

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7 Loss attributable to shareholders

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK\$3,418,000 (1999: HK\$2,313,000).

8 Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$39,020,000 (1999: HK\$40,627,000) and on the weighted average of 2,412,250,438 (1999: 1,171,558,899 shares, adjusted) ordinary shares in issue during the year as adjusted for the effect of the open offer of share (note 18(a)) on 17th July 2000. The loss per share for the period ended 31st December 1999 has been adjusted accordingly.

The exercise of warrants would have an anti-dilutive effect on the basis loss per share and accordingly no diluted loss per share for the year is presented.

9 Retirement benefit costs

The Group contributes to defined contribution retirement schemes, including the Mandatory Provident Schemes set up pursuant to the Mandatory Provident Scheme Ordinance, which are available to all qualifying employees. Contributions to the schemes by the Group and the employees are calculated as a percentage of the employees' basic salaries. The retirement benefit scheme cost charged to the consolidated income statement represents contributions payable by the Group to the funds.

The Group's contributions are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Forfeited contributions totalling HK\$131,000 (1999: HK\$189,000) were fully utilised during the year. Contributions totalling HK\$57,000 (1999: HK\$38,000) were payable to the fund at the year-end and are included in accounts payable. The assets of the schemes are held separately from those of the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)***10 Directors' and senior management's emoluments**

(a) The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	Year ended 31st December 2000 HK\$'000	Period from 1st April 1999 to 31st December 1999 HK\$'000
Directors' fees:		
Executive directors	49	32
Independent non-executive directors	20	11
	69	43
Other emoluments - executive directors:		
Salaries and other benefits	4,224	2,123
	4,293	2,166

No directors waived emoluments in respect of the year ended 31st December 2000 and period ended 31st December 1999.

The emoluments of the directors fell within the following bands:

Emoluments bands

	Number of directors	
	Year ended 31st December 2000 HK\$'000	Period from 1st April 1999 to 31st December 1999 HK\$'000
HK\$Nil - HK\$1,000,000	7*	11*
HK\$3,000,001 - HK\$3,500,000	1	1

* Include 2 (1999: 2) non-executive directors.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10 Directors' and senior management's emoluments *(continued)*

- (b) The five (1999: five) individuals whose emoluments were the highest in the Group for the year include two (1999: one) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (1999: four) individuals during the year are as follows:

	Year ended 31st December 2000 HK\$'000	Period from 1st April 1999 to 31st December 1999 HK\$'000
Salaries and other benefits	1,515	1,650

The emoluments fell within the following bands.

Emoluments bands

	Year ended 31st December 2000 HK\$'000	Number of individuals Period from 1st April 1999 to 31st December 1999 HK\$'000
HK\$Nil - HK\$1,000,000	3	4

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11 Fixed assets

	The Group			The Company	
	Investment properties <i>HK\$'000</i>	Leasehold land and buildings <i>HK\$'000</i>	Fixture, equipment and motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>	Fixture and equipment <i>HK\$'000</i>
Cost or valuation					
At 1st January 2000	169,400	45,000	21,171	235,571	61
Additions	—	—	1,057	1,057	—
Disposals/write-off	—	—	(1,172)	(1,172)	—
Transfers	13,300	(13,300)	—	—	—
At 31st December 2000	182,700	31,700	21,056	235,456	61
Accumulated depreciation					
At 1st January 2000	—	—	13,788	13,788	61
Charge for the year	—	859	2,863	3,722	—
Disposals/write-off	—	—	(545)	(545)	—
Revaluation <i>(note (a))</i>	—	(859)	—	(859)	—
At 31st December 2000	—	—	16,106	16,106	61
Net book values					
At 31st December 2000	182,700	31,700	4,950	219,350	—
At 31st December 1999	169,400	45,000	7,383	221,783	—
The analysis of the cost or valuation at 31st December 2000 of the above assets is as follows:					
At cost	—	—	21,056	21,056	61
At 2000 valuation	182,700	31,700	—	214,400	—
	182,700	31,700	21,056	235,456	61

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11 Fixed assets *(continued)*

Notes:

- (a) The leasehold land and buildings and investments properties of the Group were revalued at 31st December 2000 on the basis of their open market value by Sallmanns (Far East) Limited, a firm of independent professional valuer. The Group's surplus arising on revaluation of HK\$859,000 in aggregate has been credited to the fixed assets revaluation reserve of the Group (note 19).
- (b) The Group's interests in investment properties and other properties at their net book values are analysed as follows:

	Investment properties		Leasehold land and buildings	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
In Hong Kong held on:				
Leases of over 50 years	42,800	42,800	29,500	29,500
Leases of between 10 to 50 years	111,100	97,800	2,200	15,500
Outside Hong Kong held on:				
Leases of between 10 to 50 years <i>(note (c))</i>	28,800	28,800	—	—
	182,700	169,400	31,700	45,000

