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The English text of this Annual Report shall prevail over the Chinese text

# CORPORATE INFORMATION

## PLACE OF INCORPORATION

Cayman Islands

## EXECUTIVE DIRECTORS

Deacon Te Ken CHIU, J.P. (*Chairman*)  
David CHIU, Dato', B.Sc. (*Deputy Chairman and  
Chief Executive Officer*)  
Steven Ying Wai KWAN, A.C.A. (Aust.)  
(*Managing Director*)  
Craig WILLIAMS, B. ENG. (CIVIL)  
Dennis CHIU, B.A.

## NON-EXECUTIVE DIRECTORS

Ching Lan JU CHIU, J.P.  
Dick Tat Sang CHIU, M.A.  
Daniel Tat Jung CHIU  
Kohei OGAWA, M.B.A., B.A.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Kee Leong CHEE, Datuk  
David Kwok Kwei LO

## COMPANY SECRETARY

Kwok Wor CHOW, F.C.S., F.H.K.S.A.

## AUTHORIZED REPRESENTATIVE

David CHIU  
Steven Ying Wai KWAN

## SOLICITORS

### Hong Kong

Woo, Kwan, Lee & Lo  
David Lo & Partners

### Malaysia

Shearn Delamore & Co.  
Wong Lu Peen & Tunka Alina

### Australia

Freehill, Hollingdale & Page  
Herbert Geer & Rundle

## AUDITORS

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
Hong Kong

## PRINCIPAL BANKERS

### Hong Kong

Banque Nationale de Paris  
Citic Ka Wah Bank Limited  
Hang Seng Bank Limited  
Hua Chiao Commercial Bank Limited  
Nanyang Commercial Bank Limited  
Orix International Finance Limited  
The China & South Sea Bank, Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Wing Hang Bank Limited

### Malaysia

Alliance Bank Malaysia Berhad  
Arab-Malaysian Bank Berhad  
Citibank Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Southern Bank Berhad  
Standard Chartered Bank Malaysia Berhad

### Singapore

The Development Bank of Singapore Limited

### Australia

Commonwealth Bank of Australia  
National Australia Bank Limited

### China

Agricultural Bank of China  
Bank of Communications  
Bank of Shanghai  
China Merchants Bank  
Construction Bank of China  
Industrial and Commercial Bank of China

## CORPORATE INFORMATION (continued)

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### **REGISTERED OFFICE**

P.O. Box 1043, Ground Floor,  
Caledonian House, Mary Street,  
George Town,  
Grand Cayman, Cayman Islands,  
British West Indies.

### **PRINCIPAL OFFICE**

16/F., Far East Consortium Building,  
121 Des Voeux Road Central,  
Hong Kong.

### **SHARE REGISTRARS**

Standard Registrars Limited  
5th Floor, Wing On Centre,  
111 Connaught Road Central,  
Hong Kong.

### **LISTING INFORMATION**

Ordinary Shares (Code: 035)  
The Stock Exchange of Hong Kong Limited

## CHAIRMAN'S STATEMENT



With the advent of China's entry in The World Trade Organisation and confirmation to host the 2008 Olympics in Beijing, China is opening up a new chapter in the international arena. China becomes a World recognised superpower in international trade, commerce, finance and social status equal to that of United States and Great Britain. The two big cities in China, Shanghai and Beijing will uphold these events and become international cities of the World with distinct significance. Hong Kong, will obviously treasure its two sister-cities and support them with its established financial and banking expertise to enhance its relationship on mutually beneficial grounds.

For the past two years, we have witnessed the further expansion of China's "Open-door" policies, in particular, the Central government encourages people to buy their own home in order to relieve spending on public housing. In this connection, the banking sector also opens up home financing for individuals both locals and foreigners buying their own homes. This chain reaction gives rise to an emergence of a new critical mass of middle-class individuals who have access to bank credits and have enjoyed a status symbol of personal wealth and purchasing power. This capitalistic improvement leads to increased demand and supply of new built property developments in most major cities in China. Shanghai and Beijing have been very bullish for the past 2/3 years.

Hong Kong, taking the benefit of interest rate cut for the past twelve months following the same with USA, home buyers are slowly coming out to look at the new-built market for bargain and cheaper bank financing. This attributes to increased activities in the residential sector in property development and thus enhance economic recovery from the already depressed industry. Hong Kong will be more bullish particularly in the property market sectors when China becomes officially a member of World Trade Organisation. Hong Kong with its history of established international laws in banking and finance will be acting as a back-up city for foreign companies setting up their branch office here to facilitate their activities with China. This is an advantage for Hong Kong to service China and its trading partners.

We are fortunate to be presence in both Shanghai and Hong Kong, with our property development business well in place. We are confidence with our prudent management in both cities to maintain our healthy growth in both profit and sound investment in the property market in which we are good at in the years to come.

Finally, I will take this opportunity to express my appreciation to all our directors and staff for their effort and contribution during the years and our shareholders continuing support and loyalty to our group.

**Deacon Te Ken Chiu**  
*Chairman*

Hong Kong, 18th July, 2001

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

### **Mr. Deacon Te Ken CHIU, J.P.** (*Chairman*)

Mr. Chiu, aged 76, is the founder of the Far East Group. He has been the Chairman of Far East Consortium Limited, the predecessor of the Company, since 1972. He is now the Chairman of the Company, Far East Technology International Limited and Far East Hotels and Entertainment Limited. He has more than 50 years of business experience in financial and property investment and development, operation of entertainment; broadcast and tourism related business and hotel and industrial ownership and management. Mr. Chiu is a member of the Chinese People's Political and Consultative Conference. He is the founder of Yan Chai Hospital which was opened in 1973 and the founder and the Chairman of Ju Ching Chu Secondary School since 1966. In addition, he is the founder and permanent Honorary Chairman of The New Territories General Chamber of Commerce and the Vice-Patron of the Community Chest. Mr. Chiu is the husband of Madam Ching Lan Ju Chiu, the father of Messrs. Dick Tat Sang Chiu, David Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

### **Y. Bhg Dato' David CHIU, B.Sc.** (*Deputy Chairman & Chief Executive Officer*)

Dato' Chiu, aged 47, joined the Group in 1973. He had been the Managing Director of Far East Consortium Limited, the predecessor of the Company, since 1978 and was appointed Deputy Chairman and Chief Executive Officer of the Company on 8th December, 1994 and 8th October, 1997 respectively. He is also a Director of Far East Technology International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He holds a double degree of Bachelor of Science in Business Administration and Economics at Sophia University, Japan.

Dato' Chiu is the Vice-Chairman and a substantial shareholder of Malaysia Land Holdings Berhad, Malaysia. He is also the Chairman of Mori Denki Mfg. Co., Ltd. and Tokai Kanko Ltd., which are listed on the Tokyo Stock Exchange. Presently, Dato' Chiu is a member of the Guangxi Chinese People's Political and Consultative Conference in China and the Honorary Chairman of the Food, Biscuit and Beverage Association in Hong Kong. He has also been conferred an honorary award in Malaysia which carries the title "Dato" by His Majesty, the King of Malaysia, in July 1997. He is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Ju Chiu, the brother of Messrs. Dick Tat Sang Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

### **Mr. Steven Ying Wai KWAN, A.C.A. (Aust.)** (*Managing Director*)

Mr. Kwan, aged 54, joined the Company in August 2000. Prior to joining the Company, he was a vice chairman of Continental Mariner Investment Company Limited and Poly Investments Holdings Limited, both companies are listed on The Stock Exchange of Hong Kong Limited. He has been an executive director for both companies since 1983. Prior to that, Mr. Kwan had been in executive positions in the field of investment banking and finance for over 15 years in Asia (1978–1993). Mr. Kwan has been a chartered accountant in Australia since 1977. He has served as advisor and independent director for many publicly listed companies in Asia during the past 20 years. Currently, he is an independent non-executive director of Wah Fu International Holdings Limited, a publicly listed company in Hong Kong.

### EXECUTIVE DIRECTORS (continued)

#### **Mr. Craig WILLIAMS, B. ENG. (CIVIL)**

Mr. Williams, aged 49, was appointed as a Director of the Company in 2000. He is the Group's General Manager, Property (International). He is responsible for all property development in Canada, USA and Australia. He resides in Melbourne, Australia and is a Director of our Australian operations. He holds a degree of Bachelor of Civil Engineering from Melbourne University and before joining the Australian operations, was a Director of all development companies within Australia's largest property developer, the Lend Lease Group. Mr. Williams has extensive experience in all facets of property development and is the President of the St. Kilda Road Campaign Inc.

#### **Mr. Dennis CHIU, B.A.**

Mr. Chiu, aged 42, joined Far East Consortium Limited, the predecessor of the Company, in 1978. He is now an Executive Director of the Company and also the Managing Director of Far East Technology International Limited and a Non-executive Director of Far East Hotels and Entertainment Limited. He is also a Non-executive Director of London-listing Fortune Oil Plc and is actively involved in the business development in China, Singapore and Malaysia. Mr. Chiu is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Ju Chiu, the brother of Messrs. Dick Tat Sang Chiu, David Chiu and Daniel Tat Jung Chiu.

### NON-EXECUTIVE DIRECTORS

#### **Madam Ching Lan JU CHIU, J.P.**

Madam Chiu, aged 62, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1972. She is now a Non-executive Director of the Company and Far East Hotels and Entertainment Limited. Since 1975, she is the Honorary Vice-President of Hong Kong Girl Guides Association. She has been active in social circles and was Lady Chairman of Yan Chai Hospital for 1977/78. Madam Chiu is the founder and Honorary Chairman of New Territories Women's and Juveniles Welfare Association. She is a committee member and Supervisor of Ju Ching Chu Secondary School and the Chairman of Kowloon Women's Welfare Club. She is the member of Shanghai Standing Committee Chinese People's Political Consultative Conference since 1982. Since 1997, she is also the Honorary Vice-President of Hong Kong Federation of Women. She is the wife of Mr. Deacon Te Ken Chiu, the mother of Messrs. Dick Tat Sang Chiu, David Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

#### **Mr. Dick Tat Sang CHIU, M.A.**

Mr. Chiu, aged 50, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1972. He is now a Non-executive Director of the Company and Far East Hotels and Entertainment Limited. He graduated from the University of Cambridge with an honour Master of Arts degree in Economics. He is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Ju Chiu, the brother of Messrs. David Chiu, Dennis Chiu and Daniel Tat Jung Chiu.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (continued)

## **NON-EXECUTIVE DIRECTORS (continued)**

### **Mr. Daniel Tat Jung CHIU**

Mr. Chiu, aged 40, was appointed as a Director of Far East Consortium Limited, the predecessor of the Company, in 1984. He is now a Non-executive Director of the Company and Far East Technology International Limited. He was appointed as Vice-Chairman (Non-executive) of Far East Hotels and Entertainment Limited in 1999. He is the major shareholder and Vice-Chairman of London-listing Fortune Oil Plc and has extensive experience in China trade, petroleum trading and infrastructures investment and also takes an active part in several kinds of projects in Hong Kong and China. Mr. Chiu is the son of Mr. Deacon Te Ken Chiu and Madam Ching Lan Ju Chiu, the brother of Messrs. Dick Tat Sang Chiu, David Chiu and Dennis Chiu.

### **Mr. Kohei OGAWA, M.B.A., B.A.**

Mr. Ogawa, aged 44, joined the Company on 8th December, 1994 as the Managing Director and became a Non-executive Director of the Company on 1st July, 1997. He holds a master degree in Business Administration at Columbia University, the U.S.A. and Bachelor of Arts in Economics at Keio University, Japan. He has extensive experience in investment banking and venture capital business. He has worked at Goldman Sachs & Co. and one of the major Japanese trading firms and managed their trading business in the U.S.. He holds property broker licence in Japan. Mr. Ogawa was appointed as the President of Mori Denki Mfg Co., Ltd. in Japan in June, 1997 and as the President of Tokai Kanko Co. Ltd. in Japan in September, 1997.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **Datuk Kee Leong CHEE**

Datuk Chee, aged 59, was appointed as an Independent Non-executive Director of the Company in 1997. He has been appointed as Chairman, Managing Director and Director of various companies in Malaysia and Hong Kong. He is currently the Managing Director of CCL Management Services Limited and China Cashmere Limited.

### **Mr. David Kwok Kwei LO**

Mr. Lo, aged 42, holds the degrees of bachelor of laws and bachelor of jurisprudence from University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984. He has been a member of The Law Society of Hong Kong since 1987. He has been practising as a solicitor in Hong Kong for over 13 years and is a partner in David Lo & Partners. He joined the Board of Directors of the Company in 2000.

## **SENIOR MANAGEMENT**

### **Ms. Eva Yin Fun HUI**

Ms. Hui, aged 48, joined the Company in 1985. In 1994, she was promoted as the Group's General Manager in Malaysia. She is responsible for all property development in Malaysia. She also sits on the Board of Directors of various Malaysian subsidiaries of the Group.

### SENIOR MANAGEMENT (continued)

#### **Mr. Teng Tatt YEOH, B.Sc.**

Mr. Yeoh, aged 45, is an Executive Director and heads the project management team of the Mayland Group. Mr. Yeoh has over 20 years' experience in project management of various developments. Mr. Yeoh graduated with a Bachelor of Science (Civil Engineering) from the University of Manitoba, Canada in 1979 and upon graduation, he joined the Ministry of Housing. From 1982-1994. Mr. Yeoh joined several companies as project engineer and project manager. In 1995, Mr. Yeoh was appointed as a Senior Project Manager of the companies of the Far East Group within Malaysia, where he assumed a variety of roles including project planning, acquisition of land, coordination of the project with architects and consultants, liaising with the authorities, monitoring of project schedules, cost control and site management. Mr. Yeoh is a corporate member of Malaysia Institute of Engineers (M.I.E.M.) and is a registered Professional Engineer (P.E.) with Malaysia Board of Engineers.

#### **Mr. Kei Kon CHAN, B.A.**

Mr. Chan, aged 55, joined the company in 1996 as the General Manager of China Division responsible for the Group's industrial and property development project in China. He holds a degree of Bachelor of Political Science from Zhongshan University, Guangzhou in 1969.

Before joining the Group, he was the Managing Director of Tenmar International Ltd, an investment company specializing on China trade. He was also the Chairman of a number of industrial production companies in various parts of China.

#### **Mr. Eddie Yu Cheung LEUNG, M Arch, Registered Architect, Authorized Person (Architect)**

Mr. Leung, aged 29, is a Project Manager of the Company and is the head of project department. He is responsible for all new property development, renovation and re-development of existing properties of the Company in Hong Kong. He graduated with a degree of Bachelor of Arts in Architectural Studies and Master of Architecture from the University of Hong Kong. Mr. Leung is now the Registered Architect and Authorized Person (Architect) in Hong Kong. He has extensive experience in both architect's firm and developer, dealt with various kinds of property development such as residential building, luxury house, hotel, commercial building, grand shopping mall, railway station and school. Mr. Leung's major role in the Company includes project planning and coordination, architectural design, cost control and acquisition of land. He joined the Company in January, 2000.



