

Notes to the Financial Statements

For the year ended 31st December, 2000

1. General

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Group is engaged in the import, marketing and distribution of air-conditioning and refrigeration products, audio-visual equipment, car audio and electronic products and other electronic and electrical products.

2. Basis of preparation of financial statements

In preparing the financial statements, the Directors have given careful consideration to the future liquidity of the Group in the light of the Group's net current liabilities of approximately HK\$87,250,000 as at 31st December, 2000.

The Group is dependent upon the continuing financial support from a supplier. Against this background, the Directors are currently in the process of negotiating with the supplier with a view to reschedule the Group's existing loan from the supplier.

Provided that the negotiation with the supplier in respect of the loan rescheduling is successfully completed, the Directors consider that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. Significant accounting policies

The financial statements have been prepared under the historical cost convention, as modified for the valuation of certain properties and investment in securities, and in accordance with the accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Notes to the Financial Statements

For the year ended 31st December, 2000

3. Significant accounting policies *(continued)*

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power, or where the Company controls the composition of its Board of Directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is eliminated against reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for subsidiary.

On disposal of an investment in a subsidiary or an associate, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements

For the year ended 31st December, 2000

3. Significant accounting policies (continued)

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Maintenance service income is recognised when services are rendered.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Rental income under operating leases is recognised on a straight-line basis over the relevant lease terms.

Dividend income from investments is recognised when the shareholders' rights to receive dividends have been established.

Commission income is recognised when the relevant services are rendered.

Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising on translation are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are dealt with in the exchange reserve and are recognised as income or expenses in the period in which the operation is disposed of.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

Notes to the Financial Statements

For the year ended 31st December, 2000

3. Significant accounting policies (continued)

Investment properties (continued)

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is credited in the income statement.

No depreciation is provided on investment properties which are held on leases with an unexpired term of more than 20 years.

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement 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 asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Land held under medium-term lease	Over the unexpired term of lease
Buildings on land held under medium-term lease	2.5 – 5%
Leasehold improvements	20%
Furniture, fixtures and equipment	10 – 20%
Machinery and tools	20 – 33 $\frac{1}{3}$ %
Motor vehicles	20 – 25%

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Notes to the Financial Statements

For the year ended 31st December, 2000

3. Significant accounting policies (continued)

Intangible assets

Costs incurred in the acquisition of distribution and manufacturing rights are capitalised and amortised on a straight-line basis over their estimated useful lives from commencement of commercial production or sale of the related products.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents 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.

Investments

Investments in securities are recognised on a trade date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Leased assets – lessor

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the lessees.

Notes to the Financial Statements

For the year ended 31st December, 2000

3. Significant accounting policies *(continued)*

Leased assets – lessor *(continued)*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net cash investment in the lease.

In estimating the net cash investment in a lease, payments are assumed to take place at the beginning of each payment period and taxation rates are assumed to remain constant. Significant changes in these assumptions are adjusted for when they occur.

Initial direct costs are written off to the income statement in the year in which they arise.

All other leases are classified as operating leases and the annual rentals are credited to the income statement on a straight-line basis over the relevant lease terms.

Assets held under finance leases – lessee

Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases entered into by the Group as lessee are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease terms.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes land cost and other direct costs. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Cash equivalents

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.

Notes to the Financial Statements

For the year ended 31st December, 2000

3. Significant accounting policies (continued)

Retirement benefits scheme

The pension costs charged in the income statement represent the contributions payable in respect of the current year to defined contribution scheme.

4. Turnover

Sales of goods to customers, less returns, discounts and allowance
Maintenance service income

2000	1999
HK\$'000	HK\$'000

373,651	718,140
13,215	35,555

386,866	753,695
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	2000		1999	
	Turnover	Contribution to Group results	Turnover	Contribution to Group results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Audio-visual products	44,269	(7,600)	68,314	(10,055)
Air-conditioning products	191,676	16,057	195,038	20,299
Car audio and electronic products	74,316	(996)	82,328	(7,177)
Other electronic and electrical products	24,677	(5,439)	34,813	1,526
Cars and car accessories	-	-	176,602	(5,760)
Direct marketing	50,235	(17,930)	191,710	(13,749)
Others	1,693	(474)	4,890	(467)
	386,866	(16,382)	753,695	(15,383)
Other revenue		18,142		24,662
Unallocated corporate expenses		(55,746)		(41,672)
Loss from operations		(53,986)		(32,393)

Notes to the Financial Statements

For the year ended 31st December, 2000

4. Turnover (continued)

	2000		1999	
	Turnover HK\$'000	Contribution to Group results HK\$'000	Turnover HK\$'000	Contribution to Group results HK\$'000
Geographical segments				
Hong Kong	242,786	(6,996)	549,018	(15,691)
Singapore, Malaysia and India	76,675	(8,310)	99,415	(21,130)
The People's Republic of China (the "PRC") and others	67,405	(1,076)	105,262	21,438
	<u>386,866</u>	<u>(16,382)</u>	<u>753,695</u>	<u>(15,383)</u>
Other revenue		18,142		24,662
Unallocated corporate expenses		(55,746)		(41,672)
Loss from operations		<u>(53,986)</u>		<u>(32,393)</u>

5. Other revenue

	2000 HK\$'000	1999 HK\$'000
Rental income	12,275	15,637
Commission income	5,807	8,947
Finance lease interest income	60	78
	<u>18,142</u>	<u>24,662</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

