. Y. K. Yang.

Subsequent to the financial year end, Mr. J. Y. K. Yang resigned from the Board and Mr. C. C. Haung was appointed as a Director of the Company, both with effect from 3 June 2002.

Mr. C. C. Haung, being appointed as a Director of the Company after the last Annual General Meeting, is due to retire from the Board in accordance with Articles 94 of the Company's Articles of Association, and Mr. T. Y. Ng is also due to retire from the Board by rotation in accordance with Article 103(A), at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election.

With the exception of the Chairman (who is not subject to retirement by rotation under the provisions of the Company's Articles of Association) together with Mr. C. C. Haung and Mr. T. Y. Ng (who are due to retire from the Board at the forthcoming Annual General Meeting as mentioned above), both of the other two present Directors (neither of them holding any executive office of the Company) will continue to serve on the Board for a term of one or two years until they become due to retire from the Board again by rotation in 2003 or 2004 in accordance with Article 103(A) of the Company's Articles of Association.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2002, Directors of the Company had the following beneficial interests in the share capital of the Company, the Company's parent company, namely, Wheelock and Company Limited ("Wheelock"), and an associate of Wheelock, namely, The Wharf (Holdings) Limited ("Wharf"):

	No. of Ordinary Shares	Nature of Interest
The Company		
Mr. G. W. J. Li	2,900	Personal interest

	No. of Ordinary Shares	Nature of Interest
Wheelock		
Mr. G. W. J. Li	1,486,491	Personal Interest
Mr. T. Y. Ng	70,000	Personal Interest
Mr. C. L. Pan	652,264	Personal Interest
	727,712	Corporate Interest (See Note below)
Wharf		
Mr. G. W. J. Li	686,549	Personal Interest
Mr. T. Y. Ng	178,016	Personal Interest
Mr. C. L. Pan	56,304	Personal Interest

Note: The 727,712 shares classified as Corporate Interest in which Mr. C. L. Pan was taken to be interested as stated above were interests of a corporation at general meetings of which Mr. Pan was entitled to either exercise (or was taken under the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") to be able to exercise) or control the exercise of one-third or more of the voting power.

Save as disclosed above, as recorded in the register kept by the Company under section 29 of the SDI Ordinance in respect of information required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the SDI Ordinance or to the Model Code for Securities Transactions by Directors of Listed Companies:

- (i) there were no interests held as at 31 March 2002 by any Directors and Chief Executive of the Company in securities of the Company and its associated corporations (within the meaning of the SDI Ordinance), and
- (ii) there existed during the financial year no rights to subscribe for equity or debt securities of the Company which were held by any Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercise during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 10% or more of the nominal value of the share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2002 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

Names	No. of Ordinary Shares
(i) Myers Investments Limited	1,536,058,277
(ii) Wheelock Properties Limited	1,536,058,277
(iii) Wheelock and Company Limited	1,536,058,277
(iv) Bermuda Trust (Guernsey) Limited	1,536,058,277

Note: For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of all of the above-stated shareholdings to the extent that the shareholdings stated against parties (i) to (iv) above represent the same block of shares; all of the abovenamed parties were deemed to be interested in the relevant shareholdings under the SDI Ordinance as at 31 March 2002.

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, any subsidiary or holding company of the Company or any subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

MANAGEMENT CONTRACTS

There was in existence during the financial year an agreement dated 31 March 1992 between the Company and Wheelock Properties Limited ("Wheelock Properties"), whereby Wheelock Properties were appointed the General Managers of the Company. The said appointment has become effective since 31 March 1992 and shall continue in force until it is terminated by Wheelock Properties by the giving of six months' prior notice in writing. Mr. K. H. Leung and Mr. T. Y. Ng are directors of Wheelock Properties and are accordingly regarded as interested in the said agreement.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

AUDITORS

The Accounts now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, 10 June 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2002

	Note	2002 HK\$ Million	2001 HK\$ Million
Turnover	3	3,330.2	1,932.7
Other net (loss)/income	4	(33.3)	289.5
		<u>3,296.9</u>	<u>2,222.2</u>
Direct costs and operating expenses		(1,854.0)	(838.0)
Selling and marketing expenses		(31.7)	(15.2)
Administrative and corporate expenses		(67.2)	(64.7)
Operating profit	3	<u>1,344.0</u>	<u>1,304.3</u>
Borrowing costs	5	(156.1)	(284.9)
Provision for impairment in value of properties		(373.7)	(338.7)
Share of profits less losses of associates		(353.9)	(202.4)
Profit before taxation		<u>460.3</u>	<u>478.3</u>
Taxation	6	(250.4)	(113.2)
Profit after taxation		<u>209.9</u>	<u>365.1</u>
Minority interests		(123.6)	(122.6)
Group profit attributable to shareholders	7	<u>86.3</u>	<u>242.5</u>
Dividends attributable to the year	8		
Interim dividend declared during the year		41.4	41.4
Final dividend proposed after the balance sheet date		103.5	103.5
		<u>144.9</u>	<u>144.9</u>
Earnings per share	9	<u>4.2¢</u>	<u>11.7¢</u>

The notes on pages 24 to 52 form part of these accounts.

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2002

	Note	2002 HK\$ Million	2001 HK\$ Million
Deficit on revaluation of investment properties	21(a)	(206.8)	(290.9)
Exchange difference on translation of accounts of foreign entities	21(a)	(63.8)	(169.5)
(Deficit)/surplus on revaluation of non-trading securities	21(a)	(458.6)	975.3
Others		–	(0.7)
Net (losses)/gains not recognised in the profit and loss account		(729.2)	514.2
Group profit attributable to shareholders		86.3	242.5
Reserves transferred to the profit and loss account on disposal of:	21(a)		
Non-trading securities		–	(53.3)
Properties		(3.2)	–
Net provision for non-trading securities written back	21(a)	–	(7.9)
Total recognised (losses)/gains		(646.1)	695.5
Capital reserve on consolidation	21(a)	–	3.6
		(646.1)	699.1

The notes on pages 24 to 52 form part of these accounts.

CONSOLIDATED BALANCE SHEET

At 31 March 2002

	Note	2002 HK\$ Million	(Restated) 2001 HK\$ Million
Non-current assets			
Fixed assets	11	3,912.1	4,232.2
Associates	13	4,313.8	4,972.9
Long-term investments	14	4,467.8	4,655.9
Deferred debtors	15	43.9	57.4
		<u>12,737.6</u>	<u>13,918.4</u>
Current assets			
Properties under development for sale	16	3,357.1	9,427.3
Properties held for sale	16	395.5	615.8
Trade and other receivables	17	93.5	208.9
Bank balances and deposits		2,980.3	868.5
		<u>6,826.4</u>	<u>11,120.5</u>
Current liabilities			
Bank loans and overdrafts	18	501.8	287.3
Trade and other payables	19	365.1	420.8
Deposits from sale of properties		–	4,503.8
Amounts due to fellow subsidiaries		7.5	12.5
Taxation		927.8	31.6
		<u>1,802.2</u>	<u>5,256.0</u>
Net current assets		<u>5,024.2</u>	<u>5,864.5</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,761.8</u>	<u>19,782.9</u>
Capital and reserves			
Share capital	20	413.9	413.9
Reserves	21	11,069.5	11,860.5
		<u>11,483.4</u>	<u>12,274.4</u>
Minority interests		2,846.0	2,943.8
Non-current liabilities			
Long-term bank loans	22	3,329.0	3,773.9
Deferred taxation	23	103.4	790.8
		<u>3,432.4</u>	<u>4,564.7</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES		<u>17,761.8</u>	<u>19,782.9</u>

The notes on pages 24 to 52 form part of these accounts.

