

NOTES TO  
FINANCIAL STATEMENTS (CONT'D)

31 December 2000

13. FIXED ASSETS

GROUP

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:					
At 1 January 2000	302	2,827	15,793	5,886	24,808
Additions	—	19	838	1,233	2,090
Transfer from investment properties	9,500	—	—	—	9,500
Disposals	—	—	(295)	(1,329)	(1,624)
Arising from disposal of subsidiaries	—	(24)	(15)	—	(39)
<b>At 31 December 2000</b>	<b>9,802</b>	<b>2,822</b>	<b>16,321</b>	<b>5,790</b>	<b>34,735</b>
Accumulated depreciation:					
At 1 January 2000	63	1,518	6,553	3,893	12,027
Provided during the year	14	606	2,850	956	4,426
Disposals	—	—	(166)	(913)	(1,079)
Arising from disposal of subsidiaries	—	(20)	(9)	—	(29)
<b>At 31 December 2000</b>	<b>77</b>	<b>2,104</b>	<b>9,228</b>	<b>3,936</b>	<b>15,345</b>
Net book value:					
<b>At 31 December 2000</b>	<b>9,725</b>	<b>718</b>	<b>7,093</b>	<b>1,854</b>	<b>19,390</b>
At 31 December 1999	239	1,309	9,240	1,993	12,781

The Group's leasehold land and buildings included above are held in the People's Republic of China other than Hong Kong under the following lease terms:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Long term leases	302	302
Medium term leases	9,500	—
	<b>9,802</b>	<b>302</b>

Certain of the Group's land and buildings with a net book value of approximately HK\$9,500,000 were pledged to secure general banking facilities granted to the Group.

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FINANCIAL STATEMENTS (CONT'D)

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14. INVESTMENT PROPERTIES

	Group	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	1,581,270	1,686,231
Additions, at cost	1,301	12,253
Prior years' development cost overprovision	(8,893)	—
Disposals	—	(8,081)
Transfer to fixed assets	(9,500)	—
Arising from disposal of interests in subsidiaries	(5,400)	—
Deficit on revaluation	(111,478)	(109,133)
	<u>1,447,300</u>	<u>1,581,270</u>
At end of year	<u>1,447,300</u>	<u>1,581,270</u>

The Group's investment properties at 31 December 2000 are situated in the People's Republic of China and are held under the following lease terms:

	Hong Kong	Elsewhere	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Long term leases, at valuation	265,000	995,900	1,260,900
Medium term leases, at valuation	186,400	—	186,400
	<u>451,400</u>	<u>995,900</u>	<u>1,447,300</u>

The revaluation of the Group's investment properties as at 31 December 2000 was performed by B.I. Appraisals Limited, an independent firm of professionally qualified valuers, on an open market value, existing use basis.

Certain of the Group's investment properties have been pledged to banks to secure banking facilities granted to the Group (note 19).

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15. INTERESTS IN ASSOCIATES

	Group	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Share of net assets:		
Listed investment	48,626	52,046
Unlisted investments	48,883	52,833
	<u>97,509</u>	<u>104,879</u>
Due from associates	116,425	85,427
Due to associates	(10,630)	(197)
	<u>203,304</u>	<u>190,109</u>
Listed shares, at market value	<u>17,910</u>	<u>25,302</u>

Except for an amount due from an associate of HK\$66,218,000 which is interest-bearing at 10% per annum, the balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

Extracts of the consolidated operating results and consolidated financial position of the major associate, Oriental Explorer Holdings Limited, are as follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Operating results for the year:		
Turnover	<u>1,280,586</u>	<u>1,155,281</u>
Net profit/(loss) attributable to shareholders	<u>(104,581)</u>	<u>5,921</u>
Financial position:		
Non-current assets	174,096	208,701
Current assets	389,316	457,771
Current liabilities	(331,579)	(354,446)
Non-current liabilities	(84)	(167)
Minority interests	(17,534)	(52,409)
Net assets	<u>214,215</u>	<u>259,450</u>

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FINANCIAL STATEMENTS (CONT'D)

31 December 2000

15. INTERESTS IN ASSOCIATES (continued)

Details of the principal associates are as follows:

