

# Notes on the Accounts

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These accounts have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounts also comply with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

### (b) Basis of preparation of the accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties, and the marking to market of certain investments in securities as explained in the accounting policies set out below.

### (c) Basis of consolidation

- (i) The consolidated accounts include the accounts of the Company and all its subsidiaries made up to 31st December each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from or to the date of their acquisition or disposal, as appropriate. All material intercompany transactions are eliminated on consolidation.
- (ii) Goodwill arising on the acquisition of subsidiaries, being the excess of the cost of investments in these companies over the fair value of the Group's share of the separable net assets acquired, is written off to contributed surplus in the year of acquisition. The excess of the Group's share of the fair value of the separable net assets of subsidiaries acquired over the cost is credited to capital reserve.

On disposal of a subsidiary during the year, the attributable amount of goodwill/capital reserve is included in calculating the profit or loss on disposal.

In the case of exchange of shares, the excess value of the shares acquired over the nominal value of the shares being issued is credited to the contributed surplus account.

In the case of issuance of warrants, the net proceeds of the warrants issued are credited to the capital reserve account. If any warrants lapse unexercised, the attributable amount of capital reserve is transferred to the revenue reserve account through the profit and loss account.

## Notes on the Accounts *(Continued)*

### 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **(d) Investments in subsidiaries**

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries in the Company's balance sheet are stated at cost less any provisions for diminution in value which is other than temporary as determined by the directors for each subsidiary individually. Any such provisions are recognised as an expense in the profit and loss account.

#### **(e) Associates and jointly controlled entities**

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the parties share joint control over the economic activity of the entity.

Unless the interest in the associate or the jointly controlled entity is acquired and held exclusively with a view to subsequent disposal in the near future, an investment in an associate or a jointly controlled entity is accounted for in the consolidated accounts under the equity method and is stated at the Group's share of their net asset less discount on acquisition. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associates and jointly controlled entities for the year. Goodwill arising on the acquisition of an associate or a jointly controlled entity, being the excess of the cost over the fair value of the Group's share of the separable net assets acquired, is written off to contributed surplus in the year of acquisition.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit and loss account.

The results of the associates and jointly controlled entities are included in the Company's profit and loss account to the extent of dividends received and receivable, providing the dividend is in respect of a period ending on or before that of the Company and the Company's right to receive the dividend is established before the accounts of the Company are approved by the directors. In the Company's balance sheet, its investments in associates and jointly controlled entities are stated at cost less any provisions for diminution in value which is other than temporary as determined by the directors for each associate or jointly controlled entity individually. Any such provisions are recognised as an expense in the profit and loss account.

# Notes on the Accounts *(Continued)*

## 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **(f) Other investments**

The Group's policy for investments other than investments in subsidiaries, associates and jointly controlled entities is as follows:

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as "investment securities". Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the profit and loss account, such provisions being determined for each investment individually.
- (ii) All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.
- (iii) Provisions against the carrying value of investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.
- (iv) Profits and losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the profit and loss account as they arise.

### **(g) Interest in partnerships**

Interest in partnerships is stated at cost less provision, where appropriate, together with profits less losses attributable to the Group.

### **(h) Fixed assets**

- (i) Fixed assets are carried in the balance sheets on the following basis:
  - (a) investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;
  - (b) land and buildings held for own use are stated in the balance sheet at cost less accumulated depreciation; and
  - (c) plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation.

## Notes on the Accounts *(Continued)*

### 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **(h) Fixed assets *(Continued)***

- (ii) Changes arising on the revaluation of investment properties are generally dealt with in reserves. The only exceptions are as follows:
  - (a) when a deficit arises on revaluation, it will be charged to the profit and loss account, if and to the extent that it exceeds the amount held in reserve in respect of the portfolio of investment properties, immediately prior to the revaluation; and
  - (b) when a surplus arises on revaluation, it will be credited to the profit and loss account, if and to the extent that a deficit on revaluation in respect of the portfolio of investment properties, had previously been charged to the profit and loss account.
- (iii) The carrying amount of fixed assets (other than investment properties with an unexpired lease term of more than 20 years) is reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of reduction is recognised as an expense in the profit and loss account. In determining the recoverable amount, expected future cash flows generated by the fixed assets are not discounted to their present values.

When the circumstances and events that led to the write-down or write-off cease to exist, any subsequent increase in the recoverable amount of an asset is written back to the profit and loss account. The amount written back is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred.
- (iv) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (v) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal. On disposal of investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the profit and loss account for the year.

## Notes on the Accounts *(Continued)*

### 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **(i) Depreciation and amortisation**

- (i) No depreciation is provided in respect of investment properties with an unexpired lease term of over 20 years or on freehold land.
- (ii) Depreciation is provided on the then carrying amount of investment properties with an unexpired lease term of 20 years or less on a straight-line basis over the remaining term of the lease.
- (iii) Depreciation is provided on the cost of leasehold land and buildings over 50 years or the remaining terms of the respective leases, if shorter.
- (iv) Depreciation is provided on the written down value of other fixed assets at the following rates:

Plant and machinery	—	20% to 25% per annum
Furniture and fixtures	—	20% to 25% per annum
Moulds and tools	—	10% to 30% per annum
Vehicles and pleasure craft	—	30% per annum

#### **(j) Intangible assets**

Amounts paid for the use of patents are amortised on a straight-line basis over a period of five years so as to reflect the pattern in which the related economic benefits are recognised. Where the directors consider there is an impairment in the future economic benefits, a provision is made against the carrying amount.