G. W. J. Li
Chairman

T. Y. Ng
Director

At 31 March 2002

	Note	2002 HK\$ Million	(Restated) 2001 HK\$ Million
Non-current assets			
Subsidiaries	12	1,903.7	1,960.7
Current assets			
Trade and other receivables		0.5	0.5
Amount due from a fellow subsidiary		–	0.8
Bank balances and deposits		0.1	0.1
		<u>0.6</u>	<u>1.4</u>
Current liabilities			
Bank loans and overdrafts	18	298.9	–
Trade and other payables		3.4	3.6
		<u>302.3</u>	<u>3.6</u>
Net current liabilities		<u>(301.7)</u>	<u>(2.2)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,602.0</u>	<u>1,958.5</u>
Capital and reserves			
Share capital	20	413.9	413.9
Reserves	21	988.1	1,088.7
		<u>1,402.0</u>	<u>1,502.6</u>
Non-current liabilities			
Long-term bank loans	22	200.0	455.9
TOTAL EQUITY AND NON-CURRENT LIABILITIES		<u>1,602.0</u>	<u>1,958.5</u>

The notes on pages 24 to 52 form part of these accounts.

G. W. J. Li
Chairman

T. Y. Ng
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2002

	2002 HK\$ Million	2001 HK\$ Million
Net cash inflow from operating activities (<i>Note a</i>)	2,435.7	526.2
Returns on investments and servicing of finance		
Interest received	147.7	198.7
Interest paid	(141.0)	(284.2)
Dividends received from listed securities	186.6	176.2
Dividends received from associates	9.6	16.2
Dividends paid to shareholders	(144.9)	(144.9)
Dividends paid to minority shareholders	(47.4)	(48.1)
Net cash inflow/(outflow) from returns on investments and servicing of finance	10.6	(86.1)
Taxation		
Hong Kong profits tax paid	(12.4)	(5.3)
Tax Reserve Certificate refunded	–	60.5
Overseas profits tax paid	(0.5)	(3.4)
Tax (paid)/refunded	(12.9)	51.8
Investing activities		
Proceeds from disposal of non-trading securities	398.5	1,296.7
Proceeds from disposal of fixed assets	2.8	–
Acquisition of associates	–	(62.6)
Increase in interest in a subsidiary	(14.7)	(11.6)
Purchase of non-trading securities	(757.8)	(951.6)
Purchase of fixed assets	(2.2)	(15.6)
Decrease/(increase) in net amount due from associates	279.8	(627.0)
Net cash outflow from investing activities	(93.6)	(371.7)
Net cash inflow before financing	2,339.8	120.2
Financing (<i>Note b</i>)		
Net (repayment)/drawdown of long-term bank loans	(127.0)	2,022.8
Net repayment of short-term bank loans	(30.0)	(1,647.8)
Net cash (outflow)/inflow from financing	(157.0)	375.0
Increase in cash and cash equivalents	2,182.8	495.2
Cash and cash equivalents at 1 April	611.2	184.0
Effect of foreign exchange rate changes	(16.6)	(68.0)
Cash and cash equivalents at 31 March	2,777.4	611.2
Analysis of the balances of cash and cash equivalents at 31 March		
Bank balances and deposits maturing within three months	2,980.3	868.5
Bank loans and overdrafts due within three months	(202.9)	(257.3)
	2,777.4	611.2

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash inflow from operating activities

	2002 HK\$ Million	2001 HK\$ Million
Profit before taxation	460.3	478.3
Share of profits less losses of associates	353.9	202.4
Interest income	(147.9)	(179.7)
Interest expenses	141.4	274.7
Dividends received from listed securities	(191.6)	(195.0)
Depreciation	1.0	1.3
Provision for impairment in value of properties	373.7	338.7
Net loss/(profit) on disposal of non-trading securities	32.4	(181.2)
Profit on disposal of fixed assets	(2.1)	–
Net provisions for non-trading securities written back	–	(11.0)
Net release of other provisions	–	(84.0)
Exchange differences	(65.1)	(184.5)
Decrease in deferred debtors	13.5	33.6
Decrease/(increase) in properties under development for sale	5,696.5	(916.1)
Decrease in properties held for sale	220.3	108.1
Decrease/ (increase) in trade and other receivables	120.6	(71.1)
Decrease in trade and other payables	(62.4)	(74.6)
(Decrease)/increase in deposits from sale of properties	(4,503.8)	998.8
Decrease in net amounts due to fellow subsidiaries	(5.0)	(12.5)
Net cash inflow from operating activities	<u>2,435.7</u>	<u>526.2</u>

(b) Analysis of changes in financing

	Long-term bank loans HK\$ Million	Short-term bank loans HK\$ Million	Minority interests HK\$ Million
Balance at 1 April 2000	1,880.0	1,647.8	3,002.8
Cash inflow/(outflow) relating to financing	2,022.8	(1,647.8)	–
Increase in investment in a subsidiary	–	–	(15.2)
Exchange differences	(98.9)	–	(58.3)
Dividends paid to minority shareholders	–	–	(48.1)
Minority interests' share of reserves	–	–	62.6
Reclassification	(30.0)	30.0	–
Balance at 31 March 2001 and 1 April 2001	<u>3,773.9</u>	<u>30.0</u>	<u>2,943.8</u>
Cash outflow relating to financing	(127.0)	(30.0)	–
Increase in investment in a subsidiary	–	–	(18.9)
Exchange differences	(19.0)	–	(22.2)
Dividend paid to minority shareholders	–	–	(47.4)
Minority interests' share of reserves	–	–	(9.3)
Reclassification	(298.9)	298.9	–
Balance at 31 March 2002	<u>3,329.0</u>	<u>298.9</u>	<u>2,846.0</u>

1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) Basis of preparation of the accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties and the marking to market of certain investments in securities as explained in the accounting policies set out below.

(c) Basis of consolidation

(i) *Subsidiaries and controlled companies*

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated accounts, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the balance sheet at fair value with changes in fair value recognised in the same way as for investments in securities.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

In the Company’s balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(f)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities.

(ii) *Associates*

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

An investment in an associate is accounted for in the accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities. The profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(c)(iii).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is evidence of impairment in value of the assets transferred, the unrealised losses will be recognised immediately in the profit and loss account.

(iii) *Goodwill/negative goodwill*

The Group has adopted SSAP 30 "Business combinations" issued by the Hong Kong Society of Accountants with effect from 1 April 2001. In doing so the Group has relied upon the transitional provisions set out in SSAP 30 such that goodwill/negative goodwill arising on acquisition of a subsidiary or an associate by the Group prior to 1 April 2001, representing the excess/shortfall of the cost of investment over the appropriate share of the fair value of the identifiable assets and liabilities acquired, has been written off against/taken to capital reserves in the period in which it arose and has not been restated.

For acquisitions after 1 April 2001, goodwill is recognised as an asset and is amortised to the profit and loss account on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

On disposal of a controlled subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit and loss on disposal.

The carrying amount of goodwill is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists an impairment loss is recognised as an expense in the profit and loss account.

(d) **Properties**

(i) *Investment properties*

Investment properties are defined as properties which are income producing and intended to be held for the long term, and such properties are included in the balance sheet at their open market value, on the basis of an annual professional valuation. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserves. If the total of these reserves is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. When a surplus arises on subsequent revaluation on a portfolio basis, it will be credited to the profit and loss account if and to the extent that a deficit on revaluation had previously been charged to the profit and loss account.

