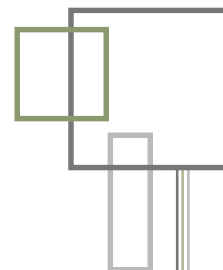


Notes to the Accounts



3. Operating loss

Operating loss is stated after crediting and charging the following:

	Year ended 30 June 2001 <i>HK\$'000</i>	Period from 1 April 1999 to 30 June 2000 <i>HK\$'000</i>
Crediting:		
Gain on disposal of fixed assets	427	114
Surplus on revaluation of investment properties	<u>1,493</u>	<u>—</u>
Charging:		
Outgoings in respect of investment properties	323	361
Retirement benefit costs	1,935	1,377
Depreciation on owned fixed assets	9,865	12,480
Amortisation of goodwill	3,084	—
Auditors' remuneration	1,385	880
Operating lease rentals in respect of land and buildings	4,276	—
Staff costs (excluding directors' emoluments)	38,747	23,374
Net realised and unrealised losses on trading investments	785	10,231
Deficit on revaluation of investment properties	—	9,150
Provision for doubtful debts	1,206	2,935
Provision for loans receivable	16,240	—
Provision for long service payments	287	1,033
Provision for slow moving inventories	<u>1,974</u>	<u>2,431</u>

The retirement benefit costs charged to the profit and loss account represent gross contributions payable by the Group of HK\$2,064,000 (period ended 30 June 2000: HK\$1,436,000) less forfeited voluntary contributions utilised of HK\$129,000 (period ended 30 June 2000: HK\$59,000). As at 30 June 2001, unutilised forfeited voluntary contributions which are available to reduce the contributions payable by the Group in the future amounted to HK\$20,000 (2000: Nil).

Notes to the Accounts

4. Finance costs

	Year ended 30 June 2001 <i>HK\$'000</i>	Period from 1 April 1999 to 30 June 2000 <i>HK\$'000</i>
Interest on bank loans and overdrafts		
- wholly repayable within five years	9,095	2,730
- not wholly repayable within five years	—	1,285
Interest on client accounts and other loans wholly repayable within five years	893	—
	<u>9,988</u>	<u>4,015</u>

5. Directors' emoluments

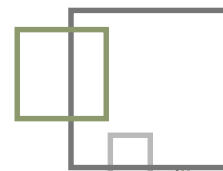
	Year ended 30 June 2001 <i>HK\$'000</i>	Period from 1 April 1999 to 30 June 2000 <i>HK\$'000</i>
Fees	104	140
Salaries and other allowances	4,577	8,234
Benefits from shares issued under a share option scheme	4,500	—
Bonuses	258	250
Pensions	119	16
	<u>9,558</u>	<u>8,640</u>

Fees to independent non-executive directors amounted to HK\$69,000 for the year (period ended 30 June 2000: HK\$140,000).

The directors' emoluments fell within the following bands:

Emolument bands	Number of directors	
	Year ended 30 June 2001	Period from 1 April 1999 to 30 June 2000
HK\$ Nil - HK\$1,000,000	12	12
HK\$1,000,001 - HK\$1,500,000	1	1
HK\$1,500,001 - HK\$2,000,000	—	2
HK\$2,000,001 - HK\$2,500,000	—	1
HK\$5,000,001 - HK\$5,500,000	1	—
	<u>14</u>	<u>16</u>

Notes to the Accounts



5. Directors' emoluments (continued)

The five individuals whose emoluments were the highest in the Group for the year were also directors and their emoluments are reflected in the analysis presented above.

During the year, 107,960,000 share options were granted to the directors under the share option scheme approved by the shareholders at the annual general meeting on 25 October 2000. Each of the options entitles the holder to subscribe for one ordinary share of HK\$0.1 each in the Company at a premium of HK\$0.38 each at any time during the period from 1 November 2000 to 31 October 2010. During the year, 15,000,000 share options had been exercised by a director and the benefit above has been calculated on these options as the difference between the exercise price and the market value at the exercise date.