#### **(k) Leased assets**

Where assets are acquired under hire purchase contracts, the amounts representing the outright purchase price of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under hire purchase contracts. Depreciation is provided at rates which write off the cost of the assets over their estimated useful lives as set out in note 1(i) above. Finance charges implicit in the lease payments are charged to the profit and loss account over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

## Notes on the Accounts *(Continued)*

### 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **(l) Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the FIFO cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### **(m) Land held for resale**

Land held for resale is stated at the lower of specific identified cost and estimated net realisable value.

#### **(n) Deferred taxation**

Deferred taxation is provided under the liability method in respect of the taxation effect arising from all timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

#### **(o) Translation of foreign currencies**

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies and the accounts of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses on foreign currency translation are dealt with in the profit and loss account, except for those arising from the re-translation of the net equity in overseas subsidiaries brought forward from prior years which are dealt with in exchange reserves.

## Notes on the Accounts *(Continued)*

### 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **(p) Operating leases**

Rentals payable under operating leases are accounted for on a straight-line basis over the periods of the respective leases.

Assets held for use in operating leases are included in fixed assets and depreciation is provided as set out in note 1(i) above.

#### **(q) Pension cost**

The pension cost charged to the profit and loss account represents the amount of employer's contributions payable to the Group's defined contribution pension scheme and the Mandatory Provident Fund.

#### **(r) Borrowing costs**

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

#### **(s) Revenue recognition**

- (i) Revenue arising from sale of goods is recognised on delivery of goods to customer.
- (ii) Rental income from investment properties is recognised on a straight-line basis over the respective periods of the leases.
- (iii) Interest income is accrued on a time apportioned basis on the principal outstanding and at the rate applicable.
- (iv) Dividend and investment income is recognised at the time when the right to receive payment is established.

#### **(t) Related parties**

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### **(u) Cash and cash equivalents**

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. For the purposes of the cash flow statement, cash equivalents would also include advances from banks repayable within three months from the date of the advance.

## Notes on the Accounts *(Continued)*

### 2. TURNOVER

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacture and sale of plastic and stuffed toys, electronic toys, property investment, investment holding and trading.

Turnover represents the invoiced value of goods sold, less returns, to third parties, rental income and investment income and is analysed as follows:

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Sale of goods	<b>281,414</b>	296,108
Rental income	<b>29,501</b>	35,770
Investment income	<b>9,051</b>	14,861
	<b><u>319,966</u></b>	<u>346,739</u>

### 3. SEGMENTAL INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are as follows:

	<b>Group turnover</b>		<b>Contribution to profit from operations</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>Principal activities</b>				
Marketing and selling of toy items	<b>281,414</b>	296,108	<b>(32,775)</b>	(4,814)
Property investment	<b>29,501</b>	35,770	<b>7,097</b>	27,206
Investment holding and trading	<b>9,051</b>	14,861	<b>27,459</b>	7,455
	<b><u>319,966</u></b>	<u>346,739</u>	<b><u>1,781</u></b>	<u>29,847</u>

#### Geographical locations of operations

	<b>Group turnover</b>		<b>Contribution to profit from operations</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong and China	<b>163,442</b>	166,099	<b>(39,787)</b>	9,616
USA	<b>88,343</b>	110,635	<b>38,420</b>	10,659
Europe	<b>67,329</b>	69,229	<b>3,806</b>	9,398
Canada	<b>852</b>	776	<b>(658)</b>	174
	<b><u>319,966</u></b>	<u>346,739</u>	<b><u>1,781</u></b>	<u>29,847</u>

Whilst all Group sales are derived from Hong Kong, China, the United States of America, Europe and Canada, all of the Group's manufacturing facilities are based in China.

## Notes on the Accounts *(Continued)*

### 4. INCOME

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
<b>(a) Other revenue</b>		
Interest income	1,969	1,380
Air conditioning, management and maintenance service charges from tenants	3,332	3,783
Subcontracting income	4,629	2,550
Service income	1,759	58
Others	848	717
	<u>12,537</u>	<u>8,488</u>
<b>(b) Other net income</b>		
Unrealised gain on revaluation of investment in Squaw Creek Associates <i>(Note 14)</i>	31,449	—
Revaluation deficit on investment properties <i>(Note 10)</i>	(3,285)	—
Net gain on sale of fixed assets	82	1,091
Net exchange gain	1,376	3,097
Unrealised (loss)/gain on listed investments	(363)	2,491
(Loss)/income from partnerships	(1,619)	3,107
	<u>27,640</u>	<u>9,786</u>

## Notes on the Accounts *(Continued)*

### 5. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) from ordinary activities before taxation is arrived at after charging/(crediting):

