

Notes to Financial Statements

31 December 2000

1. CORPORATE INFORMATION

During the year, the Company's principal activity was investment holding. The principal activities of the Company's subsidiaries are set out in note 11 to the financial statements. There were no changes in the nature of the Group's principal activities during the year.

2. 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, modified with respect to the periodic remeasurement of investment properties, as explained in the accounting policies 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.

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) restaurant operations, when catering services are rendered;
- (b) rental income, on a straight-line basis over the lease terms;
- (c) management fee, on an accrual basis; and
- (d) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

Subsidiaries

A subsidiary is a company in which more than 50% of its issued share capital is held by the Company, directly or indirectly, on a long term basis.

Investment in subsidiaries in the Company's balance sheet 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill representing the excess of the purchase consideration over the fair values ascribed to the net assets of subsidiaries acquired at the dates of acquisition, is eliminated against reserves in the year of acquisition.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of the reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released from the investment property revaluation reserve to the profit and loss account.

Property, plant and equipment

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

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

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

Restaurant vessels, ferries and pontoons	5% to 10%
Long term leasehold land	Over the unexpired terms of the lease
Long term leasehold buildings	2.5%
Furniture, fixtures and equipment	10% to 20%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long term investment

A long term investment is an investment in unlisted equity securities which is intended to be held on a continuing basis and is stated at cost less provision for diminution in value which is expected to be other than temporary.

Inventories

Inventories comprise mainly food, beverages and consumable stores and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses to be incurred in the ordinary course of business.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and financial reporting purposes to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised unless its realisation is assured beyond reasonable doubt.

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.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rental income in respect of operating leases is credited to the profit and loss account as earned. Rental expenses in respect of operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Foreign currency transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provident fund schemes

The Group has defined contribution provident fund schemes for all permanent staff of the floating restaurant operations. The Group and its employees are each required to contribute to the scheme on a monthly basis, at the rate of 5% of the employees' basic salaries. The Group's net contribution for the year was HK\$1,771,457 (1999: HK\$1,940,201).

Forfeited employer contributions in respect of leaving members may be utilised to offset the employer's ongoing contributions and the amount so utilised during the year amounted to HK\$301,119 (1999: HK\$325,116). At 31 December 2000, the amount of forfeited contributions available to offset future employer's contributions to the scheme amounted to approximately HK\$27,072 (1999: HK\$4,326).

Cash equivalents

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

3. TURNOVER AND REVENUE

Turnover represents revenue from restaurant operations together with gross rental income received and receivable from investment properties and interest income received and receivable. All the Group's turnover and revenue are derived in Hong Kong.

An analysis of the Group's turnover and revenue is as follows:

	2000	1999
	HK\$	HK\$
Catering income	89,755,890	96,607,523
Gross rental income	5,856,802	5,735,535
Interest income	13,562,770	11,395,664
Turnover	<u>109,175,462</u>	<u>113,738,722</u>
Gain on disposal of vessels	1,776,588	-
Gain on disposal of property, plant and equipment	136,978	-
Proceeds from insurance claim	893,932	370,112
Revenue	<u><u>111,982,960</u></u>	<u><u>114,108,834</u></u>

Notes to Financial Statements

31 December 2000

3. TURNOVER AND REVENUE (continued)

The Group's turnover is further analysed as follows:

	2000 HK\$	1999 HK\$
Restaurant operations and related activities	97,539,608	102,284,984
Property investment and related activities	4,441,139	4,397,168
Investment and others	7,194,715	7,056,570
	<u>109,175,462</u>	<u>113,738,722</u>

4. OPERATING LOSS BEFORE TAX

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

	2000 HK\$	1999 HK\$
Auditors' remuneration	464,400	444,400
Provident fund contributions, net	1,771,457	1,940,201
(Gain)/loss on disposal of property, plant and equipment	(136,978)	54,804
Gain on disposal of vessels	(1,776,588)	–
Rental income:		
Gross	(5,856,802)	(5,735,535)
Outgoings	527,598	516,774
	<u>(5,329,204)</u>	<u>(5,218,761)</u>
Interest income on bank deposits	<u>(13,562,770)</u>	<u>(11,395,664)</u>

4. OPERATING LOSS BEFORE TAX (continued)

The Group's operating loss before tax is analysed as follows:

	Group	
	2000 HK\$	1999 HK\$
Restaurant operations and related activities	(12,809,195)	(27,357,262)
Property investment and related activities	3,326,298	3,275,412
Investment and others	1,267,534	1,960,521
	<u>(8,215,363)</u>	<u>(22,121,329)</u>

5. 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.

