



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

b. Employees' emoluments

During the year, the five highest paid individuals included three Directors (1999: three Directors), details of whose emoluments are set out above. The emoluments of the remaining two individuals (1999: two individuals) were as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other benefits	1,059	1,057
Retirement benefit scheme contributions	48	48
	<u>1,107</u>	<u>1,105</u>

The aggregate emolument of each of these two (1999: two) highest paid individual is less than HK\$1,000,000.

9. STAFF RETIREMENT SCHEME

The Group contributes to a defined contribution retirement scheme which is available to Hong Kong permanent employees. This retirement scheme is administered by independent trustees with their assets held separately from those of the Group. Contributions under the staff retirement scheme for each year are based on a percentage of the eligible employees' salaries and are charged to the income statement as incurred. The total contribution to the scheme amounted to HK\$173,000 (1999: HK\$204,000) for the year and has been charged to the income statement. Forfeited employer contributions in respect of former employees who prematurely withdraw from the staff retirement scheme may be used by the Group to reduce its ongoing employer contributions. The forfeited contributions utilised amounted to HK\$85,000 (1999: nil) for the year. At the balance sheet date, there is no balance of forfeited contributions available to reduce the contribution payable in the future years.

In light of the introduction of the Mandatory Provident Fund ("MPF") Scheme in Hong Kong, the Group has also participated in an approved MPF Scheme with Bank of Consortium effective 1st December, 2000 to provide MPF Scheme to all employees.

The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited at 5% of HK\$20,000 for each eligible employee) as calculated under the MPF legislation.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

10. TAXATION

No provision of Hong Kong Profits Tax or overseas taxation has been made in the financial statements as the Company and its subsidiaries have no assessable profits for the year.

At the balance sheet date, the major components of the unrecognised net deferred tax assets are as follows:

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect of timing differences because of:				
Tax losses	13,379	13,610	4,334	4,334
Excess of tax allowances over accounting depreciation in respect of property, plant and equipment	(50)	(28)	—	—
	<u>13,329</u>	<u>13,582</u>	<u>4,334</u>	<u>4,334</u>

No deferred tax asset has been recognised in the financial statements as it is not certain that the tax benefit will be utilised in the foreseeable future.

The amount of unprovided deferred tax charge (credit) for the year is as follows:

	THE GROUP		THE COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect of timing differences because of:				
Tax losses utilised (arising)	231	(2,269)	—	(888)
Difference between tax allowances and accounting depreciation in respect of property, plant and equipment	22	(61)	—	—
	<u>253</u>	<u>(2,330)</u>	<u>—</u>	<u>(888)</u>

The revaluation deficit arising on the revaluation of properties in Hong Kong does not constitute a timing difference. Therefore, deferred tax has not been recognised in respect of the valuation deficit relating to properties in Hong Kong.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

11. NET LOSS FOR THE YEAR

Of the Group's net loss for the year, a loss of HK\$344,248,000 (1999: HK\$20,667,000) has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of HK\$14,128,000 (1999: HK\$61,921,000) and on the weighted average number of 543,210,124 ordinary shares (1999: 486,925,192 ordinary shares) in issue during the year.

13. INVESTMENT PROPERTIES

	In the PRC held on medium-term leases HK\$'000	In Hong Kong held on medium-term leases HK\$'000	Total HK\$'000
THE GROUP			
Valuation			
As at 1st January, 1999	—	51,600	51,600
Deficit on revaluation	—	(3,300)	(3,300)
	<hr/>	<hr/>	<hr/>
As at 31st December, 1999	—	48,300	48,300
Reclassified from properties held for sale	1,005	45,000	46,005
Deficit on revaluation	(105)	(4,700)	(4,805)
	<hr/>	<hr/>	<hr/>
As at 31st December, 2000	<u>900</u>	<u>88,600</u>	<u>89,500</u>

Investment properties were revalued at their open market value at 31st December, 2000 by Associated Surveyors & Auctioneers, an independent firm of professional valuers, on an open market existing use basis. This valuation gave rise to a revaluation decrease of HK\$4,805,000 (1999: HK\$3,300,000), which has been charged to the consolidated income statement.