In addition, certain options were granted by Softbank Investment (International) Holdings Limited ("SBIH"), a major shareholder of the Company, to Asset Horizons Limited ("AHL"), a company wholly-owned by Mr Wong Sin Just, an executive director of the Company, on 6 April 2001. The options entitle AHL to purchase 56,550,000 existing issued shares of the Company beneficially held by SBIH at an exercise price of HK\$0.592 each at any time during the period from 6 April 2001 to 5 April 2011. During the year, none of these options have been exercised.

6. Taxation

Hong Kong profits tax has been provided at the rate of 16% (period ended 30 June 2000: 16%) on the estimated assessable profit for the year/period. Taxation on PRC profits has been calculated on the estimated assessable profit for the year/period at the rate of 27%.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	Year ended 30 June 2001	Period from 1 April 1999 to 30 June 2000
	HK\$'000	HK\$'000
Company and subsidiaries:		
Hong Kong	762	(5)
PRC	1,199	1,427
Overprovision in prior period	—	(2)
	<u>1,961</u>	<u>1,420</u>
Share of taxation attributable to associated companies:		
Hong Kong	—	(1)
	<u>1,961</u>	<u>1,419</u>



Notes to the Accounts

7. Loss attributable to shareholders

The loss attributable to shareholders dealt with in the accounts of the Company is HK\$220,429,000 (period ended 30 June 2000: HK\$36,656,000).

8. Loss per share

The loss per share is calculated based on the loss attributable to shareholders of HK\$97,186,000 (period ended 30 June 2000: HK\$29,829,000) and on the weighted average number of 1,971,781,974 shares (period ended 30 June 2000: 955,357,630 shares) in issue during the year.

The diluted loss per share is not shown as the potential shares arising from the exercise of the share options granted by the Company would decrease the loss per share for the year ended 30 June 2001 and are regarded as anti-dilutive. For the period ended 30 June 2000, the diluted loss per share was not shown as there was no dilution effect.

9. Goodwill

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Cost		
Additions during the year and at 30 June	246,698	—
Accumulated amortisation		
Amortisation during the year and at 30 June	<u>(3,084)</u>	<u>—</u>
Net book value at 30 June	<u>243,614</u>	<u>—</u>

The goodwill arose from the acquisition of a 51% interest in SBI E2-Capital Limited during the year.

Notes to the Accounts

10. Fixed assets

Group

	Investment properties HK\$'000	Other properties HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK'000
Cost or valuation									
At 1 July 2000	64,240	122,804	7,789	40,437	18,206	728	11,864	165	266,233
Exchange adjustments	—	—	(3)	—	(4)	(3)	—	—	(10)
Additions	—	—	645	114	477	3,633	223	—	5,092
Acquisition of subsidiaries	—	—	767	—	2,418	1,942	—	—	5,127
Disposal of subsidiaries	—	(1,718)	—	(1,066)	(852)	—	(373)	—	(4,009)
Disposals	—	—	—	(348)	(47)	(100)	(1,389)	—	(1,884)
Revaluation	1,493	—	—	—	—	—	—	—	1,493
Reclassification	3,747	(4,563)	—	—	—	—	165	(165)	(816)
At 30 June 2001	<u>69,480</u>	<u>116,523</u>	<u>9,198</u>	<u>39,137</u>	<u>20,198</u>	<u>6,200</u>	<u>10,490</u>	<u>—</u>	<u>271,226</u>
Accumulated depreciation									
At 1 July 2000	—	19,834	5,985	33,381	12,379	218	8,059	—	79,856
Charge for the year	—	3,167	663	2,826	1,641	992	576	—	9,865
Acquisition of subsidiaries	—	—	271	—	1,233	721	—	—	2,225
Disposal of subsidiaries	—	(322)	—	(550)	(771)	—	(254)	—	(1,897)
Disposals	—	—	—	(221)	(43)	(43)	(1,326)	—	(1,633)
Reclassification	—	(816)	—	—	—	—	—	—	(816)
At 30 June 2001	<u>—</u>	<u>21,863</u>	<u>6,919</u>	<u>35,436</u>	<u>14,439</u>	<u>1,888</u>	<u>7,055</u>	<u>—</u>	<u>87,600</u>
Net book value									
At 30 June 2001	<u>69,480</u>	<u>94,660</u>	<u>2,279</u>	<u>3,701</u>	<u>5,759</u>	<u>4,312</u>	<u>3,435</u>	<u>—</u>	<u>183,626</u>
At 30 June 2000	<u>64,240</u>	<u>102,970</u>	<u>1,804</u>	<u>7,056</u>	<u>5,827</u>	<u>510</u>	<u>3,805</u>	<u>165</u>	<u>186,377</u>
The analysis of cost or valuation of the above assets is as follows:									
At cost	—	116,523	9,198	39,137	20,198	6,200	10,490	—	201,746
At professional valuation - 2001	69,480	—	—	—	—	—	—	—	69,480
	<u>69,480</u>	<u>116,523</u>	<u>9,198</u>	<u>39,137</u>	<u>20,198</u>	<u>6,200</u>	<u>10,490</u>	<u>—</u>	<u>271,226</u>