	Group	
	2000 HK\$	1999 HK\$
Current:		
Provision for the year	–	44,600
Rebate relating to prior year	–	(124,000)
Under/(over) provision in prior year	4,395	(156,888)
	<u>4,395</u>	<u>(236,288)</u>
Deferred – note 20	–	(1,188,000)
Tax charge/(credit) for the year	<u>4,395</u>	<u>(1,424,288)</u>

6. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company for the year ended 31 December 2000 was HK\$2,077,887 (1999: profit of HK\$4,767,984).

Notes to Financial Statements

31 December 2000

7. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$6,567,759 (1999: HK\$17,294,817) and 121,087,134 (1999: 121,087,134) ordinary shares in issue throughout the year.

As the exercise price of the outstanding share options of the Company was greater than the average market price of the Company's shares during 2000 and 1999, no diluted loss per share was calculated and presented for the years ended 31 December 2000 and 1999.

8. DIRECTORS' REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

Directors' remuneration

	2000 HK\$	1999 HK\$
Fees	910,000	910,000
Other emoluments:		
Basic salaries, housing, other allowances and benefits in kind	1,872,342	2,199,000
	<u>2,782,342</u>	<u>3,109,000</u>

Fees included HK\$440,000 (1999: HK\$440,000) payable to non-executive directors. Other emoluments include HK\$300,000 (1999: HK\$300,000) payable to non-executive directors.

The number of directors whose remuneration fell within the band set out below is as follows:

	2000 Number of directors	1999 Number of directors
Nil – HK\$1,000,000	<u>12</u>	<u>12</u>

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

8. DIRECTORS' REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (continued)

Employee costs

The five highest paid individuals during the year included one director (1999: one), details of whose remuneration are set out above. Details of the remuneration of the remaining four non-director, highest paid individuals are analysed as to nature and bands of remuneration below.

	2000 HK\$	1999 HK\$
Basic salaries, housing, other allowances and benefits in kind	2,941,545	3,458,751
Pension scheme contributions	85,131	80,496
	<u>3,026,676</u>	<u>3,539,247</u>

	2000 Number of employees	1999 Number of employees
Nil – HK\$1,000,000	3	4
HK\$1,000,000 – HK\$1,500,000	<u>1</u>	<u>–</u>

9. INVESTMENT PROPERTIES

	Group	
	2000 HK\$	1999 HK\$
At valuation:		
At beginning of year	145,000,000	145,000,000
Additions	3,139,143	–
Surplus on revaluation - note 24	11,860,857	–
	<u>160,000,000</u>	<u>145,000,000</u>
At 31 December		

The investment properties are held in Hong Kong under long term leases. The investment properties were revalued on an open market, existing tenancy basis by FPD Savills (Hong Kong) Limited., an independent firm of professional valuers, as at 31 December 2000 at HK\$160,000,000.

The investment properties include a residential building located at 5 Tung Shan Terrace, Stubbs Road, Hong Kong and 509 car parking spaces located on the lower basement, basement and G/F to 5/F of Jumbo Court Public Carpark, 3 Welfare Road, Aberdeen, Hong Kong.

Notes to Financial Statements

31 December 2000

10. PROPERTY, PLANT AND EQUIPMENT

Group	Restaurant vessels, ferries and pontoons HK\$	Leasehold land and buildings HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost:				
At beginning of year	34,339,369	613,996	56,291,254	91,244,619
Additions	8,887,428	–	2,257,593	11,145,021
Disposals	–	–	(509,147)	(509,147)
At 31 December 2000	<u>43,226,797</u>	<u>613,996</u>	<u>58,039,700</u>	<u>101,880,493</u>
Accumulated depreciation:				
At beginning of year	27,783,192	151,340	32,515,834	60,450,366
Provided during the year	1,606,155	9,525	4,003,779	5,619,459
Disposals	–	–	(278,173)	(278,173)
At 31 December 2000	<u>29,389,347</u>	<u>160,865</u>	<u>36,241,440</u>	<u>65,791,652</u>
Net book value:				
At 31 December 2000	<u>13,837,450</u>	<u>453,131</u>	<u>21,798,260</u>	<u>36,088,841</u>
At 31 December 1999	<u>6,556,177</u>	<u>462,656</u>	<u>23,775,420</u>	<u>30,794,253</u>

The leasehold land and buildings are held in Hong Kong under long term leases.

