

Notes to the Financial Statements

For the year ended 31 December 2000

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The principal activities of the Group are the manufacture of information storage media products, provision of total fulfilment services and engagement in turnkey projects.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties.

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company holds, directly or indirectly, more than half of the issued share capital or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investment in an associate

An associate is an enterprise over which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee.

2. PRINCIPAL ACCOUNTING POLICIES – *Continued*

Investment in an associate - *Continued*

The consolidated income statement includes the Group's share of the post-acquisition results of its associate for the year. In the consolidated balance sheet, interest in an associate is stated at the Group's share of the net assets of the associate.

Where the Group transacts with its associate, unrealised profits and losses are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

In the Company's balance sheet, investment in an associate is stated at cost, as reduced for any decline in the value of the associate that is other than temporary.

Goodwill

Goodwill arising on consolidation, which represents the excess of the purchase consideration over the fair value ascribed to the separable net assets at the date of acquisition of a subsidiary, is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of investment in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of a subsidiary or associate, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary or associate.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has been passed.

Income from the design and installation of production line projects on a turnkey basis, which are normally completed within a period of twelve months, is recognised in accordance with the stage of completion. The design and installation of the production line is normally divided into three stages: namely, sales of plant and machinery, construction of production facilities and transfer of technical know-how. Income from sales of plant and machinery is recognised when plant and machinery is delivered to customers. Income from construction of production facilities is recognised when all costs have been incurred and the production line commences operation. Income from transfer of technical know-how is recognised when the production line is in a condition to process orders on a commercial basis and a memorandum of satisfaction is issued by the customer.

2. PRINCIPAL ACCOUNTING POLICIES – *Continued*

Revenue recognition - *Continued*

Management fee income is recognised when services are provided.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement 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 asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is charged to the income statement to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

2. PRINCIPAL ACCOUNTING POLICIES – *Continued*

Property, plant and equipment - *Continued*

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives from the date on which they become full operational and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Land and buildings	2.5% or over the term of the leases if less than 40 years
Plant and machinery other than those for manufacturing of compact disc products	20%
Furniture, fixtures and equipment	20%
Motor vehicles	30%
Moulds	20%
Stampers	33 ¹ / ₃ %

Depreciation is provided to write down the cost of plant and machinery used for the manufacture of compact disc products to its estimated residual value based on the actual units of production as a proportion of its total anticipated units of production. The anticipated units of production are determined with reference to the production specifications obtained from the suppliers.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

Assets held under hire purchase contracts are depreciated over their expected useful lives on the same basis as owned assets.

Assets held under finance leases and hire purchase contracts

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases and hire purchase contracts are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor/hirer, net of interest charges, is included in the balance sheet as a finance lease or hire purchase obligation. Finance costs, which represent the difference between the total commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases or contracts so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

2. PRINCIPAL ACCOUNTING POLICIES – *Continued*

Royalty charges

Lump sum payments for royalty charges for licences for use by the Group for a specified period are charged to the income statement over the terms of the licence agreements or over five years, whichever the shorter. Other royalty charges payable which are computed based on the number of units produced by the Group are charged to the income statement as incurred. Any other payments relating to the acquisition of licences are written off when incurred.

Deferred development costs

Expenditure incurred in developing new products is capitalised and deferred only when the products are clearly defined, the expenditure is separately identifiable and there is reasonable certainty that the products are technically feasible and the products have commercial value. Deferred development costs are stated at cost less amortisation and impairment loss, where appropriate. Development costs so deferred are amortised, on a straight line basis, over a period not exceeding five years or over the life of the products, whichever the shorter. Amortisation commences from date of commencement of commercial operation of the products. Other development expenditure is expended when incurred.

Technical know-how

Technical know-how represents payments made to independent third parties for the purpose of acquiring the technology for the production of a commercially viable project or product and is stated at cost less amortisation and impairment loss, where appropriate. Technical know-how is amortised, on a straight line basis, over a period not exceeding five years or over the life of the project or product, whichever the shorter, from the date of commencement of commercial operations of the project or product.

Distribution rights

Distribution rights represent payments made to independent third parties for the purpose of acquiring the rights for publication and distribution of data media products and are stated at cost less amortisation and impairment loss, where appropriate. Distribution rights are amortised on a straight line basis over the term of the distribution agreements.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES – *Continued*

Foreign currencies - *Continued*

On consolidation, the financial statements of overseas subsidiaries and associate which are denominated in foreign currencies are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed under the liability method, is recognised to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the expected selling price less all costs to completion and costs to be incurred in selling and distribution.

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

Convertible bonds

Convertible bonds are separately disclosed and regarded as liabilities unless conversion actually occurs. The finance cost recognised in the income statement in respect of the convertible bonds is calculated so as to produce a constant periodic rate of charge on the remaining balances of the convertible bonds for each accounting period.

The costs incurred in connection with the issue of convertible bonds are deferred and amortised on a straight line basis over the lives of the convertible bonds from the date of issue of the bonds to their final redemption date. If any of the bonds are purchased and cancelled or redeemed prior to the final redemption date, an appropriate portion of any remaining unamortised costs will be charged immediately to the income statement whereas if any of the bonds are converted to the capital of the Company, the related net balance in convertible bonds is written off as proceeds received on issue of the relevant shares.

