

For the year ended 31st December, 2000

### 29. Secured Other Loan

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
The schedule of the principal repayments is as follows:		
Within one year	43	40
One to two years	71	94
Two to five years	268	350
Over five years	2,644	4,110
	3,026	4,594
Less: Amount due within one year included in		
current liabilities	(43)	(40)
Non-current portion of secured other loan	2.983	4,554

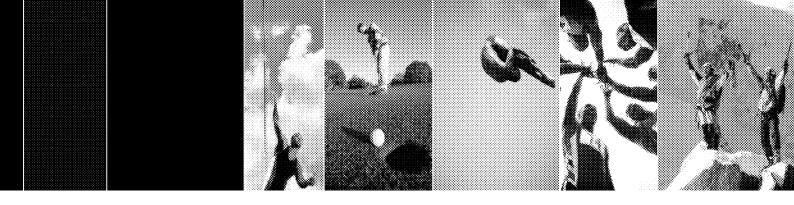
The loan bears interest at commercial rate and is repayable by monthly instalments.

For the year ended 31st December, 2000

## 30. Share Capital

Share capital

		Number of	
		ordinary shares	
	Notes	of US\$0.10 each	Nominal value
			US\$'000
Authorised:			
At 1st January, 1999 and 31st			
December, 1999		1,000,000,000	100,000
Increase on 18th April, 2000		1,000,000,000	100,000
At 31st December, 2000		2,000,000,000	200,000
Issued and fully paid:			
At 1st January, 1999		573,483,336	57,349
Shares repurchased and cancelled		(1,968,000)	(197)
At 31st December, 1999		571,515,336	57,152
Issued in consideration for the			
acquisition of an associate	(a)	7,757,000	776
Issued in consideration for the			
acquisitions of subsidiaries and			
investment securities	(b)	342,920,000	34,292
Issued in cash consideration	(c)	230,000,000	23,000
Issued in consideration for the settlement			
of part of the financial advisory fees	(d)	1,000,000	100
Shares repurchased and cancelled		(6,668,000)	(667)
At 31st December, 2000		1,146,524,336	114,653
		2000	1999
			<b></b>
		HK\$'000	HK\$'000
Shown in the financial statements as		894,289	445,782
			<u> </u>



For the year ended 31st December, 2000

#### **30.** Share Capital (Continued)

Notes:

#### (a) Acquisition of an associate

Pursuant to the subscription agreement dated 11th January, 2000 entered into between the Company and Topdomain Network Limited ("TNL"), the Company agreed to subscribe for 23.6% interest in TNL for an aggregate consideration of HK\$15,514,000 which was satisfied by the issue and allotment of 7,757,000 shares of the Company at HK\$1 each, and as to the balance, in cash.

#### (b) Acquisitions of subsidiaries and investment securities

Pursuant to the acquisition agreements dated 17th March, 2000 in connection with the acquisition of e2-Capital Limited (now renamed as OpenIBN (HK) Limited), acquisition of interests in PCL and acquisition of interests in e2-Capital Securities, the Company purchased: (i) the entire issued share capital of e2-Capital Limited from e2-Capital Inc. for an aggregate consideration of HK\$348,000,000 which was satisfied by the issue and allotment of 290,000,000 new shares of the Company at HK\$1.20 each to e2-Capital Inc; (ii) approximately 20% of the issued share capital of PCL from chinadotcom corporation for an aggregate consideration of HK\$35,004,000 which was satisfied by the issue and allotment of 29,170,000 new shares of the Company at HK\$1.20 each to chinadotcom corporation; (iii) the remaining 60% interest in e2-Capital Securities not at the meantime owned by Goodwill Investment (BVI) Limited from JFBVI and Great Mark for an aggregate consideration of HK\$57,000,000 which was satisfied, as to HK\$28,500,000, by the issue and allotment of 23,750,000 new shares of the Company at HK\$1.20 each to JFBVI and Great Mark and, as to the balance, in cash.

The issue price of HK\$1.20 represented: (i) a discount of approximately 46.7% to the closing price of the Company of HK\$2.25 per share on 11th February, 2000, the last day of trading in the shares prior to suspension of trading in the shares of the Company pending issue of the acquisitions announcement; and (ii) a premium of approximately 0.8% over the average closing price of the Company of HK\$1.19 per share over the 10 trading days up to and including 11th February, 2000.

