

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

8. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (1999: three) were directors of the Company whose emoluments are included in the disclosures in note 7 above. The emoluments of the remaining two (1999: two) individuals were as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other benefits	2,364	1,594
Contributions to retirement benefits scheme	10	91
	<u>2,374</u>	<u>1,685</u>

Their emoluments were within the following bands:

	2000 No. of employee	1999 No. of employee
Nil to HK\$1,000,000	-	1
HK\$1,000,001 to HK\$1,500,000	2	1
	<u>2</u>	<u>1</u>

9. Taxation

	2000 HK\$'000	1999 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	5,278	1,022
(Over)underprovision in the previous year	(1,971)	220
Tax refund	-	(360)
Share of tax credit on results of associates	-	(86)
	<u>3,307</u>	<u>796</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

Details of the potential deferred tax credit not provided are set out in note 33.

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

10. Net Profit for the Year

Of the Group's net profit for the year of approximately HK\$66,432,000 (1999: HK\$13,733,000), a profit of approximately HK\$8,856,000 (1999: a loss of HK\$1,900,000) has been dealt with in the financial statements of the Company.

11. Dividends

	2000	1999
	HK\$'000	HK\$'000
Interim, paid - 1 cent per share (1999: Nil)	11,469	-
Final, proposed - 2 cents per share (1999: Nil)	22,930	-
	<u>34,399</u>	<u>-</u>

12. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2000	1999
	HK\$	HK\$
Profit for the year for the purposes of basic earnings per share	<u>66,432,000</u>	<u>13,733,000</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	962,453,150	572,378,559
Effect of dilutive potential ordinary shares - options	<u>6,049,085</u>	<u>3,180,250</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>968,502,235</u>	<u>575,558,809</u>

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

13. Property, Plant and Equipment

THE GROUP

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Moulds HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST							
At 1st January, 2000	11,874	5,602	4,155	6,831	5,991	1,497	35,950
Acquired on acquisitions of subsidiaries	3,000	2,065	6,898	-	-	421	12,384
Additions	1,351	3,451	8,193	7	793	168	13,963
Disposals	-	(229)	-	-	-	(394)	(623)
At 31st December, 2000	16,225	10,889	19,246	6,838	6,784	1,692	61,674
DEPRECIATION							
At 1st January, 2000	1,021	4,720	3,296	6,415	5,262	953	21,667
Acquired on acquisitions of subsidiaries	120	866	2,954	-	-	276	4,216
Provided for the year	356	1,764	2,392	191	495	305	5,503
Eliminated on disposals	-	-	-	-	-	(320)	(320)
At 31st December, 2000	1,497	7,350	8,642	6,606	5,757	1,214	31,066
NET BOOK VALUES							
At 31st December, 2000	14,728	3,539	10,604	232	1,027	478	30,608
At 31st December, 1999	10,853	882	859	416	729	544	14,283

At 31st December, 2000, the net book value of leasehold land and buildings of HK\$10,617,000 (1999: HK\$10,853,000) and HK\$4,111,000 (1999: Nil) are situated in Hong Kong and the People's Republic of China respectively, and are held under medium-term leases.

At 31st December, 2000, the net book value of furniture, fixtures and equipment of HK\$10,604,000 includes an amount of HK\$139,000 (1999: Nil) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

13. Property, Plant and Equipment (Continued)

THE COMPANY

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
At 1st January, 2000	2,451	1,227	1,228	4,906
Additions	2,194	2,131	–	4,325
At 31st December, 2000	4,645	3,358	1,228	9,231
DEPRECIATION				
At 1st January, 2000	1,811	507	696	3,014
Provided for the year	967	397	246	1,610
At 31st December, 2000	2,778	904	942	4,624
NET BOOK VALUES				
At 31st December, 2000	1,867	2,454	286	4,607
At 31st December, 1999	640	720	532	1,892

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

14. Properties under Development

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
COST		
At 1st January	356,007	480,446
Additions	32,830	43,964
Reclassified to properties under development for sale (note 22)	—	(168,403)
At 31st December	388,837	356,007
PROVISION		
At 1st January	59,000	114,000
Reclassified to properties under development for sale (note 22)	—	(55,000)
At 31st December	59,000	59,000
	<u>329,837</u>	<u>297,007</u>

The properties under development are situated in Hong Kong and the relevant lease terms are summarised as follows:

	2000 HK\$'000	1999 HK\$'000
Properties under development held under long leases	89,881	87,542
Properties under development held under medium-term leases	239,956	209,465
	<u>329,837</u>	<u>297,007</u>

As at 31st December, 2000, interest expenses capitalised in the cost of properties under development held on 31st December, 2000 amounted to HK\$44,996,000 (1999: HK\$34,512,000).