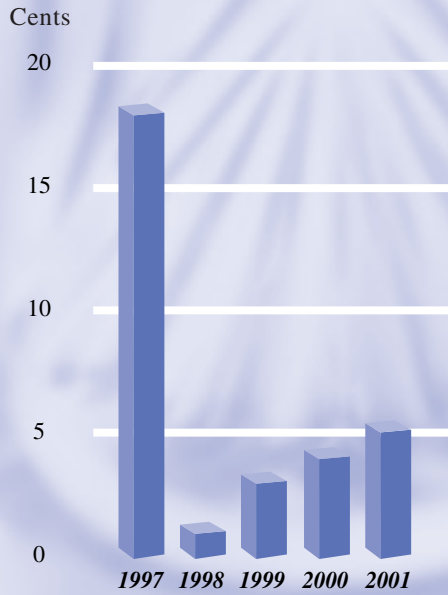
## FIVE-YEAR FINANCIAL SUMMARY

	<b>For the year ended 31st March,</b>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>RESULTS</b>					
Turnover	<u>450,590</u>	<u>414,108</u>	<u>668,858</u>	<u>621,675</u>	<u><b>510,353</b></u>
Profit before taxation	159,796	12,316	39,606	58,627	<b>57,117</b>
Taxation	<u>(28,854)</u>	<u>(15,414)</u>	<u>(10,628)</u>	<u>(24,758)</u>	<u><b>(12,403)</b></u>
Profit before minority interests	130,942	(3,098)	28,978	33,869	<b>44,714</b>
Minority interests	<u>10,087</u>	<u>7,059</u>	<u>(3,923)</u>	<u>(125)</u>	<u><b>3,198</b></u>
Net profit for the year	<u>141,029</u>	<u>3,961</u>	<u>25,055</u>	<u>33,744</u>	<u><b>47,912</b></u>
Earnings per share	<u>18 cents</u>	<u>0.5 cents</u>	<u>3 cents</u>	<u>4 cents</u>	<u><b>5 cents</b></u>
			<b>As at 31st March,</b>		
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	4,348,851	3,989,162	3,723,717	3,826,111	<b>4,057,514</b>
Total liabilities	(1,278,699)	(1,230,745)	(1,323,683)	(1,318,221)	<b>(1,597,885)</b>
Minority interests	<u>(68,899)</u>	<u>(35,237)</u>	<u>(39,127)</u>	<u>(71,445)</u>	<u><b>(65,821)</b></u>
Shareholders' funds	<u>3,001,253</u>	<u>2,723,180</u>	<u>2,360,907</u>	<u>2,436,445</u>	<u><b>2,393,808</b></u>

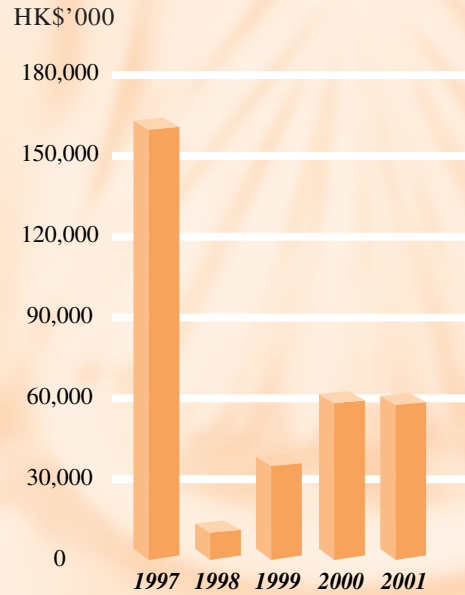
*Note:* The figures for prior periods of 1998 and 1999 have been adjusted to reflect the change in accounting policy for the adoption of SSAP 24. Comparative information for 1997 has not been restated to reflect the change in accounting policy because it is impracticable to do so.

# FINANCIAL HIGHLIGHTS

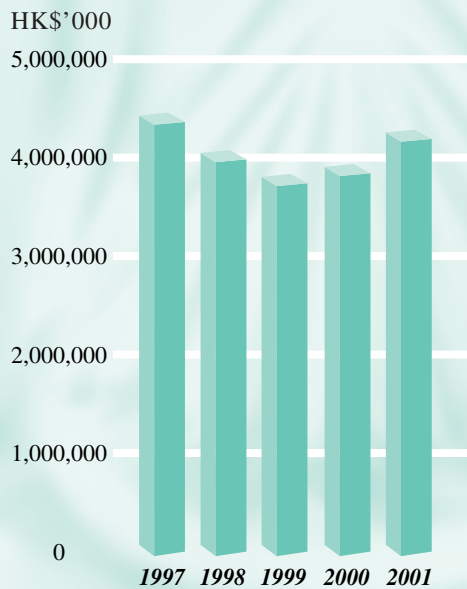
**EARNINGS PER SHARE**



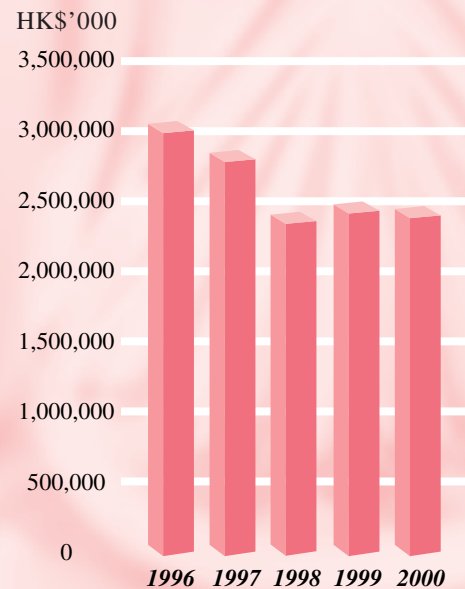
**PROFIT BEFORE TAXATION**



**TOTAL ASSETS**



**TOTAL NET ASSETS**



# MANAGEMENT DISCUSSION AND ANALYSIS

## CORPORATE RESULTS

During the financial year ended 31st March, 2001, the turnover was HK\$510,353,000, a decrease of 17.9% as compared to HK\$621,675,000 of the corresponding period in 2000. The operating profit has increased 42% from HK\$33,744,000 to HK\$47,912,000.

## FINANCIAL RESOURCES AND LIQUIDITY

### Borrowings and Charges on Group Assets

The Group's total borrowings amount to approximately HK\$1,011 million as at 31st March, 2001 (2000: HK\$688 million).

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate.

### Gearing Ratio

The gearing ratio (total bank borrowings to shareholders' equity) as at 31st March, 2001 was 42% (2000: 28.2%).

## REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

### 1. Property Division

#### *HONG KONG*

In the year under review to date, we acquired five additional projects namely Hung Shui Kiu, Yuen Long; Chuk Kok, Sai Kung; Fung Lok Wai, Yuen Long; Kou U Fong, Central and Hong Kong 26 Court, Mid-level, Central. Details of these and other existing projects are described as follows:

#### **Land Acquisitions**

*Hung Shui Kiu, Yuen Long* – a 7-storey residential development with a total gross floor area of approximately 38,000 sq.ft., is currently in the process of applying land exchange.

*Chuk Kok, Sai Kung* – this piece of land with a site area of about 30,000 sq.ft. acquired through government auction in December 2000 will be developed into 10 detached houses with a total gross floor area of approximately 12,000 sq.ft.. Site formation works will be commenced in late 2001.

*Fung Lok Wai, Yuen Long* – raw land area with approximately 8,610,000 sq.ft., will be developed into a residential project. The Group has an effective interest of 21.66% in the project after the acquisition of an additional 15.33% during the year for HK\$120,000,000.

*Kau U Fong, Central* – a piece of vacant land for commercial use to be developed into a 31-storey hotel development with 151 suites, covering a total gross floor area of approximately 63,000. Demolition work was completed and submission of building plans for government approval is scheduled to be in August 2001. Site work will commence upon approval thereafter.

*Hong Kong 26 Court, Mid-level, Central* – an existing residential block of units acquired during the year and will be held for rental purposes.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Continuing Projects**

*Baker Street, Hung Hom* – a 33-storey commercial-residential development with a total gross floor area of approximately 55,000 sq.ft. Superstructure work has commenced and the sales launch is scheduled for late 2001.

*Pak Shek Wo, Sai Kung* – a 15 detached house development with a total gross floor area of 18,000 sq.ft.. Access road construction and site formation work will commence in August 2001.

*Anchor Street, Tai Kok Tsui* – a 21-storey hotel development with 143 rooms with a total gross floor area of approximately 46,000 sq.ft.. Town planning application for hotel development will be submitted in August 2001.

*Tan Kwai Tsuen, Yuen Long* – this project consists of 62 units of 4-storey apartments with a total gross floor area of 52,000 sq.ft., is in the process of applying land exchange and access road formation.

*Sheung Yeung, Sai Kung* – it is proposed to build 24 village houses with a total gross floor area of 50,000 sq.ft.. Building work on Phase 1 with 4 houses will be commenced soon. Other phases will follow depending on government approval schedule.

## **CHINA**

*California Gardens* – this project in Shanghai continues contributing healthy profit to the Group and over 2,000 homes have been sold.

*New Time Plaza, Guangzhou* – the Group owns 45% of this project which consists of a completed 8,000 sq.m. auxiliary building and a 29-storey residential tower of 27,000 sq.m.. Preparation for the construction work of the residential tower is in progress. We intend to commence sales soon.

## **MALAYSIA**

With the revival of the country's economy, the Group's housing sales have picked up strongly with a total sale of over 500 units in the year under review. The Group continues to focus on the medium to medium low cost housing market where the demand is strongest.

*Karunmas Ehsan* – this project consists of a total of 812 units of terrace house, condominium, low cost flats and shop offices. Phase 1 and 2 totaling 426 units of terrace houses have been 95% sold and in Phase 3, comprising 240 units of condominiums, have been 90% sold.

*Taman Teluk Gedong Ludah* – this project consists of 628 units of terrace houses and 200 units of low cost flats. About 80% of the terrace house has been sold.

## **AUSTRALIA**

*St. Kilda Road, Melbourne* – about 90% of 120 units of office suites at 370 St. Kilda Road have been sold as at 31st March, 2001. The construction of the residential apartments at 360 St. Kilda Road is progressing well with completion of construction targeted for August 2001.

# MANAGEMENT DISCUSSION AND ANALYSIS

*Flinders Wharf, Melbourne* – the Group owns 50% of a high-class residential development with 266 units located on the Yarra River in the city of Melbourne next to the Melbourne Exhibition and Convention Center and the Crown Casino. The sales launched in June 2001 with over 130 units sold to date.

## 2. Hotel Division

*Dorsett Garden Hotel and Dorsett Seaview Hotel* – the Group operates two 3 stars hotels in Hong Kong, with a total of 356 rooms. The two hotels maintain an occupancy rate of over 85% on monthly weighted average basis since our takeover in February 2001 to date. The two hotels continue to provide a steady income to the Group.

*Dorsett Regency Hotel, Kuala Lumpur* – with 320 rooms, continues to perform well during the year with high occupancy throughout.

*Rockman Regency, Melbourne* – was sold to the J.W. Marriott group of USA and the Commonwealth Property Trust of Australia in February 2001.

*Dallas Grand Hotel, USA* – with 700 rooms plus convention facilities, will be refurbished and upgraded to enhance its occupancy rate and to meet the growing demand of rooms in the expanding convention market in Dallas in the years to come.

## 3. Industrial and Infrastructure Division

The boiler factory in Guangzhou had a moderate performance. The Board believes that the operation of the boiler factory will gradually improve.

The Company has acquired a 68% interest in the 44 km of the National Highway 311 in Henan Province which has been fully operational since January 2001 with two-ways tollroad collections. The Company expects this investment will contribute a satisfactory return starting this year.

## 4. Recurrent Income

The Group's rental income comes mainly from four commercial/office buildings in Hong Kong.

The occupancy rate of leased tenants maintained 90% during this review period.

## 5. Corporate Strategy and Outlook

The Group has full confidence in Hong Kong and will utilise its financial capabilities to concentrate in property development in Hong Kong and China. At present, our focus in China is to build middle-class link-houses in the "California Garden" in Shanghai and with intent to do the same in other major Chinese cities in future. With the aforesaid land acquisitions and continuing projects in Hong Kong, we expect to launch our development property sales program initially in August/September 2001. We are cautiously optimistic that the property development profits will be steady in the next five years following the financial year ending 2002.

# MANAGEMENT DISCUSSION AND ANALYSIS

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In order to achieve our corporate objective and to yield steady growth in and to enhance return on our assets, we will continue to:

- (a) dispose of our overseas assets and the non-core businesses in the Group;
- (b) strengthen our investment in 3 and 4 stars hotels in Hong Kong and China to meet the emerging demands of tourist occupancy for the advent of 2008 Beijing Olympics in China;
- (c) build quality and price competitive properties for sales; and
- (d) strive for management creativity, transparency and excellence.

**David Chiu**

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 18th July, 2001

# DIRECTORS' REPORT

The directors have pleasure in presenting to shareholders their annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2001.

## PRINCIPAL ACTIVITIES

The Company acted as an investment holding company and its subsidiaries were engaged in property investment and development, investment holding, share trading, hotel operation and manufacture of boiler products.

The Group's turnover and contribution to operating profit for the year ended 31st March, 2001, analysed by principal activity and geographical market, are set out in note 3 to the financial statements.

## PRINCIPAL SUBSIDIARIES AND ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Details of the Company's principal subsidiaries and associates and jointly controlled entity at 31st March, 2001 are set out in notes 51, 52 and 19 respectively to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2001 are set out in the consolidated income statement on page 23.

The directors recommend a final dividend for the year ended 31st March, 2001 of 2 cents (2000: 2 cents) per share to shareholders whose names appear on the Company's Register of Members on 27th August, 2001 amounting to HK\$19,049,000 and the retention of the remaining profit for the year of HK\$28,863,000. The final dividend will take the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the annual general meeting to be held on 27th August, 2001; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 27th August, 2001. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or before 3rd September, 2001. Dividends warrants or new shares certificates will be posted on 28th September, 2001.

## RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 36 to the financial statements.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 9.

## INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 14 to the financial statements.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

## **PROPERTIES UNDER DEVELOPMENT**

Details of movements during the year in the properties under development of the Group are set out in note 16 to the financial statements.

## **MAJOR PROPERTIES**

Details of the major properties of the Group at 31st March, 2001 are set out on pages 78 to 87 of the annual report.