6. Loss from operations

	2000 HK\$'000	1999 HK\$'000
Loss from operations has been arrived at after charging (crediting):		
Amortisation of intangible assets	3,078	3,078
Auditors' remuneration	1,191	1,362
Deficit (surplus) on revaluation of investment properties	8,412	(5,523)
Depreciation of:		
Owned assets	16,476	17,472
Assets held under finance leases	253	1,560
Loss on disposal of property, plant and equipment	501	711
Operating lease rental of land and buildings	10,166	22,943
Rental income, net of outgoings of HK\$3,426,000 (1999: HK\$4,270,000)	(8,849)	(11,367)
Staff costs, including directors' emoluments	58,408	89,575
Write-down of inventories to net realisable value	3,778	4,447
Write-down of properties held for sale to net realisable value	-	3,073
	<u> </u>	<u> </u>

7. Finance costs

	2000 HK\$'000	1999 HK\$'000
Interest on:		
Bank loans, trust receipts and overdrafts wholly repayable within five years	8,003	7,617
Bank loans wholly repayable after five years	2,090	4,157
Other loans wholly repayable within five years	5,112	1,092
Other loans wholly repayable after five years	2,364	-
	<u>17,569</u>	<u>12,866</u>
Finance lease charges	322	464
Bank charges	304	243
	<u>18,195</u>	<u>13,573</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

8. Investment income

	2000 HK\$'000	1999 HK\$'000
Interest income from associates	4,016	–
Interest income from trade and other receivables	755	–
Interest income from bank deposits	688	2,445
Gain on disposal of listed equity securities	82	–
Dividend income from listed equity securities	2	198
	<hr/> 5,543 <hr/>	<hr/> 2,643 <hr/>

9. Net (loss) gain on disposal of subsidiaries and associates

	2000 HK\$'000	1999 HK\$'000
Loss upon liquidation of subsidiaries	(282)	(487)
Gain upon disposal of a subsidiary	–	51,530
Gain upon liquidation of associates	–	12,950
	<hr/> (282) <hr/>	<hr/> 63,993 <hr/>

Notes to the Financial Statements

For the year ended 31st December, 2000

10. Directors' and employees' emoluments

(a) Directors' emoluments

	2000 HK\$'000	1999 HK\$'000
Fees:		
Executive Directors	-	-
Non-executive Directors	200	200
	200	200
Other emoluments:		
Salaries and other benefits	5,555	6,086
Retirement benefits scheme contributions	2	-
	5,557	6,086
	5,757	6,286

Fees paid to non-executive Directors include HK\$160,000 (1999: HK\$160,000) paid to independent non-executive Directors.

The Directors' emoluments were within the following bands:

HK\$	2000 Number of Directors	1999 Number of Directors
Nil –1,000,000	3	4
1,000,001–1,500,000	1	1
1,500,001–2,000,000	1	1
2,000,001–2,500,000	1	1

Notes to the Financial Statements

For the year ended 31st December, 2000

10. 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 in Note 10(a) above. The emoluments of the remaining highest paid individuals were as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other benefits	<u>1,543</u>	<u>3,435</u>

The emoluments of the remaining highest paid individuals fell within the following bands:

HK\$	2000 Number of employees	1999 Number of employees
Nil –1,000,000	2	–
1,500,001–2,000,000	<u>–</u>	<u>2</u>

11. Retirement benefit scheme

The Group participates in a mandatory provident fund scheme pursuant to the requirements set out in the Mandatory Provident Fund Schemes Ordinance ("MPF Ordinance"), which became effective on 1st December, 2000. The retirement benefit cost charged to the income statement during the year amounted to HK\$117,000, which represents contributions payable to the fund by the Group at the rates specified in the MPF Ordinance.

Notes to the Financial Statements

For the year ended 31st December, 2000

12. Taxation

	2000 HK\$'000	1999 HK\$'000
The charge comprises:		
Profits Tax for the year:		
Hong Kong	(790)	(212)
Overseas taxation	(391)	(91)
	<hr/>	<hr/>
	(1,181)	(303)
Deferred taxation (Note 34)	12	–
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	(1,169)	(303)
Share of taxation attributable to associates	(1,972)	(3,022)
	<hr/>	<hr/>
	(3,141)	(3,325)
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

13. (Loss) profit attributable to shareholders

Of the Group's (loss) profit attributable to shareholders, a loss of HK\$88,943,000 (1999: a profit of HK\$2,254,000) has been dealt with in the financial statements of the Company.

14. (Loss) earnings per share

The calculation of the basic (loss) earnings per share is based on the loss for the year of HK\$85,455,000 (1999: profit of HK\$693,000) and on the weighted average number of 1,405,444,189 (1999: 1,400,553,178) ordinary shares in issue during the year.

Diluted loss per share is not presented for the year as the effect of exercising the Company's outstanding share options is anti-dilutive.

Diluted earnings per share was not presented for the year 1999 as the exercise prices of the Company's outstanding share options were higher than the average market price of the shares.

Notes to the Financial Statements

For the year ended 31st December, 2000

15. Investment properties

	Investment properties in Hong Kong held under medium- term lease	Investment properties outside Hong Kong held under medium- term lease	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group			
At 1st January, 2000	76,610	44,697	121,307
Additions	–	3,308	3,308
Transfer to land and buildings	(1,420)	–	(1,420)
Transfer from land and buildings	20,733	–	20,733
Deficit on revaluation	(8,140)	(272)	(8,412)
	<hr/>	<hr/>	<hr/>
At 31st December, 2000	<u>87,783</u>	<u>47,733</u>	<u>135,516</u>

Investment properties were revalued at 31st December, 2000 by Centaline Surveyors Limited, independent professional valuers, on an open market value basis. The net deficit arising on revaluation amounting to HK\$8,412,000 (1999: surplus HK\$5,523,000) has been charged to the income statement.

The investment properties of the Group are rented or available for rent under operating leases.

