

Notes to Financial Statements (Cont'd)

7. Five highest-paid employees

During the year, the five highest-paid employees in the Group included two (2000: two) Directors, details of whose emoluments are included in the disclosure of Directors' remuneration. The details of the remaining three (2000: three) highest-paid non-director employees are as follows:

	2001 HK\$'000	2000 HK\$'000
Salaries and other emoluments	1,193	1,076
Contributions to retirement scheme	60	54
	<u>1,253</u>	<u>1,130</u>

The emoluments of each of the three non-director employees were below HK\$1,000,000 for 2001 and 2000.

8. Finance costs

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans and overdrafts	29,570	10,330
Loan facility arrangement fees	57	2,431
	<u>29,627</u>	<u>12,761</u>

9. Net gain on disposals of long-term listed investments

	2001 HK\$'000	2000 HK\$'000
Profit on disposals of listed investments	4,946	77,030
Amount transferred from long-term investment revaluation reserve	4,545	(2,535)
Amount transferred from capital reserve	–	64,797
	<u>9,491</u>	<u>139,292</u>

10. Taxation

	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax provision: company and subsidiaries – current year	–	–
underprovision for prior years	1,961	–
	<u>1,961</u>	<u>–</u>
share of associates' taxation	18	25
	<u>1,979</u>	<u>25</u>

No Hong Kong profits tax has been provided for the Company and its subsidiaries for the 2001/02 year of assessment (2000/2001 : no provision) as no assessable profit was earned during the year.

No provision for deferred taxation has been made as no liability would be likely to arise as a result of the reversal of timing differences in the foreseeable future and revaluation surpluses arising from the revaluation of the Group's investment properties do not constitute a timing difference for tax purpose.

Notes to Financial Statements (Cont'd)

11. Loss attributable to shareholders

The loss attributable to shareholders includes an amount of HK\$209,998,000 (2000: HK\$105,513,000) which has been dealt with in the financial statements of the Company.

12. Dividends

	2001 HK\$'000	2000 HK\$'000
Interim dividend paid – 1 cent per share (2000: 1 cent)	3,403	3,423
Final dividend proposed – 1 cent per share (2000: 1 cent)	3,388	3,418
	6,791	6,841
	6,791	6,841

13. Loss per share

The calculation of loss per share is based on loss attributable to shareholders of HK\$191,039,000 (2000: HK\$105,652,000) and weighted average of 340,975,685 (2000: 343,102,900) shares of HK\$1 each in issue during the year.

14. Fixed assets

<u>Group</u>	Property in Hong Kong – long lease	Investment properties in Hong Kong – long lease	Equipment and motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation				
At professional valuation	3,500	39,000	–	42,500
At cost	114	–	1,474	1,588
At 31.12.2000	3,614	39,000	1,474	44,088
Additions	–	–	38	38
Disposals	–	–	(23)	(23)
Revaluation deficit	–	(2,000)	–	(2,000)
At 31.12.2001	3,614	37,000	1,489	42,103
Accumulated depreciation				
At 31.12.2000	–	–	1,318	1,318
Provision	–	–	63	63
Write-back	–	–	(23)	(23)
At 31.12.2001	–	–	1,358	1,358
Net book amount				
At 31.12.2001	3,614	37,000	131	40,745
At 31.12.2000	3,614	39,000	156	42,770

Notes to Financial Statements (Cont'd)

14. Fixed assets (Cont'd)

Company

	Property in Hong Kong – long lease
	HK\$'000
Cost or valuation	
At professional valuation	3,500
At cost	114
	<u>114</u>
At 31.12.2001 and 31.12.2000	<u>3,614</u>

No depreciation was provided on the property in Hong Kong in view of the insignificant amount involved.

Cost or valuation of properties at 31 December 2001 was made up as follows:

	Property in Hong Kong – long lease	Investment properties in Hong Kong – long lease	Total
	HK\$'000	HK\$'000	HK\$'000
<u>Group</u>			
At cost	114	–	114
At 1993 professional valuation	3,500	–	3,500
At 2001 professional valuation	–	37,000	37,000
	<u>3,614</u>	<u>37,000</u>	<u>40,614</u>
	<u>3,614</u>	<u>37,000</u>	<u>40,614</u>
<u>Company</u>			
At cost	114	–	114
At 1993 professional valuation	3,500	–	3,500
	<u>3,614</u>	<u>–</u>	<u>3,614</u>
	<u>3,614</u>	<u>–</u>	<u>3,614</u>

The property in Hong Kong was revalued as at 31 December 1993, on an open market value basis, by Messrs. Knight Frank, independent professional valuers.

The investment properties in Hong Kong were revalued as at 31 December 2001, on an open market value basis, by DTZ Debenham Tie Leung Limited, independent professional valuers.

Notes to Financial Statements (Cont'd)

15. Goodwill/Negative goodwill

	<u>Group</u>	Negative goodwill carried in reserves
	Goodwill carried in reserves	carried in reserves
	HK\$'000	HK\$'000
Cost		
At 31.12.2000	212	(902)
Released on disposals of subsidiaries	(151)	902
At 31.12.2001	<u>61</u>	<u>-</u>

16. Interests in subsidiaries

	<u>Company</u>	
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	25,320	35,202
Less: Capital distribution	-	(5,670)
Impairment losses	(16,043)	(17,930)
	<u>9,277</u>	<u>11,602</u>
Amounts due from subsidiaries	1,707,261	1,702,004
Less: Provision	(664,568)	(438,610)
	<u>1,051,970</u>	<u>1,274,996</u>

Amounts due from subsidiaries were unsecured, non-interest bearing and with no fixed term of repayment.

Details of the subsidiaries are as follows:

Unlisted companies	Principal activities	Issued and paid up ordinary share capital/ registered capital	Place of incorporation/ operation	Percentage of equity interest held	
				by the Company	by subsidiary
Diamond Way Inc.	Investment holding	US\$1	Liberia	-	100
HK 8 Limited	Investment holding	US\$1	Liberia	-	100
HK 9 Limited	Investment holding	US\$1	Liberia	-	100
HK 12 Limited	Investment holding	US\$1	Liberia	-	100
HK 28 Limited	Investment holding	US\$1	Liberia	-	100
HK 38 Limited	Investment holding	US\$1	Liberia	-	100
HK 68 Limited	Investment holding	US\$1	Liberia	-	100
HK 333 Limited	General investment	US\$1	Liberia	-	100
HK 368 Limited	Investment holding	US\$1	Liberia	-	100
HK 888 Limited	Investment holding	US\$1	Liberia	-	100
Kwai Ling Enterprises Company Limited	General investment	HK\$7,700,000	Hong Kong	60	40
Lee Hing Investment Company, Limited	Property investment and investment holding	HK\$2,000,000	Hong Kong	100	-
Lucky Term Company Limited	Investment holding	HK\$2	Hong Kong	-	100
PRC 18 Limited	General investment	US\$1	Liberia	-	100
Sinonet Holdings Limited	Investment holding	US\$1	British Virgin Islands	100	-
Tek Lee Nominees Limited	Property investment and investment holding	HK\$2	Hong Kong	-	100
Wang Tak Company Limited	Investment holding	HK\$1,000,000	Hong Kong	100	-