



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

18. INVENTORIES

THE GROUP

Inventories comprise food, beverages and hotel supplies and are stated at cost.

19. TRADE AND OTHER RECEIVABLES

THE GROUP

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	2000 HK\$'000	1999 HK\$'000
0 - 60 days	2,666	620
61 - 90 days	343	582
91 - 120 days	735	445
>120 days	518	637
Trade receivables	4,262	2,284
Other receivables	1,891	1,530
	<u>6,153</u>	<u>3,814</u>

20. TRADE AND OTHER PAYABLES

THE GROUP

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	2000 HK\$'000	1999 HK\$'000
0 - 60 days	3,291	990
61 - 90 days	570	120
91 - 120 days	322	413
>120 days	380	476
Trade payables	4,563	1,999
Other payables	8,050	10,042
	<u>12,613</u>	<u>12,041</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

21. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Secured bank loans	42,250	48,750	42,250	48,750
Unsecured bank overdraft	188	—	—	—
	<u>42,438</u>	<u>48,750</u>	<u>42,250</u>	<u>48,750</u>
The maturity of the bank borrowings is as follows:				
Within one year or on demand	6,688	6,500	6,500	6,500
More than one year but not exceeding two years	6,500	6,500	6,500	6,500
More than two years but not exceeding five years	19,500	19,500	19,500	19,500
More than five years	9,750	16,250	9,750	16,250
	<u>42,438</u>	<u>48,750</u>	<u>42,250</u>	<u>48,750</u>
Less: Amount due within one year shown under current liabilities	<u>(6,688)</u>	<u>(6,500)</u>	<u>(6,500)</u>	<u>(6,500)</u>
Amount due after one year	<u>35,750</u>	<u>42,250</u>	<u>35,750</u>	<u>42,250</u>



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

22. SHARE CAPITAL

	Number of shares		Nominal value	
	2000	1999	2000 HK\$'000	1999 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning of the year	600,000,000	600,000,000	60,000	60,000
Increase during the year	400,000,000	—	40,000	—
At end of the year	<u>1,000,000,000</u>	<u>600,000,000</u>	<u>100,000</u>	<u>60,000</u>
Issued and fully paid:				
At beginning of the year	486,925,192	486,925,192	48,693	48,693
Issue of new shares	96,000,000	—	9,600	—
At end of the year	<u>582,925,192</u>	<u>486,925,192</u>	<u>58,293</u>	<u>48,693</u>

Pursuant to the special resolution passed on 28th June, 2000 in the special general meeting, the authorised share capital of the Company was increased from HK\$60,000,000 to HK\$100,000,000 by the creation of additional 400,000,000 new ordinary shares of HK\$0.10 each.

On 31st May, 2000, 96,000,000 ordinary shares of HK\$0.10 each were issued to an independent private investor, Ms. Lu Biru, at a price of HK\$0.25 per share. The gross proceeds of HK\$24,000,000 was used for the working capital of the Group. These new shares ranked pari passu with the then existing shares in all respects.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

23. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 28th June, 1994, a Share Option Scheme for the benefit of the employees was approved whereby the Board of Directors of the Company may offer to any director or full time employee of the Company, or any of its subsidiaries, options to subscribe for shares in the Company at a price of which will be determined by the Board of Directors and notified to each grantee and will not be less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10% of the issued share capital of the Company from time to time.

There were no options outstanding at beginning and end of the year. There were no options granted to or exercised by any Directors or employees of the Company and its subsidiaries during the year.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

24. RESERVES

	Share premium HK\$'000	Hotel property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits (losses) HK\$'000	Total HK\$'000
THE GROUP					
At 1st January, 1999	360,299	41,695	(56,848)	67,348	412,494
Surplus on revaluation of hotel properties	—	2,000	—	—	2,000
Net loss for the year	—	—	—	(61,921)	(61,921)
At 31st December, 1999	360,299	43,695	(56,848)	5,427	352,573
Exchange adjustments	—	—	(90)	—	(90)
Share premium arising from issue of shares	14,400	—	—	—	14,400
Deficit on revaluation of hotel properties	—	(2,000)	—	—	(2,000)
Net loss for the year	—	—	—	(14,128)	(14,128)
At 31st December, 2000	<u>374,699</u>	<u>41,695</u>	<u>(56,938)</u>	<u>(8,701)</u>	<u>350,755</u>
THE COMPANY					
At 1st January, 1999	360,299	—	—	(39,265)	321,034
Net loss for the year	—	—	—	(20,667)	(20,667)
At 31st December, 1999	360,299	—	—	(59,932)	300,367
Share premium arising from issue of shares	14,400	—	—	—	14,400
Net loss for the year	—	—	—	(344,248)	(344,248)
At 31st December, 2000	<u>374,699</u>	<u>—</u>	<u>—</u>	<u>(404,180)</u>	<u>(29,481)</u>

The Company had no reserve available for distribution to the shareholders as at 31st December, 1999 and 2000.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December, 2000

25. LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises, as follows:

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Operating lease which expire:		
- Within one year	1,161	49
- In the second to fifth years inclusive	—	2,205
	<u>1,161</u>	<u>2,254</u>

The Company has no lease commitments as at 31st December, 2000 and 1999.

26. CAPITAL COMMITMENTS

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	<u>4,042</u>	<u>850</u>

The Company has no capital commitments outstanding as at 31st December, 2000 and 1999.

27. PLEDGE OF ASSETS

At 31st December, 2000, the Group's investment properties and bank deposits and all accrued interest thereon amounting to HK\$88,600,000 (1999: nil) and HK\$10,000,000 (1999: HK\$10,463,000), respectively were pledged to secure general banking facilities.

At 31st December, 1999, the Group's properties held for sale amounting to HK\$45,000,000 were pledged to banks to secure general banking facilities granted to the Group. None of the properties held for sale were pledged at 31st December, 2000.