

Notes to Financial Statements

31 December 2000

1. CORPORATE INFORMATION

The registered office of Shenyin Wanguo (H.K.) Limited is situated at 28/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong.

During the year, the Group was involved in the following principal activities:

- securities trading and investment holding
- securities broking and dealing
- margin financing and direct loans
- provision of investment advisory services

In addition, the jointly-controlled entities of the Group were involved in highway operations during the year.

In the opinion of the directors, the ultimate holding company is Shenyin Wanguo Holdings (B.V.I.) Limited, which is incorporated in the British Virgin Islands with limited liability.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Group had net current liabilities of approximately HK\$36.7 million as at 31 December 2000. The Group expects to generate a significant cash inflow of approximately HK\$70 million arising from the returns on the interest in and loans advanced to the jointly-controlled entities. Moreover, the Group is currently negotiating for additional banking facilities of HK\$30 million by the pledge of certain Group's assets. The directors are of the opinion that, with the above activities, the Group will have sufficient cash resources to meet its future working capital and other financial requirements.

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for the remeasurement of equity investments, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2000, with the exception of Jammy Chai (Guangzhou) Food Company Limited, which has not been consolidated for the reasons set out in note 21 to the financial statements. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is a company, other than a jointly-controlled entity, in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital, or controls the composition of its board of directors.

Notes to Financial Statements

31 December 2000

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Subsidiaries *(continued)*

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in values, when they are written down to values determined by the directors.

Goodwill

Goodwill arising on consolidation of subsidiaries represents the excess purchase consideration paid for the subsidiaries over the fair values ascribed to the net underlying assets acquired and is amortised by the annuity method, where the annual amortisation amounts compound at a rate of 8% per annum over 26 years, representing the remaining joint venture period of the jointly-controlled entities held by the subsidiary company being acquired.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which the Group and other parties have an interest are referred to as jointly-controlled entities.

The Group's share of the post acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. Where the profit sharing ratio is different from the Group's equity interest, the share of post acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	2%
Buildings	4%
Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	15%-33 ¹ / ₃ %
Motor vehicles	25%

Notes to Financial Statements

31 December 2000

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Fixed assets and depreciation *(continued)*

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Other assets

Other assets held on a long term basis are stated at cost less provisions for any permanent diminutions in values, deemed necessary by the directors, on an individual basis.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Stock and Futures Exchange trading rights

The eligibility rights to trade on or through The Stock Exchange of Hong Kong Limited (the "Stock Exchange trading rights") and Hong Kong Futures Exchange Limited (the "Futures Exchange trading right"), are stated at cost less accumulated amortisation. Cost was determined by the directors according to the methodology detailed in note 13. Amortisation is calculated on the straight-line basis to write off the cost of the trading rights over their estimated useful life of ten years.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) securities and futures contracts trading profits or losses, recognised as incurred;
- (b) interest income, on a time proportion basis taking into account the principal outstanding and the effective rate of interest applicable;
- (c) commission and trading revenue, on a trade date basis;
- (d) underwriting commission, when the obligation under the underwriting or sub-underwriting agreement has expired;
- (e) on the rendering of services, as the underlying services are provided; and
- (f) dividend income, when the shareholders' right to receive payment is established.

Notes to Financial Statements

31 December 2000

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Long term investments

Long term investments are non-trading investments in listed securities intended to be held on a long term basis. They are stated at their fair values at the balance sheet date on an individual investment basis.

The gains or losses arising from changes in the fair values of a security are dealt with as movements in the long term investment revaluation reserve, until the security is sold, collected, or otherwise disposed of, or until the security is determined to be impaired, when the cumulative gain or loss derived from the security recognised in the long term investment revaluation reserve, together with the amount of any further impairment, is charged to the profit and loss account for the period in which the impairment arises. Where the circumstances and events which led to an impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value is credited to the profit and loss account to the extent of the amount previously charged.

Short term investments

Short term investments are investments in equity securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

Staff retirement scheme

The Group operates a defined contribution retirement benefits scheme (the "Retirement Scheme") for employees. Contributions to the Retirement Scheme are charged to the profit and loss account as incurred. The amount of the contributions made by the Group is based on a specified percentage of the monthly salary of the eligible employees. Forfeited contributions in respect of employees who leave the Group before their contributions fully vest are available to the Group to reduce its ongoing funding and retirement scheme costs.

Commencing from 1 December 2000, the Mandatory Provident Fund Schemes Ordinance took effect and introduced certain new arrangements for the provision of employee benefits. A new Mandatory Provident Fund Scheme ("MPF Scheme") has been set up by the Group for this purpose. Contributions are made based on a percentage of the employees' relevant income or basic salaries, whichever the greater, and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. When the contribution is over the statutory maximum requirements, the extra voluntary contribution will be credited as contribution to the Retirement Scheme. The employers' mandatory contributions vest fully with the employees when contributed into the MPF Scheme.

The assets of the MPF Scheme and the Retirement Scheme are held separately from those of the Group in an independently administered fund.

The Retirement Scheme has operated together with the MPF Scheme.

Notes to Financial Statements

31 December 2000

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Loans and advances

Loans and advances to customers and accrued interest thereon are stated in the balance sheet net of provisions for bad and doubtful debts.

Interest on doubtful advances is credited to a suspense account which is netted in the balance sheet against the relevant advances.

