

Notes to the Financial Statements

31 December 2000

1. Corporate Information

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

- Trading and manufacturing of industrial products
- Distribution and installation of building supplies, electrical and mechanical products
- Property and investment holdings

Following the acquisition of a subsidiary during the year, the Group was involved in the activities of distribution and installation of building supplies, electrical and mechanical products.

2. Discontinued Operations

In the prior year, the Group disposed of two principal subsidiaries, DMT Development (HK) Limited and APC Capital (Holdings) Limited, which were engaged in carpark management and financial services, on 1 April 1999 and 31 May 1999, respectively. The businesses of these subsidiaries have been consolidated in the financial statements until the dates of disposal. The Group ceased to be engaged in the businesses conducted by these former subsidiaries subsequent to their disposals.

The accounts included in the profit and loss account for the year ended 31 December 1999 in respect of the discontinued operations are summarised as follows:

	1999 HK\$'000
Turnover	217,001
Cost of services rendered	(174,000)
	<hr/>
	43,001
Other revenue	206
Distribution and selling expenses	(14)
Administrative expenses	(40,074)
Other operating expenses	(3,000)
Loss on disposal of discontinued operations	(189,529)
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Loss from discontinued operating activities	(189,410)
Finance costs	(3,340)
Share of profits less losses of associates	3,106
	<hr/>
	(189,644)

3. Summary of Significant Accounting Policies

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 certain fixed assets and 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.

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 in which the Company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of its board of directors.

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.

Associates

An associate is a company, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which the Group is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's investments in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminution in values other than those considered to be temporary in nature deemed necessary by the directors.

Goodwill

Goodwill arising on consolidation of subsidiaries and on acquisition of associates represents the excess purchase consideration paid over the fair values ascribed to the net underlying assets acquired and is eliminated against reserves in the year of acquisition. On disposal of subsidiaries or associates, the relevant portion of attributable goodwill previously eliminated against reserves is written back and included in the calculation of the gain or loss on disposal.

3. Summary of Significant Accounting Policies *(Continued)*

Fixed assets and depreciation

Fixed assets are stated at cost or valuation 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 the fixed assets have been put into operation, such as repairs and maintenance costs, is normally charged to the profit and loss account in the year 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 an asset, the expenditure is capitalised as an additional cost of that asset.

Surpluses arising from the revaluation of fixed assets are dealt with in the asset revaluation reserve. Revaluation deficits are charged to the profit and loss account to the extent that they exceed surpluses arising previously on the individual assets. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of the previous valuations is transferred to retained earnings as a movement in reserves.

Depreciation is provided using either the straight-line or reducing balance method in order to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Medium term leasehold land	Over the lease terms
Buildings	2% – 4.5%
Leasehold improvements	Over the lease terms or 20% – 33 $\frac{1}{3}$ %
Furniture, fixtures and equipment	10% – 33 $\frac{1}{3}$ %
Motor vehicles	15% – 25%

The gain or loss on disposal 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.

Where, in the opinion of the directors, the recoverable amounts of fixed assets have declined below their carrying amounts, provisions are made to write down the carrying amounts of such assets to their recoverable amounts. Recoverable amounts are not determined using discounted cash flows. Reductions of recoverable amounts are charged to the profit and loss account, except to the extent that they reverse previous revaluation surpluses in respect of the same items, when they are charged to the revaluation reserve.

Long term investments

Long term investments in listed and unlisted equity securities, intended to be held for a continuing strategic or long term purpose, are classified as investment securities and are stated at cost less provisions for impairment in values deemed necessary by the directors, other than those considered to be temporary in nature, on an individual basis. When such impairments in values have occurred, the carrying amounts of the securities are reduced to their fair values, as estimated by the directors, and the amounts of the impairments are charged to the profit and loss account for the

3. Summary of Significant Accounting Policies *(Continued)*

Long term investments *(Continued)*

period in which they arise. When the circumstances and events which led to a write-down 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 is credited to the profit and loss account to the extent of the amount previously charged.

Listed and unlisted equity securities which are not classified as investment securities are classified as other investments. Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual basis. Unlisted securities are stated at their fair values estimated by the directors on an individual basis. The gains and losses arising from changes in fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

Other assets

Other assets held on a long term basis are stated at cost less provisions for impairment which are considered to be other than temporary in nature and deemed necessary by the directors, on an individual basis.

Properties held for resale

Properties held for resale, consisting of completed properties, are classified under current assets and stated at the lower of cost and net realisable value. Cost consists of all expenditure directly attributable to the acquisition and development of the properties plus other direct costs attributable to such properties. Net realisable value is determined by reference to prevailing market prices on an individual property basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out or the weighted average basis and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Short term investments

Short term investments are investments in equity securities held for trading purposes. Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual basis. Unlisted securities are stated at their fair values estimated by the directors on an individual 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.

3. Summary of Significant Accounting Policies *(Continued)*

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) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of car parking services, when the parking tickets or passes are sold to customers;
- (c) from the rendering of other services, on completion of the transactions;
- (d) short term contracting income is recognised as the value of work done certified for payment;
- (e) rental income, on the straight-line basis over the lease terms;
- (f) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (g) dividends, when the shareholders' right to receive payment is established.

Operating leases

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

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the 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 market 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 market rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars for inclusion in the Group's financial statements using the closing rate method. The resulting translation differences are included in the exchange fluctuation reserve.

3. Summary of Significant Accounting Policies *(Continued)*

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 advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

4. Turnover and Segmental Information

The turnover from continuing operations represents the net invoiced value of goods sold and services rendered, gross rental income and revenue from the distribution and installation of building supplies, electrical and mechanical products which commenced during the year.

