

## 13. Investments in associated companies (continued)

Details of the associated company at 30 June 2001 are as follows:

	Place of incorporation	Percentage of equity held by			
Name	and operation	Company	Group	Principal activities	
Colour Star Dyestuffs Company Limited	Hong Kong	_	50%	Dyestuffs trading	

## 14. Non-trading securities

	Group		Compa	any
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities, at fair value				
Listed in Hong Kong	39,682	52,000	39,682	52,000
Listed outside Hong Kong (note)	14,992			
	54,674	52,000	39,682	52,000
Unlisted	98,447		97,447	
	153,121	52,000	137,129	52,000
Market value of listed securities				
Listed in Hong Kong	39,650	52,000	39,650	52,000
Listed outside Hong Kong	2,162			
	41,812	52,000	39,650	52,000

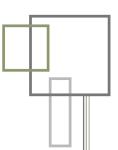
#### Note:

The non-trading securities listed outside Hong Kong comprised an investment in PhilWeb.Com, Inc., a company listed in the Philippines. The Group has been granted a put option to sell this investment for approximately HK\$14,992,000. The put option is exercisable at any time from 24 April 2002 to 23 April 2005. Accordingly, the directors are of the opinion that the value realisable under the put option arrangement represents the fair value of the investment.

## 15. Inventories

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Raw materials	3,130	6,199	
Work in progress	2,718	2,316	
Finished goods	57	2,039	
Stocks in trade	9,558	13,694	
	15,463	24,248	

As at 30 June 2001, the carrying amount of inventories that are carried at net realisable value amounted to HK\$149,000 (2000: Nil).



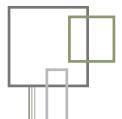
#### 16. Accounts receivable

	Group	
	2001	2000
	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of		
business of dealing in securities, options and futures		
contracts (note a)	297,097	_
Accounts receivable from securities margin clients (note b)	33,837	_
Accounts receivable arising from dyestuffs distribution		
and garment manufacturing (note c)	23,942	30,361
Other trade debtors	6,422	710
	361,298	31,071

#### Notes:

- (a) The settlement terms of accounts receivable arising from the ordinary course of business of dealing in securities are two days after trade date, whereas the settlement terms for those arising from the ordinary course of business of dealing in options and futures contracts is one day after trade date.
- (b) Accounts receivable from securities margin clients are secured by clients' pledged securities, repayable on demand and bear interest at commercial rates. The market value of the pledged securities at 30 June 2001 was HK\$107 million.
- (c) The credit terms of accounts receivable arising from dyestuffs distribution and garment manufacturing range from 30 days to 180 days.
- (d) The Group maintains clients' monies arising from the ordinary course of business of dealing in options and futures contacts in trust with Hong Kong Futures Exchange Clearing Corporation. At 30 June 2001, the Group held HK\$4,862,000 in trust for clients with Hong Kong Futures Exchange Clearing Corporation which is not included on the balance sheet.
- (e) The aging analysis of the accounts receivable balance is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
0 - 1 month	342,919	12,475
2 - 3 months	13,292	13,288
4 - 6 months	3,196	4,756
Over 6 months	1,891	552
	361,298	31,071



### 17. Trading investments

	Gro	up
	2001	2000
	HK\$'000	HK\$'000
Equity securities, at market value		
Listed in Hong Kong	3,058	_
Listed outside Hong Kong	666	
	3,724	_
Warrants, at market value		
Listed in Hong Kong	63,611	
	67,335	

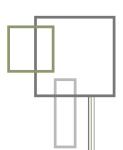
At 30 June 2001, the warrants were held for hedging the over-the-counter options written by the Group (note 21).

#### 18. Loans receivable

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Loans receivable	27,467	_	
Less: Provision	(16,240)		
	11,227		

#### 19. Cash and bank balances

- (a) Included in the cash and bank balances as at 30 June 2001 is an amount of HK\$5,000,000 which has been pledged to an authorised financial institution to secure general banking facilities of the Group.
- (b) The Group maintains clients' monies arising from the ordinary course of business of dealing in securities, options and futures contracts in trust with authorised financial institutions. At 30 June 2001, the Group held HK\$58,546,000 in trust for clients which is not included on the balance sheet.