Bad and doubtful debts

Provision is made against advances and other accounts as and when they are considered doubtful. In addition, an amount is set aside as a general provision for doubtful debts. Loans and advances are stated in the financial statements net of these provisions.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that a liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of subsidiaries denominated in foreign currencies are translated to Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

Notes to Financial Statements

31 December 2000

3. TURNOVER

Turnover represents the aggregate of sales proceeds of securities and futures contracts trading, gross interest income, commissions and brokerage income less rebates, fees for the rendering of services and dividend income. Revenue from the following activities has been included in turnover:

	2000	Group 1999
	<i>HK\$</i>	<i>HK\$</i>
Financial services:		
Sales proceeds from securities and futures contracts trading	344,519,243	65,486,268
Interest income from margin financing and direct loan operations	74,323,987	47,778,901
Commission and brokerage income	67,706,220	38,829,774
Rendering of services	<u>6,550,722</u>	<u>18,397,617</u>
	493,100,172	170,492,560
Others:		
Bank interest income	4,887,679	9,264,802
Dividend income from		
Listed investments	718,698	294,667
Unlisted investment — unconsolidated subsidiary	7,610,544	7,893,502
Others	<u>2,886,670</u>	<u>508,318</u>
	<u>509,203,763</u>	<u>188,453,849</u>

4. OTHER REVENUE

	2000	Group 1999
	<i>HK\$</i>	<i>HK\$</i>
Gain on disposal of listed equity investments	54,114,553	—
Amounts received from Bank of Credit and Commerce		
Hong Kong Limited for bank balances and deposits	—	939,425
Gain on dilution of interest in a subsidiary	—	1,069,987
Exchange gains, net	<u>287,038</u>	<u>405,316</u>
	<u>54,401,591</u>	<u>2,414,728</u>

Notes to Financial Statements

31 December 2000

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Group	
	2000	1999
	HK\$	HK\$
Depreciation	7,320,261	3,802,746
Amortisation of goodwill	717,272	983,350
Amortisation of stock and futures exchange trading rights	430,000	—
Staff costs: (including directors' remuneration — note 6)		
Wages and salaries	48,982,965	33,612,011
Pension contributions	4,236,974	2,572,923
Less: Forfeited contributions	<u>(1,143,163)</u>	<u>(525,805)</u>
Net pension contributions*	<u>3,093,811</u>	<u>2,047,118</u>
	<u>52,076,776</u>	<u>35,659,129</u>
Loss on disposal of a subsidiary	387,486	—
Provisions for bad and doubtful debts	1,500,000	—
Interest expenses for financial services operations		
— on bank loans and overdrafts	26,697,725	27,356,079
— on other loans wholly repayable within five years	45,957,133	10,366,365
Operating lease rentals for land and buildings	8,164,448	5,545,959
Provision for settlement of claims **	5,492,962	3,870,000
Auditors' remuneration	820,000	765,000
Loss on disposal of fixed assets	2,518	21,034
Unrealised loss on listed equity investments	27,707,025	2,231,394
Realised gain on trading of listed equity investments	<u>(1,630,946)</u>	<u>(8,163,530)</u>

* At 31 December 2000, the forfeited contributions available to the Group to reduce its contributions to the pension scheme in future years amounted to approximately HK\$380,076 (1999: HK\$61,737).

** During the year ended 31 December 1997, certain brokerage clients of two of the Group's subsidiaries, Shenyin Wanguo Securities (H.K.) Limited ("SWSL") and Shenyin Wanguo Finance (H.K.) Limited, questioned their stockholding and account balances. The Group's management, together with its legal counsel, launched an investigation into the matter. In October 1997, formal legal proceedings were brought by two brokerage clients against SWSL. Subsequent to the balance sheet date, on 19 January 2001, SWSL and the two brokerage clients reached a deed of settlement; a further provision for settlement of claims was made in the current year.

Notes to Financial Statements

31 December 2000

6. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, was as follows:

	Group	
	2000	1999
	HK\$	HK\$
Fees:		
Executive	—	—
Non-executive*	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Other emoluments:		
Executive		
Salaries, allowances and benefits in kind	3,165,615	2,550,000
Bonus	—	208,500
Pension scheme contributions	753,797	147,000
	<u>3,919,412</u>	<u>2,905,500</u>
	<u><u>4,019,412</u></u>	<u><u>3,005,500</u></u>

* Fees to independent non-executive directors

There were no other emoluments payable to the independent non-executive directors during the year (1999: Nil).

The remuneration of the directors fell within the following bands:

	Number of directors	
	2000	1999
Nil to HK\$1,000,000	8	7
HK\$1,500,001 to HK\$2,000,000	2	—
HK\$2,500,001 to HK\$3,000,000	—	1
	<u>10</u>	<u>8</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (1999: Nil).

No value is included in directors' remuneration in respect of share options granted during the year because, in the absence of a readily available market value for the options on the Company's shares, the directors are unable to arrive at an accurate assessment of the value of the options granted. Details of the options granted to the directors during the year are set out in the section "Directors' rights to acquire shares" in the Report of the Directors on pages 20 and 21, and in note 28 to the financial statements.

Notes to Financial Statements

31 December 2000

7. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (1999: one) directors, details of whose remuneration are set out in note 6 above. The details of the remuneration of the remaining three (1999: four) non-director, highest paid employees are as follows:

	Group	
	2000	1999
	HK\$	HK\$
Salaries, allowances and benefits in kind	5,800,754	5,417,840
Bonus	429,433	738,760
Pension scheme contributions	228,618	409,428
	<u>6,458,805</u>	<u>6,566,028</u>

The remuneration of the non-director, highest paid employees fell within the following bands.