	<b>2000</b> <b>HK\$'000</b>	1999 <i>HK\$'000</i>
<b>(a) Finance cost</b>		
Interest on bank advances repayable within 5 years	<b>23,013</b>	23,239
Interest on advances from directors	<b>4,551</b>	4,299
Interest on advances from shareholders	<b>3,821</b>	707
Interest on amounts due to related parties/related companies	<b>445</b>	256
Interest on other loans	<b>2,763</b>	1,539
Finance charges on obligations under hire purchase contracts	<b>18</b>	51
	<b>34,611</b>	30,091
<b>(b) Other items</b>		
Cost of inventories	<b>209,370</b>	192,324
Amortisation of intangible assets	<b>2,496</b>	2,496
Depreciation		
— owned assets	<b>15,367</b>	13,324
— assets held under hire purchase contracts	<b>39</b>	88
Auditors' remuneration	<b>1,614</b>	1,686
Operating lease charges - rental on land and buildings	<b>11,822</b>	11,817
Employer's contributions to pension scheme, net of forfeited contributions of HK\$424,000 (1999: HK\$483,000) (Note 28)	<b>2,312</b>	3,095
Provision for land held for resale	<b>13,000</b>	1,000
Gain on disposal of listed investments	<b>(208)</b>	(4,595)
Dividend income from listed investments	<b>(1)</b>	(13)
Dividend income from unlisted investments	<b>(5,643)</b>	(4,200)
Gross rental income from investment properties less direct outgoings of HK\$3,538,000 (1999: HK\$4,980,000)	<b>(25,964)</b>	(30,790)

Cost of inventories includes HK\$33,015,000 (1999: HK\$27,861,000) relating to staff costs, depreciation charges and operating lease charges, which amount is also included in the respective total amounts disclosed separately above and in the profit and loss account for each of these types of expenses.

## Notes on the Accounts *(Continued)*

### 6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

#### (a) Directors' emoluments

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
<i>(i) Executive directors</i>		
Fees	160	161
Other emoluments		
Salaries and other benefits	4,375	5,243
Pension scheme contributions	176	206
Bonus	—	100
	<u>4,551</u>	<u>5,549</u>
	<u>4,711</u>	<u>5,710</u>
<i>(ii) Non-executive directors</i>		
Fees	85	107
Other emoluments		
Salaries and other benefits	334	556
Pension scheme contributions	33	56
	<u>367</u>	<u>612</u>
	<u>452</u>	<u>719</u>

In addition to the above emoluments, certain directors were granted share options under the Company's share option scheme. The details of these benefits in kind are disclosed under the paragraph "Directors' interests in shares and rights to acquire shares" in the directors' report.

In the absence of a ready market for the options granted on the shares of the Company, the directors are unable to arrive at an accurate assessment of the value of the options granted to the respective directors.

The directors' emoluments were within the following bands:

	<b>2000</b> <b>Number of</b> <b>directors</b>	1999 Number of directors
Nil to HK\$1,000,000	6	4
HK\$1,000,001 to HK\$1,500,000	1	3
HK\$1,500,001 to HK\$2,000,000	1	1
	<u>8</u>	<u>8</u>

## Notes on the Accounts *(Continued)*

### 6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

#### (b) Employees' emoluments

During the year ended 31st December, 2000, the five highest paid individuals included two directors (1999: four directors), details of whose emoluments are set out in note 6(a). The emoluments of the remaining individuals, excluding commissions on sales generated by the employees, are as follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Salaries and other benefits	3,116	1,089
Bonus	177	355
	<u>3,293</u>	<u>1,444</u>

Their emoluments were within the following band:

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

### 7. TAXATION

#### (a) Taxation in the consolidated profit and loss account represents:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Provision for Hong Kong profits tax		
— at 16% (1999: 16%) on the estimated assessable profits for the year	273	615
— over provision in respect of prior years	—	(617)
	<u>273</u>	<u>(2)</u>
Overseas taxation		
— current year provision	2,318	3,542
— over provision in respect of prior years	(1)	—
— deferred taxation (Note 7(c))	(825)	(930)
	<u>1,492</u>	<u>2,612</u>
	<u>1,765</u>	<u>2,610</u>

## Notes on the Accounts *(Continued)*

### 7. TAXATION *(Continued)*

**(b) Tax (recoverable)/payable in the consolidated balance sheet represents:**

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Provision for Hong Kong profits tax on the estimated assessable profits for the year	273	615
Provisional profits tax paid	<u>(1,363)</u>	<u>(1,591)</u>
	<b>(1,090)</b>	(976)
Balance of profits tax provision relating to prior years	<u>—</u>	<u>1,293</u>
	<b>(1,090)</b>	317
Overseas tax recoverable	<u>(984)</u>	<u>(150)</u>
	<b>(2,074)</b>	<b>167</b>
Representing:		
Tax recoverable	<b>(2,300)</b>	(1,910)
Tax payable	<u>226</u>	<u>2,077</u>
	<b>(2,074)</b>	<b>167</b>