## **SHARE CAPITAL AND WARRANTS**

Details of movements during the year in the share capital and warrants of the Company are set out in notes 33 and 34 to the financial statements respectively.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY**

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

## **BORROWINGS AND INTEREST CAPITALISED**

Obligations under finance leases and bank and other borrowings are set out in notes 28 and 29 to the financial statements respectively.

Interest capitalised by the Group during the year amounted to HK\$14,435,000.

## **ANALYSIS OF THE GROUP'S LIQUIDITY**

The Group's total bank borrowings outstanding as at 31st March, 2001 were approximately HK\$1,011 million (2000: HK\$688 million).

The directors consider that with the continuing support of the Group's bankers in respect of the existing secured banking facilities, the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.



# DIRECTORS' REPORT (continued)

## DIRECTORS

The directors of the Company during the year and up to the date of this report are:

### Executive Directors

Mr. Deacon Te Ken Chiu, *Chairman*

Dato' David Chiu, *Deputy Chairman and Chief Executive Officer*

Mr. Steven Ying Wai Kwan, *Managing Director* *(appointed on 23rd August, 2000)*

Mr. Michael Chi Ning O'Young *(resigned on 16th July, 2001)*

Mr. Craig Williams *(appointed on 29th September, 2000)*

Mr. Dennis Chiu

### Non-executive Directors

Madam Ching Lan Ju Chiu

Mr. Dick Tat Sang Chiu

Mr. Daniel Tat Jung Chiu

Mr. Kohei Ogawa

### Independent Non-executive Directors

Mr. Trevor John Bedford *(retired on 29th September, 2000)*

Datuk Kee Leong Chee

Mr. David Kwok Kwei Lo *(appointed on 29th September, 2000)*

In accordance with the provisions of the Company's Articles of Association, Dato' David Chiu, Mr. Kohei Ogawa, Mr. Craig Williams and Mr. David Kwok Kwei Lo shall retire by rotation and, being eligible, offer themselves for re-election.

The term of office for each of the directors is the period up to his or her retirement by rotation in accordance with the Company's Articles of Association.

## DIRECTORS' INTERESTS IN SHARES

### (a) Shares

At 31st March, 2001, the interests of the directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

<u>Name of Directors</u>	<u>Number of ordinary shares held</u>		
	<u>Personal interests</u>	<u>Corporate interests</u>	<u>Total</u>
Deacon Te Ken Chiu	9,688,973	106,764,126 ( <i>Note 1</i> )	116,453,099
David Chiu	310,690	269,364,371 ( <i>Note 2</i> )	269,675,061
Dennis Chiu	7,362	4,843,658 ( <i>Note 3</i> )	4,851,020
Ching Lan Ju Chiu	1,108,018	–	1,108,018
Dick Tat Sang Chiu	770,697	–	770,697
Daniel Tat Jung Chiu	36,250	3,877,218 ( <i>Note 4</i> )	3,913,468

*Note 1:* These shares are held by various companies controlled by Mr. Deacon Te Ken Chiu.

*Note 2:* These shares are held by Sumptuous Assets Limited, a company controlled by Mr. David Chiu.

*Note 3:* These shares are held by Chiu Capital N.V. and First Level Holdings Limited, both companies controlled by Mr. Dennis Chiu.

*Note 4:* These shares are held by First Level Holdings Limited and are entirely duplicated and included in the corporate interests of Mr. Dennis Chiu.

### (b) Options

#### (i) *The Company's option scheme*

The Company had adopted a share option scheme (the "Previous Option Scheme") on 24th May, 1990 which expired on 11th June, 2000.

A new share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 28th September, 2000. Under the Share Option Scheme, the directors are entitled to grant to employees or executives of any member of the Group, including executive directors (but not non-executive directors) options to subscribe for shares representing up to 10 per cent. of the issued share capital of the Company from time to time.

As at 31st March, 2001, Michael Chi Ning O'Young, a director of the Company had personal interests in share options under the Previous Options Scheme to subscribe for 3,000,000 shares in the Company at an exercise price of HK\$1.80 per share, exercisable from 8th October, 1998 to

# DIRECTORS' REPORT (continued)

## DIRECTORS' INTERESTS IN SHARES (continued)

7th October, 2001. Mr. Michael Chi Ning O'Young resigned as a director of the Company on 16th July, 2001 and the share options lapsed accordingly.

Save as disclosed above, no option was granted, exercised or lapsed by the Company.

Details of the Company's share option scheme are set out in note 35 to the financial statements.

### (ii) *The option scheme of the Company's subsidiary*

New China Homes, Ltd. ("NCH") has adopted a 1999 Stock Option and Restricted Stock Purchase Plan (the "Option Plan"). It is intended that options to purchase an aggregate of 600,000 common shares in NCH ("NCH Shares") will be granted under the Option Plan. The Option Plan is administered by the compensation committee of the Board of NCH. The compensation committee has complete discretion to determine which eligible individuals are to receive option grants, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory option, the vesting schedule to be in effect for the option grant and the maximum term of which any granted option is to remain outstanding. Each option granted under the Option Plan will have a maximum term of ten years, subject to earlier termination following the optionee's cessation of service with NCH. No options have been granted under the Option Plan since its adoption.

### (c) **Shares in associated corporations**

As at 31st March, 2001, the interests of the directors in the share capital of the Company's associated corporations were as follows:

<u>Name of Directors</u>	<u>Name of associated corporation</u>	<u>Number of ordinary shares held</u>
Deacon Te Ken Chiu	Far East Technology International Limited	110,926,800 (Note 1)
Ching Lan Ju Chiu	Far East Technology International Limited	6,110,000
David Chiu	Oi Tak Enterprises Limited	250,000
David Chiu	Libran Star (M) Sdn. Bhd.	125,000
Dennis Chiu	Far East Technology International Limited	47,010,200 (Note 2)
Daniel Tat Jung Chiu	Far East Technology International Limited	41,400,000 (Note 2)

Note 1: Include 6,110,000 shares held by Madam Ching Lan Ju Chiu, the spouse of Mr. Deacon Te Ken Chiu.

Note 2: Include 30,400,000 shares held by Cape York Investments Limited, a company beneficially owned by Mr. Dennis Chiu and Mr. Daniel Tat Jung Chiu.

Other than disclosed above, none of the directors nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **MANAGEMENT AND SERVICE CONTRACTS OF DIRECTORS**

None of the Directors of the Company has a contract of service with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

## **CONNECTED TRANSACTIONS**

On 6th December, 2000, the Company through its wholly owned subsidiary E-Cash Ventures Limited ("E-Cash") entered into an agreement (as supplemented by a supplemental agreement date 12th December, 2000 and an extension letter dated 19th January, 2001, collectively the "Agreement") with Yoshiya International Corporation, Limited ("Yoshiya") whereby E-Cash agreed to acquire from Yoshiya approximately 15.33% equity interest in Mutual Luck Investment Limited ("Mutual Luck") for a total cash consideration of HK\$120 million. Mutual Luck is the legal and beneficial owner of Fung Lok Wai in Yuen Long, Hong Kong with a site area of approximately 8.6 million sq.ft..

On 27th March, 2001, a second supplemental agreement was entered into between E-Cash and Yoshiya.

The Agreement together with the second supplemental agreement constitutes a connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has an approximately 8.63% equity interest in Yoshiya and Mr. David Chiu, a substantial shareholder, the Deputy Chairman and Chief Executive Officer of the Company, together with his associates including Rocket High Investments Limited and Tokai Kanko Co., Ltd. have an indirect shareholding of approximately 22.34% in Yoshiya.

The ordinary resolution approving and confirming the Agreement together with the second supplemental agreement was duly passed by the shareholders of the Company at the extraordinary general meeting held on 26th April, 2001.

## **SUBSTANTIAL SHAREHOLDERS**

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31st March, 2001.

## **DONATIONS**

During the year, the Group made charitable donations amounting to HK\$295,000.

## **POST BALANCE SHEET EVENT**

Details of a significant post balance sheet event are set out in note 48 to the financial statements.

# DIRECTORS' REPORT (continued)

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases.

The aggregate turnover attributable to the Group's five largest customers was less than 30% of total turnover.

## EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 31st March, 2001 was approximately 1,500.

The remuneration packages of the employees are reviewed annually or by special increment. Other staff benefits include medical and hospitalisation subsidies. The Group has not adopted any training scheme for the employees during the year.

Details of retirement benefits scheme are set out in note 50 to the financial statements.

## CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2001 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

## AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

On behalf of the Board

**David Chiu**

*Deputy Chairman and Chief Executive Officer*

Hong Kong, 18th July, 2001

# AUDITORS' REPORT

## 德勤·關黃陳方會計師行

Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港中環干諾道中111號  
永安中心26樓

**Deloitte  
Touche  
Tohmatsu**

### TO THE MEMBERS OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements on pages 23 to 77 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, 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 financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March, 2001, and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 18th July, 2001

# CONSOLIDATED INCOME STATEMENT

For the Year Ended 31st March, 2001

	<u>Notes</u>	<u>2001</u> <b>HK\$'000</b>	<u>2000</u> HK\$'000
Turnover	3	<b>510,353</b>	621,675
Cost of sales		<b>(323,691)</b>	(456,996)
Gross profit		<b>186,662</b>	164,679
Other revenue		<b>26,195</b>	50,361
Selling and distribution costs		<b>(7,506)</b>	(15,679)
Administrative expenses		<b>(117,810)</b>	(107,569)
Other operating expenses	4	<b>(34,807)</b>	(26,312)
Profit on disposal of other investments		–	32,546
Unrealised (losses) gains on other investments		<b>(13,482)</b>	16,716
Profit from operations	5	<b>39,252</b>	114,742
Profit arising from spin-off of a subsidiary, New China Homes, Ltd. (“NCH”)		–	31,934
Loss on disposal of discontinued operations	6	–	(9,053)
Profit on disposal of subsidiaries		<b>18,637</b>	–
Warrant reserve released on warrants expired during the year	36	<b>24,768</b>	–
Share of results of a jointly controlled entity		<b>4,975</b>	–
Share of results of associates		<b>20,292</b>	(20,645)
Finance costs	7	<b>(50,807)</b>	(58,351)
Profit before taxation		<b>57,117</b>	58,627
Taxation	10	<b>(12,403)</b>	(24,758)
Profit before minority interests		<b>44,714</b>	33,869
Minority interests		<b>3,198</b>	(125)
Net profit for the year	11	<b>47,912</b>	33,744
Dividends	12	<b>(19,049)</b>	(18,783)
Earnings per share	13	<b>5 cents</b>	4 cents
Diluted earnings per share		<b>N/A</b>	N/A

# BALANCE SHEETS

At 31st March, 2001

	<i>Notes</i>	<b>THE GROUP</b>		<b>THE COMPANY</b>	
		<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>					
Investment properties	14	<b>1,170,470</b>	1,149,118	–	–
Property, plant and equipment	15	<b>476,090</b>	377,708	–	–
Properties under development	16	<b>461,438</b>	385,999	–	–
Interests in subsidiaries	17	–	–	<b>1,939,565</b>	1,952,364
Interests in associates	18	<b>562,819</b>	446,907	–	–
Interest in a jointly controlled entity	19	<b>63,060</b>	60,990	–	–
Investments in securities	20	<b>108,808</b>	136,736	–	–
Amount due from an investee company	21	<b>57,655</b>	57,655	–	–
Other assets		<b>14,815</b>	14,815	–	–
Loans receivable	22	<b>252,806</b>	4,985	–	–
Deposits for acquisition of properties		–	91,256	–	–
Deposit for acquisition of an investment		<b>9,561</b>	8,875	–	–
Amounts due from minority shareholders	37	<b>563</b>	563	–	–
Amounts due from associates	23	<b>61,045</b>	144,995	–	–
Pledged bank deposits		<b>34,868</b>	43,351	–	–
		<b>3,273,998</b>	2,923,953	<b>1,939,565</b>	1,952,364
<b>Current assets</b>					
Completed properties for sale		<b>97,853</b>	40,354	–	–
Properties under development for sale	24	<b>368,489</b>	342,894	–	–
Deferred compensation cost		<b>2,236</b>	4,387	–	–
Debtors, deposits and prepayments	25	<b>173,398</b>	236,014	–	–
Loans receivable	22	<b>367</b>	46,275	–	–
Investments in securities	20	<b>211</b>	56	–	–
Inventories	26	<b>16,671</b>	30,413	–	–
Amounts due from associates	23	<b>55,705</b>	62,358	–	–
Taxation recoverable		<b>4,502</b>	–	–	–
Pledged bank deposits		<b>4,941</b>	17,795	–	–
Bank balances and cash		<b>59,143</b>	121,612	<b>416</b>	1,424
		<b>783,516</b>	902,158	<b>416</b>	1,424
<b>Current liabilities</b>					
Creditors and accruals	27	<b>172,461</b>	199,745	<b>1,846</b>	1,861
Customers' deposits received		<b>21,782</b>	35,902	–	–
Obligations under finance leases	28	<b>230</b>	496	–	–
Bank and other borrowings	29	<b>353,885</b>	229,163	–	–
Amount due to a director	30	<b>31,100</b>	–	–	–
Amounts due to related companies	31	<b>2,771</b>	4,182	–	–
Amounts due to associates	32	<b>28,317</b>	138,551	–	–
Taxation payable		<b>40,592</b>	32,130	–	–
Proposed final dividend		<b>19,049</b>	18,783	<b>19,049</b>	18,783
		<b>670,187</b>	658,952	<b>20,895</b>	20,644
Net current assets		<b>113,329</b>	243,206	<b>(20,479)</b>	(19,220)
		<b>3,387,327</b>	3,167,159	<b>1,919,086</b>	1,933,144



# BALANCE SHEETS (continued)

At 31st March, 2001

	<i>Notes</i>	<b>THE GROUP</b>		<b>THE COMPANY</b>	
		<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Capital and reserves</b>					
Share capital	33	<b>95,245</b>	93,915	<b>95,245</b>	93,915
Share premium and reserves	36	<b>2,298,563</b>	2,342,530	<b>1,823,841</b>	1,839,229
		<b>2,393,808</b>	2,436,445	<b>1,919,086</b>	1,933,144
<b>Minority interests</b>					
		<b>65,821</b>	71,445	–	–
<b>Non-current liabilities</b>					
Obligations under finance leases	28	<b>509</b>	162	–	–
Bank and other borrowings	29	<b>656,918</b>	458,978	–	–
Amounts due to associates	32	<b>245,448</b>	175,756	–	–
Amount due to a minority shareholder	37	<b>19,760</b>	19,760	–	–
Deferred taxation	38	<b>5,063</b>	4,613	–	–
		<b>927,698</b>	659,269	–	–
		<b>3,387,327</b>	3,167,159	<b>1,919,086</b>	1,933,144