On disposal of investment properties, the revaluation surplus or deficit previously taken to the investment property revaluation reserves is included in calculating the profit or loss on disposal.

(ii) *Properties under development for sale*

Properties under development for sale are classified under current assets and stated at the lower of specifically identified cost, including capitalised borrowing costs plus attributable profit, and net realisable value. Net realisable value is determined by the Directors, based on prevailing market conditions.

The amount of any write down or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the profit and loss account in the period in which the reversal occurs.

Profit on pre-sale of properties under development for sale is recognised over the course of the development and is calculated each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds in respect of the units sold.

Borrowing costs on loans relating to properties under development for sale are capitalised up to the date of practical completion of development.

(iii) *Properties held for sale*

Properties held for sale are classified under current assets and stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development cost, including borrowing costs capitalised, attributable to unsold units. Net realisable value is determined by the Directors, based on prevailing market conditions.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the profit and loss account in the period in which the reversal occurs.

(e) **Depreciation**

(i) *Investment properties*

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years since the valuation takes into account the state of each property at the date of valuation. Investment properties held on leases with an unexpired period of 20 years or less are depreciated over the remaining portion of the leases.

(ii) *Other fixed assets*

Depreciation is provided on a straight line basis on the cost of other fixed assets at rates determined by the estimated useful lives of the assets of between 3 to 10 years.

(f) **Impairment of assets**

The carrying amounts of assets, other than properties carried at revalued amounts, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognised as an expense in the profit and loss account.

(i) *Recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use.

(ii) *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(g) **Investments in securities**

- (i) Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account for each security individually.

- (ii) Non-trading securities are classified as long-term investments and stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold, collected or otherwise disposed of or until there is objective evidence that the security is impaired, at which time the relevant cumulative surplus or deficit is transferred from the investment revaluation reserves to the profit and loss account.

Transfers from the investment revaluation reserves to the profit and loss account as a result of impairment are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of non-trading securities are determined as the difference between the net disposal proceeds and the carrying amount of the securities and are recognised in the profit and loss account as they arise. On disposal of non-trading securities, the relevant revaluation surplus or deficit previously taken to the investment revaluation reserves is also transferred to the profit and loss account for the year.

- (iii) Trading securities are classified as short-term investment under current assets and stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise.

(h) **Foreign currencies**

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the accounts of overseas subsidiaries and associates are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Differences on foreign currency translation are dealt with in the profit and loss account with the exception of those arising on the translation of the accounts of overseas subsidiaries and associates which are dealt with in capital reserves. On disposal of an overseas subsidiary and associate, the cumulative amount of the exchange difference which related to that overseas subsidiary and associate is included in the calculation of the profit and loss on disposal. Gains or losses on outstanding forward contracts computed by reference to the forward rates at the balance sheet date are dealt with in the profit and loss account.

(i) **Assets held for use in operating leases**

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

(j) **Recognition of revenue**

(i) Rental income under operating leases is recognised in the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the profit and loss account as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Income from sale of completed property is recognised upon signing of the sale and purchase agreement and income from pre-sale of property under development for sale is recognised over the course of development (see note 1 (d)(ii)).

(iii) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

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

(v) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

(k) **Deferred taxation**

Deferred taxation is calculated at the current tax rate under the liability method in respect of the taxation effect arising from all material timing differences which are expected with reasonable probability to crystallise in the foreseeable future.

(l) **Borrowing costs**

Borrowing costs are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(m) Related parties

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

(n) Provisions

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

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

(o) Segment reporting

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

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group companies within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

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

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

2. SEGMENT INFORMATION

(a) Business segments

(i) Revenue and results

	Segment Revenue		Segment Results	
	2002	2001	2002	2001
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Property development	2,725.6	1,294.1	884.8	503.8
Property investment	265.1	264.0	191.8	184.7
Investment and others	339.5	374.6	290.0	640.2
	<u>3,330.2</u>	<u>1,932.7</u>	<u>1,366.6</u>	<u>1,328.7</u>
Unallocated expenses			(22.6)	(24.4)
Operating profit			1,344.0	1,304.3
Borrowing costs			(156.1)	(284.9)
Provision for impairment in value of properties			(373.7)	(338.7)
Associates				
Property development			(365.7)	(223.1)
Investment and others			11.8	20.7
Profit before taxation			<u>460.3</u>	<u>478.3</u>

(ii) Assets and liabilities

	Assets		Liabilities	
	2002	2001	2002	2001
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Property development	3,787.2	10,186.5	236.6	4,769.4
Property investment	3,913.0	4,233.3	99.1	99.2
Investment and others	4,559.2	4,777.7	20.3	56.0
Segment assets and liabilities	<u>12,259.4</u>	<u>19,197.5</u>	<u>356.0</u>	<u>4,924.6</u>
Associates				
Property development	4,210.4	4,858.6	–	–
Investment and others	103.4	114.3	–	–
Unallocated items	2,990.8	868.5	4,878.6	4,896.1
Total assets and liabilities	<u>19,564.0</u>	<u>25,038.9</u>	<u>5,234.6</u>	<u>9,820.7</u>

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

The Group has no significant capital expenditure and depreciation and amortisation.

(b) Geographical segments

(i) Revenue and results

	Segment Revenue		Segment Results	
	2002 HK\$ Million	2001 HK\$ Million	2002 HK\$ Million	2001 HK\$ Million
Hong Kong	650.7	593.2	308.5	527.9
Singapore	2,679.5	1,339.5	1,035.5	776.4
	<u>3,330.2</u>	<u>1,932.7</u>	<u>1,344.0</u>	<u>1,304.3</u>

(ii) Assets

	Assets	
	2002 HK\$ Million	2001 HK\$ Million
Hong Kong	7,358.6	8,226.4
Singapore	4,900.8	10,971.1
	<u>12,259.4</u>	<u>19,197.5</u>

3. TURNOVER AND OPERATING PROFIT

(a) Turnover

The principal activities of the Group are property development, property investment, treasury management and investment holding. An analysis of the Group's turnover is as follows:

	2002 HK\$ Million	2001 HK\$ Million
Property development	2,725.6	1,294.1
Property investment	265.1	264.0
Investment and others	339.5	374.6
	<u>3,330.2</u>	<u>1,932.7</u>

(b) Operating profit

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Operating profit is arrived at:		
after charging:		
Staff costs, including retirement scheme costs HK\$2.0 million (2001: HK\$1.8 million)	22.3	15.1
Cost of properties sold	1,782.7	765.7
Depreciation	1.0	1.3
Auditors' remuneration	1.8	1.9
	<hr/>	<hr/>
after crediting:		
Rental income from operating leases less outgoings (including in the rental income above is gross rental income from investment properties of HK\$247.0 million (2001: HK\$245.1 million) of which HK\$6.5 million (2001: HK\$7.3 million) is contingent rentals)	195.8	193.5
Dividend income from listed securities	191.6	195.0
	<hr/>	<hr/>

In addition, staff costs of HK\$28.3 million (2001: HK\$10.0 million) were capitalised as part of the costs of properties under development.

(c) Directors' emoluments

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Fees	0.1	0.1
Salaries and other benefits	–	–
Retirement scheme contributions	–	–
Discretionary bonuses and/or performance-related bonuses	–	–
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	<hr/>	<hr/>

For the year under review, total emoluments (including any reimbursement of expenses) amounting to HK\$40,000 (2001: HK\$40,000), being wholly in the form of Directors' fees, were paid/payable to independent non-executive Directors of the Company.