**(c) Deferred taxation**

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
At 1st January	5,899	4,969
Through acquisition of subsidiaries	(82)	—
Transferred to profit and loss account <i>(Note 7(a))</i>	<u>825</u>	<u>930</u>
At 31st December	<b>6,642</b>	<b>5,899</b>
Representing:		
Deferred tax recoverable	6,828	5,899
Deferred tax payable	<u>(186)</u>	<u>—</u>
	<b>6,642</b>	<b>5,899</b>

## Notes on the Accounts *(Continued)*

### 7. TAXATION *(Continued)*

#### (c) Deferred taxation *(Continued)*

The major components of the recognised net deferred tax debits are:

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Tax effect on timing differences arising from:		
Depreciation allowances in excess of related depreciation	<b>(484)</b>	(625)
Provisions and allowances	<b>2,279</b>	6,645
Future benefit of tax losses	<b>5,021</b>	1,941
Others	<b>(174)</b>	(2,062)
	<b><u>6,642</u></b>	<u>5,899</u>

At 31st December, 2000, the major components of the Group's unrecognised net deferred tax debits are:

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Depreciation allowances in excess of related depreciation	<b>(16,365)</b>	(15,783)
Future benefit of tax losses	<b>34,938</b>	31,378
	<b><u>18,573</u></b>	<u>15,595</u>

Deficits arising on revaluation of investment properties do not constitute a timing difference and tax thereon has therefore not been quantified.

- (d) No provision for taxation has been made in the Company's balance sheet as the Company incurred an adjusted loss for tax purposes during the year.

### 8. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

In arriving at the profit/(loss) attributable to shareholders, a loss of HK\$4,914,000 (1999: loss HK\$71,952,000) has been dealt with in the accounts of the Company.

## Notes on the Accounts *(Continued)*

### 9. EARNINGS/(LOSS) PER SHARE

#### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to shareholders after taxation and minority interests of HK\$5,032,000 (1999: loss HK\$6,433,000) and 663,385,000 shares (1999: 647,272,000 shares) in issue, which represents the weighted average number of shares in issue during the year.

#### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of HK\$5,032,000 and the weighted average number of ordinary shares of 665,127,000 shares after adjusting for the effects of all dilutive potential ordinary shares.

The diluted loss per share for 1999 is not presented as the Company's potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share.

#### (c) Reconciliations

	2000 Number of shares	1999 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	663,385,000	647,272,000
Deemed issue of ordinary shares for no consideration	<u>1,742,000</u>	<u>—</u>
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	<u><b>665,127,000</b></u>	<u><b>647,272,000</b></u>

## Notes on the Accounts (Continued)

## 10. FIXED ASSETS

## The Group

	Land and buildings				Investment properties			Total HK\$'000
	In		Equipment HK\$'000	Sub-total HK\$'000	In		Sub-total HK\$'000	
	Hong Kong HK\$'000	Outside Hong Kong HK\$'000			Hong Kong HK\$'000	Outside Hong Kong HK\$'000		
Cost or valuation:								
At 1st January, 2000	14,131	23,377	353,959	391,467	357,515	54,201	411,716	803,183
Movement on reserve								
— Exchange difference	—	(1,010)	(558)	(1,568)	—	—	—	(1,568)
Additions								
— Through acquisition of subsidiaries	—	—	7,134	7,134	—	—	—	7,134
— Others	—	959	20,748	21,707	—	—	—	21,707
Disposals	—	—	(1,069)	(1,069)	—	—	—	(1,069)
Deficit on revaluation (Note (b) below)	—	—	—	—	(16,025)	(696)	(16,721)	(16,721)
At 31st December, 2000	14,131	23,326	380,214	417,671	341,490	53,505	394,995	812,666
Representing:								
Cost	14,131	23,326	380,214	417,671	—	—	—	417,671
Valuation — 2000	—	—	—	—	341,490	53,505	394,995	394,995
	14,131	23,326	380,214	417,671	341,490	53,505	394,995	812,666
Depreciation:								
At 1st January, 2000	4,976	6,338	281,887	293,201	—	—	—	293,201
Movement on reserve								
— Exchange difference	—	(73)	(308)	(381)	—	—	—	(381)
Through acquisition of subsidiaries	—	—	743	743	—	—	—	743
Charge for the year	307	565	13,248	14,120	—	1,286	1,286	15,406
Written back on disposals	—	—	(1,005)	(1,005)	—	—	—	(1,005)
Written back on revaluation (Note (b) below)	—	—	—	—	—	(1,286)	(1,286)	(1,286)
At 31st December, 2000	5,283	6,830	294,565	306,678	—	—	—	306,678
Net book value:								
At 31st December, 2000	8,848	16,496	85,649	110,993	341,490	53,505	394,995	505,988
At 31st December, 1999	9,155	17,039	72,072	98,266	357,515	54,201	411,716	509,982

## Notes on the Accounts *(Continued)*

### 10. FIXED ASSETS *(Continued)*

**(a) Land and buildings comprise:**

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
At cost:		
In Hong Kong		
Medium-term leases	<u>14,131</u>	<u>14,131</u>
Freehold outside Hong Kong	<u>23,326</u>	<u>23,377</u>

**(b) Investment properties comprise:**

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
At valuation:		
In Hong Kong		
Medium-term leases	<u>341,490</u>	<u>357,515</u>
Outside Hong Kong		
Short-term leases	8,780	9,000
Medium-term leases	30,476	30,885
Freehold	<u>14,249</u>	<u>14,316</u>
	<u>53,505</u>	<u>54,201</u>

The investment properties in Hong Kong under medium-term leases were revalued at 31st December, 2000 by A.G. Wilkinson & Associates, external professional valuers, on an open market basis, by either assuming sale with the benefit of full vacant possession by reference to comparable market transactions, or otherwise, by capitalising the net rental incomes derived from the existing tenancies with due allowance for reversionary potential of the property.