The turnover of the discontinued operations of prior year represented the turnover of the carpark operations and stock broking/provision of financial services business, which were attributable to the subsidiaries of the Group disposed of in April 1999 and May 1999, respectively.

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4. Turnover and Segmental Information (Continued)

Pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an analysis of the Group's turnover and contribution to operating loss by principal activities and principal markets is as follows:

	Turnover		Contribution to operating profit/(loss)	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Principal activities:				
Continuing operations:				
Trading of industrial products	562,497	591,763	13,284	25,630
Distribution and installation of building supplies, electrical and mechanical products	47,614	–	13	–
Property and investment holdings	4,078	3,839	(32,092)	(72,647)
Discontinued operations:				
Carpark management	–	197,732	–	(186,672)
Financial services	–	19,269	–	(4,488)
	614,189	812,603	(18,795)	(238,177)
Principal markets:				
The People's Republic of China:				
Hong Kong				
Continuing operations	529,635	595,602	(19,319)	(45,428)
Discontinued operations	–	217,001	–	(192,749)
Elsewhere				
Continuing operations	84,554	–	524	–
	614,189	812,603	(18,795)	(238,177)

5. Total Revenue

The Group's total revenue for the year included turnover of HK\$614,189,000 (1999: HK\$812,603,000) as detailed in note 4 above, interest income of HK\$11,892,000 (1999: HK\$4,273,000) and commission income of HK\$257,000 (1999: HK\$574,000).

Out of the total interest income of HK\$8,089,000 in the prior year, HK\$3,816,000 was grouped under the turnover of discontinued operation of financial services.

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6. Loss from Operating Activities

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

	Group	
	2000 HK\$'000	1999 HK\$'000
Depreciation	2,913	6,694
Auditors' remuneration:		
Current year provision	1,176	1,521
Prior year underprovision	119	71
	<u>1,295</u>	<u>1,592</u>
Staff costs*:		
Wages and salaries	31,505	58,124
Pension contributions	1,117	1,155
Less: Forfeited contributions	–	(734)
	<u>1,117</u>	<u>421</u>
	<u>32,622</u>	<u>58,545</u>
Bad and doubtful debts	2,313	4,076
Cost of inventories sold	501,255	510,399
Cost of services rendered	37,602	174,000
Provisions for obsolete inventories	4,648	3,425
Provision against amount due from an associate	3,847	–
Loss/(gain) on disposal/write off of fixed assets	(153)	222
Loss on disposal of subsidiaries	1,173	–
Realised gain on disposal of investment securities	(29,420)	–
Realised loss on disposal of other investments	–	1,243
Provision for impairment in value of investment securities	19,187	43,648
Provisions for impairment in values of properties held for resale	4,600	–
Provision for corporate guarantee for an associate	16,000	–
Loss on disposal of discontinued operations	–	189,529
Unrealised holding losses/(gains) on other investments	8,088	(820)**
Operating lease rentals in respect of land and buildings	3,184	21,120
Gain on disposal of other assets	–	(45)
Gain on disposal of associates	–	(8,351)
Foreign exchange losses/(gains), net	765	(1,244)**
Gross and net rental income	(4,078)	(3,839)
Bad debts recovery	(3,471)	(5,842)**
Interest income from:		
Banks and financial institutions	(11,695)	(5,115)
Margin accounts	–	(2,734)
Others	(197)	(240)

Notes to the Financial Statements

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6. Loss from Operating Activities (Continued)

* Staff costs include directors' remuneration as set out in note 7 below.

** These amounts in the prior year were classified as other revenue. To accord with the presentation adopted in the current year, which in the opinion of the directors, better reflects the underlying nature of the transactions, they have been reclassified to other operating expenses.

7. Directors' Remuneration

	Group	
	2000 HK\$'000	1999 HK\$'000
Fees to non-executive directors	165	50
Executive directors' emoluments:		
Fees	–	–
Basic salaries, housing allowances and other benefits in kind	5,056	8,462
Bonuses paid and payable	500	129
Pension scheme contributions	257	342
Compensation for loss of office	–	2,171
	5,978	11,154

The emoluments of the directors fell within the following bands:

	Number of directors	
	2000	1999
HK\$0 – HK\$1,000,000	9	8
HK\$1,000,001 – HK\$1,500,000	–	2
HK\$1,500,001 – HK\$2,000,000	2	2
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$3,000,001 – HK\$3,500,000	–	1
	12	13
Total		

There were no arrangements under which a director waived or agreed to waive any remuneration during the year.

During the year, 30,000,000 share options were granted to a director and no share options were exercised by the option holder during the year. Further details are set out in note 28 to the financial statements.

Notes to the Financial Statements

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7. Directors' Remuneration (Continued)

No value is included in directors' remuneration in respect of share options granted during the year because, in the absence of a readily available marketable value for 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 outstanding options exercisable by the directors at year end are set out in the section "Directors' Interests in the Share Capital and Share Options of the Company".

8. Five Highest Paid Employees

The five highest paid employees of the Group included three directors (1999: four), details of whose remuneration are set out in note 7 above. The details of the remuneration of the remaining two (1999: one) non-director, highest paid employees are analysed as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Basic salaries, housing allowances and other benefits in kind	951	3,139
Bonuses paid and payable	400	–
Pension scheme contributions	67	38
	1,418	3,177

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

	Number of individuals	
	2000	1999
HK\$0 – HK\$1,000,000	2	–
HK\$3,000,001 – HK\$3,500,000	–	1
	2	1

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9. Finance Costs

	Group	
	2000 HK\$'000	1999 HK\$'000
Interest on:		
Loans and overdrafts from banks and financial institutions	14,749	18,568
Other loans	—	1,978
	14,749	20,546

10. Tax

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated based on existing legislation, interpretations and practices in respect thereof at the rates of taxation prevailing in the countries in which the Group operates.

