

# Notes to Condensed Interim Accounts

For the six months ended 31 December 2000

## 13. Reserves

	HK\$'000
Share premium	
At 1 July 2000 and 31 December 2000	274,834
Capital redemption reserve	
At 1 July 2000 and 31 December 2000	1,899
Capital reserve	
At 1 July 2000	14,786
Reserve realized upon disposal of subsidiaries	(14,693)
At 31 December 2000	93
Investment revaluation reserve	
At 1 July 2000	(26,789)
Deficit on revaluation of non-trading securities	(68,675)
At 31 December 2000	(95,464)
Exchange translation reserve	
At 1 July 2000	(6,383)
Charged to profit and loss account upon disposal of a subsidiary	(150)
At 31 December 2000	(6,533)
Accumulated losses	
At 1 July 2000	(102,812)
Profit for the period	6,042
At 31 December 2000	(96,770)
	78,059

## 14. Commitments

At 31 December 2000, the Group had commitments to make payments of HK\$11,017,000 in the next twelve months in respect of land and buildings under an operating lease which expires in the second to fifth year inclusive.

# Notes to Condensed Interim Accounts

For the six months ended 31 December 2000

## 15. Related party transactions

The Group undertook the following related party transactions:

- (i) During the period, purchases from an associated company amounted to HK\$Nil (six months ended 31 December 1999: HK\$8,346,000). The purchases were conducted, in the opinion of the Directors, in the normal course of business at prices and terms no less than those charged by and contracted with other third party suppliers of the Group.
- (ii) During the period, the Company entered into a share purchase agreement and a joint venture agreement with various parties including, inter alia, Softbank Finance Corporation, a substantial shareholder of the Company, which indirectly holds approximately 61% interest in the Company by the time when entering such agreements (currently holds directly and indirectly an aggregate of approximately 49% interest in the Company). In accordance with the terms of the share purchase agreement, which were entered into on normal commercial terms following arm's length negotiations among the parties to the share purchase agreement, the Company purchased 10% of the issued share capital of Morningstar Asia Limited, a company incorporated in Hong Kong and engaged in the business of provision of financial and information services.

## 16. Subsequent events

(A) On 31 January 2001, the Company entered into the following agreements :

- (i) a Share Purchase Agreement pursuant to which Goodwill Investment (BVI) Limited ("Goodwill") agrees to sell and the Company through its wholly-owned subsidiary, SBIS Capital Holdings Limited ("SBIS CH"), agrees to purchase 153 shares with a par value of HK\$1.00 each, being 51% of the issued share capital of e2-Capital Securities (Holdings) Limited ("e2-Capital Securities"), for a consideration of HK\$318.5 million ("Consideration"). The Consideration shall be satisfied by the payment of HK\$130 million in cash by SBIS CH to Goodwill and the remaining balance of HK\$188.5 million shall be satisfied by the issue and delivery by the Company to Goodwill or its nominee of 192,346,938 ordinary shares of HK\$0.10 each in the capital of the Company;

# Notes to Condensed Interim Accounts

For the six months ended 31 December 2000

(ii) a Shareholders Agreement whereby the respective rights and obligations of SBIS CH and Goodwill in respect of the management and operation of e2-Capital Securities and its subsidiaries are specified; and

(iii) a Subscription Agreement pursuant to which Softbank Investment (International) Holdings Limited ("SBIIH") agrees to subscribe 132,653,061 ordinary shares of HK\$0.10 each in the capital of the Company at an aggregate subscription price of HK\$130 million payable in cash.

The transactions contemplated under the Share Purchase Agreement, the Shareholders Agreement and the Subscription Agreement as mentioned above are expected to complete on or about 3 April 2001 subject to the approval of the shareholders (other than SBIIH and its associate, SB K&K Corporation) of the Company and other conditions.

(B) On 7 March 2001 the Company, by way of placing, subscribed 7,810,000 shares of HK\$0.10 each in iLink Holdings Limited ("iLink") for a total consideration of HK\$10,098,000, including brokerage and transaction levy. The shares of iLink were listed on the Growth Enterprise Market of the Hong Kong Stock Exchange on 9 March 2001.