Notes to the Financial Statements

For the year ended 31 December 2000

3. TURNOVER

Turnover represents the aggregate of the amounts received and receivable for goods sold and services rendered, net of returns and allowances, by the Group to outside customers during the year as follows:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Sales of goods	645,602	435,508
Management fee income	2,141	8,562
Turnkey project income	–	6,374
	<u>647,743</u>	<u>450,444</u>

Notes to the Financial Statements

For the year ended 31 December 2000

4. TURNOVER AND CONTRIBUTION TO OPERATING PROFIT

The Group's turnover and contribution to operating profit for both years ended 31 December 2000 and 31 December 1999, analysed by the principal activity and geographical market, are as follows:

	2000		1999	
	Turnover HK\$'000	Contribution to profit from continuing operations before taxation HK\$'000	Turnover HK\$'000	Contribution to profit from continuing operations before taxation HK\$'000
By principal activity:				
Media products	367,186	116,004	289,315	76,724
Total fulfilment services	265,742	33,660	131,969	76,438
Turkey project	-	-	6,374	3,407
Others	14,815	7,094	22,786	8,714
	<u>647,743</u>	<u>156,758</u>	<u>450,444</u>	<u>165,283</u>
Other revenue		4,399		4,251
Finance costs		(23,420)		(20,593)
Administrative and selling expenses		(84,162)		(92,306)
Intangible assets written off		(4,644)		-
Share of profit (loss) of an associate		113		(27)
Profit from ordinary activities before taxation		<u>49,044</u>		<u>56,608</u>
By geographical market:				
Asia				
- People's Republic of China (including Hong Kong)	146,575	49,128	138,137	61,707
- Other regions in Asia Pacific	87,185	26,699	66,933	18,851
Europe	132,789	35,109	127,595	34,812
North America	281,194	45,822	113,300	48,927
Others	-	-	4,479	986
	<u>647,743</u>	<u>156,758</u>	<u>450,444</u>	<u>165,283</u>
Other revenue		4,399		4,251
Finance costs		(23,420)		(20,593)
Administrative and selling expenses		(84,162)		(92,306)
Intangible assets written off		(4,644)		-
Share of profit (loss) of an associate		113		(27)
Profit from ordinary activities before taxation		<u>49,044</u>		<u>56,608</u>

Notes to the Financial Statements

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5. OTHER REVENUE

	THE GROUP	
	2000	1999
	HKS'000	HKS'000
Surplus on insurance claims in respect of a fire which occurred in 1998	117	2,929
Interest income	2,008	1,116
Deposits forfeited	840	-
Others	1,434	206
	4,399	4,251

6. INTANGIBLE ASSETS WRITTEN OFF

The intangible assets written off during the year represented the cost of the technical know-how for products which the directors consider are no longer commercially viable.

7. PROFIT FROM OPERATIONS

	THE GROUP	
	2000	1999
	HKS'000	HKS'000
Profit from operations has been arrived at after charging (crediting):		
Amortisation of deferred royalty charges	16	342
Amortisation of technical know-how	3,978	3,813
Auditors' remuneration	1,197	1,084
Depreciation on		
– Owned assets	17,005	21,918
– Assets held under finance leases and hire purchase contracts	12,297	7,166
(Write back of) bad debt expenses	(1,857)	2,211
Staff costs including directors' remuneration (note 9 below)	76,059	62,424
Rental payments in respect of premises under operating leases	9,516	7,881
Loss (profit) on disposal of property, plant and equipment	36	(118)

Notes to the Financial Statements

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8. FINANCE COSTS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Interest paid on		
– Bank loans, overdrafts and other loans wholly repayable within 5 years	12,954	7,329
– Bank loans with instalments repayable after 5 years	405	176
– Obligations under finance leases and hire purchase contracts	8,809	10,012
Amortisation of issue costs of bond	339	353
Bank charges	2,047	1,475
Exchange (gain) loss	(1,134)	1,248
	<u>23,420</u>	<u>20,593</u>

9. DIRECTORS' EMOLUMENTS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Directors' fees:		
Executive	–	–
Non-executive	585	391
	<u>585</u>	<u>391</u>
Other emoluments (Executive Directors):		
Salaries and other benefits	9,478	7,184
Performance related incentive payments	3,350	2,700
	<u>12,828</u>	<u>9,884</u>
Total emoluments	<u>13,413</u>	<u>10,275</u>

The directors' remuneration shown above includes the estimated monetary value of premises provided rent free to one (1999: one) of the Executive Directors. The estimated rental value of such accommodation was HK\$384,000 (1999: HK\$384,000).

Notes to the Financial Statements

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9. DIRECTORS' EMOLUMENTS – Continued

Emoluments of the Executive Directors were within the following bands:

	THE GROUP	
	2000	1999
	No. of Directors	No. of Directors
HK\$nil to HK\$1,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	–	2
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$4,000,001 to HK\$4,500,000	1	–
HK\$5,000,001 to HK\$5,500,000	1	1
	<u>4</u>	<u>4</u>

No director waived any emoluments in the year ended 31 December 2000 (1999: Nil).

10. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (1999: three) were Directors of the Company whose emoluments are set out in note 9 above. The emoluments of the remaining two (1999: two) employees were as follows:

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Salaries and other benefits	<u>3,124</u>	<u>2,769</u>

Their emoluments were within the following bands:

	THE GROUP	
	2000	1999
	No. of employees	No. of employees
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	1
	<u>2</u>	<u>2</u>

Notes to the Financial Statements

For the year ended 31 December 2000

11. TAXATION

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
The (charge) credit comprises :		
Profits Tax for the year		
Hong Kong	(529)	(1,554)
Overseas	(645)	(1,805)
Prior years		
Hong Kong – (under)overprovision	(164)	929
Overseas – over (under)provision	148	(327)
Deferred taxation		
Release for the year	–	537
	<u>(1,190)</u>	<u>(2,220)</u>

Hong Kong Profits Tax is calculated at 16% (1999: 16%) of the estimated assessable profits for the year. Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Details of the potential deferred tax charge not provided for in the year are set out in note 27.

12. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the Group's profit attributable to shareholders of HK\$48,039,000 (1999: HK\$54,388,000), a loss of HK\$4,653,000 (1999: a profit of HK\$8,336,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

	2000 HK\$'000	1999 HK\$'000
Interim, paid – HK2.2 cents per share on 358,494,000 shares (1999: HK2.0 cents on 365,016,000 shares)	7,889	7,300
Final, proposed – Nil (1999: HK3.5 cents on 363,678,000 shares)	–	12,729
	<u>7,889</u>	<u>20,029</u>

Notes to the Financial Statements

For the year ended 31 December 2000

14. EARNINGS PER SHARE

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

Earnings

	2000 HK\$'000	1999 HK\$'000
Earnings for the purposes of basic earnings per share	48,039	54,388
Effect of dilutive potential shares		
Interest on convertible bond	2,364	940
Earnings for the purposes of diluted earnings per share	50,403	55,328
Number of shares	2000	1999
Weighted average number of shares for the purposes of basic earnings per share	363,482,583	354,090,754
Effect of dilutive potential shares		
Share options	–	919,548
Convertible bond	22,695,156	34,433,552
Weighted average number of shares for the purposes of diluted earnings per share	386,177,739	389,443,854

The computation of diluted earnings per share for 2000 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price.

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For the year ended 31 December 2000

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Moulds and stampers HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP						
AT COST/VALUATION						
At 1 January 2000	26,900	344,396	65,850	18,751	5,105	461,002
Additions	-	37,666	7,202	54	822	45,744
Disposals	-	-	(1,058)	-	(106)	(1,164)
At 31 December 2000	26,900	382,062	71,994	18,805	5,821	505,582
COMPRISING:						
At cost	-	382,062	71,994	18,805	5,821	478,682
At valuation 1996	26,900	-	-	-	-	26,900
	26,900	382,062	71,994	18,805	5,821	505,582
DEPRECIATION						
At 1 January 2000	1,864	89,885	27,288	15,216	2,675	136,928
Provided for the year	996	19,643	6,974	826	863	29,302
Eliminated on disposals	-	-	(80)	-	(68)	(148)
At 31 December 2000	2,860	109,528	34,182	16,042	3,470	166,082
NET BOOK VALUES						
At 31 December 2000	24,040	272,534	37,812	2,763	2,351	339,500
At 31 December 1999	25,036	254,511	38,562	3,535	2,430	324,074

Notes to the Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT – Continued

The net book value of land and buildings shown above comprises:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Land in Hong Kong		
Medium-term lease	22,413	23,036
Land outside Hong Kong		
Short-term lease	1,627	2,000
	<u>24,040</u>	<u>25,036</u>

The land and buildings of the Group were revalued at 31 December 1996 on an open market value basis by Messrs. American Appraisal Hong Kong Limited, Chartered Surveyors. Messrs. American Appraisal Hong Kong Limited are not connected with the Group. The Directors are of the opinion that the carrying amount of land and buildings does not differ significantly from their fair value at the balance sheet date.

If leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation at HK\$14,469,000 (1999: HK\$14,887,000).

The net book value of property, plant and equipment included an amount of HK\$196,692,000 (1999: HK\$208,989,000) in respect of assets held under finance leases and hire purchase contracts.

The Group had pledged its leasehold land and buildings with a net book value of HK\$7,650,000 (1999: HK\$7,863,000) to secure bank loans granted to a subsidiary.

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16. INTANGIBLE ASSETS

	Deferred royalty charges HK\$'000	Technical know-how HK\$'000	Distribution rights HK\$'000	Total HK\$'000
THE GROUP				
AT COST				
At 1 January 2000	2,100	34,631	-	36,731
Additions	-	982	8,519	9,501
Written off	-	(4,644)	-	(4,644)
At 31 December 2000	2,100	30,969	8,519	41,588
AMORTISATION				
At 1 January 2000	2,084	9,850	-	11,934
Provided for the year	16	3,978	-	3,994
At 31 December 2000	2,100	13,828	-	15,928
NET BOOK VALUES				
At 31 December 2000	-	17,141	8,519	25,660
At 31 December 1999	16	24,781	-	24,797

17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	39,172	39,172

Details of the subsidiaries are set out in note 42.