The financial statements on pages 23 to 77 were approved by the Board of Directors on 18th July, 2001 and are signed on its behalf by:

**David Chiu**  
*Director*

**Steven Ying Wai Kwan**  
*Director*

# CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year 31st March, 2001

	<u>2001</u> <b>HK\$'000</b>	<u>2000</u> HK\$'000
Revaluation decrease on investments in securities held by the Group	<b>(17,796)</b>	(12,986)
Revaluation (decrease) increase on investment properties held by the Group	<b>(21,143)</b>	3,969
Revaluation increase on investment properties held by associates	<b>10,064</b>	18,894
Exchange differences arising on translation of financial statements denominated in currencies other than Hong Kong dollars	<b>2,125</b>	(6,277)
Share of associates' exchange differences arising on translation of financial statements denominated in currencies other than Hong Kong dollars	<u><b>(26,634)</b></u>	<u>(3,618)</u>
Net losses not recognised in the income statement	<b>(53,384)</b>	(18)
Net profit for the year	<u><b>47,912</b></u>	<u>33,744</u>
Total recognised gains and losses	<u><b>(5,472)</b></u>	<u>33,726</u>

# CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31st March, 2001

	<u>Notes</u>	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	39	<u>(97,357)</u>	<u>182,879</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		8,475	44,157
Interest paid		(67,106)	(84,211)
Dividends paid		(18,783)	(18,494)
Dividends paid to minority shareholders		(170)	–
Dividends received from associates		<u>8,218</u>	<u>13,168</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(69,366)</u>	<u>(45,380)</u>
TAXATION			
Hong Kong Profits Tax paid		(3,301)	(1,354)
Tax paid for other jurisdictions		(1,229)	(5,139)
Tax refund		<u>846</u>	<u>4,003</u>
NET TAXATION PAID		<u>(3,684)</u>	<u>(2,490)</u>
INVESTING ACTIVITIES			
Advance to an investee company		–	(1,553)
Purchase of property, plant and equipment		(2,547)	(231,253)
Purchase of other investments		–	(3,125)
Purchase of property under development		(68,853)	–
Proceeds from disposal of other investment		–	74,174
Deposits paid for acquisition of an investment		(686)	(8,875)
Additional investment in an associate		(12,873)	(643)
Additional investment in securities		(570)	–
Investment in a jointly controlled entity		–	(6,837)
Proceeds from disposal of properties and other fixed assets		1,088	17,490
Proceeds from disposal of properties under development		16,577	–
Net effect on disposal of a subsidiary		–	66,469
Advanced to loans receivable		(201,913)	(19,896)
Repayment from (advance to) associates		71,841	(22,832)
Decrease (increase) in pledged bank deposits		21,337	(55,621)
Purchase of investment properties		(12,569)	–
Purchase of subsidiaries (net of cash and cash equivalents acquired)	40	<u>(58,479)</u>	<u>–</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(247,647)</u>	<u>(192,502)</u>
NET CASH OUTFLOW BEFORE FINANCING CARRIED FORWARD		<u>(418,054)</u>	<u>(57,493)</u>

# CONSOLIDATED CASH FLOW STATEMENT (continued)

For the Year Ended 31st March, 2001

	<u>Notes</u>	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
NET CASH OUTFLOW BEFORE FINANCING BROUGHT FORWARD		<u>(418,054)</u>	<u>(57,493)</u>
FINANCING	41		
Issue of shares and warrants		6,652	9,725
Expenses on new shares issued		–	(92)
New loans raised		532,457	292,547
Repayments of loans		(326,638)	(238,608)
Repayments of capital element of finance leases		(553)	(792)
Advanced from (repayment to) associates		69,692	(45,850)
Capital contribution from minority shareholders		–	74,864
Repayment to an investee company		–	(2,684)
Advanced from directors		<u>31,100</u>	<u>–</u>
NET CASH INFLOW FROM FINANCING		<u>312,710</u>	<u>89,110</u>
(DECREASE) INCREASE IN CASH AND EQUIVALENTS		<u>(105,344)</u>	<u>31,617</u>
CASH AND CASH EQUIVALENTS AT 1ST APRIL		98,074	77,543
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		<u>12,007</u>	<u>(11,086)</u>
CASH AND CASH EQUIVALENTS AT 31ST MARCH		<u><u>4,737</u></u>	<u><u>98,074</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		59,143	121,612
Bank overdrafts		<u>(54,406)</u>	<u>(23,538)</u>
		<u><u>4,737</u></u>	<u><u>98,074</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March, 2001

## 1. GENERAL

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

### **Basis of consolidation**

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

### **Goodwill**

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group’s share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group’s share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration is credited to reserves.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Goodwill** (continued)

Premium on acquisition of associates or a jointly controlled entity, representing the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate or jointly controlled entity at the date of acquisition, is retained in the balance sheet as part of the Group's interests in associates or jointly controlled entities and charged to the income statement in subsequent years if, in the opinion of the Directors, its value has diminished.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill previously eliminated against or credited to reserves or capitalised within the Group's interest in associate or jointly controlled entity is included in the determination of the profit or loss on disposal of the subsidiary, associate or jointly controlled entity.

### **Investments in subsidiaries**

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

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment losses recognised.

### **Interests in associates**

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

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the premium paid less any discount on acquisition in so far as it has not already been written off.

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

### **Joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Joint ventures (continued)

#### *Jointly controlled entities*

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

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement. Where the investment cost in a jointly controlled entity is not expected to be fully recoverable in accordance with the contract terms upon dissolution of the jointly controlled entity at the expiry of the contractual arrangement, the expected shortfall is amortised over the remaining contractual period so as to reflect the pattern in which the economic benefits of the investment flows to the Group.

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

### Investment properties

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Properties under development held for long term purposes**

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

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

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

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

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Advantage has been taken of the transitional relief provided by paragraph 72 of Statement of Standard Accounting Practice No. 17 "Property, plant and equipment" issued by the Hong Kong Society of Accountants from the requirement to make regular revaluations of the Group's land and buildings and development properties which had been carried at revalued amounts prior to 30th September, 1995, and accordingly no further revaluation of land and buildings and development properties is carried out. In previous years, the revaluation increase arising on the revaluation of an asset included in land and buildings and development properties was credited to the assets revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the assets revaluation reserve relating to previous revaluation of the same asset. On the subsequent sale or retirement of revalued asset, the attributable revaluation surplus is transferred to retained profits.

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

No residual values have been assumed by the directors in considering the depreciation charges.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Property, plant and equipment** (continued)

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

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

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

### **Completed properties for sale**

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

### **Properties under development for sale**

Properties under development for sale are stated at cost, plus attributable profits, less any foreseeable losses and sales proceeds received and receivable.

### **Investments in securities**

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Other assets

Other assets represent club memberships and are stated at cost, as reduced by any impairment loss that is other than temporary.

### Deferred compensation cost

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

### Inventories

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

### Foreign currencies

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

On consolidation, the financial statements of subsidiaries, associates or jointly controlled entities which are denominated in currencies other than Hong Kong dollars and which operate in the People's Republic of China ("PRC") and overseas are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

### Taxation

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

### Leases

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (continued)

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

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### Revenue recognition

#### *(a) Sales of properties under development*

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

#### *(b) Sales of goods*

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

#### *(c) Hotel operations*

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

#### *(d) Rental income*

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

#### *(e) Interest income*

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

#### *(f) Management fee is recognised when the relevant services are provided.*

### Retirement benefits scheme

The pension costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

## 3. SEGMENTAL INFORMATION

Turnover represents the aggregate of gross rental and management fee income, proceeds from sales of properties and investments, loan interest income and commitment fees received, income from hotel operations, and sales of boiler and cement products, less returns and discounts.

The Group's turnover and contribution to profit from operations, analysed by principal activity are as follows:

	Turnover 2001 HK\$'000	Contribution from ordinary activities 2001 HK\$'000	Turnover 2000 HK\$'000	Contribution from ordinary activities 2000 HK\$'000
By principal activity:				
Continuing operations:				
Property investment and development	392,806	146,316	480,845	146,918
Loan interest income and commitment fees	15,463	12,135	3,370	870
Manufacture of boiler products	52,072	6,680	53,540	7,921
Hotel operation	42,148	16,091	55,505	3,086
Sale of shares	7,864	5,440	–	–
	<u>510,353</u>	<u>186,662</u>	593,260	158,795
Discontinued operations:				
Cement manufacturing	–	–	28,415	5,884
	<u>510,353</u>	<u>186,662</u>	<u>621,675</u>	164,679
Other revenue		26,195		50,361
Selling and distribution costs		(7,506)		(15,679)
Administrative expenses		(117,810)		(107,569)
Other operating expenses		(34,807)		(26,312)
Profit on disposal of other investments		–		32,546
Unrealised (losses) gains on other investments		(13,482)		16,716
Profit from operations		<u>39,252</u>		<u>114,742</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 3. SEGMENTAL INFORMATION (continued)

A geographical analysis of the Group's turnover and contribution to profit from operations, by location of market, is as follows:

	<b>Turnover</b>	<b>Contribution from ordinary activities</b>	<b>Turnover</b>	<b>Contribution from ordinary activities</b>
	<b>2001</b>	<b>2001</b>	<b>2000</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
By geographical market:				
Hong Kong	80,029	66,929	132,118	67,560
Other regions in the PRC	241,704	38,850	221,101	40,434
Malaysia	119,945	44,673	81,153	15,793
United States of America	13,054	1,515	34,597	(748)
Australia	49,778	32,457	117,229	33,761
Singapore	5,843	2,238	6,322	2,893
Others	–	–	740	(898)
	<u>510,353</u>	<u>186,662</u>	593,260	158,795
Discontinued operations:				
Other regions in the PRC	–	–	28,415	5,884
	<u>510,353</u>	<u>186,662</u>	<u>621,675</u>	164,679
Other revenue		26,195		50,361
Selling and distribution costs		(7,506)		(15,679)
Administrative expenses		(117,810)		(107,569)
Other operating expenses		(34,807)		(26,312)
Profit on disposal of other investments		–		32,546
Unrealised (losses) gains on other investments		(13,482)		16,716
Profit from operations		<u>39,252</u>		<u>114,742</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 4. OTHER OPERATING EXPENSES

<b>THE GROUP</b>	
<u>2001</u>	<u>2000</u>
<b>HK\$'000</b>	<b>HK\$'000</b>

Included in other operating expenses is:

Provision for advances to associates	<u>12,109</u>	<u>6,982</u>
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## 5. PROFIT FROM OPERATIONS

<b>THE GROUP</b>	
<u>2001</u>	<u>2000</u>
<b>HK\$'000</b>	<b>HK\$'000</b>

Profit from operations has been arrived at after charging (crediting):

Auditors' remuneration	2,135	2,156
Depreciation of		
– owned assets	13,422	14,166
– assets held under finance leases	<u>398</u>	<u>507</u>
	13,820	14,673
Staff costs	32,598	41,216
Operating lease charges		
– on land and buildings	1,119	1,980
– on furniture and fixtures	–	102
– motor vehicles	217	199
Provision for bad and doubtful debts	12,169	6,809
Retirement benefits scheme contributions, net of forfeited contributions/pension costs	198	1,503
Net foreign exchange losses (gains)	1,810	(2,802)
Profit on disposal of property, plant and equipment	70	25
Profit on disposal of investment properties	–	1,034
Amortisation of deferred compensation cost	2,151	2,201
Amortisation of interest in a jointly controlled entity	2,905	–
Net rental income	(88,497)	(64,928)
Bank interest income	<u>(8,475)</u>	<u>(40,661)</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 6. LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS

In 2000, the Group sold its subsidiaries, China White Cement Limited and Guangxi Hengxian County Special Cement and Construction Materials Company Limited, which carried on the business of manufacture of cement products of the Group and operated in the PRC. The loss on disposal of HK\$9,053,000 was calculated after deducting purchased goodwill of HK\$42,966,000 which was previously eliminated against reserves. The cash effects of the disposal are set out in note 42.

## 7. FINANCE COSTS

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	52,632	57,554
– not wholly repayable within five years	193	–
Other loans		
– wholly repayable within five years	11,828	14,284
Finance leases	106	121
Other finance costs	2,347	2,338
	<u>67,106</u>	<u>74,297</u>
Total borrowing costs	67,106	74,297
Less: amounts capitalised	(14,435)	(13,691)
amounts included in cost of sales	(1,864)	(2,255)
	<u>50,807</u>	<u>58,351</u>

## 8. DIRECTORS' EMOLUMENTS

	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Directors' fees	277	250
Other emoluments		
Salaries and other benefits	7,715	6,113
Retirement benefit contributions	12	–
	<u>8,004</u>	<u>6,363</u>
Total emoluments	8,004	6,363

The amounts disclosed above include directors' fees of HK\$50,000 (2000: HK\$50,000) and other emoluments of HK\$280,440 (2000: HK\$565,000) payable to independent non-executive directors.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 8. DIRECTORS' EMOLUMENTS (continued)

The emoluments of the directors were within the following bands:

	<u>2001</u> No. of directors	<u>2000</u> No. of directors
Nil to HK\$1,000,000	9	7
HK\$1,000,001 to HK\$1,500,000	3	1
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>2</u>

## 9. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, all (2000: two) were directors of the Company whose emoluments are included in the disclosures in note 8 above. The emoluments of the remaining three individuals in last year were as follows:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Salaries and other benefits	–	2,031
Retirement benefit contributions	<u>–</u>	<u>–</u>

Their emoluments were within the following bands:

	<u>2001</u> No. of employees	<u>2000</u> No. of employees
Nil to HK\$1,000,000	–	2
HK\$1,000,001 to HK\$1,500,000	<u>–</u>	<u>1</u>
	<u>–</u>	<u>3</u>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 10. TAXATION

	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
The charges comprise:		
Profits for the year:		
Hong Kong	2,759	1,920
Other regions in the PRC	5,834	5,786
Other jurisdictions	2,221	10,983
	<u>10,814</u>	<u>18,689</u>
Prior years		
Hong Kong	5	1,336
Other regions in the PRC	–	–
Other jurisdictions	278	2,382
	<u>283</u>	<u>3,718</u>
Deferred taxation		
Other regions in the PRC	(251)	701
Taxation attributable to the Company and its subsidiaries		
	10,846	23,108
Share of taxation attributable to associates		
	1,557	1,650
	<u>12,403</u>	<u>24,758</u>

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

Details of the unprovided deferred taxation are set out in note 38.