Name	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group	Principal activities
Prince Properties Limited	Hong Kong	50%	Investment holding
Rich Returns Limited	British Virgin Islands	50.72% *	Investment holding
Ever Ford Development Limited	Hong Kong	50.72% *	Investment holding
Windsor Property Development (Shanghai) Co., Ltd.	People's Republic of China	50.72% *	Property investment
Linkful (Holdings) Limited	Hong Kong	22.70%	Investment holding
Linkful Material Supply Limited	Hong Kong	22.70%	Metal trading
Linkful Metals Trading Limited	British Virgin Islands/ Thailand	22.70%	Metal trading
Linkful Worldwide (Holdings) Limited	British Virgin Islands	22.70%	Investment holding
Linkful Worldwide Investment Limited	British Virgin Islands	22.70%	Investment holding
Linkful (PRC) Investments Limited	Hong Kong	22.70%	Investment holding
Linkful Investment (Holdings) Limited	British Virgin Islands	22.70%	Investment holding
Katarti Navigation Company Limited	Cyprus	22.70%	Vessel holding
Oriental Explorer Holdings Limited (Formerly known as Linkful International Holdings Limited)	Bermuda	22.70%	Investment holding
Linkful Management Consultancy Limited	British Virgin Islands	22.70%	Investment holding
Linkful Management Services Limited	Hong Kong	22.70%	Provision of management services
Linkful Secretarial Services Limited	Hong Kong	22.70%	Provision of consultancy services
Linkful Strategic Investment Limited	British Virgin Islands	22.70%	Investment holding
Linkful Properties Company Limited	Hong Kong	22.70%	Property holding
Linkful (PRC) Holdings Limited	British Virgin Islands	22.70%	Investment holding
Inter China Limited	British Virgin Islands	12.94% #	Investment holding

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FINANCIAL STATEMENTS (CONT'D)

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15. INTERESTS IN ASSOCIATES (continued)

Name	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group	Principal activities
Jiangyin Bofeng Steel Company Limited	People's Republic of China	11.65% #	Manufacture and sale of steel products
Wuxi Xifeng Iron & Steel Company Limited	People's Republic of China	11.58% #	Manufacture and sale of steel products
East Winner Limited	British Virgin Islands	22.70%	Investment holding
Linkful Electronics Limited	British Virgin Islands	22.70%	Investment holding
Alphatronics Limited	Hong Kong	17.03% #	Trading of electronic products
Alphatronics Electronic (Shenzhen) Co., Ltd.	People's Republic of China	17.03% #	Manufacture of electronic components
Snowdon Worldwide Limited	British Virgin Islands	22.70%	Investment holding

\* The Group holds a direct equity interest of 48% in these associates, and an indirect equity interest of 2.72% by virtue of the Group's 22.70% interest in Oriental Explorer Holdings Limited, which holds a 12% equity interest in these associates.

# These companies are non-wholly-owned subsidiaries of an associate of the Group and, accordingly, are accounted for as associates by virtue of the associate's control over these entities.

Except for Prince Properties Limited, Rich Returns Limited and Oriental Explorer Holdings Limited, all associates are held by other associates.

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

16. PROPERTIES HELD FOR SALE

The properties held for sale were stated at cost, and are held under a medium term lease in Hong Kong.

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FINANCIAL STATEMENTS (CONT'D)

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**17. ACCOUNTS RECEIVABLE**

The ageing analysis of accounts receivable at the balance sheet date is as follows:

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
1 - 3 months	5,356	5,961
4 - 6 months	751	1,474
Over 6 months	758	376
	<u>6,865</u>	<u>7,811</u>

The tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amounts ranging from two to three months' rental in order to secure any default in their rental payments.

**18. SHORT TERM INVESTMENTS**

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Equity investments listed in Hong Kong, at market values	<u>1,320</u>	<u>—</u>

**19. BANK LOANS, SECURED**

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Bank loans are repayable:		
Within one year	43,208	131,406
In the second year	152,259	197,501
In the third to fifth years, inclusive	330,664	267,854
Wholly repayable beyond five years	211,561	114,676
	<u>737,692</u>	<u>711,437</u>
Less: Portion due within one year classified as current liabilities	(43,208)	(131,406)
Long term portion	<u>694,484</u>	<u>580,031</u>

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FINANCIAL STATEMENTS (CONT'D)

31 December 2000

**19. BANK LOANS, SECURED** *(continued)*

The Group's banking facilities were secured by:

- (i) a pledge on the Group's time deposits of HK\$3,823,000;
- (ii) first legal charges over certain of the Group's investment properties, fixed assets and properties held for sale with an aggregate net book value of approximately HK\$1,263 million at the balance sheet date;
- (iii) personal guarantees given by certain directors of the Company and its subsidiaries and the minority shareholders; and
- (iv) corporate guarantees issued by the Company.

**20. ACCOUNTS PAYABLE**

The ageing analysis of accounts payable at the balance sheet date is as follows:

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
1 - 3 months	<b>1,392</b>	641
4 - 6 months	—	650
Over 6 months	<b>3,469</b>	3,571
	<b><u>4,861</u></b>	<u>4,862</u>

**21. DUE TO A DIRECTOR / MINORITY SHAREHOLDER**

The amounts due to a director and a minority shareholder are unsecured, interest-free and have no fixed terms of repayment.

**22. DEFERRED TAXATION**

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
At beginning of year and at end of year	<b><u>31,131</u></b>	<u>31,131</u>

The major components of deferred taxation, which have been provided for in the financial statements, are related to the tax effect on unrealised losses on property transactions between Group companies.

The Group and the Company have no significant potential deferred tax liabilities for which provision has not been made.