	Number of employees	
	2000	1999
HK\$1,000,001 to HK\$1,500,000	—	2
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	2	1
	<u>3</u>	<u>4</u>

8. FINANCE COSTS

	Group	
	2000	1999
	HK\$	HK\$
Interest on bank loans and overdrafts	<u>4,918,544</u>	<u>7,934,216</u>

Notes to Financial Statements

31 December 2000

9. TAX

No Hong Kong profits tax has been provided because the Group companies either did not generate any assessable profits in Hong Kong, or had available tax losses brought forward to offset the assessable profits generated.

Tax on profits in respect of subsidiaries operating elsewhere have been calculated at the rates of tax prevailing in the respective tax jurisdictions in which they operate, based on existing legislation, interpretations and practices in respect thereof.

	2000	Group 1999
	HK\$	HK\$
Overprovision in prior year	—	1,907,556
Share of tax attributable to jointly-controlled entities	<u>(31,475)</u>	<u>(1,473,624)</u>
	<u>(31,475)</u>	<u>433,932</u>

10. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year dealt with in the financial statements of the Company was HK\$437,354 (1999: HK\$5,561,150).

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$25,511,172 (1999: HK\$24,640,692) and the weighted average of 519,339,454 shares (1999: 517,161,427 shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$25,511,172 (1999: HK\$24,640,692). The weighted average number of ordinary shares used in the calculation comprises the 519,339,454 (1999: 517,161,427) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 457,271 (1999: 403,147) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all options outstanding during the year.

Notes to Financial Statements

31 December 2000

12. FIXED ASSETS

Group

	Land and buildings <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
Cost:					
At beginning of year	4,095,000	5,619,535	16,692,493	3,452,739	29,859,767
Additions	—	6,709,977	13,972,292	1,068,000	21,750,269
Disposal of a subsidiary	—	—	(3,685,781)	—	(3,685,781)
Disposals	—	—	(64,790)	—	(64,790)
At 31 December 2000	4,095,000	12,329,512	26,914,214	4,520,739	47,859,465
Accumulated depreciation:					
At beginning of year	716,625	5,619,535	11,312,751	2,951,952	20,600,863
Provided during the year	122,850	2,519,599	4,280,393	397,419	7,320,261
Disposal of a subsidiary	—	—	(2,014,607)	—	(2,014,607)
Disposals	—	—	(52,570)	—	(52,570)
At 31 December 2000	839,475	8,139,134	13,525,967	3,349,371	25,853,947
Net book value:					
At 31 December 2000	3,255,525	4,190,378	13,388,247	1,171,368	22,005,518
At 31 December 1999	3,378,375	—	5,379,742	500,787	9,258,904

The land and buildings are held under long term leases, are situated in Hong Kong and are pledged to banks to secure the Group's long term bank loans (note 26).

Notes to Financial Statements

31 December 2000

13. STOCK AND FUTURES EXCHANGE TRADING RIGHTS

	Group	
	2000	1999
	<i>HK\$</i>	<i>HK\$</i>
Cost:		
Transferred from other assets (note 14)	4,300,002	—
Accumulated amortisation:		
Provided during the year	<u>(430,000)</u>	<u>—</u>
Net book value:		
At 31 December	<u><u>3,870,002</u></u>	<u><u>—</u></u>

Pursuant to the restructuring of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Futures Exchange Limited (the “Futures Exchange”), effective on 6 March 2000, the Group received three Stock Exchange trading rights, a Futures Exchange trading right and 3,808,500 ordinary shares of HK\$1.00 each in Hong Kong Exchanges and Clearing Limited (the “HKEC Shares”) in exchange for its three shares previously held in the Stock Exchange and one share previously held in the Futures Exchange.

The carrying costs of the previously-held shares in the Stock Exchange and the Futures Exchange (note 14) have all been allocated to the Stock Exchange trading rights and the Futures Exchange trading right.

The Stock Exchange trading rights and the Futures Exchange trading right have been classified as non-current assets and accounted for under the accounting policy as stated in note 2 to the financial statements.

14. OTHER ASSETS

	Group	
	2000	1999
	<i>HK\$</i>	<i>HK\$</i>
Cost of memberships:		
Seat at The Hong Kong Futures Exchange Limited*	—	100,000
Seats at The Stock Exchange of Hong Kong Limited*	—	4,200,002
Club debentures	2,470,000	2,470,000
Prepayments and deposits	<u>3,589,875</u>	<u>3,444,875</u>
	<u><u>6,059,875</u></u>	<u><u>10,214,877</u></u>

* The Company held three shares in the Stock Exchange and a share in the Futures Exchange as at 31 December 1999. As further detailed in note 13, pursuant to the restructuring of the Stock Exchange and Futures Exchange, effective on 6 March 2000, these shares were exchanged for three Stock Exchange trading rights, a Futures Exchange trading right and 3,808,500 HKEC Shares.

Notes to Financial Statements

31 December 2000

15. INTERESTS IN SUBSIDIARIES

	Company	
	2000 HK\$	1999 HK\$
Unlisted shares, at cost	90,910,146	90,710,146
Due from subsidiaries	<u>729,155,287</u>	<u>748,155,303</u>
	820,065,433	838,865,449
Due to subsidiaries	<u>(4,855,000)</u>	<u>(1,425,352)</u>
	815,210,433	837,440,097
Provisions for permanent diminutions in values	<u>(74,997,554)</u>	<u>(74,997,554)</u>
	<u>740,212,879</u>	<u>762,442,543</u>

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for amounts due from subsidiaries of HK\$367,326,325 (1999: HK\$394,934,206) which bear interest ranging from the deposit saving rate to prime rate plus 2.5% (1999: deposit saving rate to prime rate plus 3%) per annum.