The investment properties outside Hong Kong on freehold land, medium-term leases and short-term leases were revalued at 31st December, 2000 by Johnston, Ross & Cheng Limited and A.G. Wilkinson & Associates, external professional valuers, on an open market basis, after taking into consideration either the sales value of similar properties examined by a particular unit of comparison or net rental income allowing for reversionary potential.

Out of the HK\$15,435,000 (1999: HK\$38,604,000) net revaluation deficit, HK\$12,150,000 (1999: HK\$38,604,000) has been deducted from the investment properties revaluation reserve (Note 25). The remaining balance of HK\$3,285,000 (1999: HK\$Nil) has been debited to the profit and loss account.

- (c)** Equipment comprises plant and machinery, furniture and fixtures, moulds and tools, vehicles and pleasure craft.
- (d)** The net book value of fixed assets included an amount of HK\$116,000 (1999: HK\$5,761,000) in respect of assets held under hire purchase contracts.

## Notes on the Accounts *(Continued)*

### 11. INVESTMENTS IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unlisted shares, at cost less provision	<b>244,819</b>	232,259
Add: Amounts due from subsidiaries, less provision	<b>330,995</b>	332,156
	<b>575,814</b>	564,415

Details of the major subsidiaries at 31st December, 2000 which principally affect the results or assets of the Group are shown on pages 62 and 63.

### 12. INTEREST IN ASSOCIATES

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Share of net assets	<b>37,019</b>	(2,489)
Amounts due from associates	<b>149,310</b>	148,649
	<b>186,329</b>	146,160

Details of the major associates at 31st December, 2000, which principally affect the results or assets of the Group, are as follows:

<b>Name of associates</b>	<b>Place of incorporation and operation</b>	<b>Percentage of ordinary shares held</b>		<b>Principal activities</b>
		<b>directly</b>	<b>indirectly</b>	
Allman Holdings Limited	British Virgin Islands	—	50%	Investment holding
Melville Street Trust Company Limited	Canada	—	27.3%	Property investment
Hip Wah Industrial (Development) Limited	Hong Kong	—	50%	Investment holding
Hap Chung Industrial Limited	China	—	25.5%	Property development

In addition to the Group's interest in Squaw Creek Associates ("Squaw Creek") held under investments (see note 14), Allman Holdings Limited ("Allman") has an interest in this entity. Similar to the Group, the directors of Allman have changed their intention and no longer plan to hold the investment on a continuing basis. In 2000, Allman's interest in Squaw Creek, which was carried at cost in previous years, has been restated to market value in equity accounting for Allman's results. The valuation of the resort owned by Squaw Creek was performed by an independent firm of professional valuers using an income capitalisation approach at 31st December, 2000 and the resultant unrealised gain on revaluation attributable to Allman was HK\$86,186,000. Of this gain attributable to Allman, the Group's 50% share, amounting to HK\$43,093,000, has been reflected in the share of gain of associates in the Group's profit and loss account.

## Notes on the Accounts (Continued)

### 13. INTEREST IN A JOINTLY CONTROLLED ENTITY

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Share of net assets	—	—		
Unlisted shares - at cost			68,151	68,151
Less: Provision			(68,151)	(68,151)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Details of the Group's interest in a jointly controlled entity are as follows:

Name	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership held		Principal activity
				directly	indirectly	
Jinlong Kader Electric Appliance Company Limited	Incorporated	China	Registered capital US\$20,000,000	50%	—	Manufacture of electrical fans

### 14. OTHER NON-CURRENT FINANCIAL ASSETS

	The Group	
	2000 HK\$'000	1999 HK\$'000
<b>Interest in partnerships</b>	<b>20,404</b>	25,132
<b>Investment securities</b>		
Interest in Squaw Creek Associates	—	40,950
Unlisted equity securities	100	100
	<u>100</u>	<u>41,050</u>
<b>Other securities - at market value</b>		
Interest in Squaw Creek Associates	72,399	—
Equity securities listed in Hong Kong	276	316
Equity securities listed outside Hong Kong	—	63
	<u>72,675</u>	<u>379</u>
	<b>93,179</b>	<b>66,561</b>

Squaw Creek Associates ("Squaw Creek") owns and operates a resort in USA. During the year, the directors changed their intention in relation to Squaw Creek, and no longer plan to hold the investment on a continuing basis as an investment security. As a result, the investment has been reclassified under other securities and restated to market value in accordance with the Group's accounting policy. The valuation of the resort owned by Squaw Creek was performed by an independent firm of professional valuers using an income capitalisation approach at 31st December, 2000 and the related share of the unrealised gain on revaluation attributable to the Group of HK\$31,449,000 has been reflected in the Group's profit and loss account for the year. A further interest in Squaw Creek is also held via an associate and details are given in note 12.