The aggregate emoluments paid or payable by the Company and/or its subsidiaries for the two financial years ended 31 March 2002 and 31 March 2001 in respect of each of the persons who was a Director of the Company at any time during the years amounted to less than HK\$1,000,000.

(d) Five highest paid employees

Set out below are analyses of the emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) for the year ended 31 March 2002 of the five highest paid employees of the Group, none of whom is a Director of the Company:

(i) Aggregate Emoluments

	Group	
	2002 HK\$ Million	2001 HK\$ Million
Basic salaries, housing allowances, other allowances and benefits in kind	9.0	6.1
Retirement scheme contributions	0.4	0.4
Discretionary bonuses and/or performance-related bonuses	23.3	2.0
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	32.7	8.5

(ii) Bandings

Bands (in HK\$)	2002 Number	2001 Number
Not more than \$1,000,000	2	3
\$1,000,001-\$1,500,000	2	1
\$4,500,001-\$5,000,000	–	1
\$28,500,001-\$29,000,000 (<i>Note</i>)	1	–
	5	5

Note: Included in this banding are emoluments paid to a director of the 75%-owned subsidiary, Marco Polo Developments Limited, which is listed in Singapore.

4. OTHER NET (LOSS)/INCOME

	Group	
	2002 HK\$ Million	2001 HK\$ Million
Net (loss)/profit on disposal of non-trading securities	(32.4)	181.2
Exchange differences/others	(0.9)	13.3
Net release of other provisions	–	84.0
Net provision for non-trading securities written back	–	11.0
	(33.3)	289.5

Included in the net profit on disposal of non-trading securities for the year ended 31 March 2001 is a net surplus, before deduction of minority interests, of HK\$73.7 million transferred from the investment revaluation reserves.

5. BORROWING COSTS

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Interest payable on:		
Bank loans and overdrafts	141.4	271.4
Other loans repayable within 5 years	–	10.8
Other borrowing costs	18.9	15.4
	<u>160.3</u>	<u>297.6</u>
Less: Amount capitalised	(4.2)	(12.7)
	<u>156.1</u>	<u>284.9</u>

6. TAXATION

The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 16% (2001: 16%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Company and subsidiaries		
Hong Kong profits tax for the year	7.5	13.6
Overseas taxation for the year	904.3	(3.4)
Deferred taxation (<i>Note 23</i>)	(672.0)	95.5
	<u>239.8</u>	<u>105.7</u>
Associates		
Hong Kong profits tax for the year	2.8	1.7
Overseas taxation for the year	7.8	5.8
	<u>10.6</u>	<u>7.5</u>
	<u>250.4</u>	<u>113.2</u>

7. GROUP PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The group profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$44.3 million (2001: restated – HK\$45.3 million).

8. DIVIDENDS

(a) Dividends attributable to the year

	2002 HK\$ Million	2001 HK\$ Million
Interim dividend declared and paid of 2.0 cents (2001: 2.0 cents) per share	41.4	41.4
Final dividend proposed after the balance sheet date of 5.0 cents (2001: 5.0 cents) per share	103.5	103.5
	<u>144.9</u>	<u>144.9</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2002 HK\$ Million	2001 HK\$ Million
Final dividend in respect of the previous financial year, approved and paid during the year, of 5.0 cents (2001: 5.0 cents) per share	103.5	103.5

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings for the year of HK\$86.3 million (2001: HK\$242.5 million) and 2,069.6 million ordinary shares in issue throughout the two financial years ended 31 March 2002.

10. CHANGES IN ACCOUNTING POLICIES

(a) Goodwill/negative goodwill

In prior years, goodwill/negative goodwill arising on consolidation, representing the excess/shortfall of the cost of investments in subsidiaries and associates over the appropriate share of the fair value of the identifiable assets and liabilities acquired was taken to reserves in the year in which it arose. On disposal of a subsidiary or an associate, the attributable amount of goodwill/negative goodwill was included in calculating the profit or loss on disposal.

With effect from 1 April 2001, the Group adopted an accounting policy to recognise goodwill/negative goodwill as set out in note 1(c)(iii) in order to comply with SSAP 30 "Business combinations" issued by the Hong Kong Society of Accountants.

The Group has taken advantage of the transitional provisions set out in paragraph 88 of SSAP 30 which do not require restatement of positive/negative goodwill taken to reserves prior to 1 April 2001.

Goodwill arising in prior periods and not restated for the reasons noted above has been assessed for indications of impairment as required by SSAP 31 “Impairment of assets” issued by the Hong Kong Society of Accountants. As a result of this review upon adoption of SSAP 31 and SSAP 30, which has been applied retrospectively, goodwill arising in prior years has been considered to have been impaired in prior years, and, consequently, revenue reserves as at 1 April 2000 were restated and reduced by HK\$63.8 million whilst other capital reserves at 1 April 2000 were increased by a corresponding amount, representing impairment of goodwill arising in prior years.

(b) Proposed dividends

In prior years, dividends proposed after the balance sheet date were accrued as liabilities at the balance sheet date. With effect from 1 April 2001, dividends proposed after the balance sheet date are not recognised as a liability in the accounting period to which they relate in accordance with the revised SSAP 9 “Events after the balance sheet date” issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. In adjusting prior years’ figures, shareholders’ funds as at 1 April 2001, were restated and increased by HK\$103.5 million (1 April 2000: HK\$103.5 million) representing the proposed final dividend for the year ended 31 March 2001.

As a result of the adoption of SSAP 9 and restating the prior years’ reserves, the Group’s shareholders’ funds at 31 March 2002 have increased by HK\$103.5 million (2001: HK\$103.5 million).

(c) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Inter-segment pricing is based on similar terms as those available to other external parties.

In note 2 to the accounts the Group has disclosed segment revenue and results as defined under SSAP 26 “Segment reporting” issued by the Hong Kong Society of Accountants. In accordance with the Group’s internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

(d) Investments in subsidiaries

In prior years, the Company’s investment in a listed subsidiary was stated at directors’ valuation in the Company’s balance sheet. With effect from 1 April 2001, the Group has adopted an accounting policy for investments in subsidiaries as set out in note 1(c)(i) in order to comply with SSAP 32 “Consolidated financial statements and accounting for investments in subsidiaries” issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. As a result of the adoption of SSAP 32 and restating the Company’s investment in a listed subsidiary at cost, the Company’s shareholders’ funds and reserves at 1 April 2000 have decreased by HK\$310.9 million.

(e) Dividend income from subsidiaries

In prior years, dividends declared by a listed subsidiary after the balance sheet date were recognised as income in the Company's accounts for the year. With effect from 1 April 2001, dividends declared after the balance sheet date are not recognised as income for the year to which they relate in accordance with the revised SSAP 18 "Revenue" issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, shareholders' funds of the Company as at 1 April 2001, were restated and decreased by HK\$30.3 million (1 April 2000: HK\$30.3 million) representing the proposed final dividend of a listed subsidiary for the year ended 31 March 2001 attributable to the Company.

As a result of the adoption of the revised SSAP 18 and restating prior years' reserves, the Company's shareholders' funds at 31 March 2002 have decreased by HK\$30.3 million (2001: HK\$30.3 million).