All of the principal subsidiaries, unless otherwise indicated, are incorporated and are operating in Hong Kong. Details of the Company's principal subsidiaries at the balance sheet date are as follows:

Name	Nominal value of issued and fully paid share capital	Percentage of ordinary shares held		Principal activities
		Direct	Indirect	
Shenyin Wanguo Securities (H.K.) Limited	300,000 ordinary shares of HK\$100 each	100	—	Securities broking and margin financing
Shenyin Wanguo Finance (H.K.) Limited	25,000,000 ordinary shares of HK\$1 each	100	—	Financial services
Shenyin Wanguo Capital (H.K.) Limited	600,000 ordinary shares of HK\$10 each	100	—	Corporate finance

Notes to Financial Statements

31 December 2000

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Nominal value of issued and fully paid share capital	Percentage of ordinary shares held		Principal activities
		Direct	Indirect	
Shenyin Wanguo Futures (H.K.) Limited	8,000,000 ordinary shares of HK\$1 each	100	—	Futures and options dealing
Shenyin Wanguo Brokerage (H.K.) Limited	5,000,000 ordinary shares of HK\$1 each	100	—	Securities broking
Shenyin Wanguo Research (H.K.) Limited	300,000 (1999: 100,000) ordinary shares of HK\$1 each	100	—	Securities research services
Shenyin Wanguo Enterprises (H.K.) Limited	15,000,000 ordinary shares of HK\$1 each	100	—	Provision of management and treasury services
Sparkle Well Limited	2 ordinary shares of HK\$1 each	100	—	Property holding
Wealthy Limited	2 ordinary shares of HK\$1 each	100	—	Property holding
Shenyin Wanguo Strategic Investments (H.K.) Limited	10,000 ordinary shares of HK\$1 each	100	—	Securities trading and investment
First Million Holdings Limited*	1 ordinary share of US\$1	100	—	Securities trading and investment
Shenyin Wanguo Foods (H.K.) Limited	100 ordinary shares of HK\$1 each	—	100	Investment holding

Notes to Financial Statements

31 December 2000

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Nominal value of issued and fully paid share capital	Percentage of ordinary shares held		Principal activities
		Direct	Indirect	
Shenyin Wanguo Trading (H.K.) Limited	375,000 ordinary shares of HK\$1 each	100	—	Share trading and investment holding
Shenyin Wanguo (Holdings) Limited	2 ordinary shares of HK\$1 each	100	—	Investment holding
Shenyin Wanguo Nominees (H.K.) Limited	1,000 ordinary shares of HK\$1 each	—	100	Share custodian and nominee services
Shenyin Wanguo Online Limited (formerly Shenyin Wanguo China Investments (H.K.) Ltd.)	1,000 ordinary shares of HK\$1 each	100	—	Provision of internet trading
Crux Assets Limited*	1 ordinary share of US\$1	—	100	Investment holding

* Incorporated in the British Virgin Islands

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

16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2000 HK\$	1999 HK\$
Share of net assets	<u>213,815,133</u>	<u>217,171,118</u>

Notes to Financial Statements

31 December 2000

16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)

Particulars of the jointly-controlled entities are as follows:

Name	Business structure	Place of incorporation/ registration	Percentage of				Principal activities
			Owner-ship interest	Voting interest	Profit sharing		
The New China Hong Kong Highway Ltd. ("NCHK")	Corporate	British Virgin Islands	26.19%	26.19%	26.19%	Investment holding	
Sichuan Chengmian Expressway Co. Ltd. ("SCECL")	Corporate	The People's Republic of China ("PRC")	15.71%	15.71%	26.19%	Highway operations	

All of the above investments in jointly-controlled entities are indirectly held by the Company.

In accordance with the terms of the revised joint venture agreement of SCECL dated 18 March 1994, NCHK is entitled to all of the net profits generated by SCECL from the date of registration of SCECL to 8 November 2003. Thereafter, NCHK is entitled to 60% and 50% of the net profits generated by SCECL for the periods from 9 November 2003 to 8 November 2008 and from 9 November 2008 to 8 November 2018, respectively. For the period from 9 November 2018 to the end of the joint venture period, NCHK is entitled to 40% of the net profits generated by SCECL.

Accordingly, no profit was shared by the PRC partner of SCECL for the year.

Extracts of the financial information of the jointly-controlled entities are as follows:

	NCHK and its subsidiary	
	2000 HK\$'000	1999 HK\$'000
Turnover	<u>151,143</u>	<u>130,321</u>
Profit before tax	<u>73,705</u>	<u>52,856</u>
Fixed assets	1,650,490	1,662,497
Current assets	115,961	93,390
Current liabilities	(32,792)	(36,143)
Long term liabilities	(45,460)	(34,542)
Minority interests	<u>(871,799)</u>	<u>(855,988)</u>
Net assets	<u>816,400</u>	<u>829,214</u>

Notes to Financial Statements

31 December 2000

17. GOODWILL

	Group HK\$
Cost:	
At beginning and end of year	64,658,842
Accumulated amortisation:	
At beginning of year	983,350
Charged during the year	717,272
At end of year	1,700,622
Net book values:	
At 31 December 2000	62,958,220
At 31 December 1999	63,675,492