#### (c) Placement of shares

Pursuant to the share placing agreement dated 26th February, 2000 entered into between the Company and Jardine Fleming Securities Limited ("JFSL"), JFSL agreed to procure subscribers for 230,000,000 shares of the Company at HK\$1.20 each. The issue price is equal to the issue price of the acquisition of e2-Capital Limited, acquisition of interests in PCL, and acquisition of interests in e2-Capital Securities. The net proceeds from the share placing was used for the acquisitions of Keith Statham Associates Limited and e2-Capital Securities and as working capital of the Group.

#### (d) Settlement of part of the financial advisory fees

Pursuant to the agreement dated 26th February, 2000 entered into between the Company and JFSL, the Company issued and alloted 1,000,000 shares of the Company at HK\$1.20 each as consideration for settlement of the part of service fees charged by JFSL for acting as an financial advisor to the Company for the acquisitions mentioned in (b) above.

For the year ended 31st December, 2000

### 30. Share Capital (Continued)

All the new shares rank pari passu with the existing shares in all respects.

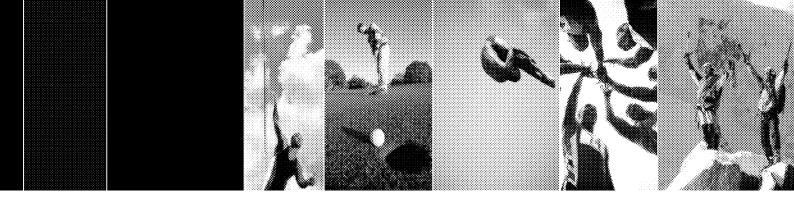
During the year, the Company repurchased its own shares through the Stock Exchange as follows:

				Aggregate
	No. of			consideration
	ordinary			paid including
	shares of	Price pe	r share	commission
Month of repurchase	US\$0.10 each	Highest	Lowest	and stamp duty
		HK\$	HK\$	HK\$
July 2000	170,000	0.66	0.65	111,115
August 2000	1,896,000	0.75	0.67	1,335,378
September 2000	4,008,000	0.70	0.60	2,635,029
October 2000	594,000	0.66	0.46	326,771
	6,668,000			4,408,293

The above shares were cancelled upon repurchase.

#### Share option scheme

On 15th December, 1992, a share option scheme was approved at a special general meeting of the Company. Under the scheme, the directors may, at their discretion, invite employees of the Company and its subsidiaries, including full time executive directors, to take up options to subscribe for shares which in aggregate, may not exceed 10% of the issued share capital of the Company from time to time. The subscription price for the shares in respect of which options are granted will be the higher of the nominal value and 80% of the average closing price of the shares quoted on the Stock Exchange on the five trading days immediately preceding the grant of the option. No option may be exercised later than ten years after it has been granted and no option may be granted more than ten years after the date of approval of the scheme.



For the year ended 31st December, 2000

## 30. Share Capital (Continued)

A summary of the movements in the share options during the year is as follows:

		Number of share options			
		Balance	Granted	Lapsed	Balance
	Exercise	at	during	during	at
Date of grant	price	1.1.2000	the year	the year	31.12.2000
	HK\$				
17th March, 1997	1.77	9,599,000	_	_	9,599,000
1st August, 1997	2.68	1,050,000	_	_	1,050,000
23rd April, 1998	0.80	4,000,000	_	_	4,000,000
6th March, 2000	1.20	_	3,800,000	_	3,800,000
13th April, 2000	1.03	_	4,000,000	_	4,000,000
29th April, 2000	0.79	_	33,000,000	3,000,000	30,000,000
6th May, 2000	0.85	_	3,250,000	_	3,250,000
3rd June, 2000	0.79	_	4,730,000	_	4,730,000
15th August, 2000	0.79	_	11,000,000	_	11,000,000
1st September, 2000	0.79		6,500,000		6,500,000
		14,649,000	66,280,000	3,000,000	77,929,000

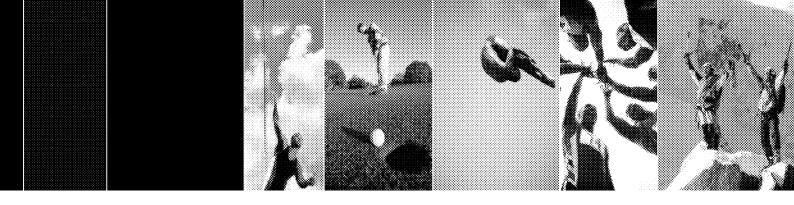
Consideration of HK\$60 was received by the Company for options granted during the year.