11. FIXED ASSETS

	Investment properties HK\$ Million	Other fixed assets HK\$ Million	Total HK\$ Million
Group			
Cost or valuation			
At 1 April 2001	4,229.1	7.6	4,236.7
Exchange differences	(40.5)	(0.1)	(40.6)
Additions	1.6	0.6	2.2
Disposals	(3.5)	(0.6)	(4.1)
Revaluation deficit	(277.1)	–	(277.1)
At 31 March 2002	3,909.6	7.5	3,917.1
Accumulated depreciation			
At 1 April 2001	–	4.5	4.5
Exchange differences	–	(0.1)	(0.1)
Charge for the year	–	1.0	1.0
Written back on disposal	–	(0.4)	(0.4)
At 31 March 2002	–	5.0	5.0
Net book value			
At 31 March 2002	3,909.6	2.5	3,912.1
At 31 March 2001	4,229.1	3.1	4,232.2

- (a) The analysis of cost or valuation of the above assets is as follows:

	Investment properties HK\$ Million	Other fixed assets HK\$ Million	Total HK\$ Million
Balance at 31 March 2002			
2002 valuation	3,909.6	–	3,909.6
At cost	–	7.5	7.5
	<u>3,909.6</u>	<u>7.5</u>	<u>3,917.1</u>
Balance at 31 March 2001			
2001 valuation	4,229.1	–	4,229.1
At cost	–	7.6	7.6
	<u>4,229.1</u>	<u>7.6</u>	<u>4,236.7</u>

- (b) Tenure of title to properties:

	2002 HK\$ Million	2001 HK\$ Million
Long lease		
Held in Hong Kong	2,067.1	2,155.5
Held outside Hong Kong	1,842.5	2,073.6
	<u>3,909.6</u>	<u>4,229.1</u>

- (c) Properties revaluation

The Group's investment properties have been revalued as at 31 March 2002 either by Harriman Realty Company, Limited, a fellow subsidiary engaged in professional valuation or an internal valuer, a qualified property appraiser in Singapore, on an open market value basis, after taking into consideration the net income allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The surplus or deficit arising on revaluation less minority interests is dealt with in the investment property revaluation reserves.

- (d) The gross amount of fixed assets of the Group held for use in operating leases was HK\$3,909.6 million (2001: HK\$4,229.1 million).
- (e) The Group leases out properties under operating leases, which generally run for an initial period of two to five years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease income may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenants' sales receipts.

- (f) The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Within 1 year	208.8	187.7
After 1 year but within 5 years	269.2	235.5
After 5 years	7.2	11.1
	485.2	434.3

12. SUBSIDIARIES

	Company	
	2002	2001
	HK\$ Million	HK\$ Million
		(restated)
Shares listed in Hong Kong, at cost	332.6	332.6
Unlisted shares, at cost	483.5	483.5
	816.1	816.1
Amounts due from subsidiaries	1,087.6	1,144.6
	1,903.7	1,960.7
Market value of the above shares listed in Hong Kong	1,000.8	1,023.6

Details of principal subsidiaries at 31 March 2002 are shown on page 51.

13. ASSOCIATES

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Share of net deficits	(478.3)	(99.7)
Amounts due from associates	4,812.8	5,093.3
Amounts due to associates	(20.7)	(20.7)
	4,313.8	4,972.9

- (a) Included in the amounts due from associates are loans and advances made by the Group to certain associates of HK\$4,457.3 million (2001: HK\$4,750.9 million) involved in the Sorrento and Bellagio projects.

Loans in the amount of HK\$1,803.8 million (2001: HK\$2,362.8 million) for the Sorrento project bear interest at rates as determined by shareholders of the associate with reference to the prevailing market rates which were between 3.5% and 7.1% for the current year (2001: 6.7% to 8.2%). Interest income in respect of loans to the associate for the year ended 31 March 2002 amounting to HK\$101.8 million (2001: HK\$163.2 million). The loans are unsecured and have no fixed terms of repayment.

An advance in the amount of HK\$2,653.5 million (2001: HK\$2,388.1 million) for the Bellagio project bears interest at such rate as may be from time to time agreed by the shareholders of the associate. At present, the advance is interest free, unsecured and has no fixed terms of repayment.

- (b) The following supplementary information is disclosed relating to significant associates of the Group:

	2002 HK\$ Million	2001 HK\$ Million
Diamond Hill Development Holdings Limited		
Consolidated balance sheet		
Current assets	6,327.2	6,605.6
Current liabilities	(179.6)	(139.1)
Non-current liabilities	(7,962.6)	(7,165.5)
Consolidated profit and loss account		
Loss for the year	(1,116.0)	(699.0)
Hopfield Holdings Limited		
Consolidated balance sheet		
Current assets	8,387.8	6,009.7
Current liabilities	(3,237.4)	(102.7)
Non-current liabilities	(5,113.7)	(5,907.0)
Consolidated profit and loss account		
Turnover	1,760.6	–
Profit for the year	36.7	–

- (c) Details of principal associates at 31 March 2002 are shown on page 52.

14. LONG-TERM INVESTMENTS

	Group	
	2002 HK\$ Million	2001 HK\$ Million
Non-trading equity securities, at market value		
Listed in Hong Kong	3,558.6	3,922.5
Listed outside Hong Kong	847.2	733.4
	4,405.8	4,655.9
Held-to-maturity securities		
Listed outside Hong Kong	38.6	–
Unlisted	23.4	–
	4,467.8	4,655.9
Market value of the above listed held-to-maturity securities	38.3	–

Included in the above equity securities are investments in a listed company the carrying value of which constituted more than 10% of the Group's total assets. Details of this listed company are as follows:

Name of company	Place of incorporation	Percentage of ordinary shares held
The Wharf (Holdings) Limited	Hong Kong	7.0

15. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

16. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

- (a) The amount of properties under development for sale/held for sale carried at net realisable value is HK\$1,691.4 million (2001: HK\$1,021.6 million).
- (b) Properties under development for sale in the amount of HK\$2,317.5 million (2001: HK\$3,013.3 million) are expected to be completed after more than one year.
- (c) Properties under development for sale with a carrying value of HK\$1,734.2 million (2001: HK\$Nil) are pledged as security for banking facilities made available to the Group.
- (d) The carrying amount of properties under development for sale of the Group held for use in operating leases, which run for a period of one to three years with no option to renew upon expiry, is HK\$335.1 million (2001: HK\$507.2 million). The related provision for diminution in value of these properties is HK\$155.9 million (2001: HK\$ Nil).

17. TRADE AND OTHER RECEIVABLES

The Group maintains defined credit policies for its businesses and trade debtors are closely monitored in order to control the credit risk associated with trade debtors.

Included in trade and other receivables are trade debtors with an ageing analysis as at 31 March 2002 as follows:

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Current	13.5	27.5
31-60 days	0.5	0.2
61-90 days	0.2	0.2
Over 90 days	0.9	2.6
	<u>15.1</u>	<u>30.5</u>

18. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2002	2001	2002	2001
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Bank loans and overdrafts				
Unsecured	202.9	124.3	–	–
Secured	–	133.0	–	–
	<u>202.9</u>	<u>257.3</u>	<u>–</u>	<u>–</u>
Current portion of long-term bank loans (secured)	298.9	30.0	298.9	–
	<u>501.8</u>	<u>287.3</u>	<u>298.9</u>	<u>–</u>

19. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with an ageing analysis as at 31 March 2002 as follows:

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
Amounts payable in the next:		
0-30 days	162.2	177.4
31-60 days	1.4	18.0
61-90 days	15.4	13.0
Over 90 days	41.1	23.2
	<u>220.1</u>	<u>231.6</u>

20. SHARE CAPITAL

	2002 No. of shares Million	2001 No. of shares Million	2002 HK\$ Million	2001 HK\$ Million
Authorised:				
Ordinary shares of HK\$0.20 each	3,000.0	3,000.0	600.0	600.0
Issued and fully paid:				
Ordinary shares of HK\$0.20 each	2,069.6	2,069.6	413.9	413.9