Notes to the Financial Statements

For the year ended 31st December, 2000

16. Property, plant and equipment

	Land and buildings in Hong Kong held under medium- term lease <i>HK'000</i>	Land and buildings outside Hong Kong held under medium- term lease <i>HK'000</i>	Leasehold improve- ments <i>HK'000</i>	Furniture, fixtures and equipment <i>HK'000</i>	Machinery and tools <i>HK'000</i>	Motor vehicles <i>HK'000</i>	Total <i>HK'000</i>
The Group							
Cost or valuation							
At 1st January, 2000	231,763	59,450	19,473	46,645	24,770	15,214	397,315
Exchange difference	–	(1,884)	(28)	(85)	(26)	(93)	(2,116)
Additions	–	–	1,188	2,004	2,648	1,370	7,210
Disposals	–	–	(1,320)	(1,639)	(1,144)	(4,155)	(8,258)
Transfer from investment properties	1,420	–	–	–	–	–	1,420
Transfer to investment properties	(22,697)	–	–	–	–	–	(22,697)
At 31st December, 2000	<u>210,486</u>	<u>57,566</u>	<u>19,313</u>	<u>46,925</u>	<u>26,248</u>	<u>12,336</u>	<u>372,874</u>
Representing:							
At cost	198,426	57,566	19,313	46,925	26,248	12,336	360,814
At 1996 valuation	10,640	–	–	–	–	–	10,640
At 1999 valuation	1,420	–	–	–	–	–	1,420
	<u>210,486</u>	<u>57,566</u>	<u>19,313</u>	<u>46,925</u>	<u>26,248</u>	<u>12,336</u>	<u>372,874</u>
Accumulated depreciation							
At 1st January, 2000	19,777	6,012	12,824	38,409	22,459	13,178	112,659
Exchange difference	–	(185)	(16)	(83)	(24)	(89)	(397)
Charge for the year	5,155	2,329	3,036	3,531	1,364	1,314	16,729
Eliminated upon disposals	–	–	(363)	(1,478)	(1,068)	(4,135)	(7,044)
Transfer to investment properties	(1,964)	–	–	–	–	–	(1,964)
At 31st December, 2000	<u>22,968</u>	<u>8,156</u>	<u>15,481</u>	<u>40,379</u>	<u>22,731</u>	<u>10,268</u>	<u>119,983</u>
Net book value							
At 31st December, 2000	<u>187,518</u>	<u>49,410</u>	<u>3,832</u>	<u>6,546</u>	<u>3,517</u>	<u>2,068</u>	<u>252,891</u>
At 31st December, 1999	<u>211,986</u>	<u>53,438</u>	<u>6,649</u>	<u>8,236</u>	<u>2,311</u>	<u>2,036</u>	<u>284,656</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

16. Property, plant and equipment (continued)

The net book value of the Group's property, plant and equipment includes an amount of HK\$762,000 (1999: HK\$3,188,000) in respect of assets held under finance leases.

Land and buildings reclassified from investment properties are stated at valuation at the time of their reclassification. No further valuation of these properties is carried out thereafter.

If the land and buildings which are stated at valuation had not been revalued, they would have been included in the financial statements at historical cost less accumulated depreciation of HK\$12,043,000 (1999: HK\$19,633,000).

The Company	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost				
At 1st January, 2000	6,565	21,384	2,632	30,581
Additions	41	268	–	309
	<u>6,606</u>	<u>21,652</u>	<u>2,632</u>	<u>30,890</u>
At 31st December, 2000				
Accumulated depreciation				
At 1st January, 2000	3,657	15,498	2,112	21,267
Charge for the year	1,333	2,452	161	3,946
	<u>4,990</u>	<u>17,950</u>	<u>2,273</u>	<u>25,213</u>
At 31st December, 2000				
Net book value				
At 31st December, 2000	<u>1,616</u>	<u>3,702</u>	<u>359</u>	<u>5,677</u>
At 31st December, 1999	<u>2,908</u>	<u>5,886</u>	<u>520</u>	<u>9,314</u>

The net book value of the Company's property, plant and equipment includes an amount of HK\$47,000 (1999: HK\$3,014,000) in respect of assets held under finance leases.

Notes to the Financial Statements

For the year ended 31st December, 2000

17. Intangible assets

	Distribution and manufacturing rights
	<i>HK\$'000</i>
Cost	
At 1st January, 2000 and 31st December, 2000	30,781
Amortisation	
At 1st January, 2000	6,156
Charge for the year	3,078
At 31st December, 2000	9,234
Net book value	
At 31st December, 2000	<u>21,547</u>
At 31st December, 1999	<u>24,625</u>

18. Investments in subsidiaries

	The Company	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	<u>293,504</u>	<u>293,504</u>

Particulars of the Company's principal subsidiaries at 31st December, 2000 are shown in Note 44.

19. Interests in associates

	The Group	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	117,317	121,020
Amounts due from associates	<u>62,110</u>	<u>63,209</u>
	<u>179,427</u>	<u>184,229</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

19. Interests in associates (continued)

Particulars of the Group's principal associates at 31st December, 2000 are shown in Note 45.

The following details have been extracted from the audited financial statements of the Group's significant associates:

	Jin Ling Electrical Company Limited		Corich Enterprises Inc. ("Corich")	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Operating results				
Turnover	<u>530,212</u>	<u>407,444</u>	<u>222,174</u>	<u>176,602</u>
Depreciation	<u>15,946</u>	<u>12,657</u>	<u>625</u>	<u>989</u>
Profit (loss) before taxation	<u>5,047</u>	<u>38,744</u>	<u>2,713</u>	<u>(4,632)</u>
Profit before taxation attributable to the Group	<u>2,523</u>	<u>19,372</u>	<u>895</u>	<u>-*</u>

* The comparative figures for Corich in 1999 represented its operating results for the whole year. Its results have been consolidated in these financial statements up to 30th December, 1999, on which date Corich became an associate of the Group.