## Notes on the Accounts *(Continued)*

### 15. INTANGIBLE ASSETS

	<b>The Group</b>	
	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Patents acquired	4,992	7,488
Prepayment	160	187
	<u>5,152</u>	<u>7,675</u>

### 16. CURRENT INVESTMENTS

	<b>The Group</b>	
	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Trading securities - at market value</b>		
Equity securities listed in Hong Kong	<u>249</u>	<u>3,330</u>

### 17. INVENTORIES

	<b>The Group</b>	
	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	46,736	39,074
Work in progress	11,918	9,657
Finished goods	93,540	103,777
	<u>152,194</u>	<u>152,508</u>

The amount of inventories (included above) carried at net realisable value is HK\$17,057,000 (1999: HK\$12,633,000). In addition, finished goods inventories are stated net of a general provision of HK\$2,340,000 (1999: HK\$Nil) made in order to state those inventories at the lower of cost and estimated net realisable value.

### 18. LAND HELD FOR RESALE

Land held for resale is stated at estimated net realisable value.

## Notes on the Accounts *(Continued)*

### 19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Debtors and prepayments	<b>64,358</b>	68,502	<b>79</b>	63
Amount due from a related party	<b>300</b>	300	—	—
	<b>64,658</b>	68,802	<b>79</b>	63

The amount due from a related party is unsecured, interest free and with no fixed repayment terms.

All trade and other receivables are expected to be recovered within one year.

Included in trade and other receivables are trade debtors with the following ageing analysis:

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Current	<b>38,836</b>	39,067	—	—
1 to 3 months overdue	<b>7,418</b>	7,864	—	—
More than 3 months overdue but less than 12 months overdue	<b>1,718</b>	2,769	—	—
	<b>47,972</b>	49,700	—	—

Debtors are due within 30 days from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

### 20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Amounts due to directors	<b>4,528</b>	4,275	—	—
Amounts due to shareholders	<b>1,281</b>	550	—	—
Amount due to a related company	<b>3,523</b>	3,138	—	—
Amounts due to related parties	<b>2,130</b>	2,145	—	—
Creditors and accrued charges	<b>39,689</b>	31,062	<b>605</b>	824
Rental deposits	<b>3,818</b>	2,103	—	—
Amounts due to subsidiaries	—	—	<b>229,570</b>	208,350
	<b>54,969</b>	43,273	<b>230,175</b>	209,174

## Notes on the Accounts *(Continued)*

### 20. TRADE AND OTHER PAYABLES *(Continued)*

Amounts due to directors, shareholders and HK\$700,000 (1999: HK\$203,000) of amounts due to related parties represent interest on advances from them included under non-current liabilities (note 21) and are repayable semi-annually or monthly.

The remaining amounts due to related companies and related parties are unsecured, interest free and have no fixed term of repayment.

All trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis:

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Due within 1 month or on demand	7,392	3,172	—	—
Due after 1 month but within 3 months	7,847	3,863	—	—
Due after 3 months but within 6 months	129	64	—	—
Due after 6 months but within 12 months	20	172	—	—
	<u>15,388</u>	<u>7,271</u>	<u>—</u>	<u>—</u>

### 21. NON-CURRENT INTEREST-BEARING BORROWINGS

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank loans <i>(Note 22)</i>				
— secured	65,437	39,514	—	—
— unsecured	2,060	4,842	—	4,842
	<u>67,497</u>	<u>44,356</u>	<u>—</u>	<u>4,842</u>
Advances from directors	49,554	49,554	—	—
Advances from shareholders	45,306	15,306	—	—
Amounts due to related companies	5,030	5,030	—	—
Amount due to a related party	205	205	—	—
Amount due to an associate	89,429	89,183	—	—
	<u>257,021</u>	<u>203,634</u>	<u>—</u>	<u>4,842</u>

Amounts due to directors, related companies, shareholders, related party and associate are unsecured, interest bearing at 7% or prime less 0.5% to prime plus 2% and repayable after 31st December, 2001.

## Notes on the Accounts *(Continued)*

### 22. BANK LOANS AND OVERDRAFTS

At 31st December, 2000, the bank loans and overdrafts were repayable as follows:

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Within one year or on demand	<u>231,801</u>	<u>262,079</u>	<u>4,842</u>	<u>6,456</u>
After 1 year but within 2 years	24,546	19,829	—	4,842
After 2 years but within 5 years	29,093	15,513	—	—
After 5 years	<u>13,858</u>	<u>9,014</u>	<u>—</u>	<u>—</u>
	<u>67,497</u>	<u>44,356</u>	<u>—</u>	<u>4,842</u>
	<u><b>299,298</b></u>	<u><b>306,435</b></u>	<u><b>4,842</b></u>	<u><b>11,298</b></u>

At 31st December, 2000, the bank loans and overdrafts were secured as follows:

Bank overdraft				
— secured	32,004	10,524	—	—
— unsecured	<u>9,489</u>	<u>7,926</u>	<u>—</u>	<u>—</u>
	<u>41,493</u>	<u>18,450</u>	<u>—</u>	<u>—</u>
Bank loans				
— secured	213,738	244,238	—	—
— unsecured	<u>44,067</u>	<u>43,747</u>	<u>4,842</u>	<u>11,298</u>
	<u>257,805</u>	<u>287,985</u>	<u>4,842</u>	<u>11,298</u>
	<u><b>299,298</b></u>	<u><b>306,435</b></u>	<u><b>4,842</b></u>	<u><b>11,298</b></u>

At 31st December, 2000, certain investment properties, leasehold land and buildings and other assets of the Group amounting to HK\$560,482,000 (1999: HK\$610,944,000) were mortgaged to various banks to secure banking facilities granted to the Group.

## Notes on the Accounts *(Continued)*

### 23. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

At 31st December, 2000, the Group had obligations under hire purchase contracts repayable as follows:

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 year	<b>67</b>	1,552
After 1 year but within 2 years	<b>39</b>	67
After 2 years but within 5 years	<b>—</b>	39
	<b>106</b>	1,658
Finance charges relating to future periods	<b>(15)</b>	(60)
	<b>91</b>	1,598
Amount due within one year	<b>(56)</b>	(1,507)
	<b>35</b>	91

### 24. SHARE CAPITAL

	<b>2000</b>		1999	
	<b>Number of shares ( '000)</b>	<b>HK\$'000</b>	Number of shares ( '000)	<b>HK\$'000</b>
<b>Authorised:</b>				
Ordinary shares of HK\$0.10 each	<b>1,000,000</b>	<b>100,000</b>	1,000,000	100,000
<b>Issued and fully paid:</b>				
At 1st January	<b>657,213</b>	<b>65,721</b>	635,366	63,537
Shares issued under share option scheme	<b>7,867</b>	<b>787</b>	21,847	2,184
At 31st December	<b>665,080</b>	<b>66,508</b>	657,213	65,721

During the year, 7,866,947 ordinary shares of HK\$0.10 each were issued as a result of the exercise of share options granted under the Company's Employee Share Option Scheme for an aggregate cash consideration of HK\$1,954,000.

Details of the share options outstanding at 31st December, 2000 are as follows:

<u>Date of grant</u>	<u>Exercise price</u> HK\$	<u>Exercisable period</u>	<u>Number of share options outstanding at 31/12/2000</u>
1/1/2000	0.17	1/7/2000 - 30/6/2001	2,721,817

## Notes on the Accounts *(Continued)*

### 25. RESERVES

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Investment properties revaluation reserve				
At 1st January	12,150	50,754	—	—
Deficit arising on revaluation (Note 10(b))	(12,150)	(38,604)	—	—
At 31st December	—	12,150	—	—
Exchange reserve				
At 1st January	(408)	396	—	—
Net exchange translation differences	(3,000)	(804)	—	—
At 31st December	(3,408)	(408)	—	—
Contributed surplus				
At 1st January	85,866	89,269	175,594	175,594
Goodwill on acquisition of subsidiaries	(2,197)	(3,403)	—	—
At 31st December	83,669	85,866	175,594	175,594
Capital reserve				
At 1st January	10,867	10,817	9,347	9,347
Discount on acquisition of subsidiary	—	50	—	—
At 31st December	10,867	10,867	9,347	9,347
Share premium				
At 1st January	108,752	106,305	108,752	106,305
Arising on issue of shares	1,167	2,447	1,167	2,447
At 31st December	109,919	108,752	109,919	108,752
Revenue reserves at 31st December	239,752	234,720	(60,071)	(55,157)
Total reserves at 31st December	440,799	451,947	234,789	238,536

## Notes on the Accounts *(Continued)*

### 25. RESERVES *(Continued)*

Exchange reserve and revenue reserves of the Group are retained as follows:

	<b>The Group</b>			
	<b>Exchange reserve</b>		<b>Revenue reserves</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
By the Company and its subsidiaries	<b>(4,179)</b>	(1,298)	<b>280,766</b>	315,361
By associates	<b>771</b>	890	<b>36,429</b>	(3,198)
By a jointly controlled entity	—	—	<b>(77,443)</b>	(77,443)
Total reserves at 31st December	<b><u>(3,408)</u></b>	<u>(408)</u>	<b><u>239,752</u></b>	<u>234,720</u>

Apart from the above, all other reserves of the Group are retained by the Company and its subsidiaries.

The capital reserves, contributed surplus, exchange reserves and revaluation reserves have been set up and will be dealt with in accordance with the accounting policies adopted for goodwill/discount arising on subsidiaries, associates and jointly controlled entities, foreign currency translation and the revaluation of investment properties (Note 1).

The Company's reserves available for distribution to shareholders at 31st December, 2000 are as follows:

	<b>The Company</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Contributed surplus	<b>175,594</b>	175,594
Revenue reserves	<b><u>(60,071)</u></b>	<u>(55,157)</u>
	<b><u>115,523</u></b>	<u>120,437</u>

## Notes on the Accounts *(Continued)*

### 26. COMMITMENTS

#### (a) Capital commitments

At 31st December, 2000, the Group and the Company did not have any material capital commitments (1999: HK\$8,495,000 for the Group).