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18. INTEREST IN AN ASSOCIATE

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Share of net assets	5,361	5,073
Loan to an associate (<i>Note 20</i>)	-	2,427
	5,361	7,500

At 31 December 2000, the Group had an interest in the following associate:

Name of company	Place of incorporation and operation	Proportion of registered capital held indirectly by the Group	Principal activities
Dalian Hualu Optical Technology Co., Ltd.	People's Republic of China	36%	Development, production and sales of computer media and computer software

19. INVENTORIES

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Raw materials	15,362	13,172
Work in progress	17,307	16,548
Finished goods	6,039	8,902
	38,708	38,622

Included above are raw materials and finished goods of HK\$357,000 (1999: Nil) and HK\$296,000 (1999: Nil) respectively which are carried at net realisable value.

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20. LOAN TO AND AMOUNT DUE FROM AN ASSOCIATE

These amounts are unsecured and interest free.

21. DEBTORS, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trade debtors	57,146	67,440	–	–
Other debtors, deposits and prepayments	26,664	32,187	503	226
	83,810	99,627	503	226

The Group has a policy of allowing credit period ranging from 30 to 90 days. The aged analysis of the trade debtors is as follows:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
1 to 3 months	33,028	36,433
4 to 6 months	2,630	5,466
7 to 9 months	3,345	11,125
10 to 12 months	3,057	1,224
Over 1 year	15,086	13,192
	57,146	67,440

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22. BANK BALANCES AND CASH

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Time deposits with banks	51,874	14,315	–	–
Bank balances and cash	33,440	29,605	96	98
	85,314	43,920	96	98

23. SHARE CAPITAL

	THE COMPANY	
	Number of shares	Amount HK\$'000
Shares of HK\$0.10 each		
Authorised:		
At 1 January 1999 and 31 December 2000	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 1999	343,184,000	34,318
Shares repurchased and cancelled	(1,646,000)	(164)
Conversion of convertible bond	23,478,000	2,348
Share options exercised by employees	2,450,000	245
At 31 December 1999	367,466,000	36,747
Shares repurchased and cancelled	(8,972,000)	(898)
At 31 December 2000	358,494,000	35,849

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23. SHARE CAPITAL – Continued

During the year, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	Number of shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
March 2000	3,788,000	1.35	1.16	4,700
May 2000	2,008,000	0.88	0.79	1,681
June 2000	2,196,000	0.89	0.80	1,875
July 2000	496,000	0.82	0.80	403
August 2000	484,000	0.77	0.74	366
	<u>8,972,000</u>			<u>9,025</u>

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

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24. SHARE OPTION SCHEME

Under the terms of the Share Option Scheme which became effective in 1996, the Board of Directors of the Company may offer to any director, employee or chief executive of the Company, or any of its subsidiaries, options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10% of the issued share capital of the Company from time to time.

Details of the movements during the year and the balances of unexercised options at 31 December 2000 are as follows:

Exercisable period	Exercise price	Unexercised options at 1 January 2000	Options granted during the year	Options exercised during the year	Unexercised options at 31 December 2000
8 January 1997 to 7 January 2007	HK\$1.0336	6,287,000	-	-	6,287,000
24 January 1997 to 23 January 2007	HK\$1.0336	5,775,000	-	-	5,775,000
4 September 1999 to 3 September 2009	HK\$0.8832	1,050,000	-	-	1,050,000
		<u>13,112,000</u>	<u>-</u>	<u>-</u>	<u>13,112,000</u>

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For the year ended 31 December 2000

25. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Properties revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP						
At 1 January 1999	71,267	1,463	63	10,759	154,362	237,914
Profit for the year	-	-	-	-	54,388	54,388
Dividends paid/proposed	-	-	-	-	(20,029)	(20,029)
Premium on acquisition of an associate	-	(4,607)	-	-	-	(4,607)
Translation of foreign subsidiaries and an associate	-	-	(200)	-	-	(200)
Premium on issue of shares on conversion of bond into shares	12,672	-	-	-	-	12,672
Premium on issue of shares on exercise of share options	1,918	-	-	-	-	1,918
Premium and cost on repurchase and cancellation of own shares	(528)	-	-	-	-	(528)
At 31 December 1999	85,329	(3,144)	(137)	10,759	188,721	281,528
Profit for the year	-	-	-	-	48,039	48,039
Dividends paid	-	-	-	-	(7,889)	(7,889)
Premium on purchase of a business	-	(25,047)	-	-	-	(25,047)
Premium on additional investment in an associate	-	(6,843)	-	-	-	(6,843)
Translation of foreign subsidiaries and an associate	-	-	(914)	-	-	(914)
Premium and cost on repurchase and cancellation of own shares	(8,127)	-	-	-	-	(8,127)
At 31 December 2000	77,202	(35,034)	(1,051)	10,759	228,871	280,747
Comprising:						
At 31 December 2000						
The Company and subsidiaries	77,202	(35,034)	(1,051)	10,759	228,785	280,661
The associate	-	-	-	-	86	86
	77,202	(35,034)	(1,051)	10,759	228,871	280,747
At 31 December 1999						
The Company and subsidiaries	85,329	(3,144)	(137)	10,759	188,748	281,555
The associate	-	-	-	-	(27)	(27)
	85,329	(3,144)	(137)	10,759	188,721	281,528