Financial position

Non-current assets	<u>415,525</u>	421,444	<u>1,428</u>	1,416
Current assets	<u>350,654</u>	295,609	<u>56,542</u>	53,997
Current liabilities	<u>(337,308)</u>	(264,661)	<u>(112,273)</u>	(113,903)
Non-current liabilities	<u>(147,598)</u>	(157,526)	<u>(7,596)</u>	(7,596)
Minority interest	<u>-</u>	-	<u>6,790</u>	7,953
Shareholders' funds	<u>281,273</u>	<u>294,866</u>	<u>(55,109)</u>	<u>(58,133)</u>
Shareholders' funds attributable to the Group	<u>140,636</u>	<u>147,433</u>	<u>(18,186)</u>	<u>(19,184)</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

20. Investment securities

	The Group	
	2000	1999
	HK\$'000	HK\$'000
At cost:		
Unlisted shares	75	75
Club debentures	1,767	1,804
	1,842	1,879

In the opinion of the Directors, investment securities are worth at least their costs.

21. Finance lease receivable

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Finance lease receivable is repayable as follows:		
Within one year	335	316
More than one year but not exceeding two years	355	335
More than two years but not exceeding five years	–	355
	690	1,006
Less: Amount due within one year shown under current assets	335	316
Amount due after one year	355	690

22. Account receivable

In 1999, the Group entered into an agreement with an unrelated party ("Purchaser") to dispose of a 67% interest in Corich ("Disposal Agreement") which was formerly a wholly-owned subsidiary of the Company. The payment terms under the Disposal Agreement provided that the consideration for the disposal of the shares ("Shares") and the assignment of debts owed by Corich to the Group ("Debts") amounting to HK\$22,632,000 and HK\$23,380,000 respectively would be settled by quarterly instalments within a period of two years. Account receivable represents the deferred consideration.

Notes to the Financial Statements

For the year ended 31st December, 2000

22. Account receivable (continued)

However, the Purchaser passed away during the year. The Group only received the initial deposit and the first instalment amounting HK\$6,189,000 prior to his death. Pursuant to an option agreement entered into between the Purchaser and the Group on 30th December, 1999, the Group has an option to buy back the Shares and Debts at a consideration equal to the total instalment amount received by the Group plus accrued interest. The Directors are currently exercising the option to buy back the Shares and Debts.

Provided that the option agreement is successfully enforced, the Directors, by considering the recoverability of the Debts from the Purchaser, have made a provision of HK\$22,632,000 against the account receivable.

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Within one year	39,823	22,756
Over one year but not exceeding two years	–	22,756
	<u>39,823</u>	<u>45,512</u>
Less: Provision against account receivable	22,632	–
Less: Amount due within one year shown under current assets (included in trade and other receivables)	17,191	22,756
	<u>–</u>	<u>22,756</u>
Amount due after one year	<u>–</u>	<u>22,756</u>

23. Inventories

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Finished goods	51,884	62,837
Spare parts	5,304	5,215
	<u>57,188</u>	<u>68,052</u>

Included above are finished goods of HK\$4,101,000 (1999: HK\$15,170,000) and spare parts of HK\$246,000 (1999: HK\$124,000), which are carried at net realisable value.

Notes to the Financial Statements

For the year ended 31st December, 2000

24. Trade and other receivables

The Group

The Group allows an average credit period of 30 to 90 days to its customers. The aged analysis of trade receivable is as follows:

	2000 HK\$'000	1999 HK\$'000
Within 30 days	18,771	18,893
Over 30 days	6,329	7,147
Over 60 days	1,848	3,042
Over 90 days	2,943	6,778
Over 1 year	3,390	8,216
	<hr/>	<hr/>
Total trade receivable	33,281	44,076
Account receivable (Note 22)	17,191	22,756
Deposits, prepayments and other receivables	25,319	41,105
	<hr/>	<hr/>
	75,791	107,937
	<hr/> <hr/>	<hr/> <hr/>

25. Other investments

The Group and The Company

	2000 HK\$'000	1999 HK\$'000
Listed equity securities	36	47
	<hr/> <hr/>	<hr/> <hr/>

The securities are listed on The Stock Exchange of Hong Kong Limited and are carried at market value.

Notes to the Financial Statements

For the year ended 31st December, 2000

26. Trade and other payables

The Group

At the balance sheet date, the aged analysis of trade payable is as follows:

	2000 HK\$'000	1999 <i>HK\$'000</i>
Within 30 days	7,974	8,207
Over 30 days	2,777	2,493
Over 60 days	2,623	2,630
Over 90 days	5,063	10,898
Over 1 year	27,972	28,817
	<hr/>	<hr/>
Total trade payable	46,409	53,045
Accruals and other payables	41,533	47,484
	<hr/>	<hr/>
	87,942	100,529
	<hr/> <hr/>	<hr/> <hr/>

27. Obligations under finance leases

	The Group		The Company	
	2000 HK\$'000	1999 <i>HK\$'000</i>	2000 HK\$'000	1999 <i>HK\$'000</i>
Obligations under finance leases are repayable within a period of:				
Within one year	139	1,695	24	1,646
More than one year, but not exceeding two years	139	112	24	24
More than two years, but not exceeding five years	308	90	9	53
More than five years	136	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	722	1,897	57	1,723
Less: Amount due within one year shown under current liabilities	139	1,695	24	1,646
	<hr/>	<hr/>	<hr/>	<hr/>
Amount due after one year	583	202	33	77
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31st December, 2000

28. Borrowings

	The Group	
	2000 HK\$'000	1999 HK\$'000
Bank loans and overdrafts:		
Secured	115,515	135,444
Unsecured	16,035	17,216
	<u>131,550</u>	<u>152,660</u>
Unsecured loans from Directors (Note a)	16,210	6,052
Unsecured loan from a related company (Note b)	4,337	4,858
Unsecured loan from a supplier (Note c)	198,089	207,477
	<u>350,186</u>	<u>371,047</u>
The maturity of the above loans is as follows:		
Within one year	231,540	95,812
More than one year, but not exceeding two years	21,510	174,367
More than two years, but not exceeding five years	49,374	48,009
More than five years	47,762	52,859
	<u>350,186</u>	<u>371,047</u>
Less: Amounts due within one year shown under current liabilities	231,540	95,812
Amount due after one year	<u>118,646</u>	<u>275,235</u>