18. LONG TERM RECEIVABLE

	2000 HK\$	Group 1999 HK\$
Amounts receivable	292,767,388	—
Less: Portion classified as current and included in advances to customers	<u>(6,824,089)</u>	—
Long term receivable	<u>285,943,299</u>	—

At 31 December 2000, the Group had amounts receivable from Century City International Holdings Limited (“CCIH”) and its subsidiaries (together, the “CC Group”) in an aggregate amount of HK\$292,767,388 (1999: HK\$307,738,830, of which HK\$305,272,882 was included in accounts receivable and HK\$2,465,948 was included in loans and advances), representing approximately 47% (1999: 51%) of the Group’s net assets at the balance sheet date. The aggregate balance comprises receivables arising from securities and options trading, a claim under an indemnity in relation to the acquisition of the interests in jointly-controlled entities and accrued interest income. Apart from a balance of HK\$6.8 million (1999: HK\$21.7 million) arising from securities trading and accrued interest income which is adequately secured by marketable securities and classified as a current asset, all of the remaining balance of HK\$286 million is guaranteed by CCIH and due for repayment.

In view of the recent reported developments and financial position of the CC Group, the directors consider that the receivable of HK\$286 million is unlikely to be recovered within the next twelve months and, accordingly, it has been classified as a long term receivable. Notwithstanding the uncertainty surrounding the full recovery of this receivable, no provision against it has been made in the preparation of these financial statements.

The amounts receivable from the CC Group bear interest ranging from prime rate plus 3.05% to 4% per annum.

Notes to Financial Statements

31 December 2000

19. INTERESTS IN AN ASSOCIATE

During the year ended 30 June 1995, the Group ceased to provide financial support to an associate, Shanghai Zamotus International Limited (“SZIL”), and decided not to hold its interest in SZIL for long term purposes. Accordingly, the Group’s interest in SZIL was stated at the then carrying value under the equity method, less provision for diminution in value deemed necessary by the directors, of HK\$150,000, and SZIL was reclassified as a short term unlisted investment (note 20).

20. INVESTMENTS

			Group	
	2000		1999	
	<i>HK\$</i>		<i>HK\$</i>	
Long term investments				
Listed equity investments in Hong Kong at fair value	<u>69,134,335</u>		<u>69,134,335</u>	
Short term investments				
		Group		Company
	2000		2000	
	<i>HK\$</i>	1999	<i>HK\$</i>	1999
		<i>HK\$</i>		<i>HK\$</i>
Listed equity trading securities at market value:				
Hong Kong	31,719,652	46,011,159	—	—
Overseas	<u>1,092,347</u>	<u>8,271,138</u>	—	—
	32,811,999	54,282,297	—	—
Unlisted equity investment (note 19)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u>32,961,999</u>	<u>54,432,297</u>	<u>150,000</u>	<u>150,000</u>

The market value of the Group’s long term listed equity investments at the date of approval of these financial statements was approximately HK\$12,846,316 (1999: HK\$27,094,000). The directors are of the opinion that the fair values were not less than their carrying amounts at 31 December 1999 and 2000.

The market value of the Group’s short term listed equity trading securities at the date of approval of these financial statements was approximately HK\$29,523,507 (1999: HK\$46,515,000).

Certain listed investments of the Group are pledged to secure the Group’s bank and other borrowings (note 26).

Notes to Financial Statements

31 December 2000

21. INTERESTS IN AN UNCONSOLIDATED SUBSIDIARY

	2000	Group 1999
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost	<u>30,499,674</u>	<u>30,499,674</u>

The Group is seeking interested potential buyers for the unconsolidated subsidiary and, accordingly, the Group's interest in the unconsolidated subsidiary is stated at cost less provision for permanent diminution in value deemed necessary by the directors.

The Group's share of the profit of the unconsolidated subsidiary for the year ended 31 December 2000 and the retained profits at the end of the year, not dealt with in the Group's financial statements, amounted to HK\$7,126,663 and HK\$8,114,934, respectively (1999: HK\$7,835,687 and HK\$8,598,815, respectively).

Particulars of the unconsolidated subsidiary are as follows:

Name	Place of incorporation and operations	Nominal value of issued capital	Percentage of ordinary shares indirectly held	Principal activities
Jammy Chai (Guangzhou) Food Company Limited	PRC	RMB52,232,860	50.2	Production of non-staple food stuffs and flavourings

22. ACCOUNTS RECEIVABLE

	2000	Group 1999
	<i>HK\$</i>	<i>HK\$</i>
Accounts receivable	92,685,901	527,016,443
Less: Provisions for doubtful debts — specific	<u>(14,499,445)</u>	<u>(12,999,445)</u>
	<u>78,186,456</u>	<u>514,016,998</u>

Notes to Financial Statements

31 December 2000

22. ACCOUNTS RECEIVABLE (continued)

The aged analysis of accounts receivable is as follows:

	2000 HK\$	1999 HK\$
Current to 30 days	78,329,084	206,897,444
31 - 60 days	62,634	2,465,611
61 - 90 days	102,357	2,112,810
Over 90 days	14,191,826	315,540,578
	<u>92,685,901</u>	<u>527,016,443</u>

The Group allows a credit period of up to the settlement dates of securities transactions or a credit period mutually agreed with the contracting parties.