21. RESERVES

	Capital redemption reserve HK\$ Million	Investment property revaluation reserves HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	(Restated) Total HK\$ Million
(a) Group						
Company and subsidiaries						
Balance at 1 April 2001						
As previously reported	4.9	411.7	334.0	(81.4)	11,283.0	11,952.2
Prior year adjustments in respect of						
Goodwill (<i>Note 10a</i>)	–	–	–	63.8	(63.8)	–
Proposed dividend (<i>Note 10b</i>)	–	–	–	–	103.5	103.5
As restated	4.9	411.7	334.0	(17.6)	11,322.7	12,055.7
Final dividend approved in respect of the previous year (<i>Note 8b</i>)	–	–	–	–	(103.5)	(103.5)
Revaluation deficit	–	(206.8)	(454.0)	–	–	(660.8)
Realised on disposal	–	(2.2)	–	(1.0)	–	(3.2)
Exchange difference	–	–	–	(64.8)	–	(64.8)
Profit for the year retained	–	–	–	–	458.1	458.1
Interim dividend declared in respect of the current year (<i>Note 8a</i>)	–	–	–	–	(41.4)	(41.4)
Balance at 31 March 2002	4.9	202.7	(120.0)	(83.4)	11,635.9	11,640.1
Associates						
Balance at 1 April 2001	–	–	12.7	0.7	(208.6)	(195.2)
Revaluation deficit	–	–	(4.6)	–	–	(4.6)
Exchange difference	–	–	–	1.0	–	1.0
Deficit for the year absorbed	–	–	–	–	(371.8)	(371.8)
Balance at 31 March 2002	–	–	8.1	1.7	(580.4)	(570.6)
Total reserves at 31 March 2002	4.9	202.7	(111.9)	(81.7)	11,055.5	11,069.5

	Capital redemption reserve HK\$ Million	Investment property revaluation reserves HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	(Restated) Total HK\$ Million
Company and subsidiaries						
Balance at 1 April 2000						
As previously reported	4.9	702.6	(547.4)	84.5	11,034.8	11,279.4
Prior year adjustments in respect of						
Goodwill (<i>Note 10a</i>)	–	–	–	63.8	(63.8)	–
Proposed dividend (<i>Note 10b</i>)	–	–	–	–	103.5	103.5
As restated	4.9	702.6	(547.4)	148.3	11,074.5	11,382.9
Final dividend approved in respect of the previous year (<i>Note 8b</i>)	–	–	–	–	(103.5)	(103.5)
Revaluation (deficit)/surplus	–	(290.9)	962.6	–	–	671.7
Realised on disposal	–	–	(53.3)	–	–	(53.3)
Exchange difference	–	–	–	(169.5)	–	(169.5)
Capital reserve on consolidation	–	–	–	3.6	–	3.6
Reclassification	–	–	(20.0)	–	(78.1)	(98.1)
Net provision for non-trading securities written back	–	–	(7.9)	–	–	(7.9)
Profit for the year retained	–	–	–	–	471.2	471.2
Interim dividend declared in respect of the current year (<i>Note 8a</i>)	–	–	–	–	(41.4)	(41.4)
Balance at 31 March 2001	4.9	411.7	334.0	(17.6)	11,322.7	12,055.7
Associates						
Balance at 1 April 2000	–	–	(20.0)	1.4	(58.0)	(76.6)
Revaluation surplus	–	–	12.7	–	–	12.7
Reclassification	–	–	20.0	–	78.1	98.1
Others	–	–	–	(0.7)	–	(0.7)
Deficit for the year absorbed	–	–	–	–	(228.7)	(228.7)
Balance at 31 March 2001	–	–	12.7	0.7	(208.6)	(195.2)
Total reserves at 31 March 2001	4.9	411.7	346.7	(16.9)	11,114.1	11,860.5

Included in other capital reserves of the Group is negative goodwill of HK\$176.1 million (2001: HK\$176.1 million).

	Capital redemption reserve HK\$ Million	Investment property revaluation reserves HK\$ Million	Investment revaluation reserves HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	(Restated) Total HK\$ Million
(b) Company						
Balance at 1 April 2001						
As previously reported	4.9	–	–	361.5	960.0	1,326.4
Prior period adjustments in respect of						
Dividend income (<i>Note 10e</i>)	–	–	–	–	(30.3)	(30.3)
Proposed dividend (<i>Note 10b</i>)	–	–	–	–	103.5	103.5
Investments in subsidiaries (<i>Note 10d</i>)	–	–	–	(310.9)	–	(310.9)
As restated	4.9	–	–	50.6	1,033.2	1,088.7
Final dividend approved in respect of the previous year (<i>Note 8b</i>)	–	–	–	–	(103.5)	(103.5)
Profit for the year retained	–	–	–	–	44.3	44.3
Interim dividend declared in respect of the current year (<i>Note 8a</i>)	–	–	–	–	(41.4)	(41.4)
Total reserves at 31 March 2002	4.9	–	–	50.6	932.6	988.1
Balance at 1 April 2000						
As previously reported	4.9	–	–	361.5	1,059.6	1,426.0
Prior period adjustments in respect of						
Dividend income (<i>Note 10e</i>)	–	–	–	–	(30.3)	(30.3)
Proposed dividend (<i>Note 10b</i>)	–	–	–	–	103.5	103.5
Investments in subsidiaries (<i>Note 10d</i>)	–	–	–	(310.9)	–	(310.9)
As restated	4.9	–	–	50.6	1,132.8	1,188.3
Final dividend approved in respect of the previous year (<i>Note 8b</i>)	–	–	–	–	(103.5)	(103.5)
Profit for the year retained	–	–	–	–	45.3	45.3
Interim dividend declared in respect of the current year (<i>Note 8a</i>)	–	–	–	–	(41.4)	(41.4)
Total reserves at 31 March 2001	4.9	–	–	50.6	1,033.2	1,088.7

Reserves of the Company available for distribution to shareholders amount to HK\$932.6 million (2001: restated – HK\$1,033.2 million). The application of the capital redemption reserve account is governed by section 49H of the Hong Kong Companies Ordinance. The revaluation reserves and other capital reserves have been set up and will be dealt with in accordance with the accounting policies adopted by the Group.

After the balance sheet date the Directors proposed a final dividend of 5.0 cents (2001: 5.0 cents) per share amounting to HK\$103.5 million (2001: HK\$103.5 million). This dividend has not been recognised as a liability at the balance sheet date.

22. LONG-TERM BANK LOANS

	Group		Company	
	2002	2001	2002	2001
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Secured bank loans				
Repayable after 1 year, but within 2 years	–	1,255.9	–	255.9
Repayable after 2 years, but within 5 years	476.0	718.0	–	–
Repayable after 5 years	953.0	–	–	–
	<u>1,429.0</u>	<u>1,973.9</u>	<u>–</u>	<u>255.9</u>
Unsecured bank loans				
Repayable after 1 year, but within 2 years	1,800.0	–	200.0	–
Repayable after 2 years, but within 5 years	100.0	1,800.0	–	200.0
	<u>3,329.0</u>	<u>3,773.9</u>	<u>200.0</u>	<u>455.9</u>

A bank loan of HK\$953.0 million with an original term of over one year and repayable on 7 March 2003 is classified as a non-current liability in the balance sheet as an agreement has been reached with the banker to refinance the loan on a long-term basis.