- (c) The Group has obtained the land occupancy right in respect of its investment properties situated in the People's Republic of China.
- (d) The carrying amount of leasehold land and buildings of the Group would have been approximately HK\$27,393,000 (1999: HK\$36,645,000) had they been stated at historical cost less accumulated depreciation.
- (e) At 31st December 2000, the net book value of the Group's fixed assets pledged as security for the Group's borrowings and banking facilities amounted to HK\$175,900,000 (1999: HK\$175,900,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12 Investment in subsidiaries

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	79,251	79,251
Distribution of dividends from subsidiaries' profits earned prior to the Group reorganisation	(2,050)	(2,050)
Amounts due from subsidiaries	121,681	62,224
	198,882	139,425
Less: Provision for permanent diminution in value and non-recovery of advances	(102,961)	(102,961)
	95,921	36,464

Details of the principal subsidiaries of the Company are set out in note 26 to the financial statements.

The amounts due from subsidiaries are unsecured, interest-free and with no fixed term of repayment.

13 Interests in an associate

	Group	
	2000 HK\$'000	1999 HK\$'000
Provision for losses (<i>note below</i>)	(4,445)	(4,445)
Amount due from an associate	—	36
	(4,445)	(4,409)

Particulars of the associate at 31st December 2000 are as follows:

Name	Place of incorporation	Issued and fully paid share capital	Principal activities	Interest held indirectly
HNF Credit Services Company Limited ("HNF")	Hong Kong	Ordinary - HK\$3	Inactive	33 $\frac{1}{3}$ %

Note:

In view of the substantial losses of HNF, the Group has ceased to further support HNF. In addition, the Group no longer exercises any influence over HNF and the financial information of HNF as at 31st December 2000 is not available.

Provision for losses represents the Group's exposure in respect of an outstanding claim. (see note 23)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14 Inventories

At 31st December 2000 and 1999, inventories represent goods held for resale carried at net realisable value.

15 Trade and other receivables

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trade receivables (<i>Note</i>)	32,384	23,850	—	—
Prepayments, deposits and other receivables	7,717	9,018	73	11
	40,101	32,868	73	11

Note:

The Group maintains a defined credit policy.

At 31st December 2000, the ageing analysis of the Group's trade receivables were as follows:

	2000 HK\$'000	1999 HK\$'000
Current	30,464	22,516
30-60 days	1,446	1,091
Over 60 days	474	243
	32,384	23,850

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16 Trade and other payables

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trade payables (<i>Note</i>)	58,673	49,515	—	—
Rental and other deposits	1,706	1,845	—	—
Accruals and other payables	12,398	17,537	3,091	2,931
	72,777	68,897	3,091	2,931

Note:

At 31st December 2000, the ageing analysis of the Group's trade payables were as follows:

	2000 HK\$'000	1999 HK\$'000
Current	56,276	44,489
30-60 day	1,011	1,517
Over 60 days	1,386	3,509
	58,673	49,515

17 Amount due to a related company — Group

The amount due to a related company is unsecured, repayable on demand and interest bearing at rates ranging from 0-2% above the Hong Kong prime lending rate.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18 Share capital, options and warrants

(a) Share capital

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 1st April 1999	2,000,000,000	200,000
Sub-division of shares	8,000,000,000	—
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Ordinary shares of HK\$0.02 each at 31st December 1999	10,000,000,000	200,000
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Ordinary shares of HK\$0.02 each at 1st January and 31st December 2000	10,000,000,000	200,000
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Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 1st April 1999	179,286,050	17,929
Sub-division of shares	717,144,200	—
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	896,430,250	17,929
Issue of shares	20,706,000	414
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Ordinary shares of HK\$0.02 each at 31st December 1999	917,136,250	18,343
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Ordinary shares of HK\$0.02 each At 1st January 2000	917,136,250	18,343
Issue of shares (<i>Note</i>)	2,890,689,330	57,814
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At 31st December 2000	3,807,825,580	76,157
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Note:

Pursuant to an open offer of shares on 17th July 2000, the Company issued a total of 2,855,869,185 ordinary shares of HK\$0.02 each at a subscription price of HK\$0.02 per share on the basis of three offer shares for every one ordinary share in issue on 27th June 2000.

In addition, 34,820,145 ordinary shares of HK\$0.02 each were issued during the year pursuant to the exercise of 34,820,145 warrants at a subscription price of HK\$0.2 per share.

All new shares issued during the year rank *pari passu* with the then existing shares in all respects.

(b) Share options

Pursuant to the Company's share option scheme adopted on 8th October 1992, the directors of the Company may, at their discretion, grant options to employees of the Group, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. No options were granted or exercised during the year. There was no outstanding share option during the year and at 31st December 2000.