## 11. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$47,912,000 (2000: HK\$33,744,000), a profit of HK\$23,106,000 (2000: HK\$18,284,000) has been dealt with in the financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 12. DIVIDENDS

	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Final, proposed – 2 cents per share (2000: 2 cents)	<u>19,049</u>	<u>18,783</u>

## 13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of HK\$47,912,000 (2000: HK\$33,744,000) and on the weighted average number of 944,724,000 (2000: 931,417,000) ordinary shares in issue during the year.

No diluted earnings per share have been presented because the exercise prices of the Company's share options and warrants were higher than the average market price of shares for both 2001 and 2000.

## 14. INVESTMENT PROPERTIES

	<u>THE GROUP</u>
	HK\$'000
VALUATION	
At 1st April, 2000	1,149,118
Exchange adjustments	(36,151)
Acquisition of subsidiary	66,077
Additions	12,569
Revaluation decrease	<u>(21,143)</u>
At 31st March, 2001	<u>1,170,470</u>

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

The carrying amount of investment properties comprises:

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Land in Hong Kong:		
Long lease	613,377	556,994
Medium-term lease	277,037	287,439
Long outside Hong Kong:		
Freehold	168,558	188,037
Long lease	<u>111,498</u>	<u>116,648</u>
	<u>1,170,470</u>	<u>1,149,118</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 14. INVESTMENT PROPERTIES (continued)

Investment properties were revalued respectively by independent professional valuers in the relevant countries, namely DTZ Debenham Tie Leung in Hong Kong, CB Richard Ellis and Herron Todd White in Australia and Capital Land Property Service Ltd. in Singapore, on an open market basis at 31st March, 2001. The valuation give rise to revaluation decrease of HK\$21,143,000 which has been debited to the investment properties revaluation reserve.

The gross rental income from investment properties for the year ended 31st March, 2001 amounted to HK\$86,914,000 (2000: HK\$83,349,000).

## 15. PROPERTY, PLANT AND EQUIPMENT

	<b>Land and buildings</b>	<b>Other assets</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>THE GROUP</b>			
<b>COST OR VALUATION</b>			
At 1st April, 2000	384,538	64,303	448,841
Exchange adjustments	1,422	(403)	1,019
Additions	68	3,113	3,181
Acquisition of subsidiary	100,877	–	100,877
Transfer from properties under development	8,634	–	8,634
Disposals	–	(1,972)	(1,972)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March, 2001	495,539	65,041	560,580
Comprising:			
At cost	475,874	65,041	540,915
At 1994 professional valuation	19,665	–	19,665
	<u>          </u>	<u>          </u>	<u>          </u>
	495,539	65,041	560,580
	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEPRECIATION</b>			
At 1st April, 2000	39,123	32,010	71,133
Exchange adjustments	775	(284)	491
Provided for the year	7,398	6,422	13,820
Eliminated on disposals	–	(954)	(954)
	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March, 2001	47,296	37,194	84,490
	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET BOOK VALUES</b>			
At 31st March, 2001	<u>448,243</u>	<u>27,847</u>	<u>476,090</u>
At 31st March, 2000	<u>345,415</u>	<u>32,293</u>	<u>377,708</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of properties shown above comprises:

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Land in Hong Kong:		
Long lease	13,707	13,746
Medium-term lease	100,000	—
Land outside Hong Kong:		
Freehold	292,298	298,783
Medium-term lease	42,238	32,886
	<u>448,243</u>	<u>345,415</u>

Other assets with an aggregate net book value of HK\$1,301,000 (2000: HK\$1,188,000) were held under finance leases.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 16. PROPERTIES UNDER DEVELOPMENT

	<b>THE GROUP</b>
	<u>HK\$'000</u>
COST OR VALUATION	
At 1st April, 2000	385,999
Exchange adjustments	(5,426)
Additions	83,288
Transfer to property, plant and equipment	(8,634)
Transfer from properties under development for sales	70,932
Transfer to properties under development for sales	(48,144)
Disposals	(16,577)
	<u>                    </u>
At 31st March, 2001	<u><u>461,438</u></u>
Comprising:	
At cost	456,738
At 2000 professional valuation	4,700
	<u>                    </u>
	<u><u>461,438</u></u>
NET BOOK VALUES	
At 31st March, 2001	<u><u>461,438</u></u>
At 31st March, 2000	<u><u>385,999</u></u>

The net book value of properties shown above comprises:

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Land in Hong Kong:		
Long lease	<b>182,605</b>	160,513
Medium-term lease	<b>113,682</b>	84,975
Land outside Hong Kong:		
Freehold	<b>60,152</b>	120,344
Medium-term lease	<b>104,999</b>	20,167
	<u><b>461,438</b></u>	<u>385,999</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 16. PROPERTIES UNDER DEVELOPMENT (continued)

Part of the properties under development in Hong Kong with carrying value of HK\$4,700,000 (2000: HK\$4,700,000) is stated at valuations made by independent professional valuers, DTZ Debanham Tie Leung in March 2000 on an open market value basis.

Included in development properties is interest capitalised of approximately HK\$42,259,000 (2000: HK\$31,015,000).

## 17. INTERESTS IN SUBSIDIARIES

	<b>THE COMPANY</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unlisted shares, at cost	<b>1,210,284</b>	1,210,284
Advances thereto	<b>729,281</b>	742,080
	<b><u>1,939,565</u></b>	<b><u>1,952,364</u></b>

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

Details of the principal subsidiaries are set out in note 52.

## 18. INTERESTS IN ASSOCIATES

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Share of net assets other than goodwill	<b>575,913</b>	460,001
Discount arising on acquisition of associates	<b>(13,094)</b>	(13,094)
	<b><u>562,819</u></b>	<b><u>446,907</u></b>

Details of the principal associates are set out in note 53.

Market value

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong listed investments	<b><u>24,320</u></b>	<b><u>122,538</u></b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 18. INTERESTS IN ASSOCIATES (continued)

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

As Far East Technology International Limited ("Far East Technology") is listed on the Stock Exchange, only published financial information for the year ended 31st December, 2000 is disclosed in the below table.

	Far East Technology International Limited		Bermuda Investment Limited	
	31.12.2000	31.12.1999	31.3.2001	31.3.2000
	Audited	Audited	Audited	Audited
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Results for the year</b>				
Turnover	<u>181,935</u>	<u>94,691</u>	<u>22,374</u>	<u>22,570</u>
(Loss) profit from ordinary activities before taxation	<u>(97,236)</u>	<u>(95,957)</u>	<u>20,151</u>	<u>21,369</u>
(Loss) profit from ordinary activities before taxation attributable to the group	<u>(27,421)</u>	<u>(30,063)</u>	<u>5,038</u>	<u>4,504</u>
<b>Financial position</b>				
Non-current assets	<u>592,332</u>	<u>746,942</u>	<u>320,001</u>	<u>300,001</u>
Current assets	<u>280,404</u>	<u>134,754</u>	<u>2,597</u>	<u>3,052</u>
Current liabilities	<u>(388,040)</u>	<u>(293,920)</u>	<u>(5,745)</u>	<u>(5,902)</u>
Non-current liabilities	<u>(37,649)</u>	<u>(85,003)</u>	<u>–</u>	<u>–</u>
Minority interests	<u>(58,841)</u>	<u>(61,427)</u>	<u>–</u>	<u>–</u>
Net assets	<u>388,206</u>	<u>441,346</u>	<u>316,853</u>	<u>297,151</u>
Net assets attributable to the Group	<u>109,474</u>	<u>138,274</u>	<u>79,213</u>	<u>74,288</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 19. INTEREST IN A JOINTLY CONTROLLED ENTITY

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Share of net assets	<b>63,060</b>	<b>60,990</b>

As at 31st March, 2001, the Group had interests in the following jointly controlled entity:

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

The financial statements of Shangqiu Yongyuan Development Company Limited are not audited by Deloitte Touche Tohmatsu.

Under a joint venture agreement, the Group has an interest of 68% in Shangqiu Yongyuan Development Company Limited which based on capital contribution from the Group, an equity joint venture company in the PRC with a term of 21 years commencing from 31st July, 1997. Upon the completion of the construction work, the Group is entitled to 85% of the profits earned until it has recovered dividends to an amount equivalent to all its contribution. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until it has effectively recovered dividends equivalent to all its contribution for the agreed valuation of the relevant highway contributed. Thereafter, the Group's entitlement to share of profits is then in proportion to its contribution. At the end of the 21 years, the joint venture will be dissolved and the Group's interest in the joint venture will be surrendered to the PRC party for no consideration. Therefore, a HK\$2,905,000 investment cost of interest in a jointly controlled entity was amortised and the Group shared result of the joint venture project approximately HK\$4,975,000 (2000: HK\$ Nil) during the year.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 20. INVESTMENTS IN SECURITIES

### THE GROUP

	Trading securities		Other securities		Total	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Equity securities						
Listed	16,542	27,055	21,136	38,612	37,678	65,667
Unlisted	68,528	68,328	2,813	2,797	71,341	71,125
	<u>85,070</u>	<u>95,383</u>	<u>23,949</u>	<u>41,409</u>	<u>109,019</u>	<u>136,792</u>
Listed						
Hong Kong	16,542	27,055	20,853	38,301	37,395	65,356
Overseas	–	–	283	311	283	311
Unlisted	68,528	68,328	2,813	2,797	71,341	71,125
	<u>85,070</u>	<u>95,383</u>	<u>23,949</u>	<u>41,409</u>	<u>109,019</u>	<u>136,792</u>
Market value of listed securities	<u>16,542</u>	<u>27,055</u>	<u>21,136</u>	<u>38,612</u>	<u>37,678</u>	<u>65,667</u>
Carrying amount analysed for report purposes as:						
Current	–	–	211	56	211	56
Non-current	85,070	95,383	23,738	41,353	108,808	136,736
	<u>85,070</u>	<u>95,383</u>	<u>23,949</u>	<u>41,409</u>	<u>109,019</u>	<u>136,792</u>

## 21. AMOUNT DUE FROM AN INVESTEE COMPANY

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 22. LOANS RECEIVABLE

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Long-term loans receivable		
– secured	243,664	24,249
– unsecured	9,509	27,011
	<u>253,173</u>	<u>51,260</u>
Less: Amount due within one year shown as current assets	(367)	(46,275)
	<u><u>252,806</u></u>	<u><u>4,985</u></u>

## 23. AMOUNTS DUE FROM ASSOCIATES

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest free advances to associates (net of provision)	55,966	89,107
Interest bearing advances to associates (net of provision)	60,784	118,246
	<u>116,750</u>	<u>207,353</u>
Less: Amount due within one year shown as current assets	(55,705)	(62,358)
	<u><u>61,045</u></u>	<u><u>144,995</u></u>

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 24. PROPERTIES UNDER DEVELOPMENT FOR SALE

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
At cost	498,533	392,985
Transfer from properties under development	48,144	–
Transfer to properties under development	(70,932)	–
Add: Attributable profits recognised	27,296	22,642
	<u>503,041</u>	<u>415,627</u>
Less: Sales proceeds received and receivable	(134,552)	(72,733)
	<u><u>368,489</u></u>	<u><u>342,894</u></u>

## 25. DEBTORS, DEPOSITS AND PREPAYMENTS

The debtors, deposits and prepayments include debtors of HK\$75,725,000 (2000: HK\$138,155,000). The Group allows an average credit period of 60 days to its trade customers.

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

	<b>THE GROUP</b>	
	<u>2001</u>	<u>2000</u>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 60 days	43,236	42,915
61 – 90 days	3,977	22,387
> 90 days	28,512	72,853
	<u>75,725</u>	<u>138,155</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 26. INVENTORIES

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Raw materials	<b>7,115</b>	11,226
Work in progress	<b>5,899</b>	7,969
Finished goods	<b>3,657</b>	11,218
	<b><u>16,671</u></b>	<b><u>30,413</u></b>

The cost of inventories recognised as an expense during the year was HK\$51,915,000 (2000: HK\$90,150,000).

Included above are finished goods of HK\$2,556,000 (2000: HK\$10,144,000) which are carried at net realisable value.

## 27. CREDITORS AND ACCRUALS

The creditors and accruals include creditors of HK\$83,223,000 (2000: HK\$144,606,000).

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

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 60 days	<b>71,864</b>	30,702
61 – 90 days	<b>1,329</b>	28,969
> 90 days	<b>10,030</b>	84,935
	<b><u>83,223</u></b>	<b><u>144,606</u></b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 28. OBLIGATIONS UNDER FINANCE LEASES

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The maturity of obligations under finance leases is as follows:		
Within one year	230	496
More than one year, but not exceeding two years	201	90
More than two years, but not exceeding five years	308	72
	<u>739</u>	<u>658</u>
Less: amount due within one year shown under current liabilities	<u>(230)</u>	<u>(496)</u>
	<u><b>509</b></u>	<u><b>162</b></u>

## 29. BANK AND OTHER BORROWINGS

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank overdrafts	54,406	23,538
Bank loans	215,993	63,889
Mortgage loans	740,404	600,714
	<u>1,010,803</u>	<u>688,141</u>
Secured	997,654	639,337
Unsecured	13,149	48,804
	<u>1,010,803</u>	<u>688,141</u>
The maturity of the above loans and overdrafts is as follows:		
On demand or within one year	353,885	229,163
More than one year, but not exceeding two years	72,196	109,611
More than two years, but not exceeding five years	348,288	301,757
More than five years	236,434	47,610
	<u>1,010,803</u>	<u>688,141</u>
Less: Amount due within one year shown under current liabilities	<u>(353,885)</u>	<u>(229,163)</u>
	<u><b>656,918</b></u>	<u><b>458,978</b></u>

Details of the assets of the Group pledged to secure bank and other borrowings are set out in note 44.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 30. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest bearing at prevailing market rate and have no fixed repayment terms.

## 31. AMOUNTS DUE TO RELATED COMPANIES

The amounts are unsecured, non-interest bearing and have no fixed repayment terms. Certain directors of the Company have the beneficial interest in these companies.

## 32. AMOUNTS DUE TO ASSOCIATES

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Amounts due to associates, interest bearing	<b>179,898</b>	269,740
Amounts due to associates, interest free	<b>93,867</b>	44,567
	<b>273,765</b>	314,307
Less: Amount due within one year shown as current liability	<b>(28,317)</b>	(138,551)
	<b>245,448</b>	175,756

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

## 33. SHARE CAPITAL

	<b>Number of shares</b>		<b>Share capital</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Authorised:				
Ordinary shares of HK\$0.10 each	<b>1,500,000,000</b>	1,500,000,000	<b>150,000</b>	150,000
Issued and fully paid:				
At beginning of year	<b>939,147,635</b>	924,699,356	<b>93,915</b>	92,470
Issued pursuant to share dividend scheme for final dividend	<b>13,304,246</b>	13,008,253	<b>1,330</b>	1,301
Exercise of warrant subscription rights	–	1,440,026	–	144
At end of year	<b>952,451,881</b>	939,147,635	<b>95,245</b>	93,915

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 33. SHARE CAPITAL (continued)

On 27th October, 2000, the Company issued and allotted a total of 13,304,246 shares of HK\$0.5 each in the Company at par to the shareholder who elected to receive shares in the Company for the 2000 final dividends pursuant to the scrip dividend scheme announced by the Company on 23rd August, 2000. These shares rank pari passu in all respects with other shares in issue.