	2000 HK\$'000	1999 HK\$'000
Group:		
Hong Kong		
Provision for the year	3,304	238
Overprovision in prior years	(19)	(211)
Overseas	1,027	638
	4,312	665
Share of tax of associates	1,099	—
Tax charge for the year	5,411	665

11. Net Loss Attributable to Shareholders

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company for the year is HK\$15,755,000 (1999: HK\$12,784,000).

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12. Loss per Share

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of HK\$22,552,000 (1999: HK\$236,321,000) and on the 2,755,994,984 shares (1999: weighted average of 1,718,250,434 shares) in issue during the year.

The diluted loss per share for the years ended 31 December 2000 and 1999 has not been shown as the share options and warrants outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

13. Fixed Assets

Group

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At beginning of year	24,078	614	8,271	701	33,664
Additions	2,179	330	3,399	175	6,083
Arising on acquisition of a subsidiary	–	453	5,545	833	6,831
Transfer from properties held for resale – <i>note 18</i>	11,057	–	–	–	11,057
Disposals	–	(280)	(1,639)	(188)	(2,107)
Disposal of a subsidiary	–	–	(147)	–	(147)
At 31 December 2000	37,314	1,117	15,429	1,521	55,381
Accumulated depreciation:					
At beginning of year	835	245	4,578	394	6,052
Provided during the year	549	184	2,031	149	2,913
Arising on acquisition of a subsidiary	–	318	4,286	733	5,337
Disposals	(25)	(154)	(1,528)	(161)	(1,868)
Disposal of a subsidiary	–	–	(23)	–	(23)
At 31 December 2000	1,359	593	9,344	1,115	12,411
Net book value:					
At 31 December 2000	35,955	524	6,085	406	42,970
At 31 December 1999	23,243	369	3,693	307	27,612

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13. Fixed Assets (Continued)

The valuation of land and buildings included above are held under the following terms:

	2000 HK\$'000	1999 HK\$'000
Medium term leases:		
At 1998 valuation, Hong Kong	18,600	18,600
At carrying amount, elsewhere	11,057	–
Long term leases:		
At cost, elsewhere	7,657	5,478
	<u>37,314</u>	<u>24,078</u>

The carrying amount of land and buildings pledged to secure banking facilities granted to the Group amounted to HK\$27,772,000 (1999: HK\$17,874,000) (see note 25).

The carrying amount of land and buildings that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation as at 31 December 2000 was HK\$43,590,000 (1999: HK\$27,291,000).

The Group's land and buildings situated in Hong Kong were revalued individually on 19 February 1998 and 20 May 1998 by A.G. Wilkinson & Associates, independent professional valuers, at HK\$18,600,000 at open market value based on existing use. In the opinion of the directors, this revalued amount is not materially different from the value as at 31 December 2000.

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13. Fixed Assets (Continued)

Company

	Furniture, fixtures and equipment HK\$'000
Cost:	
At beginning of year	1,084
Additions	167
Disposals	(716)
At 31 December 2000	535
Accumulated depreciation:	
At beginning of year	968
Provided during the year	65
Disposals	(716)
At 31 December 2000	317
Net book value:	
At 31 December 2000	218
At 31 December 1999	116

14. Interests in Subsidiaries

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	185,600	185,600
Due from subsidiaries	778,770	733,713
Due to subsidiaries	(41,709)	(47,303)
	922,661	872,010
Provisions for permanent diminutions in values	(803,610)	(803,610)
	119,051	68,400

The balances with subsidiaries are unsecured, interest-free, and have no fixed terms of repayment.

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14. Interests in Subsidiaries (Continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Group		Nominal value of issued/ registered share capital	Principal activities
		Direct	Indirect		
Chinney Alliance Corporate Treasury Limited (formerly known as "Dharmala Corporate Treasury Limited")	Hong Kong	–	100%	Ordinary HK\$2	Provision of treasury functions
Chinney Alliance Engineering Limited * (formerly known as "Swire Engineering Limited")	Hong Kong	–	100%	Ordinary HK\$10,000	Distribution and installation of building supplies, electrical and mechanical products
Chinney Alliance Trading (BVI) Limited (formerly known as "Dharmala Holdings (BVI) Limited")	British Virgin Islands/ Hong Kong	100%	–	Ordinary HK\$360,001	Investment holding
Cyber Fort Consultants Limited	British Virgin Islands/ Hong Kong	100%	–	Ordinary US\$1	Investment holding
DMT International Hong Kong Limited	Hong Kong	–	100%	Ordinary HK\$1,000 Non-voting Deferred HK\$5,156,700	Agency trading in plastic materials
Dharmala Development Limited	Hong Kong	–	100%	Ordinary HK\$1,000 Non-voting Deferred HK\$25,000,000	Investment holding

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14. Interests in Subsidiaries (Continued)

Name	Place of incorporation/ registration and operation	Percentage of equity interest attributable to the Group		Nominal value of issued/ registered share capital	Principal activities
		Direct	Indirect		
Dongguan Dharmala PVC Compounding Limited*#	People's Republic of China	–	70%	HK\$8,000,000	Manufacture of PVC products
Full Yip Development Limited	British Virgin Islands/ Hong Kong	–	100%	Ordinary US\$1	Property holding
Jacobson van den Berg (Hong Kong) Limited	Hong Kong	–	100%	Ordinary HK\$1,000 Non-voting Deferred HK\$35,486,600	Investment holding and agency trading in consumer and chemical products
Tegdyl Corporation Limited	British Virgin Islands/ Hong Kong	–	100%	Ordinary US\$1	Property holding

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The subsidiary is a wholly-owned foreign enterprise with a duration of business of 12 years commencing from 7 June 1995. This subsidiary is indirectly held by the Company through a 70% owned subsidiary.