Notes to the Financial Statements

For the year ended 31 December 2000

25. RESERVES – Continued

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained profits/ (losses) HK\$'000	Total HK\$'000
THE COMPANY				
At 1 January 1999	71,267	15,048	20,677	106,992
Profit for the year	–	–	8,336	8,336
Dividend paid/proposed	–	–	(20,029)	(20,029)
Premium on issue of shares on conversion of bond into shares	12,672	–	–	12,672
Premium on issue of shares on exercise of share options	1,918	–	–	1,918
Premium and cost on repurchase and cancellation of own shares	(528)	–	–	(528)
At 31 December 1999	85,329	15,048	8,984	109,361
Loss for the year	–	–	(4,653)	(4,653)
Dividend paid	–	–	(7,889)	(7,889)
Premium and cost on repurchase and cancellation of own shares	(8,127)	–	–	(8,127)
At 31 December 2000	77,202	15,048	(3,558)	88,692

The contributed surplus of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company at the time of the group reorganisation prior to the listing of the Company's shares in 1994. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (a) it is, or would after the payment be, unable to pay its liabilities as they become due; and (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of Directors, the reserves of the Company which are available for distribution to shareholders at 31 December 2000 amounted to HK\$11,490,000 (1999: HK\$24,032,000), comprising the contributed surplus account balance of HK\$15,048,000 (1999: HK\$15,048,000) and loss of HK\$3,558,000 (1999: retained earnings of HK\$8,984,000) of the Company at the balance sheet date.

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For the year ended 31 December 2000

26. CONVERTIBLE BOND

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Convertible bond	15,016	15,016	15,016	15,016
Less: Issue expenses, net of amortisation of HK\$840,749 (1999: HK\$501,697)	(48)	(387)	(48)	(387)
	14,968	14,629	14,968	14,629
Less: Amounts due within one year shown under current liabilities	(14,968)	–	(14,968)	–
Amounts due after one year	–	14,629	–	14,629

In 1998, the Company issued a convertible bond to an investor for proceeds of US\$3,880,000. The bond carries interest at the rate of 4% per annum and is repayable on 30 June 2001. The investor has the option to convert, before the above repayment date, the outstanding debt into shares of the Company and/or shares in a subgroup of subsidiaries carrying on the business of fulfilment services ("Fulfilment Group") at a price with reference to the results of the Company or the Fulfilment Group, where appropriate, for the year ended 31 December 1998. In 1999, the investor exercised its right under the loan agreement to convert 50% of the principal amount of the bond into shares of the Company. During the year, the Company has received notice from the investor of its decision to demand repayment in cash on or before 30 June 2001.

27. DEFERRED TAXATION

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Balance at 1 January	3,582	4,119
Release for the year	–	(537)
Balance at 31 December	3,582	3,582

Notes to the Financial Statements

For the year ended 31 December 2000

27. DEFERRED TAXATION – Continued

At 31 December 2000, the major components of the deferred taxation liabilities/(assets), provided and unprovided, are as follows:

	PROVIDED		UNPROVIDED	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
THE GROUP				
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	3,582	3,582	29,573	30,115
Unrelieved tax losses	–	–	(16,341)	(18,778)
	<u>3,582</u>	<u>3,582</u>	<u>13,232</u>	<u>11,337</u>

The Company had no significant unprovided deferred taxation for the year or at the balance sheet date.

The components of the unprovided deferred taxation for the year are as follows:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Tax effect of timing difference because of:		
Excess of tax allowances over depreciation	(542)	7,719
Tax losses utilised (generated)	2,437	(5,971)
	<u>1,895</u>	<u>1,748</u>

Deferred tax has not been provided on the revaluation surplus arising on the revaluation of land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purposes.

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For the year ended 31 December 2000

28. BANK BORROWINGS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Bank borrowings comprise the following:		
Mortgage loan	3,721	4,404
Short term bank loan	5,000	-
Bank import and export loans	58,322	32,252
Bank overdrafts	11,066	439
	78,109	37,095
Secured	3,721	4,404
Unsecured	74,388	32,691
	78,109	37,095
Bank loans and overdrafts are repayable as follows:		
Within one year	75,138	33,384
More than one year, but not exceeding two years	831	760
More than two years, but not exceeding five years	1,233	1,683
More than five years	907	1,268
	78,109	37,095
Less: Amounts due within one year shown under current liabilities (Note 32)	(75,138)	(33,384)
Amounts due after one year	2,971	3,711

29. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
The maturity of obligations under finance leases and hire purchase contracts is as follows:		
Within one year	38,098	41,644
More than one year, but not exceeding two years	20,919	27,628
More than two years, but not exceeding five years	8,855	11,363
More than five years	1,161	–
	69,033	80,635
Less: Amounts due within one year shown under current liabilities (Note 32)	(38,098)	(41,644)
Amounts due after one year	30,935	38,991

