

NOTES TO THE FINANCIAL STATEMENTS

(HK\$m)	The Group	
	2000	1999
The net book value of the Group's properties for own use comprises:		
Properties held under long leases outside Hong Kong	1.0	1.1
Properties held under medium-term leases		
– in Hong Kong	82.8	129.4
– outside Hong Kong	15.9	14.0
Properties held under short-term leases outside Hong Kong	10.5	12.6
Freehold properties outside Hong Kong	56.5	61.2
	166.7	218.3

Had the above property interests not been revalued, their net book value on the historical cost basis at 31st December, 2000 would have been approximately HK\$35.7 million (1999: HK\$51.9 million).

14. INTERESTS IN SUBSIDIARIES

(HK\$m)	The Company	
	2000	1999
Unlisted shares, at cost	590.8	590.8
Amounts due from subsidiaries	628.5	696.0
	1,219.3	1,286.8

Details of the Company's principal subsidiaries as at 31st December, 2000 are set out in note 38.

15. INTERESTS IN ASSOCIATES

(HK\$m)	The Group	
	2000	1999
Investments in unlisted shares, at cost	1.0	0.6
Share of post acquisition deficits of associates	(63.5)	(64.3)
Investment in unsecured loan notes (<i>note a</i>)	64.6	64.6
Advances to associates (<i>note b</i>)	458.0	410.7
Provision for impairment in value of associates holding property development projects	(39.0)	–
	421.1	411.6

Details of the Group's principal associates as at 31st December, 2000 are set out in note 39.

Notes:

(a) The unsecured loan notes were issued by Lee Cooper Group Limited, a private limited company in the United Kingdom and an associate of the Group. The unsecured loan notes carry interest at 8% per annum and are redeemable by the issuer at any time. To conform with the presentation of the loan notes in the financial statements of Lee Cooper Group Limited, they are shown as non-current in the balance sheet of the Group.

(b) The advances are unsecured and carry interest at market rates. There are no fixed repayment terms.

16. INVESTMENTS IN SECURITIES

(HK\$m)	The Group	
	2000	1999
Investment securities, at cost		
– unlisted shares (<i>note a</i>)	–	188.8
– listed shares (<i>note b</i>)	317.2	123.0
– unlisted convertible preference shares (<i>note c</i>)	7.2	–
Listed debt securities (<i>note d</i>)	18.6	16.4
Other investments (<i>note e</i>)	170.4	172.1
	513.4	500.3
Analysed for reporting purposes:		
Current (<i>note d</i>)	18.6	–
Non-current	494.8	500.3
	513.4	500.3

Notes:

- (a) The unlisted shares at 31st December, 1999 represented the Group's minority stake in Mandarin Communications Limited ("Mandarin") which is engaged in wireless communications business. As a result of a corporate reorganization during the year, Mandarin became a wholly-owned subsidiary of SUNDAY Communications Limited ("SUNDAY") (see note (b)).
- (b) The listed shares represent principally the Group's minority stakes in Winsor Properties Holdings Limited ("Winsor") and SUNDAY. Winsor is engaged in property investment and its shares are listed in Hong Kong. SUNDAY is engaged in the provision of telecommunications and mobile phone services and its shares are listed on the NASDAQ National Market in the United States of America and The Stock Exchange of Hong Kong Limited.
The market value of the listed shares as at 31st December, 2000 amounted to HK\$250.6 million (1999: HK\$48.5 million).
- (c) The unlisted convertible preference shares at 31st December, 2000 represent the Group's interest in a company which is engaged in e-business security.
- (d) The debt securities comprise bonds listed overseas and are intended to be held-to-maturity by the Group. The bonds are due to mature in 2001 and are therefore classified as current in the current year. The market value of the listed bonds at 31st December, 2000 amounted to HK\$19.0 million (1999: HK\$17.9 million).
- (e) Other investments comprise principally the Group's minority stakes in various property development projects.

In the opinion of the directors, the investment securities shown in notes (a), (b) and (c) are held for identified long-term strategic purpose and are worth at least their costs at the balance sheet date, and the carrying values of the other investments represent their fair value at the balance sheet date.

17. OTHER NON-CURRENT ASSETS

(HK\$'m)	Balance at 1.1.2000	Additions	Amortised during the year	Amount reclassified to current assets	Balance at 31.12.2000
The Group					
Instalments receivable (note a)	70.9	–	–	(70.9)	–
Textile quota entitlements (note b)	6.7	3.5	(4.3)	–	5.9
Trademark (note c)	0.9	–	(0.1)	–	0.8
	78.5	3.5	(4.4)	(70.9)	6.7

Notes:

(a) The instalments receivable arose as a result of the partial disposal by the Group of its interest in a former associate in 1998. The balance which is receivable by the Group within one year of HK\$70.9 million as at 31st December, 2000 (1999: HK\$32.8 million) is shown under "Trade and other receivables and prepayments" (note 19).