The above table lists the subsidiaries 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 subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

During the year, the Group acquired Chinney Alliance Engineering Limited which is wholly owned by the Company through Chinney Alliance Trading (BVI) Limited.

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15. Interests in Associates

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Listed shares, at cost	–	–	73,734	–
Share of net assets	53,877	–	–	–
Due from associates	54,582	50,735	–	–
Provisions for diminutions in values	(54,582)	(50,735)	–	–
	53,877	–	73,734	–

The market value of the shares of a listed associate of the Group held at 31 December 2000 was HK\$32,998,000 (1999: Nil).

The balances with associates are unsecured, interest-free, and have no fixed terms of repayment.

Particulars of the associates are as follows:

Name	Place of incorporation/ operation	Percentage of equity interest attributable to the Group		Nominal value of issued/registered share capital	Principal activities
		2000	1999		
Guangdong Parking Limited	British Virgin Islands/Hong Kong	40%	40%	Ordinary US\$10	Property holding
Jiangxi Kaitong New Materials Company Limited*#	People's Republic of China	25%	–	RMB25,000,000	Manufacture of stainless steel and plastic compound pipes
Shun Cheong Holdings Limited*	Bermuda/ Hong Kong	25%	–	Ordinary HK\$38,737,200	Building contracting services and broadband connectivity business

* The above associates were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

This associate is a Sino-foreign joint venture with a duration of business of 15 years commencing from 11 October 2000.

The voting power held and profit sharing arrangement in relation to the associates was the same as the equity interest shown above.

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15. Interests in Associates (Continued)

The financial statements of the above associates are coterminous with those of the Group except for Shun Cheong Holdings Limited which has a financial year ending 31 March.

A summary of financial information of Shun Cheong Holdings Limited, based on the unaudited financial statements of Shun Cheong Holdings Limited for the six months ended 30 September 2000, is set out below.

	2000 HK\$'000
Non-current assets	95,138
Current assets	391,156
Current liabilities	269,615
Non-current liabilities including minority interests	24,984
Turnover	350,709
Net income for the period	<u>5,893</u>

16. Long Term Investments

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Investment securities:				
Unlisted equity investments, at cost	111,202	116,021	–	1,161
Convertible loan notes	93,335	89,148	–	–
Provisions for other than temporary impairments in values	<u>(203,750)</u>	<u>(184,563)</u>	–	–
	787	20,606	–	1,161
Listed equity investment, at cost Hong Kong	<u>42,656</u>	–	<u>42,656</u>	–
	<u>43,443</u>	20,606	<u>42,656</u>	1,161
Other investments:				
Listed equity investments on overseas stock exchanges, at market value	–	1,904	–	–
	<u>43,443</u>	<u>22,510</u>	<u>42,656</u>	<u>1,161</u>

16. Long Term Investments *(Continued)*

The market value of the Group's and the Company's long term listed equity investment securities at the balance sheet date was approximately HK\$42,624,000 (1999: Nil).

Included in the unlisted equity investments is an interest in Dharmala Agrifood Asia Pte Limited ("DAAL"), a company incorporated in Singapore, stated at a carrying value of Nil (1999: Nil) comprising the cost of the Group's equity investment of HK\$95,415,000 (1999: HK\$95,415,000), representing a 19.73 per cent interest in DAAL and an interest in convertible loan notes of HK\$89,148,000 (1999: HK\$89,148,000), net of a provision of HK\$184,563,000 (1999: HK\$184,563,000). In the opinion of the directors, the above provision is adequate to cover the impairment in value in DAAL which is considered to be other than temporary, as the major subsidiaries of DAAL have either been declared bankrupt by their creditors or have financial difficulties in repaying outstanding bank loans.

The convertible loan notes of DAAL are unsecured and carry interest at the rate of 5.5% per annum with a right to convert into the ordinary share capital of DAAL at any time during the five years after completion at a conversion price based on the net asset value per DAAL share according to the then latest annual audited consolidated financial statements of DAAL and its subsidiaries. Interest income on the convertible loan notes is recognised by the Group when the receipt of such income is certain, therefore no interest income has been recognised by the Group during the year.

Also included in the unlisted equity investments is an interest in OneAsia.com (Holdings) Limited ("OneAsia"), a company incorporated in Bermuda, stated at a carrying value of HK\$787,000 (1999: HK\$19,445,000) comprising the cost of the Group's equity investment of HK\$15,787,000 (1999: HK\$19,445,000) representing a 15.33 per cent (1999: 22.2 per cent) interest in OneAsia and a convertible loan of HK\$4,187,000 (1999: Nil), net of a provision of HK\$19,187,000 (1999: Nil).