### 20. Accounts payable

	Group	
	2001	2000
	HK\$'000	HK\$'000
Accounts payable arising from the ordinary course of business of dealing in securities, options		
and futures contracts Accounts payable arising from dyestuffs distribution,	132,388	_
garment manufacturing and operation of a country club	19,839	27,970
	152,227	27,970

At 30 June 2001, the accounts payable arising from the ordinary course of business of dealing in securities, options and futures contracts was current and excluded monies held in trust for clients (see notes 16(d) and 19(b)).

The aging analysis of the accounts payable balance is as follows:

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
0 - 1 month	137,769	6,923	
2 - 3 months	5,688	8,164	
4 - 6 months	3,381	5,671	
Over 6 months	5,389	7,212	
	152,227	27,970	

## 21. Options written

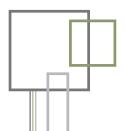
At 30 June 2001, the fair value of the over-the-counter equity options written by the Group was HK\$63,611,000. The notional amounts of these options, measured by the market value of the underlying shares at 30 June 2001, are as follows:

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Call options	179,309	_	
Put options	494,794		
	674,103		

The notional amounts are an indication of the Group's degree of option activities and do not represent the Group's potential exposure to market or credit risks. The Group hedged its market exposures arising from the over-the-counter equity options by holding certain listed warrants (see note 17).

#### 22. Amount due to a related company

The balance represents an amount due to E2-Capital (see note 31). The amount is unsecured, interest bearing at Hong Kong Dollar Prime Rate plus 1% and has no fixed terms of repayment.



## 23. Amount due to an intermediate holding company

The balance represents an amount due to Softbank Finance Corporation, an intermediate holding company of the Company. The amount is unsecured and interest free and has no fixed terms of repayment.

#### 24. Share capital

Authorised:

	2001		2000		
	No. of shares	HK\$'000	No. of shares	HK\$'000	
Ordinary shares of HK\$0.1 each	5,000,000,000	500,000	5,000,000,000	500,000	
Issued and fully paid:					
	2001		2000		
	No. of shares	HK\$'000	No. of shares	HK\$'000	
Ordinary shares of HK\$0.1 each					
At 1 July 2000/1 April 1999	1,885,915,878	188,591	588,079,878	58,808	
Issue of shares (notes a to c)	344,474,999	34,448	1,269,500,000	126,950	
Exercise of share options (note d)	15,000,000	1,500	28,336,000	2,833	
At 30 June	2,245,390,877	224,539	1,885,915,878	188,591	

#### Notes:

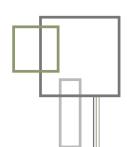
- (a) On 2 April 2001, the Company issued 132,653,061 ordinary shares to Softbank Investment (International) Holdings Limited at a premium of HK\$0.88 per share for cash amounting to HK\$130,000,000 to finance the acquisition of a 51% interest in SBI E2-Capital Limited. These shares rank pari passu with the existing shares.
- (b) On 2 April 2001, the Company issued 192,346,938 ordinary shares at a premium of HK\$0.88 per share as part of the consideration for the acquisition of a 51% interest in SBI E2-Capital Limited. These shares rank pari passu with the existing shares.
- (c) On 7 May 2001, the Company issued 19,475,000 ordinary shares at a premium of HK\$0.9 per share as consideration for the acquisition of the entire issued share capital of Sumoton Investment Limited which holds an investment in PhilWeb.Com, Inc. (see note 14). These shares rank pari passu with the existing shares.

#### (d) Share option scheme

On 25 October 2000, at the annual general meeting of the Company, the Company adopted a share option scheme (the "Scheme") under which the directors may, at their discretion, invite any executive director and any senior executive or employee of any of the companies in the Group to take up options to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 10% of the issued ordinary share capital of the Company excluding any ordinary shares issued on the exercise of options from time to time.