23. LOANS AND ADVANCES

	2000 HK\$	Group 1999 HK\$
Loans and advances to customers		
Secured	544,707,810	534,158,690
Unsecured	120,660,897	121,123,508
Interest receivable	12,088,941	114,520
	<u>677,457,648</u>	<u>655,396,718</u>
Less: Provision for doubtful debts		
Specific	(228,662,899)	(228,662,899)
General	(64,908)	(64,908)
	<u>448,729,841</u>	<u>426,668,911</u>

Notes to Financial Statements

31 December 2000

23. LOANS AND ADVANCES (continued)

The maturity profile of loans and advances to customers at the balance sheet date is analysed by the remaining periods to their contractual maturity dates as follows:

	2000 HK\$	1999 HK\$
Repayable on demand	421,788,763	402,042,282
One year or less but over three months	10,108,408	—
Undated	245,560,477	253,354,436
	<u>677,457,648</u>	<u>655,396,718</u>

As at 31 December 2000, the accrued interest in respect of loans to customers was HK\$12,088,941 (1999: HK\$114,520) and the total market value of securities pledged as collateral was HK\$1,472,317,067 (1999: HK\$1,764,691,441).

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Bank balances	64,317,652	29,788,656	411,602	389,597
Time deposits	16,883,837	49,348,630	—	—
	<u>81,201,489</u>	<u>79,137,286</u>	<u>411,602</u>	<u>389,597</u>

25. ACCOUNTS PAYABLE

The aged analysis of accounts payable is as follows:

	Group	
	2000 HK\$	1999 HK\$
Current to 30 days	<u>63,850,685</u>	<u>170,676,827</u>

Notes to Financial Statements

31 December 2000

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Bank overdrafts:				
Secured	110,014,705	127,503,350	—	—
Unsecured	9,668,478	24,549,345	505,837	34,367
Secured bank loans	119,763,874	117,496,849	—	—
Other loans:				
Secured	160,907,555	171,984,486	—	—
Unsecured	130,000,000	160,000,000	130,000,000	160,000,000
Loan from a related party (note 33)	20,000,000	20,000,000	20,000,000	20,000,000
Current portion of long term bank loans	179,067	168,400	—	—
	<u>550,533,679</u>	<u>621,702,430</u>	<u>150,505,837</u>	<u>180,034,367</u>

The maturity of the Group's long term secured bank loans is analysed as follows:

	Group	
	2000 HK\$	1999 HK\$
Repayable within one year, included as current liabilities	<u>179,067</u>	<u>168,400</u>
Repayable within one to two years	199,788	186,032
Repayable within two to five years	749,089	683,350
Repayable beyond five years	<u>1,074,456</u>	<u>1,327,660</u>
Portion classified as long term	<u>2,023,333</u>	<u>2,197,042</u>
	<u>2,202,400</u>	<u>2,365,442</u>

The secured bank loans, bank overdrafts and other loans are secured by the pledge of certain listed investments of the Group (note 20) and listed shares held by the Group as security for advances to customers, and are guaranteed by the Company.

The loan from a related party is unsecured, bears interest at prime rate and has no fixed terms of repayment.

The long term bank loans are secured by the pledge of the land and buildings of the Group (note 12).

Notes to Financial Statements

31 December 2000

27. DEFERRED TAX

No deferred tax has been provided as there were no significant timing differences at the balance sheet date (1999: Nil).

The principal components of the Group's unprovided deferred tax asset calculated at 16% (1999: 16%) are as follows:

	2000 HK\$	1999 HK\$
Tax losses	37,412,002	30,988,308
Accelerated depreciation allowances	(1,077,722)	70,827
Others	—	(265,395)
	<u>36,334,280</u>	<u>30,793,740</u>

28. ISSUED CAPITAL

	Company	
	Number of ordinary shares of HK\$0.50 each	HK\$
Authorised	<u>2,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:		
At 1 January 1999	516,199,126	258,099,563
Issue of 1,960,000 shares on exercise of options	<u>1,960,000</u>	<u>980,000</u>
At 31 December 1999 and 1 January 2000	518,159,126	259,079,563
Issue of 1,200,000 shares on exercise of options	<u>1,200,000</u>	<u>600,000</u>
At 31 December 2000	<u>519,359,126</u>	<u>259,679,563</u>

Notes to Financial Statements

31 December 2000

28. ISSUED CAPITAL *(continued)*

Options

Under a share option scheme adopted by the shareholders at the Company's extraordinary meeting on 12 December 1992, the directors may, at any time within 10 years from 12 December 1992, grant options to any employees, including directors, to subscribe for shares in the Company. The maximum number of shares which may be granted under the scheme may not exceed 10% of the number of issued shares of the Company. In addition, no employee may be granted an option which, if exercised in full, would result in that employee becoming entitled to subscribe for such a number of shares as, when aggregated with the total number of shares already issued under any previously exercised options granted to him and issuable under any remaining unexercised options previously granted, would exceed 25% of the aggregate number of shares for the time being issued and issuable under the scheme.

On 18 October 1996, a total of 14,600,000 share options, which potentially represented 4.38% of the then issued share capital of the Company, were granted to certain senior executives, including a director of the Company, at an exercise price of HK\$0.65 per share which was 20% below the average closing price of the Company's shares quoted on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date on which the options were offered. These options can be exercised within 5 years from dates commencing between 4 December 1996 and 28 December 1996.

As a result of the Rights Issue completed on 13 January 1997, there was an alteration of the capital structure of the Company which affected the exercise price of the share options previously granted. In accordance with the terms of the share option scheme, the exercise price of the share options was adjusted to HK\$0.60 per share.