During the year, the Group swapped a total of 470,272 shares in OneAsia for 4,755,560 shares of tom.com limited ("Tom.com"), whose shares were listed on The Stock Exchange of Hong Kong Limited in March 2000. Following the share swap and subsequent share placement, the Group's interest in OneAsia was reduced from 22.2 per cent to 15.33 per cent. The convertible loan advanced during the year is unsecured, non-interest bearing and has no specified repayment terms. Subsequent to the balance sheet date, OneAsia decided to cease its operations and is currently in the process of disposing its assets in order to repay its outstanding liabilities. The convertible loan was partially repaid to the extent of HK\$787,000. In the opinion of the directors, further recovery is unlikely and provision of HK\$19,187,000 has therefore been made during the year to cover the impairment in value for the Group's interest in OneAsia which is considered to be other than temporary.

Notes to the Financial Statements

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17. Other Assets

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Club memberships	1,220	1,220	1,220	1,220
Others	–	58	–	–
	<u>1,220</u>	<u>1,278</u>	<u>1,220</u>	<u>1,220</u>

18. Properties Held for Resale

	Group	
	2000 HK\$'000	1999 HK\$'000
At beginning of year	73,657	75,217
Transfer to fixed assets – <i>note 13</i>	(11,057)	–
Arising on disposals of subsidiaries	–	(1,560)
Provision for impairment in values	<u>(4,600)</u>	<u>–</u>
At 31 December	<u>58,000</u>	<u>73,657</u>

Details of the completed properties of the Group held for resale as at 31 December 2000 are as follows:

Description	Interest in property attributable to the Group	Existing use
115 parking bays at Lido Garden, Sham Tseng, New Territories, Hong Kong	100%	Commercial
26 parking bays at Shining Court, 439 Shun Ning Road, Kowloon, Hong Kong	100%	Commercial

The carrying amount of properties held for resale that are carried at net realisable value was HK\$58,000,000 (1999: HK\$72,861,000). As at 31 December 2000, the carrying amount of properties held for resale pledged as security for banking facilities granted to the Group amounted to HK\$58,000,000 (1999: HK\$72,861,000) (*note 25*).

Notes to the Financial Statements

31 December 2000

19. Inventories

	Group	
	2000 HK\$'000	1999 HK\$'000
Raw materials	34,910	15,364
Work in progress	7,749	–
Finished goods	33,361	19,075
	<u>76,020</u>	<u>34,439</u>

The carrying amount of inventories carried at net realisable value included in the above is HK\$1,144,000 (1999: Nil).

20. Trade and Bills Receivables

	Group	
	2000 HK\$'000	1999 HK\$'000
Trade receivables	156,543	111,713
Bills receivable	1,370	2,269
	<u>157,913</u>	<u>113,982</u>

The Group grants a credit period to its customers ranging from cash on delivery to 60 days. A longer credit period may be allowed to customers with a good business relationship. Details of the ageing of trade receivables are as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Current to 30 days	117,715	104,073
31 – 60 days	25,959	4,307
61 – 90 days	4,623	1,654
Over 90 days	37,489	33,698
	<u>185,786</u>	<u>143,732</u>
Provision	(29,243)	(32,019)
	<u>156,543</u>	<u>111,713</u>

Notes to the Financial Statements

31 December 2000

21. Due from/to Related Companies

The amounts due from/to related companies are unsecured, interest-free, and have no fixed terms of repayment.

22. Short Term Investments

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Listed equity investments, at market values:				
Hong Kong	4,155	–	4,155	–
Overseas	873	–	–	–
	<u>5,028</u>	–	<u>4,155</u>	–
Unlisted equity investments, at fair value	1,161	–	1,161	–
	<u>6,189</u>	–	<u>5,316</u>	–

23. Cash and Cash Equivalents

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Cash and cash equivalents	21,740	17,162	5,291	8,113
Time deposits	79,276	278,602	66,476	262,879
	<u>101,016</u>	<u>295,764</u>	<u>71,767</u>	<u>270,992</u>

24. Trade and Bills Payables

	Group	
	2000 HK\$'000	1999 HK\$'000
Trade payables	66,303	24,730
Bills payable	15,505	35,256
	<u>81,808</u>	<u>59,986</u>

Notes to the Financial Statements

31 December 2000

24. Trade and Bills Payables (Continued)

Details of the ageing of trade payables are as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Current to 30 days	51,737	10,274
31 – 60 days	8,684	9,838
61 – 90 days	2,448	573
Over 90 days	3,434	4,045
	<u>66,303</u>	<u>24,730</u>

25. Banking Facilities

As at 31 December 2000, the Company and the Group had certain banking facilities which were secured by the following:

- (i) legal charge over certain leasehold land and buildings of subsidiaries;
- (ii) legal charges over certain properties held for resale of subsidiaries;
- (iii) pledged cash deposits;
- (iv) legal charges over the shares and convertible loan notes of DAAL; and
- (v) legal charges over the shares of and loan to an associate.

All pledged cash deposits have been released subsequent to the year end.

26. Interest-bearing Bank Loans and Other Borrowings

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank overdrafts, unsecured	7,923	–	–	–
Banks and financial institutions: Secured	82,000	117,370	–	7,500
	<u>89,923</u>	<u>117,370</u>	<u>–</u>	<u>7,500</u>

Notes to the Financial Statements

31 December 2000

26. Interest-bearing Bank Loans and Other Borrowings (Continued)

The maturity of the above bank loans and other borrowings is as follows:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Balance due:				
Within one year or on demand	40,923	47,500	–	7,500
More than one year but not exceeding two years	33,000	44,870	–	–
More than two years but not exceeding five years	16,000	25,000	–	–
	89,923	117,370	–	7,500
Less: Amount shown under current liabilities	(40,923)	(47,500)	–	(7,500)
Long term portion	49,000	69,870	–	–

27. Deferred Tax

	Group	
	2000 HK\$'000	1999 HK\$'000
At beginning of year	20	2,688
Arising on disposal of subsidiaries	–	(2,668)
At 31 December	20	20

The provision for deferred tax is made in respect of accelerated capital allowances to the extent that the liability is expected to crystallise in the foreseeable future.