11. INTERESTS IN SUBSIDIARIES

	Company	
	2000 HK\$	1999 HK\$
Unlisted shares, at cost	390,018	390,018
Provision for diminution in value	(390,000)	–
Due from subsidiaries	582,174,074	579,166,404
	<u>582,174,092</u>	<u>579,556,422</u>

The balances with subsidiaries are unsecured and interest-free. In respect of all the balances due from subsidiaries, the Company has undertaken not to demand repayment within a two-year period from the balance sheet date and only when the subsidiaries have sufficient working capital in excess of their respective normal requirements.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations	Issued ordinary share capital	Effective equity interest attributable to the Group	Principal activities
<i>Held directly</i>				
Double Crown Limited	Hong Kong	HK\$2	100%	Property investment
Palmsville Developments Limited	British Virgin Islands	US\$1	100%	Investment holding
Proven Success Limited	British Virgin Islands	US\$1	100%	Investment holding

Notes to Financial Statements

31 December 2000

11. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and operations	Issued ordinary share capital	Effective equity interest attributable to the Group	Principal activities
<i>Held indirectly</i>				
Aberdeen Restaurant Enterprises Limited*	Hong Kong	HK\$25,025,000	86.68%	Restaurant operations and property investment
Sea Palace, Limited*	Hong Kong	HK\$1,950,000	86.46%	Dormant
Tai Pak Sea-Food Restaurant Limited*	Hong Kong	HK\$1,350,000	84.76%	Catering, restaurant vessel holding and letting

* Audited by certified public accountants other than Ernst & Young.

The above table lists the subsidiaries of the Company as at 31 December 2000 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.

12. LONG TERM INVESTMENT

	Group	
	2000 HK\$	1999 HK\$
Unlisted equity investment, at cost	<u>4,661,880</u>	<u>4,661,880</u>

	Company	
	2000 HK\$	1999 HK\$
Unlisted equity investment, at cost	<u>-</u>	<u>4,661,880</u>

13. INVENTORIES

	Group	
	2000 HK\$	1999 HK\$
Food and beverages	5,357,855	3,094,859
Consumable stores	53,053	89,320
	<u>5,410,908</u>	<u>3,184,179</u>

14. ACCOUNTS RECEIVABLE

The age of the accounts receivable is summarised as follows:

	Group	
	2000 HK\$	1999 HK\$
Outstanding balances with ages:		
Within 30 days	2,449,019	1,976,219
Between 31 to 60 days	1,308,676	1,198,644
Between 61 to 180 days	294,044	279,243
Over 180 days	8,159	114,892
	<u>4,059,898</u>	<u>3,568,998</u>

Notes to Financial Statements

31 December 2000

14. ACCOUNTS RECEIVABLE (continued)

The Group's restaurant and property leasing operations are largely operated on cash on delivery or payment in advance terms, except for those well-established customers to whom credit terms are granted. The Group generally allows normal terms of credit of 30 to 60 days to its well-established customers.

15. AMOUNTS DUE FROM RELATED COMPANIES

Particulars of the amounts due from related companies of the Group disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

		At 31 December 2000 HK\$	Maximum amount outstanding during the year HK\$	At 1 January 2000 HK\$
Sociedade Turismo e Diversões de Macau	(a)	409,876	442,000	–
Gold Carousel Investments Limited	(b)	140,091	31,120,000	–
		<u>549,967</u>		<u>–</u>

(a) The amount due from Sociedade de Turismo e Diversões de Macau, a related company of which Dr. Stanley Ho and Madam Winnie Ho Yuen Ki are directors and have direct and/or indirect beneficial interests, represented receivables in respect of the sales of souvenirs by the Group and remain unsettled (note 30 (v)).

(b) The amount due from Gold Carousel Investments Limited as at 31 December 2000 represented certain expenditure related to the disposal of vessels by the Group to Golden Carousel Investments Limited (note 30 (vi)) paid by the Group on behalf of Gold Carousel Investments Limited. The maximum outstanding amount represented receivable for the proceeds on the disposal of vessels.