On 1 June 2000, 11,000,000 share options were granted to a director of the Company at an exercise price of HK\$0.50 per share. These options are divided into three blocks and can be exercised commencing from 1 June 2001, 1 December 2001 and 1 June 2002, respectively, to 11 December 2002.

13,000,000 share options were exercised in prior years since the adoption of this share option scheme. During the year ended 31 December 2000, a further 1,200,000 options were exercised. At the balance sheet date, the Company had 11,400,000 outstanding options entitling the holders, who are employees of the Company, to subscribe in cash at any time during the exercise period. The exercise in full of such options would, under the present capital structure of the Company, result in the issue of 11,400,000 additional ordinary shares for aggregate proceeds, before the related issue expenses, of HK\$5,740,000.

Notes to Financial Statements

31 December 2000

29. RESERVES

Group	Share premium account HK\$	Capital reserve HK\$	General reserve HK\$	Exchange fluctuation reserve HK\$	Retained profits HK\$	Total HK\$
At 1 January 1999	314,383,683	15,043	138,611	(157,393)	398,228	314,778,172
Issue of shares	196,000	—	—	—	—	196,000
Exchange realignments	—	—	—	22,556	—	22,556
Net profit for the year	—	—	—	—	24,640,692	24,640,692
At 31 December 1999 and 1 January 2000	314,579,683	15,043	138,611	(134,837)	25,038,920	339,637,420
Issue of shares	120,000	—	—	—	—	120,000
Exchange realignments	—	—	—	134,837	—	134,837
Net profit for the year	—	—	—	—	25,511,172	25,511,172
At 31 December 2000	314,699,683	15,043	138,611	—	50,550,092	365,403,429
Reserves retained by:						
Company and subsidiaries	314,699,683	15,043	138,611	—	41,535,860	356,389,197
Jointly-controlled entities	—	—	—	—	9,014,232	9,014,232
At 31 December 2000	314,699,683	15,043	138,611	—	50,550,092	365,403,429
Company and subsidiaries	314,579,683	15,043	138,611	(134,837)	12,668,703	327,267,203
Jointly-controlled entities	—	—	—	—	12,370,217	12,370,217
At 31 December 1999	314,579,683	15,043	138,611	(134,837)	25,038,920	339,637,420

Notes to Financial Statements

31 December 2000

29. RESERVES (continued)

Company	Share premium account HK\$	Capital reserve HK\$	General reserve HK\$	Exchange fluctuation reserve HK\$	Retained profits/ (accumulated losses) HK\$	Total HK\$
At 1 January 1999	314,383,683	—	656,293	—	(1,933,324)	313,106,652
Issue of shares	196,000	—	—	—	—	196,000
Net profit for the year	—	—	—	—	5,561,150	5,561,150
At 31 December 1999 and 1 January 2000	314,579,683	—	656,293	—	3,627,826	318,863,802
Issue of shares	120,000	—	—	—	—	120,000
Net profit for the year	—	—	—	—	437,354	437,354
At 31 December 2000	<u>314,699,683</u>	<u>—</u>	<u>656,293</u>	<u>—</u>	<u>4,065,180</u>	<u>319,421,156</u>

The general reserves of the Group and the Company represent prior year appropriations of profits, which are distributable.

Notes to Financial Statements

31 December 2000

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit from operating activities to net cash inflow from operating activities

	2000 HK\$	1999 HK\$
Profit from operating activities	10,986,003	19,707,108
Depreciation	7,320,261	3,802,746
Amortisation	1,147,272	983,350
Loss on disposal of a subsidiary	387,486	—
Provisions for bad and doubtful debts	1,500,000	—
Gain on dilution of interests in a subsidiary	—	(1,069,987)
Amounts recovered from Bank of Credit and Commerce Hong Kong Limited for bank balances and deposits written off in prior years	—	(939,425)
Loss on disposal of fixed assets	2,518	21,034
Decrease in short term investments	19,062,353	22,309,393
Decrease/(increase) in accounts receivable	241,890,542	(310,569,174)
Decrease/(increase) in loans and advances	(115,564,229)	86,103,405
Increase in deposits, prepayments and other receivables	(5,049,851)	(6,432,998)
Decrease/(increase) in bank held on behalf of customers	(17,764,938)	21,356,935
Increase/(decrease) in accounts payable	(106,826,142)	171,998,572
Increase/(decrease) in other payables and accruals	37,103,938	(2,208,260)
Net cash inflow from operating activities	<u>74,195,213</u>	<u>5,062,699</u>

Notes to Financial Statements

31 December 2000

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share capital (including share premium account) HK\$	Bank loans HK\$	Other loans HK\$	Loan from a related party HK\$	Minority interests HK\$
Balance at 1 January 1999	572,483,246	2,517,544	309,056,868	20,000,000	—
Net cash inflow/(outflow) from financing	1,176,000	(152,102)	22,927,618	—	2,174,684
Interest acquired	—	—	—	—	(1,069,987)
Share of profit for the year	—	—	—	—	1,409,973
Balance at 31 December 1999 and 1 January 2000	573,659,246	2,365,442	331,984,486	20,000,000	2,514,670
Net cash inflow/(outflow) from financing	720,000	(163,042)	(41,076,931)	—	—
Share of loss for the year	—	—	—	—	(171,783)
Disposal of a subsidiary	—	—	—	—	(2,342,887)
Balance at 31 December 2000	<u>574,379,246</u>	<u>2,202,400</u>	<u>290,907,555</u>	<u>20,000,000</u>	<u>—</u>