Notes to the Financial Statements

31 December 2000

27. Deferred Tax (Continued)

The principal components of the Group's net deferred tax asset position not recognised in the financial statements are as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Tax losses carried forward	20,902	16,193
Accelerated capital allowances	(509)	(161)
	<u>20,393</u>	<u>16,032</u>

28. Issued Capital

Shares

	Group and Company	
	2000 HK\$'000	1999 HK\$'000
Authorised: 25,000,000,000 ordinary shares of HK\$0.01 each	<u>250,000</u>	<u>250,000</u>
Issued and fully paid: 2,755,994,984 ordinary shares of HK\$0.01 each	<u>27,560</u>	<u>27,560</u>

The movements in the issued share capital of the Company during the prior year are summarised below:

	Number of shares	HK\$'000
At 1 January 1999	1,402,495,820	14,025
Issued upon private placing	1,340,499,164	13,405
Issued upon conversion of share options	13,000,000	130
At 31 December 1999 and 31 December 2000	<u>2,755,994,984</u>	<u>27,560</u>

28. Issued Capital *(Continued)*

Share options

The Company has a share option scheme under which the directors may grant options to employees and directors of the Company or its subsidiaries to subscribe for ordinary shares in the Company.

At 1 January 2000, there were 17,065,000 and 57,000,000 options outstanding which entitled the holders to subscribe for shares of the Company at subscription prices of HK\$0.78 and HK\$0.07, respectively (both subject to adjustments), at any time during the period of ten years from the date of grant of the share options. 12,580,000 options were cancelled upon the resignation of certain employees and directors during the year and the Company had 61,485,000 outstanding options at the balance sheet date.

During the year, the Company granted 30,000,000 share options for a consideration of HK\$1 to a director which entitle the holder to subscribe for shares of the Company at any time during the period from 1 July 2000 to 22 May 2010. The subscription price payable upon exercise of each option is HK\$0.11 (subject to adjustments). None of these share options was exercised during the year.

The exercise in full of the outstanding share options would result in the issue of 91,485,000 additional ordinary shares for an aggregate amount of approximately HK\$17.2 million.

Notes to the Financial Statements

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29. Reserves

Group

	Share premium account HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 1999	274,572	11,891	(6,425)	(8,147)	(234,548)	37,343
Issue of new shares	287,680	-	-	-	-	287,680
Share issue expenses	(7,496)	-	-	-	-	(7,496)
Arising from the translation of foreign subsidiaries	-	-	(4,497)	-	-	(4,497)
Release on disposal of subsidiaries	-	(11,891)	9,131	244,647	-	241,887
Net loss for the year	-	-	-	-	(236,321)	(236,321)
At 31 December 1999 and 1 January 2000	<u>554,756</u>	<u>-</u>	<u>(1,791)</u>	<u>236,500</u>	<u>(470,869)</u>	<u>318,596</u>
Release on disposal of a subsidiary	-	-	1,791	-	-	1,791
Goodwill arising on acquisition of a subsidiary	-	-	-	(1,820)	-	(1,820)
Goodwill arising on acquisition of an associate	-	-	-	(27,022)	-	(27,022)
Net loss for the year	-	-	-	-	(22,552)	(22,552)
At 31 December 2000	<u>554,756</u>	<u>-</u>	<u>-</u>	<u>207,658</u>	<u>(493,421)</u>	<u>268,993</u>
Reserves retained by/(accumulated in):						
The Company and subsidiaries	554,756	-	-	209,551	(494,696)	269,611
Associates	-	-	-	(1,893)	1,275	(618)
At 31 December 2000	<u>554,756</u>	<u>-</u>	<u>-</u>	<u>207,658</u>	<u>(493,421)</u>	<u>268,993</u>

All the above reserves were retained by or accumulated in the Company and its subsidiaries as at 31 December 1999.

Notes to the Financial Statements

31 December 2000

29. Reserves (Continued)

Company

	Share premium account HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 1999	274,572	236,500	(473,153)	37,919
Issue of new shares	287,680	–	–	287,680
Share issue expenses	(7,496)	–	–	(7,496)
Net loss for the year	–	–	(12,784)	(12,784)
At 31 December 1999 and 1 January 2000	554,756	236,500	(485,937)	305,319
Net loss for the year	–	–	(15,755)	(15,755)
At 31 December 2000	554,756	236,500	(501,692)	289,564

