

# Notes to the Accounts

As at 31 December 2000

The emoluments of the directors fell within the following bands:-

HK\$	Number of directors	
	2000	1999
Up to 1,000,000	3	7
1,500,001 - 2,000,000	<u>1</u>	<u>1</u>

None of the directors waived any emoluments in respect of the years ended 31 December 2000 and 1999.

Pursuant to the Company's Share Option Scheme, the Company has granted share options to the directors. Details of the share options held by the directors are set out on page 11 in the Report of the Directors.

(b) Five highest paid employees' emoluments

Among the five highest paid employees, two (1999: two) are executive directors whose remuneration is disclosed above. Details of the emoluments of the remaining three (1999: three) highest paid employees are as follows:-

	2000	1999
	HK\$'000	HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	1,426	2,422
Discretionary bonuses	190	-
Pension contributions	<u>46</u>	<u>97</u>
	<u>1,662</u>	<u>2,519</u>

The emoluments of these employees fell within the following bands are as follows:-

HK\$	Number of individuals	
	2000	1999
500,001 - 1,000,000	3	2
1,000,001 - 1,500,000	<u>-</u>	<u>1</u>

## 10 RETIREMENT BENEFIT COSTS

- (a) The Group operated a defined contribution retirement scheme (“Former Scheme”) for its employees. Contributions to the Former Scheme by the Group and employees were calculated at various funding rates up to a maximum of 5% of the employees’ monthly salary in accordance with the terms stipulated in the scheme.

Pursuant to the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the “MPF Ordinance”), companies within the Group have enrolled all employees into a mandatory provident fund scheme (the “MPF Scheme”) from 1 December 2000. On the same date, the assets of the Former Scheme were transferred to the MPF Scheme. The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong.

Contributions to the MPF Scheme by the Group and employees are calculated at 5% of the employees’ monthly salary. Under the MPF Ordinance, employers and employees are required to contribute 5% of the employees’ relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month (the “mandatory contributions”). The excess of the Group’s contributions to the MPF Scheme over the mandatory contributions are voluntary contributions.

The mandatory contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. The unvested benefits relating to voluntary contributions paid by the Group of employees terminating employment are forfeited in accordance with the terms of the MPF Scheme and can be utilised by the Group to reduce future contributions.

- (b) The forfeited contributions utilised by the Group under the Former Scheme during the year amounted to HK\$519,000 (1999: HK\$856,000). During the year, there were no forfeited contributions utilised by the Group under the MPF Scheme.
- (c) Contributions totalling HK\$37,000 (1999: HK\$Nil) were payable to the MPF Scheme (1999: the Former Scheme) at the year end and was funded in January 2001. At the year end, the amount of forfeited contributions available to reduce contributions payable by the Group was HK\$Nil (1999: HK\$Nil).

# Notes to the Accounts

As at 31 December 2000

## 11 FIXED ASSETS – GROUP

	Investment properties in Hong Kong <i>HK\$'000</i>	Office equipment, furniture and fixtures <i>HK\$'000</i>	Computer software <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost or valuation</b>						
At 1 January 2000	2,442,330	1,858	466	806	-	2,445,460
Additions	5,221	17	427	101	770	6,536
Deficit on revaluation	(70,221)	-	-	-	-	(70,221)
Disposals	-	(1,875)	(469)	(571)	(770)	(3,685)
At 31 December 2000	<u>2,377,330</u>	<u>-</u>	<u>424</u>	<u>336</u>	<u>-</u>	<u>2,378,090</u>
<b>Accumulated depreciation</b>						
At 1 January 2000	-	1,485	184	561	-	2,230
Charge for the year	-	231	79	136	45	491
Disposals	-	(1,716)	(263)	(477)	(45)	(2,501)
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>-</u>	<u>220</u>
<b>Net book value</b>						
<b>At 31 December 2000</b>	<u><b>2,377,330</b></u>	<u><b>-</b></u>	<u><b>424</b></u>	<u><b>116</b></u>	<u><b>-</b></u>	<u><b>2,377,870</b></u>
At 31 December 1999	<u>2,442,330</u>	<u>373</u>	<u>282</u>	<u>245</u>	<u>-</u>	<u>2,443,230</u>

- (a) The investment properties are held under medium term leases of between 10 to 50 years, except for certain properties with a carrying value of HK\$921,330,000 (1999: HK\$887,330,000) which are held under long term leases of over 50 years.

The commercial building situated at No. 100 Canton Road was stated at the value of HK\$498 million (refer to note 25(a)). All the other investment properties were revalued by B.I. Appraisals Limited (formerly known as Brooke International (China) Limited), professional valuers, on the open market value basis as at 31 December 2000 and 1999.

The revaluation deficit on investment properties has been charged to the profit and loss account.

- (b) Certain investment properties have been pledged to banks to secure loan facilities granted to the Group (note 19(b)).
- (c) Fixed assets other than investment properties are stated at cost less accumulated depreciation.

# Notes to the Accounts

As at 31 December 2000

## 12 INVESTMENTS

### (a) Subsidiaries

	Company	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Unlisted shares, at cost	1,465,569	1,465,569
Amounts due from subsidiaries	884,697	835,583
	<u>2,350,266</u>	<u>2,301,152</u>
Less: Provisions	<u>(1,119,064)</u>	<u>(1,039,006)</u>
	<u><u>1,231,202</u></u>	<u><u>1,262,146</u></u>

Details of the principal subsidiaries of the Company are set out in note 24 to the accounts.