During the year, the Group entered into one (1999: two) arrangement(s) to obtain finance amounting to approximately HK\$9.8 million (1999: HK\$26 million). Under these arrangements, the Group sold certain plant and machinery with a carrying amount of approximately HK\$13.9 million (1999: HK\$18 million) to the financiers at an aggregate consideration of approximately HK\$10.9 million (1999: HK\$26 million). At the same time, the Group entered into lease agreements with the financiers to lease back the plant and machinery for 36 (1999: 36) months; and at the end of those lease terms, the Group is either entitled to repurchase or continue to lease the plant and machinery at notional price(s). Accordingly, the sales proceeds from the sale of these plant and machinery are treated as borrowings and classified as obligations under finance leases. The finance charges, which represent the difference between the total lease commitments and the obligations under finance leases, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Notes to the Financial Statements

For the year ended 31 December 2000

30. OTHERS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Retention for due performance of a supplier (<i>Note</i>)	10,000	–
Amount payable for acquisition of a business during the year	14,550	–
	24,550	–

Note: During the year, the Group entered into an agreement with a supplier supplying the raw materials for fulfilment services, under which the Group withholds an amount of approximately HK\$10,000,000 due to the supplier for goods supplied to ensure the quality and the supply of the above raw materials.

31. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Trade creditors	44,084	40,637	90	630
Other creditors and accruals	24,250	25,867	3,390	3,776
	68,334	66,504	3,480	4,406

The aged analysis of the trade creditors is as follows:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
1 to 3 months	33,685	35,229
4 to 6 months	4,997	4,339
7 to 9 months	4,567	483
10 to 12 months	820	274
Over 1 year	15	312
	44,084	40,637

Notes to the Financial Statements

For the year ended 31 December 2000

32. CURRENT PORTION OF NON-CURRENT LIABILITIES

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Bank borrowings (Note 28)	75,138	33,384
Obligations under finance leases and hire purchase contracts (Note 29)	38,098	41,644
	113,236	75,028

33. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Profit before taxation	49,044	56,608
Share of (profit) loss of an associate	(113)	27
(Write back of) bad debt expenses	(1,857)	2,211
Interest income	(2,008)	(1,116)
Technical know-how written off	4,644	177
Interest expenses on bank borrowings and other loans	13,359	7,505
Interest on obligations under finance leases and hire purchase contracts	8,809	10,012
Depreciation	29,302	29,084
Amortisation of deferred royalty charges	16	342
Amortisation of technical know-how	3,978	3,813
Amortisation of issue costs of bond	339	353
Loss (profit) on disposal of property, plant and equipment	36	(118)
Increase in inventories	(86)	(8,107)
Decrease (increase) in amounts due from an associate	9	(949)
Decrease (increase) in debtors, deposits and prepayments	16,589	(16,312)
Increase in trade and other payables	23,565	7,074
Decrease in import and export loans	-	(28,347)
NET CASH INFLOW FROM OPERATING ACTIVITIES	145,626	62,257

Notes to the Financial Statements

For the year ended 31 December 2000

34. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Convertible bond HK\$'000	Bank loans HK\$'000	Obligations under finance leases and hire purchase contracts HK\$'000	Minority interests HK\$'000
Balance at 1 January 1999	105,585	30,031	1,964	96,668	1
Net cash inflow (outflow) from financing	1,473	-	2,440	(16,033)	-
Other movement not involving cash flows:					
Conversion of bond to share capital	15,018	(15,015)	-	-	-
Balance at 31 December 1999	122,076	15,016	4,404	80,635	1
Net cash (outflow) inflow from financing	(9,025)	-	(683)	(32,585)	1,186
Other movements not involving cash flows:					
Inception of finance lease contracts	-	-	-	20,983	-
Minority share of profit for the year	-	-	-	-	(185)
Balance at 31 December 2000	113,051	15,016	3,721	69,033	1,002

34(A). MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of plant and machinery with a total capital value at the inception of the leases of HK\$20,983,000 (1999: Nil).

In 1999, the investor holding the convertible bond issued by the Company exercised its right under the loan agreement to convert 50% of the outstanding debt into shares of the Company, resulting in the issue of 23,478,000 shares of the Company at a consideration of HK\$15,533,960, which represented principal portion of the bond of HK\$15,015,600 and the related accrued interest of HK\$518,360.

35. CONTINGENT ASSETS

In 1997, the Company entered into an agreement with a customer under which the Company was required to set up a software manufacturing fulfilment plant in the People's Republic of China and the customer was obliged, among other things, to place an annual minimum orders to the Company for the five years ending 31 December 2002. Should the customer fail to place the minimum orders, the Company is entitled to claim for the shortfall. During the two years ended 31 December 1999, the orders from the customers did not meet the minimum orders stipulated in the agreement and the Company took action to claim for the total shortfall under the agreement amounting to approximately US\$54 million. An arbitration tribunal has been formed to determine the amount payable. Up to the date of approval of the financial statements, the arbitration has not been finalised. Accordingly, no further orders were placed by the customer. The Directors based on the opinion from independent legal advisers, consider that the Group has a meritorious claim against the customer and accordingly all direct expenditure incurred for the claim including the investment costs in establishment of the above manufacturing plant amounting to HK\$23 million are capitalised and carried in the financial statements pending settlement of the claim. The Directors are of the opinion that the Group has sufficient funds to support the claim.

36. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bills discounted with recourse	41,265	60,301	–	–
Guarantees given to bankers in respect of banking facilities utilised by subsidiaries	–	–	376,300	241,800
	41,265	60,301	376,300	241,800

In addition, a subsidiary of the Company in 1998 received a writ from a customer in Hong Kong claiming amounts of Rmb5,885,000 and US\$1,000,000 relating to alleged defective products delivered by that subsidiary. However, the Directors, based on an opinion from the Group's independent legal advisers, consider that the allegations made by the customer are not valid and are of the opinion that such claims will not cause any material loss to the Group. No provision for the cost of the legal fees or loss, if any, arising from the allegations has been made in the financial statements.

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For the year ended 31 December 2000

37. LEASE COMMITMENTS

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases payable in respect of rented premises as follows:		
Operating leases which expire:		
- within one year	654	1,451
- in the second to fifth year inclusive	5,277	3,394
- over five years	-	2,566
	<u>5,931</u>	<u>7,411</u>

At the balance sheet date, the Company had no commitments under non-cancellable operating leases (1999: Nil).

38. CAPITAL COMMITMENTS

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
At the balance sheet date, the Group had the following capital commitments:		
Capital expenditure in relation to the acquisition of property, plant and equipment contracted but not provided for	-	10,791

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

39. RETIREMENT AND PENSION PLAN

The Group did not have a retirement or pension plan for its employees before 1 December 2000.

With effective from 1 December 2000, the Group has joined a Mandatory Provident Fund scheme ("MPF Scheme") for all employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made no retirement benefits scheme contributions (1999: Nil).

40. SUBSEQUENT EVENT

During the year, the Group entered into conditional agreements with independent third parties to acquire a company holding an agreement for sale and promotion of data media products together with the distributorship and sales agreements with the existing clients of certain vendors at a consideration of HK\$47 million to be satisfied by cash of HK\$7.4 million and the issue of four convertible notes of the Company amounting to HK\$39.6 million. As at the date of approval of these financial statements, the transactions were completed.

41. RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related parties conducted on terms arrived at by reference to market prices during the year:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Printing charges paid to Sunny Printing (Hong Kong) Company Limited	10,154	7,466
Rental payments to Richmond Enterprise Limited	394	370
Rental payments to Ms. Chan Siu Chu	324	318
Rental payments to Fair Age Limited	114	112

Notes to the Financial Statements

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41. RELATED PARTY TRANSACTIONS – *Continued*

Mr. Chan Tzi Wah, being a director of a wholly owned subsidiary of the Company, was also a director and shareholder of Sunny Printing (Hong Kong) Company Limited during the period from 1 January 2000 to 30 June 2000.

Ms. Ho Yat Wah, Hermia, being an Executive Director of the Company, is also a director and shareholder of Richmond Enterprise Limited and Fair Age Limited.

Ms. Chan Siu Chu is the mother of Ms. Ho Yin King, Helena, Ms. Ho Yat Wah, Hermia and Mr. Ho Fai Keung, Jacky.

The above related party transactions have been approved by the independent Non-executive Directors.

42. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Name of subsidiary	Place/country of incorporation and operation	Issued and paid up share capital/ registered capital	Percentage of issued share capital/ registered capital held (Note a)	Principal activities
Albata Technology Limited (Formerly known as Jackin Development (Ireland) Limited, Jackin-FAB Fulfilment Services Limited, Jackin Internet Marketing Limited, Albata Internet Marketing Limited)	Hong Kong	2 ordinary shares of HK\$1 each	100	Provision of software programming
Cheson Magnetic Limited	Macau	100,000 ordinary shares of MOP 1 each	100	Manufacture of floppy disks
Clearview Development Limited	British Virgin Islands	10,000 ordinary shares of US\$1 each	100	Investment holding

Notes to the Financial Statements

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42. PARTICULARS OF SUBSIDIARIES – *Continued*

Name of subsidiary	Place/country of incorporation and operation	Issued and paid up share capital/ registered capital	Percentage of issued share capital/ registered capital held (Note a)	Principal activities
Creative Information Technology (Shanghai) Co. Ltd	People's Republic of China	US\$2,000,000	100	Provision of total fulfilment services
Fannyline Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Inactive
Fastlink Technology Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Not yet commenced business
Feitian Magnetic Information-Technology (Shenzhen) Co., Ltd.	People's Republic of China	US\$2,500,000	100	Manufacture of floppy disks, jewel cases and compact disc cleaners
Glory South Software Manufacturing Inc.	United States of America	1,000 ordinary shares of US\$ 1 each	100	Not yet commenced business
Havenport Management Limited	British Virgin Islands	10,000 ordinary shares of US\$1 each	100	Investment holding
Jackin Advanced Optical Technology Limited	British Virgin Islands	1 ordinary share of US\$1	100	Not yet commenced business
Jackin Accessories Industrial Company Limited (Formerly known as Jackin Development (Xinhui) Company Limited)	British Virgin Islands	1 ordinary share of US\$1	100	Investment holding
Jackin Enterprises Limited	British Virgin Islands	1 ordinary share of US\$1	100	Holding of trade marks