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

## 34. WARRANTS

The Company had the following warrants in issue at the balance sheet date:

	<b>Warrants with expiry date on 31st December, 2000 ("Warrants 2000") nominal value HK\$'000</b>
At 1st April, 1999	75,600
Exercised during the year	<u>(1,296)</u>
At 31st March, 2000	74,304
Lapsed during the year	<u>(74,304)</u>
At 31st March, 2001	<u><u>–</u></u>
Exercise price per share	<u><u>N/A</u></u>

## 35. SHARE OPTION SCHEME

The Group operates two share option schemes, details of which are as follows:

### (a) The Company's option scheme

Under the terms of the Share Option Scheme ("the Previous Option Scheme") which became effective on 24th May, 1990, the board of directors of the Company may offer to any employees including the Executive Directors of the Company, and any of its subsidiaries, options to subscribe for shares of the Company in accordance with the terms of the Previous Option Scheme. The Previous Option Scheme expired on 11th June, 2000.

A new share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 28th September, 2000.

## 35. SHARE OPTION SCHEME (continued)

### (a) The Company's option scheme (continued)

Under the Share Option Scheme, the directors are entitled to grant to employees or executives of any member of the Group, including executive directors (but not non-executive directors) options to subscribe for shares representing up to 10 per cent. of the issued share capital of the Company from time to time.

Options were granted under the Previous Option Scheme to Mr. Michael Chi Ning O'Young, a Director of the Company, to subscribe for ordinary shares of the Company at an exercise price of HK\$1.80 per share up to a maximum of 3,000,000 shares, calculated on the following basis:

- (a) entitled to subscribe for 1,000,000 shares after completion of services as Managing Director for the first year commencing from 8th October, 1997 till 7th October, 1998 on a full-year basis;
- (b) entitled to subscribe for an additional 1,000,000 shares at the end of each service year up to a maximum of 3,000,000 shares from the second year onwards calculated on a full-year basis;
- (c) in case of termination of services by either party during a year, there will not be any entitlement of the share option in that termination year;
- (d) The options are exercisable at any time between 8th October, 1998 and 7th October, 2001.

Mr. Michael Chi Ning O'Young resigned as a director of the Company on 16th July, 2001, and the options lapsed accordingly.

Except as disclosed on the above, no other option granted, exercised or lapsed during the year.

### (b) The option scheme of the Company's subsidiary

NCH has adopted a 1999 Stock Option and Restricted Stock Purchase Plan (the "Option Plan"). It is intended that options to purchase an aggregate of 600,000 common shares in NCH ("NCH Shares") will be granted under Option Plan. The Option Plan is administered by the compensation committee of the Board of NCH. The compensation committee has complete discretion to determine which eligible individuals are to receive option grants, the number of shares subject to each such grant, the status of any granted option as either an incentive stock option or a non-statutory option, the vesting schedule to be in effect for the option grant and the maximum term of which any granted option is to remain outstanding. Each option granted under the Option Plan will have a maximum term of ten years, subject to earlier termination following the optionee's cessation of service with NCH. No options have been granted under the Option Plan since their adoption.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 36. SHARE PREMIUM AND RESERVES

	Capital		Other	Investment		Exchange	Investment		Warrant	Retained	Total
	redemption	Share		Assets	properties		revaluation	Distributable			
	reserve	premium	reserve	reserve	reserve	reserve	reserve	reserve	reserve	profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>THE GROUP</b>											
At 1st April, 1999	253	639,186	169,352	668	159,567	826,391	(154,917)	(31,925)	25,200	634,662	2,268,437
Premium on exercise of warrants	-	1,152	-	-	-	-	-	-	-	-	1,152
Credit arising on scrip dividend	-	7,128	-	-	-	-	-	-	-	-	7,128
Revaluation increase (decrease) in the year	-	-	-	-	3,969	-	-	(12,986)	-	-	(9,017)
Profit for the year	-	-	-	-	-	-	-	-	-	33,744	33,744
Dividends	-	-	-	-	-	-	-	-	-	(18,783)	(18,783)
Realised on disposal of assets	-	-	-	(499)	458	-	-	6,634	-	499	7,092
Share of associate's reserves movement during the year	-	-	-	-	18,894	-	(3,618)	-	-	-	15,276
Realised upon disposal of subsidiaries	-	-	-	-	-	42,966	904	-	-	-	43,870
Exchange difference on translation of overseas operations	-	-	-	-	-	-	(6,277)	-	-	-	(6,277)
Release upon exercise of warrants	-	432	-	-	-	-	-	-	(432)	-	-
Share issue expenses	-	(92)	-	-	-	-	-	-	-	-	(92)
At 31st March, 2000	253	647,806	169,352	169	182,888	869,357	(163,908)	(38,277)	24,768	650,122	2,342,530
Credit arising on scrip dividend	-	5,322	-	-	-	-	-	-	-	-	5,322
Revaluation decrease in the year	-	-	-	-	(21,143)	-	-	(17,796)	-	-	(38,939)
Profit for the year	-	-	-	-	-	-	-	-	-	47,912	47,912
Dividends	-	-	-	-	-	-	-	-	-	(19,049)	(19,049)
Share of associate's reserves movement during the year	-	-	-	-	10,064	-	(26,634)	-	-	-	(16,570)
Exchange difference on translation of overseas operations	-	-	-	-	-	-	2,125	-	-	-	2,125
Released on expiry of warrants	-	-	-	-	-	-	-	-	(24,768)	-	(24,768)
At 31st March, 2001	253	653,128	169,352	169	171,809	869,357	(188,417)	(56,073)	-	678,985	2,298,563

The distributable reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation in 1991.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 36. SHARE PREMIUM AND RESERVES (continued)

The warrant reserve represents the amount received (net of expenses) in relation to the placement of warrants in 1999. During the year, the warrants expired and the reserve was credited to the income statement.

Included in the above is the Group's share of post-acquisition reserves of its associates, as follows:

	<b>Investment properties revaluation reserve HK\$'000</b>	<b>Exchange reserve HK\$'000</b>	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
At 1st April, 1999	97,094	(22,318)	93,278	168,054
Loss for the year retained	–	–	(22,295)	(22,295)
Share of associate's reserves movement during the year	<u>18,894</u>	<u>(3,618)</u>	<u>–</u>	<u>15,276</u>
At 31st March, 2000	115,988	(25,936)	70,983	161,035
Profit for the year retained	–	–	18,735	18,735
Share of associate's reserves movement during the year	<u>10,064</u>	<u>(26,634)</u>	<u>–</u>	<u>(16,570)</u>
At 31st March, 2001	<u><u>126,052</u></u>	<u><u>(52,570)</u></u>	<u><u>89,718</u></u>	<u><u>163,200</u></u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 36. SHARE PREMIUM AND RESERVES (continued)

	Redemption reserve HK\$'000	Share premium HK\$'000	Distributable reserve HK\$'000	Warrant reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>THE COMPANY</b>						
At 1st April, 1999	253	639,186	1,165,620	25,200	1,281	1,831,540
Premium on exercise of warrants	–	1,152	–	–	–	1,152
Release upon exercise of warrants	–	432	–	(432)	–	–
Credit arising on scrip dividend	–	7,128	–	–	–	7,128
Profit for the year	–	–	–	–	18,284	18,284
Dividends	–	–	–	–	(18,783)	(18,783)
Share issue expenses	–	(92)	–	–	–	(92)
	<u>253</u>	<u>647,806</u>	<u>1,165,620</u>	<u>24,768</u>	<u>782</u>	<u>1,839,229</u>
At 31st March, 2000	253	647,806	1,165,620	24,768	782	1,839,229
Credit arising on scrip dividend	–	5,323	–	–	–	5,323
Release on expiry of warrant	–	–	–	(24,768)	–	(24,768)
Profit for the year	–	–	–	–	23,106	23,106
Dividends	–	–	–	–	(19,049)	(19,049)
	<u>253</u>	<u>653,129</u>	<u>1,165,620</u>	<u>–</u>	<u>4,839</u>	<u>1,823,841</u>
At 31st March, 2001	253	653,129	1,165,620	–	4,839	1,823,841

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 36. SHARE PREMIUM AND RESERVES (continued)

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

	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Distributable reserve	1,165,620	1,165,620
Retained profits	<u>4,839</u>	<u>782</u>
	<u><u>1,170,459</u></u>	<u><u>1,166,402</u></u>

## 37. AMOUNTS DUE FROM (TO) MINORITY SHAREHOLDERS

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

## 38. DEFERRED TAXATION

	<u>THE GROUP</u>	
	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
Balance at beginning of year	4,613	4,120
Exchange difference	701	(208)
(Credit) charge for the year	<u>(251)</u>	<u>701</u>
Balance at end of year	<u><u>5,063</u></u>	<u><u>4,613</u></u>

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

	<u>Provided</u>		<u>Unprovided</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>THE GROUP</b>				
Tax effect of timing differences because of:				
Profit recognised under percentage of completion method	5,063	4,613	–	–
Excess of tax allowances over depreciation	–	–	729	356
Tax effect of taxation losses	<u>–</u>	<u>–</u>	<u>(46,111)</u>	<u>(46,171)</u>
	<u><u>5,063</u></u>	<u><u>4,613</u></u>	<u><u>(45,382)</u></u>	<u><u>(45,815)</u></u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 38. DEFERRED TAXATION (continued)

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

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

	<b>THE GROUP</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	<b>373</b>	141
Tax losses	<b>60</b>	(6,414)
	<b>433</b>	(6,273)

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

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

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

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Profit before taxation	57,117	58,627
Share of results of associates	(20,292)	20,645
Share of results of a jointly controlled entity	(4,975)	–
Depreciation	13,820	14,673
Interest income	(8,475)	(37,291)
Interest expenses	52,671	60,606
Provision for advances to associates	12,109	6,982
Profit arising from spin-off of a subsidiary, NCH	–	(31,934)
Loss on disposal of discontinued operation	–	9,053
Profit on disposal of investments in securities	–	(32,562)
Unrealised losses (profit) on investments in securities	13,482	(16,716)
Amortisation of interest in a jointly controlled entity	2,905	–
Amortisation of deferred compensation cost	2,151	–
Warrant reserve released on warrant expired during the year	(24,768)	–
Profit on disposal of subsidiaries	(18,637)	–
(Profit) loss on disposal of properties and other fixed assets	(70)	1,009
Decrease in amounts due to related companies	(1,411)	(19,327)
(Increase) decrease in completed properties for sale	(57,499)	30,919
(Increase) decrease in properties under development for sale	(48,383)	45,864
Decrease (increase) in amounts due from associates	6,653	(4,448)
(Decrease) increase in amounts due to associates	(110,234)	12,736
Decrease (increase) in debtors, deposits and prepayments	65,145	(12,805)
Increase in loans receivable	–	(18,285)
Decrease in investments in securities	–	5,011
Decrease in inventories	13,802	4,696
Decrease in customers' deposits received	(14,120)	(3,893)
(Decrease) increase in creditors and accruals	(28,348)	89,319
	<u>(97,357)</u>	<u>182,879</u>
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	<u>(97,357)</u>	<u>182,879</u>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 40. PURCHASE OF SUBSIDIARIES

	HK\$'000
Net asset acquired	
Investment properties	66,077
Property, plant and equipment	100,877
Debtors, deposit and prepayment	2,529
Inventories	60
Bank balance and cash	92
Creditors and accruals	(1,064)
Bank loans	(110,000)
Amounts due to ex-shareholders	(271,016)
	<u>                    </u>
	(212,445)
Assignment of amounts due to ex-shareholders	271,016
	<u>                    </u>
	<u>58,571</u>
Satisfied by:	
Cash consideration	<u>58,571</u>
Net cash outflow arising on acquisition:	
Cash consideration	58,571
Bank balance and cash acquired	(92)
	<u>                    </u>
Net cash outflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u>58,479</u>

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 41. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Warrant reserve	Share capital and share premium	Bank loans	Obligations under finance leases	Minority interests	Amount due to a minority shareholder	Amount due to investee companies	Amount due to associates	Amount due to a director
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at									
1st April, 1999	25,200	731,656	663,183	1,204	39,127	19,760	2,684	228,538	-
Net cash inflow (outflow)									
from financing	-	9,633	53,939	(792)	74,864	-	(2,684)	(45,850)	-
Share of profit for the year	-	-	-	-	125	-	-	-	-
Effect of spin-off of NCH	-	-	-	-	(31,934)	-	-	-	-
Effect of disposal of a subsidiary	-	-	(48,888)	-	(10,376)	-	-	-	-
Released upon exercise of warrants	(432)	432	-	-	-	-	-	-	-
Inception of finance leases contracts	-	-	-	246	-	-	-	-	-
Effect of foreign exchange rate changes	-	-	(3,631)	-	(361)	-	-	(6,932)	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at									
31st March, 2000	24,768	741,721	664,603	658	71,445	19,760	-	175,756	-
Net cash inflow (outflow)									
from financing	-	6,652	205,819	(553)	-	-	-	69,692	31,100
Share of loss for the year	-	-	-	-	(3,198)	-	-	-	-
Dividend paid to minority shareholders	-	-	-	-	(170)	-	-	-	-
Acquisition of subsidiary	-	-	110,000	-	-	-	-	-	-
Released upon expiry of warrants	(24,768)	-	-	-	-	-	-	-	-
Inception of finance leases contracts	-	-	-	634	-	-	-	-	-
Effect of foreign exchange rate changes	-	-	(24,025)	-	(2,256)	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at									
31st March, 2001	<u>          </u>	<u>748,373</u>	<u>956,397</u>	<u>739</u>	<u>65,821</u>	<u>19,760</u>	<u>          </u>	<u>245,448</u>	<u>31,100</u>



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 42. SALE OF SUBSIDIARIES

	<u>2001</u>	<u>2000</u>
	HK\$'000	HK\$'000
NET ASSETS DISPOSED OF		
Property, plant and equipment	–	93,757
Inventories	–	15,774
Debtors, deposits and prepayments	<b>91,256</b>	64,851
Bank balances and cash	–	1,531
Creditors and accruals	<b>(801)</b>	(56,888)
Bank and other borrowings	–	(48,888)
Taxation payable	–	(3,674)
	<u>90,455</u>	66,463
Minority interests	–	(10,376)
Attributable goodwill	–	42,966
	<u>90,455</u>	99,053
Profit (loss) on disposal	<u>18,637</u>	(9,053)
Total consideration	<u><b>109,092</b></u>	<u>90,000</u>
Satisfied by:		
Cash	–	68,000
Properties under development	–	22,000
Receipt of investment in associate	<u>109,092</u>	–
	<u><b>109,092</b></u>	<u>90,000</u>
Net cash inflow arising on disposal:		
Cash consideration	–	68,000
Bank balances and cash disposed of	–	(1,531)
	<u>–</u>	<u>66,469</u>

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

During the year, the Group entered into three agreements (“the Agreements”) with Malaysian parties to dispose of four subsidiaries (the “Subsidiaries”) which held the deposits for acquisition of properties in Thailand.

