

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

6 Operating loss

	2001 HK\$'000	2000 HK\$'000
Operating loss is stated after charging the following:		
Cost of inventories sold	271	2,513
Staff costs	36,403	4,849
Depreciation of fixed assets	657	1,459
Loss on disposal of fixed assets	45	1,234
Write off of fixed assets	499	664
Outgoings in respect of investment properties	3,154	1,875
Operating lease rental in respect of land and buildings	1,498	8,208
Auditors' remuneration		
- current year	580	769
- over provision in prior years	(104)	(156)
Provision for doubtful debts	684	357
Specific bad debts written off	—	392
Retirement benefit costs (<i>note 11</i>)	81	—
	<u> </u>	<u> </u>

7 Finance costs

	2001 HK\$'000	2000 HK\$'000
Interest expense on:		
- bank loans wholly repayable within five years and overdrafts	8,632	10,333
- other loan wholly repayable within five years	603	4,248
- loan from a former fellow subsidiary wholly repayable within five years	381	578
- bank loans not wholly repayable within five years	162	183
	<u> </u>	<u> </u>
	<u>9,778</u>	<u>15,342</u>

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

8 Taxation

No provision for profits tax has been made in the accounts as the Group has no assessable profits for the year. Hong Kong profits tax for the year ended 31st March, 2000 has been provided at the rate of 16% on the estimated assessable profits for the year. The amount of taxation charged to the consolidated profit and loss account represents:

	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax		
- current year	—	7
- over provision in prior years	—	(7)
	<u>—</u>	<u>—</u>

Deferred tax credit for the year has not been accounted for in respect of the following:

	2001 HK\$'000	2000 HK\$'000
Tax losses	3,525	2,852
Accelerated depreciation allowances	245	10
	<u>3,770</u>	<u>2,862</u>

9 Loss attributable to shareholders

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$78,967,000 (2000: HK\$37,688,000).



NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

10 Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$64,834,000 (2000: HK\$66,318,000) and on the weighted average of 2,710,868,581 (2000: 647,978,320) ordinary shares in issue during the year.

The Company has no dilutive potential ordinary shares for the years ended 31st March, 2000 and 2001 and no diluted loss per share is presented.

11 Retirement benefit costs

In the year ended 31st March, 2000, a defined contribution retirement scheme adopted by the Group was terminated and a forfeited balance of HK\$581,000 arisen from employees who leave the scheme prior to vesting fully in the contributions was refunded to the Group. There were no contributions payable to the scheme as at 31st March, 2000. No new retirement scheme had been set up after the termination.

Pursuant to the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), the Group has enrolled all employees into a mandatory provident fund scheme (the "MPF Scheme") from 1st December, 2000. The MPF Scheme is a master trust scheme established under trust arrangement and governed by laws in Hong Kong.

Under the MPF Ordinance, employers and employees are required to contribute 5% of the employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month. The contributions are fully and immediately invested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. There were no forfeited contributions under the MPF Scheme.

There were no contributions payable to the MPF Scheme as at 31st March, 2001.

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

12 Directors' and senior management's emoluments

The aggregate amounts of emoluments payable to the directors of the Company during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Fees	—	—
Other emoluments		
Compensation for loss of office as directors	5,000	—
Retirement benefit scheme contributions	11	—
Salaries and other benefits in kind	7,950	900
	<u>12,961</u>	<u>900</u>
	<u>12,961</u>	<u>900</u>

No directors' fees were paid to independent non-executive directors for the year ended 31st March, 2001 (2000: Nil).

The emoluments of the directors fell within the following bands:

Emolument bands	Number of directors	
	2001	2000
Nil to HK\$1,000,000	1	5
HK\$2,000,001 to HK\$3,000,000	1	—
HK\$3,000,001 to HK\$4,000,000	1	—
HK\$6,000,001 to HK\$7,000,000	<u>1</u>	<u>—</u>

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

12 Directors' and senior management's emoluments *(Continued)*

The five individuals whose emoluments were the highest in the Group for the year included two (2000: one) directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2000: four) individuals during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Salaries and other benefits in kind	11,358	1,323
Retirement benefit scheme contributions	3	—
	<u>11,361</u>	<u>1,323</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2001	2000
Nil to HK\$1,000,000	—	4
HK\$2,000,001 - HK\$3,000,000	1	—
HK\$4,000,001 - HK\$5,000,000	2	—
	<u>2</u>	<u>—</u>