23. DEFERRED TAXATION

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
At 1 April	790.8	732.5
Exchange differences	(15.4)	(37.2)
Transferred (to)/from the profit and loss account (<i>Note 6</i>)	(672.0)	95.5
At 31 March	<u>103.4</u>	<u>790.8</u>

Major components of deferred taxation provided are set out below:

Profit on pre-sale of properties	64.4	625.3
Surplus on revaluation of a property on acquisition of subsidiaries	39.0	165.5
	<u>103.4</u>	<u>790.8</u>

24. CONTINGENT LIABILITIES

	Group		Company	
	2002	2001	2002	2001
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
(a) Guarantees given in respect of banking facilities available to:				
Subsidiaries	–	–	2,253.0	2,103.0
Associates	2,459.2	1,936.1	1,566.1	680.0

Of the banking facilities available to associates which are guaranteed by the Group, HK\$552.8 million (2001: HK\$311.7 million) had been drawn at the balance sheet date.

- (b) The Company, a non wholly-owned subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms under an agreement for the development of the Sorrento project.

25. COMMITMENTS

	Group	
	2002	2001
	HK\$ Million	HK\$ Million
(a) Acquisition of and future development expenditure relating to properties:		
Contracted but not provided for	904.0	1,062.6
(b) At 31 March 2002, forward exchange contracts amounting to HK\$1,703.4 million (2001: HK\$671.9 million) were outstanding.		

26. RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transaction during the year ended 31 March 2002.

(a) Sorrento project

- (i) Included in amounts due from associates as disclosed in note 13 to the accounts are loans of HK\$1,803.8 million (2001: HK\$2,362.8 million) advanced to an associate involved in the Sorrento project.

- (ii) The Company, a non wholly-owned subsidiary and the ultimate holding company together with its two associates have severally guaranteed bank loan facilities granted to a subsidiary of an associate, Hopfield Holdings Limited, to finance the Sorrento project. The amount of guarantee given attributable to the Group and the Company was HK\$598.8 million (2001: HK\$1,360.0 million) and HK\$299.4 million (2001: HK\$680.0 million) respectively.
- (iii) As disclosed in note 24(b) to the accounts, the Company, a non wholly-owned subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms by the subsidiary of an associate under an agreement to develop the Sorrento project.

The above are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. A waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1997.

(b) Bellagio project

- (i) Included in amounts due from associates as disclosed in note 13 to the accounts is an advance made by the Group to an associate involved in the Bellagio project of HK\$2,653.5 million (2001: HK\$2,388.1 million).
- (ii) The Company together with the ultimate holding company and an associate of the ultimate holding company have severally guaranteed bank loan facilities granted to a subsidiary of an associate, Diamond Hill Development Holdings Limited, to finance the Bellagio project. The amount of guarantee given attributable to the Group and the Company was HK\$1,266.7 million (2001: HK\$Nil).

The above are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. A waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1994.

(c) The King's Park development

- (i) Included in amounts due from associates as disclosed in note 13 to the accounts is an advance made by the Group to an associate involved in a development project at King's Park, Ho Man Tin of HK\$284.3 million (2001: HK\$266.8 million). The loan bears interest at such rate as may from time to time be agreed by the shareholders of the associate. At present, the interest rate of the loan has yet to be agreed.
- (ii) The Group together with other shareholders have severally guaranteed bank loan facilities granted to an associate, Grace Sign Limited, to finance the King's Park development project. The amount of guarantee given attributable to the Group was HK\$500.8 million (2001: HK\$500.8 million).

The above transactions do not constitute connected transactions as defined in the Listing Rules.

- (d) The Group paid a General Managers' Commission to a related party of HK\$5.5 million (2001: HK\$11.0 million) for the provision of management services to the Group during the year. The payment of such an amount to the General Managers was in accordance with an agreement dated 31 March 1992, which constitutes a connected transaction as defined under the Listing Rules, but is exempted from the requirements of the Listing Rules under paragraph 14.24(2) thereof relating to connected transactions.
- (e) The Group received dividend income in the amount of HK\$134.1 million during the year ended 31 March 2002 (2001: HK\$134.1 million) in respect of investments in a related company.

27. POST BALANCE SHEET EVENTS

- (a) On 3 May 2002, the Minister for Finance of Singapore announced in his Budget speech that the Singapore corporate income tax rate is to be reduced from 24.5% to 22% for the year of assessment 2003. The tax charges for the Group's 75% owned Singapore subsidiaries, the Marco Polo Developments group ("MPDL"), for the year ended 31 March 2002 have been computed at the rate of 24.5%, being the corporate tax rate effective as at that date. Had the latest proposed corporate tax rate of 22% been used, the Group's share of MPDL's taxation charges for the year would be decreased by approximately HK\$73.0 million.
- (b) After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 8 to the accounts.

28. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of changes in accounting policies for goodwill/negative goodwill, proposed dividends, segment reporting, revenue and investments in subsidiaries in order to comply with SSAPs 30, 9, 26, 18 and 32 respectively, details of which are set out in note 10.

29. ULTIMATE HOLDING COMPANY

The ultimate holding company is Wheelock and Company Limited, incorporated in Hong Kong.

30. APPROVAL OF THE ACCOUNTS

The accounts were approved and authorised for issue by the Board of Directors on 10 June 2002.

At 31 March 2002

Subsidiaries	Place of incorporation/ operation	Issue share capital (all being ordinary shares and fully paid up)	Percentage of equity attributable to the Group	Principal activities
Actbilt Pte Limited	Singapore	2 S\$1 shares	75	Property
Delightful Assets Limited	British Virgin Islands/ International	2 US\$1 shares	75	Investment
Everbilt Developers Pte Ltd	Singapore	160,000,000 S\$1 shares	75	Property
Grannis Limited	Hong Kong	2 HK\$10 shares	72	Property
Harriman Designs and Engineering Limited	Hong Kong	3 HK\$10 shares	100	Finance
Janeworth Company Limited	Hong Kong	2 HK\$1 shares	72	Property
Keevil Company Limited	Hong Kong	2 HK\$1 shares	72	Property
Kennedy Town Service Company Limited	Hong Kong	50 HK\$100 shares	72	Finance
Lynchpin Limited	British Virgin Islands/ International	500 US\$1 shares	72	Investment
Marco Polo Developments Limited	Singapore	398,853,292 S\$1 shares	75	Property
Marnav Holdings Limited	Hong Kong	1,000,000 HK\$1 shares	72	Property
MP-Bilt Pte Ltd	Singapore	1,000,000 S\$1 shares	75	Property
Pachino Limited	Hong Kong	2 HK\$10 shares	100	Property
Pizzicato Limited	Hong Kong	2 HK\$10 shares	72	Property
Python Company Limited	Hong Kong	2 HK\$1 shares	72	Property
Realty Development Corporation Limited (<i>Note b</i>)	Hong Kong	1,151,389,640 HK\$0.2 shares	72	Holding company
Rusticana Limited	Hong Kong	2 HK\$10 shares	72	Property
Samover Company Limited	Hong Kong	2 HK\$1 shares	72	Property
Sandsprings Limited	Hong Kong	2 HK\$10 shares	72	Property
Titano Limited	Hong Kong	2 HK\$1 shares	72	Property
Warhol Company Limited	Hong Kong	2 HK\$1 shares	72	Property
Wavatah Company Limited	Hong Kong	2 HK\$1 shares	72	Property
Whole Result Limited	Hong Kong	2 HK\$1 shares	72	Property
Woodenfield Limited	British Virgin Islands/ International	500 US\$1 shares	100	Investment
Zarow Limited	Hong Kong	2 HK\$10 shares	72	Property