Pursuant to the Agreements, the Group agreed to sell its entire equity interests in the Subsidiaries for a consideration of HK\$109,092,000. The consideration was satisfied by way of exchange for 50% equity interest in a company which held land in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 43. NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$634,000 (2000: HK\$246,000).

## 44. PLEDGE OF ASSETS

- (a) The Group's properties and bank deposits with an aggregate net book value of approximately HK\$1,922 million (2000: HK\$1,337 million) together with properties of associates and third parties were mortgaged or pledged to the Group's bankers and loan creditors to secure banking and loan facilities granted to the Group and its associates to the extent of approximately HK\$1,328 million and HK\$101 million (2000: HK\$861 million and HK\$205 million) respectively.
- (b) The Group has entered into agreements with certain banks in respect of mortgage loans provided to house buyers of property project in the PRC. In accordance with those agreements, the Company deposits either 10% of the consideration of the properties sold and financed under the mortgage loans or between 10% and 20% of the amount of financing provided as a guarantee for settlement of the mortgage installments. Should mortgagors fail to pay mortgage installments, the bank can draw down the deposits up to the amount of mortgage installments not paid during the period from the mortgage drawdown to the date of releasing such guarantees. The guarantees will be released when property title deeds are passed to the banks as security for the respective mortgage loans. At the balance sheet date, deposit of approximately HK\$4,499,000 (2000: HK\$5,025,000) was placed with banks to guarantee the above agreements.

## 45. CAPITAL COMMITMENTS

- (i) At the balance sheet date, the Group had contracted but not provided for in the financial statements on property development expenditure of approximately HK\$191 million (2000: HK\$234 million); and
- (ii) At the balance sheet date, the Group had authorised but not yet contracted for additional expenditure of a property development project in Shanghai of approximately HK\$211 million (2000: HK\$204 million).

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 46. LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments payable in the following year under non-cancellable operating leases in respect of:

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Land and buildings which expire:		
– within one year	63	132
– in the second to fifth year inclusive	<u>16</u>	<u>–</u>
	<u>79</u>	<u>132</u>
Furniture and fixtures which expire:		
– within one year	<u>–</u>	<u>49</u>
Motor vehicles which expire:		
– in the second to fifth year inclusive	<u>217</u>	<u>217</u>

## 47. CONTINGENT LIABILITIES

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

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>2001</u> HK\$'000	2000 HK\$'000	<u>2001</u> HK\$'000	2000 HK\$'000
Guarantees issued to secure banking and other facilities made available to				
– subsidiaries	–	–	1,074,142	530,783
– third parties	11,000	11,000	11,000	11,000
– an investee company	<u>44,275</u>	<u>44,672</u>	<u>44,275</u>	<u>44,672</u>

(b) The Group has pre-sold part of the real estate development project in Shanghai, the PRC and has accrued for accounting purposes the full amount of provisional foreign enterprises income tax on the deemed profits arising from the pre-sale pursuant to the relevant tax regulations. The Group, however, has not made instalment payments in respect of the provisional tax liability because it has informally agreed with the relevant tax authority to allow the instalments to be delayed until the project is completed. Were the Group to be assessed at the daily rate of 0.2% on the balance due, as of 31st March, 2001 the potential delinquent charge would be approximate by HK\$23,256,000 (2000: HK\$12,689,000).

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 47. CONTINGENT LIABILITIES (continued)

- (c) The Group has given guarantee in respect of mortgage loans provided to the home buyers of a property project in PRC. At March 31, 2000 and 2001, the total amount of mortgages outstanding which are subject to these guarantees was HK\$80,742,000 and HK\$73,008,000 respectively.
- (d) The Group had entered into an agreement with the underwriters for the purpose of listing of its subsidiary, NCH in NASDAQ Stock Market in the United States of America. Pursuant to the said agreement, the Group have agreed that 25% of NCH shares held by the Group will be cancelled if the net income of NCH is less than US\$20 million in the next following one-year period commencing on the first day of the month following the closing date of the public offer of the NCH shares in the USA.

## 48. POST BALANCE SHEET EVENT

On 6th December, 2000, E-Cash Ventures Limited, a wholly owned subsidiary of the Company, has entered into a sale and purchase agreement (the "Agreement") to purchase from Yoshiya International Corporations Ltd. ("Yoshiya") approximately 15.33% equity interest of Mutual Luck Investment Limited ("MLIL"), for a total cash consideration of HK\$120,000,000. On 8th February, 2001, as the shareholders of Yoshiya adjourned the Extraordinary General Meeting ("EGM") to 31st March 2001, the conditions precedent to Completion could not be fulfilled on or before 11th February, 2001. The shareholders of Far East have therefore resolved to adjourn the EGM. On 26th April, 2001, the EGM was duly held by the shareholders of Yoshiya and the Agreement was approved. MLIL is the legal and beneficial owner of a piece of land in Fung Lok Wai, Yuen Long, Hong Kong with a site area of approximately 8.6 million sq.ft..

## 49. RELATED PARTY TRANSACTIONS

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

### (a) Directors and their associates

	<u>2001</u>	<u>2000</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Proceeds from sale of a property (note (i) below)	–	33,000
Interest expenses (note (ii) below)	<u>1,296</u>	<u>1,186</u>

- (i) In 2000, the Group has disposed of its property to the wife of Dato' David Chiu, a director of the Company for an amount of HK\$33,000,000. The transaction price is determined by the Directors on the basis of estimated market value.
- (ii) This transaction has been entered into on terms agreed by the parties concerned with reference to prevailing market rates.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 49. RELATED PARTY TRANSACTIONS (continued)

### (b) Associates

	<u>2001</u> HK\$'000	<u>2000</u> HK\$'000
Dividend income	(4,320)	(4,620)
Interest income	(17,641)	(19,629)
Interest expenses	5,327	13,376
Building management fee expenses	<u>1,214</u>	<u>4,179</u>

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

Details of the balances with related parties as at the balance sheet date are set out in notes 23, 30, 31 and 32.

## 50. RETIREMENT BENEFIT SCHEME

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of Shares	Par value per share	Class of shares held		
Dorsett Regency Hotel (M) Sdn. Bhd. *	5,000,000	MS\$1	Ordinary	100	Hotel investment and operation
Dunball Limited	2	HK\$1	Ordinary	100	Property investment
Dunjoy Limited	2	HK\$1	Ordinary	100	Investment holding
Dynahome Development Sdn. Bhd. *	1,255,000	MS\$1	Ordinary	100	Investment holding
E-Cash Venture Limited	1	US\$1	Ordinary	100	Investment holding
Elliott Investment Corporation *	2	Nil	Ordinary	100	Investment holding and share investment
Esmart Management Limited	2	HK\$1	Ordinary	100	Hotel management
Ever Liberty (M) Sdn. Bhd. *	2	MS\$1	Ordinary	100	Property investment
Everkent Development Limited	2	HK\$1	Ordinary	100	Property development
Far East Consortium China Infrastructure Company Limited (formerly known as China Housing Development Limited)	2	HK\$1	Ordinary	100	Investment holding
Far East Consortium China Investments Limited	6,000	HK\$100	Ordinary	100	Investment holding
Far East Consortium China Land Corporation Limited	1,000	HK\$100	Ordinary	100	Property development
Far East Consortium Limited	830,650,000	HK\$1	Ordinary	100	Investment holding and property investment
Far East Consortium Holdings (Australia) Pty Limited *	12 235	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holding
Far East Consortium Machinery Limited	2	HK\$1	Ordinary	100	Investment holding
Far East Consortium (Malaysia) Limited *	2	HK\$1	Ordinary	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	6,000	US\$1	Ordinary	100	Investment holding
Far East Consortium Properties Pty Limited *	12 225	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holding and property investment
Far East Consortium Property & Marketing Service Pty Limited *	1	A\$1	Ordinary	100	Property development

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of Shares	Par value per share	Class of shares held		
Far East Real Estate and Agency (H.K.) Limited	60,000	HK\$100	Ordinary	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited *	12 375	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holding
Far East Rockman Investments Pty Limited *	12 125	A\$1 A\$0.01	Ordinary Redeemable preference	100 100	Investment holding
FEC Development (Malaysia) Sdn. Bhd. *	2	M\$1	Ordinary	100	Investment holding
FEC Properties Limited	1	US\$1	Ordinary	100	Property investment
FEC Property Services Pty Ltd.	1	A\$1	Ordinary	100	Loan financing
FEC Strategic Investments (Netherlands) B.V. *	120,000	DFL1	Ordinary	100	Investment holding
Fortune Plus (M) Sdn. Bhd. *	935,000	M\$1	Ordinary	100	Property investment
Garden Resort Development Limited	100	HK\$1	Ordinary	100	Property development
Goldleaf Limited *	1	US\$1	Ordinary	100	Investment holding
Grandco Investment Limited	1	US\$1	Ordinary	100	Property investment
Guangzhou Pegasus Boiler Manufacture Company Limited *	Nil	HK\$50,000,000	Nil	51	Operation of boiler factory
Hamsher International Ltd. *	29,805,065	US\$1	Ordinary	100	Hotel investment and operation
Hayworth Holdings Limited	100	£1	Ordinary	100	Investment holding
Henrik Investment Limited *	2	HK\$1	Ordinary	100	Property investment
Hero Housing Limited	880	HK\$1,000	Ordinary	100	Property investment
Karunmas Ehsan Sdn. Bhd.	250,000	M\$1	Ordinary	51	Property development
Kuala Lumpur Land Holdings Limited	100	£1	Ordinary	100	Investment holding
Madison Lighters and Watches Company Limited	4	HK\$1	Ordinary	100	Investment holding
Mayland Universal Sdn. Bhd. (formerly known as Universal Star (M) Sdn. Bhd.) *	500,000	M\$1	Ordinary	100	Property development
Mayland Victory Sdn. Bhd. (formerly known as Suzin Mizlin Sdn. Bhd.) *	2,340,000	M\$1	Ordinary	100	Land development
New China Homes, Ltd.	12,700,000	US\$1	Common	75.2	Investment holding
New Time Plaza Development Limited	1,000	HK\$1	Ordinary	100	Investment holding
New Union Investments (China) Limited	300	HK\$1	Ordinary	100	Investment holding



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of Shares	Par value per share	Class of shares held		
N.T. Horizon Realty (Jordan) Limited	2	HK\$100	Ordinary	100	Property investment
Oi Tak Enterprises Limited *	1,000,000	HK\$1	Ordinary	75	Investment holding
Pacific Boulevard Hotel (M) Sdn. Bhd. *	2,000,000	M\$1	Ordinary	100	Property development
Pansy Development Limited *	2	HK\$1	Ordinary	100	Property investment
Peacock Management Services Limited	2	HK\$1	Ordinary	100	Administration services
Polyland Development Limited	2	HK\$1	Ordinary	100	Property investment
Ready Town Limited	2	HK\$1	Ordinary	100	Property and share investment
Redleaf Properties Limited *	20,000	US\$1	Ordinary	100	Investment holding
Rich Diamond Holdings Limited	10	US\$1	Ordinary	70	Investment holding
Ridon Investment Limited	2	HK\$1	Ordinary	100	Investment holding and share investment
Roseville Enterprises Limited	6,000	HK\$100	Ordinary	100	Property investment
Royal Domain Plaza Pty. Ltd.	2	A\$1	Ordinary	100	Property investment
Royal Domain Towers Pty. Ltd.	2	A\$1	Ordinary	100	Property investment
Ruby Way Limited	2	HK\$1	Ordinary	100	Property investment
Scarborough Development Limited *	2	HK\$1	Ordinary	100	Property investment
Shanghai Chingchu Property Development Company Limited	Nil	US\$9,000,000	Nil	98.2	Developing, selling and leasing properties
Sheen Profit Industries Limited	2	HK\$1	Ordinary	100	Property development
Shelborn Enterprises, Inc.	10	US\$1	Ordinary	100	Investment holding
Singford Holdings Limited *	1	US\$1	Ordinary	100	Share investment
Sovereign Land Company Limited *	2	HK\$100	Ordinary	100	Property investment
Star Bridge Development Limited *	2	HK\$1	Ordinary	100	Property development
Stoneline Sdn. Bhd. *	100	M\$1	Ordinary	100	Investment holding
Teampearl Company Limited *	5,001 4,999	HK\$1	Class A Class B	100 100	Property development

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group	Principal activities
	Number of Shares	Par value per share	Class of shares held		
Tomarta Sdn. Bhd. *	1,000,000	MS\$1	Ordinary	100	Property trading
Top Trend Developments Limited	2	US\$1	Ordinary	100	Property investment
Turbulent Limited	2	HK\$10	Ordinary	100	Investment holding
Upperace Development Limited *	1,000,000	HK\$1	Ordinary	100	Investment holding
Victoria Land Pty. Ltd. *	12	A\$1	Ordinary	100	Management services
Vico Overseas Inc. *	4	US\$1	Ordinary	75	Property investment
Vicco Development Limited	2	HK\$1	Ordinary	100	Investment holding
Virgobee Limited	2	HK\$1	Ordinary	100	Property investment
Waldorf Development Pte Limited *	2	S\$1	Ordinary	100	Property investment
Waldorf Holdings Pte Limited *	1,000,000	S\$1	Ordinary	100	Property investment
Wonder China Investments Limited	1	US\$1	Ordinary	100	Investment holding

\* Companies not audited by Deloitte Touche Tohmatsu.