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

16. ASSETS HELD FOR SALE

Pursuant to a sale and purchase agreement dated 10 December 1999 (the "Disposal Agreement"), which was approved by the independent shareholders of the Company on 21 January 2000, the Group disposed of its Jumbo Palace Restaurant Boat and Sea Palace Kitchen Boat and their operational assets ("the Vessels") to Gold Carousel Investments Limited ("the Purchaser"), an associate of Dr. Stanley Ho, a director and substantial shareholder of the Company. Accordingly, the Vessels had been reclassified from property, plant and equipment to current assets as assets held for sale as at 31 December 1999. The disposal was completed during the year ended 31 December 2000. Further details of the disposal are set out in note 30.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Cash and bank balances	4,435,030	4,815,977	32,369	215,492
Short term bank deposits	226,711,291	212,500,346	–	–
	<u>231,146,321</u>	<u>217,316,323</u>	<u>32,369</u>	<u>215,492</u>

18. ACCOUNTS PAYABLE

The age of the accounts payable is summarised as follows:

	Group	
	2000 HK\$	1999 HK\$
Outstanding balances with ages:		
Within 30 days	4,981,754	2,503,563
Over 30 days	6,184	4,364
	<u>4,987,938</u>	<u>2,507,927</u>

Notes to Financial Statements

31 December 2000

19. DEPOSIT RECEIVED

The balance represented an initial deposit received during the year ended 31 December 1999 from the Purchaser in respect of the disposal of the Vessels in accordance with the terms of the Disposal Agreement.

20. DEFERRED TAX

	Group	
	2000 HK\$	1999 HK\$
At beginning of year	-	1,188,000
Credit for the year – note 5	-	(1,188,000)
At balance sheet date	-	-

The components of deferred tax liabilities/(assets) of the Group provided/not provided for at the balance sheet date are as follows:

	Provided		Not provided	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Accelerated depreciation allowances	2,700,000	3,100,000	1,076,000	-
Tax losses carried forward	(2,700,000)	(3,100,000)	(11,746,000)	(5,626,000)
	-	-	(10,670,000)	(5,626,000)

There are no significant potential deferred tax liabilities for which provision has not been made.

The revaluation of the Group's investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

21. ISSUED SHARE CAPITAL

	2000 HK\$	1999 HK\$
Authorised: 480,000,000 shares of HK\$1.00 each	<u>480,000,000</u>	<u>480,000,000</u>
Issued and fully paid: 121,087,134 shares of HK\$1.00 each	<u>121,087,134</u>	<u>121,087,134</u>

22. SHARE PREMIUM ACCOUNT

	2000 HK\$	1999 HK\$
At beginning and end of year	<u>8,737,833</u>	<u>8,737,833</u>

23. CAPITAL RESERVE ACCOUNT

	Group	
	2000 HK\$	1999 HK\$
At beginning and end of year	<u>117,476,852</u>	<u>117,476,852</u>

	Company	
	2000 HK\$	1999 HK\$
At beginning and end of year	<u>357,784,733</u>	<u>357,784,733</u>

Pursuant to a scheme of capital reduction, which became effective on 29 June 1993, the Supreme Court of Hong Kong approved the cancellation of the Company's share premium account which, on that date, was stated at HK\$127,274,212. By virtue of the same court's sanction, the issued and fully paid share capital of the Company was also reduced by HK\$230,510,521 through a reduction in the nominal value of the share capital of the Company. The credits arising from the cancellation of the share premium account and the reduction of the share capital account, in the aggregate amount of HK\$357,784,733 were transferred to a capital reserve account. The capital reserve account is not freely distributable to the shareholders of the Company.

Notes to Financial Statements

31 December 2000

24. INVESTMENT PROPERTY REVALUATION RESERVE

	Group	
	2000	1999
	HK\$	HK\$
At beginning of year	73,685,300	73,685,300
Surplus on revaluation of investment properties – note 9	11,860,857	–
Surplus attributable to minority shareholders	(1,065,399)	–
At balance sheet date	<u>84,480,758</u>	<u>73,685,300</u>

25. RESERVES AVAILABLE FOR DISTRIBUTION TO SHAREHOLDERS

At the balance sheet date, the reserves of the Company available for distribution to shareholders, as calculated under the provisions of Section 79B of the Companies Ordinance, amounted to HK\$98,700,731 (1999: HK\$96,622,844).

26. SHARE OPTION SCHEME

Share options granted in prior years to certain directors of the Company and employees of the Group to acquire the ordinary shares in the Company lapsed upon the expiry of the exercise period on 21 October 2000.

As at 31 December 2000, there were no outstanding share options entitling the holders to subscribe for the ordinary shares in the Company.

27. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of the Group's operating loss before tax to net cash outflow from operating activities

	2000	1999
	HK\$	HK\$
Operating loss before tax	(8,215,363)	(22,121,329)
Interest income	(13,562,770)	(11,395,664)
Depreciation	5,619,459	13,970,038
Gain on disposal of vessels	(1,776,588)	-
(Gain)/loss on disposal of property, plant and equipment	(136,978)	54,804
Decrease/(increase) in accounts receivable	(490,900)	273,788
Decrease/(increase) in inventories	(2,226,729)	1,261,794
Decrease/(increase) in prepayments, deposits and other receivables	4,701,592	(1,240,943)
Increase in amounts due from related companies	(549,967)	-
Increase/(decrease) in accounts payable	2,480,011	(129,792)
Increase in accrued liabilities and other payables	2,322,237	1,243,900
Increase/(decrease) in rental deposits	(113,229)	308,505
Net cash outflow from operating activities	<u>(11,949,225)</u>	<u>(17,774,899)</u>

28. PLEDGE OF ASSETS

As at 31 December 2000, the Group's short term bank deposits amounting to HK\$911,000 (1999: HK\$911,000) were pledged to secure a letter of guarantee of HK\$911,000 (1999: HK\$911,000) granted by a bank for the Group's electricity deposits.

29. COMMITMENTS

Neither the Company nor the Group had any significant commitments at 31 December 2000.

Notes to Financial Statements

31 December 2000

30. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group had the following material transactions with related parties during the year:

	Notes	2000 HK\$	1999 HK\$
Catering income received from directors and related companies	(i)	3,124,449	3,103,456
Insurance premiums paid to a related company	(ii)	1,019,973	1,098,618
Management fee paid to a related company	(iii)	160,969	136,897
Agency services fee paid to a related company	(iv)	10,702	274,321
Souvenirs sold to a related company	(v)	442,000	–
Disposal of the Vessels to a related company	(vi)	62,200,000	–

Notes:

- (i) The Group received catering income in respect of restaurant operations from certain directors and related companies for services provided at a discount ranging between 15% and 40%.
- (ii) The Group paid insurance premiums to Jardine Shun Tak Insurance Brokers Limited, an associate of Shun Tak Holdings Limited ("STHL"), to insure the properties and employees of the Group under the terms and conditions applicable to customers of comparable standing. Dr. Stanley Ho, Madam Winnie Ho Yuen Ki, Mr. Patrick Huen, Mr. Andrew Tse, Mr. Anthony Chan, Mr. Ambrose So, Ms. Daisy Ho and Ms. Pansy Ho, directors of the Company, are also directors and/or have direct and/or indirect beneficial interests in STHL.
- (iii) The Group paid a management fee to Shun Tak Property Management Limited ("STPML"), a subsidiary of STHL, on a reimbursement basis for building management expenditure paid by STPML on behalf of the Group.
- (iv) An agency services fee was paid by the Group to Shun Tak Real Estate Limited ("STREL"), a subsidiary of STHL, on a basis determined between the Group and STREL for the introduction of tenants to lease the Group's investment properties.
- (v) The sales of souvenirs to Sociedade de Turismo e Diversões de Macau ("STDM"), a related company of which Dr. Stanley Ho and Madam Winnie Ho Yuen Ki are directors and have direct and/or indirect beneficial interests, were made according to the published prices and conditions offered to customers of the Group, except that a longer credit period was normally granted. The balance due from STDM at 31 December 2000 was HK\$409,876 (1999: Nil) (note 15).
- (vi) As explained in note 16, the Group disposed the Vessels to the Purchaser, an associate of Dr. Stanley Ho, for an aggregate consideration of US\$8 million (equivalent to HK\$62,200,000), which was inclusive of the consideration for any relocation works. The Disposal Agreement was approved by the independent shareholders of the Company on 21 January 2000. The consideration was determined by reference to an independent valuation of an Vessels as at 7 December 1999 made by Vigers Hong Kong Ltd., an independent firm of professional valuers, and the estimated expenses to be incurred for the relocation works were calculated by reference to the quotations obtained therefor. As at 31 December 1999, the Group received an initial deposit of US\$4 million (equivalent to HK\$31,080,000) from the Purchaser in respect of the disposal and the remaining balance was wholly settled in the current year. Total expenditure incurred in connection with the relocation works amounted to HK\$4,933,125. A profit of HK\$1,776,588 which resulted from the disposal was credited to the current year's profit and loss account. Further details of the disposal are set out in a circular issued by the Company dated 4 January 2000.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 11 April 2001.