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At 31 March 2002

Associates	Place of incorporation/ operation	Percentage of share capital (of the class of shares stated below) held by subsidiary(ies) of the Company	Percentage of equity attributable to the Group	Principal activities
Diamond Hill Development Holdings Limited	British Virgin Islands	33 (ordinary shares)	33	Holding company
Dramstar Company Limited (Note a)	Hong Kong	100 ("B" shares)	32	Property
Grace Sign Limited (Note a)	Hong Kong	20 (ordinary shares)	15	Property
Hamptons Group Limited (Note a)	United Kingdom	33 (ordinary shares)	25	Property agency
Hopfield Holdings Limited	British Virgin Islands	40 (ordinary shares)	35	Holding company
Kim Realty Investment Pte Ltd (Note a)	Singapore	30 (ordinary shares)	23	Hotel investment
Kowloon Properties Company Limited	Hong Kong	40 (ordinary shares)	35	Property
Salisbury Company Limited	Hong Kong	33 (ordinary shares)	33	Property

Notes:

- (a) The accounts of these associates have been audited by a firm of accountants other than KPMG.
- (b) Unless otherwise stated, the subsidiaries and associates was held indirectly by the Company. 43.9% of this subsidiary was held directly by the Company.
- (c) The above list gives the principal subsidiaries and associates of the Group which, in the opinion of the Directors, principally affected the profit and assets of the Group.
- (d) The associates are unlisted corporate entities.



To the Shareholders of New Asia Realty and Trust Company, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 18 to 52 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the Directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2002 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

Hong Kong, 10 June 2002

SCHEDULE OF PRINCIPAL PROPERTIES

At 31 March 2002

Investment properties	Lot number	Lease expiry	Approx. gross floor area (sq.ft.)	Attributable % owned	Year of completion	Type/usage
Wheelock Place, 501 Orchard Road, Singapore	–	2089	464,900	75	1993	Office & shopping arcade
Shop C, G/F & 3/F-24/F, Wheelock House, 20 Pedder Street, Central	ML99 Sec. A,C, R.P. & ML 100 Sec. A,B, R.P.	2854	214,400	72	1984	Office & shop
Fitfort, Basement-3/F, Healthy Gardens Podium, 560 King's Road, North Point	IL 3546	2086	239,700	72	1979	Shopping arcade & car parks
Shops & godown spaces, 100-142 Belcher's Street, Kennedy Town	IL 906 Sec. E-M & R.P.	2882	142,000	72	1960s & 70s	Shopping arcade & godown

Properties for development and/or sale	Lot Number	Site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Attributable % owned	Expected year of completion	Type/usage	Stage of completion
Bellagio, Site at 33 Castle Peak Road, Sham Tseng	Lot No. 269 in DD 390	566,090	2,799,800	33	2005	Residential/ commercial	Superstructure in progress
Sorrento, MTRC Kowloon Station, Package Two	KIL 11080	184,926	2,531,000	35	2004	Residential	Superstructure in progress
The Grange Residences, 247 Tanglin Road, Singapore	–	167,000	488,200	75	2003	Residential	Superstructure in progress
Ardmore View, 2B Ardmore Park Road, Singapore	–	44,100	92,200	75	–	Residential	Planning
Palm Cove, Site at 168 Castle Peak Road, Castle Peak Bay, Tuen Mun	TMTL386	174,226	243,600	72	2003	Residential	Superstructure in progress
Site at 38 Kwai Hei Street, Kwai Chung	KCTL 448	25,489	242,100	72	2003	Industrial/ office	Superstructure in progress

At 31 March 2002

Properties for development and/or sale	Lot Number	Site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Attributable % owned	Expected year of completion	Type/usage	Stage of completion
Site at 16 Wylie Road, King's Park, Ho Man Tin	KIL 11118	387,569	904,200	15	2004	Residential	Site formation & foundation works in progress
Various units of World Tech Centre, 95 How Ming Street, Kwun Tong	KTIL 195 R.P.	37,341	73,300	100	–	Industrial	Completed
Ardmore Park, Ardmore Park Road, Singapore	–	345,120	46,700	75	–	Residential	Completed
Various units of My Loft, 9 Hoi Wing Road, Tuen Mun	TMTL 379	40,946	57,200	72	–	Godown	Completed
Various units of Forest Hill, 31 Lo Fai Road, Tai Po	TPTL 115	265,117	28,700	72	–	Residential	Completed
Various units of The Astrid, 180 Argyle Street, Ho Man Tin	KIL 11005	61,118	17,700	72	–	Residential	Completed
Various units of Bailey Garden, 23 Bailey Street, Hung Hom	KIL 11022	33,896	11,200	72	–	Shop	Completed
Various units of The Regalia, 33 King's Park Rise, Ho Man Tin	KIL 11001	69,073	8,800	72	–	Residential	Completed

Note: All the above properties are in Hong Kong except otherwise stated.

HK\$ Million	(Restated) 1998	(Restated) 1999	2000	(Restated) 2001	2002
Financial year ended 31 March					
Consolidated Profit and Loss Account					
Turnover	2,930	2,610	3,038	1,933	3,330
Group profit attributable to shareholders	1,123	503	670	243	86
Prior year adjustment (<i>Note 1a</i>)	(459)	1	–	–	–
Restated amount	664	504	670	243	86
Dividends attributable to the year	(83)	(83)	(145)	(145)	(145)
Consolidated Balance Sheet					
Fixed assets	6,029	5,301	4,730	4,232	3,912
Associates (<i>Note 1a</i>)	3,431	3,473	4,595	4,973	4,314
Long-term investments (<i>Note 1a</i>)	3,789	3,093	3,740	4,656	4,468
Deferred debtors	200	139	91	57	44
Current assets	9,921	10,077	11,508	11,121	6,826
Current liabilities (<i>Note 1b</i>)	(4,573)	(4,714)	(7,432)	(5,256)	(1,802)
	18,797	17,369	17,232	19,783	17,762
Share capital	414	414	414	414	414
Reserves (<i>Notes 1a & 1b</i>)	11,369	10,140	11,203	11,861	11,070
Shareholders' funds	11,783	10,554	11,617	12,275	11,484
Minority interests (<i>Note 1a</i>)	3,238	2,791	3,003	2,944	2,846
Long-term bank loans	3,270	3,476	1,880	3,774	3,329
Deferred taxation	496	548	732	790	103
Deferred income	10	–	–	–	–
	18,797	17,369	17,232	19,783	17,762
Financial Data (<i>Notes 1 & 2</i>)					
Earnings per share (<i>Cents</i>)	32.1	24.4	32.4	11.7	4.2
Dividend per share (<i>Cents</i>)	4.0	4.0	7.0	7.0	7.0
Dividend cover (<i>Times</i>)	8.0	6.1	4.6	1.7	0.6
Net assets per share (<i>HK\$</i>)	5.69	5.10	5.61	5.93	5.55

Notes:

- (1) Pursuant to the adoption of the revised Statement of Standard Accounting Practice 9 (“SSAP 9”) “Events after the balance sheet date” and the Statement of Standard Accounting Practice 24 (“SSAP 24”) “Accounting for investments in securities”, certain figures have been reclassified or restated as set out below:
 - (a) These figures for the years 1998 and 1999 have been restated pursuant to the adoption of SSAP 24 as explained in note 11 to the 2000 accounts.
 - (b) These figures have been restated pursuant to the adoption of SSAP 9 as explained in note 10(b) to the accounts. Figures for 2000 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.
- (2) Certain comparative figures in respect of the per share amounts of the above financial data have been adjusted pursuant to the unification and redesignation of “A” and “B” shares as set out in note 20 to the 2001 accounts.