All of the Group's investment properties are rented out under operating leases.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties in the PRC under medium- term leases HK\$'000	Land and buildings HK\$'000	Furniture, equipment and leasehold improvements HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP						
COST OR VALUATION						
At 1st January, 2000	152,000	2,662	22,384	11,234	2,476	190,756
Exchange adjustments	—	(22)	(176)	(97)	(7)	(302)
Additions	—	2,597	360	64	259	3,280
Disposals and write off	—	—	(1,032)	(42)	(292)	(1,366)
Deficit on revaluation	(2,000)	—	—	—	—	(2,000)
	<u>150,000</u>	<u>5,237</u>	<u>21,536</u>	<u>11,159</u>	<u>2,436</u>	<u>190,368</u>
At 31st December, 2000						
Comprising:						
At cost	—	5,237	21,536	11,159	2,436	40,368
At valuation-2000	150,000	—	—	—	—	150,000
	<u>150,000</u>	<u>5,237</u>	<u>21,536</u>	<u>11,159</u>	<u>2,436</u>	<u>190,368</u>
DEPRECIATION						
At 1st January, 2000	—	1,554	16,968	8,671	2,328	29,521
Exchange adjustments	—	(12)	(166)	(77)	(6)	(261)
Provided for the year	—	145	846	1,137	104	2,232
Eliminated on disposals and write off	—	—	(1,032)	(36)	(292)	(1,360)
	<u>—</u>	<u>1,687</u>	<u>16,616</u>	<u>9,695</u>	<u>2,134</u>	<u>30,132</u>
At 31st December, 2000						
NET BOOK VALUES						
At 31st December, 2000	<u>150,000</u>	<u>3,550</u>	<u>4,920</u>	<u>1,464</u>	<u>302</u>	<u>160,236</u>
At 31st December, 1999	<u>152,000</u>	<u>1,108</u>	<u>5,416</u>	<u>2,563</u>	<u>148</u>	<u>161,235</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Hotel properties situated in the PRC were revalued on the basis of their open market value on 31st December, 2000 by Associated Surveyors & Auctioneers, an independent firm of professional valuers. The differences arising on revaluation have been reflected in the hotel properties revaluation reserve.

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

	2000 HK\$'000	1999 HK\$'000
In Hong Kong held under medium-term leases	2,570	—
In the PRC held under medium-term leases	980	1,108
	<u>3,550</u>	<u>1,108</u>

15. PROPERTIES HELD FOR DEVELOPMENT

THE GROUP
In the PRC
held under long leases
HK\$'000

COST

At 1st January, 2000 and at 31st December, 2000 80,000



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

16. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2000	1999
	HK\$'000	HK\$'000
Unlisted investments, at cost	1,096,607	1,096,607
Less: Provision for impairment loss	(1,090,000)	(1,090,000)
	<u>6,607</u>	<u>6,607</u>

Particulars of the Company's principal subsidiaries as at 31st December, 2000 are set out in note 28.

None of the subsidiaries had any loan capital outstanding at the end of the year.

17. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	2000	1999	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Listed shares in Hong Kong	—	—	110	277	110	277
Overseas debt securities	1	1	—	—	1	1
	<u>1</u>	<u>1</u>	<u>110</u>	<u>277</u>	<u>111</u>	<u>278</u>
Market value of listed shares	<u>—</u>	<u>—</u>	<u>110</u>	<u>277</u>	<u>110</u>	<u>277</u>
Carrying amount analysed for reporting purposes as:						
Current	—	—	110	277	110	277
Non-current	1	1	—	—	1	1
	<u>1</u>	<u>1</u>	<u>110</u>	<u>277</u>	<u>111</u>	<u>278</u>