Notes to the Financial Statements

31 December 2000

30. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	Group	
	2000 HK\$'000	1999 HK\$'000
Operating loss	(18,795)	(238,177)
Interest expenses	14,749	20,546
Interest income	(11,892)	(8,089)
Depreciation	2,913	6,694
Realised gain on disposal of investment securities	(29,420)	–
Realised loss on disposal of other investments	–	1,243
Provisions for impairment in values of properties held for resale	4,600	–
Provision for impairment in value of investment securities	19,187	43,648
Provision against amount due from an associate	3,847	–
Unrealised holding losses/(gains) on other investments	8,088	(820)
Bad and doubtful debts	2,313	4,076
Non-cash bad debts recovery	(2,949)	(5,478)
Provisions for obsolete inventories	4,648	3,425
Provision for corporate guarantee for an associate	16,000	–
Gain on disposal of associates	–	(8,351)
Loss on disposal of subsidiaries	1,173	–
Loss on disposal of discontinued operations	–	189,529
Loss/(gain) on disposal/write off of fixed assets	(153)	222
Gain on disposal of other assets	–	(45)
Write-off of other assets	58	27
Increase in inventories	(30,546)	(3,662)
Increase in trade, bills and other receivables	(5,416)	(40,784)
Decrease in margin client receivables	–	13,453
Increase/(decrease) in trade, bills and other payables	(3,470)	50,400
Decrease in payables to brokers and clients	–	(12,582)
Increase in amounts due from/to related companies, net	(3,068)	(8,565)
Net cash inflow/(outflow) from operating activities	<u>(28,133)</u>	<u>6,710</u>

Notes to the 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) HK\$'000	Bank and other loans HK\$'000	Trust receipt loans HK\$'000	Minority interests HK\$'000
At 1 January 1999	288,597	181,024	38,951	861
Shares issued for cash, net of share issue expenses	293,719	–	–	–
Net cash outflow from financing activities	–	(63,654)	–	–
Increase in trust receipt loans classified as cash equivalents	–	–	21,017	–
Share of profit for the year	–	–	–	585
At 31 December 1999 and 1 January 2000	582,316	117,370	59,968	1,446
Net cash inflow/(outflow) from financing activities	–	(35,370)	37,612	–
Decrease in trust receipt loans classified as cash equivalents	–	–	(20,849)	–
Share of profit for the year	–	–	–	720
Dividends paid to minority shareholders	–	–	–	(450)
Disposal of interest in a subsidiary	–	–	–	(213)
At 31 December 2000	582,316	82,000	76,731	1,503

Notes to the Financial Statements

31 December 2000

30. Notes to the Consolidated Cash Flow Statement (Continued)

(c) Acquisition of a subsidiary

	2000 HK\$'000
Net assets acquired:	
Fixed assets	1,494
Inventories	19,737
Trade and bills receivables	43,257
Deposits, prepayments and other receivables	3,828
Cash and cash equivalents	1,507
Trade payables and other accruals	(41,803)
Interest-bearing bank loans and other borrowings	(2,013)
	<hr/>
	26,007
Goodwill	1,820
	<hr/>
	27,827
Satisfied by:	
Cash	27,827
	<hr/>

The analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2000 HK\$'000
Cash consideration	27,827
Cash and cash equivalents of a subsidiary acquired	506
	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	28,333
	<hr/>

The subsidiary acquired during the year contributed approximately HK\$5,000,000 to the Group's net operating cash outflow, paid approximately HK\$85,000 in respect of the net cash outflow in respect of returns on investments and servicing of finance, contributed approximately HK\$30,000 to the cash inflow from investing activities and made no contribution in respect of financing.

The subsidiary acquired during the year contributed HK\$47,614,000 to turnover and HK\$51,000 to the consolidated profit after tax and before minority interests for the year.

Notes to the Financial Statements

31 December 2000

30. Notes to the Consolidated Cash Flow Statement (Continued)

(d) Disposal of subsidiaries

	2000 HK\$'000	1999 HK\$'000
Net assets disposed:		
Fixed assets	124	35,491
Interests in associates	–	32,897
Long term investments	–	10,365
Other assets	–	16,865
Inventories	4,054	8,360
Trade and bills receivables	1,798	2,820
Margin client receivables	–	42,641
Due from related companies, net	1,053	–
Short term investments	–	31
Deposits, prepayments and other receivables	166	48,843
Cash and cash equivalents	3,298	62,923
Trade payables and other accruals	(10,078)	(156,968)
Payables to brokers and clients	–	(18,687)
Tax payable	(120)	–
Interest-bearing bank loans and other borrowings	–	(60,060)
Deferred tax	–	(2,668)
Minority interests	(213)	–
	82	22,853
Exchange fluctuation reserve	1,791	–
Loss on disposal of subsidiaries	(1,173)	–
Goodwill	–	236,500
Transfer to short term investments	–	(7,072)
Loss on disposal of discontinued operations	–	(189,529)
	700	62,752
Satisfied by:		
Cash received	700	62,752

Notes to the Financial Statements

31 December 2000

30. Notes to the Consolidated Cash Flow Statement (Continued)

(d) Disposal of subsidiaries (Continued)

The analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	2000 HK\$'000	1999 HK\$'000
Cash consideration received	700	62,752
Cash and cash equivalents of disposed subsidiaries	<u>(3,298)</u>	<u>(2,863)</u>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	<u>(2,598)</u>	<u>59,889</u>

During the year, the subsidiaries disposed of contributed approximately HK\$3,442,000 to the Group's net operating cash inflow, received approximately HK\$4,000 in respect of the net cash outflow in respect of returns on investments and servicing of finance, contributed approximately HK\$147,000 to the cash outflow from investing activities and had no contribution in respect of financing.

The subsidiaries disposed of during the year contributed HK\$4,273,000 to turnover and HK\$710,000 to consolidated profit after tax and before minority interests for the year.

In respect of cash flows for 1999, the subsidiaries disposed of last year contributed approximately HK\$12,750,000 to the Group's net operating cash outflow, paid approximately HK\$447,000 in respect of the net cash outflow in respect of returns on investments and servicing of finance, contributed approximately HK\$32,684,000 to the cash inflow from investing activities, and contributed to a tax refund of HK\$741,000 to the tax cash flows received.