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

15. Investments in Subsidiaries

	2000	1999
	HK\$'000	HK\$'000
Unlisted shares, at cost	1,185,916	1,185,915

Particulars of the Company's principal subsidiaries as at 31st December, 2000 are as follows:

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			Directly %	Indirectly %	
Access Way Investment Limited	Hong Kong	HK\$2	-	100	Property development
Active Way International Limited	Hong Kong	HK\$2	-	100	Property development
Alfacom Web Development Limited	Hong Kong	HK\$100,000	-	51	Provision of technology consulting and development services
Azure Assets Limited (note a)	British Virgin Islands	US\$1	-	100	Securities trading
Best Orient Investment Limited	Hong Kong	HK\$2	-	100	Property holding
Boxmore Limited	British Virgin Islands	US\$7,389,400	-	88	Investment holding
Coreford Investments Limited	British Virgin Islands	US\$1	-	100	Investment holding
Crebox Limited	British Virgin Islands	US\$180	-	100	Investment holding
Crown Well Ltd.	British Virgin Islands	US\$1	-	100	Investment holding

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

15. Investments in Subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Danthorn Investments Limited	British Virgin Islands	US\$1	–	100	Investment holding
ebizal Limited	Hong Kong	HK\$2	100	–	Investment holding
e2-Capital (HK) Limited <i>(note a)</i>	Hong Kong	HK\$10,000,000	–	100	Provision of corporate finance services in Hong Kong
e2-Capital Brokerage Limited <i>(note a)</i>	Hong Kong	HK\$10,000,000	–	100	Securities broking
e2-Capital Commodities Limited <i>(note a)</i>	Hong Kong	HK\$5,000,000	–	100	Broker of commodities, options and futures
e2-Capital Pte. Ltd.	Singapore	S\$2,500,000	56	–	Provision of corporate finance services in Singapore
e2-Capital Securities Limited <i>(note a)</i>	Hong Kong	HK\$50,000,000	–	100	Securities broking and margin financing
e2-Capital Securities (Holdings) Limited ("e2-Capital Securities")	Cayman Islands	HK\$150	–	100	Investment holding
e2-Capital Venture Limited	Cayman Islands	US\$2	100	–	Venture Capital
e2 Tech Advisory Group Limited	Hong Kong	HK\$1,000	–	100	Technology consulting
Ever Lead Limited	Hong Kong	Ordinary HK\$98 Non-voting deferred HK\$2 <i>(note b)</i>	–	100	Property development

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

15. Investments in Subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Ever Loyal Development Limited	Hong Kong	HK\$2	–	100	Property development
Gain Profits Limited	British Virgin Islands	US\$10,000	–	60.1	Investment holding
Goodwill International (BVI) Limited	British Virgin Islands	US\$1	–	100	Investment holding
Goodwill Investment (BVI) Limited	British Virgin Islands	US\$100	100	–	Investment holding
Goodwill Properties (Holdings) Limited	British Virgin Islands	US\$1	–	100	Investment holding
Goodwill Properties Limited	Hong Kong	HK\$2	–	100	Investment holding
Keith Statham Associates Limited	Hong Kong	HK\$50,000	–	100	Provision of public relations and cultural services
OpenBN(HK) Limited	Hong Kong	HK\$20,000,000	–	100	Provision of corporate finance services in Hong Kong
Orient World Investment Limited	Hong Kong	HK\$10	–	100	Property development
Right Way Holdings Limited	Hong Kong	HK\$10	–	70	Property development
Shenzhen Shanghong Packing Products Co., Ltd. ("SSPP")	People's Republic of China	RMB4,900,000	–	88	Manufacture and sale of quality plastic and paper boxes for luxury consumer goods

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

15. Investments in Subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Winbox (BVI) Limited	British Virgin Islands	US\$440	–	88	Investment holding
Winbox Company Limited	Hong Kong	Ordinary HK\$5,500,000 Non-voting deferred HK\$5,500,000 (note b)	–	88	Sale of quality plastic and paper boxes for luxury consumer goods
Woodhill Investments Limited (note a)	Hong Kong	HK\$2	–	100	Securities trading

Notes:

- (a) During the year, the Group further acquired the remaining 60% equity interests in e2-Capital Securities previously not held by it. These companies are principal wholly-owned subsidiaries of e2-Capital Securities.
- (b) The non-voting deferred shares are not owned by the Group. These non-voting deferred shares carry no voting rights and are not entitled to participate in the profits of the company.

The Company's principal subsidiaries listed above principally operate in Hong Kong except SSPP and e2-Capital Pte. Ltd. which operate in the People's Republic of China and Singapore respectively.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect 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.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

NOTES TO THE FINANCIAL STATEMENT

For the year ended 31st December, 2000

16. Investments in Unconsolidated Subsidiaries

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets	8,675	8,675
Unamortised goodwill	-	1,287
	<u>8,675</u>	<u>9,962</u>

In 1997, the Group acquired a number of subsidiaries (the "Flourmill Subsidiaries") which are principally engaged in the manufacture and sale of flour in the People's Republic of China for a consideration of approximately HK\$45,060,000. Upon acquisition of the Flourmill Subsidiaries, the Group's stated intention was not to hold more than 50% equity interest of the Flourmill Subsidiaries for long term and also did not actively participate in the daily management of the Flourmill Subsidiaries. This intention remains and the Group had continued during the last two years to actively negotiate with potential investors for the disposal of the other 50% equity interest in the Flourmill Subsidiaries. As such, 50% of the investment cost of approximately HK\$22,530,000 (1999: HK\$22,530,000), net of a write down amounted to HK\$13,855,000 (1999: HK\$12,568,000), is still classified as other investments in current assets.

Subsequent to the balance sheet date, the Group's entire interest in the Flourmill Subsidiaries was disposed of to an independent third party. Details are set out in note 43.

Based on the above reasons, the financial statements of these subsidiaries have not been consolidated. In the opinion of the directors, it would be inappropriate and misleading to consolidate the Flourmill Subsidiaries.