Notes:

- a. The loans from Directors are unsecured, bear interest at 10% per annum and have no fixed terms of repayment.
- b. The loan from a related company is unsecured, bears interest at the best lending rate offered by the Development Bank of Singapore and is repayable by 60 equal monthly instalments commencing from January 1998. The related company is controlled by a Director and a former Director.
- c. The loan from a supplier is unsecured and bears interest at 3% to 3.3% per annum. Approximately HK\$131,000,000 of the balance is repayable by one instalment in December 2001 and the remaining balance is repayable by 120 equal monthly instalments commencing from July 1999.

Notes to the Financial Statements

For the year ended 31st December, 2000

29. Issued capital

	Number of shares of HK\$0.10 each	Nominal value HK\$'000
Authorised:		
At 1st January, 1999 and 1st January, 2000 and 31st December, 2000	<u>3,500,000,000</u>	<u>350,000</u>
Issued and fully paid:		
At 1st January, 1999 and 1st January, 2000	1,400,553,178	140,055
Issue of shares upon exercise of share options	6,092,000	609
Cancellation upon repurchase of own shares	<u>(1,574,000)</u>	<u>(157)</u>
At 31st December, 2000	<u>1,405,071,178</u>	<u>140,507</u>

During the year, the Company repurchased a total of 1,574,000 shares of HK\$0.10 each of the Company ("Repurchased Shares") on The Stock Exchange of Hong Kong Limited with details as follows:

Month of repurchase	No. of shares repurchased	Price per share		Total price paid HK\$
		Highest HK\$	Lowest HK\$	
October 2000	1,170,000	0.133	0.095	137,808
November 2000	404,000	0.106	0.100	42,100

The Repurchased Shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was diminished by the normal value of these shares.

Notes to the Financial Statements

For the year ended 31st December, 2000

29. Issued capital (continued)

Share option scheme

Under the Company's share option scheme adopted on 22nd June, 1991, the Board of Directors may, at their discretion, grant to all eligible employees options to subscribe for shares of the Company. The rights to exercise the options are exercisable within a period of 6 years commencing one month from the date of acceptance. This scheme will expire on 22nd June, 2001.

Particulars of the movements of the share options during the year and outstanding as at 31st December, 2000 were as follows:

Date of grant	Subscription price per share	Outstanding options at 1st January, 2000	Options granted	Options lapsed	Options exercised	Outstanding options at 31st December, 2000
5th May, 1994	HK\$2.1020	7,840,800	-	7,840,800	-	-
13th May, 1996	HK\$0.9460	13,548,000	-	1,992,000	-	11,556,000
28th July, 1997	HK\$0.5330	39,000,000	-	9,000,000	-	30,000,000
19th January, 1998	HK\$0.2200	12,970,000	-	1,812,000	2,640,000	8,518,000
10th June, 1998	HK\$0.1053	1,000,000	-	-	-	1,000,000
21st December, 1999	HK\$0.1400	19,370,000	-	510,000	3,452,000	15,408,000
11th February, 2000	HK\$0.3264	-	10,090,000	600,000	-	9,490,000
8th September, 2000	HK\$0.1413	-	3,000,000	-	-	3,000,000
		<u>93,728,800</u>	<u>13,090,000</u>	<u>21,754,800</u>	<u>6,092,000</u>	<u>78,972,000</u>

Consideration received by the Company for options granted during the year amounted to HK\$236.

Notes to the Financial Statements

For the year ended 31st December, 2000

30. Capital reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Total HK\$'000
The Group					
At 1st January, 1999 and 1st January, 2000	725,537	639	–	1,434	727,610
Premium on issue of shares	456	–	–	–	456
Arising upon repurchase of own shares	–	157	–	–	157
	<u>725,993</u>	<u>796</u>	<u>–</u>	<u>1,434</u>	<u>728,223</u>
At 31st December, 2000	<u>725,993</u>	<u>796</u>	<u>–</u>	<u>1,434</u>	<u>728,223</u>
The Company					
At 1st January, 1999 and 1st January, 2000	725,537	639	210,255	–	936,431
Premium on issue of shares	456	–	–	–	456
Arising upon repurchase of own shares	–	157	–	–	157
	<u>725,993</u>	<u>796</u>	<u>210,255</u>	<u>–</u>	<u>937,044</u>
At 31st December, 2000	<u>725,993</u>	<u>796</u>	<u>210,255</u>	<u>–</u>	<u>937,044</u>

31. Other reserves

	Exchange reserve HK\$'000
The Group	
At 1st January, 1999	(4,675)
Exchange differences, less minority interest on translation of financial statements of overseas operations	<u>(9,725)</u>
At 1st January, 2000	(14,400)
Exchange differences, less minority interest on translation of financial statements of overseas operations	<u>8,318</u>
At 31st December, 2000	<u>(6,082)</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

31. Other reserves (continued)

Included in the above is the Group's share of post-acquisition reserves of its associates as follows:

	Exchange reserve <i>HK\$'000</i>
At 1st January, 1999	22
Share of reserve movements of associates	<u>(8,146)</u>
At 1st January, 2000	(8,124)
Share of reserve movements of associates	<u>7,105</u>
At 31st December, 2000	<u><u>(1,019)</u></u>

32. Accumulated losses

	<i>HK\$'000</i>
The Group	
At 1st January, 1999	(402,926)
Write-off of goodwill upon disposal	10,051
Net profit for the year	<u>693</u>
At 1st January, 2000	(392,182)
Premium on repurchase of own shares	(180)
Net loss for the year	<u>(85,455)</u>
At 31st December, 2000	<u><u>(477,817)</u></u>