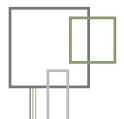
On 1 November 2000, the Company granted share options which entitled the holders, including five executive directors and nine key employees to subscribe for 111,860,000 shares in the Company at any time during the period from 1 November 2000 to 31 October 2010 at a price of HK\$0.48 per share. During the year, 15,000,000 share options have been exercised.

During the year, the options granted to certain executive directors and key employees on 27 April 2000 to subscribe for 66,260,000 shares in the Company at any time during the period from 27 May 2000 to 26 April 2001 at a price of HK\$2.05 per share have been cancelled.



# 25. Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Group							
At 1 April 1999 Issue of ordinary shares Share issue expenses Goodwill arising on acquisition	186,382 94,540 (6,088)	1,899 — —	26,129 — —	_ _ _	(6,808) — —	(72,983) — —	134,619 94,540 (6,088)
of a subsidiary  Capital reserve released to profit and loss account on	_	_	(25)	_	_	_	(25)
disposal of a subsidiary  Exchange difference arising on	_	_	(11,318)	_	_	_	(11,318)
translation of subsidiaries Deficit on revaluation of	_	_	_	_	425	_	425
non-trading securities Loss for the period				(26,789)		(29,829)	(26,789) (29,829)
At 30 June 2000	274,834	1,899	14,786	(26,789)	(6,383)	(102,812)	155,535
Company and subsidiaries Associated companies	274,834 —	1,899	14,786	(26,789)	(6,383)	(103,839)	154,508 1,027
	274,834	1,899	14,786	(26,789)	(6,383)	(102,812)	155,535
At 1 July 2000 Issue of ordinary shares Share issue expenses Capital reserve released to	274,834 309,227 (1,608)	1,899 — —	14,786 — —	(26,789) — —	(6,383) — —	(102,812) — —	155,535 309,227 (1,608)
the profit and loss account on disposal of subsidiaries Exchange translation reserve	_	_	(14,786)	_	_	_	(14,786)
released to the profit and loss account on disposal of a subsid Exchange difference arising	iary —	_	_	_	(150)	_	(150)
on translation of subsidiaries  Deficit on revaluation of	_	_	_	_	(43)	_	(43)
non-trading securities Investment revaluation reserve transferred to the profit and loss account upon impairment of	_	_	_	(95,908)	_	_	(95,908)
non-trading securities Loss for the year	_	_	_	73,483 —	_	— (97,186)	73,483 (97,186)
At 30 June 2001	582,453	1,899		(49,214)	(6,576)	(199,998)	328,564
Company and subsidiaries Associated companies	582,453 —	1,899		(49,214)	(6,576)	(200,016)	328,546
	582,453	1,899		(49,214)	(6,576)	(199,998)	328,564



# 25. Reserves (continued)

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation A reserve HK\$'000	Accumulated losses HK\$'000	<b>Total</b> HK\$'000
Company					
At 1 April 1999 Issue of ordinary shares Share issue expenses Deficit on revaluation of non-trading securities Loss for the period	186,382 94,540 (6,088) —	1,899 — — — —	(26,789)	(56,202) — — — — (36,656)	132,079 94,540 (6,088) (26,789) (36,656)
At 30 June 2000	274,834	1,899	(26,789)	(92,858)	157,086
At 1 July 2000 Issue of ordinary shares Share issue expenses Deficit on revaluation of non-trading securities Investment revaluation reserve transferred to the profit and loss account upon impairment of non-trading securities Loss for the year	274,834 309,227 (1,608) —	1,899 — — —	(26,789) — — (91,425) 69,000	(92,858) — — — — (220,429)	157,086 309,227 (1,608) (91,425) 69,000 (220,429)
At 30 June 2001	582,453	1,899	(49,214)	(313,287)	221,851

The Company had no reserves available for distribution at 30 June 2001 under Section 79B of the Companies Ordinance (2000: Nil).