The investment properties were revalued on an open market value basis as at 30 June 2001 by an independent valuer, Insignia Brooke, Chartered Surveyors.

Notes to the Accounts

10. Fixed assets (continued)

The Group's interests in investment properties and other properties at their net book values are as follows:

	2001 HK\$'000	2000 HK\$'000
Held in Hong Kong on:		
Leases of over 50 years	7,800	7,850
Leases between 10 to 50 years	93,229	92,646
Held outside Hong Kong on:		
Leases between 10 to 50 years	63,111	66,714
	<u>164,140</u>	<u>167,210</u>

At 30 June 2001, certain investment properties of the Group with an open market value of HK\$29,800,000 (2000: HK\$36,150,000) were pledged to secure banking facilities granted to the Group. In addition, certain other properties of the Group with a total net book value of HK\$44,898,000 (2000: HK\$46,350,000) were pledged to secure banking facilities granted to the Group.

Company

	Leasehold improve- ments HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 July 2000	1,887	2,067	728	127	4,809
Additions	51	84	38	—	173
Disposals	—	(40)	(100)	—	(140)
At 30 June 2001	<u>1,938</u>	<u>2,111</u>	<u>666</u>	<u>127</u>	<u>4,842</u>
Accumulated depreciation					
At 1 July 2000	378	1,104	218	32	1,732
Charge for the year	386	252	207	32	877
Disposals	—	(36)	(43)	—	(79)
At 30 June 2001	<u>764</u>	<u>1,320</u>	<u>382</u>	<u>64</u>	<u>2,530</u>
Net book value					
At 30 June 2001	<u>1,174</u>	<u>791</u>	<u>284</u>	<u>63</u>	<u>2,312</u>
At 30 June 2000	<u>1,509</u>	<u>963</u>	<u>510</u>	<u>95</u>	<u>3,077</u>

Notes to the Accounts

11. Investments in subsidiaries

	Company	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Unlisted shares, at cost	55,748	44,441
Amounts due from subsidiaries	538,780	306,559
Amounts due to subsidiaries	<u>(15,419)</u>	<u>(19,951)</u>
	579,109	331,049
Less: Provision for diminution in value		
- Unlisted shares, at cost	(23,258)	(25,775)
- Amounts due from subsidiaries	<u>(180,168)</u>	<u>(133,725)</u>
	<u>375,683</u>	<u>171,549</u>

The amounts due from/to subsidiaries are unsecured and interest free and have no fixed terms of repayment. Details of principal subsidiaries are set out in note 33.

12. Other assets

	Group	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Statutory and other deposits relating to the securities, options and futures contracts dealing businesses	4,000	—
Trading rights on The Stock Exchange of Hong Kong Limited and The Hong Kong Futures Exchange Limited	<u>1</u>	<u>—</u>
	<u>4,001</u>	<u>—</u>

13. Investments in associated companies

	Group	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Share of net assets	19	1,028
Amount due from an associated company	<u>—</u>	<u>12,180</u>
	19	13,208
Less: Provision for diminution in value	<u>—</u>	<u>(12,180)</u>
	<u>19</u>	<u>1,028</u>
Unlisted shares, at cost	<u>1</u>	<u>1</u>

The amount due from an associated company was unsecured and interest free and had no fixed terms of repayment.