Subject to certain conditions in the share option scheme, the remaining options can be exercised at any time up to 14th December, 2002.

## 31. Reserves

For the year ended 31st December, 2000

Со	ontributed surplus HK\$′000	Share premium HK\$'000	Other reserve HK\$'000	(Goodwill) capital reserve HK\$'000	(Deficit) retained profits HK\$'000	Total HK\$'000
THE GROUP						
At 1st January, 1999	45,240	836,102	379	(425,534)	(276,200)	179,987
Reserve arising from			101			104
shares repurchased	_	_	126	_	_	126
Net profit for the year					13,733	13,733
At 31st December, 1999	45,240	836,102	505	(425,534)	(262,467)	193,846
Transfer from share	,	,		( , ,	(	,
premium to deficit						
account resulting						
from capital reduction	_	(301,559)	_	_	301,559	_
Issue of shares	_	242,753	_	-	_	242,753
Share issue expenses	_	(7,003)	_	_	_	(7,003)
Goodwill on acquisitions	6					
of subsidiaries						
and associates	_	-	_	(426,136)	-	(426,136)
Reserve arising from						
shares repurchased	-	_	793	-	_	793
Dividends	(34,399)	_	_	_	_	(34,399)
Net profit for the year					66,432	66,432
At 31st December, 2000	10,841	770,293	1,298	(851,670)	105,524	36,286
Attributable to:						
Company and						
subsidiaries	10,841	770,293	1,298	(851,670)	106,918	37,680
Associates	_	_	-	_	(1,394)	(1,394)
•	10,841	770,293	1,298	(851,670)	105,524	36,286
:	10,841	770,293	1,298	(851,670)	105,524	36,2



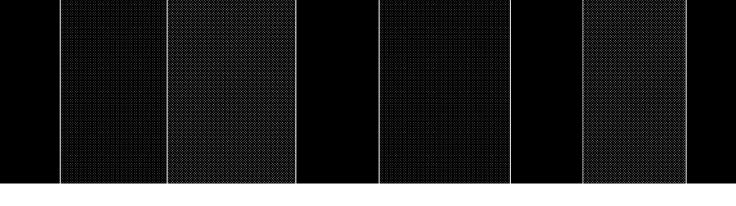
For the year ended 31st December, 2000

#### 31. Reserves (Continued)

				(Goodwill)	(Deficit)	
(	Contributed	Share	Other	capital	retained	
	surplus	premium	reserve	reserve	profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE COMPANY						
At 1st January, 1999	171,897	627,000	379	_	(299,659)	499,617
Reserve arising from						
shares repurchased	-	_	126	_	-	126
Net loss for the year					(1,900)	(1,900)
At 31st December, 1999	171,897	627,000	505	_	(301,559)	497,843
Reduction of share						
premium transferred	<u>[</u>					
to deficit account	-	(301,559)	_	_	301,559	-
Issue of shares	-	242,753	_	_	-	242,753
Share issue expenses	-	(7,003)	_	_	-	(7,003)
Reserve arising from						
shares repurchased	_	_	793	_	_	793
Dividends	(34,399)	_	_	_	_	(34,399)
Net profit for the year					8,856	8,856
At 31st December, 200	0 137,498	561,191	1,298		8,856	708,843

The contributed surplus represents the difference between the shareholders' funds of the Group and the Company as at 15th December, 1992 respectively and the aggregate nominal value of shares issued by the Company under the scheme of arrangement which became effective on that date, less dividend paid and payable from this account afterwards.

Pursuant to the special resolutions passed at the special general meetings of the Company held on 30th December, 2000, the share premium account of the Company was reduced by approximately HK\$301,559,000. The amount of HK\$301,559,000 arising from the reduction of the share premium account was credited to deficit account of the Company as at 1st January, 2000. Particulars of the reduction are set out in the Company's circular dated 6th December, 2000 and were approved by the shareholders on 30th December, 2000.