Notes to the Financial Statements

For the year ended 31st December, 2000

32. Accumulated losses (continued)

Included in the above is the Group's share of post-acquisition reserves of associates, as follows:

	<i>HK\$'000</i>
At 1st January, 1999	(2,106)
Net profit for the year	15,761
Dividend received	(2,617)
Share of post-acquisition results of associates previously accounted for as subsidiaries	(19,184)
Reversal of post-acquisition results of associates upon liquidation	13,997
	<hr/>
At 1st January, 2000	5,851
Net profit for the year	1,384
Dividend received	(14,115)
	<hr/>
At 31st December, 2000	<u>(6,880)</u>

The Company

	<i>HK\$'000</i>
At 1st January, 1999	(616,606)
Net profit for the year	2,254
	<hr/>
At 1st January, 2000	(614,352)
Premium on repurchase of own shares	(180)
Net loss for the year	(88,943)
	<hr/>
At 31st December, 2000	<u>(703,475)</u>

The Company has no reserves available for distribution to shareholders at the balance sheet date.

33. Loan from a minority shareholder

The loan is unsecured, non-interest bearing and has no fixed terms of repayment. The minority shareholder has agreed not to demand repayment of the loan in the next twelve months from the balance sheet date and, accordingly, the amount has been classified as non-current liability.

Notes to the Financial Statements

For the year ended 31st December, 2000

34. Deferred taxation

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
At 1st January	25	25	-	-
Credit for the year (Note 12)	(12)	-	-	-
At 31st December	<u>13</u>	<u>25</u>	<u>-</u>	<u>-</u>

At the balance sheet date, the major components of the deferred taxation (assets) liabilities, recognised and unrecognised, were as follows:

	Recognised		Unrecognised	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
The Group				
Excess (shortfall) of tax allowances over accounting depreciation in respect of property, plant and equipment	-	25	(239)	(349)
Taxation losses	-	-	(158,376)	(148,808)
Other timing differences	13	-	(47)	(1,996)
	<u>13</u>	<u>25</u>	<u>(158,662)</u>	<u>(151,153)</u>
The Company				
Excess of tax allowances over accounting depreciation in respect of property, plant and equipment	-	-	15	803
Other timing differences	-	-	(10,194)	(11,259)
	<u>-</u>	<u>-</u>	<u>(10,179)</u>	<u>(10,456)</u>

Deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

Notes to the Financial Statements

For the year ended 31st December, 2000

34. Deferred taxation (continued)

The amount of unrecognised deferred taxation (credit) charge for the year is as follows:

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Tax effect of timing differences because of:				
Excess (shortfall) of tax allowances over accounting depreciation in respect of property, plant and equipment	110	(1,367)	(788)	(345)
Taxation losses (arising) utilised	(9,568)	(7,208)	1,065	157
Other timing differences	1,949	(919)	–	–
	<u>(7,509)</u>	<u>(9,494)</u>	<u>277</u>	<u>(188)</u>

Deferred taxation has not been recognised on the surplus or deficit arising on the revaluation of leasehold land and buildings and investment properties because profits or losses arising on the disposal of these assets would not be subject to taxation. Accordingly, the surplus or deficit arising on revaluation does not constitute a timing difference.

Notes to the Financial Statements

For the year ended 31st December, 2000

35. Reconciliation of loss before taxation to net cash inflow from operating activities

	2000 HK\$'000	1999 HK\$'000
Loss before taxation	(80,564)	(3,418)
Share of results of associates	(3,356)	(18,783)
Dividend from listed equity securities	(2)	(198)
Finance lease interest income	(60)	(78)
Interest income	(5,459)	(2,445)
Interest expenses	17,569	12,866
Finance lease charges	322	464
Amortisation of intangible assets	3,078	3,078
Deficit (surplus) on revaluation of investment properties	8,412	(5,523)
Depreciation	16,729	19,032
Gain upon disposal of a subsidiary	-	(51,530)
Gain on disposal of listed equity securities	(82)	-
Gain upon liquidation of associates	-	(12,950)
Loss on disposal of property, plant and equipment	501	711
Loss upon liquidation of subsidiaries	282	487
Provision against amounts due from associates	-	42,871
Provision against account receivable	22,632	-
Provision for diminution in value of properties held for sale	-	3,073
Write back of provision against amounts due from associates	(5,632)	-
Decrease in inventories	10,490	102,373
Increase in properties held for sale	-	(135)
Decrease in trade and other receivables	26,072	58,690
Decrease in amounts due from associates	10,638	5,356
Increase (decrease) in bills payable	10,400	(2,642)
Decrease in trade and other payables	(11,738)	(88,357)
Increase in amounts due to associates	28	32
Increase in amounts due to related companies	488	842
	20,748	63,816
Net cash inflow from operating activities	20,748	63,816

Notes to the Financial Statements

For the year ended 31st December, 2000

36. Disposal of a subsidiary

Summary of the effects of the disposal of a subsidiary are as follows:

	2000 HK\$'000	1999 HK\$'000
Net assets disposed of:		
Property, plant and equipment	-	1,416
Inventories	-	34,293
Trade and other receivables	-	17,837
Bank balances and cash	-	1,778
Trade and other payables	-	(26,327)
Taxation payable	-	(53)
Minority interest	-	7,953
Current account reclassified as amounts due from associates	-	(64,054)
Loan assigned to the purchaser	-	(23,380)
Loans from minority shareholders	-	(7,596)
	-	(58,133)
Net deficit reclassified as interests in associates	-	19,184
Attributable goodwill	-	10,051
Gain from disposal	-	51,530
	-	22,632
Satisfied by:		
Cash received	-	250
Deferred consideration	-	22,382
	-	22,632
Net cash outflow arising from disposal:		
Cash consideration	-	250
Bank balances and cash disposed of	-	(1,778)
	-	(1,528)

Notes to the Financial Statements

For the year ended 31st December, 2000

36. Disposal of a subsidiary (continued)

The subsidiary disposed of during the year ended 31st December, 1999 contributed HK\$176,602,000 to the Group's turnover and a loss of HK\$4,632,000 to the Group's operating result, HK\$22,019,000 to the Group's net operating cash flows, paid HK\$3,819,000 in respect of the net returns on investment and servicing of finance, paid nil in respect of taxation, utilised HK\$1,097,000 for investing activities and paid HK\$17,136,000 in respect of financing activities for that year.