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

### (b) Associated company

	Group	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Share of net liabilities	(110,836)	(112,846)
Amount due from an associated company	112,628	124,159
	<u>1,792</u>	<u>11,313</u>
Unlisted shares, at cost	<u><u>1,854</u></u>	<u><u>1,854</u></u>

The amount due from the associated company is unsecured, interest free and has no fixed terms of repayment.

Particulars of the associated company are set out below:-

Name of company	Place of incorporation	Description of shares held	Equity interest held indirectly %
Maxdo Investments Limited	Hong Kong	2,172,368 ordinary shares of HK\$1 each	22

Maxdo Investments Limited is an investment holding company with a subsidiary engaged in property development activities in the People's Republic of China ("PRC").

# Notes to the Accounts

As at 31 December 2000

(c) Investment securities

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Unlisted shares, at cost	11,000	11,000
Advances to an investee company	—	144,699
	<u>11,000</u>	<u>155,699</u>
Less: Provisions	<b>(10,000)</b>	(10,000)
	<u><b>1,000</b></u>	<u>145,699</u>

Investment securities represent the Group's interests in an unlisted company.

## 13 PROPERTY HELD FOR DEVELOPMENT

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
At 1 January	87,000	78,000
Development expenditure incurred	1,008	1,407
(Provision for)/reversal of provision for diminution in value	<b>(28,008)</b>	7,593
	<u>60,000</u>	<u>87,000</u>

Property held for development represents a development project which is situated in Hong Kong and held under a medium term lease of between 10 and 50 years.

Provision for permanent diminution in value is determined by the Directors based on the valuation carried out by B.I. Appraisals Limited (formerly known as Brooke International (China) Limited), professional valuers, on the open market value basis as at 31 December 2000 and 1999.

# Notes to the Accounts

As at 31 December 2000

## 14 PROPERTIES HELD FOR SALE

	Group	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong		
At cost	1,988	41,911
At net realisable value	<u>31,800</u>	<u>-</u>
	<b>33,788</b>	41,911
PRC		
At net realisable value	<u>141,500</u>	<u>70,500</u>
	<b><u>175,288</u></b>	<b><u>112,411</u></b>

The title deeds in respect of properties held for sale in the PRC amounting to HK\$95,500,000 (1999: HK\$24,140,000) are yet to be issued by the relevant authorities.

## 15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2000	1999	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (note a)	10,332	15,939	-	-
Prepayments and deposits	7,789	6,538	226	244
Other receivables (note b)	<u>5,632</u>	<u>1,278</u>	<u>-</u>	<u>-</u>
	<b><u>23,753</u></b>	<b><u>23,755</u></b>	<b><u>226</u></b>	<b><u>244</u></b>

(a) At 31 December 2000, the ageing analysis of the trade receivables were as follows:-

	Group	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 30 days	4,184	9,400
30 - 60 days	507	847
61 - 90 days	254	690
Over 90 days	<u>5,387</u>	<u>5,002</u>
	<b><u>10,332</u></b>	<b><u>15,939</u></b>

Trade receivable is primarily rental receivable from tenants. The payment term is stated according to tenancy agreement and payment is normally due on the first day of the month.

# Notes to the Accounts

As at 31 December 2000

(b) Included in other receivables is a loan due from a former executive director as follows:-

	Terms of loan		Repayment terms	Maximum amount outstanding during the year HK\$'000	Amount outstanding at 31 December	
	Interest rate	Security			2000 HK\$'000	1999 HK\$'000
Mr. Chan Wai Kan, George	Hongkong inter-bank offer rate + 1.125%	Unsecured	120 equal monthly instalments commencing February 1998	1,213	-	1,213

The loan granted to Mr. Chan has been fully settled during the year.

## 16 TRADE AND OTHER PAYABLES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trade payables (note a)	3,716	570	-	-
Other payables and accruals	77,431	70,572	340	653
Amount due to a related company	154	-	-	-
	<u>81,301</u>	<u>71,142</u>	<u>340</u>	<u>653</u>

(a) At 31 December 2000, the ageing analysis of the trade payables were as follows:-

	Group	
	2000 HK\$'000	1999 HK\$'000
Less than 30 days	884	308
30 - 60 days	1,373	24
61 - 90 days	858	-
Over 90 days	601	238
	<u>3,716</u>	<u>570</u>

# Notes to the Accounts

As at 31 December 2000

## 17 SHARE CAPITAL

### (a) Shares

	Ordinary shares of HK\$0.10 each	
	<i>Number</i>	<i>HK\$'000</i>
Authorised		
At 31 December 2000 and 1999	1,500,000,000	150,000
Issued and fully paid		
At 31 December 1998 and 1999	664,357,415	66,436
Issue of shares	132,800,000	13,280
At 31 December 2000	797,157,415	79,716

On 4 March 2000, the Company entered into an arrangement with independent third parties for a private placement of a total of 132,800,000 new shares of HK\$0.10 each in the capital of the Company ("the Share Placing") at a price of HK\$0.50 per share. The market price of the Company's shares was HK\$0.55 per share on that date. The Share Placing was completed on 20 March 2000. The new shares rank pari passu in all respects with the existing issued shares of the Company. The Share Placing raised a total of approximately HK\$64,925,000 (net of expenses) for the Company. The purpose of the Share Placing is for reducing the leverage and enhancing the capital and shareholder base of the Company.