(b) Permanent textile quota entitlements are acquired for the Group's apparel operations.

(c) The trademark is related to the Group's hospitality operations.

18. INVENTORIES

(HK\$'m)	The Group	
	2000	1999
Raw materials	36.8	31.8
Work in progress	57.6	73.0
Finished goods	57.9	84.8
	152.3	189.6
Comprising:		
At cost	118.8	152.9
At net realisable value	33.5	36.7
	152.3	189.6

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows different credit periods to its trade customers. Credit periods vary from 30 to 90 days.

The following is an aged analysis of the Group's trade receivables at 31st December:

(HK\$m)	The Group	
	2000	1999
0 to 30 days	78.4	107.3
31 to 90 days	62.4	65.2
Over 90 days	15.8	39.5
	156.6	212.0
Other receivables and prepayments (<i>note 17(a)</i>)	119.2	87.2
Total	275.8	299.2

20. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at 31st December:

(HK\$m)	The Group	
	2000	1999
0 to 30 days	65.9	68.0
31 to 90 days	36.5	48.9
Over 90 days	7.5	22.8
	109.9	139.7
Other payables	182.9	153.4
Total	292.8	293.1

21. SHORT-TERM BANK BORROWINGS

(HK\$m)	The Group	
	2000	1999
Trust receipts and import loans	58.1	94.4
Short-term bank loans	139.0	207.0
Bank overdrafts	14.0	15.2
	211.1	316.6
Analysed as:		
– secured	56.0	101.4
– unsecured	155.1	215.2
	211.1	316.6

22. SHARE CAPITAL

	2000 & 1999 Number of Shares	2000 & 1999 Amount (HK\$m)
Authorised:		
Ordinary shares of HK\$0.50 each	1,320,000,000	660.0
Issued and fully paid:		
Ordinary shares of HK\$0.50 each	517,625,339	258.8

There was no change in the Company's authorised and issued share capital in the past two years.

23. SHARE OPTIONS

The movements of the options granted under the Company's share option scheme during the year are as follows:

(Number of shares issuable under the options granted)	2000	1999
Balance at 1st January	22,761,658	15,236,096
Granted during the year	5,422,222	9,995,000
Lapsed during the year	(5,422,222)	(2,302,772)
Cancelled on termination of employment	(120,000)	(166,666)
Balance at 31st December	22,641,658	22,761,658

The options are generally exercisable in stages within a period of one to five years from the date of grant. Employees, including directors, of the Company and its subsidiaries are eligible under the scheme. Negligible amount of consideration was received by the Company for the options granted during the year.

At 31st December, 2000 the exercise prices of the outstanding options ranged from HK\$0.80 to HK\$2.50 per share. If all the outstanding share options were exercised, the Company would receive gross proceeds, before expenses, of approximately HK\$35.4 million from the issue of 22,641,658 new shares of HK\$0.50 each in the Company.

24. RESERVES

(HK\$'m)	Share premium	Investment property revaluation reserve	Other property revaluation reserve	Translation deficit	Non-distributable reserve (deficit)	Con-tributed surplus	Other distributable reserves (deficit)	Total
The Group								
At 1st January, 1999	438.4	75.6	21.9	(18.7)	7.6	649.9	(109.1)	1,065.6
Deficit arising on revaluation	–	(52.7)	–	–	–	–	–	(52.7)
Realised on disposal of investment properties	–	(1.4)	–	–	–	–	–	(1.4)
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	(5.0)	–	–	–	(5.0)
Capital reserve arising on increase in shareholding in a subsidiary	–	–	–	–	0.9	–	–	0.9
Share of reserves of an associate	–	–	–	1.6	(8.7)	–	–	(7.1)
Write-off of goodwill arising on acquisition of subsidiaries	–	–	–	–	–	–	(2.0)	(2.0)
Share of reserves by minority shareholders	–	2.1	–	0.7	–	–	0.5	3.3
Profit for the year	–	–	–	–	–	–	18.1	18.1
At 31st December, 1999	438.4	23.6	21.9	(21.4)	(0.2)	649.9	(92.5)	1,019.7
Surplus arising on revaluation	–	19.2	–	–	–	–	–	19.2
Exchange differences arising on translation of financial statements of overseas operations	–	–	–	(16.6)	–	–	–	(16.6)
Share of reserves of an associate	–	–	–	4.9	(0.8)	–	–	4.1
Share of reserves by minority shareholders	–	(2.4)	–	3.4	–	–	–	1.0
Loss for the year	–	–	–	–	–	–	(68.9)	(68.9)
At 31st December, 2000	438.4	40.4	21.9	(29.7)	(1.0)	649.9	(161.4)	958.5
Attributable to associates:								
– At 31st December, 2000	–	–	–	7.7	(23.1)	–	17.8	2.4
– At 31st December, 1999	–	–	–	2.8	(22.3)	–	21.1	1.6