Notes to the Financial Statements

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42. PARTICULARS OF SUBSIDIARIES – Continued

Name of subsidiary	Place/country of incorporation and operation	Issued and paid up share capital/ registered capital	Percentage of issued share capital/ registered capital held (Note a)	Principal activities
Jackin Magnetic Company Limited	Hong Kong	10 ordinary shares of HK\$100 each and 10,000 non-voting deferred shares of HK\$100 each (Note b)	100	Manufacture and sale of floppy disks
Jackin Magnetic (United Kingdom) Company Limited	England	3 ordinary shares of GBP 1 each	100	Sale of floppy disks
Jackin Manufacturing (Shenzhen) Limited	British Virgin Islands	1 ordinary share of US\$1	100	Investment holding
Jackin Media Marketing Limited	Hong Kong	100 ordinary shares of HK\$1 each	100	Investment holding
Jackin Optical Marketing Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Sale of compact disc products
Jackin Optical Technology Limited	Hong Kong	1,000,000 ordinary shares of HK\$1 each	100	Manufacture and sale of compact disc products
Jackin Purchasing Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Provision of sourcing and procurement services
Jackin Recording Optical Technology Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Manufacture and sale of recordable compact disc products

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42. PARTICULARS OF SUBSIDIARIES – *Continued*

Name of subsidiary	Place/country of incorporation and operation	Issued and paid up share capital/ registered capital	Percentage of issued share capital/ registered capital held (Note a)	Principal activities
Jackin Software Manufacturing Company Limited (Formerly known as Jackin Development (North East) Company Limited)	Hong Kong	2 ordinary shares of HK\$1 each	100	Not yet commenced business
Jackin Software Service Development Limited (Formerly known as Lion Way International Limited)	Hong Kong	100 ordinary shares of HK\$1 each	100	Inactive
Jackin Total Fulfilment Services Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Provision of total fulfilment services
Jackin U.S.A. Inc.	United States of America	1 ordinary share of US\$1	100	Sale of compact disc products, jewel cases and floppy disks and provision of total fulfilment services
Jackin Video Cassette Company Limited	Hong Kong	1,000 ordinary shares of HK\$1 each and 1,000,000 non-voting deferred shares of HK\$1 each (Note b)	100	Inactive

Notes to the Financial Statements

For the year ended 31 December 2000

42. PARTICULARS OF SUBSIDIARIES – *Continued*

Name of subsidiary	Place/country of incorporation and operation	Issued and paid up share capital/ registered capital	Percentage of issued share capital/ registered capital held (Note a)	Principal activities
Jackin Video Cassette (Taiwan) Limited	Taiwan	2,000,000 ordinary shares of NT\$10 each	99.9	Property holding
Mather Developments Limited	British Virgin Islands	1 ordinary share of US\$1	100	Inactive
Noble Team Holdings Limited	British Virgin Islands	10,000 ordinary shares of US\$1 each	100	Investment holding
Oakview International Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100	Investment holding
Prince Diamond Co Ltd	British Virgin Islands	2 ordinary shares of US\$1 each	100	Investment holding
Profit Ring Industrial Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment
Romtec Holdings Limited	British Virgin Islands	1 ordinary share of US\$1	100	Investment holding
Sunny Printing (International) Company Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100	Provision of computer software replication services
Super World Inc. (Formerly known as Jackin America, Inc.)	United States of America	1,000 ordinary shares of US\$1 each	100	Inactive
Tempair Developments Limited	British Virgin Islands	10,000 ordinary shares of US\$1 each	100	Investment holding

Notes to the Financial Statements

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42. PARTICULARS OF SUBSIDIARIES – Continued

Name of subsidiary	Place/country of incorporation and operation	Issued and paid up share capital/ registered capital	Percentage of issued share capital/ registered capital held (Note a)	Principal activities
Ugent Holdings Limited	British Virgin Islands	10,000 ordinary shares of US\$1 each	100	Investment holding
Wellpeace Corporation Limited	Hong Kong	1,000 ordinary shares of HK\$1 each	57	Not yet commenced business
深圳市輝速達實業有限公司	People's Republic of China	RMB1,000,000	80	Not yet commenced business
珠海藝必達信息技術有限公司	People's Republic of China	HK\$5,000,000	80	Not yet commenced business
深圳輝駿達計算機有限公司	People's Republic of China	RMB7,000,000	80	Inactive

Notes:

- (a) Except Oakview International Limited, which is directly owned by the Company, all other subsidiaries are indirectly held.
- (b) The Company holds 100% of the issued ordinary share capital only. The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.
- (c) Other than those subsidiaries incorporated in the British Virgin Islands, whose place of operations are basically in Hong Kong, the places of operations of all other subsidiaries are the same as their places of incorporation.