Notes to Financial Statements

31 December 2000

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(c) Acquisition of interests in a subsidiary

	2000 <i>HK\$</i>	1999 <i>HK\$</i>
Net assets acquired:		
Interests in jointly-controlled entities	—	233,210,478
Cash and bank balances	—	1,182
Other receivables	—	4,874,270
Other payables	—	(4,874,270)
	<u>—</u>	<u>233,211,660</u>
Goodwill on acquisition	—	64,658,842
	<u>—</u>	<u>297,870,502</u>
Satisfied by:		
Accounts receivable and advances to customers	—	296,496,702
Cash	—	1,373,800
	<u>—</u>	<u>297,870,502</u>

Analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary:

	2000 <i>HK\$</i>	1999 <i>HK\$</i>
Cash and bank balances acquired	—	1,182
Cash consideration	—	(1,373,800)
	<u>—</u>	<u>(1,372,618)</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u>—</u>	<u>(1,372,618)</u>

The subsidiary acquired in the prior year contributed HK\$28,409,577 to the Group's net returns on investments and servicing of finance, paid HK\$1,372,618 in respect of the investing activities, but had no significant impact in respect of the net operating cash flows and financing activities.

The subsidiary acquired in the prior year contributed HK\$12,370,217 to the consolidated profit after tax and minority interests for the year ended 31 December 1999.

Notes to Financial Statements

31 December 2000

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Disposal of a subsidiary

	2000 HK\$	1999 HK\$
Net assets disposed of:		
Cash and bank balances	138,690	—
Fixed assets	1,671,174	—
Short term investment	2,407,945	—
Deposit, prepayment and other receivables	1,374,821	—
Other payable and accruals	(282,045)	—
Due from a group company	13,863	—
Minority interests	(2,342,887)	—
	<u>2,981,561</u>	—
Exchange reserve realised on disposal	134,837	—
Loss on disposal	(387,486)	—
	<u>2,728,912</u>	—
Satisfied by:		
Amount due from Group company	13,863	—
Cash	2,715,049	—
	<u>2,728,912</u>	—

Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary:

	2000 HK\$	1999 HK\$
Cash and bank balance disposed of	(138,690)	—
Cash consideration	2,715,049	—
	<u>2,576,359</u>	—

The subsidiary disposed of during the year contributed HK\$2,576,359 in respect of investing activities and had no significant impact in respect of net operating cash flows, returns on investments and servicing of finance, financing activities and taxation.

The results of the subsidiary disposed of during the year had no significant impact on the consolidated turnover and profit after tax and minority interest for the current year.

Notes to Financial Statements

31 December 2000

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(e) Major non-cash transactions

- (i) As further detailed in note 13 to the financial statements, during the year the Group received three Stock Exchange trading rights, a Futures Exchange trading right and 3,808,500 HKEC Shares in exchange for its three shares held in the Stock Exchange and one share held in the Futures Exchange. The carrying costs of the previously-held shares in the Stock Exchange and the Futures Exchange, totalling HK\$4,300,002 (note 14), have all been classified as non-current assets.
- (ii) During the year, accounts receivable of HK\$192,440,000 and loans and advances of HK\$93,503,299 were reclassified to long term receivable.

31. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had the following contingent liabilities:

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Guarantees in respect of bank loans and other facilities granted to subsidiaries	—	—	466,396,000	411,499,663

32. COMMITMENTS

(a) Capital commitments

	Group	
	2000 HK\$	1999 HK\$
Contracted, but not provided for	633,687	1,084,372

(b) Operating lease commitments

	Group	
	2000 HK\$	1999 HK\$
Commitments payable in the following year under non-cancellable operating leases in respect of land and buildings expiring		
— within one year	380,980	—
— in the second to fifth years, inclusive	6,813,252	6,742,776
	<u>7,194,232</u>	<u>6,742,776</u>

At the balance sheet date, the Company did not have any significant commitments.

Notes to Financial Statements

31 December 2000

33. CONNECTED AND RELATED PARTY TRANSACTIONS

The Group had the following material connected and related party transactions during the year.

- i) On 3 March 2000, the Group disposed of its entire interest of 1,368,000 ordinary shares, representing a 55.88% interest in its subsidiary, APS Asset Management Pte Ltd (“APS Asset”) to a substantial shareholder of APS Asset for a cash consideration of S\$600,000 (equivalent to approximately HK\$2,712,000), based on an internal valuation of the business prepared by the directors.
- ii) On 15 September 2000, the Group agreed to acquire from Shanghai Shenyn Securities (H.K.) Limited, a related company of the Company, its securities dealing, trading, underwriting, advisory and margin financing business (including a Stock Exchange trading right attaching thereto) and certain assets in relation to such business for a cash consideration of HK\$3,785,000, based on an internal valuation of the business prepared by the directors. The acquisition was completed on 10 January 2001 when the transfer of the Stock Exchange trading right was approved by the Stock Exchange.
- iii) The Group had an outstanding loan advanced from a related party, Venture-Some Investments Limited, of HK\$20,000,000 (1999: HK\$20,000,000) as further detailed in note 26.

34. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 10 January 2001, the Group completed the acquisition of the business and assets of Shanghai Shenyn Securities (H.K.) Limited for a cash consideration of HK\$3,785,000 upon the approval of the transfer of the Stock Exchange trading right by the Stock Exchange.

35. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year’s presentation.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 20 April 2001.