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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

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

Name of indirect subsidiary	Place of incorporation	Place of operation
404577 Alberta Ltd.	Canada	Canada
413643 Alberta Ltd.	Canada	Canada
Action Fulfilled Assets Limited	British Virgin Islands	Hong Kong
Cathay General Inc.	Republic of Liberia	Hong Kong
China Web Incorporated	Cayman Islands	Hong Kong
Ching Chu Property Management (Shanghai) Company Limited	The PRC	The PRC
Coventry Investments Inc.	Republic of Liberia	Republic of Liberia
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
Dynahome Development Sdn. Bhd.	Malaysia	Malaysia
E-Cash Ventures Limited	British Virgin Islands	Hong Kong
Elliott Investment Corporation	Panama	Hong Kong
Ever Liberty (M) Sdn. Bhd.	Malaysia	Malaysia
Far East Consortium Holdings (Australia) Pty. Limited	Australia	Australia
Far East Consortium (Netherlands Antilles) N.V.	Netherlands Antilles	Netherlands Antilles
Far East Consortium Properties Pty Limited	Australia	Australia
Far East Consortium Property & Marketing Service Pty. Limited	Australia	Australia
Far East Rockman Hotels (Australia) Pty Limited	Australia	Australia
Far East Rockman Investments Pty. Limited	Australia	Australia
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	Malaysia
FEC Properties Limited	British Virgin Islands	Hong Kong
FEC Property Services Pty. Ltd.	Australia	Australia
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	The Netherlands
Fortune Plus (M) Sdn. Bhd.	Malaysia	Malaysia
Goldleaf Limited	British Virgin Islands	Malaysia
Grandco Investment Limited	British Virgin Islands	The U.S.A.
Guangzhou Pegasus Boiler Manufacture Company Limited	The PRC	The PRC
Hamsher International Ltd.	British Virgin Islands	The U.S.A.
Hayworth Holdings Limited	Channel Islands	Malaysia
Karunmas Ehsan Sdn. Bhd.	Malaysia	Malaysia
Kuala Lumpur Land Holdings Limited	Channel Islands	Malaysia
Mayland Universal Sdn. Bhd.	Malaysia	Malaysia
Mayland Victory Sdn. Bhd.	Malaysia	Malaysia
New China Homes, Ltd.	Cayman Islands	The PRC
Pacific Boulevard Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
Redleaf Properties Limited	British Virgin Islands	Malaysia
Rich Diamond Holdings Limited	British Virgin Islands	The Philippines

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 51. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of indirect subsidiary	Place of incorporation	Place of operation
Royal Domain Plaza Pty. Ltd.	Australia	Australia
Royal Domain Towers Pty. Ltd.	Australia	Australia
Shanghai Chingchu Property Development Company Limited	The PRC	The PRC
Shelborn Enterprises, Inc.	British Virgin Islands	The U.S.A.
Singford Holdings Limited	British Virgin Islands	Hong Kong
Stoneline Sdn. Bhd.	Malaysia	Malaysia
Top Trend Developments Limited	British Virgin Islands	China
Tomarta Sdn. Bhd.	Malaysia	Malaysia
Victoria Land Pty. Ltd.	Australia	Australia
Vico Overseas Inc.	British Virgin Islands	Malaysia
Waldorf Development Pte Limited	Singapore	Singapore
Waldorf Holdings Pte Limited	Singapore	Singapore
Wonder China Investments Limited	British Virgin Islands	The PRC

## 52. PARTICULARS OF PRINCIPAL ASSOCIATES

Name of indirect associate	Class of shares held	Issued share capital		Principal activities
		Proportion of nominal value of issued capital/registered capital held by the Group		
Alicegate Pty. Ltd. (formerly known as Rockman's Regency Towers Pty. Ltd.) *	Ordinary	49		Investment holding
Bermuda Investments Limited *	Ordinary	25		Property investment
Bradney Proprietary Limited *	Ordinary	50		Investment holding
Far East Technology International Limited	Ordinary	31.33		Investment holding, share and property investments
Flinders Wharf Management Pty. Ltd. *	Ordinary	50		Property management
Gold Coin (Hong Kong) Limited *	Ordinary	26		Investment holding
Gold Coin Feedmill (China) Limited *	Ordinary	26		Operation of feedmill factory
Guangdong Xin Shi Dai Real Estate Limited *	Nil	45		Property development
Kanic Property Management Limited *	Ordinary	50		Building management
Libran Star (M) Sdn. Bhd. *	Ordinary	50		Property development
Liuzhou Universe Compressor Company Limited *	Nil	25.24		Operation of compressor factory

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31st March, 2001

## 52. PARTICULARS OF PRINCIPAL ASSOCIATES (continued)

Name of indirect associate	Class of shares held	Issued share capital		Principal activities
		Proportion of nominal value of issued capital/registered capital held by the Group		
Mayland Development Sdn. Bhd. (formerly as Mega Master (M) Sdn. Bhd.) *	Ordinary	45		Property investment
Naples Investments Limited *	Ordinary	35		Investment holding
Northleisure Proprietary Ltd.*	Ordinary	50		Investment holding
Northrock Investments Proprietary Limited *	Ordinary	49.09		Loan financing
	Cumulative redeemable preference	49.98		
Peacock Estates Limited *	Ordinary	25		Property investment
Philippine Dream Company, Inc. *	Ordinary	25.2		Hotel investment and operation
Regency Hotels Proprietary Limited *	Ordinary	49		Investment holding
Young Heung International (BVI) Ltd	Ordinary	20		Manufacturing of steel products

\* Companies not audited by Deloitte Touche Tohmatsu.

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

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

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

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
1. 16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors and Flat Roof on 24th Floor), Far East Consortium Building, 121 Des Voeux Road Central	120/736 shares of and in IL 2198, 2200, 2201, Sec. A and RP of IL 2199 and Sec. A, B & C of ML 299	100%	—
2. Unit 1 on G/F and Unit 3 on Level 1 (known as Golden Palace Theatre) and Flats 1A, 1C Tung Wai Garden, 419G Queen's Road West and 4 Sai On Lane, Sai Ying Pun	5598/25701 shares of and in RP of Sec. B of ML 205	100%	—
3. Unit B on 1/F, Cheong Kat Mansion, 98-100 Catchick Street and 21-23 Cadogan Street, Kennedy Town	8/180 shares of and in RP of Ss1 of Sec. A & RP of Sec. A of Ss1 of Sec. A of IL 1298	100%	—
4. The entire basement to 6/F (except for the cinema) and Flat A on 24/F and Roof, Far East Bank Mongkok Building, 240-244 Portland Street and 11 Nelson Street, Mongkok	95/400 shares of and in RP of KIL 1385-1386	100%	—
5. Far East Consortium Building, 204-206 Nathan Road, Tsim Sha Tsui, Kowloon	RP of KIL 10467 & RP of KIL 10468	100%	—
6. Far East Bank Tsuen Wan Building, 135-143 Castle Peak Road, Tsuen Wan	Lot 2158 in DD 449	100%	—
7. G/F, Garden Area and 1/F of Block 4, and carparking spaces nos. 1, 4, 25, 61 & 62, Rise Park Villas, Razor Hill Road, Sai Kung	69/1408 shares of and in Lot 1124 in DD 253	100%	—

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
2,473	O	Completed	Existing
658	C & R	Completed	Existing
91	C	Completed	Existing
4,280	S & R	Completed	Existing
3,579	S & O	Completed	Existing
9,076	S, R & C	Completed	Existing
598	R & CP	Completed	Existing

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
8. Various shops on LG/F and UG/F, Tsuen Wan Gardens Phase 1, 15-23 Castle Peak Road, Tsuen Wan	241/4400 shares of and in TWTL 241	100%	—
9. Various lots, Pak Kong, Sai Kung	Lots 1134 RP, 1137 RP, 1138 & 1139 RP in DD 222	100%	3,525
10. Shops 17, 18 and 20 on G/F, commercial portion of 1/F - 3/E, Tung Fai Court, 2 Shui Che Kwun Street, Yuen Long	249/750 shares of and in YLTL 287 & 349	100%	—
11. Route TWISK, Chuen Lung	Various lots in DD 360, DD 433 and DD 435	100%	32,202
12. Shop 6 on G/F and whole of 1/E, Cheong Hung Mansion, 2-14 Mei Fong Street, Kwai Chung	119/1000 shares of and in KCTL 186 & 295	100%	—
13. Shop C on Ground Floor and 1/F to 3/F, Full Hang Court, Nos. 104-112 Ma Tau Wai Road, Hung Hom	213/527 shares of and in KIL 8480-8484, RP of KIL 6020	100%	—
14. Shop No. 7 on G/F, whole 1/F and two staircases & one entrance lobby on G/F for the exclusive use of 1/F, Full Yau Court, Yau San Street, Yuen Long	285/975 shares of and in YITL 391	100%	—
15. Shop Nos. 10, 19-24, 44-46, 56-60 and Showcase Nos. 18, 18a, 18b on G/F, shops nos. 101-173 on 1/E, Come On Building, 387 Castle Peak Road, Castle Peak Bay, Tuen Mun	351/2485th shares of and in TMTL 151	100%	—
16. Shop Nos. 4, 5 and 6 on G/F, Toho Court, 18 and 20 Main Street Apleichau and No. 5 Ping Lan Street, Apleichau	29/1176th shares of and in Section A of Apleichau Inland Lot 47 and the extension thereto	100%	—



## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
3,908	SA	Completed	Existing
Not yet determined	A	Planning stage	Vacant site
1,318	S, R & C	Completed	Existing
Not yet determined	A	Planning stage	Vacant site
570	C	Completed	Existing
1,667	C & S	Completed	Existing
1,231	C & S	Completed	Existing
1,471	C & S	Completed	Existing
57	S	Completed	Existing

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>			
17. Yau Kam Tau, Tsuen Wan	Lot 232 RP in DD 354	100%	5,940
18. Sheung Yeung, Sai Kung	Lots 84, 85, 86, 89, 91, 92, 94, 95A, 99, 116RP, 137, 139, 141RP, 213, 221RP, 224RP, 229, 230, 231A, 231RP, 233, 234, 236, 258, 263RP and 746 in DD225	100%	7,136
19. Tai Hang Village, Tai Po	Lot 73 RP in DD7	100%	2,332
20. 60-66 Baker Street & 2-6 Baker Court, Hung Hom, Kowloon	HHIL 235 SB, SC, SD, SE, SIss1, SIss2 and SIss3	100%	604
21. Pak Shek Wo, Sai Kung, N.T.	Lot 1265 in DD 253	100%	2,796
22. Tan Kwai Tsuen, Yuen Long, N.T.	Lot 3927 SB in DD 124	100%	4,849
23. 46-48 Anchor Street, Tai Kok Tsui, Kowloon	KIL 6374	100%	357
24. Hong Kong 26 Court No. 58 Chancery Lane, Mid-levels, Central	Lot No. 68 S.A.S.S.5 R.P.	100%	–
25. Dorsett Garden Hotel, 30 Nanking Street, Jordan	KIL 8816, 7968	100%	289
26. Chuk Kok, Sai Kung	Lot 14 in DD231	100%	2,790
27. Hung Shui Kiu, Yuen Long	Lot 2959, 2960, 2972RP, 2973RP, 2969B3 in DD124	100%	2,817

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
–	A	Planning stage	Vacant site
4,682	R	Under construction	2002
3,121	R	Planning stage	Vacant site
5,444	S & R	Under Construction	2002
1,672	R	Under Construction	2002
4,849	R	Planning Stage	2003
4,281	H	Planning Stage	2003
13,555	R	Completed	Existing
3,120	H	Completed	Existing
1,116	R	Under Construction	2002
3,549	R	Planning Stage	Vacant Site

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Overseas</b>			
28. Section 67, Town of Kuala Lumpur, Wilayah Persekutuan	Lots 471 and 472	100%	1,860
29. Section 67, Town of Kuala Lumpur, Wilayah Persekutuan	Lot 908	100%	985
30. Mukim of Kajang, District of Hulu Langat, State of Selangor	Lot 6504	51%	203,403
31. State Land Plot 'E' Teluk Gedong Forest Reserve, Mukim and District of Kelang, State of Selangor	–	100%	185,874
32. 100A Eu Tong Sen Street, Waldorf Office Complex, Singapore	Lot 178-49-A/J of TS 22	100%	–
33. Cambridge Building, 10024 Jasper Avenue, Edmonton, Alberta, Canada	Lots 14 and 15	100%	1,394
34. Kelly Ramsey Building, 100A Street, #101A Avenue, Edmonton, Alberta, Canada	Lots 39 and 40, except thereout the most westernly 6 feet throughout of the said Lot 40	100%	1,310
35. Dallas Grand Hotel, 1914 Commerce Street, Dallas, Texas, U.S.A.	N/A	100%	6,849
36. 360 St. Kilda Road, Melbourne, Victoria, Australia	N/A	100%	4,063

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Approximate gross floor area (m <sup>2</sup> )	Type	Stage of completion	Expected completion date
23,532	H	Completed	Existing
–	R	Completed	Existing
–	R	Under construction	2002
–	R	Under construction	2002
3,464	O & S	Completed	Existing
13,806	C	Completed	Existing
4,307	O	Completed	Existing
–	H	Completed	Existing
22,590	R & CP	Completed	Existing

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Overseas</b>			
37. The Dolphin Acrade, 3113 Gold Coast Highway and Orchid Avenue, Surfers Paradise, Gold Coast Queensland 4217, Australia	N/A	80%	7,240
38. 1954 Commerce Street, Dallas, Texas, USA	N/A	100%	2,322
39. Room 2603, Block 3, Dong-Jun Plaza, 836 Dong Feng Road East, Guangzhou, PRC	N/A	100%	–
40. Room 2604, Block 3, Dong-Jun Plaza, 836 Dong Feng Road East, Guangzhou, PRC	N/A	100%	–

## LIST OF MAJOR PROPERTIES HELD BY THE GROUP (continued)

<b>Approximate gross floor area (m<sup>2</sup>)</b>	<b>Type</b>	<b>Stage of completion</b>	<b>Expected completion date</b>
7,046	C & CP	Completed	Existing
11,918	CP & SA	Development stage	2002
91	O	Completed	Existing
91	C	Completed	Existing

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the members of Far East Consortium International Limited (the “Company”) will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Monday, 27 August 2001 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2001.
2. To declare a final dividend.
3. To re-elect directors and to fix the directors’ fees.
4. To re-appoint auditors and to authorize the directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without modification, the following resolutions as Ordinary Resolutions:

## ORDINARY RESOLUTIONS

### A. “**THAT:**

- (i) subject to paragraph (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (c) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (d) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and



## NOTICE OF ANNUAL GENERAL MEETING (continued)

- (iv) For the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

**B. “THAT:**

- (i) subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
  - (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

## NOTICE OF ANNUAL GENERAL MEETING (continued)

- C. “**THAT** subject to the passing of the Resolution Nos. 5A and 5B set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No. 5A set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5B set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the said Resolution.”

By Order of the Board  
**Chow Kwok Wor**  
*Company Secretary*

Hong Kong, 18th July 2001

*Notes:*

1. The register of members of the Company will be closed from Thursday, 23 August 2001 to Monday, 27 August 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 22 August 2001.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the principal office of the Company at 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. A circular containing further details regarding Resolutions Nos. 5A to 5C above will be sent to shareholders together with the 2001 Annual Report.