For the year ended 31st December, 2000

#### 31. Reserves (Continued)

Other reserve arose as a result of repurchase of the Company's listed securities and represents the excess of the consideration paid over the nominal value of the shares repurchased.

Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus account if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31st December, 2000 were as follows:

	1114 000
Contributed surplus	137,498
Retained profits	8,856
	146,354

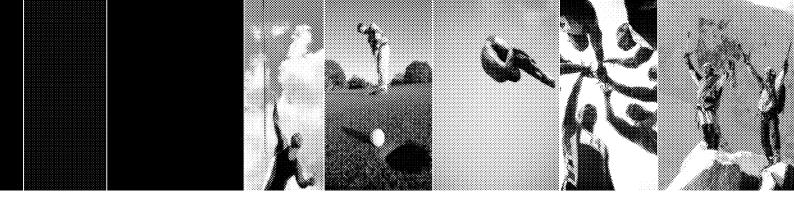
Moreover, pursuant to the Company Act 1981 of Bermuda (as amended), the Company's share premium account of HK\$561,191,000 may be distributed in the form of fully paid bonus shares.

## 32. Loan from a Minority Shareholder of a Subsidiary

#### THE GROUP

The loan from a minority shareholder of a subsidiary is unsecured, non-interest bearing and will not be repaid in the next twelve months.

HK\$'000



For the year ended 31st December, 2000

## 33. Unprovided Deferred Taxation

At the balance sheet date, the components of unprovided deferred tax (asset) liability are as follows:

	THE GROUP		THE COM	PANY
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Tax effect on timing differences because of:				
Excess of tax allowances over				
depreciation	1,056	139	319	139
Tax losses	(51,362)	(34,328)	(2,132)	(632)
Other timing differences	(18,240)	(18,240)	-	
	(68,546)	(52,429)	(1,813)	(493)

The components of the unprovided deferred tax (credit) charge for the year are as follows:

	THE GROUP	
	2000	1999
Tax effect on timing differences because of:	HK\$'000	HK\$'000
Tax effect on tilling differences because of.		
Difference between tax allowances and depreciation	917	1 <i>7</i>
Tax losses	(17,034)	(2,127)
	(16.117)	(2,110)

A 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.

For the year ended 31st December, 2000

## 34. Reconciliation of Profit Before Taxation to Net Cash (Outflow) Inflow from Operating Activities

	2000	1999
	HK\$'000	HK\$'000
Profit before taxation	68,017	17,876
Share of results of associates	(4,083)	(2,387)
Interest expense	4,269	2,415
Loss on disposal of property, plant and equipment	303	-
Net realised gain on other investments	(10,399)	_
Net unrealised (gain) loss on other investments	(38,001)	1,442
Amortisation of goodwill of unconsolidated subsidiaries	1,287	<b>3,25</b> 0
Depreciation	5,503	3,071
Provision for obsolete inventories	1,400	500
Provision for impairment loss of investment securities	10,000	-
Decrease in properties held for sale	-	50,091
Decrease (increase) in inventories	272	(2,325)
(Increase) decrease in amounts due from unconsolidated		
subsidiaries	(225)	184
Decrease (increase) in amounts due from associates	811	(563)
(Increase) decrease in trade debtors	(23,946)	758
Decrease in other receivables, prepayments and deposits	3,326	46,360
(Increase) decrease in other investments	(29,892)	9,183
Decrease in loans receivable	2,240	417
Decrease in amounts due from fellow subsidiaries	3,769	-
Decrease in amount due to former ultimate		
holding company	(16)	(34)
Increase in amount due to an affiliated company	17	_
Decrease in amounts due to unconsolidated subsidiaries	(298)	(487)
Decrease in amount due to an associate	(1)	(411)
Increase in amount due to a director	531	_
Increase in trade creditors	65,225	763
Decrease in other payables, deposits received and accruals	(73,214)	(48,043)
Decrease in amount due to a fellow subsidiary	(7,100)	_
·		
Net cash (outflow) inflow from operating activities	(20,205)	82,060