

23. SHARE CAPITAL

	31/12/2000		31/12/1999	
	No of shares'000	HK\$'000	No of shares'000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.5 each	2,000,000	1,000,000	2,000,000	1,000,000
Issued and fully paid:				
At 1 January/1 April	1,248,960	624,480	710,930	355,465
Consideration shares	163,500	81,750	167,046	83,523
Share placement	235,000	117,500	370,000	185,000
Exercise of share options	3,198	1,599	984	492
At 31 December	1,650,658	825,329	1,248,960	624,480

- (a) Pursuant to the Placing and Underwriting Agreement entered by the Company on 4 January 2000, the Company issued 235,000,000 ordinary shares of HK\$0.50 each at an issue price of HK\$3.75 per share to more than six independent professional and institutional investors through a private placement. The price of HK\$3.75 per share represents a discount of approximately 7.4% to the closing market price of the Company's shares of HK\$4.05 per share as quoted on the Stock Exchange on 4 January 2000. These shares were issued on 19 January 2000.
- (b) On 29 November 2000, the Company issued 163,500,000 ordinary shares of HK\$0.50 each at an issue price of HK\$1.40 per share as consideration for the acquisition of 72,300,000 shares of AcrossAsia Multimedia Limited from an independent third party.
- (c) During the year, the Company issued 324,000, 500,000 and 2,375,000 ordinary shares of HK\$0.50 each at a price of HK\$0.63 per share, HK\$0.67 per share and HK\$1.528 per share respectively to the option holders on the exercise of their share options at a total cash consideration of HK\$4,168,000 (note 24).

24. SHARE OPTIONS

Pursuant to the share option scheme adopted on 30 December 1997 the board of directors may, at its discretion, invite executive directors or employees of the Group to take up options to subscribe for shares of the Company. The subscription price under the scheme is the higher of the nominal value of the Company's shares and 80% of the average of the closing prices of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of offer of the option. The maximum number of the shares of which options may be granted may not exceed 10% of the issued share capital of the Company excluding any shares issued on the exercise of options from time to time.

Particulars of the options granted and exercised during the year are as follows:

Date of Grant	Price per share to be paid on exercise of options HK\$	Outstanding at beginning of year '000	Granted during the year '000	Exercised during the year '000	Cancelled '000	Outstanding at end of year '000
11/10/1999	1.528	114,935	–	2,375	100,732	11,828
22/10/1999	1.530	300	–	–	–	300
01/12/1999	1.804	216	–	–	72	144
20/12/1999	2.316	1,200	–	–	400	800
27/03/2000	1.900	–	1,950	–	–	1,950
20/07/2000	0.661	–	400	–	400	–
01/08/2000	0.630	–	1,564	324	448	792
01/09/2000	0.694	–	450	–	–	450
18/09/2000	0.670	–	1,000	500	–	500

These share options are exercisable before 29 December 2007.

The exercise in full of the remainder of the share options would, under the present capital structure of the Company, result in the issue of 16,764,000 additional ordinary shares of HK\$0.5 each at a total consideration of approximately HK\$25,496,000.

25. RESERVES**Group**

	Share Premium HK\$'000	Capital Reserve HK'000	Capital redemption reserve HK\$'000	Revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 1999	36,452	159	478	255,209	-	881	(72,001)	221,178
Consideration shares	83,523	-	-	-	-	-	-	83,523
Share placement	185,000	-	-	-	-	-	-	185,000
Exercise of share options	1,089	-	-	-	-	-	-	1,089
Share issue expenses	(9,655)	-	-	-	-	-	-	(9,655)
Surplus on revaluation	-	-	-	110,258	-	-	-	110,258
Exchange difference	-	-	-	-	-	(274)	-	(274)
Prior period adjustment								
- goodwill on consolidation	-	(159)	-	-	(501,862)	-	-	(502,021)
Loss for the period								
- as previously reported							(10,346)	
- prior period adjustment							4,910	
- as restated	-	-	-	-	-	-	(5,436)	(5,436)
At 31 December 1999	296,409	-	478	365,467	(501,862)	607	(77,437)	83,662
Consideration shares	147,150	-	-	-	-	-	-	147,150
Share placement	763,750	-	-	-	-	-	-	763,750
Exercise of share options	2,569	-	-	-	-	-	-	2,569
Share issue expenses	(20,157)	-	-	-	-	-	-	(20,157)
Deficit on revaluation	-	-	-	(365,467)	-	-	-	(365,467)
Exchange difference	-	-	-	-	-	422	-	422
Net goodwill on consolidation	-	-	-	-	(1,199)	-	-	(1,199)
Loss for the year	-	-	-	-	-	-	(204,560)	(204,560)
At 31 December 2000	1,189,721	-	478	-	(503,061)	1,029	(281,997)	406,170

The accumulated losses of the Group include profit of HK\$110,000 (1999: Profit HK\$160,000) retained by associates.

25. RESERVES (cond't)**Company**

	Share Premium	Revaluation Reserve	Capital Redemption Reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 1999	36,452	255,209	478	(44,051)	248,088
Consideration shares	83,523	–	–	–	83,523
Share placement	185,000	–	–	–	185,000
Exercise of share options	1,089	–	–	–	1,089
Share issue expenses	(9,655)	–	–	–	(9,655)
Deficit on revaluation	–	(3,811)	–	–	(3,811)
Loss for the period	–	–	–	(763)	(763)
At 31 December 1999	296,409	251,398	478	(44,814)	503,471
Consideration shares	147,150	–	–	–	147,150
Share placement	763,750	–	–	–	763,750
Exercise of share options	2,569	–	–	–	2,569
Share issue expenses	(20,157)	–	–	–	(20,157)
Deficit on revaluation	–	(251,398)	–	–	(251,398)
Loss for the year	–	–	–	(237,502)	(237,502)
At 31 December 2000	1,189,721	–	478	(282,316)	907,883

The Company does not have any distributable reserves at 31 December 2000.

26. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance is as follows:

	year ended 31/12/2000 HK\$'000	9 months ended 31/12/1999 HK\$'000
Fees:		
Executive directors	109	96
Non-executive directors	160	45
	269	141
Other emoluments paid to executive directors:		
Salaries and other emoluments	5,436	3,240
Retirement scheme contributions	25	23
	5,461	3,263
	5,730	3,404

In addition to the above emoluments, certain directors were granted share options under the Company's share option scheme. The details of these benefits in kind are disclosed under the paragraph "Directors' benefits from rights to acquire shares or debentures" in the directors' report.

In the absence of a ready market for the options granted on the shares of the Company, the directors are unable to arrive at an accurate assessment of the value of the options granted to the respective directors.

The remuneration of the directors is within the following bands:

	year ended 31/12/2000 Number of Directors	9 months ended 31/12/1999 Number of Directors
HK\$Nil - HK\$1,000,000	8	7
HK\$1,000,001 - HK\$1,500,000	2	-
HK\$1,500,001 - HK\$2,000,000	1	1

In the year ended 31 December 2000, one of the directors waived directors' fee of HK\$13,000 (1999:HK\$Nil).

27. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals in the Group included two (1999: four) executive directors, details of whose remuneration are set out in note 26 above. The details of the remuneration of the remaining three (1999: one) highest paid employees are set out below:

	year ended 31/12/2000 HK\$'000	9 months ended 31/12/1999 HK\$'000
Salaries	4,886	2,166

The remuneration of the remaining highest paid employees is within the following bands.

	year ended 31/12/2000 Number of employees	9 months ended 31/12/1999 Number of employees
HK\$1,500,001 - HK\$2,000,000	3	–
HK\$2,000,001 - HK\$2,500,000	–	1

28. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Loss attributable to shareholders dealt with in the financial statements of the Company is HK\$237,502,000 (1999: Loss HK\$763,000).

29. LOSS PER SHARE

The calculation of loss per share is based on the net loss attributable to shareholders for the year of HK\$204,560,000 (1999: Loss HK\$5,436,000) and the weighted average of 1,489,514,000 (1999: 902,343,000) shares in issue during the year.

The diluted loss per share is not shown as the exercise of outstanding share options and the conversion of convertible bonds in full would have an anti-dilution effect on the loss per share.

30. OPERATING LEASE COMMITMENTS

Commitments payable in the following year under non-cancelled operating leases in respect of land and buildings expiring:

	Group	
	31/12/2000	31/12/1999
	HK\$'000	HK\$'000
Within one year	2,141	216
In the second to the fifth years, inclusive	169	1,464
After the fifth years	–	348
	2,310	2,028

31. CONTINGENT LIABILITIES**Group**

In November 2000, a carrier served a notice of arbitration on a subsidiary requesting for arbitration before the American Arbitration Association under which the carrier alleged that it provided various services for the transit of telecommunications traffic. The carrier claimed for the settlement of outstanding debts of US\$253,750 up to 30 September 2000, additional sums due from the subsidiary from 1 October 2000 through the date of the arbitration award, accrued interest, further costs and attorney's fees. The directors believe that the subsidiary did not receive any services from the carrier during the relevant period and is therefore not liable to settle the above debt and pay the related costs and interest. Accordingly, no provision has been made in the financial statements in connection with the arbitration.

Company

During the year ended 31 December 2000, the Company executed corporate guarantees as part of the securities for general banking facilities granted to certain subsidiaries to the extent of US\$21.5 million.

32. PLEDGE OF ASSETS

Pledge of the Company's fixed deposits of US\$14 million and charge over the assets of certain subsidiaries were given to bankers to secure short term loans, overdrafts and factoring facilities to the extent of US\$22 million.

33. RELATED PARTY TRANSACTIONS

Significant related party transactions which were carried out in the normal course of the Group's business are as follows:-

- a) During the year, the Company received interest income amounting to HK\$810,000 (1999: HK\$758,000) from an associated, Ventile Investments Limited. The majority of Ventile Investments Limited's issued share are owned by Mr Chee Ying Cheung who was a substantial shareholder of the Company up to 21 December 2000.
- b) As at 21 December 2000 and at the year end Shanghai Hilltop Country Club Limited ("SHCC"), a 80% owned subsidiary, owed an amount of approximately HK\$5,200,000 to its 20% shareholder, HK Hilltop Country Club Limited which is 100% owned by Mr Chee Ying Cheung. As at 21 December 2000 and at the year end, the Company pledged a fixed deposit of US\$6.5 million (approximately HK\$50.5 million) to banks to secure banks' short term loans to SHCC. The amount of these short term bank loans as at these two dates were approximately HK\$49.4 million. The Company also advanced funds to SHCC during the year and as at the year end the outstanding balance owing by SHCC to the Company amounted to approximately HK\$25 million. Mr Chee Ying Cheung indirectly owns the 20% of the issued capital of SHCC and he was a substantial shareholder of the Company up to 21 December 2000.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 12 April 2001.