#### (b) Operating leases

At 31st December, 2000, the Group had commitments under operating leases to make payments in the next year as follows:

	The Group			
	Land and buildings		Others	
	2000	1999	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases expiring:				
Within 1 year	2,577	37	143	—
After 1 year but within 5 years	993	10,993	126	—
After 5 years	889	912	—	—
	<u>4,459</u>	<u>11,942</u>	<u>269</u>	<u>—</u>

At 31st December, 2000, the Company did not have any commitments under operating leases (1999: HK\$Nil).

### 27. CONTINGENT LIABILITIES

At 31st December, 2000, there were contingent liabilities in respect of the following:

- (a) Bills discounted with banks amounting to HK\$156,000 (1999: HK\$NIL) for the Group.
- (b) Guarantees given to banks to secure banking facilities made available to the following parties:

	The Group		The Company	
	2000	1999	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Subsidiaries	<u>—</u>	<u>—</u>	<u>358,260</u>	<u>409,100</u>

- (c) The Company has issued guarantees amounting to HK\$66,886,000 (1999: HK\$46,880,000) to certain wholly owned subsidiaries and also letters of support in connection with some other wholly owned subsidiaries with deficiencies in shareholders' funds of HK\$150,430,000 (1999: HK\$135,380,000) as at 31st December, 2000.

## Notes on the Accounts *(Continued)*

### 28. PENSION SCHEME

In Hong Kong, the Group has a defined contribution pension scheme (“ORSO scheme”) for all qualifying employees. Effect from 1st December, 2000, all Hong Kong based employees are also covered under a Mandatory Provident Fund (“MPF”) scheme, and the existing ORSO scheme has been modified to provide extra benefits for existing and new employees. The assets of the ORSO scheme are held separately under a provident fund managed by an independent trustee. Pursuant to the rules of the ORSO scheme, the employees are required to make contributions to the ORSO scheme calculated at 5% of their basic salaries on a monthly basis whilst the employer’s contributions are varied with the number of years of service of the employees from 5% to 10% of the basic monthly salary. The amount of employer’s and employees’ contributions to the ORSO scheme are reduced by the amount required to be paid to the MPF scheme. The contributions to the ORSO scheme are supplementary contributions, over and above the minimum MPF requirements. The employees are entitled to 100% of the employer’s contributions to the ORSO scheme and the accrued interest after 10 complete years’ service, or at an increasing scale of between 50% to 90% after completion of 5 to 9 years’ service.

Where there are employees who leave the ORSO scheme prior to vesting fully in the contributions, in accordance with the rules of the ORSO scheme, the forfeited employer’s contributions shall be used to reduce the future contributions of the employer. At the balance sheet date, the total amount of forfeited contributions which are available to reduce the contributions payable in the future years was HK\$77,000 (1999: HK\$NIL).

Employees in the People’s Republic of China are covered by a retirement insurance policy.

Employees in United States of America are covered by a profit sharing plan under Section 401(k) of the Internal Revenue Code covering all eligible employees. The plan provides for contributions from both the employer and eligible employees. Employer’s contributions are voluntary and are determined each year at the discretion of management.

As regards employees in Europe, contributions are made by the employer to a money purchase defined contribution scheme for certain of its employees. The assets of the scheme are held separately by an independent administered fund.

## Notes on the Accounts *(Continued)*

### 29. MATERIAL RELATED PARTY TRANSACTIONS

- (a) In 1998, the Group agreed to pay HK\$12,464,000 to a company controlled by a director and shareholders of the Company for obtaining the licence to use certain technologies and know-how for the manufacture and sale of car battery products according to an agreement signed in 1996. The amount due to this related company at 31st December, 2000 was HK\$4,992,000 (1999: HK\$7,488,000).
- (b) One of the directors of the Company is also a director and shareholder of a supplier which sold packaging and printing materials to the Group under the same terms as those available to other customers in the ordinary course of business. Total purchases from the supplier amounted to HK\$3,074,000 (1999: HK\$4,431,000) during the year. The amount due to the supplier at the year end amounted to HK\$84,000 (1999: HK\$679,000).
- (c) During the year, certain directors of the Company have entered into a joint and several personal guarantee for not less than HK\$39,000,000 (1999: HK\$39,000,000) in favour of a bank for loans granted to the Company.
- (d) During the year, the Group had net interests in both an associate and certain investments amounting to HK\$94,586,000 (1999: HK\$51,345,000) and HK\$72,399,000 (1999: HK\$40,950,000) respectively in which a director of the Company has beneficial interests.
- (e) During the year, the Group has obtained funding from certain directors, shareholders, related companies and related parties to finance its operations. Details of the terms of the advances and the balances outstanding are disclosed in notes 5, 20 and 21 on the accounts.
- (f) During the year, the Group has provided funding to a related party. Details of the terms of the advances and the balance outstanding are disclosed in note 19 on the accounts.
- (g) The Group has provided/obtained funding to/from associates. Details of the balances outstanding are disclosed in notes 12 and 21 on the accounts.