(e) Major non-cash transactions

During the year, certain bad debts were recovered by the transfer to the Group of the ownership of certain club debentures and leasehold land and buildings valued at HK\$2,949,000 (1999: HK\$5,478,000) from certain debtors to the Group.

At the balance sheet date, the Group's interests in certain listed and unlisted shares, with carrying amount of HK\$3,065,000, were reclassified from long term investments to short term investments.

In the prior year, the Group exercised HK\$15,891,000 of convertible debentures of Seamico Securities Public Company Limited ("Seamico"), an associate of a subsidiary disposed in the prior year, to acquire 2,027,027 shares of Seamico to increase its shareholdings in Seamico by 5.7% to 29.4%.

Notes to the Financial Statements

31 December 2000

31. Related Party Transactions

- (a) Set out below are the significant transactions between the Group and related parties during the year:

	Notes	Group	
		2000 HK\$'000	1999 HK\$'000
Interest income on margin accounts received from related companies	(i)	–	(550)
Repairs and maintenance charges and security service fees paid to related companies	(ii)	–	760
Purchases of equipment from related companies	(iii)	–	1,118
Management fees paid to a major shareholder	(iv)	2,750	1,000
Rental and office expenses paid to a related company	(v)	711	219
		<u>711</u>	<u>219</u>

Notes:

- (i) Interest income was earned from margin accounts due from related companies at the Hong Kong dollar prime rate plus 3% per annum, which was according to interest rates offered to the third party customers of the Group. No such income was received during the year.
- (ii) The service fees were charged according to the published prices and conditions offered to other customers. No such fees were charged in the current year.
- (iii) The directors considered that purchases of carpark equipment were made according to the published prices and conditions offered to the third party customers of the related companies. No such purchases were made in the current year.
- (iv) Management fees are charged by Chinney Investments, Limited ("CIL") based on the time involvement of the personnel providing services. James Sai-Wing Wong and Herman Man-Hei Fung are directors of and have beneficial interests in CIL.
- (v) The rental paid to a related company was calculated by reference to the open market rates and the area occupied. The office expenses were charged on an actual basis.

Details of the balances due from/to other related parties are set out in note 21 to the financial statements.

31. Related Party Transactions (Continued)

- (b) Pursuant to a sale and purchase agreement dated 11 March 2000 ("Agreement"), the Group acquired 82.8 million shares of Shun Cheong Holdings Limited ("Shun Cheong") (approximately 21.4% of the then entire issued capital) and 35.52 million shares of EC-Founder (Holdings) Company Limited ("EC-Founder") (formerly known as "Management Investment & Technology (Holdings) Limited") (approximately 20% of the then entire issued capital) from the Group's substantial shareholder, CIL for a total consideration of approximately HK\$111.8 million. Each share of Shun Cheong and EC-Founder was acquired by the Group at HK\$0.838 and HK\$1.193, respectively, representing the respective average closing prices of Shun Cheong shares and EC-Founder shares as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the last ten trading days immediately preceding the day of signing the Agreement. Shun Cheong is engaged in a multi-discipline of building services and broadband connectivity businesses while EC-Founder is engaged in the design, manufacture and marketing of consumer and industrial electronic products and internet advertising. The transaction was completed on 20 April 2000.

The Group's interest in Shun Cheong has been accounted for as an associate (note 15 to the financial statements) and has been increased to 25% at 31 December 2000 through the purchase of shares on the Stock Exchange. Subsequent to its acquisition, the Group's interest in EC-Founder has been diluted to 4.3% due to various share placements carried out by EC-Founder. The Group's interest in EC-Founder has therefore been accounted for as a long term investment (note 16 to the financial statements).

James Sai-Wing Wong and Herman Man-Hei Fung are directors of and have beneficial interests in CIL. James Sai-Wing Wong was also a director of Shun Cheong and EC-Founder at the time of acquisition of the shares of these two companies.

- (c) The Group has given a corporate guarantee for banking facilities granted to Guangdong Parking Limited, an associate of the Group, of HK\$104 million (1999: HK\$104 million). As a result of the impairment in value of the carpark assets held by the associate, a provision of HK\$16 million was recognised in the year to cover the probable liabilities arising from the guarantee.

Notes to the Financial Statements

31 December 2000

32. Commitments

	Group	
	2000 HK\$'000	1999 HK\$'000
Capital commitments contracted for	—	11,659
Annual commitments payable in the following year under non-cancellable operating leases in respect of land and buildings expiring:		
Within one year	689	83
In the second to fifth years, inclusive	2,180	1,921
	2,869	2,004

The Company had no capital commitments at the balance sheet date.

33. Contingent Liabilities

In respect of bank guarantees given in favour of banks for banking facilities granted to:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Subsidiaries	—	—	477	469
An associate	104	104	104	104
	104	104	581	573

The total facilities utilised by the subsidiaries and the associate amounted to HK\$272 million (1999: HK\$276 million) as at the balance sheet date. As detailed in note 31(c) to the financial statements, a provision of HK\$16 million was recognised in the year to cover the probable liabilities arising from the guarantee in respect of banking facilities granted to the associate.

At 31 December 1999, the Group was also contingently liable in respect of bank guarantees given in favour of banks for banking facilities granted to certain former subsidiaries of the Group of HK\$418 million. The total facilities utilised by these former subsidiaries amounted to HK\$80 million at 31 December 1999. The guarantees given by the Group to the former subsidiaries have all been released during the year.

34. Approval of the Financial Statements

The financial statements were approved by the board of directors on 19 April 2001.