37. Liquidation of subsidiaries

A summary of the effects of liquidation of subsidiaries is as follows:

	2000 HK\$'000	1999 HK\$'000
Net assets written off:		
Property, plant and equipment	-	6
Inventories	-	5,594
Trade and other receivables	377	367
Trade and other payables	(95)	(5,480)
	<hr/>	<hr/>
Loss upon liquidation	282	487
	<hr/> <hr/>	<hr/> <hr/>

The effects on the cash flows of the subsidiaries liquidated during the year and results of the Group are insignificant.

Notes to the Financial Statements

For the year ended 31st December, 2000

38. Analysis of changes in financing during the year

	Share capital and share premium <i>HK\$'000</i>	Obligations under finance leases <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Borrowings (excluding cash and cash equivalents) <i>HK\$'000</i>	Loans from minority shareholders <i>HK\$'000</i>
At 1st January, 1999	865,592	4,425	(6,037)	193,191	7,596
Net cash inflow (outflow) from financing	–	(2,528)	–	(45,946)	4,046
Disposal of a subsidiary	–	–	7,953	–	(7,596)
Transfer from trade creditor	–	–	–	211,364	–
Share of loss by minority shareholders for the year	–	–	(7,436)	–	–
Effect of foreign exchange rate changes	–	–	(9)	26	–
At 1st January, 2000	865,592	1,897	(5,529)	358,635	4,046
Nominal value of own shares repurchased and cancelled	(157)	–	–	–	–
Inception of finance leases	–	821	–	–	–
Net cash inflow (outflow) from financing	1,065	(1,991)	–	(25,738)	–
Shared of profit by minority shareholders for the year	–	–	1,750	–	–
Effect of foreign exchange rate changes	–	(5)	(12)	(1,502)	–
At 31st December, 2000	<u>866,500</u>	<u>722</u>	<u>(3,791)</u>	<u>331,395</u>	<u>4,046</u>

39. Major non-cash transactions

During the year, the Group has purchased property, plant and equipment by means of finance lease. The addition cost of property, plant and equipment amounted to HK\$821,000.

Notes to the Financial Statements

For the year ended 31st December, 2000

40. Related party transactions

In addition to the loans from related parties disclosed under Note 28 and 33 above, during the year, the Group entered into the following transactions with related parties:

	2000 HK\$'000	1999 <i>HK\$'000</i>
Interest income from associates	4,016	–
Interest expenses paid to Directors	615	799
Interest expenses paid to a related company	318	293
Management and agency fee paid to a related company	3,943	3,874
	<u>3,943</u>	<u>3,874</u>

The pricing of transactions regarding management and agency fees were determined by the Directors on the basis of estimated market value.

41. Operating lease commitments

At the balance sheet date the Group and the Company had the following operating lease commitments payable in the next twelve months, in respect of land and buildings:

	The Group	
	2000 HK\$'000	1999 <i>HK\$'000</i>
Operating leases which expire:		
Within one year	41	–
In the second to fifth years inclusive	1,923	712
	<u>1,964</u>	<u>712</u>

The Company had no operating lease commitment at the balance sheet date.

Notes to the Financial Statements

For the year ended 31st December, 2000

42. Contingent liabilities

At the balance sheet date, the Group and the Company had the following outstanding contingent liabilities which are not provided for in the financial statements in respect of:

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Guarantees given for banking and other facilities made available to:				
Subsidiaries	-	-	287,604	246,462
An associate	-	1,944	-	-
Other guarantees	98	200	-	-
	<u>98</u>	<u>2,144</u>	<u>287,604</u>	<u>246,462</u>

43. Pledge of assets

At the balance sheet date, certain of the Group's land and buildings and investment properties with an aggregate net book value of HK\$412,430,000 (1999: HK\$342,256,000) and all assets of a subsidiary of HK\$24,169,000 (1999: nil) have been pledged to secure banking facilities granted to the Group.

44. Principal subsidiaries

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Direct subsidiary				
Wo Kee Hong (B.V.I.) Limited	British Virgin Islands	100	30,000 shares of US\$0.01 each	Investment holding
Indirect subsidiaries				
Achievement Investments Limited	British Virgin Islands	100	1 share of US\$1	Investment holding

Notes to the Financial Statements

For the year ended 31st December, 2000

44. Principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Best & Original Production Limited	Hong Kong	96	8,800,000 shares of HK\$1 each	Provision of production, post-production and editing services for laser disc and video market
Cliven Pte Ltd. *	Singapore	100	10 ordinary shares of S\$1 each	Investment holding
Dongguan Changxing Refrigeration Equipment Co. Ltd.*	PRC	92	HK\$30,000,000	Manufacturing and trading of air conditioners
East Wood Offshore Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
ebuystore.com (H.K.) Limited	Hong Kong	75	2 shares of HK\$1 each	e-business
Eight Wonders Company Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Elbright Limited	Hong Kong	100	2 shares of HK\$1 each	Property leasing agent
Ever Rising Investments Limited	Hong Kong	100	2 shares of HK\$1 each	Property investment
Excellent Top Ltd.	British Virgin Islands/PRC	100	180,000 shares of US\$1 each	Trading of sport and fashion accessories
Flying Colours Company Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment

Notes to the Financial Statements

For the year ended 31st December, 2000

44. Principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Forward Electronics (Malaysia) Sdn. Bhd. *	Malaysia	100	250,000 ordinary shares of M\$1 each	Distribution of audio-visual equipment
Forward International Singapore (Private) Limited *	Singapore	100	1,000,000 shares of S\$1 each	Distribution of multimedia software
Forward Marketing (Singapore) Pte Ltd. *	Singapore	100	1,000,000 ordinary shares of S\$1 each	Distribution of audio-visual products
Full Moon Overseas Limited	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Haverest Moon Holdings Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Jacobean Co. Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Locomotion Enterprises Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Macau Wo Kee Hong Import & Export Limited	Macau	100	MOP10,000	Trading of audio-visual equipment and providing repairs and maintenance services for air-conditioning equipment and electronic appliances
Maiden Pink Limited	British Virgin Islands/PRC	100	1 share of US\$1	Property investment

Notes to the Financial Statements

For the year ended 31st December, 2000

44. Principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Martview Limited	Hong Kong	100	2 shares of HK\$1 each	Property holding
Mega Warehouse (B.V.I.) Ltd.	British Virgin Islands	55	100 shares of US\$1 each	Investment holding
Mega Warehouse (Hong Kong) Ltd.	Hong Kong	55	1,000,000 shares of HK\$1 each	Warehouse stores operation
Metro Global Limited	Hong Kong	100	2 non-voting deferred shares of HK\$1 each and 1,000 ordinary shares of HK\$1 each	Investment holding
Midtown Company Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Most Advance International Ltd.	British Virgin Islands	100	1 share of US\$1	Investment holding
New Castle Development Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Number One Enterprises Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Pacific Star Entertainment Company Limited	British Virgin Islands/ Hong Kong	100	1 share of US\$1	General trading
Pacific Star Worldwide Limited	British Virgin Islands	100	600,000 shares of US\$1 each	Investment holding and provision of management services

Notes to the Financial Statements

For the year ended 31st December, 2000

44. Principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Rising Sun Development Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Riverlily Enterprises Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Rogers International Ltd.	Bahamas	100	2 shares of US\$1 each	Trading brand holding
Shinwa Engineering Company, Limited	Hong Kong	100	5,000,000 non-voting deferred shares of HK\$1 each and 2 ordinary shares of HK\$1 each	Investment holding
Sincere Overseas Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Skyline Trading Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
Stoneycroft Estates Limited	Hong Kong	100	20,000,000 non-voting deferred shares of HK\$1 each and 1,000 ordinary shares of HK\$1 each	Property investment
Waterfront Company Ltd.	British Virgin Islands/PRC	100	1 share of US\$1	Property investment
WKH India Private Limited *	India	100	1,309,025 shares of Indian Rupee 10 each	Distribution of car audio equipment

Notes to the Financial Statements

For the year ended 31st December, 2000

44. Principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Wo Kee Hong Distribution Pte Ltd. *	Singapore	100	400,000 ordinary shares of S\$1 each	Distribution of home audio and car audio equipment and accessories
Wo Kee Hong Electronics Sdn. Bhd. *	Malaysia	100	1,000,000 ordinary shares of M\$1 each	Distribution of audio equipment
Wo Kee Hong Finance Limited	Hong Kong	100	2 shares of HK\$1 each	Finance and money lending
Wo Kee Hong Investments Ltd.	British Virgin Islands	100	1 share of US\$1	Investment holding
Wo Kee Hong Limited	Hong Kong	100	10,000 non-voting deferred shares of HK\$1,000 each and 2 ordinary shares of HK\$1,000 each	Investment holding and distribution of audio-visual equipment, car audio and electronic products, air- conditioning and refrigeration products, electrical appliances and electronic components
Wo Kee Hong Professional Air Conditioning Pte Ltd. *	Singapore	90	4,300,000 shares of S\$1 each	Distribution of air-conditioning products
Wo Kee Hong Professional Air Conditioning Sdn. Bhd.*	Malaysia	100	4,200,000 ordinary shares of M\$1 each	Distribution and installation of air-conditioning products

Notes to the Financial Statements

For the year ended 31st December, 2000

44. Principal subsidiaries (continued)

Name of subsidiary	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Wo Kee Hong (Singapore) Pte Ltd. *	Singapore	100	2,700 shares of S\$1,000 each	Investment holding and distribution and agency of audio-visual equipment
Wo Kee Services Limited	Hong Kong	100	2 non-voting deferred shares of HK\$100 each and 19,998 ordinary shares of HK\$100 each	Provision of warehousing, delivery, repairs and maintenance services

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

* Subsidiaries not audited by Deloitte Touche Tohmatsu.

Notes to the Financial Statements

For the year ended 31st December, 2000

45. Principal associates

The following is a list of the principal associates as at 31st December, 2000:

Name of company	Place of incorporation/ operation	Percentage of equity interest attributable to the Group	Issued and fully paid share capital or registered capital	Principal activities
Auto Italia Limited	Hong Kong	24.3	10,000 shares of HK\$10 each	Trading of cars and related accessories and provision of car repairing services
Corich Enterprises Inc.	British Virgin Islands	33	100 shares of US\$1 each	Investment holding
Italian Motors (Sales & Services) Limited	Hong Kong	24.3	60,000 shares of HK\$10 each	Trading of cars and related accessories and provision of car repairing services
Jin Ling Electrical Company Limited	PRC	50	RMB263,500,000	Manufacturing and trading of washing machines
Mitsubishi Heavy Industries-Jinling Air-Conditioners Company, Ltd	PRC	24.5	US\$30,000,000	Manufacturing and trading of air conditioners
Technorient Limited	Hong Kong	24.3	1,727 shares of HK\$100 each	Investment holding

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.